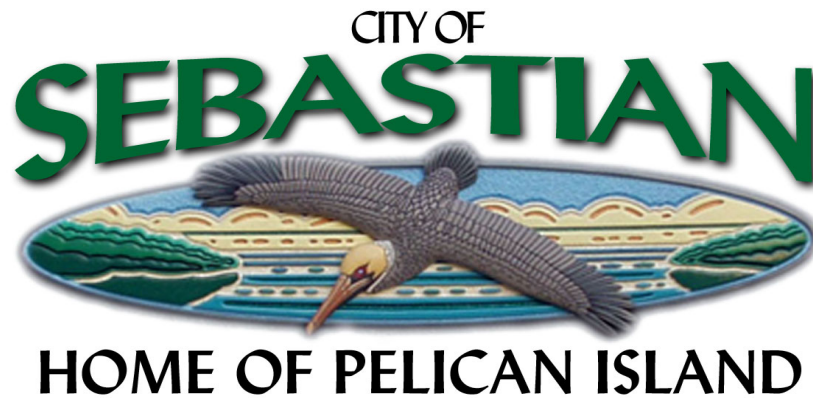


CITY OF SEBASTIAN, FLORIDA



ANNUAL COMPREHENSIVE FINANCIAL REPORT

For the Year Ended September 30, 2021

CITY COUNCIL

Jim Hill
Mayor

Fred Jones
Vice-Mayor

Ed Dodd
Council Member

Bob McPartlan
Council Member

Christopher Nunn
Council Member

Prepared by: Administrative Services Department

CITY OF SEBASTIAN, FLORIDA

Table of Contents

	<u>Page</u>
INTRODUCTORY SECTION	1
City Officials	2
Letter of Transmittal	3
Organizational Chart	9
GFOA Certificate of Achievement	10
FINANCIAL SECTION	11
Independent Auditors' Report	13
Management's Discussion and Analysis	17
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position	32
Statement of Activities	33
Fund Financial Statements:	
Balance Sheet – Governmental Funds	36
Reconciliation of Fund Balances for Governmental Funds to Net Position of Governmental Activities	39
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	40
Reconciliation of Net Changes in Fund Balances of Governmental Funds to Change in Net Position of Governmental Activities	43
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual:	
General Fund	44
Riverfront Redevelopment Special Revenue Fund	46
Stormwater Utility Special Revenue Fund	47
American Recovery Plan Special Revenue Fund	48
Statement of Net Position – Proprietary Funds	49
Statement of Revenues, Expenses and Changes in Fund Net Position – Proprietary Funds	50
Statement of Cash Flows – Proprietary Funds	51
Statement of Fiduciary Net Position	53
Statement of Changes in Fiduciary Net Position	54
Notes to Financial Statements	55

CITY OF SEBASTIAN, FLORIDA

Table of Contents

	<u>Page</u>
Required Supplementary Information:	
Single-employer Pension Trust Fund:	
Schedule of Changes in Net Pension Liability and Related Ratios	96
Schedule of Investment Returns	99
Schedule of Contributions	100
Coastal Florida Public Employees Association Pension Plan:	
Schedule of Employer Contributions	103
Combining and Individual Fund Financial Statements and Schedules:	
Nonmajor Governmental Funds:	
Combining Balance Sheet	106
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	108
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual:	
Local Option Gas Tax Special Revenue Fund	110
Parking In-Lieu-Of Special Revenue Fund	111
Recreation Impact Fee Special Revenue Fund	112
Law Enforcement Forfeiture Special Revenue Fund	113
Other:	
Capital Assets used in the Operations of Governmental Funds:	
Comparative Schedule by Source	116
Schedule by Function and Activity	117
Schedule of Changes by Function and Activity	118

CITY OF SEBASTIAN, FLORIDA

Table of Contents

Page

STATISTICAL SECTION (UNAUDITED)

Statistical Section Table of Contents	121
Financial Trends Information	
Net Position by Component	122
Changes in Net Position	124
Fund Balances, Governmental Funds	128
Changes in Fund Balances, Governmental Funds	130
Program Revenues by Function/Program	132
Revenue Capacity Information	
Tax Revenues by Source	134
Direct and Overlapping Property Tax Rates	135
Actual and Estimated Value of Taxable Property	136
Principal Property Taxpayers	138
Property Tax Levies and Collections	139
Debt Capacity Information	
Ratios of Outstanding Debt by Type	140
Legal Debt Margin Information	142
Pledged Revenue Coverage	144
Demographic and Economic Information	
Demographic and Economic Statistics	146
Principal Employers	148
Operating Information	
Full-Time Equivalent City Government Employees by Function/Program	150
Operating Indicators by Function/Program	152
Capital Asset Statistics by Function/Program	154
Internal Control and Compliance	
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 <i>Government</i> <i>Auditing Standards</i>	159
Independent Auditors' Management Letter	161
Independent Accountants' Report	165



INTRODUCTORY SECTION

CITY OF SEBASTIAN, FLORIDA

CITY OFFICIALS

For the Year Ended September 30, 2021

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

Vacant
City Engineer

Wayne Eseltine
Building Official

Greg Gardner
Golf Course Director

Scott Baker
Public Facilities Director

Brian Benton
Leisure Services Director



February 22, 2022

To the Citizens of the City of Sebastian, Florida:

We are submitting the Annual Comprehensive Financial Report of the City of Sebastian, Florida for the fiscal year ended September 30, 2021. 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, 2021.

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, 2021. 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 25,454 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. The City 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 2021, the Florida Research & Economic Database reported an unemployment rate of 4.6%, which corresponds with levels 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 was 53.5 and the median household income for 2020 was \$72,934, 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 rate of 3.1514 for fiscal year 2021. The City had an increase in ad valorem values due to improvements and additions to the tax rolls. However, the millage increase was approved because of concerns that intergovernmental revenues would decline due to the pandemic. Construction activity resulted in a total of 255 permits being issued for new construction in fiscal year 2021 with a cost of \$75.1 million compared to a total of 178 permits being issued for new construction in fiscal year 2020 with a cost of \$46.9 million. In reviewing these numbers, new commercial was 3 permits costing \$11.3 million in 2021 and 1 permit costing \$.5 million in 2020, with new residential constructions changing from 175 permits costing \$41.5 million in 2020 to 252 permits costing \$63.5 in 2021. 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 \$6,224,793 and above the \$5 million minimum target. The unassigned fund balance was 48.9% 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 2022 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. A few days after the end of 2021, the City was paid most of that amount, leaving only \$44,000 that should still be recovered. 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 the City strives 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 continue to be aggressively pursued.

Stormwater

The City accounts for all Stormwater operating expenditures within the Stormwater Revenue fund in order to improve transparency about how stormwater fees are being spent. Special committees have established best management practices that 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. A consultant has been hired to prepare a stormwater master plan to guide future decision making.

Traffic & Transportation

The City continues working on transportation improvements. Using 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. Construction of Hanger "D" has been initiated 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 construction 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 is using recreation impact fees to upgrade the identification signage at all the parks and to focus on one or two major parks each year to address needed major facility improvements and replacements, including "all-inclusive" features to accommodate those with special needs.

Awards and Acknowledgements

The Certificate of Achievement for Excellence in Financial Reporting to the City of Sebastian for last year's annual comprehensive financial report for the fiscal year ended September 30, 2020. 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 annual comprehensive 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 annual comprehensive financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of this report 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,

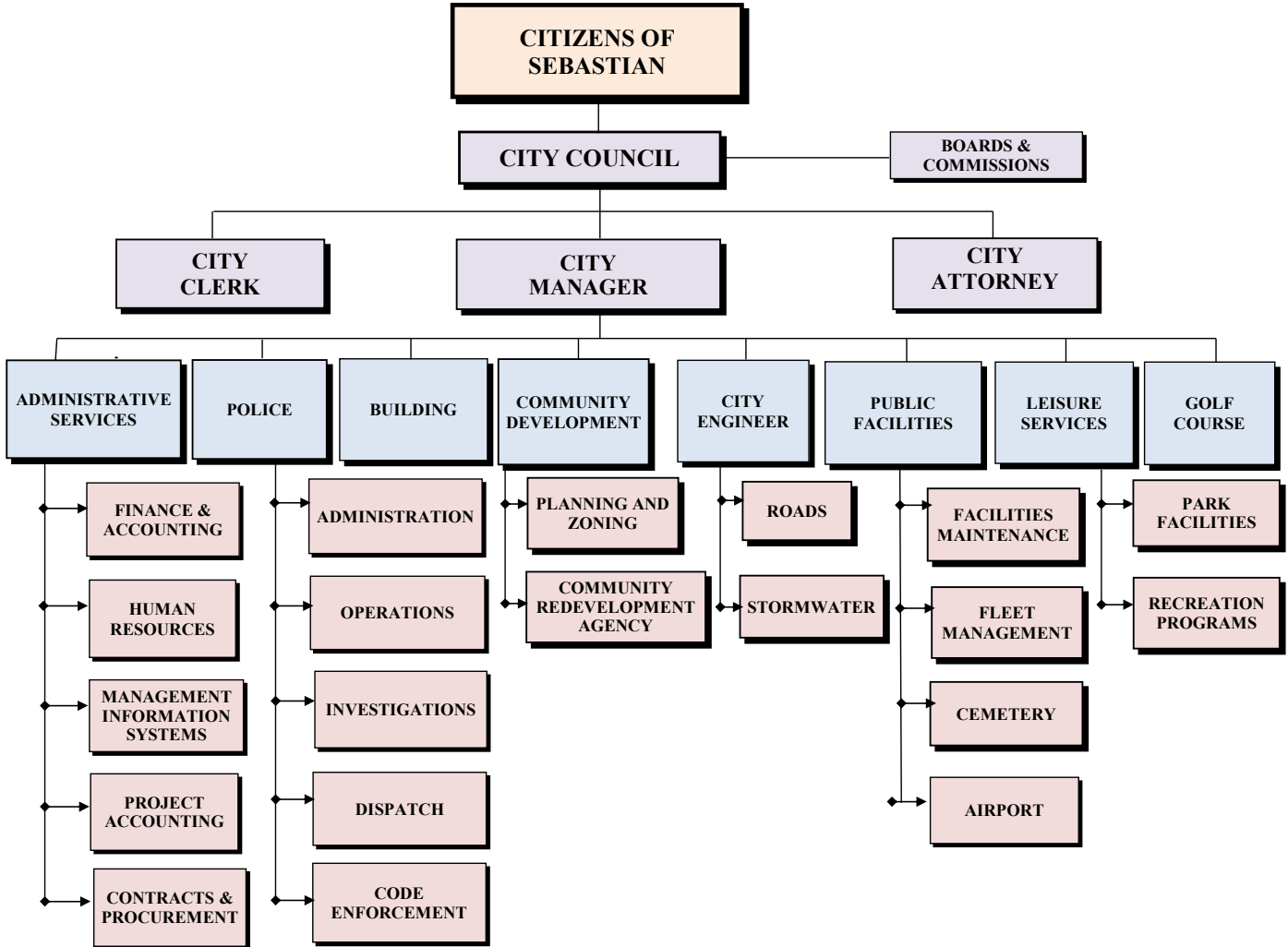


Paul Carlisle
City Manager



Kenneth W. Killgore
Administrative Services Director/CFO

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



CITY OF SEBASTIAN, FLORIDA



Government Finance Officers Association

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

Presented to

**City of Sebastian
Florida**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

September 30, 2020

Christopher P. Morill

Executive Director/CEO

FINANCIAL SECTION

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INDEPENDENT AUDITORS' REPORT

February 22, 2022

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, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

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.

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, 2021, 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 them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 22, 2022, 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 cursive script that reads "Rehmann Robson LLC".

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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 2021 by \$68,644,863 (net position). Of this amount, \$1,386,998 (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 \$4,055,402 and from business-type activities decreased by \$316,958. Net position was increased in governmental activities, primarily as a result of the favorable investment returns experienced by the Police Officer's Pension Plan that reduced the net pension liability. 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 \$16,844,001, an increase of \$360,659 from the prior year. Almost 36% of this amount, \$6,013,917, is unassigned and available for spending.
- The Golf Course Fund reported a negative change in the unrestricted deficit in net position attributed to a decline in fee revenue. The Airport Fund reported a negative change in the deficit in unrestricted net position resulting from the amount of operating loss. The Building Fund reported a decrease in unrestricted net position, as a result of increases in the expense recorded for State mandated rebates. 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 City'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).

CITY OF SEBASTIAN, FLORIDA

Management's Discussion and Analysis

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.

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, American Rescue Plan, Discretionary Sales Tax Fund, and Transportation Improvements 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 building 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 building 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.

CITY OF SEBASTIAN, FLORIDA

Management's Discussion and Analysis

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

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 \$68,644,863 at the close of the most recent fiscal year.

	Net Position					
	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Current and other assets	\$ 20,541,796	\$ 17,592,698	\$ 1,401,282	\$ 516,175	\$ 21,943,078	\$ 18,108,873
Capital assets, net	42,005,989	39,292,832	15,912,891	16,367,501	57,918,880	55,660,333
Total assets	62,547,785	56,885,530	17,314,173	16,883,676	79,861,958	73,769,206
Deferred outflows of resources	940,147	1,361,274	-	-	940,147	1,361,274
Long-term debt outstanding	2,399,740	2,987,676	289,656	340,409	2,689,396	3,328,085
Other liabilities	5,207,953	5,173,737	2,095,640	1,297,432	7,303,593	6,471,169
Total liabilities	7,607,693	8,161,413	2,385,296	1,637,841	9,992,989	9,799,254
Deferred inflows of resources	2,164,253	424,807	-	-	2,164,253	424,807
Net position						
Net investment in capital assets	41,252,989	37,919,832	15,862,090	16,263,098	57,115,079	54,182,930
Restricted	10,142,786	10,637,069	-	-	10,142,786	10,637,069
Unrestricted (deficit)	2,320,211	1,103,683	(933,213)	(1,017,263)	1,386,998	86,420
Total net position	\$ 53,715,986	\$ 49,660,584	\$ 14,928,877	\$ 15,245,835	\$ 68,644,863	\$ 64,906,419

A substantial portion of the City's net position, \$57,115,079 (83.2 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 \$10,142,786 (14.8 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 \$1,386,998 (2.0 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. Program revenues for governmental activities increased in all categories primarily from increases in capital grants and contributions, resulting from the lifting of restrictions that were mandated on businesses the year before. General revenues from property taxes and other taxes increased due to due to adopting a higher millage and additional taxable values. Intergovernmental revenue also increased due to the lifting of restrictions on businesses the year before. Charges for services in the business-type activities increased as a result of increased levels of construction activity. Total expenses in the business-type activities decreased due to a lesser amount recorded for State mandated rebates.

	Change in Net Position					
	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Revenues						
Program revenues:						
Charges for services	\$ 3,117,335	\$ 2,894,630	\$ 3,455,455	\$ 3,015,812	\$ 6,572,790	\$ 5,910,442
Operating grants	2,093,941	1,726,719	-	-	2,093,941	1,726,719
Capital grants	4,265,728	3,647,329	560,394	471,888	4,826,122	4,119,217
General revenues:						
Property taxes	4,991,306	4,270,497	-	-	4,991,306	4,270,497
Other taxes	3,030,261	2,940,406	-	-	3,030,261	2,940,406
Intergovernmental	3,066,490	2,541,474	-	-	3,066,490	2,541,474
Other	1,717,052	1,879,836	3,582	14,645	1,720,634	1,894,481
Total revenues	22,282,113	19,900,891	4,019,431	3,502,345	26,301,544	23,403,236
Expenses						
General government	4,907,738	5,071,184	-	-	4,907,738	5,071,184
Public safety	6,453,141	6,856,836	-	-	6,453,141	6,856,836
Physical environment	2,848,779	2,534,320	-	-	2,848,779	2,534,320
Transportation	2,136,727	2,037,807	-	-	2,136,727	2,037,807
Economic environment	256,771	315,985	-	-	256,771	315,985
Cultural and recreation	1,481,096	1,402,691	-	-	1,481,096	1,402,691
Interest and fiscal charges	19,522	28,711	-	-	19,522	28,711
Golf course	-	-	1,575,587	1,551,926	1,575,587	1,551,926
Airport	-	-	1,339,582	1,282,084	1,339,582	1,282,084
Building	-	-	1,544,157	1,869,767	1,544,157	1,869,767
Total expenses	18,103,774	18,247,534	4,459,326	4,703,777	22,563,100	22,951,311
Change in net position, before transfers	4,178,339	1,653,357	(439,895)	(1,201,432)	3,738,444	451,925
Transfers	(122,937)	(106,344)	122,937	106,344	-	-
Change in net position	4,055,402	1,547,013	(316,958)	(1,095,088)	3,738,444	451,925
Net position, beginning of year	49,660,584	48,113,571	15,245,835	16,340,923	64,906,419	64,454,494
Net position, end of year	\$ 53,715,986	\$ 49,660,584	\$ 14,928,877	\$ 15,245,835	\$ 68,644,863	\$ 64,906,419

CITY OF SEBASTIAN, FLORIDA

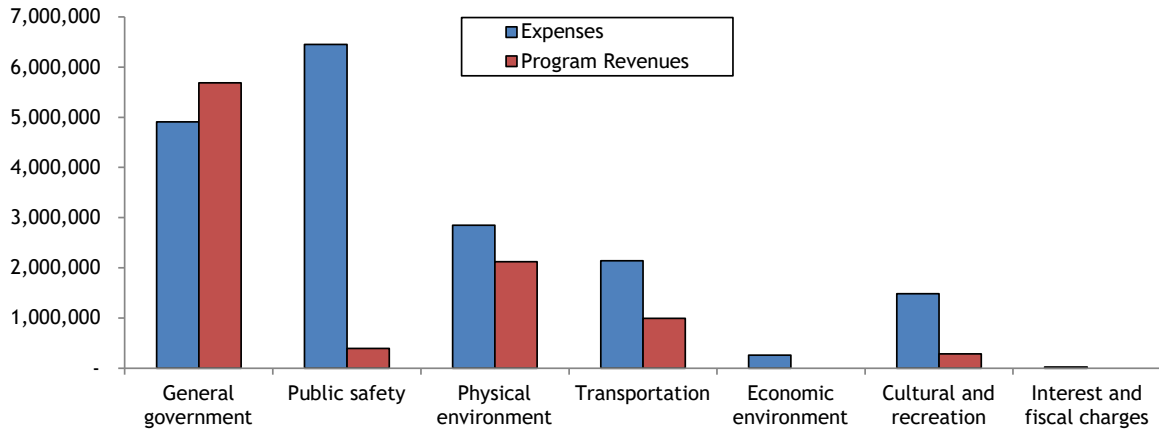
Management's Discussion and Analysis

The City's net position increased by \$3,738,444 during the current fiscal year. The primary reason for the increase of \$4,055,402 in net position for governmental activities primarily due to the favorable investment returns experienced by the Police Officer's Pension Plan that reduced the net pension liability. For business-type activities, the \$316,958 decrease in net position when compared to the prior year decrease of \$1,095,088 is attributable to the higher operating revenues which were offset by an additional expense recorded for state mandated rebates.

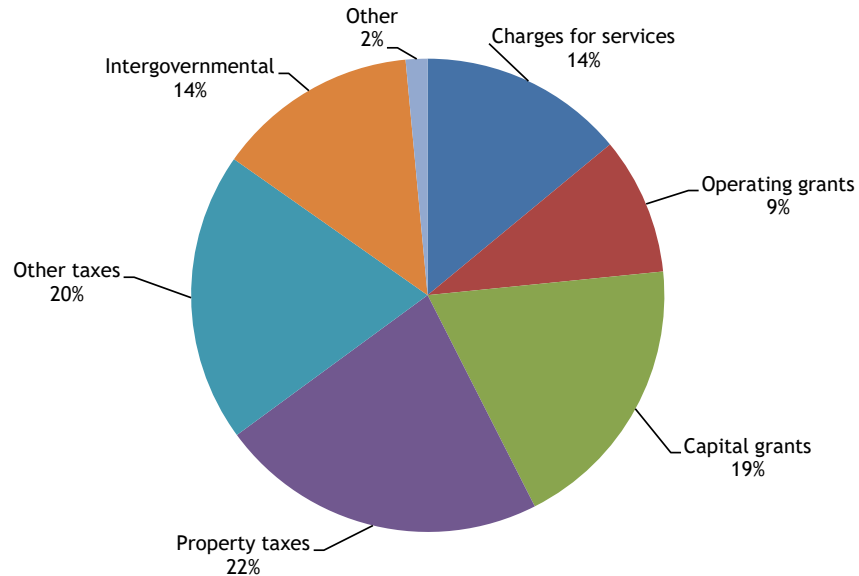
Governmental Activities. Governmental activities increased the City's net position by \$4,055,402. Key elements of this increase are as follows:

- Total assets increased by \$5,662,255 due to construction in progress on the new public works compound.
- Total liabilities decreased by \$553,720 from amortized payments on long-term debt.
- The changes in the net pension liability, deferred outflows and deferred inflows of resources from the Police Officer's Pension Plan increased the City's net position by \$389,245.

Expenses and Program Revenues - Governmental Activities



Revenues by Source - Governmental Activities

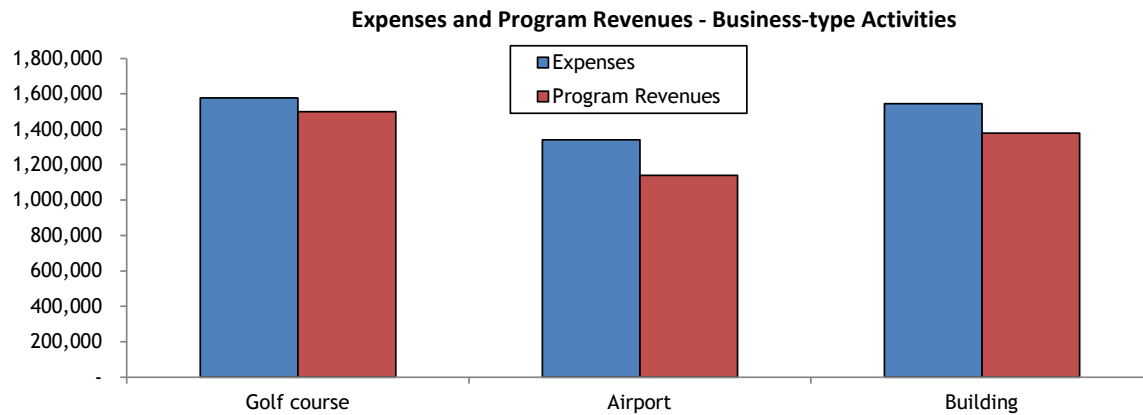


CITY OF SEBASTIAN, FLORIDA

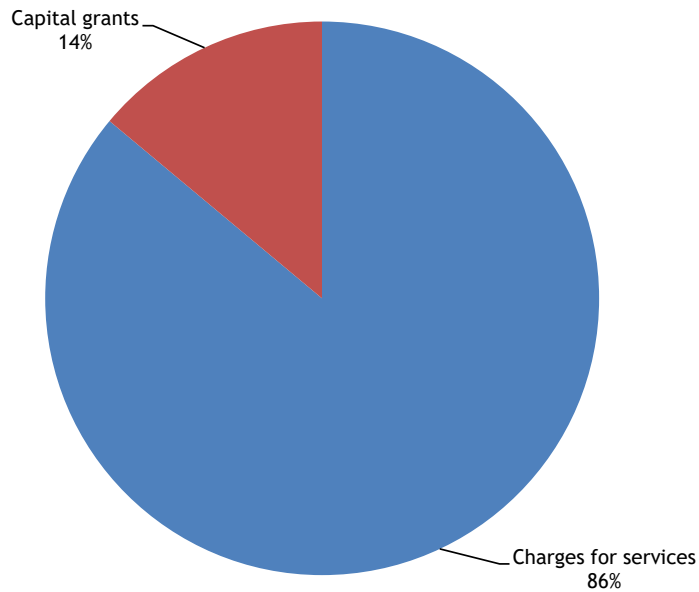
Management's Discussion and Analysis

Business-type Activities. Business-type activities decreased the City's net position by \$316,958. The key elements of this decrease are as follows:

- Increase in current and other assets of \$885,107 resulting from an increase in cash flows from operating activities.
- Decrease in net capital assets of \$454,610 mainly due to depreciation on Airport infrastructure improvements.
- Increase in total liabilities of \$747,455 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 \$16,844,001, an increase of \$360,659 from the prior year. Of this amount, 36 percent (\$6,013,917) 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, or 2) 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 \$6,224,793 while total fund balance amounted to \$6,689,795. 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 49.1 percent of total General Fund expenditures, while total fund balance represents 52.8 percent of that same amount.

The fund balance of the City's General Fund increased by \$986,794 during the current fiscal year. Given that the fund balance decreased by \$496,060 the prior fiscal year, there was actually a change in fund balance of \$1,482,854. Key factors in this change are as follows:

- Property tax revenues increased by \$666,377. The increase is due to adopting a higher millage and additional taxable values.
- Charges for services increased by \$99,443. The increase is due to adjustments to administrative fees charged to other funds.
- Intergovernmental increased by \$509,366. The increase is due to the lifting of restrictions on businesses the year before.
- Public utility taxes increased by \$89,855. The increase is due to the greater number of customers.
- Franchise fees increased by \$67,680. The increase is due to the greater number of customers.
- All other revenues decreased by \$114,095. The decrease is due to a reduction in claims paid by the insurance company.
- Transfers out to other funds decreased by \$41,263. The decrease is due to transfers made for a project completed in the prior year.
- Expenditures decreased by \$205,491. The decrease is due to fewer expenditures for capital outlays.

The Riverfront Redevelopment Fund ended the year with \$541,244 in fund balance, an increase of \$62,584 from the prior year. The increase is due to an effort to accumulate monies to be used for capital improvements that will enhance the redevelopment area.

The Stormwater Utility Fund ended the year with a fund balance of \$1,718,263, an increase of \$342,514 from the prior year. The increase is due to funding a consultant's work to compile a comprehensive mast plan document.

The American Rescue Plan Fund received advanced funding of \$1,666,064 from the American Rescue Plan Act which is available for spending in future years. The City is waiting on the U.S. Department of Treasury to publish final guidelines on the eligible uses for these funds.

CITY OF SEBASTIAN, FLORIDA

Management's Discussion and Analysis

The Discretionary Sales Tax Fund has a total fund balance \$6,104,743, a decrease from the \$6,785,087 total fund balance of the prior year. The decrease is the result of the funds needed for construction of the new public works compound.

The Transportation Improvements Fund has a total fund balance deficit of \$89,243. The deficit is the result of payments to contractors no yet reimbursed by the fund providing the resources for the project.

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 \$294,817, while the unrestricted net position (deficit) amounted to \$(1,659,133). Net position has decreased \$84,845, while the unrestricted net position (deficit) changed from \$(1,711,345) to \$(1,659,133). This is mainly due to because depreciation expense is exceeding cash flow from operating activities.

The total net position of the airport fund at the end of the fiscal year amounted to \$14,469,650, while the unrestricted net position amounted to \$3,369. Net position has decreased by \$76,466 while the unrestricted net position (deficit) has changed from \$(194,744) to \$3,369. The improvement in the unrestricted net position is because depreciation expense is exceeding cash flows from operating activities.

The total net position of the building fund at the end of the fiscal year amounted to \$754,044. This is a decrease of \$155,647 from the prior year, which was primarily due to the recognition of rebates payable and state mandated rebates expense of \$740,620 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

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

- Property tax revenues were slightly less than budgeted with just over 96% 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 more than budgeted due to expectations that sales taxes would be less because of the pandemic.
- General Fund expenditures had an overall favorable budgetary variance of \$712,010, which was a 5.3% difference from the amended budget total.

CITY OF SEBASTIAN, FLORIDA

Management's Discussion and Analysis

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

\$	150,086	to allocate funds to cover employee 2% raises approved with the PEA and PBA Labor Agreements.
	44,140	to allocate Local Option Gas Taxes budget for sidewalks for road paving.
	65,956	to allocate a private contribution, plus DST and Parking-in-Lieu Funds to the Working Waterfront Parking/Shoreline project.
	127,095	to allocate approved CDBG funding toward the CDBG action plan project.
	65,284	to allocate General Fund, CRA and Building Fund Reserves to budgeted items ordered but not received in FY2020.
	14,600	to allocate funds to cover Holiday Bonuses granted to all employees.
	21,329	to allocate Stormwater Reserves to repair roadway damaged due to failing culverts.
	277,516	to allocate DST Reserves for matching funds on a Grant awarded for the construction of Square Hangars.
	59,669	to allocate funds to cover employee 1% raises we said would be considered if we were able to handle financially.
	44,000	to allocate DST Reserves to purchase six City Gateway signs.
	4,550,417	to allocate DST Reserves for the balance needed for the guaranteed maximum price contract on the Public Works Compound.
	161,762	to allocate additional Grant proceeds and DST Reserves to cover an increase in project costs of the Airport Taxiway project.
	500,000	to allocate DST and Stormwater Reserves to increase the budget for preparing the Stormwater Master Plan to \$700,000.
	28,519	to allocate DST Reserves to update the Email Server for protection against cyber security threats.
	358,962	to allocate General Fund Reserves to replace the Yacht Club Seawall.
	38,633	to allocate Stormwater Reserves for engineering work needed to address the ditch between Gardenia and Evernia Street.
	29,341	to allocate DST Reserves to install an electronic marquee sign at City Hall.
	19,640	to allocate General Fund Reserves for a structural evaluation of Crab E Bill's restaurant.
	32,705	to allocate Airport Reserves for engineering inspections on Hangar D construction.
	26,363	to allocate an increase to an FAA grant for the higher cost for the Taxiway.
	25,000	to allocate DST Reserves for the additional costs of the N. Central Avenue Sidewalks project.
	26,778	to allocate DST Reserves for engineering services needed for Working Waterfront improvements.
	10,206	to allocate the proceeds from a JAG Grant to be used for the purchase of Police equipment.
	267,958	to allocate the proceeds from a St. Johns River Water Management District grant in order to get sewer service to the Airport.

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

\$	57,964	to use General Fund R&R Account for replacement of a City Hall air conditioner.
	6,221	to use General Fund R&R Account for replacement of an air conditioner in the Police Department server room.
	1,224	to use General Fund R&R Account for replacement of an electronic lock at the Hardee Park restroom.
	14,837	to use General Fund R&R Account to do emergency repairs to the seawall.
	5,000	to use General Fund R&R Account to replace the Community Center roof.

CITY OF SEBASTIAN, FLORIDA

Management's Discussion and Analysis

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

\$	2,730	to use General Fund R&R Account to cover unexpected irrigation system repairs in the parks.
	6,653	to use General Fund R&R Account to cover unexpected repairs to the Observation Deck.

Project Budget Transfers

\$	105,913	adjustment to cover added street reconstruction work using funds budgeted for resurfacing.
	39,292	adjustment to reallocate DST funds for Police vehicles to the purchase a body camera system.
	7,147	adjustment to use unexpended Sidewalk/Bikepath project budget and Cemetery Reserves for a Cemetery roadway.
	54,833	adjustment to close the N. Central Avenue Event Plaza project; the Pickleball project; and the Email Server project.
	9,260	adjustment between account line items within the Network Infrastructure Project.
	42,800	adjustment between account line items within the project for a Baseline Survey of Riverview Park Event Complex.
	12,478	adjustment to close the Park Improvements project funding for the F2021 allocation.
	7,911	adjustment to close the Park Improvements project funding for the F2021 allocation.
	54,643	adjustments closing the Community Center Office project which was postponed; the Working Waterfront project that was completed; the FY2021 allocation to the Slip lining project; and the unspent COSTv Equipment project.

Operating Budget Transfers

\$	4,255	adjustment within Airport accounts to replace an air conditioner for Building 5.
	10,895	adjustments within Stormwater Fund accounts to rent equipment for ditch work while excavator was out of service.
	1,325	adjustments within CRA Fund accounts to purchase Mini Reefs at the Working Waterfront Dock.
	3,077	adjustments within CRA Fund accounts to cover additions to the landscape maintenance contract.
	540,050	adjustment to revise revenue and expenditure accounts to the actual amount of CARES Act funding.
	15,000	adjustment within the Law Enforcement forfeiture Fund for an award by the courts of a confiscated vehicle.
	11,458	adjustment to allocate a JAG Grant to training, supplies and equipment for the Police Department.
	7,457	adjustment within Police Department accounts to purchase a cart to be used at COPE events.
	17,000	adjustments within Stormwater Fund accounts to cover repairs to SW606 and SW620.
	10,688	adjustments within Police Department accounts to purchase night vision monoculars and other surveillance equipment.
	1,110	adjustment within Stormwater Fund accounts to perform sampling at the Garden Club.

During the fiscal year, total General Fund actual expenditures were \$712,010 less than final amended budgetary estimates. The overall variance on revenues and expenditures resulted in an increase of \$986,794 to existing fund balances. This was primarily due to an amendment to the budget for replacing the Yacht Club seawall that could not be accomplished before year-end.

CITY OF SEBASTIAN, FLORIDA

Management's Discussion and Analysis

Capital Asset and Debt Administration

Capital Assets. At the end of fiscal year 2021, the City had \$57,918,880 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 increase (including additions and deductions) of \$2,258,547, or 4.1%, 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 annual comprehensive financial report.

	Capital Assets (Net of Depreciation)					
	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Land	\$ 9,123,041	\$ 9,123,041	\$ 9,060	\$ 9,060	\$ 9,132,101	\$ 9,132,101
Buildings	7,023,552	7,429,990	7,069,290	7,353,716	14,092,842	14,783,706
Improvements	2,626,712	2,857,412	1,055,692	1,172,099	3,682,404	4,029,511
Equipment	2,692,602	2,948,383	230,361	340,826	2,922,963	3,289,209
Infrastructure	16,780,923	16,526,722	6,579,932	7,217,300	23,360,855	23,744,022
Construction in progress	3,759,159	407,284	968,556	274,500	4,727,715	681,784
Total capital assets, net	\$ 42,005,989	\$ 39,292,832	\$ 15,912,891	\$ 16,367,501	\$ 57,918,880	\$ 55,660,333

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

- A decrease in Buildings mainly due to depreciation.
- A decrease in Improvements due to depreciation.
- A decrease in Equipment due to depreciation.
- An increase in Infrastructure mainly due to roadway work.
- An increase in Construction in progress with the expenditures on 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.
- A decrease in Infrastructure due to depreciation.
- An increase in Construction in progress with the expenditures on Hangar D.

CITY OF SEBASTIAN, FLORIDA

Management's Discussion and Analysis

Long-term Debt. At the end of the current fiscal year, the City had total long-term debt outstanding of \$2,689,396. Of this amount, \$753,000 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 annual comprehensive financial report.

	Total Long-term Debt					
	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Notes payable	\$ 753,000	\$ 1,373,000	\$ -	\$ -	\$ 753,000	\$ 1,373,000
Compensated absences	1,555,540	1,523,476	238,855	236,006	1,794,395	1,759,482
Pollution remediation	91,200	91,200	-	-	91,200	91,200
Capital lease	-	-	50,801	104,403	50,801	104,403
Total	\$ 2,399,740	\$ 2,987,676	\$ 289,656	\$ 340,409	\$ 2,689,396	\$ 3,328,085

The City's total debt decreased by \$638,689 (19.2%) 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 2022 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 2021 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 6.55% overall increase in property values for 2022. The same millage of 3.1514 was levied for taxes to be recorded in fiscal year 2022. With increases in other revenue sources, that amount of property taxes was sufficient to cover projected expenditures.

The Golf Course continues to benefit from the excellent condition of the facility. The Golf Course also benefited from favorable weather and by the new customers that left competing Golf Courses when they had 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 constructing new facilities that can generate additional rental revenues. Those new facilities also benefit the local economy by creating new jobs, demand for housing and support to existing businesses.

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.

CITY OF SEBASTIAN, FLORIDA

Management's Discussion and Analysis

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, 2021

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Assets			
Cash and cash equivalents	\$ 12,235,304	\$ 1,715,078	\$ 13,950,382
Restricted cash and cash equivalents	1,445,039	-	1,445,039
Investments	3,443,706	292,529	3,736,235
Permanently restricted investments	706,076	-	706,076
Receivables	1,320,187	341,767	1,661,954
Internal balances	1,018,506	(1,018,506)	-
Prepaid items	317,593	53,798	371,391
Inventories	55,385	15,014	70,399
Deposits held in escrow	-	1,602	1,602
Capital assets not being depreciated	12,882,200	977,616	13,859,816
Capital assets being depreciated, net	29,123,789	14,935,275	44,059,064
Total assets	62,547,785	17,314,173	79,861,958
Deferred outflows of resources			
Deferred pension amounts	940,147	-	940,147
Liabilities			
Accounts payable and accrued liabilities	1,893,007	1,992,761	3,885,768
Accrued interest payable	3,926	-	3,926
Deposits payable	93,090	-	93,090
Unearned revenues	1,711,698	102,879	1,814,577
Long-term liabilities:			
Due within one year	729,975	50,801	780,776
Due in more than one year	1,669,765	238,855	1,908,620
Net pension liability (due in more than one year)	1,506,232	-	1,506,232
Total liabilities	7,607,693	2,385,296	9,992,989
Deferred inflows of resources			
Deferred pension amounts	2,164,253	-	2,164,253
Net position			
Net investment in capital assets	41,252,989	15,862,090	57,115,079
Restricted for:			
Debt service	176,906	-	176,906
Perpetual care:			
Nonexpendable	970,326	-	970,326
Special revenue uses:			
Economic environment	1,613	-	1,613
Infrastructure improvements	6,343,386	-	6,343,386
Redevelopment expenses	541,244	-	541,244
Stormwater expenses	1,965,435	-	1,965,435
Law enforcement events	143,876	-	143,876
Unrestricted (deficit)	2,320,211	(933,213)	1,386,998
Total net position	\$ 53,715,986	\$ 14,928,877	\$ 68,644,863

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, 2021

Functions / Programs	Expenses	Program Revenues		Net (Expense) Revenue	
		Charges for Services	Operating Grants and Contributions		Capital Grants and Contributions
Primary government					
Governmental activities:					
General government	\$ 4,907,738	\$ 769,986	\$ 881,925	\$ 4,037,460	\$ 781,633
Public safety	6,453,141	157,625	221,866	13,768	(6,059,882)
Physical environment	2,848,779	2,119,101	-	-	(729,678)
Transportation	2,136,727	-	990,150	-	(1,146,577)
Economic environment	256,771	-	-	-	(256,771)
Cultural and recreation	1,481,096	70,623	-	214,500	(1,195,973)
Interest and fiscal charges	19,522	-	-	-	(19,522)
Total governmental activities	18,103,774	3,117,335	2,093,941	4,265,728	(8,626,770)
Business-type activities:					
Golf course	1,575,587	1,498,561	-	-	(77,026)
Airport	1,339,582	578,916	-	560,394	(200,272)
Building	1,544,157	1,377,978	-	-	(166,179)
Total business-type activities	4,459,326	3,455,455	-	560,394	(443,477)
Total primary government	\$ 22,563,100	\$ 6,572,790	\$ 2,093,941	\$ 4,826,122	\$ (9,070,247)

continued...

CITY OF SEBASTIAN, FLORIDA

Statement of Activities

For the Year Ended September 30, 2021

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Changes in net position			
Net revenue (expense)	\$ (8,626,770)	\$ (443,477)	\$ (9,070,247)
General revenues:			
Property taxes, levied for general purposes	4,991,306	-	4,991,306
Public utility taxes	3,030,261	-	3,030,261
Franchise fees	1,384,529	-	1,384,529
Intergovernmental - unrestricted	3,066,490	-	3,066,490
Interest earnings	61,247	3,582	64,829
Miscellaneous	271,276	-	271,276
Transfers	(122,937)	122,937	-
Total general revenues and transfers	12,682,172	126,519	12,808,691
Change in net position	4,055,402	(316,958)	3,738,444
Net position, beginning of year	49,660,584	15,245,835	64,906,419
Net position, end of year	<u>\$ 53,715,986</u>	<u>\$ 14,928,877</u>	<u>\$ 68,644,863</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, 2021

	Special Revenue Funds			
	General	Riverfront Redevelopment	Stormwater Utility	American Rescue Plan
Assets				
Cash and cash equivalents	\$ 4,573,806	\$ 435,564	\$ 1,409,966	\$ 1,336,569
Investments	1,423,511	116,138	354,142	331,108
Accounts receivable	332,009	-	-	-
Due from other funds	500,000	-	-	-
Due from other governments	431,984	-	-	-
Inventories	55,385	-	-	-
Prepaid items	286,466	1,054	30,073	-
Advance to other funds	-	-	-	-
Total assets	\$ 7,603,161	\$ 552,756	\$ 1,794,181	\$ 1,667,677
Liabilities				
Accounts payable and accrued liabilities	\$ 347,615	\$ 11,512	\$ 75,918	\$ -
Due to other governments	427,027	-	-	-
Refunds payable	93,090	-	-	-
Unearned revenue	45,634	-	-	1,666,064
Total liabilities	913,366	11,512	75,918	1,666,064
Fund balances				
Nonspendable	341,851	1,054	30,073	-
Restricted	110,994	540,190	1,688,190	1,613
Committed	-	-	-	-
Assigned	12,157	-	-	-
Unassigned (deficit)	6,224,793	-	-	-
Total fund balances	6,689,795	541,244	1,718,263	1,613
Total liabilities and fund balances	\$ 7,603,161	\$ 552,756	\$ 1,794,181	\$ 1,667,677

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



Capital Projects Funds			
Discretionary Sales Tax	Transportation Improvements	Nonmajor Governmental Funds	Total Governmental Funds
\$ 4,099,552	\$ 603,733	\$ 1,221,153	\$ 13,680,343
1,064,280	-	860,603	4,149,782
-	-	-	332,009
-	-	-	500,000
440,254	11,814	104,126	988,178
-	-	-	55,385
-	-	-	317,593
518,506	-	-	518,506
<u>\$ 6,122,592</u>	<u>\$ 615,547</u>	<u>\$ 2,185,882</u>	<u>\$ 20,541,796</u>
\$ 17,849	\$ 704,790	\$ 308,296	\$ 1,465,980
-	-	-	427,027
-	-	-	93,090
-	-	-	1,711,698
<u>17,849</u>	<u>704,790</u>	<u>308,296</u>	<u>3,697,795</u>
-	-	970,326	1,343,304
6,104,743	-	699,529	9,145,259
-	-	329,364	329,364
-	-	-	12,157
-	(89,243)	(121,633)	6,013,917
<u>6,104,743</u>	<u>(89,243)</u>	<u>1,877,586</u>	<u>16,844,001</u>
<u>\$ 6,122,592</u>	<u>\$ 615,547</u>	<u>\$ 2,185,882</u>	<u>\$ 20,541,796</u>

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CITY OF SEBASTIAN, FLORIDA

Reconciliation

Fund Balances for Governmental Funds
to Net Position of Governmental Activities
September 30, 2021

Fund balances - total governmental funds	\$ 16,844,001
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	12,882,200
Capital assets being depreciated, net	29,123,789
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	(753,000)
Compensated absences	(1,555,540)
Pollution remediation liability	(91,200)
Accrued interest on long-term debt	(3,926)
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	(1,506,232)
Deferred outflows related to the net pension liability	940,147
Deferred inflows related to the net pension liability	(2,164,253)
Net position of governmental activities	<u>\$ 53,715,986</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 Balances

Governmental Funds

For the Year Ended September 30, 2021

	Special Revenue Funds			
	General	Riverfront Redevelopment	Stormwater Utility	American Rescue Plan
Revenues				
Taxes:				
Property	\$ 4,533,634	\$ 457,672	\$ -	\$ -
Public utility	3,030,261	-	-	-
Franchise fees	1,384,529	-	-	-
Licenses and permits	195,920	-	-	-
Intergovernmental	3,523,088	-	-	-
Impact fees	-	-	-	-
Charges for services	763,145	-	1,953,246	-
Fines	38,277	-	-	-
Investment earnings	14,386	1,466	5,415	1,613
Other revenues	221,978	36,000	-	-
Contributions and donations	4,800	-	-	-
Total revenues	13,710,018	495,138	1,958,661	1,613
Expenditures				
Current:				
General government	3,893,552	1,478	-	-
Public safety	6,312,519	-	-	-
Physical environment	179,002	-	1,475,820	-
Transportation	1,095,871	-	-	-
Economic environment	-	256,771	-	-
Culture and recreation	986,734	-	-	-
Debt service:				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Capital outlay	209,592	-	123,824	-
Total expenditures	12,677,270	258,249	1,599,644	-
Revenues over (under) expenditures	1,032,748	236,889	359,017	1,613
Other financing sources (uses)				
Transfers in	-	-	-	-
Transfers out	(45,954)	(174,305)	(16,503)	-
Total other financing sources (uses)	(45,954)	(174,305)	(16,503)	-
Net changes in fund balances	986,794	62,584	342,514	1,613
Fund balances, beginning of year	5,703,001	478,660	1,375,749	-
Fund balances, end of year	\$ 6,689,795	\$ 541,244	\$ 1,718,263	\$ 1,613

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

Capital Projects Funds			
Discretionary Sales Tax	Transportation Improvements	Nonmajor Governmental Funds	Total Governmental Funds
\$ -	\$ -	\$ -	\$ 4,991,306
-	-	-	3,030,261
-	-	-	1,384,529
-	-	-	195,920
4,037,460	11,814	1,604,497	9,176,859
-	-	214,500	214,500
-	-	151,697	2,868,088
-	-	15,050	53,327
35,198	-	3,169	61,247
-	-	13,298	271,276
-	-	30,000	34,800
<u>4,072,658</u>	<u>11,814</u>	<u>2,032,211</u>	<u>22,282,113</u>
-	-	562,272	4,457,302
-	-	1,500	6,314,019
-	-	203,404	1,858,226
-	-	101,964	1,197,835
-	-	-	256,771
-	-	-	986,734
-	-	620,000	620,000
-	-	23,927	23,927
<u>17,849</u>	<u>3,983,248</u>	<u>1,749,190</u>	<u>6,083,703</u>
<u>17,849</u>	<u>3,983,248</u>	<u>3,262,257</u>	<u>21,798,517</u>
<u>4,054,809</u>	<u>(3,971,434)</u>	<u>(1,230,046)</u>	<u>483,596</u>
-	3,882,191	1,750,325	5,632,516
<u>(4,735,153)</u>	<u>-</u>	<u>(783,538)</u>	<u>(5,755,453)</u>
<u>(4,735,153)</u>	<u>3,882,191</u>	<u>966,787</u>	<u>(122,937)</u>
(680,344)	(89,243)	(263,259)	360,659
<u>6,785,087</u>	<u>-</u>	<u>2,140,845</u>	<u>16,483,342</u>
<u>\$ 6,104,743</u>	<u>\$ (89,243)</u>	<u>\$ 1,877,586</u>	<u>\$ 16,844,001</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, 2021

Net change in fund balances - total governmental funds \$ 360,659

Amounts reported for *governmental activities* 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	6,083,703
Depreciation expense	(3,344,430)
Loss on disposal of capital assets	(26,116)

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	620,000
---------------------------------------------	---------

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	4,405
Change in the accrual for compensated absences	(32,064)
Change in the net pension liability and related deferred amounts	389,245

Change in net position of governmental activities \$ 4,055,402

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, 2021

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Taxes:				
Property	\$ 4,563,724	\$ 4,563,724	\$ 4,533,634	\$ (30,090)
Public utility	3,122,777	3,122,777	3,030,261	(92,516)
Franchise fees	1,462,101	1,462,101	1,384,529	(77,572)
Licenses and permits	149,200	149,200	195,920	46,720
Intergovernmental	2,484,751	2,702,226	3,523,088	820,862
Charges for services	744,033	744,033	763,145	19,112
Fines	50,900	50,900	38,277	(12,623)
Investment earnings	61,500	61,500	14,386	(47,114)
Other revenues	309,100	311,774	221,978	(89,796)
Contributions and donations	8,000	8,000	4,800	(3,200)
Total revenues	12,956,086	13,176,235	13,710,018	533,783
Expenditures				
Current:				
General government:				
City council	59,737	59,737	55,883	(3,854)
City manager	286,148	292,499	285,944	(6,555)
City clerk	211,347	215,122	205,203	(9,919)
City attorney	197,538	201,426	195,695	(5,731)
Administrative services	693,359	707,722	656,305	(51,417)
Management information services	508,634	516,961	513,328	(3,633)
Facilities maintenance	540,388	566,223	524,383	(41,840)
Community development	490,950	505,873	477,729	(28,144)
Non-departmental	950,800	988,990	979,082	(9,908)
Total general government	3,938,901	4,054,553	3,893,552	(161,001)
Public safety:				
Police administration	862,635	1,077,355	1,020,630	(56,725)
Police operations	3,463,863	3,529,897	3,428,512	(101,385)
Police detective division	1,084,327	1,111,091	1,098,241	(12,850)
Police dispatch unit	653,778	662,359	577,507	(84,852)
Code enforcement division	193,315	197,439	187,629	(9,810)
Total public safety	6,257,918	6,578,141	6,312,519	(265,622)

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CITY OF SEBASTIAN, FLORIDA

Statement of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual - General Fund

For the Year Ended September 30, 2021

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Physical environment:				
Cemetery	\$ 208,114	\$ 211,522	\$ 179,002	\$ (32,520)
Transportation:				
Roads and maintenance	979,829	994,604	883,945	(110,659)
Fleet management	208,427	214,824	211,926	(2,898)
Total transportation	1,188,256	1,209,428	1,095,871	(113,557)
Culture and recreation:				
Leisure services	1,047,085	1,076,578	986,734	(89,844)
Capital outlay	213,910	259,058	209,592	(49,466)
Total expenditures	12,854,184	13,389,280	12,677,270	(712,010)
Revenues over (under) expenditures	101,902	(213,045)	1,032,748	1,245,793
Other financing sources (uses)				
Transfers in	185,000	682,684	-	(682,684)
Transfers out	(286,902)	(469,639)	(45,954)	(423,685)
Total other financing sources (uses)	(101,902)	213,045	(45,954)	(258,999)
Net changes in fund balance	-	-	986,794	986,794
Fund balance, beginning of year	5,703,001	5,703,001	5,703,001	-
Fund balance, end of year	\$ 5,703,001	\$ 5,703,001	\$ 6,689,795	\$ 986,794

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, 2021

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Taxes:				
Property	\$ 443,884	\$ 443,884	\$ 457,672	\$ 13,788
Investment earnings	10,331	10,331	1,466	(8,865)
Other revenues	36,000	36,000	36,000	-
Total revenues	<u>490,215</u>	<u>490,215</u>	<u>495,138</u>	<u>4,923</u>
Expenditures				
Current:				
General government	1,400	1,478	1,478	-
Economic environment	298,817	301,816	256,771	(45,045)
Total expenditures	<u>300,217</u>	<u>303,294</u>	<u>258,249</u>	<u>(45,045)</u>
Revenues over expenditures	<u>189,998</u>	<u>186,921</u>	<u>236,889</u>	<u>49,968</u>
Other financing sources (uses)				
Transfers in	-	209,013	-	(209,013)
Transfers out	(189,998)	(395,934)	(174,305)	(221,629)
Total other financing sources (uses)	<u>(189,998)</u>	<u>(186,921)</u>	<u>(174,305)</u>	<u>12,616</u>
Net changes in fund balance	-	-	62,584	62,584
Fund balance, beginning of year	<u>478,660</u>	<u>478,660</u>	<u>478,660</u>	-
Fund balance, end of year	<u>\$ 478,660</u>	<u>\$ 478,660</u>	<u>\$ 541,244</u>	<u>\$ 62,584</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, 2021

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Charges for services	\$ 2,039,714	\$ 2,039,714	\$ 1,953,246	\$ (86,468)
Investment earnings	44,844	44,844	5,415	(39,429)
Total revenues	<u>2,084,558</u>	<u>2,084,558</u>	<u>1,958,661</u>	<u>(125,897)</u>
Expenditures				
Current:				
Physical environment	1,511,306	1,572,286	1,475,820	(96,466)
Capital outlay	242,050	254,200	123,824	(130,376)
Total expenditures	<u>1,753,356</u>	<u>1,826,486</u>	<u>1,599,644</u>	<u>(226,842)</u>
Revenues over expenditures	<u>331,202</u>	<u>258,072</u>	<u>359,017</u>	<u>100,945</u>
Other financing sources (uses)				
Transfers in	-	469,111	-	(469,111)
Transfers out	(300,000)	(695,981)	(16,503)	(679,478)
Total other financing sources (uses)	<u>(300,000)</u>	<u>(226,870)</u>	<u>(16,503)</u>	<u>210,367</u>
Net change in fund balance	<u>31,202</u>	<u>31,202</u>	<u>342,514</u>	<u>311,312</u>
Fund balance, beginning of year	<u>1,375,749</u>	<u>1,375,749</u>	<u>1,375,749</u>	<u>-</u>
Fund balance, end of year	<u>\$ 1,406,951</u>	<u>\$ 1,406,951</u>	<u>\$ 1,718,263</u>	<u>\$ 311,312</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 - American Recovery Plan Special Revenue Fund

For the Year Ended September 30, 2021

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Investment earnings	\$ -	\$ -	\$ 1,613	\$ 1,613
Net change in fund balance	-	-	1,613	1,613
Fund balance, beginning of year	-	-	-	-
Fund balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,613</u>	<u>\$ 1,613</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, 2021

	Business-type Activities - Enterprise Funds			
	Golf Course	Airport	Building	Total
Assets				
Current assets:				
Cash and cash equivalents	\$ 153,111	\$ 266,253	\$ 1,295,714	\$ 1,715,078
Investments	-	-	292,529	292,529
Accounts receivable	39	216	-	255
Due from other governments	-	341,512	-	341,512
Inventories	15,014	-	-	15,014
Deposits held in escrow	493	616	493	1,602
Prepaid items	14,042	22,164	17,592	53,798
Total current assets	182,699	630,761	1,606,328	2,419,788
Noncurrent assets:				
Advance to other funds	-	-	1,144,593	1,144,593
Capital assets:				
Land	-	9,060	-	9,060
Buildings	697,985	9,367,542	-	10,065,527
Improvements other than buildings	1,107,668	1,699,383	-	2,807,051
Machinery and equipment	405,366	1,029,977	139,728	1,575,071
Infrastructure	1,437,440	12,128,021	-	13,565,461
Construction in process	-	968,556	-	968,556
Less accumulated depreciation	(2,233,342)	(10,736,258)	(108,235)	(13,077,835)
Total noncurrent assets	1,415,117	14,466,281	1,176,086	17,057,484
Total assets	1,597,816	15,097,042	2,782,414	19,477,272
Liabilities				
Current liabilities:				
Accounts payable and accrued liabilities	8,612	88,632	29,364	126,608
Due to other funds	500,000	-	-	500,000
Due to other governments	8,303	1,516	8,272	18,091
Unearned revenues	80,419	18,310	4,150	102,879
Rebates payable	-	-	1,848,062	1,848,062
Current portion of leases payable	50,801	-	-	50,801
Total current liabilities	648,135	108,458	1,889,848	2,646,441
Noncurrent liabilities:				
Compensated absences	99,905	428	138,522	238,855
Advance from other fund	1,144,593	518,506	-	1,663,099
Total noncurrent liabilities	1,244,498	518,934	138,522	1,901,954
Total liabilities	1,892,633	627,392	2,028,370	4,548,395
Net position				
Net investment in capital assets	1,364,316	14,466,281	31,493	15,862,090
Unrestricted (deficit)	(1,659,133)	3,369	722,551	(933,213)
Total net position (deficit)	\$ (294,817)	\$ 14,469,650	\$ 754,044	\$ 14,928,877

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, 2021

	Business-type Activities - Enterprise Funds			
	Golf Course	Airport	Building	Total
Operating revenues				
Charges for fees and rents:				
Building permit fees	\$ -	\$ -	\$ 1,370,648	\$ 1,370,648
Golf course fees	1,456,432	-	-	1,456,432
Rents	30,001	495,395	-	525,396
Other revenues	12,128	83,521	7,330	102,979
Total operating revenues	1,498,561	578,916	1,377,978	3,455,455
Operating expenses				
Salaries, wages and employee benefits	404,919	62,691	631,113	1,098,723
Contractual services, materials and supplies	963,980	277,936	160,095	1,402,011
Depreciation	203,186	977,841	12,095	1,193,122
Total operating expenses	1,572,085	1,318,468	803,303	3,693,856
Operating income (loss)	(73,524)	(739,552)	574,675	(238,401)
Nonoperating revenues (expenses)				
Investment income	-	869	2,713	3,582
Interest expense	(2,789)	(21,114)	-	(23,903)
Loss on disposal of capital assets	(713)	-	(234)	(947)
State mandated rebates	-	-	(740,620)	(740,620)
Total nonoperating revenues (expenses)	(3,502)	(20,245)	(738,141)	(761,888)
Loss before capital contributions and transfers	(77,026)	(759,797)	(163,466)	(1,000,289)
Capital contributions	-	560,394	-	560,394
Transfers in	-	122,937	7,819	130,756
Transfers out	(7,819)	-	-	(7,819)
Change in net position	(84,845)	(76,466)	(155,647)	(316,958)
Net position, beginning of year	(209,972)	14,546,116	909,691	15,245,835
Net position, end of year	\$ (294,817)	\$ 14,469,650	\$ 754,044	\$ 14,928,877

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, 2021

	Business-type Activities - Enterprise Funds			
	Golf Course	Airport	Building	Total
Cash flows from operating activities				
Cash received from customers and users	\$ 1,500,411	\$ 578,979	\$ 1,376,582	\$ 3,455,972
Cash payments to suppliers	(977,903)	(246,274)	(170,528)	(1,394,705)
Cash payments for employee services	(399,357)	(63,757)	(632,760)	(1,095,874)
Net cash provided by operating activities	<u>123,151</u>	<u>268,948</u>	<u>573,294</u>	<u>965,393</u>
Cash flows from noncapital financing activities				
Interest paid on advance from other fund	(2,789)	(21,114)	-	(23,903)
Cash payments to other funds	(38,366)	(150,000)	-	(188,366)
Cash receipts from other funds	-	113,552	38,366	151,918
Net cash provided by (used in) by noncapital financing activities	<u>(41,155)</u>	<u>(57,562)</u>	<u>38,366</u>	<u>(60,351)</u>
Cash flows from capital and related financing activities				
Repayment of long term debt	(53,602)	-	-	(53,602)
Acquisition and construction of capital assets	(13,429)	(703,262)	(22,957)	(739,648)
Proceeds from sale of capital assets	189	-	-	189
Receipts from capital contributions	-	560,394	-	560,394
Net cash used in capital and related financing activities	<u>(66,842)</u>	<u>(142,868)</u>	<u>(22,957)</u>	<u>(232,667)</u>
Cash flows from investing activities				
Purchases of investments	-	-	(93,167)	(93,167)
Investment income	-	869	2,713	3,582
Net cash provided by (used in) investing activities	<u>-</u>	<u>869</u>	<u>(90,454)</u>	<u>(89,585)</u>
Net increase in cash and cash equivalents	15,154	69,387	498,249	582,790
Cash and cash equivalents, beginning of year	137,957	196,866	797,465	1,132,288
Cash and cash equivalents, end of year	<u>\$ 153,111</u>	<u>\$ 266,253</u>	<u>\$ 1,295,714</u>	<u>\$ 1,715,078</u>

continued...

CITY OF SEBASTIAN, FLORIDA

Statement of Cash Flows

Proprietary Funds

For the Year Ended September 30, 2021

	Business-type Activities - Enterprise Funds			
	Golf Course	Airport	Building	Total
Cash flow from operating activities:				
Operating income (loss)	\$ (73,524)	\$ (739,552)	\$ 574,675	\$ (238,401)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation expense	203,186	977,841	12,095	1,193,122
Change in:				
Accounts receivable	460	243	-	703
Due from other governments	-	(18,158)	-	(18,158)
Inventories	(1,453)	-	-	(1,453)
Prepaid items	(5,111)	(16,005)	(9,741)	(30,857)
Accounts payable and accrued liabilities	(7,359)	47,667	(692)	39,616
Due to other governments	51	(120)	1,450	1,381
Unearned revenues	1,339	18,098	(2,846)	16,591
Accrued compensated absences	5,562	(1,066)	(1,647)	2,849
Total adjustments	196,675	1,008,500	(1,381)	1,203,794
Net cash provided by operating activities	<u>\$ 123,151</u>	<u>\$ 268,948</u>	<u>\$ 573,294</u>	<u>\$ 965,393</u>

concluded

Non-cash Transactions

For the year ended September 30, 2021, the building fund recognized rebates payable and state mandated rebates expense of \$740,620 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 Fund - Pension Trust

September 30, 2021

Police Officers' Pension

Assets

Receivables:

Interest and dividends	\$ 25,946
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Investments, at fair value:

Money market funds	615,211
United States government obligations	46,629
Mortgage backed securities	1,005,585
Collateralized mortgage obligations	1,438,416
Municipal obligations	236,500
Domestic corporate bonds	1,410,313
Foreign corporate bonds	181,366
Domestic corporate equities	9,773,781
Foreign corporate equities	3,105,670
Exchange-traded fund equities	2,889,738
Partnerships	13,591
Real estate investment trust	800,469
Total investments	<u>21,517,269</u>

Total assets

21,543,215

Net position

Restricted for pension benefits	<u>\$ 21,543,215</u>
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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, 2021

	Police Officers' Pension
Additions	
Contributions:	
Employer	\$ 686,778
Plan members	220,466
State	206,017
Total contributions	<u>1,113,261</u>
Investment income:	
Net increase in fair value of investments	3,875,564
Interest and dividends	377,627
Total investment income	<u>4,253,191</u>
Investment expenses	<u>(136,381)</u>
Net investment earnings	<u>4,116,810</u>
Total additions	<u>5,230,071</u>
Deductions	
Benefits	794,272
Administrative expenses	70,384
Total deductions	<u>864,656</u>
Change in net position	4,365,415
Net position, beginning of year	<u>17,177,800</u>
Net position, end of year	<u>\$ 21,543,215</u>

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

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 25,454 living in an area of approximately 16.3 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

Fiduciary Component Units

City of Sebastian Police Officers' Pension Plan (the "Plan") – The City sponsors and administers a single-employer, defined benefit pension plan, which covers the City's police officers. The Plan was established and may be amended by the City Council and is administered by a 5-member Board of Trustees. The Plan is administered through a qualified trust. The Plan is included as a fiduciary component unit of the City because (1) the System is a legally separate entity; (2) the City Council appoints a voting majority of the Plan Board of Trustees; and (3) the City makes contributions to the Plan on behalf of its participants.

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.

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 *American Rescue Plan Special Revenue Fund* accounts for all financial resources of the American Rescue Plan Act grant program administered by the City.

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

The *Transportation Improvements Capital Projects Fund* accounts for the financial resources that are used for improvements and equipment purchases in support of the City's roadway infrastructure.

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.

CITY OF SEBASTIAN, FLORIDA

Notes to Financial Statements

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.

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.

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 noncurrent 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, 2021, 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:

	Years
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, 2021, the City incurred expenditures in excess of the amounts appropriated, as follows:

	Final Budget	Actual	Variance
Local Option Gas Tax fund			
Debt service - Interest and fiscal charges	\$ 10,340	\$ 10,398	\$ 58
Law Enforcement Forfeiture fund			
Public safety	-	1,500	1,500

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, 2021:

Statement of Net Position

Cash and cash equivalents	\$ 13,950,382
Restricted cash and cash equivalents	1,445,039
Investments	3,736,235
Permanently restricted investments	706,076

Statement of Fiduciary Net Position

Police officers' pension fund investments	21,517,269
-------------------------------------------	------------

Total

\$ 41,355,001

Deposits and investments

Bank deposits:	
Checking and savings accounts	\$ 15,392,991
Investments:	
Investments, at fair value	4,442,311
Police officers' pension fund investments	21,517,269
Cash on hand	2,430

Total

\$ 41,355,001

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, 2021, the carrying amount of the City of Sebastian's deposits with banks was \$15,392,991 and the bank balance was \$15,366,023. 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, 2021, the City had the following investments and effective duration presented in terms of years:

Investment Type	Fair Value	No Maturities	Investment Maturity (Years)			
			Less than 1	From 1-3	From 4-6	Over 7
General investments						
Local government surplus funds trust fund ("SBA")	\$ 3,894,229	\$ -	\$ 3,894,229	\$ -	\$ -	\$ -
Florida Local Government Investment Trust	548,082	-	548,082	-	-	-
	<u>\$ 4,442,311</u>	<u>\$ -</u>	<u>\$ 4,442,311</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Police officers' pension fund investments						
Money market	\$ 615,211	\$ -	\$ 615,211	\$ -	\$ -	\$ -
United States government obligations	46,629	-	-	-	-	46,629
Mortgage backed securities	1,005,585	-	-	76,344	340,478	588,763
Collateralized mortgage obligations	1,438,416	-	-	44,683	161,146	1,232,587
Municipal obligations	236,500	-	-	88,464	-	148,036
Domestic corporate bonds	1,410,313	-	76,413	337,256	504,800	491,844
Foreign corporate bonds	181,366	-	-	-	126,302	55,064
Domestic corporate equities	9,773,781	9,773,781	-	-	-	-
Foreign corporate equities	3,105,670	3,105,670	-	-	-	-
Exchange-traded fund equities	2,889,738	2,889,738	-	-	-	-
Partnerships	13,591	13,591	-	-	-	-
Real estate investment trust	800,469	800,469	-	-	-	-
	<u>\$ 21,517,269</u>	<u>\$ 16,583,249</u>	<u>\$ 691,624</u>	<u>\$ 546,747</u>	<u>\$ 1,132,726</u>	<u>\$ 2,562,923</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, 2021, 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, 2021, the City had \$3,894,229 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, 2021 and amounts may be withdrawn without penalty. Additionally, the City had \$548,082 invested in the Florida Local Government Investment Trust which had a rating by Standard and Poor's Rating Services as "AAAm" on September 30, 2021.

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 Poor's. 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, 2021, 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")	\$ 3,894,229	87.66%	\$ -	0.00%	AAAm
Florida Local Government Investment Trust	548,082	12.34%	-	0.00%	AAAm
Money market	-	0.00%	615,211	2.86%	Not Rated
United States government obligations	-	0.00%	46,629	0.22%	AA+
Mortgage backed securities collateralized mortgage obligations	-	0.00%	1,005,585	4.67%	Aaa
Municipal obligations	-	0.00%	1,438,416	6.68%	AAA/A-
Domestic corporate bonds	-	0.00%	236,500	1.10%	AAA/A-
Foreign corporate bonds	-	0.00%	1,410,313	6.55%	AAA/BBB-
Domestic corporate equities	-	0.00%	181,366	0.84%	AA-/A-
Foreign corporate equities	-	0.00%	9,773,781	45.42%	Not Rated
Exchange-traded fund equities	-	0.00%	3,105,670	14.43%	Not Rated
Partnerships	-	0.00%	2,889,738	13.43%	Not Rated
Real estate investment trust	-	0.00%	13,591	0.06%	Not Rated
	-	0.00%	800,469	3.72%	Not Rated
Total	\$ 4,442,311	100.00%	\$ 21,517,269	100.00%	

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:

Investment (currency in U.S. dollar)	Pension Investments
Foreign corporate bonds	\$ 181,366
Foreign corporate equities	<u>3,105,670</u>
Total	<u><u>\$ 3,287,036</u></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, 2021:

	Level 1	Level 2	Level 3	Total
Local government surplus funds trust fund ("SBA")	\$ 3,894,229	\$ -	\$ -	\$ 3,894,229
Florida Local Government Investment Trust	548,082	-	-	548,082
Money market	615,211	-	-	615,211
United States government obligations	-	46,629	-	46,629
Mortgage backed securities	-	1,005,585	-	1,005,585
Collateralized mortgage obligations	-	1,438,416	-	1,438,416
Municipal obligations	-	236,500	-	236,500
Domestic corporate bonds	68,910	1,341,403	-	1,410,313
Foreign corporate bonds	-	181,366	-	181,366
Domestic corporate equities	9,773,781	-	-	9,773,781
Foreign corporate equities	1,600,881	1,504,789	-	3,105,670
Exchange-traded fund equities	2,889,738	-	-	2,889,738
Partnerships	-	-	13,591	13,591
Real estate investment trust	-	-	800,469	800,469
	<u>\$ 19,390,832</u>	<u>\$ 5,754,688</u>	<u>\$ 814,060</u>	<u>\$ 25,959,580</u>

4. RECEIVABLES

Receivables are comprised of the following at year-end:

	Governmental Activities	Business-type Activities	Total
Accounts receivable	\$ 332,009	\$ 255	\$ 332,264
Due from other governments	988,178	341,512	1,329,690
	<u>\$ 1,320,187</u>	<u>\$ 341,767</u>	<u>\$ 1,661,954</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	\$ 1,465,980	\$ 126,608	\$ 1,592,588
Rebates payable	-	1,848,062	1,848,062
Due to other governments	427,027	18,091	445,118
	<u>\$ 1,893,007</u>	<u>\$ 1,992,761</u>	<u>\$ 3,885,768</u>

6. INTERFUND RECEIVABLES AND PAYABLES AND TRANSFERS

The composition of interfund balances as of September 30, 2021, was as follows:

Due to and from primary government funds

	Due from Other Funds	Due to Other Funds
General Fund	\$ 500,000	\$ -
Golf Course	-	500,000
	<u>\$ 500,000</u>	<u>\$ 500,000</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	\$ -	\$ 518,506
Golf Course	1,144,593	-
Airport	518,506	-
Building	-	1,144,593
	<u>\$ 1,663,099</u>	<u>\$ 1,663,099</u>

CITY OF SEBASTIAN, FLORIDA

Notes to Financial Statements

The balance of \$518,506 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 \$1,144,593 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, 2021, interfund transfers consisted of the following:

Transfers out	Transfers in				Total
	Transportation Improvements Fund	Nonmajor Governmental Funds	Airport Fund	Building Fund	
General Fund	\$ -	\$ 45,954	\$ -	\$ -	\$ 45,954
Riverfront Redevelopment Fund	-	174,305	-	-	174,305
Stormwater Utility Fund	-	16,503	-	-	16,503
Discretionary Sales Tax Fund	3,402,826	1,209,390	122,937	-	4,735,153
Nonmajor Governmental Funds	479,365	304,173	-	-	783,538
Golf Course	-	-	-	7,819	7,819
Total	<u>\$ 3,882,191</u>	<u>\$ 1,750,325</u>	<u>\$ 122,937</u>	<u>\$ 7,819</u>	<u>\$ 5,763,272</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, 2021, was as follows:

	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
Governmental activities					
Capital assets, not being depreciated:					
Land	\$ 9,123,041	\$ -	\$ -	\$ -	\$ 9,123,041
Construction in progress	407,284	5,670,957	-	(2,319,082)	3,759,159
	<u>9,530,325</u>	<u>5,670,957</u>	<u>-</u>	<u>(2,319,082)</u>	<u>12,882,200</u>
Capital assets, being depreciated:					
Buildings	14,344,679	-	-	-	14,344,679
Non-building improvements	7,764,086	3,361	(93,791)	120,377	7,794,033
Machinery and equipment	11,005,969	396,294	(621,082)	450,618	11,231,799
Infrastructure	44,266,641	13,091	(97,866)	1,748,087	45,929,953
	<u>77,381,375</u>	<u>412,746</u>	<u>(812,739)</u>	<u>2,319,082</u>	<u>79,300,464</u>
Less accumulated depreciation for:					
Buildings	(6,914,689)	(406,438)	-	-	(7,321,127)
Non-building improvements	(4,906,674)	(337,929)	77,282	-	(5,167,321)
Machinery and equipment	(8,057,586)	(1,099,380)	617,769	-	(8,539,197)
Infrastructure	(27,739,919)	(1,500,683)	91,572	-	(29,149,030)
	<u>(47,618,868)</u>	<u>(3,344,430)</u>	<u>786,623</u>	<u>-</u>	<u>(50,176,675)</u>
Total capital assets being depreciated, net	<u>29,762,507</u>	<u>(2,931,684)</u>	<u>(26,116)</u>	<u>2,319,082</u>	<u>29,123,789</u>
Governmental activities capital assets, net	<u>\$ 39,292,832</u>	<u>\$ 2,739,273</u>	<u>\$ (26,116)</u>	<u>\$ -</u>	<u>\$ 42,005,989</u>

CITY OF SEBASTIAN, FLORIDA

Notes to Financial Statements

	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
Business-type activities					
Capital assets, not being depreciated:					
Land	\$ 9,060	\$ -	\$ -	\$ -	\$ 9,060
Construction in progress	274,500	694,056	-	-	968,556
	<u>283,560</u>	<u>694,056</u>	<u>-</u>	<u>-</u>	<u>977,616</u>
Capital assets, being depreciated:					
Buildings	10,069,602	-	(4,075)	-	10,065,527
Non-building improvements	2,878,576	-	(71,525)	-	2,807,051
Machinery and equipment	1,537,102	45,592	(7,623)	-	1,575,071
Infrastructure	13,565,461	-	-	-	13,565,461
	<u>28,050,741</u>	<u>45,592</u>	<u>(83,223)</u>	<u>-</u>	<u>28,013,110</u>
Less accumulated depreciation for:					
Buildings	(2,715,886)	(284,426)	4,075	-	(2,996,237)
Non-building improvements	(1,706,477)	(115,695)	70,813	-	(1,751,359)
Machinery and equipment	(1,196,276)	(155,633)	7,199	-	(1,344,710)
Infrastructure	(6,348,161)	(637,368)	-	-	(6,985,529)
	<u>(11,966,800)</u>	<u>(1,193,122)</u>	<u>82,087</u>	<u>-</u>	<u>(13,077,835)</u>
Total capital assets being depreciated, net	<u>16,083,941</u>	<u>(1,147,530)</u>	<u>(1,136)</u>	<u>-</u>	<u>14,935,275</u>
Business-type activities					
capital assets, net	<u>\$ 16,367,501</u>	<u>\$ (453,474)</u>	<u>\$ (1,136)</u>	<u>\$ -</u>	<u>\$ 15,912,891</u>

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

Depreciation of governmental activities by function

General government	\$ 399,789
Public safety	522,179
Physical environment	962,265
Transportation	974,478
Cultural and recreation	485,719
	<u>485,719</u>

Total governmental activities

\$ 3,344,430

Depreciation of business-type activities by function

Golf course	\$ 203,186
Airport	977,841
Building	12,095
	<u>12,095</u>

Total business-type activities

\$ 1,193,122

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, 2021, 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, 2021:

	Beginning Balance	Additions	Deductions	Ending Balance	Due Within One Year
Governmental activities					
Notes from direct borrowings and direct placements	\$ 1,373,000	\$ -	\$ (620,000)	\$ 753,000	\$ 632,000
Compensated absences	1,523,476	592,367	(560,303)	1,555,540	97,975
Pollution remediation	91,200	-	-	91,200	-
Totals governmental activities	\$ 2,987,676	\$ 592,367	\$ (1,180,303)	\$ 2,399,740	\$ 729,975

Notes payable

Florida Gas Tax Revenue Note, due in bi-annual installments of \$118,000 to \$121,000 plus interest at 1.94% through 2023.	\$ 358,000
2013 Stormwater Utility Refunding Revenue Note, Series 2013, due in one final annual installment of \$395,000 plus interest at 1.73%.	395,000
	<u>\$ 753,000</u>

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, 2021:

	Beginning Balance	Additions	Deductions	Ending Balance	Due Within One Year
Business-type activities					
Compensated absences	\$ 236,006	\$ 62,412	\$ (59,563)	\$ 238,855	-
Capital lease	104,403	-	(53,602)	50,801	50,801
Totals business-type activities	<u>\$ 340,409</u>	<u>\$ 62,412</u>	<u>\$ (113,165)</u>	<u>\$ 289,656</u>	<u>\$ 50,801</u>

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

Year Ended September 30,	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2022	\$ 632,000	\$ 12,635	\$ 50,801	\$ 890
2023	121,000	1,174	-	-
	<u>\$ 753,000</u>	<u>\$ 13,809</u>	<u>\$ 50,801</u>	<u>\$ 890</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.

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.

CITY OF SEBASTIAN, FLORIDA

Notes to Financial Statements

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 \$106,135 for the fiscal year ended September 30, 2021. 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, 2021:

Year Ended September 30,	Golf Course Lessee
2022	\$ 106,135
2023	106,135
2024	106,135
2025	106,135
2026	106,135
2027-2031	530,675
2032-2036	530,675
2037-2041	530,675
2042-2045	<u>424,540</u>
Total	<u>\$ 2,547,240</u>

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:

Year Ended September 30,	Governmental Activities
2022	\$ 132,336
2023	114,624
2024	99,769
2025	85,040
2026	88,441
2027-2031	498,188
2032-2036	606,122
2037-2041	737,440
2042-2046	897,208
2047-2051	1,091,591
2052-2055	<u>1,041,237</u>
Total	<u>\$ 5,391,996</u>

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 \$106,135 through 2045. Following is a schedule by year of minimum future rental income on noncancelable operating leases:

Future minimum rental commitments are as follows:

Year Ended September 30,	Business-type Activities
2022	\$ 481,260
2023	487,940
2024	426,786
2025	396,837
2026	401,322
2027-2031	1,999,316
2032-2036	1,626,889
2037-2041	1,216,630
2042-2045	<u>706,488</u>
Total	<u>\$ 7,743,468</u>

CITY OF SEBASTIAN, FLORIDA

Notes to Financial Statements

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, 2021, was 3.1514 mills. Total tax collections were approximately 99.7% 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.

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.

CITY OF SEBASTIAN, FLORIDA

Notes to Financial Statements

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, 2020 to determine the required contribution for the fiscal year ending September 30, 2021. 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.

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, 2021, 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. Membership of the Plan consisted of the following at October 1, 2020, the date of the latest actuarial valuation:

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

CITY OF SEBASTIAN, FLORIDA

Notes to Financial Statements

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, 2021, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 23.63 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Net Pension Liability of the City. The components of the net pension liability of the City at September 30, 2021, were as follows:

Total pension liability	\$ 23,049,447
Less: Plan fiduciary net position	<u>(21,543,215)</u>
City's net pension liability	<u>\$ 1,506,232</u>
Plan fiduciary net position as percentage of total pension liability	93.47%

Actuarial Assumptions. The total pension liability was determined by an actuarial valuation as of October 1, 2020 updated to September 30, 2021 (the measurement date) using the following actuarial assumptions applied to all measurement periods.

Inflation	2.30%
Salary increases	Service based
Discount rate	7.10%
Investment rate of return	7.10%

CITY OF SEBASTIAN, FLORIDA

Notes to Financial Statements

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.

Long-term Expected Real Rate of Return. 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, 2021 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%	5.59%	2.93%
International equity	12.50%	4.47%	0.56%
Fixed income	25.00%	1.35%	0.34%
Real Estate	5.00%	4.45%	0.22%
Master Limited Partnerships	5.00%	2.67%	0.13%
Total	100.00%		4.18%
Inflation			2.30%
Diversified portfolio additional returns			0.62%
Investment rate of return			7.10%

Not only is the time horizon longer for an actuarial valuation relative to the time horizon over which the above projected returns were generated, but also there is an additional correlation resulting from a diversified portfolio that will provide additional returns, as reflected above.

CITY OF SEBASTIAN, FLORIDA

Notes to Financial Statements

Discount Rate. The discount rate used to measure the total pension liability was 7.10 percent (prior year 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.

Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate. The following presents the net pension liability of the City, calculated using the discount rate of 7.10 percent, as well as what the City's net pension liability (asset) would be if it were calculated using a discount rate that is one percentage point lower (6.10 percent) or one percentage point higher (8.10 percent) than the current rate.

	One Percent Decrease 6.10%	Current Discount Rate 7.10%	One Percent Increase 8.10%
Net Pension Liability (Asset)	\$ 4,343,570	\$ 1,506,232	\$ (851,838)

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

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at September 30, 2020	\$ 21,233,850	\$ 17,177,800	\$ 4,056,050
Changes for the year:			
Service cost	546,747	-	546,747
Interest on total pension liability	1,539,609	-	1,539,609
Differences between expected and actual experience	249,038	-	249,038
Assumption changes	274,475	-	274,475
Benefit payments, including refunds of employee contributions	(794,272)	(794,272)	-
Employer contributions	-	686,778	(686,778)
State contributions	-	206,017	(206,017)
Employee contributions	-	220,466	(220,466)
Pension plan net investment income	-	4,116,810	(4,116,810)
Administrative expense	-	(70,384)	70,384
Net changes	1,815,597	4,365,415	(2,549,818)
Balances at September 30, 2021	\$ 23,049,447	\$ 21,543,215	\$ 1,506,232

CITY OF SEBASTIAN, FLORIDA

Notes to Financial Statements

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 measurement date September 30, 2021, the investment rate of return was lowered from 7.20% to 7.10%, net of investment related expenses.

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. For the year ended September 30, 2021, the City recognized pension expense of \$503,550. At September 30, 2021, 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	\$ 546,916	\$ 12,957	\$ 533,959
Changes in assumptions	393,231	298,524	94,707
Net difference between projected and actual earnings on pension plan investments	-	1,852,772	(1,852,772)
	<u>\$ 940,147</u>	<u>\$ 2,164,253</u>	<u>\$ (1,224,106)</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
2022	\$ (97,294)
2023	(262,172)
2024	(458,452)
2025	(493,440)
2026	<u>87,252</u>
Total	<u>\$ (1,224,106)</u>

Payable to the Pension Plan. At September 30, 2021, 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, 2021, 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 2020-2021 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:

Year Ended September 30,	Amount
2017	\$ 204,035
2018	217,695
2019	241,992
2020	239,161
2021	241,312

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, 2021, there were a total of 22 employees participating in the plan.

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.

CITY OF SEBASTIAN, FLORIDA

Notes to Financial Statements

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 2020-2021 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
2017	\$ 120,879
2018	142,347
2019	151,754
2020	163,374
2021	174,006

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	Riverfront Redevelopment	Stormwater Utility	American Rescue Plan	Discretionary Sales Tax	Transportation Improvements	Nonmajor Governmental Funds	Total
Nonspendable:								
Inventory	\$ 55,385	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 55,385
Prepays	286,466	1,054	30,073	-	-	-	-	317,593
Permanent fund corpus	-	-	-	-	-	-	970,326	970,326
Total nonspendable	341,851	1,054	30,073	-	-	-	970,326	1,343,304
Restricted for:								
Debt service	-	-	-	-	-	-	180,832	180,832
Infrastructure	-	-	-	-	6,104,743	-	238,643	6,343,386
Redevelopment	-	540,190	-	-	-	-	-	540,190
Stormwater	-	-	1,688,190	-	-	-	247,172	1,935,362
Law enforcement	110,994	-	-	-	-	-	32,882	143,876
Economic environment	-	-	-	1,613	-	-	-	1,613
Total restricted	110,994	540,190	1,688,190	1,613	6,104,743	-	699,529	9,145,259
Committed for:								
Recreational system development	-	-	-	-	-	-	257,786	257,786
Development of public parking	-	-	-	-	-	-	71,578	71,578
Total committed	-	-	-	-	-	-	329,364	329,364
Assigned for:								
Law enforcement events	12,157	-	-	-	-	-	-	12,157
Unassigned (deficit)	6,224,793	-	-	-	-	(89,243)	(121,633)	6,013,917
Total fund balances, governmental funds	\$ 6,689,795	\$ 541,244	\$ 1,718,263	\$ 1,613	\$ 6,104,743	\$ (89,243)	\$ 1,877,586	\$ 16,844,001

CITY OF SEBASTIAN, FLORIDA

Notes to Financial Statements

Fund Balance Deficit

The Transportation Improvements fund, a major governmental fund, had a deficit in fund balance of \$89,243 at September 30, 2021. The Capital Projects fund, a nonmajor governmental fund, had a deficit in fund balance of \$121,633 at September 30, 2021. Both deficits will be eliminated when transfers budgeted from the discretionary sales tax fund are made, following vendor payments that were recorded as accounts payable at year end.

16. NET INVESTMENT IN CAPITAL ASSETS

The composition of net investment in capital assets as of September 30, 2021, was as follows:

	Governmental Activities	Business-type Activities	Total
Capital assets:			
Capital assets not being depreciated	\$ 12,882,200	\$ 977,616	\$ 13,859,816
Capital assets being depreciated, net	29,123,789	14,935,275	44,059,064
	<u>42,005,989</u>	<u>15,912,891</u>	<u>57,918,880</u>
Related debt:			
Notes payable	753,000	-	753,000
Capital lease	-	50,801	50,801
	<u>753,000</u>	<u>50,801</u>	<u>803,801</u>
Net investment in capital assets	<u><u>\$ 41,252,989</u></u>	<u><u>\$ 15,862,090</u></u>	<u><u>\$ 57,115,079</u></u>

17. COMMITMENTS AND CONTINGENCIES

Contracts and Other Commitments

The City has various major contracts and other commitments outstanding as of September 30, 2021. Outstanding major contracts include completion of the Public Facilities Compound; Establishing Sewer Service to the Compound; Repairing the Yacht Club Seawall; Completing the Stormwater Master Plan; Improvements to the Stonecrop Drainage Area; Construction of Taxi Lane; Construction of Hangar D; and Square Hangar Engineering. Major funding has also been committed toward the design and construction of the Harrison Street Park Plaza, eliminating septic tanks with the Septic to Sewer grant program and making Seawall and Canal Improvements.

CITY OF SEBASTIAN, FLORIDA

Notes to Financial Statements

A summary of these projects at September 30, 2021 is as follows:

	Total Contract Price	Total Paid as of September 30, 2021	Encumbered at September 30, 2021
Major contracts			
Public Facilities Compound	\$ 9,907,274	\$ 3,248,743	\$ 6,484,379
Establish Sewer Service to Compound	1,000,000	-	-
Yacht Club Seawall	358,962	40,291	318,671
Stormwater Master Plan	700,000	19,725	680,275
Stonecrop Drainage Area	860,000	21,416	838,584
Construction of Taxi Lane	757,409	109,049	578,905
Construction of Hangar D	2,282,705	827,410	1,490,047
Square Hangar Engineering	227,516	32,097	237,378
Total	\$ 16,093,866	\$ 4,298,731	\$ 10,628,239
	Total Commitments	Total Paid as of September 30, 2021	Encumbered at September 30, 2021
Major Commitments			
Harrison Street Park Plaza	\$ 270,000	\$ -	\$ -
Septic to Sewer	200,000	63,225	-
Seawall and Canal Improvements	1,000,000	-	-
Total	\$ 1,470,000	\$ 63,225	\$ -

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 pandemic has resulted in operational challenges for the City as it determines the appropriate methods to provide services to its residents. The City received over \$2,217,000 (and expended approximately \$551,000) during 2021 from various funding sources to be used to respond to the impacts of the COVID-19 pandemic through the Coronavirus Relief Fund and other funding sources. At this time, management does not believe that any ongoing negative financial impact related to the pandemic would be material to the City.



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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, 2021	Fiscal Year Ending September 30, 2020	Fiscal Year Ending September 30, 2019
Total pension liability			
Service cost	\$ 546,747	\$ 600,789	\$ 609,880
Interest on total pension liability	1,539,609	1,451,768	1,371,857
Change in excess state money	-	-	-
Changes of benefit terms	-	-	-
Differences between expected and actual experience	249,038	408,904	(25,912)
Changes of assumptions	274,475	(447,786)	22,520
Contributions - buy back	-	-	52,749
Benefit payments, including refunds of employee contributions	(794,272)	(684,963)	(617,282)
Net change in total pension liability	<u>1,815,597</u>	<u>1,328,712</u>	<u>1,413,812</u>
Total pension liability, beginning of year	<u>21,233,850</u>	<u>19,905,138</u>	<u>18,491,326</u>
Total pension liability, end of year	<u>23,049,447</u>	<u>21,233,850</u>	<u>19,905,138</u>
Plan fiduciary net position			
Employer contributions	686,778	703,814	595,045
State contributions	206,017	208,645	198,770
Employee contributions	220,466	229,327	223,495
Buy back contributions	-	-	52,749
Pension plan net investment income (loss)	4,116,810	974,847	261,888
Benefit payments	(794,272)	(684,963)	(617,282)
Administrative expense	(70,384)	(67,989)	(67,867)
Net change in plan fiduciary net position	<u>4,365,415</u>	<u>1,363,681</u>	<u>646,798</u>
Plan fiduciary net position, beginning of year	<u>17,177,800</u>	<u>15,814,119</u>	<u>15,167,321</u>
Plan fiduciary net position, end of year	<u>21,543,215</u>	<u>17,177,800</u>	<u>15,814,119</u>
Net pension liability	<u>\$ 1,506,232</u>	<u>\$ 4,056,050</u>	<u>\$ 4,091,019</u>
Plan fiduciary net position as a percentage of total pension liability	93.47%	80.90%	79.45%
Covered payroll	\$ 2,755,823	\$ 2,866,586	\$ 2,793,692
Net pension liability as a percentage of covered payroll	54.66%	141.49%	146.44%

Fiscal Year Ending September 30, 2018	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
\$ 589,149	\$ 479,778	\$ 418,143	\$ 403,611	\$ 396,147	\$ 367,653
1,270,670	1,179,511	1,027,558	979,259	914,243	853,018
(84,863)	-	-	22,218	24,386	-
-	613,973	-	(4,316)	-	-
164,601	20,758	59,175	(240,633)	-	-
-	382,825	626,069	223,200	-	-
-	-	-	-	-	-
(700,733)	(495,629)	(493,765)	(496,363)	(452,892)	(465,435)
<u>1,238,824</u>	<u>2,181,216</u>	<u>1,637,180</u>	<u>886,976</u>	<u>881,884</u>	<u>755,236</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>	<u>10,910,010</u>
<u>18,491,326</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>
525,296	337,201	322,998	320,179	401,103	396,603
188,923	168,628	169,027	145,700	147,868	145,961
204,854	177,585	167,309	161,270	160,494	154,683
-	-	-	-	-	-
1,028,549	1,371,657	1,067,139	(60,326)	951,910	1,029,818
(700,733)	(495,629)	(493,765)	(496,363)	(452,892)	(465,435)
(82,088)	(45,633)	(28,025)	(39,673)	(27,815)	(32,153)
<u>1,164,801</u>	<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>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>8,843,096</u>
<u>15,167,321</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>\$ 3,324,005</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>
82.02%	81.16%	82.86%	84.00%	89.69%	86.35%
\$ 2,560,670	\$ 2,438,012	\$ 2,263,866	\$ 2,154,612	\$ 2,106,767	\$ 2,131,399
129.81%	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 measurement date 09/30/2021, the investment rate of return was lowered from 7.20% to 7.10%, net of investment related expenses.

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

Fiscal Year Ending September 30,	Annual Return (¹)
2013	11.51%
2014	9.42%
2015	-0.45%
2016	9.39%
2017	10.90%
2018	7.35%
2019	1.79%
2020	6.04%
2021	23.63%

(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%
2021	835,014	686,778	206,017	(57,781)	2,755,823	32.40%

CITY OF SEBASTIAN, FLORIDA

Required Supplementary Information

Single-employer Pension Trust Fund
Notes to Schedule of Contributions

Valuation date October 1, 2019
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 14 Years (as of October 1, 2021)
Mortality *Healthy Active Lives:* Female: RP2000 Generational, 100% Combined Healthy White Collar, Scale BB; Male: RP2000 Generational, 10% Combined Healthy White Collar / 90% Combined Healthy Blue Collar, Scale BB

Healthy Inactive Lives: Female: RP2000 Generational, 100% Annuitant White Collar, Scale BB; Male: RP2000 Generational, 10% Annuitant White Collar / 90% Annuitant Blue Collar, Scale BB

Disabled Lives: Female: 60% RP2000 Disabled Female set forward two years / 40% Annuitant White Collar with no setback, no projection scale; Male: 60% RP2000 Disabled Male setback four years / 40% Annuitant White Collar with no setback, no projection scale

The above assumption rates were mandated by Chapter 2015-157, Laws of Florida. This law mandates the use of the assumptions used in either of the two most recent valuations of the Florida Retirement System (FRS). The above rates are those outlined in Milliman's July 1, 2018 FRS valuation report for special risk employees. We feel this assumption sufficiently accommodates future mortality improvements.

Interest rate 7.20% (prior year 7.30%) per year compounded annually, net of investment related expenses

Salary increases	Credited Service	Assumption
	First year	16.00%
	Years 1 - 3	6.50%
	Years 4 - 13	5.80%
	14 Years and Greater	3.80%

Payroll growth 2.36% for purposes of amortizing the Unfunded Actuarial Accrued Liability. This assumption cannot exceed the ten-year average payroll growth, in compliance with Part VII of Chapter 112, Florida Statutes.

CITY OF SEBASTIAN, FLORIDA

Required Supplementary Information

Single-employer Pension Trust Fund
Notes to Schedule of Contributions

Final salary load

Final salary is increased with a load assumption as shown below based on credited service on 10/1/2014:

Service on 10/01/2014	Load Assumption
5 or more years	20%
2 - 5 Years	10%
Less than 1 year	0%

Retirement rates

Members with less than 25 years of credited service are assumed to retire at the following rates:

Age	Assumption
50	30%
51 - 54	5%
55	50%
56	50%
57	100%

Members with at least 25 years of credited service are assumed to retire immediately.

Disability rates

Age based rates with increasing probability of disablement at higher ages. A sample of rates are shown below:

Age	Assumption
30	0.24%
40	0.42%
50	1.08%
60	5.40%

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

Termination rates

Credited Service	Assumption
0 - 2 Years	15.00%
3 - 14 Years	4.00%
15 years and Greater	0.00%

Actuarial asset method

All assets are valued at market value with an adjustment made to uniformly spread actuarial investment gains and losses (as measured by actual market value investment return against expected market value investment return) over a four-year period.

CITY OF SEBASTIAN, FLORIDA

Required Supplementary Information

Coastal Florida Public Employees Association Pension Plan Schedule of Employer Contributions

Fiscal Year Ending September 30,	Annual Required Contributions
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
2021	241,312

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 2021 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, 2021

	Special Revenue Funds				Debt Service
	Local Option Gas Tax	Parking In-Lieu-of	Recreation Impact Fee	Law Enforcement Forfeiture	Stormwater Utility Revenue Bonds 2003
Assets					
Cash and cash equivalents	\$ 172,128	\$ -	\$ 206,168	\$ 1,551	\$ 180,832
Investments	-	71,578	51,618	31,331	-
Due from other governments	66,515	-	-	-	-
Total assets	<u>\$ 238,643</u>	<u>\$ 71,578</u>	<u>\$ 257,786</u>	<u>\$ 32,882</u>	<u>\$ 180,832</u>
Liabilities					
Accounts payable and accrued liabilities	\$ -	\$ -	\$ -	\$ -	\$ -
Fund balances					
Nonspendable	-	-	-	-	-
Restricted	238,643	-	-	32,882	180,832
Committed	-	71,578	257,786	-	-
Unassigned (deficit)	-	-	-	-	-
Total fund balances	<u>238,643</u>	<u>71,578</u>	<u>257,786</u>	<u>32,882</u>	<u>180,832</u>
Total liabilities and fund balances	<u>\$ 238,643</u>	<u>\$ 71,578</u>	<u>\$ 257,786</u>	<u>\$ 32,882</u>	<u>\$ 180,832</u>

Capital Projects Funds			Permanent	Total Nonmajor Governmental Funds
Capital Projects	Capital Improvements	Stormwater Utility Improvements	Cemetery	
\$ 79,317	\$ 34,715	\$ 282,192	\$ 264,250	\$ 1,221,153
-	-	-	706,076	860,603
12,987	17,000	7,624	-	104,126
<u>\$ 92,304</u>	<u>\$ 51,715</u>	<u>\$ 289,816</u>	<u>\$ 970,326</u>	<u>\$ 2,185,882</u>
\$ 213,937	\$ 51,715	\$ 42,644	\$ -	\$ 308,296
-	-	-	970,326	970,326
-	-	247,172	-	699,529
-	-	-	-	329,364
(121,633)	-	-	-	(121,633)
<u>(121,633)</u>	<u>-</u>	<u>247,172</u>	<u>970,326</u>	<u>1,877,586</u>
<u>\$ 92,304</u>	<u>\$ 51,715</u>	<u>\$ 289,816</u>	<u>\$ 970,326</u>	<u>\$ 2,185,882</u>

CITY OF SEBASTIAN, FLORIDA

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Nonmajor Governmental Funds
For the Year Ended September 30, 2021

	Special Revenue Funds				Debt Service
	Local Option Gas Tax	Parking In-Lieu-of	Recreation Impact Fee	Law Enforcement Forfeiture	Stormwater Utility Revenue Bonds 2003
Revenues					
Intergovernmental	\$ 755,418	\$ -	\$ -	\$ -	\$ -
Impact fees	-	-	214,500	-	-
Charges for services	-	-	-	-	-
Fines	-	-	-	15,050	-
Investment earnings	502	101	279	50	455
Other revenues	-	11,798	-	1,500	-
Contributions and donations	-	-	-	-	-
Total revenues	755,920	11,899	214,779	16,600	455
Expenditures					
Current:					
General government	-	-	-	-	-
Public safety	-	-	-	1,500	-
Physical environment	-	-	-	-	-
Transportation	101,964	-	-	-	-
Debt service:					
Principal	233,000	-	-	-	387,000
Interest and fiscal charges	10,398	-	-	-	13,529
Capital outlay	34,372	-	-	15,000	-
Total expenditures	379,734	-	-	16,500	400,529
Revenues over (under) expenditures	376,186	11,899	214,779	100	(400,074)
Other financing sources (uses)					
Transfers in	-	-	-	-	400,961
Transfers out	(525,946)	-	(121,037)	-	-
Total other financing sources (uses)	(525,946)	-	(121,037)	-	400,961
Net change in fund balances	(149,760)	11,899	93,742	100	887
Fund balances, beginning of year	388,403	59,679	164,044	32,782	179,945
Fund balances, end of year	\$ 238,643	\$ 71,578	\$ 257,786	\$ 32,882	\$ 180,832

Capital Projects Funds			Permanent	Total Nonmajor Governmental Funds
Capital Projects	Capital Improvements	Stormwater Utility Improvements	Cemetery	
\$ 665,312	\$ 169,999	\$ 13,768	\$ -	\$ 1,604,497
-	-	-	-	214,500
-	-	-	151,697	151,697
-	-	-	-	15,050
-	-	-	1,782	3,169
-	-	-	-	13,298
-	30,000	-	-	30,000
<u>665,312</u>	<u>199,999</u>	<u>13,768</u>	<u>153,479</u>	<u>2,032,211</u>
562,272	-	-	-	562,272
-	-	-	-	1,500
-	49,716	68,224	85,464	203,404
-	-	-	-	101,964
-	-	-	-	620,000
-	-	-	-	23,927
<u>522,947</u>	<u>1,051,072</u>	<u>95,845</u>	<u>29,954</u>	<u>1,749,190</u>
<u>1,085,219</u>	<u>1,100,788</u>	<u>164,069</u>	<u>115,418</u>	<u>3,262,257</u>
<u>(419,907)</u>	<u>(900,789)</u>	<u>(150,301)</u>	<u>38,061</u>	<u>(1,230,046)</u>
298,274	900,789	150,301	-	1,750,325
-	-	-	(136,555)	(783,538)
<u>298,274</u>	<u>900,789</u>	<u>150,301</u>	<u>(136,555)</u>	<u>966,787</u>
(121,633)	-	-	(98,494)	(263,259)
-	-	247,172	1,068,820	2,140,845
<u>\$ (121,633)</u>	<u>\$ -</u>	<u>\$ 247,172</u>	<u>\$ 970,326</u>	<u>\$ 1,877,586</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, 2021

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Intergovernmental	\$ 724,105	\$ 724,105	\$ 755,418	\$ 31,313
Investment earnings	13,808	13,808	502	(13,306)
Total revenues	<u>737,913</u>	<u>737,913</u>	<u>755,920</u>	<u>18,007</u>
Expenditures				
Current:				
Transportation	5,400	101,965	101,964	(1)
Debt service:				
Principal	233,000	233,000	233,000	-
Interest and fiscal charges	10,340	10,340	10,398	58
Capital outlay	257,510	160,945	34,372	(126,573)
Total expenditures	<u>506,250</u>	<u>506,250</u>	<u>379,734</u>	<u>(126,516)</u>
Revenues over expenditures	231,663	231,663	376,186	144,523
Other financing uses				
Transfers out	(500,000)	(538,670)	(525,946)	(12,724)
Net changes in fund balance	<u>(268,337)</u>	<u>(307,007)</u>	<u>(149,760)</u>	<u>157,247</u>
Fund balance, beginning of year	<u>388,403</u>	<u>388,403</u>	<u>388,403</u>	<u>-</u>
Fund balance, end of year	<u>\$ 120,066</u>	<u>\$ 81,396</u>	<u>\$ 238,643</u>	<u>\$ 157,247</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, 2021

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Investment earnings	\$ 1,376	\$ 1,376	\$ 101	\$ (1,275)
Other revenues	3,000	3,000	11,798	8,798
Net change in fund balance	4,376	4,376	11,899	7,523
Fund balance, beginning of year	59,679	59,679	59,679	-
Fund balance, end of year	<u>\$ 64,055</u>	<u>\$ 64,055</u>	<u>\$ 71,578</u>	<u>\$ 7,523</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, 2021

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Impact fees	\$ 150,000	\$ 150,000	\$ 214,500	\$ 64,500
Investment earnings	5,000	5,000	279	(4,721)
Total revenues	155,000	155,000	214,779	59,779
Other financing uses				
Transfers out	(155,000)	(277,839)	(121,037)	(156,802)
Net change in fund balance	-	(122,839)	93,742	216,581
Fund balance, beginning of year	164,044	164,044	164,044	-
Fund balance, end of year	<u>\$ 164,044</u>	<u>\$ 41,205</u>	<u>\$ 257,786</u>	<u>\$ 216,581</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, 2021

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Fines	\$ 1,000	\$ 16,000	\$ 15,050	\$ (950)
Investment earnings	250	250	50	(200)
Other revenues	-	-	1,500	1,500
Total revenues	<u>1,250</u>	<u>16,250</u>	<u>16,600</u>	<u>350</u>
Expenditures				
Current:				
Public safety	-	-	1,500	1,500
Capital outlay	-	15,000	15,000	-
Total expenditures	<u>-</u>	<u>15,000</u>	<u>16,500</u>	<u>1,500</u>
Net change in fund balance	1,250	1,250	100	(1,150)
Fund balance, beginning of year	<u>32,782</u>	<u>32,782</u>	<u>32,782</u>	<u>-</u>
Fund balance, end of year	<u>\$ 34,032</u>	<u>\$ 34,032</u>	<u>\$ 32,882</u>	<u>\$ (1,150)</u>

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CAPITAL ASSETS

CITY OF SEBASTIAN, FLORIDA

Comparative Schedule by Source

Capital Assets Used in the Operation of Governmental Funds
September 30, 2021

	2021	2020
Governmental funds capital assets		
Land	\$ 9,123,041	\$ 9,123,041
Buildings and structures	14,344,679	14,344,679
Non-building improvements	7,794,033	7,764,086
Machinery and equipment	11,231,799	11,005,969
Infrastructure	45,929,953	44,266,641
Construction in progress	3,759,159	407,284
	<u>92,182,664</u>	<u>86,911,700</u>
Total governmental funds capital assets	<u>\$ 92,182,664</u>	<u>\$ 86,911,700</u>
Investment in governmental funds capital assets (by sources)		
Federal grants	\$ 4,734,302	\$ 4,501,672
State grants	3,125,704	2,947,351
County grants	507,031	507,031
General Fund	11,245,264	11,786,989
Law enforcement trust fund	117,460	102,460
Recreational impact fee	3,725,331	3,593,730
Stormwater utility fee	8,806,652	8,680,628
Riverfront redevelopment	3,061,899	2,706,509
Cemetery trust fund	816,146	649,638
Donations	2,965,996	2,936,010
Sales taxes	32,290,652	28,273,753
Motor fuel taxes	6,089,258	5,528,960
Revenue bond debt	13,816,786	13,816,786
Parking in Lieu of Fee	90,621	90,621
Capital projects	789,562	789,562
	<u>92,182,664</u>	<u>86,911,700</u>
Total investment in governmental funds capital assets	<u>\$ 92,182,664</u>	<u>\$ 86,911,700</u>

CITY OF SEBASTIAN, FLORIDA

Schedule by Function and Activity

Capital Assets Used in the Operation of Governmental Funds
September 30, 2021

Functions / Programs	Land	Buildings	Non-Building Improvements	Machinery and Equipment	Infrastructure	Total
General government:						
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	1,777,677	-	1,856,073
Facilities maintenance	-	1,091,573	32,086	834,574	-	1,958,233
Community development	-	84,426	-	44,851	-	129,277
Non-departmental	4,474,459	6,184,991	126,639	204,371	598,890	11,589,350
Total general government	4,474,459	7,366,831	232,380	2,917,724	598,890	15,590,284
Public safety:						
Administration	9,560	3,799,272	89,320	430,400	-	4,328,552
Road patrol	-	-	-	3,066,261	-	3,066,261
Code enforcement	-	-	-	64,818	-	64,818
Investigations	-	-	1,700	379,516	32,262	413,478
Communications	-	-	-	26,927	-	26,927
Building department	-	-	-	6,295	-	6,295
Total public safety	9,560	3,799,272	91,020	3,974,217	32,262	7,906,331
Transportation:						
Central garage	-	130,489	114,192	232,376	674	477,731
Roads and drainage	47,125	166,907	1,055,101	1,270,018	22,226,734	24,765,885
Total transportation	47,125	297,396	1,169,293	1,502,394	22,227,408	25,243,616
Economic environment:						
Non-departmental	2,308,392	1,040,590	6,562	-	-	3,355,544
Physical environment:						
Stormwater	-	-	3,870	1,991,860	20,479,737	22,475,467
Cemetery	572,181	201,153	213,568	55,918	92,167	1,134,987
Total physical environment	572,181	201,153	217,438	2,047,778	20,571,904	23,610,454
Culture/recreation:						
Parks and recreation	1,711,324	1,639,437	6,077,340	789,686	2,499,489	12,717,276
Total	\$ 9,123,041	\$ 14,344,679	\$ 7,794,033	\$ 11,231,799	\$ 45,929,953	88,423,505
Construction in progress						3,759,159
Total						\$ 92,182,664

CITY OF SEBASTIAN, FLORIDA

Schedule of Changes by Function and Activity

Capital Assets Used in the Operation of Governmental Funds
September 30, 2021

Functions / Programs	Capital Assets October 1, 2020	Additions	Disposals	Transfers In	Transfers Out	Capital Assets September 30, 2021
General government:						
City manager	\$ 49,954	\$ -	\$ -	\$ -	\$ -	\$ 49,954
City clerk	4,003	-	-	-	-	4,003
Administrative services	3,394	-	-	-	-	3,394
MIS	1,544,294	3,000	47,035	355,814	-	1,856,073
Audio visual/broadcast	18,420	-	-	-	18,420	-
Facilities maintenance	1,915,785	74,585	36,787	4,650	-	1,958,233
Community development	129,277	-	-	-	-	129,277
Non-departmental	11,043,161	-	-	546,189	-	11,589,350
Total general government	14,708,288	77,585	83,822	906,653	18,420	15,590,284
Public safety:						
Special operations	-	-	-	-	-	-
Administration	4,335,046	-	14,731	8,237	-	4,328,552
School resource	-	-	-	-	-	-
Road patrol	3,372,712	47,679	354,130	-	-	3,066,261
Community policing	-	-	-	-	-	-
Code enforcement	64,818	-	-	-	-	64,818
Investigations	425,351	6,500	50,635	32,262	-	413,478
Communications	26,927	-	-	-	-	26,927
Building department	6,295	-	-	-	-	6,295
Total public safety	8,231,149	54,179	419,496	40,499	-	7,906,331
Transportation:						
Central garage	477,731	-	-	-	-	477,731
Roads and drainage	23,806,876	78,149	41,191	981,321	59,270	24,765,885
Total transportation	24,284,607	78,149	41,191	981,321	59,270	25,243,616
Economic environment:						
Non-departmental	3,355,544	-	-	-	-	3,355,544
Physical environment:						
Stormwater	22,293,263	123,824	28,665	87,045	-	22,475,467
Cemetery	968,498	29,954	17,928	154,463	-	1,134,987
Total physical environment	23,261,761	153,778	46,593	241,508	-	23,610,454
Culture/recreation:						
Parks and recreation	12,663,067	49,055	221,637	226,791	-	12,717,276
Total	86,504,416	412,746	812,739	2,396,772	77,690	88,423,505
Construction in progress	407,284	5,670,957	-	-	2,319,082	3,759,159
Total	\$ 86,911,700	\$ 6,083,703	\$ 812,739	\$ 2,396,772	\$ 2,396,772	\$ 92,182,664

STATISTICAL SECTION

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CITY OF SEBASTIAN, FLORIDA

Statistical Section Table of Contents

This part of the City's Annual Comprehensive 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>
Financial Trends	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
Revenue Capacity	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
Debt Capacity	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
Demographic and Economic Information	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
Operating Information	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 Annual Comprehensive 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				
	2021	2020	2019	2018	2017
Governmental activities					
Net investment in capital assets	\$ 41,252,989	\$ 37,919,832	\$ 37,080,967	\$ 37,568,980	\$ 37,461,026
Restricted	10,142,786	10,637,069	8,976,174	6,419,900	5,113,543
Unrestricted	<u>2,320,211</u>	<u>1,103,683</u>	<u>2,056,430</u>	<u>1,649,796</u>	<u>1,236,088</u>
Total governmental activities net position	<u>\$ 53,715,986</u>	<u>\$ 49,660,584</u>	<u>\$ 48,113,571</u>	<u>\$ 45,638,676</u>	<u>\$ 43,810,657</u>
Business-type activities					
Net investment in capital assets	\$ 15,862,090	\$ 16,263,098	\$ 16,995,851	\$ 14,972,789	\$ 13,384,969
Unrestricted (deficit)	<u>(933,213)</u>	<u>(1,017,263)</u>	<u>(654,928)</u>	<u>(777,422)</u>	<u>(1,008,976)</u>
Total business-type activities net position	<u>\$ 14,928,877</u>	<u>\$ 15,245,835</u>	<u>\$ 16,340,923</u>	<u>\$ 14,195,367</u>	<u>\$ 12,375,993</u>
Primary Government					
Net investment in capital assets	\$ 57,115,079	\$ 54,182,930	\$ 54,076,818	\$ 52,541,769	\$ 50,845,995
Restricted	10,142,786	10,637,069	8,976,174	6,419,900	5,113,543
Unrestricted	<u>1,386,998</u>	<u>86,420</u>	<u>1,401,502</u>	<u>872,374</u>	<u>227,112</u>
Total primary government net position	<u>\$ 68,644,863</u>	<u>\$ 64,906,419</u>	<u>\$ 64,454,494</u>	<u>\$ 59,834,043</u>	<u>\$ 56,186,650</u>

Table 1 - Unaudited

Fiscal Year				
2016	2015	2014	2013	2012
\$ 35,886,087	\$ 35,220,857	\$ 35,210,526	\$ 32,038,749	\$ 31,500,173
5,209,372	4,997,724	5,115,627	5,839,440	6,192,777
<u>3,615,777</u>	<u>3,467,014</u>	<u>3,330,400</u>	<u>4,577,440</u>	<u>3,607,228</u>
<u>\$ 44,711,236</u>	<u>\$ 43,685,595</u>	<u>\$ 43,656,553</u>	<u>\$ 42,455,629</u>	<u>\$ 41,300,178</u>
\$ 11,989,666	\$ 10,517,895	\$ 10,439,804	\$ 10,846,501	\$ 11,181,823
(717,053)	67,779	(103,116)	(306,497)	(490,298)
<u>\$ 11,272,613</u>	<u>\$ 10,585,674</u>	<u>\$ 10,336,688</u>	<u>\$ 10,540,004</u>	<u>\$ 10,691,525</u>
\$ 47,875,753	\$ 45,738,752	\$ 45,650,330	\$ 42,885,250	\$ 42,681,996
5,209,372	4,997,724	5,115,627	5,839,440	6,192,777
<u>2,898,724</u>	<u>3,534,793</u>	<u>3,227,284</u>	<u>4,270,943</u>	<u>3,116,930</u>
<u>\$ 55,983,849</u>	<u>\$ 54,271,269</u>	<u>\$ 53,993,241</u>	<u>\$ 52,995,633</u>	<u>\$ 51,991,703</u>

CITY OF SEBASTIAN, FLORIDA

Changes in Net Position

Last Ten Fiscal Years

	Fiscal Year				
	2021	2020	2019	2018	2017
Expenses					
Governmental activities:					
General government	\$ 4,907,738	\$ 5,071,184	\$ 3,970,541	\$ 3,926,479	\$ 3,379,369
Public safety	6,453,141	6,856,836	6,613,707	6,227,299	6,549,037
Physical environment	2,848,779	2,534,320	3,106,764	3,431,933	3,769,377
Transportation	2,136,727	2,037,807	2,022,117	1,949,882	2,279,149
Economic environment	256,771	315,985	402,986	238,597	106,577
Culture and recreation	1,481,096	1,402,691	1,434,296	1,279,635	1,326,245
Interest on debt	19,522	28,711	38,539	56,523	63,141
Total governmental activities expenses	18,103,774	18,247,534	17,588,950	17,110,348	17,472,895
Business-type activities:					
Golf Course	1,575,587	1,551,926	1,533,749	1,555,853	1,537,332
Airport	1,339,582	1,282,084	1,336,180	1,328,258	1,361,134
Building	1,544,157	1,869,767	715,846	664,066	586,752
Total business-type activities expenses	4,459,326	4,703,777	3,585,775	3,548,177	3,485,218
Total primary government expenses	22,563,100	22,951,311	21,174,725	20,658,525	20,958,113
Program revenue					
Governmental activities:					
Charges for services:					
General government	769,986	684,938	532,721	466,261	362,631
Public safety	157,625	130,502	147,121	74,216	124,800
Physical environment	2,119,101	2,037,874	2,161,464	1,064,659	1,021,038
Culture and recreation	70,623	41,316	54,769	52,160	48,781
Operating grants and contributions	2,093,941	1,726,719	803,092	1,776,070	250,292
Capital grants and contributions	4,265,728	3,647,329	251,088	181,050	947,274
Total governmental activities program revenue	9,477,004	8,268,678	3,950,255	3,614,416	2,754,816
Business-type activities:					
Charges for services:					
Golf Course	1,498,561	1,525,184	1,400,939	1,257,047	1,058,939
Airport	578,916	552,789	536,442	583,310	499,321
Building	1,377,978	937,839	864,068	911,643	747,950
Operating grants and contributions	-	-	46,771	115,907	116,055
Capital grants and contributions	560,394	471,888	2,670,116	2,120,953	1,566,737
Total business-type activities program revenue	4,015,849	3,487,700	5,518,336	4,988,860	3,989,002
Total primary government program revenue	13,492,853	11,756,378	9,468,591	8,603,276	6,743,818
Net (expense) revenue					
Governmental activities	(8,626,770)	(9,978,856)	(13,638,695)	(13,495,932)	(14,718,079)
Business-type activities	(443,477)	(1,216,077)	1,932,561	1,440,683	503,784
Total primary government net (expense) revenue	(9,070,247)	(11,194,933)	(11,706,134)	(12,055,249)	(14,214,295)

Table 2 - Unaudited

Fiscal Year				
2016	2015	2014	2013	2012
\$ 3,285,607	\$ 3,015,536	\$ 2,923,398	\$ 2,784,485	\$ 2,640,677
5,476,136	5,164,197	4,908,374	4,928,203	5,025,274
2,538,752	2,759,461	2,310,539	2,039,380	2,007,902
1,861,946	2,024,814	1,828,569	1,845,429	1,800,432
364,675	194,630	247,891	155,214	170,960
1,191,488	1,293,246	1,229,369	1,232,345	1,239,512
82,943	100,468	235,071	368,432	562,496
<u>14,801,547</u>	<u>14,552,352</u>	<u>13,683,211</u>	<u>13,353,488</u>	<u>13,447,253</u>
1,584,214	1,409,829	1,406,770	1,377,039	1,394,731
1,197,549	1,038,361	1,031,464	1,146,905	1,166,588
546,649	531,087	465,717	417,887	397,295
<u>3,328,412</u>	<u>2,979,277</u>	<u>2,903,951</u>	<u>2,941,831</u>	<u>2,958,614</u>
<u>18,129,959</u>	<u>17,531,629</u>	<u>16,587,162</u>	<u>16,295,319</u>	<u>16,405,867</u>
374,581	372,255	407,068	314,158	214,488
98,446	80,763	76,132	67,297	66,474
1,049,735	1,087,642	1,073,015	1,101,864	876,693
53,959	67,940	67,371	70,982	66,954
323,101	345,937	186,295	332,627	187,333
809,932	994,546	739,785	770,123	791,265
<u>2,709,754</u>	<u>2,949,083</u>	<u>2,549,666</u>	<u>2,657,051</u>	<u>2,203,207</u>
1,135,357	1,333,189	1,277,660	1,302,441	1,394,844
516,403	457,318	470,703	481,759	491,367
810,069	712,620	700,751	706,964	419,705
-	-	-	-	-
841,668	702,154	235,215	230,868	150,083
<u>3,303,497</u>	<u>3,205,281</u>	<u>2,684,329</u>	<u>2,722,032</u>	<u>2,455,999</u>
<u>6,013,251</u>	<u>6,154,364</u>	<u>5,233,995</u>	<u>5,379,083</u>	<u>4,659,206</u>
(12,091,793)	(11,603,269)	(11,133,545)	(10,696,437)	(11,244,046)
<u>(24,915)</u>	<u>226,004</u>	<u>(219,622)</u>	<u>(219,799)</u>	<u>(502,615)</u>
<u>(12,116,708)</u>	<u>(11,377,265)</u>	<u>(11,353,167)</u>	<u>(10,916,236)</u>	<u>(11,746,661)</u>

continued...

CITY OF SEBASTIAN, FLORIDA

Changes in Net Position

Last Ten Fiscal Years

	Fiscal Year				
	2021	2020	2019	2018	2017
General revenue and other changes in net position					
Governmental activities:					
Property taxes, levied for general purposes	\$ 4,991,306	\$ 4,270,497	\$ 4,325,759	\$ 4,153,194	\$ 4,147,115
Sales and use taxes	3,030,261	2,940,406	2,882,460	2,808,172	5,945,386
Franchise fees	1,384,529	1,316,849	1,343,744	1,316,792	1,271,403
State shared revenues not restricted to specific programs	3,066,490	2,541,474	7,109,496	6,887,664	2,616,522
Investment earnings	61,247	180,988	378,657	216,185	135,614
Miscellaneous	271,276	381,999	277,970	312,401	290,269
Transfers	(122,937)	(106,344)	(204,496)	(370,457)	(588,809)
Total governmental activities	12,682,172	11,525,869	16,113,590	15,323,951	13,817,500
Business-type activities:					
Investment earnings	3,582	10,377	8,499	8,234	10,787
Gain on sale of capital assets	-	4,268	-	-	-
Miscellaneous	-	-	-	-	-
Transfers	122,937	106,344	204,496	370,457	588,809
Total business-type activities	126,519	120,989	212,995	378,691	599,596
Total primary government general revenue	12,808,691	11,646,858	16,326,585	15,702,642	14,417,096
Change in net position					
Governmental activities	4,055,402	1,547,013	2,474,895	1,828,019	(900,579)
Business-type activities	(316,958)	(1,095,088)	2,145,556	1,819,374	1,103,380
Total primary government change in net position	\$ 3,738,444	\$ 451,925	\$ 4,620,451	\$ 3,647,393	\$ 202,801

Table 2 - Unaudited

Fiscal Year				
2016	2015	2014	2013	2012
\$ 3,942,048	\$ 3,594,210	\$ 3,248,113	\$ 3,221,304	\$ 3,063,495
5,762,921	5,555,270	5,320,051	5,123,046	4,852,413
1,257,430	1,241,515	1,190,233	1,118,886	1,124,568
2,466,546	2,365,137	2,208,700	2,063,450	1,934,733
77,317	65,256	43,293	74,650	82,129
316,239	240,179	338,901	315,296	201,538
(705,067)	2,988	(14,822)	(37,734)	22,489
<u>13,117,434</u>	<u>13,064,555</u>	<u>12,334,469</u>	<u>11,878,898</u>	<u>11,281,365</u>
6,787	5,368	1,484	4,391	6,563
-	-	-	-	-
-	20,602	-	274	4,125
<u>705,067</u>	<u>(2,988)</u>	<u>14,822</u>	<u>37,734</u>	<u>(22,489)</u>
<u>711,854</u>	<u>22,982</u>	<u>16,306</u>	<u>42,399</u>	<u>(11,801)</u>
<u>13,829,288</u>	<u>13,087,537</u>	<u>12,350,775</u>	<u>11,921,297</u>	<u>11,269,564</u>
1,025,641	1,461,286	1,200,924	1,182,461	37,319
<u>686,939</u>	<u>248,986</u>	<u>(203,316)</u>	<u>(177,400)</u>	<u>(514,416)</u>
<u>\$ 1,712,580</u>	<u>\$ 1,710,272</u>	<u>\$ 997,608</u>	<u>\$ 1,005,061</u>	<u>\$ (477,097)</u>

concluded

CITY OF SEBASTIAN, FLORIDA

Fund Balances, Governmental Funds

Last Ten Fiscal Years

	Fiscal Year				
	2021	2020	2019	2018	2017
Governmental funds					
General fund:					
Nonspendable	\$ 341,851	\$ 182,803	\$ 94,564	\$ 234,852	\$ 342,505
Restricted	110,994	88,782	103,900	77,185	63,016
Committed	-	-	-	-	-
Assigned	12,157	12,157	12,157	13,871	12,350
Unassigned	6,224,793	5,419,259	5,988,440	5,047,473	4,089,275
Total General fund	6,689,795	5,703,001	6,199,061	5,373,381	4,507,146
All other governmental funds:					
Nonspendable	1,001,453	1,085,337	1,036,571	1,542,466	941,061
Restricted	9,034,265	9,471,281	7,850,346	4,822,199	4,131,416
Committed	329,364	223,723	553,172	707,667	995,144
Unassigned	(210,876)	-	(5,730)	(3,048)	(26,370)
Total all other governmental funds	10,154,206	10,780,341	9,434,359	7,069,284	6,041,251
Total governmental funds	\$ 16,844,001	\$ 16,483,342	\$ 15,633,420	\$ 12,442,665	\$ 10,548,397

Table 3 - Unaudited

Fiscal Year				
2016	2015	2014	2013	2012
\$ 227,651	\$ 316,036	\$ 369,329	\$ 368,564	\$ 370,450
46,262	38,544	7,969	28,632	-
-	-	-	-	2,861,708
10,840	8,692	7,129	7,020	35,707
<u>5,526,675</u>	<u>5,289,322</u>	<u>5,348,905</u>	<u>5,065,242</u>	<u>1,734,307</u>
<u>5,811,428</u>	<u>5,652,594</u>	<u>5,733,332</u>	<u>5,469,458</u>	<u>5,002,172</u>
996,778	928,758	1,390,073	1,323,838	1,289,693
4,193,653	4,181,787	3,756,950	4,647,950	4,371,826
977,868	815,688	625,007	589,364	719,686
<u>(129,401)</u>	<u>(58,618)</u>	<u>(64,875)</u>	<u>-</u>	<u>-</u>
<u>6,038,898</u>	<u>5,867,615</u>	<u>5,707,155</u>	<u>6,561,152</u>	<u>6,381,205</u>
<u>\$ 11,850,326</u>	<u>\$ 11,520,209</u>	<u>\$ 11,440,487</u>	<u>\$ 12,030,610</u>	<u>\$ 11,383,377</u>

CITY OF SEBASTIAN, FLORIDA

Changes in Fund Balances, Governmental Funds

Last Ten Fiscal Years

	Fiscal Year				
	2021	2020	2019	2018	2017
Revenues					
Taxes	\$ 8,021,567	\$ 7,210,903	\$ 7,208,219	\$ 6,961,366	\$ 10,738,778
Franchise fees	1,384,529	1,316,849	1,343,744	1,316,792	1,271,403
Licenses, fees and permits	195,920	150,240	146,812	165,922	135,900
Intergovernmental	9,176,859	7,739,019	7,996,330	8,648,064	2,991,190
Impact fees	214,500	143,875	129,550	141,050	102,700
Charges for services	2,868,088	2,691,093	2,698,117	1,443,123	1,353,009
Fines	53,327	53,297	51,146	48,251	96,842
Investment earnings	61,247	180,988	378,657	216,185	135,614
Contributions and donations	271,276	381,999	277,970	55,670	45,420
Other revenues	34,800	32,628	37,796	312,401	290,269
Total revenues	22,282,113	19,900,891	20,268,341	19,308,824	17,161,125
Expenditures					
Current:					
General government	4,457,302	4,498,327	3,536,154	3,492,883	2,943,790
Public safety	6,314,019	6,275,459	6,035,675	5,659,861	5,134,388
Physical environment	1,858,226	1,633,435	1,871,853	2,195,332	2,565,532
Transportation	1,197,835	1,129,260	1,142,412	1,079,509	1,333,927
Economic environment	256,771	315,985	402,986	238,597	73,491
Culture and recreation	986,734	955,164	1,027,371	875,172	927,374
Debt service:					
Principal	620,000	611,000	601,000	590,000	931,000
Interest	23,927	35,023	45,846	56,523	68,512
Capital outlay	6,083,703	3,490,972	2,209,793	2,856,222	3,896,231
Total expenditures	21,798,517	18,944,625	16,873,090	17,044,099	17,874,245
Revenues over (under) expenditures	483,596	956,266	3,395,251	2,264,725	(713,120)
Other financing sources (Uses)					
Issuance of long-term debt	-	-	-	-	-
Transfers in	5,632,516	3,280,101	2,451,428	4,427,037	7,184,858
Transfers out	(5,755,453)	(3,386,445)	(2,655,924)	(4,797,494)	(7,773,667)
Total other financing sources (uses)	(122,937)	(106,344)	(204,496)	(370,457)	(588,809)
Net change in fund balances	\$ 360,659	\$ 849,922	\$ 3,190,755	\$ 1,894,268	\$ (1,301,929)
Debt service as a percentage of noncapital expenditures ¹	4.1%	4.2%	4.4%	4.6%	7.2%

¹ 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				
2016	2015	2014	2013	2012
\$ 10,326,654	\$ 9,782,109	\$ 9,123,879	\$ 8,894,880	\$ 8,465,990
1,257,430	1,241,515	1,190,233	1,118,886	1,124,568
136,614	147,219	138,564	45,500	22,431
2,709,066	2,742,950	2,373,695	2,411,395	2,088,038
163,800	281,450	168,350	169,000	58,500
1,391,495	1,397,395	1,431,101	1,462,522	1,158,075
73,059	63,035	54,140	60,190	57,575
77,317	65,256	43,293	78,411	86,516
80,581	48,124	36,801	22,406	216,091
316,239	241,597	338,901	315,296	201,888
<u>16,532,255</u>	<u>16,010,650</u>	<u>14,898,957</u>	<u>14,578,486</u>	<u>13,479,672</u>
3,053,554	2,717,049	2,575,605	2,447,893	2,410,345
4,968,258	4,666,343	4,623,060	4,425,000	4,523,802
1,316,697	1,498,706	1,110,788	1,075,162	1,042,349
1,168,919	1,187,871	1,165,004	1,158,945	1,208,411
331,589	161,545	144,612	122,730	138,531
849,789	893,394	888,795	847,781	876,502
1,935,000	1,567,000	2,306,000	1,307,000	3,321,000
92,907	108,678	413,995	393,447	472,399
<u>1,780,358</u>	<u>3,133,330</u>	<u>2,246,399</u>	<u>2,115,561</u>	<u>1,767,058</u>
<u>15,497,071</u>	<u>15,933,916</u>	<u>15,474,258</u>	<u>13,893,519</u>	<u>15,760,397</u>
<u>1,035,184</u>	<u>76,734</u>	<u>(575,301)</u>	<u>684,967</u>	<u>(2,280,725)</u>
-	-	-	-	2,296,000
3,694,279	4,989,726	3,903,204	3,598,949	3,694,765
<u>(4,399,346)</u>	<u>(4,986,738)</u>	<u>(3,918,026)</u>	<u>(3,636,683)</u>	<u>(3,672,276)</u>
<u>(705,067)</u>	<u>2,988</u>	<u>(14,822)</u>	<u>(37,734)</u>	<u>2,318,489</u>
<u>\$ 330,117</u>	<u>\$ 79,722</u>	<u>\$ (590,123)</u>	<u>\$ 647,233</u>	<u>\$ 37,764</u>
14.8%	13.1%	20.6%	14.4%	27.1%

CITY OF SEBASTIAN, FLORIDA

Program Revenues by Function/Program

Last Ten Fiscal Years

	Fiscal Year				
	2021	2020	2019	2018	2017
Program revenues					
Governmental activities:					
General government	\$ 5,689,371	\$ 4,749,501	\$ 1,096,978	\$ 1,997,400	\$ 390,921
Public safety	393,259	399,361	444,199	346,239	334,270
Physical environment	2,119,101	2,037,874	2,161,464	1,064,659	1,021,038
Transportation	990,150	896,751	13,295	12,908	687,310
Economic environment	-	-	-	-	-
Culture and recreation	285,123	185,191	234,319	193,210	321,277
Total governmental activities	<u>9,477,004</u>	<u>8,268,678</u>	<u>3,950,255</u>	<u>3,614,416</u>	<u>2,754,816</u>
Business-type activities:					
Charges for services:					
Golf Course	1,498,561	1,525,184	1,401,260	1,355,652	1,170,591
Airport	1,139,310	1,024,677	3,253,008	2,704,263	2,070,461
Building	1,377,978	937,839	864,068	928,945	747,950
Total business-type activities	<u>4,015,849</u>	<u>3,487,700</u>	<u>5,518,336</u>	<u>4,988,860</u>	<u>3,989,002</u>
Total primary government	<u>\$ 13,492,853</u>	<u>\$ 11,756,378</u>	<u>\$ 9,468,591</u>	<u>\$ 8,603,276</u>	<u>\$ 6,743,818</u>

Table 5 - Unaudited

Fiscal Year				
2016	2015	2014	2013	2012
\$ 479,395	\$ 534,524	\$ 413,727	\$ 471,299	\$ 230,550
306,381	254,381	246,010	233,309	228,392
1,049,735	1,087,642	1,073,015	1,101,864	876,693
656,484	643,146	565,692	560,713	560,055
-	-	15,501	-	13,998
217,759	429,390	235,721	289,866	293,519
<u>2,709,754</u>	<u>2,949,083</u>	<u>2,549,666</u>	<u>2,657,051</u>	<u>2,203,207</u>
1,135,357	1,333,189	1,277,660	1,302,441	1,394,844
1,358,071	1,159,472	705,918	712,627	641,450
810,069	712,620	700,751	706,964	419,705
<u>3,303,497</u>	<u>3,205,281</u>	<u>2,684,329</u>	<u>2,722,032</u>	<u>2,455,999</u>
<u>\$ 6,013,251</u>	<u>\$ 6,154,364</u>	<u>\$ 5,233,995</u>	<u>\$ 5,379,083</u>	<u>\$ 4,659,206</u>

Tax Revenues by Source

Governmental Funds

For the Last Ten Fiscal Years

(Rate per \$1,000 of assessed value)

Tax Year	Fiscal Year	Public Utility ²	Property Taxes ¹	Total	Millage Rate
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
2020	2021	3,030,261	4,991,306	8,021,567	3.1514

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

² 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				
		Basic Rate	Debt Service	Total Direct	Total County ¹	County School Board			Other ²
						Basic Rate	Debt Service	Total	
2011	2012	3.3041	0.0000	3.3041	6.9590	7.8940	0.3500	8.2440	1.3546
2012	2013	3.7166	0.0000	3.7166	6.2572	7.9230	0.3900	8.3130	1.3546
2013	2014	3.7166	0.0000	3.7166	5.6207	8.1160	-	8.1160	1.7128
2014	2015	3.8556	0.0000	3.8556	5.6868	7.9950	-	7.9950	1.7126
2015	2016	3.8556	0.0000	3.8556	5.9468	7.9550	-	7.9550	1.6993
2016	2017	3.8000	0.0000	3.8000	5.9755	7.4100	-	7.4100	1.5170
2017	2018	3.4000	0.0000	3.4000	6.1214	7.0530	-	7.0530	1.5390
2018	2019	3.1514	0.0000	3.1514	6.1086	6.7930	-	6.7930	1.5396
2019	2020	2.9399	0.0000	2.9399	6.1698	6.5690	-	6.5690	1.4091
2020	2021	3.1514	0.0000	3.1514	5.9006	6.3960	-	6.3960	1.3929

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.

¹ Millage includes General Fund, MSTUs, Emergency Services District and Land Bonds

² 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
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
2020	2021	2,089,301,313	2,611,626,641	76,063,937	76,063,937

Source: Indian River County Property Appraiser

Table 8 - Unaudited

Less: Tax-Exempt Property	Total Taxable Value	Total Direct Tax Rate	Total Estimated Actual Value	Ratio of Taxable to Actual Value
\$ 460,752,786	\$ 986,748,734	3.3041	\$ 1,795,568,379	55.0%
444,524,142	877,458,060	3.7166	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	3.8556	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	3.8000	1,868,445,306	55.5%
486,428,425	1,154,592,832	3.4000	2,035,707,144	56.7%
509,133,351	1,263,145,770	3.1514	2,198,643,986	57.5%
533,734,358	1,383,688,734	2.9399	2,378,380,703	58.2%
581,830,114	1,583,535,136	3.1514	2,687,690,578	58.9%

Principal Property Taxpayers
Current Year and Nine Years Ago

Taxpayer	2021 Fiscal Year			2012 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)	\$ 34,056,684	1	2.15 %	\$ 13,828,553	1	1.40 %
Comcast of Florida, Inc. (Communications)	12,964,811	2	0.82	-	-	-
Wal-Mart Stores, Inc. (Retail)	8,458,488	3	0.53	8,432,070	2	0.85
Park Place Community, LLC (Rental/Retail)	8,132,074	4	0.51	6,684,799	3	0.68
Sebastian Senior Real Estate, LLC (Group Home)	7,285,194	5	0.46	-	-	-
Hartwell Groves, Inc. (Agriculture)	6,162,609	6	0.39	4,236,520	7	0.43
BW US 1, Inc. (Commercial)	5,310,330	7	0.34	6,147,300	4	0.62
Real Sub, LLC	5,042,390	8	0.32	-	-	-
CSGBSH Sebastian, LLC	5,041,898	9	0.32	-	-	-
MPA Sebastian, LLC	4,981,866	10	0.31	-	-	-
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>\$ 97,436,344</u>		<u>6.15 %</u>	<u>\$ 60,243,313</u>		<u>6.10 %</u>
Total Taxable Value	<u>\$ 1,583,535,136</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
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%
2020	2021	4,683,490	4,470,263	95.00%	63,371	4,533,634	96.80%

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 ¹	Stormwater Utility Revenue Bonds/Notes	Business-Type Activities	Total Primary Government	Percentage of Personal Income	Per Capita
				Golf Course Capital Lease			
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	0.0002%	58
2021	358,000	-	395,000	50,801	803,801	²	38

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

² 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			
	2021	2020	2019	2018
Debt limit	\$ 79,176,757	\$ 74,102,711	\$ 69,183,437	\$ 63,157,289
Total net debt applicable to limit	<u>753,000</u>	<u>1,373,000</u>	<u>1,984,000</u>	<u>2,585,000</u>
Legal debt margin	<u>\$ 78,423,757</u>	<u>\$ 72,729,711</u>	<u>\$ 67,199,437</u>	<u>\$ 60,572,289</u>
Total net debt applicable to the limit as a percentage of debt limit	0.95%	1.85%	2.87%	4.09%

Legal Debt Margin Calculation for Fiscal Year 2021

Assessed value	\$ 2,165,365,250
Less: Exempt property	<u>(581,830,114)</u>
Taxable Value	1,583,535,136
Debt limit (5% of taxable value)	79,176,757
Debt applicable to limit:	
Revenue bonds/notes	<u>753,000</u>
Total net debt applicable to limit	<u>753,000</u>
Legal debt margin	<u>\$ 78,423,757</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, 2021 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					
2017	2016	2015	2014	2013	2012
\$ 57,729,642	\$ 48,340,610	\$ 48,340,610	\$ 44,250,493	\$ 41,034,956	\$ 43,872,903
<u>3,175,000</u>	<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>\$ 54,554,642</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>
5.50%	12.50%	12.50%	17.19%	24.16%	25.58%

Pledged Revenue Coverage
For the Last Ten Fiscal Years

Fiscal Year	Stormwater Utility Revenue Bonds, Series 2003					Coverage ²
	Gross Revenues ¹	Debt Service			Total	
		Principal	Interest			
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	-	-	-	-	-	
2021	-	-	-	-	-	

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

¹ Total revenues including charges for services, rents and interest.

² 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) ¹	Per Capita Personal Income ¹	Median Household Income ¹	School Enrollment ²	Unemployment Rate ¹
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	13,750,177	84,607	72,934	6,118	5.9
2021	25,454	⁴	⁴	⁴	5,868	4.6

Sources:

- ¹ Florida Research & Economic Database (FRED). Information available for Indian River County Only.
- ² Indian River County School Board
- ³ Indian River County Property Appraiser
- ⁴ 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



State Unemployment Rate	Property Taxes Per Capita	Total Taxable Property Value ³
8.6	\$ 139.28	\$ 986,748,734
6.9	145.18	877,458,060
5.6	145.68	820,699,121
4.8	158.88	885,009,868
4.8	170.38	966,812,200
3.7	171.43	1,037,687,270
3.3	168.62	1,154,592,832
2.7	173.25	1,263,145,770
7.2	170.40	1,383,688,734
4.8	196.05	1,583,535,136

Principal Employers

Current Year and Nine Years Ago

Employer	2021			2012		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
School District of Indian River County (Government)	2,121	1	3.24 %	2,013	1	3.55 %
Indian River Medical Center (Healthcare)	2,027	2	3.10	1,608	2	2.83
Indian River County (Government)	1,521	3	2.32	1,354	3	2.39
Publix Supermarkets (Food/Beverage)	1,380	4	2.11	1,006	4	1.77
Piper Aircraft, Inc. (Manufacturer)	1,000	5	1.53	700	6	1.23
Wal-Mart (Retail)	806	6	1.23	727	5	1.28
Sebastian River Medical Center (Healthcare)	750	7	1.15	569	7	1.00
John's Island (Residential/Resort)	589	8	0.90	550	8	0.97
Indian River Estates (Retirement/Life care)	486	9	0.74	350	11	0.62
Visiting Nurse Association (Healthcare)	484	10	0.74	399	10	0.70
City of Vero Beach (Government)	374	11	0.57	492	9	0.87
CVS Warehouse/Distribution (Distribution)	336	12	0.51	276	13	0.49
Disney Vero Beach (Resort Hotel)	279	13	0.43	281	12	0.50
Saint Edward's School (Education)	223	14	0.34	-	-	0.00
City of Sebastian (Government)	179	15	0.27	171	19	0.30
Captain Hiram's (Restaurant/Resort)	174	16	0.27	174	18	0.31
Flight Safety International (Education)	170	17	0.26	168	20	0.30
B&W Quality Growers (Agricultural)	142	18	0.22	240	15	0.42
Vero Beach Hotel and Spa	135	19	0.21	-	-	0.00
Grand Harbor Management (Developer)	125	20	0.19	253	14	0.45
Medical Data Systems (Collection Agency)	-		0.00	175	17	0.31
Sun Ag, Inc. (Agriculture)	-		0.00	225	16	0.40
	<u>13,301</u>		<u>20.33 %</u>	<u>11,731</u>		<u>20.69 %</u>
Total Average County Employees	<u>65,492</u>			<u>56,732</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				
	2021	2020	2019	2018	2017
General government					
City council	2.5	2.5	2.5	2.5	2.5
City manager	2.0	2.0	2.0	2.0	2.5
City clerk	2.5	2.5	2.5	2.5	2.5
City attorney	1.0	1.0	-	-	-
Administrative Services	6.0	6.0	6.0	6.0	6.0
Management information	5.0	5.0	5.0	5.0	2.0
Audio/visual	-	-	-	-	2.5
Facilities maintenance	4.0	4.0	3.0	3.0	2.5
Community development	5.0	5.0	4.0	4.0	3.0
Public safety					
Police	64.0	64.0	64.0	64.0	57.5
Building	8.5	7.5	7.5	7.5	5.0
Code enforcement	3.0	3.0	3.0	3.0	3.0
Transportation					
Roads and drainage	10.0	10.0	9.5	9.5	11.5
Fleet management	3.0	3.0	3.5	3.5	3.5
Airport	1.5	1.5	1.5	2.0	3.0
Physical environment					
Cemetery	2.0	2.0	2.0	2.0	1.5
Stormwater utility	13.5	13.5	14.5	14.5	8.0
Culture and recreation					
Leisure services	15.0	16.0	21.0	21.0	18.0
Golf course	9.0	9.0	9.0	11.0	13.0
Total	<u>157.5</u>	<u>157.5</u>	<u>160.5</u>	<u>163.0</u>	<u>147.5</u>

Source: City of Sebastian, Florida 2012-2021 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				
2016	2015	2014	2013	2012
2.5	2.5	2.5	2.5	2.5
2.5	2.0	2.0	2.0	2.0
3.0	5.0	5.0	3.0	3.0
-	-	-	-	-
4.0	5.5	5.5	5.0	5.0
2.0	2.0	2.0	3.0	3.0
1.0	-	-	-	-
3.5	5.0	5.0	4.0	3.0
2.0	4.0	4.0	3.0	3.0
57.5	57.0	57.0	55.5	55.0
5.0	5.0	5.0	5.0	4.0
3.0	3.0	3.0	3.0	3.0
11.0	10.0	10.0	10.0	10.0
3.5	3.5	3.5	3.5	3.5
1.0	1.0	1.0	2.0	3.0
2.0	2.0	2.0	2.0	1.0
9.0	9.0	9.0	9.0	9.0
19.0	20.0	20.0	20.0	20.0
10.0	10.0	10.0	10.0	10.0
<u>141.5</u>	<u>146.5</u>	<u>146.5</u>	<u>142.5</u>	<u>140.0</u>

CITY OF SEBASTIAN, FLORIDA

Operating Indicators By Function/Program

For the Last Ten Fiscal Years

Function	Fiscal Year				
	2021	2020	2019	2018	2017
General government					
Number of annexations approved	-	-	1	-	-
Acres of annexed property	-	-	1,118	-	-
Purchase orders issued	350	350	293	355	289
Public Safety					
Police					
Physical arrests	363	397	525	516	356
Traffic violations	2,448	2,350	4,627	3,678	3,192
Parking violations	17	37	30	55	49
Building					
New construction permits issued ¹	255	178	170	167	147
Estimated value of construction (in millions)	\$ 649.5	\$ 46.9	\$ 42.4	\$ 39.8	\$ 37.2
Transportation					
Asphalt for road maintenance (tons)	127	64	188	120	20
Physical environment					
Cemetery					
Cemetery internments	91	75	74	60	62
Grave deeds sold	61	62	59	30	29
Stormwater					
Swales maintained (miles)	150	150	150	150	300
Ditches maintained (miles)	80	80	80	80	80
Road crossings maintained	50	50	50	50	70
Culture and recreation					
Program participants	3,970	4,371	6,823	6,495	6,268
Number of discount cards	711	693	690	643	657
Number of golf course memberships	121	152	134	123	119
Average daily golf revenue	\$ 4,117	\$ 4,179	\$ 3,837	\$ 3,100	\$ 3,100

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

¹ New commercial and residential only.

Table 18 - Unaudited

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

CITY OF SEBASTIAN, FLORIDA

Capital Asset Statistics By Function/Program

For the Last Ten Fiscal Years

Function	Fiscal Year				
	2021	2020	2019	2018	2017
General Government					
Square footage occupied	21,500	21,500	21,500	21,500	21,500
Departmental vehicles	3	3	3	6	6
Public safety					
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	78	71	71
Building inspector vehicles	4	4	4	4	4
Transportation					
Streets (miles)	156	156	156	156	156
Streetlights ¹	1,100	1,100	1,100	1,100	1,100
Airport vehicles	3	3	3	5	4
Public service vehicles	17	17	16	13	12
Physical environment					
Public service vehicles	18	18	18	18	19
Culture and recreation					
Parks vehicles	8	8	8	5	5
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	9	-	12
Golf course vehicles	-	-	-	-	-

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

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

Table 19 - Unaudited

Fiscal Year				
2016	2015	2014	2013	2012
21,500	21,500	21,500	21,500	21,500
4	5	5	6	1
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
70	66	62	61	66
4	4	3	3	3
156	156	156	156	156
1,085	1,085	1,085	1,080	1,228
4	3	1	1	1
12	12	15	17	17
17	17	10	10	9
6	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	12	9	12	13
-	-	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 22, 2022

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, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated February 22, 2022.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies 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 Lobson LLC". The signature is written in a cursive, flowing style.

INDEPENDENT AUDITORS' MANAGEMENT LETTER

February 22, 2022

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, 2021 and have issued our report thereon dated February 22, 2022.

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*; 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 22, 2022, should be considered in conjunction with this management letter.

Prior Audit Findings

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

Official Title and Legal Authority

Section 10.554(1)(i)4., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. The 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 Johnson LLC

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INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH LOCAL GOVERNMENT INVESTMENT POLICIES

February 22, 2022

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

We have examined the **City of Vero Beach, Florida's** (the "City's") compliance with the local government investment policy requirements of Section 218.415, Florida Statutes, during the year ended September 30, 2021. Management of the City is responsible for the City's compliance with the specified requirements. Our responsibility is to express an opinion on the City's compliance with the specified requirements based on our examination.

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, 2021.

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.

