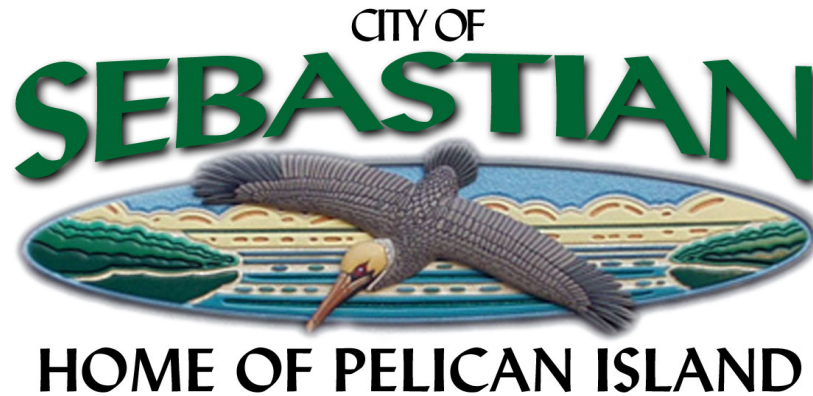


CITY OF SEBASTIAN, FLORIDA



ANNUAL COMPREHENSIVE FINANCIAL REPORT

For the Year Ended September 30, 2022

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

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CITY OF SEBASTIAN, FLORIDA

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INTRODUCTORY SECTION

CITY OF SEBASTIAN, FLORIDA

CITY OFFICIALS

For the Year Ended September 30, 2022

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

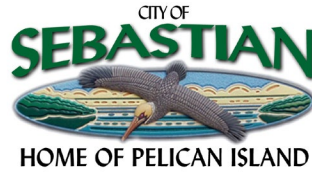
Karen Miller
City Engineer

Wayne Eseltine
Building Official

Greg Gardner
Golf Course Director

Scott Baker
Public Facilities Director

Brian Benton
Leisure Services Director



March 7, 2023

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, 2022. 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, 2022.

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 requires that the City's financial statements 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, 2022. The independent auditors' report is located on pages 11-14. 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 25,915 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 is a Florida municipal corporation with a five-member City Council. City 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 and capital project 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 increased to high levels for several years but has shown good improvement in the last few years. As of September 2022, the Florida Research & Economic Database reported an improved unemployment rate of 3.1%, which corresponds with improvements being enjoyed at the state and national levels. However, the overall unemployment rate for the area has historically not been as good as that of the State of Florida.

The largest major industry sector was Health Care with 17.83% of the employment, followed by Retail Trade with 15.75% of the employment, Construction with 8.72% of the employment and Accommodation & Food Services with 10.59%. According to Federal Reserve Economic Data reports, 91% of the population age 18 or older are high school graduates or higher and 42.5% hold an associate's degree or higher. Federal Reserve Economic Data reports also indicated that the area median age for 2021 was 54.2 and the median household income was \$61,351.

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 efficient in Sebastian, offering nearby access to major freight transportation routes. Interstate Highway I-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 until December 31, 2034. This Infrastructure Sales Surtax is essential in providing for the City's emergency vehicle and capital improvement needs. In addition, the City has funded a

number of other capital projects with impact fees and has actively pursued grant funding for some major transportation and environmental improvements. It has also employed the use of a Community Redevelopment Agency that is funded by means of tax-increment financing.

The millage was levied at a reduced rate of 3.0043 for fiscal year 2022. However, the City had an increase in ad valorem values due to improvements and additions to the tax rolls. Construction activity resulted in a total of 229 permits being issued for new construction in fiscal year 2022 with a cost of \$62.9 million compared to a total of 255 permits being issued for new construction in fiscal year 2021 with a cost of \$75.1 million. In reviewing these numbers, new commercial increased from 3 permits costing \$541,365 in 2021 to 4 permits costing \$3.6 million in 2022 and new single family residential increased from 175 costing \$41.5 million in 2021 to 225 costing \$59.3 in 2022. The increase in residential construction can be primarily attributed to the continuing high outlook for the housing market.

General Fund unassigned fund balance has been fully restored to an amount above the \$5 million minimum target after being spent down due to Hurricanes Matthew and Irma. By year end, the unassigned fund balance was 60.2% of the general fund expenditures during the year. 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 2023 was balanced without a reduction of fund balances.

Major Initiatives

Administration

During 2022, the City recovered the remaining unpaid reimbursements from FEMA and the State related to Hurricane Matthew that occurred in October 2016. The City managed to document a total of about \$1,582,000 of eligible expenditures and with \$148,626 finally received in 2022, no further reimbursements are expected. During 2019, the City had received all the \$533,000 in qualified reimbursements initially documented from Hurricane Irma that occurred in September 2017. In October 2019, the City experienced about \$38,000 of expenditures as a result of Hurricane Dorian and the reimbursement process for that event was completed during 2020. In September 2022 the City had some damage from Hurricane Ian but those expenditures have not yet been reimbursed. In November 2022, some additional damage resulted from Hurricane Nicole but those expenditures have also not been reimbursed. Expenditures necessary to handle these storm events are paid from General Fund unassigned fund balance, so it is important to recover these outlays as soon as possible.

At year end, the new Public Facilities Facility was almost completed that will include the City garage and be the staging area for public works personnel and equipment. This \$9.6 million structure is located on Airport property and is designed to also include fully equipped classrooms for holding training sessions. In conjunction with its construction, improvements were made to provide sewer service to that area of the Airport property.

During the year, efforts continued to make use of advanced technology by upgrading computer servers, improving the network and acquiring better audio visual equipment. In addition, funding was allocated to replace vehicles and heavy equipment; playground improvements; park improvements; and construction of Hangar D. Plus, the City allocated funds received from the American Rescue Act, primarily to major improvements to the Stormwater system.

Stormwater – The City initiated an extensive study to examine alternatives to controlling vegetative overgrowth in the stormwater systems drainage systems. Efforts continued to account for all Stormwater operating expenditures within the Stormwater Revenue fund in order to improve transparency about how stormwater fees are spent. Preliminary approval was received for a FEMA grant to address drainage improvements that are needed in the Stonecrop area of the City.

Traffic & Transportation – The City continues working on transportation improvements. An inventory of roadway conditions was performed and a six year plan for funding road resurfacing and road reconstruction work is being developed. Necessary street repaving work is funded using local option gas taxes and required major road reconstruction are funded with 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.

Public Safety – The Building Department continues to have a high level of permitting activity. It also operates as the City Fire Marshal so we can insure more timely response and review of development plans. 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 Riverview Park for gatherings organized by various community groups, including the Clam Bake, Chamber of Commerce and Art Club. The City also used recreation impact fees to construct Pickle Ball Courts and to upgrade the scoreboards at the ballfields. Future plans are to focus on one major park each year to address needed major facility improvements and replacements, including “all-inclusive” features to accommodate those with special needs.

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awards a Certificate of Achievement for Excellence in Financial Reporting. 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 meets the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for a 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,

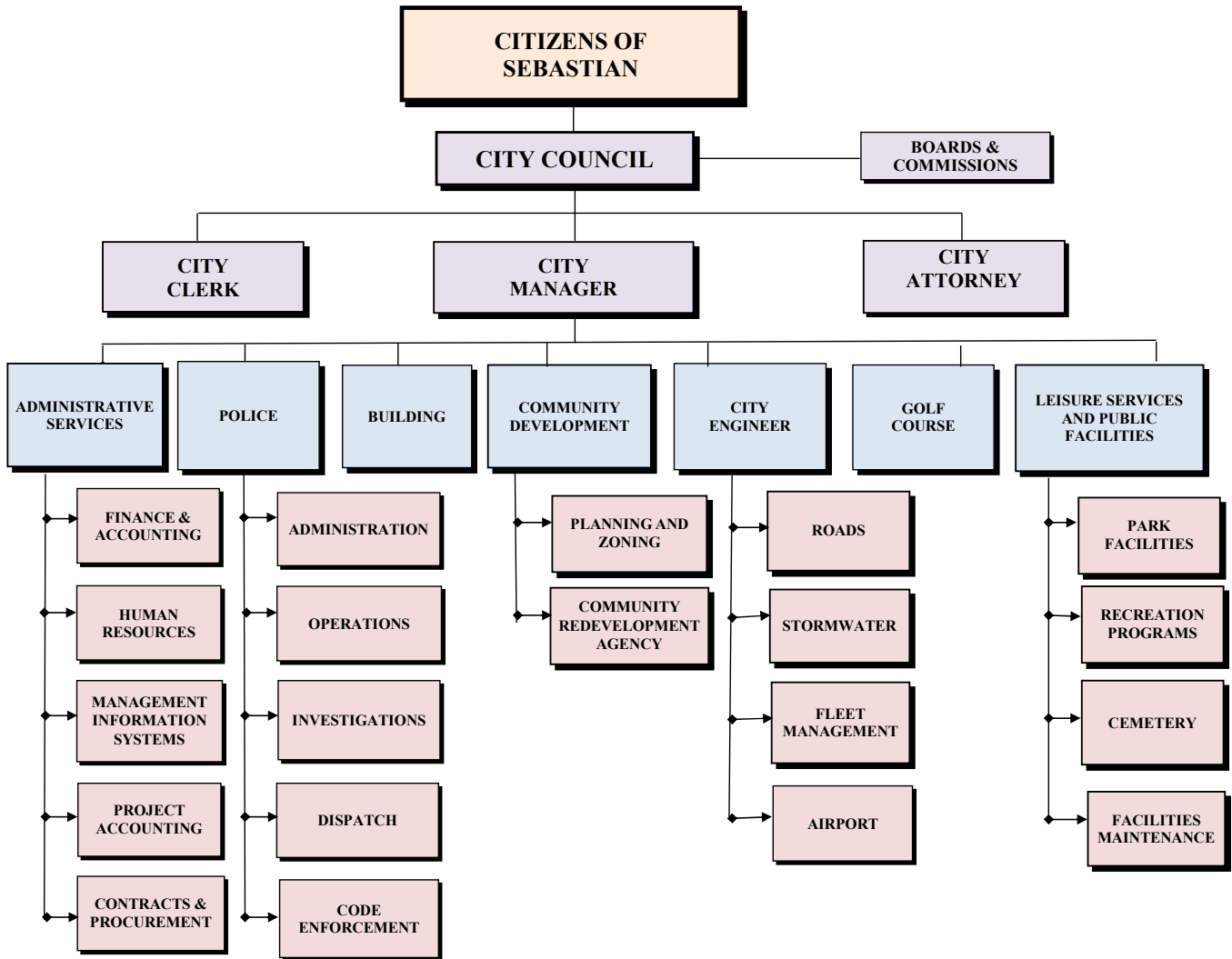


Paul E. Carlisle
City Manager



Kenneth W. Killgore
Administrative Services Director/CFO

CITY OF SEBASTIAN, FLORIDA
ORGANIZATIONAL CHART
Fiscal Year 2022/2023



FINANCIAL SECTION

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INDEPENDENT AUDITORS' REPORT

March 7, 2023

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

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the **City of Sebastian, Florida** (the "City"), as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of September 30, 2022, and the respective changes in financial position, and, where applicable, cash flows thereof, and the budgetary comparisons for the general fund and each major special revenue fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Independent Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.



Responsibilities of Management for the Financial Statements

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

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

Independent Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is 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 combining and individual fund financial statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual comprehensive financial report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued, under separate cover, our report dated March 7, 2023, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

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

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 2022 by \$75,218,209 (net position). Of this amount, \$3,008,817 (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 \$3,353,641 and from business-type activities increased by \$3,219,705. Net position was increased in governmental activities, primarily as a result of an increase in net capital assets. Net position of business-type activities also increased, primarily from an increase in net capital assets.
- Governmental funds reported a combined ending fund balance of \$15,487,887, a decrease of \$1,386,114 from the prior year. Almost 49% of this amount, \$7,563,921, is unassigned and available for spending.
- The Golf Course Fund reported a positive change in the unrestricted deficit in net position attributed to a increase in fee revenue. The Airport Fund reported a positive change in unrestricted net position resulting from an increase in rental revenue. The Building Fund reported an increase in unrestricted net position, as a result of decreases in the expense recorded for State mandated rebates. In total, the City's enterprise funds reported an increase 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 environment, transportation, economic environment, 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 Fund, 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 \$75,218,209 at the close of the most recent fiscal year.

	Net Position					
	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
Current and other assets	\$ 22,298,663	\$ 23,378,445	\$ 5,026,841	\$ 4,249,996	\$ 27,325,504	\$ 27,628,441
Capital assets, net	46,632,964	42,177,771	21,026,248	18,385,940	67,659,212	60,563,711
Total assets	68,931,627	62,547,785	26,053,089	17,314,173	94,984,716	88,192,152
Deferred outflows of resources	3,075,039	940,147	-	-	3,075,039	940,147
Long-term debt outstanding	1,758,856	2,399,740	222,092	289,656	1,980,948	2,689,396
Other liabilities	10,097,298	5,379,735	4,971,795	4,568,689	15,069,093	9,948,424
Total liabilities	11,856,154	7,607,693	5,193,887	2,385,296	17,050,041	12,637,820
Deferred inflows of resources	3,080,885	5,000,902	2,710,620	2,848,714	5,791,505	7,849,616
Net position						
Net investment in capital assets	46,341,824	41,252,989	18,585,143	15,862,090	64,926,967	57,115,079
Restricted	7,282,425	10,142,786	-	-	7,282,425	10,142,786
Unrestricted (deficit)	3,445,378	2,320,211	(436,561)	(933,213)	3,008,817	1,386,998
Total net position	\$ 57,069,627	\$ 53,715,986	\$ 18,148,582	\$ 14,928,877	\$ 75,218,209	\$ 68,644,863

A substantial portion of the City's net position, \$64,926,967 (86.3 percent), reflects its investment in capital assets (e.g., land, construction in progress, leased land, buildings, non-building improvements, machinery and equipment, and infrastructure), 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 \$7,282,425 (9.7 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 \$3,008,817 (4.0 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. Capital grants increased due to the additional grant awards for public housing renovations and for extending sewer system. Intergovernmental revenue also increased due to the significant increase in receipts of discretionary sales taxes. Charges for services in the business-type activities increased as a result of increased levels of activity at the golf course. Total expenses in the governmental activities increased primarily due to greater equipment purchases and personnel cost.

	Change in Net Position					
	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
Revenues						
Program revenues:						
Charges for services	\$ 3,188,160	\$ 3,117,335	\$ 3,758,670	\$ 3,455,455	\$ 6,946,830	\$ 6,572,790
Operating grants	2,066,434	2,093,941	-	-	2,066,434	2,093,941
Capital grants	4,910,478	4,265,728	3,295,019	560,394	8,205,497	4,826,122
General revenues:						
Property taxes	4,988,598	4,991,306	-	-	4,988,598	4,991,306
Other taxes	3,172,766	3,030,261	-	-	3,172,766	3,030,261
Intergovernmental	3,526,318	3,066,490	-	-	3,526,318	3,066,490
Other	2,182,141	1,717,052	19,407	3,582	2,201,548	1,720,634
Total revenues	24,034,895	22,282,113	7,073,096	4,019,431	31,107,991	26,301,544
Expenses						
General government	5,158,135	4,907,738	-	-	5,158,135	4,907,738
Public safety	7,703,234	6,453,141	-	-	7,703,234	6,453,141
Physical environment	3,259,272	2,848,779	-	-	3,259,272	2,848,779
Transportation	2,153,685	2,136,727	-	-	2,153,685	2,136,727
Economic environment	291,969	256,771	-	-	291,969	256,771
Cultural and recreation	1,606,579	1,481,096	-	-	1,606,579	1,481,096
Interest and fiscal charges	14,644	19,522	-	-	14,644	19,522
Golf course	-	-	1,659,271	1,575,587	1,659,271	1,575,587
Airport	-	-	1,427,667	1,339,582	1,427,667	1,339,582
Building	-	-	1,260,189	1,544,157	1,260,189	1,544,157
Total expenses	20,187,518	18,103,774	4,347,127	4,459,326	24,534,645	22,563,100
Change in net position, before transfers	3,847,377	4,178,339	2,725,969	(439,895)	6,573,346	3,738,444
Transfers	(493,736)	(122,937)	493,736	122,937	-	-
Change in net position	3,353,641	4,055,402	3,219,705	(316,958)	6,573,346	3,738,444
Net position, beginning of year	53,715,986	49,660,584	14,928,877	15,245,835	68,644,863	64,906,419
Net position, end of year	\$ 57,069,627	\$ 53,715,986	\$ 18,148,582	\$ 14,928,877	\$ 75,218,209	\$ 68,644,863

CITY OF SEBASTIAN, FLORIDA

Management's Discussion and Analysis

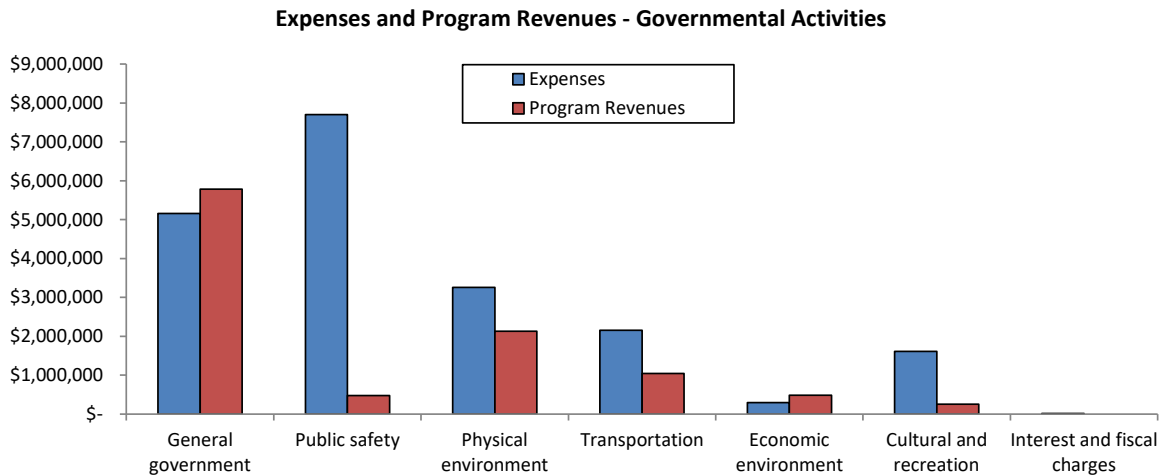
Governmental Activities. Governmental activities increased the City's net position by \$3,353,641. Key elements of this increase are as follows:

Governmental revenues increased by \$1,752,782 primarily as a result of fluctuations in the following categories:

- Capital grants increased by \$644,750 primarily as a result of grants for public home renovations and extending sewer service in the north area of the City.
- Intergovernmental revenue increased by \$459,828 due primarily to marked increases in receipts of discretionary sales taxes.
- Other revenue increased by \$465,089 due to sales of surplus equipment and additional collections of code enforcement fines.

Governmental expenses increased by \$2,083,744 primarily as a result of fluctuations in the following categories:

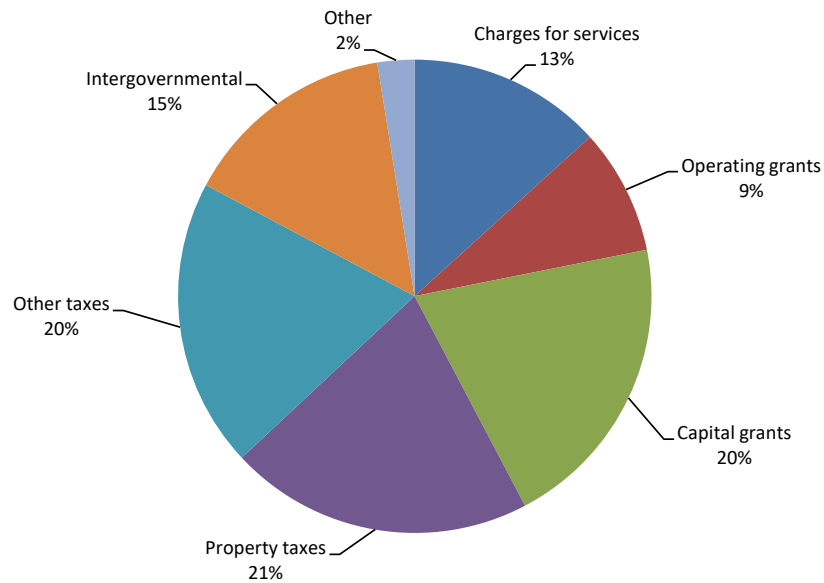
- General government expenses increased by \$250,397 primarily as a result of the purchase of computer software and repairs of the Yacht Club Pier.
- Public safety expenses increased by \$1,250,093 due primarily to the purchase of vehicles and added personnel.
- Physical environment expenses increased by \$410,493 due to the cost of work on the Stormwater Master Plan.



CITY OF SEBASTIAN, FLORIDA

Management's Discussion and Analysis

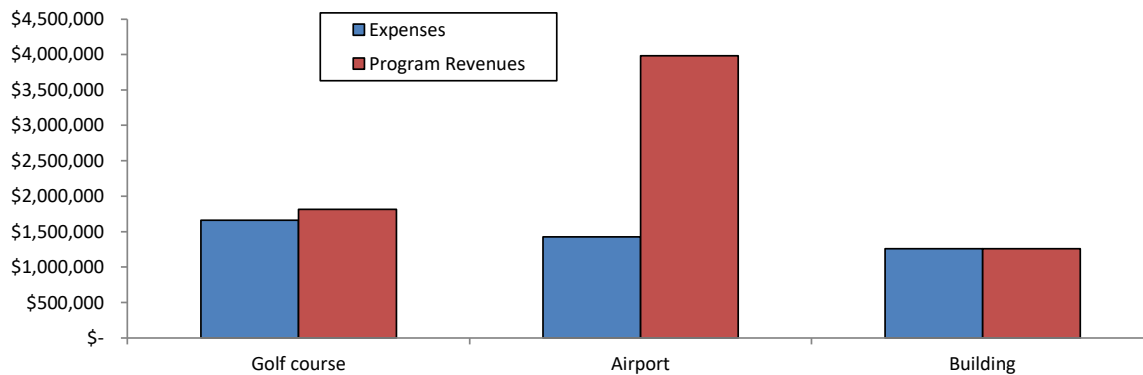
Revenues by Source - Governmental Activities



Business-type Activities. Business-type activities increased the City’s net position by \$3,219,705. The key elements of this increase are as follows:

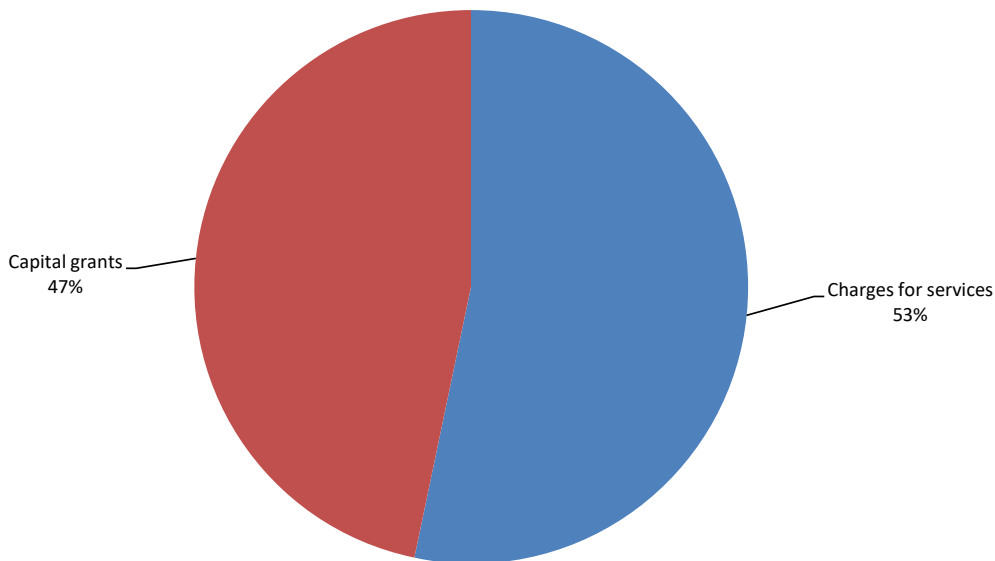
- Charges for service increased by \$303,215 from prior year primarily related to an increase in fees collected at the golf course due to additional activity.
- Capital grants increased by \$2,734,625 due to recognizing grant funding of construction projects at the airport.
- Building expenses decreased by \$283,968 from prior year primarily due to the lower amount recognized as state mandated rebates.

Expenses and Program Revenues - Business-type Activities



Management's Discussion and Analysis

Revenues by Source - Business-type Activities



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 \$15,457,887, an decrease of \$1,386,114 from the prior year. Of this amount, 49 percent (\$7,563,921) 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; or C) is committed for development by local ordinance.

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 \$7,993,009 while total fund balance amounted to \$8,195,001. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 60.2 percent of total General Fund expenditures, while total fund balance represents 61.7 percent of that same amount.

CITY OF SEBASTIAN, FLORIDA

Management's Discussion and Analysis

The fund balance of the City's General Fund increased by \$1,505,206 during the current fiscal year. Key factors in this change are as follows:

- Tax revenues increased by \$211,804. The increase is due to an increase in taxable values.
- Franchise fees revenues increased by \$187,042. The increase is due to an increase in electric franchise fee collections.
- Intergovernmental increased by \$670,083. The increase is due to an increase sales tax revenue shared by the State.
- General government expenditures increased by \$296,147. The increase is due to personnel cost as well as higher prices for materials and outside services.
- Public safety expenditures increased by \$303,624. The increase is due to personnel and prices for supplies and services.
- Transfers out to other funds increased by \$268,408. The increase is due to transfers made to do repairs required to the Yacht Club Pier.

The Riverfront Redevelopment Fund ended the year with \$627,885 in fund balance, an increase of \$86,641 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 \$1,957,125, an increase of \$238,862 from the prior year. The increase is due to setting aside funds toward major improvements that will be identified in the Stormwater Master Plan.

The City's American Rescue Plan Fund ended the year with a fund balance of \$22,200. This fund accounts for the advanced funding received from the American Rescue Plan Act which is available for spending in future years.

The Discretionary Sales Tax Fund has a total fund balance \$2,875,588, a decrease of \$3,229,155 from 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 \$342,697, an increase in the deficit of \$253,454 from the prior year. The deficit is the result of unpaid retainage due that will not be reimbursed by the fund providing the resources for the work until it is paid.

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 \$145,394, while the unrestricted net position (deficit) amounted to \$(1,320,330). Net position has increased \$149,423, while the unrestricted net position (deficit) changed from \$(1,659,133) to \$(1,320,330). This is mainly due to higher fee revenue resulting from more activity.

The total net position of the airport fund at the end of the fiscal year amounted to \$17,522,238, while the unrestricted net position amounted to \$134,520. Net position has increased by \$3,052,588 due to capital contributions being applied to construction of capital assets.

The total net position of the building fund at the end of the fiscal year amounted to \$771,738. This is a increase of \$17,694 from the prior year, which was primarily due to the recognition of rebates payable and state mandated rebates expense of \$297,191 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.

CITY OF SEBASTIAN, FLORIDA

Management's Discussion and Analysis

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 \$853,093 more than budgeted due to significant increases in state revenue sharing payments and federal and state reimbursements for hurricane damages.
- General Fund expenditures had an overall favorable budgetary variance of \$838,249, which was a 5.9% difference from the amended budget total.

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

\$ 22,500	to allocate General Fund Reserves to employee compensation study
203,306	to allocate DST Reserves to replace a Wheeled End Loader
99,824	to allocate additional 1% pay adjustments to all employees
24,000	to allocate FDOT Grant and DST Reserves to buy security cameras
182,009	to allocate General Fund Reserves, DST Reserves and Stormwater Reserves to work previously ordered but not received
5,236,487	to allocate Reserves to transfer accounts to fund unfinished projects from prior years
1,013,984	to allocate FDOT and SJRWMD Grants to provide sewer services
30,000	to allocate CRA Reserves for a forensic analysis of the Crab E. Bills restaurant
32,000	to allocate an Airport Rescue Grant from the FAA for Airport improvements
70,000	to allocate FDOT Grant and Tenant Contribution to add an office at Hangar "C"
300,000	to allocate American Rescue Plan funds toward the Concha Dam project
481,012	to allocate American Rescue Plan funds to employee retention payments
3,775	to increase DST Reserves for unused budget not required to replace a truck
500,000	to adjust FEMA Grant and DST Reserves to adjust amounts for canal improvements
1,850	to allocate donated funds to improvements at Riverview Park
3,128	to allocate donated funds for a new baseball field scoreboard
25,000	to allocate a lease signing bonus to cover additional professional services work
2,500	to allocate DST Reserves and FAA and FDOT Grants for an independent fee estimate fee
34,548	to allocate Airport Reserve for an increase in prices for the Hangar "D" project
133,517	to allocate Community Development Block Grant proceeds to an Annual Action Plan
74,778	to adjust Community Development Block Grant Cares that will be resubmitted later
22,000,000	to reprogram FEMA Grant and DST Reserves for canal improvements to a future year
113,876	to allocate DST Reserves to purchase cyber security backup software
107,183	to adjust Water Management District Grant for a reduced estimate for the work
9,540	to allocate General Fund Reserves to pay outside legal counsel for a lawsuit

CITY OF SEBASTIAN, FLORIDA

Management's Discussion and Analysis

Amendments (Concluded)

\$	29,148	to allocate General Fund Reserves for demolition expenses on Harbor Lights property
	495,000	to adjust DST and CRA Reserves to defer Harrison Street Park project to a future year
	20,049	to adjust amount for analysis of Crab E. Bills restaurant to a lesser amount
	92,827	to allocate FDOT Grant and DST Reserves to the taxi lane construction project
	25,728	to adjust Recreation Impact Fee Reserves to defer baseball dugouts project to next year
	218,894	to adjust FAA and FDOT Grants and DST Reserves for added costs of runway project
	109,394	to adjust Lagoon Council Grant and CRA Reserves to funds used by end of funding cycle
	4,705	to adjust CRA Reserves to actual cost of a sewer conversion study
	46,637	to adjust FDOT Grant and DST Reserves to the cost of constructing a square hangar site

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

\$	60,338	to use General Fund R&R Account for replace vehicle with engine failure
	19,723	to use General Fund R&R Account for replace an obsolete security system
	4,820	to use General Fund R&R Account for unexpected repairs to a lift station
	4,702	to use General Fund R&R Account for repairs to a Police Department gate
	6,962	to use General Fund R&R Account to replace a fountain at a park
	2,463	to use General Fund R&R Account to replace lights in the Senior Center
	14,925	to use General Fund R&R Account for repairs to several air conditioners
	3,643	to use General Fund R&R Account for repairs to another air conditioner
	5,463	to use General Fund R&R Account for repairs to a standby generator
	42,996	to use General Fund R&R Account to replace a second vehicle with engine failure
	8,965	to use General Fund R&R Account to replace the City Hall condenser coil
	5,514	to use General Fund R&R Account to replace Splash Pad controls and a pump
	19,723	to change funding for an obsolete security system to a FAA Grant
	14,871	adjustment to budgeted accounts to purchase online employee application software
	7,499	adjustment between accounts to purchase an event trailer for the Police Department

Project Budget Transfers

\$	23,291	adjustment within various projects for improvements to a Stormwater pond
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Operating Budget Transfers

\$	32,050	adjustment within various personnel accounts for an employee holiday bonus
	38,005	adjustment for hiring an Airport Manager and reducing General Fund service charge
	4,800	adjustment between accounts to do an appraisal on a property
	1,831	adjustment to apply insurance proceeds from accident to repair of a damaged vehicle
	4,000	adjustment to apply proceed from a vehicle sold to the replacement of a vehicle

During the fiscal year, total General Fund actual expenditures were \$838,249 less than final amended budgetary estimates. The overall variance on revenues and expenditures resulted in an increase of \$1,505,206 to existing fund balances. This was primarily due to expenditures being less due to a significant number of vacancies and intergovernmental revenues being budgeted very conservatively with the expectation that they would decline in concept with measures to lower inflation.

CITY OF SEBASTIAN, FLORIDA

Management's Discussion and Analysis

Capital Asset and Debt Administration

Capital Assets. At the end of fiscal year 2022, the City had \$67,659,212 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 \$7,095,501, or 11.7%, 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/Amortization)					
	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
Land	\$ 9,123,041	\$ 9,123,041	\$ 9,060	\$ 9,060	\$ 9,132,101	\$ 9,132,101
Construction in progress	9,520,507	3,759,159	3,899,378	968,556	13,419,885	4,727,715
Leased land	165,858	171,782	2,370,005	2,473,049	2,535,863	2,644,831
Buildings	6,629,473	7,023,552	6,784,974	7,069,290	13,414,447	14,092,842
Non-building improvements	2,776,548	2,626,712	951,025	1,055,692	3,727,573	3,682,404
Machinery and equipment	2,567,123	2,692,602	153,843	230,361	2,720,966	2,922,963
Infrastructure	15,850,414	16,780,923	6,857,963	6,579,932	22,708,377	23,360,855
Total capital assets, net	\$ 46,632,964	\$ 42,177,771	\$ 21,026,248	\$ 18,385,940	\$ 67,659,212	\$ 60,563,711

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

- An increase in construction in progress from the Public Works Facility.
- A decrease in buildings mainly due to depreciation.
- An increase in non-building improvements from park renovations.
- A decrease in machinery and equipment mainly due to depreciation.
- A decrease in infrastructure mainly due to depreciation.

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

- An increase in construction in progress from a new hangar.
- A decrease in buildings mainly due to depreciation.
- A decrease in buildings mainly due to depreciation.
- A decrease in machinery and equipment mainly due to depreciation.
- An increase in infrastructure by adding sewer and lift station.

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 \$1,980,948. Of this amount, \$121,000 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	
	2022	2021	2022	2021	2022	2021
Notes payable	\$ 121,000	\$ 753,000	\$ -	\$ -	\$ 121,000	\$ 753,000
Compensated absences	1,546,656	1,555,540	222,092	238,855	1,768,748	1,794,395
Pollution remediation	91,200	91,200	-	-	91,200	91,200
Capital lease	-	-	-	50,801	-	50,801
Total	\$ 1,758,856	\$ 2,399,740	\$ 222,092	\$ 289,656	\$ 1,980,948	\$ 2,689,396

The City's total debt decreased by \$708,448 (26.3%) 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 a bank note which is 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 2023 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 2022 was 3.1 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 14.8% overall increase in property values for 2023. A reduced millage of 2.9050 was levied for taxes to be recorded in fiscal year 2023. 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 addition of new customers.

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 at the Airport 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.

A good level of revenues from building permit fees continued, the Building Enterprise Fund reported a positive change in net position and \$294,748 of operating income. There are signs that steady activity in the local housing market is continuing, which is encouraging.

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.

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BASIC FINANCIAL STATEMENTS

CITY OF SEBASTIAN, FLORIDA

Statement of Net Position
September 30, 2022

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Assets			
Cash and cash equivalents	\$ 12,501,974	\$ 1,991,336	\$ 14,493,310
Restricted cash and cash equivalents	452,561	-	452,561
Investments	3,084,154	584,831	3,668,985
Permanently restricted investments	785,290	-	785,290
Receivables	4,288,943	3,368,814	7,657,757
Internal balances	967,747	(967,747)	-
Prepaid items	143,155	30,208	173,363
Inventories	74,839	17,797	92,636
Deposits held in escrow	-	1,602	1,602
Capital assets not being depreciated	18,643,548	3,908,438	22,551,986
Capital assets being depreciated/amortized, net	27,989,416	17,117,810	45,107,226
Total assets	68,931,627	26,053,089	94,984,716
Deferred outflows of resources			
Deferred pension amounts	3,075,039	-	3,075,039
Liabilities			
Accounts payable and accrued liabilities	1,179,866	2,473,393	3,653,259
Accrued interest payable	782	-	782
Deposits payable	93,090	-	93,090
Unearned revenue	2,878,818	57,297	2,936,115
Leases payable:			
Due within one year	1,691	36,086	37,777
Due in more than one year	168,449	2,405,019	2,573,468
Long-term liabilities:			
Due within one year	227,894	-	227,894
Due in more than one year	1,530,962	222,092	1,753,054
Net pension liability (due in more than one year)	5,774,602	-	5,774,602
Total liabilities	11,856,154	5,193,887	17,050,041
Deferred inflows of resources			
Deferred pension amounts	391,883	-	391,883
Deferred lease amounts	2,689,002	2,710,620	5,399,622
Total deferred inflows of resources	3,080,885	2,710,620	5,791,505
Net position			
Net investment in capital assets	46,341,824	18,585,143	64,926,967
Restricted for:			
Perpetual care:			
Nonexpendable	420,405	-	420,405
Expendable	626,133	-	626,133
Special revenue uses:			
Economic environment	22,200	-	22,200
Infrastructure improvements	3,575,627	-	3,575,627
Redevelopment expenses	627,885	-	627,885
Stormwater expenses	1,957,125	-	1,957,125
Law enforcement events	53,050	-	53,050
Unrestricted (deficit)	3,445,378	(436,561)	3,008,817
Total net position	\$ 57,069,627	\$ 18,148,582	\$ 75,218,209

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, 2022

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	\$ 5,158,135	\$ 769,115	\$ 306,367	\$ 4,711,995	\$ 629,342
Public safety	7,703,234	217,282	233,737	19,083	(7,233,132)
Physical environment	3,259,272	2,132,049	-	-	(1,127,223)
Transportation	2,153,685	-	1,041,474	-	(1,112,211)
Economic environment	291,969	-	484,856	-	192,887
Cultural and recreation	1,606,579	69,714	-	179,400	(1,357,465)
Interest and fiscal charges	14,644	-	-	-	(14,644)
Total governmental activities	20,187,518	3,188,160	2,066,434	4,910,478	(10,022,446)
Business-type activities:					
Golf course	1,659,271	1,812,201	-	-	152,930
Airport	1,427,667	688,723	-	3,295,019	2,556,075
Building	1,260,189	1,257,746	-	-	(2,443)
Total business-type activities	4,347,127	3,758,670	-	3,295,019	2,706,562
Total primary government	\$ 24,534,645	\$ 6,946,830	\$ 2,066,434	\$ 8,205,497	\$ (7,315,884)

continued...

CITY OF SEBASTIAN, FLORIDA

Statement of Activities

For the Year Ended September 30, 2022

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Changes in net position			
Net revenue (expense)	\$ (10,022,446)	\$ 2,706,562	\$ (7,315,884)
General revenues:			
Property taxes, levied for general purposes	4,988,598	-	4,988,598
Public utility taxes	3,172,766	-	3,172,766
Franchise fees	1,571,571	-	1,571,571
Intergovernmental - unrestricted	3,526,318	-	3,526,318
Interest earnings	142,209	17,582	159,791
Gain on sale of capital assets	-	1,825	1,825
Miscellaneous	468,361	-	468,361
Transfers	(493,736)	493,736	-
Total general revenues and transfers	13,376,087	513,143	13,889,230
Change in net position	3,353,641	3,219,705	6,573,346
Net position, beginning of year	53,715,986	14,928,877	68,644,863
Net position, end of year	<u>\$ 57,069,627</u>	<u>\$ 18,148,582</u>	<u>\$ 75,218,209</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, 2022

	Special Revenue Funds			
	General	Riverfront Redevelopment	Stormwater Utility	American Rescue Plan
Assets				
Cash and cash equivalents	\$ 5,679,186	\$ 502,708	\$ 1,606,628	\$ 2,294,048
Investments	1,507,276	125,689	351,162	575,424
Accounts receivable	455,420	-	-	-
Due from other funds	465,000	-	-	-
Due from other governments	446,659	-	118	-
Leases receivable	2,729,574	51,918	-	-
Prepaid items	127,153	395	15,607	-
Inventories	74,839	-	-	-
Advance to other funds	-	-	-	-
Total assets	\$ 11,485,107	\$ 680,710	\$ 1,973,515	\$ 2,869,472
Liabilities				
Negative equity in pooled cash	\$ -	\$ -	\$ -	\$ -
Accounts payable and accrued liabilities	239,724	1,611	16,390	-
Due to other governments	288,058	-	-	-
Deposits payable	93,090	-	-	-
Unearned revenue	31,446	-	-	2,847,272
Total liabilities	652,318	1,611	16,390	2,847,272
Deferred inflows of resources				
Deferred lease amounts	2,637,788	51,214	-	-
Fund balances (deficits)				
Nonspendable	201,992	395	15,607	-
Restricted	-	627,490	1,941,518	22,200
Committed	-	-	-	-
Unassigned (deficit)	7,993,009	-	-	-
Total fund balances (deficits)	8,195,001	627,885	1,957,125	22,200
Total liabilities, deferred inflows of resources and fund balances	\$ 11,485,107	\$ 680,710	\$ 1,973,515	\$ 2,869,472

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
\$ 1,490,629	\$ 56,647	\$ 1,332,988	\$ 12,962,834
361,167	-	948,726	3,869,444
-	-	-	455,420
-	-	-	465,000
521,045	-	84,209	1,052,031
-	-	-	2,781,492
-	-	-	143,155
-	-	-	74,839
502,747	-	-	502,747
<u>\$ 2,875,588</u>	<u>\$ 56,647</u>	<u>\$ 2,365,923</u>	<u>\$ 22,306,962</u>
\$ -	\$ -	\$ 8,299	\$ 8,299
-	399,344	234,739	891,808
-	-	-	288,058
-	-	-	93,090
-	-	100	2,878,818
-	399,344	243,138	4,160,073
-	-	-	2,689,002
-	-	420,405	638,399
2,875,588	-	1,379,222	6,846,018
-	-	409,549	409,549
-	(342,697)	(86,391)	7,563,921
<u>2,875,588</u>	<u>(342,697)</u>	<u>2,122,785</u>	<u>15,457,887</u>
<u>\$ 2,875,588</u>	<u>\$ 56,647</u>	<u>\$ 2,365,923</u>	<u>\$ 22,306,962</u>

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CITY OF SEBASTIAN, FLORIDA

Reconciliation

Fund Balances for Governmental Funds
to Net Position of Governmental Activities
September 30, 2022

Fund balances - total governmental funds	\$ 15,457,887
<p>Amounts reported for <i>governmental activities</i> in the statement of net position are different because:</p>	
<p>Capital assets used in governmental activities are not financial resources, and therefore are not reported in the funds.</p>	
Capital assets not being depreciated	18,643,548
Capital assets being depreciated/amortized, net	27,989,416
<p>Certain liabilities, such as notes payable, are not due and payable in the current period, and therefore are not reported in the funds.</p>	
Notes payable	(121,000)
Leases payable	(170,140)
Compensated absences	(1,546,656)
Pollution remediation liability	(91,200)
Accrued interest on long-term debt	(782)
<p>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.</p>	
Net pension liability	(5,774,602)
Deferred outflows related to the net pension liability	3,075,039
Deferred inflows related to the net pension liability	<u>(391,883)</u>
Net position of governmental activities	<u>\$ 57,069,627</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, 2022

	Special Revenue Funds			
	General	Riverfront Redevelopment	Stormwater Utility	American Rescue Plan
Revenues				
Taxes:				
Property	\$ 4,602,933	\$ 385,665	\$ -	\$ -
Public utility	3,172,766	-	-	-
Franchise fees	1,571,571	-	-	-
Licenses and permits	189,643	-	-	-
Intergovernmental	4,193,171	-	-	484,856
Impact fees	-	-	-	-
Charges for services	778,572	-	1,952,168	-
Fines	82,430	-	-	-
Investment earnings	37,095	5,813	21,427	20,587
Other revenues	413,229	36,704	100	-
Contributions and donations	9,278	-	-	-
Total revenues	15,050,688	428,182	1,973,695	505,443
Expenditures				
Current:				
General government	4,189,699	-	-	90,345
Public safety	6,616,143	-	-	235,155
Physical environment	140,814	-	1,484,100	32,794
Transportation	1,124,746	-	-	41,210
Economic environment	-	291,969	-	-
Cultural and recreation	1,049,772	-	-	81,508
Debt service:				
Principal	-	-	-	-
Lease principal	1,642	-	-	-
Interest and fiscal charges	5,153	-	-	-
Capital outlay	151,245	-	139,072	-
Total expenditures	13,279,214	291,969	1,623,172	481,012
Revenues over (under) expenditures	1,771,474	136,213	350,523	24,431
Other financing sources (uses)				
Transfers in	48,094	-	-	-
Transfers out	(314,362)	(49,572)	(111,661)	(3,844)
Total other financing sources (uses)	(266,268)	(49,572)	(111,661)	(3,844)
Net changes in fund balances	1,505,206	86,641	238,862	20,587
Fund balances (deficits), beginning of year	6,689,795	541,244	1,718,263	1,613
Fund balances (deficits), end of year	\$ 8,195,001	\$ 627,885	\$ 1,957,125	\$ 22,200

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
\$ -	\$ -	\$ -	\$ 4,988,598
-	-	-	3,172,766
-	-	-	1,571,571
-	-	-	189,643
4,711,995	-	922,680	10,312,702
-	-	179,400	179,400
-	-	164,032	2,894,772
-	-	21,315	103,745
39,349	-	17,938	142,209
-	-	18,328	468,361
-	-	1,850	11,128
<u>4,751,344</u>	<u>-</u>	<u>1,325,543</u>	<u>24,034,895</u>
-	-	426,814	4,706,858
-	-	3,061	6,854,359
-	-	741,138	2,398,846
-	-	33,900	1,199,856
-	-	-	291,969
-	-	-	1,131,280
-	-	632,000	632,000
-	-	-	1,642
-	-	12,635	17,788
<u>7,151</u>	<u>6,333,137</u>	<u>1,062,070</u>	<u>7,692,675</u>
<u>7,151</u>	<u>6,333,137</u>	<u>2,911,618</u>	<u>24,927,273</u>
<u>4,744,193</u>	<u>(6,333,137)</u>	<u>(1,586,075)</u>	<u>(892,378)</u>
-	6,079,683	1,971,674	8,099,451
<u>(7,973,348)</u>	<u>-</u>	<u>(140,400)</u>	<u>(8,593,187)</u>
<u>(7,973,348)</u>	<u>6,079,683</u>	<u>1,831,274</u>	<u>(493,736)</u>
(3,229,155)	(253,454)	245,199	(1,386,114)
<u>6,104,743</u>	<u>(89,243)</u>	<u>1,877,586</u>	<u>16,844,001</u>
<u>\$ 2,875,588</u>	<u>\$ (342,697)</u>	<u>\$ 2,122,785</u>	<u>\$ 15,457,887</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, 2022

Net change in fund balances - total governmental funds \$ (1,386,114)

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	7,681,314
Depreciation/amortization expense	(3,201,563)
Loss on disposal of capital assets	(24,558)

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	632,000
Principal payments on leases payable	1,642

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	3,144
Change in the accrual for compensated absences	8,884
Change in the net pension liability and related deferred amounts	(361,108)

Change in net position of governmental activities \$ 3,353,641

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, 2022

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Taxes:				
Property	\$ 4,701,435	\$ 4,701,435	\$ 4,602,933	\$ (98,502)
Public utility	3,262,083	3,262,083	3,172,766	(89,317)
Franchise fees	1,418,581	1,418,581	1,571,571	152,990
Licenses and permits	170,350	170,350	189,643	19,293
Intergovernmental	3,113,075	3,340,078	4,193,171	853,093
Charges for services	771,650	733,645	778,572	44,927
Fines	50,900	50,900	82,430	31,530
Investment earnings	17,500	17,500	37,095	19,595
Other revenues	212,100	244,061	413,229	169,168
Contributions and donations	6,500	9,628	9,278	(350)
Total revenues	13,724,174	13,948,261	15,050,688	1,102,427
Expenditures				
Current:				
General government:				
City council	60,500	60,500	57,224	(3,276)
City manager	330,971	337,616	334,429	(3,187)
City clerk	280,644	282,724	258,614	(24,110)
City attorney	210,280	211,922	202,390	(9,532)
Administrative services	751,020	772,626	736,778	(35,848)
Management information services	593,313	597,680	543,469	(54,211)
Facilities maintenance	547,753	580,599	554,627	(25,972)
Community development	521,223	540,916	474,689	(66,227)
Non-departmental	1,025,675	1,052,616	1,027,479	(25,137)
Total general government	4,321,379	4,437,199	4,189,699	(247,500)
Public safety:				
Police administration	949,318	1,148,596	1,068,301	(80,295)
Police operations	3,651,498	3,685,002	3,615,448	(69,554)
Police detective division	1,168,848	1,184,843	1,157,606	(27,237)
Police dispatch unit	668,653	676,053	596,667	(79,386)
Code enforcement division	199,043	201,223	178,121	(23,102)
Total public safety	6,637,360	6,895,717	6,616,143	(279,574)

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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, 2022

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Physical environment:				
Cemetery	\$ 132,937	\$ 142,356	\$ 140,814	\$ (1,542)
Transportation:				
Roads and maintenance	1,039,923	1,042,277	898,676	(143,601)
Fleet management	221,187	231,094	226,070	(5,024)
Total transportation	1,261,110	1,273,371	1,124,746	(148,625)
Culture and recreation:				
Leisure services	1,164,387	1,196,316	1,049,772	(146,544)
Debt service:				
Lease principal	1,642	1,642	1,642	-
Interest and fiscal charges	5,153	5,153	5,153	-
Total debt service	6,795	6,795	6,795	-
Capital outlay	235,206	165,709	151,245	(14,464)
Total expenditures	13,759,174	14,117,463	13,279,214	(838,249)
Revenues over (under) expenditures	(35,000)	(169,202)	1,771,474	1,940,676
Other financing sources (uses)				
Transfers in	35,000	691,978	48,094	(643,884)
Transfers out	-	(529,527)	(314,362)	(215,165)
Total other financing sources (uses)	35,000	162,451	(266,268)	(428,719)
Net changes in fund balance	-	(6,751)	1,505,206	1,511,957
Fund balance, beginning of year	6,689,795	6,689,795	6,689,795	-
Fund balance, end of year	\$ 6,689,795	\$ 6,683,044	\$ 8,195,001	\$ 1,511,957

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, 2022

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Taxes:				
Property	\$ 431,641	\$ 431,641	\$ 385,665	\$ (45,976)
Investment earnings	4,780	4,780	5,813	1,033
Other revenues	36,000	36,000	36,704	704
Total revenues	472,421	472,421	428,182	(44,239)
Expenditures				
Current:				
Economic environment	320,827	330,778	291,969	(38,809)
Revenues over expenditures	151,594	141,643	136,213	(5,430)
Other financing sources (uses)				
Transfers in	123,406	15,287	-	(15,287)
Transfers out	(275,000)	(156,930)	(49,572)	(107,358)
Total other financing sources (uses)	(151,594)	(141,643)	(49,572)	92,071
Net changes in fund balance	-	-	86,641	86,641
Fund balance, beginning of year	541,244	541,244	541,244	-
Fund balance, end of year	\$ 541,244	\$ 541,244	\$ 627,885	\$ 86,641

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, 2022

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Charges for services	\$ 1,952,000	\$ 1,952,000	\$ 1,952,168	\$ 168
Investment earnings	4,244	4,244	21,427	17,183
Other revenues	-	-	100	100
Total revenues	<u>1,956,244</u>	<u>1,956,244</u>	<u>1,973,695</u>	<u>17,451</u>
Expenditures				
Current:				
Physical environment	1,792,947	1,797,860	1,484,100	(313,760)
Capital outlay	103,000	154,037	139,072	(14,965)
Total expenditures	<u>1,895,947</u>	<u>1,951,897</u>	<u>1,623,172</u>	<u>(328,725)</u>
Revenues over expenditures	<u>60,297</u>	<u>4,347</u>	<u>350,523</u>	<u>346,176</u>
Other financing sources (uses)				
Transfers in	154,703	668,506	-	(668,506)
Transfers out	(215,000)	(672,853)	(111,661)	(561,192)
Total other financing sources (uses)	<u>(60,297)</u>	<u>(4,347)</u>	<u>(111,661)</u>	<u>(107,314)</u>
Net change in fund balance	-	-	238,862	238,862
Fund balance, beginning of year	<u>1,718,263</u>	<u>1,718,263</u>	<u>1,718,263</u>	-
Fund balance, end of year	<u>\$ 1,718,263</u>	<u>\$ 1,718,263</u>	<u>\$ 1,957,125</u>	<u>\$ 238,862</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, 2022

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Intergovernmental	\$ -	\$ -	\$ 484,856	\$ 484,856
Investment earnings	-	-	20,587	20,587
Total revenues	-	-	505,443	505,443
Expenditures				
Current:				
General government	90,345	90,345	90,345	-
Public safety	235,155	235,155	235,155	-
Physical environment	32,794	32,794	32,794	-
Transportation	41,210	41,210	41,210	-
Cultural and recreation	81,508	81,508	81,508	-
Total expenditures	481,012	481,012	481,012	-
Revenues over (under) expenditures	(481,012)	(481,012)	24,431	505,443
Other financing sources (uses)				
Transfers in	57,500	3,181,012	-	(3,181,012)
Transfers out	(557,500)	(2,700,000)	(3,844)	(2,696,156)
Total other financing sources (uses)	(500,000)	481,012	(3,844)	(484,856)
Net change in fund balance	(981,012)	-	20,587	20,587
Fund balance, beginning of year	1,613	1,613	1,613	-
Fund balance, end of year	\$ (979,399)	\$ 1,613	\$ 22,200	\$ 20,587

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

CITY OF SEBASTIAN, FLORIDA

Statement of Net Position

Proprietary Funds
September 30, 2022

	Business-type Activities - Enterprise Funds			
	Golf Course	Airport	Building	Total
Assets				
Current assets:				
Cash and cash equivalents	\$ 267,038	\$ 156,204	\$ 1,568,094	\$ 1,991,336
Investments	76,028	117,242	391,561	584,831
Accounts receivable	-	192	-	192
Due from other governments	45	577,273	60	577,378
Leases receivable	25,500	37,777	-	63,277
Prepaid items	4,783	19,927	5,498	30,208
Inventories	17,797	-	-	17,797
Deposits held in escrow	493	616	493	1,602
Total current assets	391,684	909,231	1,965,706	3,266,621
Noncurrent assets:				
Leases receivable	154,499	2,573,468	-	2,727,967
Advance to other funds	-	-	1,112,843	1,112,843
Capital assets:				
Land	-	9,060	-	9,060
Construction in process	-	3,899,378	-	3,899,378
Leased land	2,473,049	-	-	2,473,049
Buildings	697,985	9,367,542	-	10,065,527
Non-building improvements	1,107,668	1,694,288	-	2,801,956
Machinery and equipment	391,937	1,018,106	139,728	1,549,771
Infrastructure	1,437,440	12,991,503	-	14,428,943
Less accumulated depreciation/amortization	(2,492,038)	(11,592,159)	(117,239)	(14,201,436)
Total noncurrent assets	3,770,540	19,961,186	1,135,332	24,867,058
Total assets	4,162,224	20,870,417	3,101,038	28,133,679
Liabilities				
Current liabilities:				
Accounts payable and accrued liabilities	6,291	284,852	24,197	315,340
Due to other funds	465,000	-	-	465,000
Due to other governments	4,383	1,098	7,319	12,800
Rebates payable	-	-	2,145,253	2,145,253
Unearned revenue	33,174	20,823	3,300	57,297
Current portion of leases payable	36,086	-	-	36,086
Total current liabilities	544,934	306,773	2,180,069	3,031,776
Noncurrent liabilities:				
Advance from other fund	1,112,843	502,747	-	1,615,590
Leases payable	2,405,019	-	-	2,405,019
Compensated absences	70,065	2,796	149,231	222,092
Total noncurrent liabilities	3,587,927	505,543	149,231	4,242,701
Total liabilities	4,132,861	812,316	2,329,300	7,274,477
Deferred inflows of resources				
Deferred lease amounts	174,757	2,535,863	-	2,710,620
Net position				
Net investment in capital assets	1,174,936	17,387,718	22,489	18,585,143
Unrestricted (deficit)	(1,320,330)	134,520	749,249	(436,561)
Total net position (deficit)	\$ (145,394)	\$ 17,522,238	\$ 771,738	\$ 18,148,582

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, 2022

	Business-type Activities - Enterprise Funds			
	Golf Course	Airport	Building	Total
Operating revenues				
Charges for fees and rents:				
Building permit fees	\$ -	\$ -	\$ 1,257,746	\$ 1,257,746
Golf course fees	1,765,139	-	-	1,765,139
Rents	35,242	590,945	-	626,187
Other revenues	11,820	97,778	-	109,598
Total operating revenues	<u>1,812,201</u>	<u>688,723</u>	<u>1,257,746</u>	<u>3,758,670</u>
Operating expenses				
Salaries, wages and employee benefits	402,598	130,481	715,666	1,248,745
Contractual services, materials and supplies	917,972	312,878	238,328	1,469,178
Depreciation/amortization	263,620	963,568	9,004	1,236,192
Total operating expenses	<u>1,584,190</u>	<u>1,406,927</u>	<u>962,998</u>	<u>3,954,115</u>
Operating income (loss)	<u>228,011</u>	<u>(718,204)</u>	<u>294,748</u>	<u>(195,445)</u>
Nonoperating revenues (expenses)				
Investment income	828	752	16,002	17,582
Interest expense	(75,081)	(20,740)	-	(95,821)
Gain on sale of capital assets	-	1,825	-	1,825
State mandated rebates	-	-	(297,191)	(297,191)
Total nonoperating revenues (expenses)	<u>(74,253)</u>	<u>(18,163)</u>	<u>(281,189)</u>	<u>(373,605)</u>
Income (loss) before capital contributions and transfers	<u>153,758</u>	<u>(736,367)</u>	<u>13,559</u>	<u>(569,050)</u>
Capital contributions	-	3,295,019	-	3,295,019
Transfers in	-	493,936	4,335	498,271
Transfers out	<u>(4,335)</u>	<u>-</u>	<u>(200)</u>	<u>(4,535)</u>
Change in net position	<u>149,423</u>	<u>3,052,588</u>	<u>17,694</u>	<u>3,219,705</u>
Net position, beginning of year	<u>(294,817)</u>	<u>14,469,650</u>	<u>754,044</u>	<u>14,928,877</u>
Net position, end of year	<u>\$ (145,394)</u>	<u>\$ 17,522,238</u>	<u>\$ 771,738</u>	<u>\$ 18,148,582</u>

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

CITY OF SEBASTIAN, FLORIDA

Statement of Cash Flows

Proprietary Funds

For the Year Ended September 30, 2022

	Business-type Activities - Enterprise Funds			
	Golf Course	Airport	Building	Total
Cash flows from operating activities				
Cash received from customers and users	\$ 1,755,788	\$ 379,699	\$ 1,255,883	\$ 3,391,370
Cash payments to suppliers	(913,817)	(114,421)	(231,401)	(1,259,639)
Cash payments for employee services	(432,438)	(128,113)	(704,957)	(1,265,508)
Net cash provided by operating activities	<u>409,533</u>	<u>137,165</u>	<u>319,525</u>	<u>866,223</u>
Cash flows from noncapital financing activities				
Interest paid on advance from other fund	-	(20,740)	-	(21,630)
Cash payments to other funds	(71,085)	-	-	(71,085)
Cash receipts from other funds	-	478,177	35,885	514,062
Net cash provided by (used in) by noncapital financing activities	<u>(71,085)</u>	<u>457,437</u>	<u>35,885</u>	<u>421,347</u>
Cash flows from capital and related financing activities				
Principal paid on long-term debt	(50,801)	-	-	(50,801)
Interest paid on long-term debt	(890)	-	-	-
Principal paid on leases payable	(31,944)	-	-	(31,944)
Interest paid on leases payable	(74,191)	-	-	(74,191)
Acquisition and construction of capital assets	-	(3,885,259)	-	(3,885,259)
Proceeds from sale of capital assets	8,505	2,079	-	10,584
Receipts from capital contributions	-	3,295,019	-	3,295,019
Net cash used in capital and related financing activities	<u>(149,321)</u>	<u>(588,161)</u>	<u>-</u>	<u>(736,592)</u>
Cash flows from investing activities				
Purchases of investments	(76,028)	(117,242)	(99,032)	(292,302)
Investment income	828	752	16,002	17,582
Net cash used in investing activities	<u>(75,200)</u>	<u>(116,490)</u>	<u>(83,030)</u>	<u>(274,720)</u>
Net increase (decrease) in cash and cash equivalents	113,927	(110,049)	272,380	276,258
Cash and cash equivalents, beginning of year	153,111	266,253	1,295,714	1,715,078
Cash and cash equivalents, end of year	<u>\$ 267,038</u>	<u>\$ 156,204</u>	<u>\$ 1,568,094</u>	<u>\$ 1,991,336</u>

continued...

CITY OF SEBASTIAN, FLORIDA

Statement of Cash Flows
 Proprietary Funds
 For the Year Ended September 30, 2022

	Business-type Activities - Enterprise Funds			
	Golf Course	Airport	Building	Total
Cash flow from operating activities:				
Operating income (loss)	\$ 228,011	\$ (718,204)	\$ 294,748	\$ (195,445)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation/amortization expense	263,620	963,568	9,004	1,236,192
Change in:				
Accounts receivable	39	24	-	63
Due from other governments	(45)	(235,761)	(60)	(235,866)
Leases receivable	23,884	33,586	-	57,470
Prepaid items	9,259	2,237	12,094	23,590
Inventories	(2,783)	-	-	(2,783)
Accounts payable and accrued liabilities	(2,321)	196,220	(5,167)	188,732
Due to other governments	(3,920)	(418)	(953)	(5,291)
Unearned revenue	(47,245)	2,513	(850)	(45,582)
Accrued compensated absences	(29,840)	2,368	10,709	(16,763)
Deferred lease amounts	(29,126)	(108,968)	-	(138,094)
Total adjustments	181,522	855,369	24,777	1,061,668
Net cash provided by operating activities	\$ 409,533	\$ 137,165	\$ 319,525	\$ 866,223

concluded

Noncash Transactions

For the year ended September 30, 2022, the building fund recognized rebates payable and state mandated rebates expense of \$297,191 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, 2022

Police Officers' Pension

Assets

Receivables:

Interest and dividends	\$ 31,175
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Investments, at fair value:

Money market funds	559,484
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United States government obligations	548,915
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Mortgage backed securities	763,540
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Collateralized mortgage obligations	1,606,304
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Municipal obligations	217,667
-----------------------	---------

Domestic corporate bonds	1,024,516
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Foreign corporate bonds	79,794
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Domestic corporate equities	7,752,650
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Foreign corporate equities	2,467,284
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Exchange-traded fund equities	2,453,471
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Partnerships	22,212
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Real estate investment trust	955,903
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Total investments	<u>18,451,740</u>
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Total assets

<u>18,482,915</u>

Net position

Restricted for pension benefits	<u>\$ 18,482,915</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, 2022

	Police Officers' Pension
Additions	
Contributions:	
Employer	\$ 799,032
Plan members	227,488
State	227,003
Total contributions	<u>1,253,523</u>
Investment income (loss):	
Net decrease in fair value of investments	(3,771,376)
Interest and dividends	496,090
Total investment loss	<u>(3,275,286)</u>
Investment expenses	(144,048)
Net investment loss	<u>(3,419,334)</u>
Total additions (net of investment loss)	<u>(2,165,811)</u>
Deductions	
Benefits	824,301
Administrative expenses	70,188
Total deductions	<u>894,489</u>
Change in net position	(3,060,300)
Net position, beginning of year	<u>21,543,215</u>
Net position, end of year	<u>\$ 18,482,915</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.

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, 2022, the City has no allowance for doubtful accounts, since all receivables are considered collectible.

CITY OF SEBASTIAN, FLORIDA

Notes to Financial Statements

Leases

Lessee. The City is a lessee for noncancellable leases of land. The City recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the government-wide and proprietary fund financial statements. The City recognizes lease liabilities with an initial, individual value of \$5,000 or more.

At the commencement of a lease, the City initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to leases include how the City determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments. The City uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the City generally uses its estimated incremental borrowing rate as the discount rate for leases. The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price (if applicable) that the City is reasonably certain to exercise.

The City monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lessor. The City is a lessor for noncancellable leases of certain properties. The City recognizes a lease receivable and a deferred inflow of resources in the government-wide, governmental fund financial statements, and proprietary fund financial statements

At the commencement of a lease, the City initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Key estimates and judgments include how the City determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts. The City uses its estimated incremental borrowing rate as the discount rate for leases. The lease term includes the noncancellable period of the lease. Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

The City monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease receivable if certain changes occur that are expected to significantly affect the amount of the lease receivable.

CITY OF SEBASTIAN, FLORIDA

Notes to Financial Statements

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, construction in progress, leased land, buildings, non-building improvements, machinery and 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.

Capital assets are depreciated/amortized 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

CITY OF SEBASTIAN, FLORIDA

Notes to Financial Statements

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 assets 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 assets 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 and leases receivable. The deferred lease amounts are amortized over the remaining life of the lease.

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.

CITY OF SEBASTIAN, FLORIDA

Notes to Financial Statements

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.

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.

CITY OF SEBASTIAN, FLORIDA

Notes to Financial Statements

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, 2022, the City incurred expenditures in excess of the amounts appropriated, as follows:

	Final Budget	Actual	Variance
Law Enforcement Forfeiture fund			
Public safety	\$ -	\$ 3,061	\$ 3,061

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, 2022:

Statement of Net Position

Cash and cash equivalents	\$ 14,493,310
Restricted cash and cash equivalents	452,561
Investments	3,668,985
Permanently restricted investments	785,290

Statement of Fiduciary Net Position

Police officers' pension fund investments	<u>18,451,740</u>
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Total	<u><u>\$ 37,851,886</u></u>
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Deposits and investments

Bank deposits:	
Checking and savings accounts	\$ 14,943,441
Investments:	
Investments, at fair value	4,454,275
Police officers' pension fund investments	18,451,740
Cash on hand	<u>2,430</u>

Total	<u><u>\$ 37,851,886</u></u>
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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, 2022, the carrying amount of the City of Sebastian's deposits with banks was \$14,943,441 and the bank balance was \$15,066,877. 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, 2022, 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")	\$ 3,927,383	\$ -	\$ 3,927,383	\$ -	\$ -	\$ -
Florida Local Government Investment Trust	526,892	-	526,892	-	-	-
	<u>\$ 4,454,275</u>	<u>\$ -</u>	<u>\$ 4,454,275</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Police officers' pension fund investments						
Money market	\$ 559,484	\$ -	\$ 559,484	\$ -	\$ -	\$ -
United States government obligations	548,915	-	-	76,885	81,027	391,003
Mortgage backed securities	763,540	-	-	188,775	266,400	308,365
Collateralized mortgage obligations	1,606,304	-	-	149,191	235,185	1,221,928
Municipal obligations	217,667	-	-	92,820	-	124,847
Domestic corporate bonds	1,024,516	-	30,183	418,699	170,147	405,487
Foreign corporate bonds	79,794	-	-	36,667	-	43,127
Domestic corporate equities	7,752,650	7,752,650	-	-	-	-
Foreign corporate equities	2,467,284	2,467,284	-	-	-	-
Exchange-traded fund equities	2,453,471	2,453,471	-	-	-	-
Partnerships	22,212	22,212	-	-	-	-
Real estate investment trust	955,903	955,903	-	-	-	-
	<u>\$ 18,451,740</u>	<u>\$ 13,651,520</u>	<u>\$ 589,667</u>	<u>\$ 963,037</u>	<u>\$ 752,759</u>	<u>\$ 2,494,757</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, 2022, 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, 2022, the City had \$3,927,383 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, 2022 and amounts may be withdrawn without penalty. Additionally, the City had \$526,892 invested in the Florida Local Government Investment Trust which had a rating by Standard and Poor's Rating Services as "AAAm" on September 30, 2022.

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, 2022, 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")	\$ 3,927,383	88.17%	\$ -	0.00%	AAAm
Florida Local Government Investment Trust	526,892	11.83%	-	0.00%	AAAm
Money market	-	0.00%	559,484	3.03%	Not Rated
United States government obligations	-	0.00%	548,915	2.97%	AA+
Mortgage backed securities collateralized mortgage obligations	-	0.00%	763,540	4.14%	Aaa
Municipal obligations	-	0.00%	1,606,304	8.71%	AAA/A-
Domestic corporate bonds	-	0.00%	217,667	1.18%	AAA/A-
Foreign corporate bonds	-	0.00%	1,024,516	5.55%	AAA/BBB-
Domestic corporate equities	-	0.00%	79,794	0.43%	A+/A-
Foreign corporate equities	-	0.00%	7,752,650	42.02%	Not Rated
Exchange-traded fund equities	-	0.00%	2,467,284	13.37%	Not Rated
Partnerships	-	0.00%	2,453,471	13.30%	Not Rated
Real estate investment trust	-	0.00%	22,212	0.12%	Not Rated
	-	0.00%	955,903	5.18%	Not Rated
Total	\$ 4,454,275	100.00%	\$ 18,451,740	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	\$ 79,794
Foreign corporate equities	<u>2,467,284</u>
Total	<u><u>\$ 2,547,078</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, 2022:

	Level 1	Level 2	Level 3	Total
Local government surplus funds trust fund ("SBA")	\$ 3,927,383	\$ -	\$ -	\$ 3,927,383
Florida Local Government Investment Trust	526,892	-	-	526,892
Money market	559,484	-	-	559,484
United States government obligations	10,625	538,290	-	548,915
Mortgage backed securities	-	763,540	-	763,540
Collateralized mortgage obligations	-	1,606,304	-	1,606,304
Municipal obligations	-	217,667	-	217,667
Domestic corporate bonds	46,535	977,981	-	1,024,516
Foreign corporate bonds	-	79,794	-	79,794
Domestic corporate equities	7,752,650	-	-	7,752,650
Foreign corporate equities	1,423,704	1,043,580	-	2,467,284
Exchange-traded fund equities	2,453,471	-	-	2,453,471
Partnerships	-	-	22,212	22,212
Real estate investment trust	-	-	955,903	955,903
	<u>\$ 16,700,744</u>	<u>\$ 5,227,156</u>	<u>\$ 978,115</u>	<u>\$ 22,906,015</u>

4. RECEIVABLES

Receivables are comprised of the following at year-end:

	Governmental Activities	Business-type Activities	Total
Accounts receivable	\$ 455,420	\$ 192	\$ 455,612
Leases receivable	2,781,492	2,791,244	5,572,736
Due from other governments	1,052,031	577,378	1,629,409
	<u>\$ 4,288,943</u>	<u>\$ 3,368,814</u>	<u>\$ 7,657,757</u>

Of the governmental activities and business-type activities amounts reported for receivables above, leases receivable in the amount of \$2,720,511 and \$2,727,967, respectively, are not expected to be collected within one year.

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	\$ 891,808	\$ 315,340	\$ 1,207,148
Rebates payable	-	2,145,253	2,145,253
Due to other governments	288,058	12,800	300,858
	<u>\$ 1,179,866</u>	<u>\$ 2,473,393</u>	<u>\$ 3,653,259</u>

6. INTERFUND RECEIVABLES AND PAYABLES AND TRANSFERS

The composition of interfund balances as of September 30, 2022, was as follows:

Due to and from primary government funds

	Due from Other Funds	Due to Other Funds
General Fund	\$ 465,000	\$ -
Golf Course	-	465,000
	<u>\$ 465,000</u>	<u>\$ 465,000</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	\$ -	\$ 502,747
Golf Course	1,112,843	-
Airport	502,747	-
Building	-	1,112,843
	<u>\$ 1,615,590</u>	<u>\$ 1,615,590</u>

CITY OF SEBASTIAN, FLORIDA

Notes to Financial Statements

The balance of \$502,747 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 \$1,112,843 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, 2022, interfund transfers consisted of the following:

Transfers out	Transfers in					Total
	General Fund	Transportation Improvements Fund	Nonmajor Governmental Funds	Airport Fund	Building Fund	
General Fund	\$ -	\$ -	\$ 310,720	\$ 3,642	\$ -	\$ 314,362
Riverfront Redevelopment Fund	-	-	49,572	-	-	49,572
Stormwater Utility Fund	721	-	110,940	-	-	111,661
American Rescue Plan Fund	-	-	3,844	-	-	3,844
Discretionary Sales Tax Fund	-	6,060,559	1,422,495	490,294	-	7,973,348
Nonmajor Governmental Funds	47,173	19,124	74,103	-	-	140,400
Building Fund	200	-	-	-	-	200
Golf Course	-	-	-	-	4,335	4,335
Total	<u>\$ 48,094</u>	<u>\$ 6,079,683</u>	<u>\$ 1,971,674</u>	<u>\$ 493,936</u>	<u>\$ 4,335</u>	<u>\$ 8,597,722</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, 2022, 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	3,759,159	5,761,348	-	-	9,520,507
	<u>12,882,200</u>	<u>5,761,348</u>	<u>-</u>	<u>-</u>	<u>18,643,548</u>
Capital assets, being depreciated/amortized:					
Leased land	171,782	-	-	-	171,782
Buildings	14,344,679	-	-	-	14,344,679
Non-building improvements	7,794,033	480,811	(51,907)	-	8,222,937
Machinery and equipment	11,231,799	914,698	(833,083)	-	11,313,414
Infrastructure	45,929,953	524,457	-	-	46,454,410
	<u>79,472,246</u>	<u>1,919,966</u>	<u>(884,990)</u>	<u>-</u>	<u>80,507,222</u>
Less accumulated depreciation/amortization for:					
Leased land	-	(5,924)	-	-	(5,924)
Buildings	(7,321,127)	(394,079)	-	-	(7,715,206)
Non-building improvements	(5,167,321)	(329,024)	49,956	-	(5,446,389)
Machinery and equipment	(8,539,197)	(1,017,570)	810,476	-	(8,746,291)
Infrastructure	(29,149,030)	(1,454,966)	-	-	(30,603,996)
	<u>(50,176,675)</u>	<u>(3,201,563)</u>	<u>860,432</u>	<u>-</u>	<u>(52,517,806)</u>
Total capital assets being depreciated/amortized, net	<u>29,295,571</u>	<u>(1,281,597)</u>	<u>(24,558)</u>	<u>-</u>	<u>27,989,416</u>
Governmental activities capital assets, net	<u>\$ 42,177,771</u>	<u>\$ 4,479,751</u>	<u>\$ (24,558)</u>	<u>\$ -</u>	<u>\$ 46,632,964</u>

* The City implemented the provisions of GASB Statement No. 87, *Leases*, in the current year. In accordance with this Statement, leased assets have been added to the beginning balances shown above and a corresponding lease payable has been recorded for the same amount.

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	968,556	3,071,968	-	(141,146)	3,899,378
	<u>977,616</u>	<u>3,071,968</u>	<u>-</u>	<u>(141,146)</u>	<u>3,908,438</u>
Capital assets, being depreciated/amortized:					
Leased land	2,473,049	-	-	-	2,473,049
Buildings	10,065,527	-	-	-	10,065,527
Non-building improvements	2,807,051	-	(5,095)	-	2,801,956
Machinery and equipment	1,575,071	60,560	(85,860)	-	1,549,771
Infrastructure	13,565,461	752,731	(30,395)	141,146	14,428,943
	<u>30,486,159</u>	<u>813,291</u>	<u>(121,350)</u>	<u>141,146</u>	<u>31,319,246</u>
Less accumulated depreciation/amortization for:					
Leased land	-	(103,044)	-	-	(103,044)
Buildings	(2,996,237)	(284,316)	-	-	(3,280,553)
Non-building improvements	(1,751,359)	(104,667)	5,095	-	(1,850,931)
Machinery and equipment	(1,344,710)	(128,572)	77,354	-	(1,395,928)
Infrastructure	(6,985,529)	(615,593)	30,142	-	(7,570,980)
	<u>(13,077,835)</u>	<u>(1,236,192)</u>	<u>112,591</u>	<u>-</u>	<u>(14,201,436)</u>
Total capital assets being depreciated/amortized, net	<u>17,408,324</u>	<u>(422,901)</u>	<u>(8,759)</u>	<u>141,146</u>	<u>17,117,810</u>
Business-type activities capital assets, net	<u>\$ 18,385,940</u>	<u>\$ 2,649,067</u>	<u>\$ (8,759)</u>	<u>\$ -</u>	<u>\$ 21,026,248</u>

* The City implemented the provisions of GASB Statement No. 87, *Leases*, in the current year. In accordance with this Statement, leased assets have been added to the beginning balances shown above and a corresponding lease payable has been recorded for the same amount.

CITY OF SEBASTIAN, FLORIDA

Notes to Financial Statements

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

Depreciation/amortization of governmental activities by function	
General government	\$ 435,885
Public safety	514,626
Physical environment	826,515
Transportation	947,461
Cultural and recreation	<u>477,076</u>
Total governmental activities	<u>\$ 3,201,563</u>
Depreciation/amortization of business-type activities by function	
Golf course	\$ 263,620
Airport	963,568
Building	<u>9,004</u>
Total business-type activities	<u>\$ 1,236,192</u>

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, 2022, there was no outstanding in-substance defeased debt.

CITY OF SEBASTIAN, FLORIDA

Notes to Financial Statements

The following is a summary of governmental activities long-term debt transactions for the year ended September 30, 2022:

	Beginning Balance	Additions	Deductions	Ending Balance	Due Within One Year
Governmental activities					
Notes from direct borrowings and direct placements	\$ 753,000	\$ -	\$ (632,000)	\$ 121,000	\$ 121,000
Compensated absences	1,555,540	636,027	(644,911)	1,546,656	106,894
Pollution remediation	91,200	-	-	91,200	-
Totals governmental activities	\$ 2,399,740	\$ 636,027	\$ (1,276,911)	\$ 1,758,856	\$ 227,894

Notes payable

Florida Gas Tax Revenue Note, due in one final installment of \$121,000 plus interest at 1.94% through 2023.

\$ 121,000

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

Year Ended September 30,	Governmental Activities	
	Principal	Interest
2023	<u>\$ 121,000</u>	<u>\$ 1,174</u>

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

The following is a summary of business-type activities long-term debt transactions for the year ended September 30, 2022:

	Beginning Balance	Additions	Deductions	Ending Balance	Due Within One Year
Business-type activities					
Compensated absences	\$ 238,855	\$ 30,256	\$ (47,019)	\$ 222,092	-
Installment purchase	50,801	-	(50,801)	-	-
Totals business-type activities	<u>\$ 289,656</u>	<u>\$ 30,256</u>	<u>\$ (97,820)</u>	<u>\$ 222,092</u>	<u>\$ -</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.

9. LEASES

Lessee - The City is involved in two agreements as a lessee that qualify as a long-term lease agreements. Below is a summary of the nature of these agreements. The agreements qualify as an intangible, right-to-use assets and not financed purchases, as the City will not own the assets at the end of the contract terms and the noncancelable term of the agreements surpasses one year.

Remaining Term of Agreements

Asset Type

Leased land 23 - 28 years

The assets acquired through the lease are summarized as follows:

	Governmental Activities	Business-type Activities
Leased land	\$ 171,782	\$ 2,473,049
Less accumulated amortization	(5,924)	(103,044)
Net book value	<u>\$ 165,858</u>	<u>\$ 2,370,005</u>

CITY OF SEBASTIAN, FLORIDA

Notes to Financial Statements

The net present value of future minimum payments as of September 30, 2022, were as follows:

Year Ended September 30,	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2023	\$ 1,691	\$ 5,104	\$ 36,086	\$ 73,233
2024	1,742	5,053	40,448	72,151
2025	1,794	5,001	45,039	70,937
2026	1,848	4,947	49,870	69,586
2027	2,107	4,892	54,950	68,090
2028 - 2032	14,931	23,341	360,437	312,394
2033 - 2037	23,766	20,598	531,436	248,559
2038 - 2042	35,041	16,389	747,764	156,464
2043 - 2047	49,305	10,316	575,075	35,200
2048 - 2050	37,915	2,321	-	-
Totals	\$ 170,140	\$ 97,962	\$ 2,441,105	\$ 1,106,614

Lease liability activity for the year ended September 30, 2022, was as follows:

	Beginning Balance *	Additions	Deductions	Ending Balance	Due Within One Year
Governmental activities					
Leases payable	\$ 171,782	\$ -	\$ (1,642)	\$ 170,140	\$ 1,691
Business-type activities					
Leases payable	\$ 2,473,049	\$ -	\$ (31,944)	\$ 2,441,105	\$ 36,086

* The City implemented the provisions of GASB Statement No. 87, *Leases*, in the current year. In accordance with this Statement, leases payable have been added to the beginning balances shown above and a corresponding lease asset has been recorded for the same amount.

Lessor — The City is involved in six agreements as a lessor that qualify as long-term lease agreements. Below is a summary of these agreements. These agreements qualify as long-term lease agreements as the City will not surrender control of the assets at the end of the term and the noncancelable term of the agreements surpasses one year. Total lease revenue for the governmental and business-type activities for the year ended September 30, 2022 was \$147,647 and \$138,094, respectively.

CITY OF SEBASTIAN, FLORIDA

Notes to Financial Statements

Remaining Term of Agreements

Governmental Activities

Asset Type

Cell phone towers	23 - 24 years
Buildings	18 months

Business-type Activities

Asset Type

Leased Land	23 - 28 years
Buildings	6 years

Lease receivable activity for the year ended September 30, 2022, was as follows:

	Beginning Balance	Additions	Deductions	Ending Balance
Governmental activities				
Leases receivable	\$ 2,836,649	\$ -	\$ (55,157)	\$ 2,781,492
Business-type activities				
Leases receivable	\$ 2,848,714	\$ -	\$ (57,470)	\$ 2,791,244

CITY OF SEBASTIAN, FLORIDA

Notes to Financial Statements

Regulated lease agreements - In accordance with GASB No. 87, the Airport does not recognize a lease receivable and a deferred inflow of resources for regulated leases. Regulated leases are certain leases that are subject to external laws, regulations, or legal rulings, e.g. the U.S. Department of Transportation and the Federal Aviation Administration, regulated aviation leases between airports and aeronautical users. The leasing operations of the Airport consist principally of the leasing of land, hangars, and office space. The lease agreements consist of both cancelable and noncancelable agreements and permit the Airport to periodically adjust rents and maximize operational flexibility. Leased land, hangars, and office space are leased on an exclusive basis. Minimum future rentals under such noncancelable lease agreements as of September 30, 2022 are as follows:

Fiscal Year Ended	Amount
2023	\$ 371,225
2024	307,259
2025	279,234
2026	287,605
2027	296,226
2028 - 2032	1,619,682
2033 - 2037	1,236,894
2038 - 2042	864,557
2043 - 2045	<u>312,979</u>
Totals	<u><u>\$ 5,575,661</u></u>

The Airport recognized \$356,762 of rental income for the year ended September 30, 2022.

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, 2022, was 3.0043 mills. Total tax collections were approximately 96.7% 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.

CITY OF SEBASTIAN, FLORIDA

Notes to Financial Statements

11. CONTINGENT LIABILITIES

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

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

12. RISK MANAGEMENT

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

13. BENEFIT PLANS

Police Officer's Pension Plan

Defined Benefit Pension Plan

Plan Description. The Police Officers' Pension Plan is a Florida Statute Chapter 185 single-employer defined benefit plan. Only City police officers participate in the Police Pension Plan. The state provides a contribution to the Police Pension Plan through a distribution of funds collected from insurance premium taxes. The pension plan data provided in these financial statements are from the actuarial valuation as of October 1, 2021 to determine the required contribution for the fiscal year ending September 30, 2022. Although the Police Officers' Pension Plan provides separate reporting, which may be obtained in the Finance department, it is also a component unit (reporting as a Pension Trust Fund) of the City's financial reporting entity.

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

CITY OF SEBASTIAN, FLORIDA

Notes to Financial Statements

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

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

Concentrations. At September 30, 2022, 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, 2021, the date of the latest actuarial valuation:

Inactive plan members or beneficiaries currently receiving benefits	21
Inactive plan members entitled to but not yet receiving benefits	11
Active plan members	<u>39</u>
Total membership	<u><u>71</u></u>

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, 2022, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was -15.63 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

CITY OF SEBASTIAN, FLORIDA

Notes to Financial Statements

Net Pension Liability of the City. The components of the net pension liability of the City at September 30, 2022, were as follows:

Total pension liability	\$ 24,257,517
Less: Plan fiduciary net position	<u>(18,482,915)</u>
City's net pension liability	<u>\$ 5,774,602</u>
Plan fiduciary net position as percentage of total pension liability	76.19%

Actuarial Assumptions. The total pension liability was determined by an actuarial valuation as of October 1, 2021 updated to September 30, 2022 (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%

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

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

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

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

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

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

CITY OF SEBASTIAN, FLORIDA

Notes to Financial Statements

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, 2022 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%	5.56%	2.92%
International equity	12.50%	4.36%	0.55%
Fixed income	25.00%	1.24%	0.31%
Real Estate	5.00%	4.24%	0.21%
Master Limited Partnerships	5.00%	4.37%	0.22%
Total	100.00%		4.21%
Inflation			2.26%
Diversified portfolio additional returns			0.63%
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.

Discount Rate. The discount rate used to measure the total pension liability was 7.10 percent. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that sponsor contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

CITY OF SEBASTIAN, FLORIDA

Notes to Financial Statements

Sensitivity of the Net Pension Liability to Changes in the Discount Rate. The following presents the net pension liability of the City, calculated using the discount rate of 7.10 percent, as well as what the City's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.10 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	\$ 8,674,748	\$ 5,774,602	\$ 3,361,246

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, 2021	\$ 23,049,447	\$ 21,543,215	\$ 1,506,232
Changes for the year:			
Service cost	582,925	-	582,925
Interest on total pension liability	1,648,636	-	1,648,636
Differences between expected and actual experience	(199,190)	-	(199,190)
Assumption changes	-	-	-
Benefit payments, including refunds of employee contributions	(824,301)	(824,301)	-
Employer contributions	-	799,032	(799,032)
State contributions	-	227,003	(227,003)
Employee contributions	-	227,488	(227,488)
Pension plan net investment loss	-	(3,419,334)	3,419,334
Administrative expense	-	(70,188)	70,188
Net changes	1,208,070	(3,060,300)	4,268,370
Balances at September 30, 2022	\$ 24,257,517	\$ 18,482,915	\$ 5,774,602

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

CITY OF SEBASTIAN, FLORIDA

Notes to Financial Statements

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. For the year ended September 30, 2022, the City recognized pension expense of \$1,387,143. At September 30, 2022, 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	\$ 397,911	\$ 167,990	\$ 229,921
Changes in assumptions	190,490	223,893	(33,403)
Net difference between projected and actual earnings on pension plan investments	2,486,638	-	2,486,638
	<u>\$ 3,075,039</u>	<u>\$ 391,883</u>	<u>\$ 2,683,156</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
2023	\$ 690,320
2024	494,040
2025	459,052
2026	<u>1,039,744</u>
Total	<u>\$ 2,683,156</u>

Payable to the Pension Plan. At September 30, 2022, the City had no amounts payable for contributions 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, 2022, was 55.

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
2018	\$ 217,695
2019	241,992
2020	239,161
2021	241,312
2022	272,529

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, 2022, there were a total of 21 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.

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.

CITY OF SEBASTIAN, FLORIDA

Notes to Financial Statements

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
2018	\$ 142,347
2019	151,754
2020	163,374
2021	174,006
2022	184,900

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 AND NET POSITION

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:								
Prepaid items	\$ 127,153	\$ 395	\$ 15,607	\$ -	\$ -	\$ -	\$ -	\$ 143,155
Inventories	74,839	-	-	-	-	-	-	74,839
Permanent fund corpus	-	-	-	-	-	-	420,405	420,405
Total nonspendable	201,992	395	15,607	-	-	-	420,405	638,399
Restricted for:								
Perpetual care	-	-	-	-	-	-	626,133	626,133
Infrastructure	-	-	-	-	2,875,588	-	700,039	3,575,627
Redevelopment	-	627,490	-	-	-	-	-	627,490
Stormwater	-	-	1,941,518	-	-	-	-	1,941,518
Law enforcement	-	-	-	-	-	-	53,050	53,050
Economic environment	-	-	-	22,200	-	-	-	22,200
Total restricted	-	627,490	1,941,518	22,200	2,875,588	-	1,379,222	6,846,018
Committed for:								
Capital projects	-	-	-	-	-	-	1,850	1,850
Recreational system development	-	-	-	-	-	-	318,551	318,551
Development of public parking	-	-	-	-	-	-	89,148	89,148
Total committed	-	-	-	-	-	-	409,549	409,549
Unassigned (deficit)	7,993,009	-	-	-	-	(342,697)	(86,391)	7,563,921
Total fund balances (deficits), governmental funds	\$ 8,195,001	\$ 627,885	\$ 1,957,125	\$ 22,200	\$ 2,875,588	\$ (342,697)	\$ 2,122,785	\$ 15,457,887

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 \$342,697 at September 30, 2022. The Capital Projects fund, a nonmajor governmental fund, had a deficit in fund balance of \$86,391 at September 30, 2022. 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.

Net Position Deficit

The Golf Course fund, a major business-type fund, had a deficit in unrestricted net position of \$1,320,330 at September 30, 2022. The deficit will be eliminated when the Golf Course repays the general fund for amounts advanced.

16. NET INVESTMENT IN CAPITAL ASSETS

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

	Governmental Activities	Business-type Activities	Total
Capital assets:			
Capital assets not being depreciated	\$ 18,643,548	\$ 3,908,438	\$ 22,551,986
Capital assets being depreciated, net	27,989,416	17,117,810	45,107,226
	<u>46,632,964</u>	<u>21,026,248</u>	<u>67,659,212</u>
Related debt:			
Notes payable	121,000	-	121,000
Leases payable	170,140	2,441,105	2,611,245
	<u>291,140</u>	<u>2,441,105</u>	<u>2,732,245</u>
Net investment in capital assets	<u>\$ 46,341,824</u>	<u>\$ 18,585,143</u>	<u>\$ 64,926,967</u>

17. COMMITMENTS AND CONTINGENCIES

Contracts and Other Commitments

The City has various major contracts and other commitments outstanding as of September 30, 2022. Outstanding major contracts include completion of the Public Facilities Compound; Establishing Sewer Service to the Compound; Completing the Stormwater Master Plan; Improvements to the Stonecrop Drainage Area; Construction of Hangar D; Runway Rehabilitation Design and the CDBG Housing Repair Program. Major funding has also been committed toward Road Improvements; Sliplining Drainage Pipes; Sidewalk Replacements; Concha Dam Replacement; Gardenia Ditch Improvements; and the Schumann Drive Culvert Project.

CITY OF SEBASTIAN, FLORIDA

Notes to Financial Statements

A summary of these projects at September 30, 2022 is as follows:

	Total Contract Price	Total Paid as of September 30, 2022	Encumbered at September 30, 2022
Major contracts			
Public Facilities Compound	\$ 9,639,316	\$ 9,150,734	\$ 488,582
Establish Sewer Service to Compound	1,906,801	1,659,570	128,526
Stormwater Master Plan	700,000	648,400	51,600
Stonecrop Drainage Area	860,000	29,266	830,734
Construction of Hangar D	2,317,253	2,304,811	12,442
Runway Rehabilitation Design	221,394	4,194	217,199
CDBG Housing Repairs	256,233	133,514	10,369
Total	<u>\$ 15,900,997</u>	<u>\$ 13,930,489</u>	<u>\$ 1,739,452</u>

	Total Commitments	Total Paid as of September 30, 2022	Encumbered at September 30, 2022
Major Commitments			
Road Improvements	\$ 500,000	\$ -	\$ -
Sliplining Drainage Pipes	250,000	-	71,090
Sidewalk Replacements	190,000	8,200	16,720
Concha Dam Replacement	700,000	-	-
Gardenia Ditch Improvements	750,000	-	8,697
Schumann Drive Culvert	750,000	-	-
Total	<u>\$ 940,000</u>	<u>\$ 8,200</u>	<u>\$ 87,810</u>

18. CORONAVIRUS (COVID-19)

In March 2020, the World Health Organization declared the novel coronavirus outbreak (COVID-19) to be a global pandemic. While the pandemic has resulted in an increase in the demands on the City to provide services to its patrons, the Federal Government has also provided significant resources to help mitigate the impacts of COVID-19. Over the past two years, the City has been awarded funds from various sources to be used to respond to the impacts of the COVID-19 pandemic. Of the amount awarded, approximately \$517,000 was expended and recognized as revenue during the current fiscal year. With these additional Federal resources, at this time management does not believe that the negative financial impact of the pandemic, if any, 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 Ended September 30,		
	2022	2021	2020
Total pension liability			
Service cost	\$ 582,925	\$ 546,747	\$ 600,789
Interest on total pension liability	1,648,636	1,539,609	1,451,768
Change in excess state money	-	-	-
Changes of benefit terms	-	-	-
Differences between expected and actual experience	(199,190)	249,038	408,904
Changes of assumptions	-	274,475	(447,786)
Contributions - buy back	-	-	-
Benefit payments, including refunds of employee contributions	(824,301)	(794,272)	(684,963)
Net change in total pension liability	<u>1,208,070</u>	<u>1,815,597</u>	<u>1,328,712</u>
Total pension liability, beginning of year	<u>23,049,447</u>	<u>21,233,850</u>	<u>19,905,138</u>
Total pension liability, end of year	<u>24,257,517</u>	<u>23,049,447</u>	<u>21,233,850</u>
Plan fiduciary net position			
Employer contributions	799,032	686,778	703,814
State contributions	227,003	206,017	208,645
Employee contributions	227,488	220,466	229,327
Buy back contributions	-	-	-
Pension plan net investment income (loss)	(3,419,334)	4,116,810	974,847
Benefit payments	(824,301)	(794,272)	(684,963)
Administrative expense	(70,188)	(70,384)	(67,989)
Net change in plan fiduciary net position	<u>(3,060,300)</u>	<u>4,365,415</u>	<u>1,363,681</u>
Plan fiduciary net position, beginning of year	<u>21,543,215</u>	<u>17,177,800</u>	<u>15,814,119</u>
Plan fiduciary net position, end of year	<u>18,482,915</u>	<u>21,543,215</u>	<u>17,177,800</u>
Net pension liability	<u>\$ 5,774,602</u>	<u>\$ 1,506,232</u>	<u>\$ 4,056,050</u>
Plan fiduciary net position as a percentage of total pension liability	76.19%	93.47%	80.90%
Covered payroll	\$ 2,843,600	\$ 2,755,823	\$ 2,866,586
Net pension liability as a percentage of covered payroll	203.07%	54.66%	141.49%

Fiscal Year Ended September 30,						
2019	2018	2017	2016	2015	2014	2013
\$ 609,880	\$ 589,149	\$ 479,778	\$ 418,143	\$ 403,611	\$ 396,147	\$ 367,653
1,371,857	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)	-	-
(25,912)	164,601	20,758	59,175	(240,633)	-	-
22,520	-	382,825	626,069	223,200	-	-
52,749	-	-	-	-	-	-
(617,282)	(700,733)	(495,629)	(493,765)	(496,363)	(452,892)	(465,435)
<u>1,413,812</u>	<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>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>	<u>10,910,010</u>
<u>19,905,138</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>
595,045	525,296	337,201	322,998	320,179	401,103	396,603
198,770	188,923	168,628	169,027	145,700	147,868	145,961
223,495	204,854	177,585	167,309	161,270	160,494	154,683
52,749	-	-	-	-	-	-
261,888	1,028,549	1,371,657	1,067,139	(60,326)	951,910	1,029,818
(617,282)	(700,733)	(495,629)	(493,765)	(496,363)	(452,892)	(465,435)
(67,867)	(82,088)	(45,633)	(28,025)	(39,673)	(27,815)	(32,153)
<u>646,798</u>	<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>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>8,843,096</u>
<u>15,814,119</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>\$ 4,091,019</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>
79.45%	82.02%	81.16%	82.86%	84.00%	89.69%	86.35%
\$ 2,793,692	\$ 2,560,670	\$ 2,438,012	\$ 2,263,866	\$ 2,154,612	\$ 2,106,767	\$ 2,131,399
146.44%	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

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%
2022	-15.63%

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

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%
2022	932,701	799,032	227,003	(93,334)	2,843,600	36.08%

CITY OF SEBASTIAN, FLORIDA

Required Supplementary Information

Single-employer Pension Trust Fund
Notes to Schedule of Contributions

Valuation date October 1, 2020
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 13 Years (as of October 1, 2022)
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% 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 1.51% (prior year 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
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
2022	272,529

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 2022 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, 2022

	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	\$ 631,362	\$ -	\$ 254,965	\$ 42,448	\$ -
Investments	-	89,248	63,586	10,602	-
Due from other governments	68,677	-	-	-	-
Total assets	<u>\$ 700,039</u>	<u>\$ 89,248</u>	<u>\$ 318,551</u>	<u>\$ 53,050</u>	<u>\$ -</u>
Liabilities					
Negative equity in pooled cash	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts payable and accrued liabilities	-	-	-	-	-
Unearned revenue	-	100	-	-	-
Total liabilities	<u>-</u>	<u>100</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances (deficits)					
Nonspendable	-	-	-	-	-
Restricted	700,039	-	-	53,050	-
Committed	-	89,148	318,551	-	-
Unassigned (deficit)	-	-	-	-	-
Total fund balances (deficits)	<u>700,039</u>	<u>89,148</u>	<u>318,551</u>	<u>53,050</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ 700,039</u>	<u>\$ 89,248</u>	<u>\$ 318,551</u>	<u>\$ 53,050</u>	<u>\$ -</u>



Capital Projects Funds			Permanent	
Capital Projects	Capital Improvements	Stormwater Utility Improvements	Cemetery	Total Nonmajor Governmental Funds
\$ -	\$ 1,850	\$ 141,115	\$ 261,248	\$ 1,332,988
-	-	-	785,290	948,726
13,528	-	2,004	-	84,209
<u>\$ 13,528</u>	<u>\$ 1,850</u>	<u>\$ 143,119</u>	<u>\$ 1,046,538</u>	<u>\$ 2,365,923</u>
\$ 8,299	\$ -	\$ -	\$ -	\$ 8,299
91,620	-	143,119	-	234,739
-	-	-	-	100
<u>99,919</u>	<u>-</u>	<u>143,119</u>	<u>-</u>	<u>243,138</u>
-	-	-	420,405	420,405
-	-	-	626,133	1,379,222
-	1,850	-	-	409,549
<u>(86,391)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(86,391)</u>
<u>(86,391)</u>	<u>1,850</u>	<u>-</u>	<u>1,046,538</u>	<u>2,122,785</u>
<u>\$ 13,528</u>	<u>\$ 1,850</u>	<u>\$ 143,119</u>	<u>\$ 1,046,538</u>	<u>\$ 2,365,923</u>

CITY OF SEBASTIAN, FLORIDA

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Nonmajor Governmental Funds

For the Year Ended September 30, 2022

	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	\$ 756,984	\$ -	\$ -	\$ -	\$ -
Impact fees	-	-	179,400	-	-
Charges for services	-	-	-	-	-
Fines	-	-	-	21,315	-
Investment earnings	5,107	742	2,641	414	397
Other revenues	-	16,828	-	1,500	-
Contributions and donations	-	-	-	-	-
Total revenues	762,091	17,570	182,041	23,229	397
Expenditures					
Current:					
General government	-	-	-	-	-
Public safety	-	-	-	3,061	-
Physical environment	-	-	-	-	-
Transportation	33,900	-	-	-	-
Debt service:					
Principal	237,000	-	-	-	395,000
Interest and fiscal charges	5,801	-	-	-	6,834
Capital outlay	4,870	-	-	-	-
Total expenditures	281,571	-	-	3,061	401,834
Revenues over (under) expenditures	480,520	17,570	182,041	20,168	(401,437)
Other financing sources (uses)					
Transfers in	-	-	-	-	220,605
Transfers out	(19,124)	-	(121,276)	-	-
Total other financing sources (uses)	(19,124)	-	(121,276)	-	220,605
Net change in fund balances	461,396	17,570	60,765	20,168	(180,832)
Fund balances (deficits), beginning of year	238,643	71,578	257,786	32,882	180,832
Fund balances (deficits), end of year	\$ 700,039	\$ 89,148	\$ 318,551	\$ 53,050	\$ -

Capital Projects Funds			Permanent	Total Nonmajor Governmental Funds
Capital Projects	Capital Improvements	Stormwater Utility Improvements	Cemetery	
\$ 146,613	\$ -	\$ 19,083	\$ -	\$ 922,680
-	-	-	-	179,400
-	-	-	164,032	164,032
-	-	-	-	21,315
-	-	-	8,637	17,938
-	-	-	-	18,328
-	1,850	-	-	1,850
<u>146,613</u>	<u>1,850</u>	<u>19,083</u>	<u>172,669</u>	<u>1,325,543</u>
426,814	-	-	-	426,814
-	-	-	-	3,061
-	20,304	630,834	90,000	741,138
-	-	-	-	33,900
-	-	-	-	632,000
-	-	-	-	12,635
<u>595,912</u>	<u>446,978</u>	<u>7,853</u>	<u>6,457</u>	<u>1,062,070</u>
<u>1,022,726</u>	<u>467,282</u>	<u>638,687</u>	<u>96,457</u>	<u>2,911,618</u>
<u>(876,113)</u>	<u>(465,432)</u>	<u>(619,604)</u>	<u>76,212</u>	<u>(1,586,075)</u>
911,355	467,282	372,432	-	1,971,674
-	-	-	-	(140,400)
<u>911,355</u>	<u>467,282</u>	<u>372,432</u>	<u>-</u>	<u>1,831,274</u>
35,242	1,850	(247,172)	76,212	245,199
<u>(121,633)</u>	<u>-</u>	<u>247,172</u>	<u>970,326</u>	<u>1,877,586</u>
<u>\$ (86,391)</u>	<u>\$ 1,850</u>	<u>\$ -</u>	<u>\$ 1,046,538</u>	<u>\$ 2,122,785</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, 2022

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Intergovernmental	\$ 750,128	\$ 750,128	\$ 756,984	\$ 6,856
Investment earnings	945	945	5,107	4,162
Total revenues	<u>751,073</u>	<u>751,073</u>	<u>762,091</u>	<u>11,018</u>
Expenditures				
Current:				
Transportation	44,300	44,300	33,900	(10,400)
Debt service:				
Principal	237,000	237,000	237,000	-
Interest and fiscal charges	5,801	5,801	5,801	-
Capital outlay	4,870	4,870	4,870	-
Total expenditures	<u>291,971</u>	<u>291,971</u>	<u>281,571</u>	<u>(10,400)</u>
Revenues over expenditures	459,102	459,102	480,520	21,418
Other financing uses				
Transfers out	(459,102)	(471,826)	(19,124)	(452,702)
Net changes in fund balance	-	(12,724)	461,396	474,120
Fund balance, beginning of year	<u>238,643</u>	<u>238,643</u>	<u>238,643</u>	<u>-</u>
Fund balance, end of year	<u>\$ 238,643</u>	<u>\$ 225,919</u>	<u>\$ 700,039</u>	<u>\$ 474,120</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, 2022

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Investment earnings	\$ 141	\$ 141	\$ 742	\$ 601
Other revenues	2,928	2,928	16,828	13,900
Total revenues	3,069	3,069	17,570	14,501
Other financing sources (uses)				
Transfers out	(3,069)	(3,069)	-	(3,069)
Net change in fund balance	-	-	17,570	11,432
Fund balance, beginning of year	71,578	71,578	71,578	-
Fund balance, end of year	<u>\$ 71,578</u>	<u>\$ 71,578</u>	<u>\$ 89,148</u>	<u>\$ 11,432</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, 2022

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Impact fees	\$ 150,000	\$ 150,000	\$ 179,400	\$ 29,400
Investment earnings	10,000	10,000	2,641	(7,359)
Total revenues	<u>160,000</u>	<u>160,000</u>	<u>182,041</u>	<u>22,041</u>
Other financing sources (uses)				
Transfers in	65,000	161,074	-	161,074
Transfers out	(225,000)	(321,074)	(121,276)	(199,798)
Total other financing sources (uses)	<u>(160,000)</u>	<u>(160,000)</u>	<u>(121,276)</u>	<u>(38,724)</u>
Net change in fund balance	-	-	60,765	60,765
Fund balance, beginning of year	<u>257,786</u>	<u>257,786</u>	<u>257,786</u>	<u>-</u>
Fund balance, end of year	<u>\$ 257,786</u>	<u>\$ 257,786</u>	<u>\$ 318,551</u>	<u>\$ 60,765</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, 2022

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Fines	\$ 1,000	\$ 1,000	\$ 21,315	\$ 20,315
Investment earnings	250	250	414	164
Other revenues	-	-	1,500	1,500
Total revenues	1,250	1,250	23,229	21,979
Expenditures				
Current:				
Public safety	-	-	3,061	3,061
Revenues over expenditures	1,250	1,250	20,168	18,918
Other financing sources (uses)				
Transfers out	(1,250)	(1,250)	-	1,250
Net change in fund balance	-	-	20,168	20,168
Fund balance, beginning of year	32,882	32,882	32,882	-
Fund balance, end of year	<u>\$ 32,882</u>	<u>\$ 32,882</u>	<u>\$ 53,050</u>	<u>\$ 20,168</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, 2022

	2022	2021
Governmental funds capital assets		
Land	\$ 9,123,041	\$ 9,123,041
Construction in progress	9,520,507	3,759,159
Leased land	171,782	171,782
Buildings	14,344,679	14,344,679
Non-building improvements	8,222,937	7,794,033
Machinery and equipment	11,313,414	11,231,799
Infrastructure	46,454,410	45,929,953
	<hr/>	<hr/>
Total governmental funds capital assets	\$ 99,150,770	\$ 92,354,446
	<hr/> <hr/>	<hr/> <hr/>
Investment in governmental funds capital assets (by sources)		
Federal grants	\$ 4,779,766	\$ 4,734,302
State grants	3,127,709	3,125,704
County grants	507,031	507,031
General Fund	11,050,543	11,417,046
Law enforcement trust fund	117,439	117,460
Recreational impact fee	3,853,634	3,725,331
Stormwater utility fee	8,947,728	8,806,652
Riverfront redevelopment	3,073,201	3,061,899
Cemetery trust fund	822,603	816,146
Donations	2,965,996	2,965,996
Sales taxes	39,096,649	32,290,652
Motor fuel taxes	6,113,260	6,089,258
Revenue bond debt	13,815,028	13,816,786
Parking in Lieu of Fee	90,621	90,621
Capital projects	789,562	789,562
	<hr/>	<hr/>
Total investment in governmental funds capital assets	\$ 99,150,770	\$ 92,354,446
	<hr/> <hr/>	<hr/> <hr/>

CITY OF SEBASTIAN, FLORIDA

Schedule by Function and Activity

Capital Assets Used in the Operation of Governmental Funds
September 30, 2022

Functions / Programs	Land	Leased Land	Buildings	Non-Building Improvements	Machinery and Equipment	Infrastructure	Total
General government:							
City manager	\$ -	\$ -	\$ -	\$ -	\$ 85,092	\$ -	\$ 85,092
City clerk	-	-	-	-	4,003	-	4,003
Administrative services	-	-	-	1,100	2,294	-	3,394
MIS	-	-	5,841	87,545	1,718,861	-	1,812,247
Facilities maintenance	-	-	1,091,573	30,724	875,670	-	1,997,967
Community development	-	-	84,426	-	23,103	-	107,529
Non-departmental	4,474,459	-	6,184,991	126,504	204,370	598,890	11,589,214
Total general government	4,474,459	-	7,366,831	245,873	2,913,393	598,890	15,599,446
Public safety:							
Administration	9,560	-	3,799,272	98,173	430,400	-	4,337,405
Road patrol	-	-	-	-	3,064,973	-	3,064,973
Code enforcement	-	-	-	-	64,818	-	64,818
Investigations	-	-	-	4,871	416,006	32,262	453,139
Communications	-	-	-	-	26,927	-	26,927
Building department	-	-	-	-	6,295	-	6,295
Total public safety	9,560	-	3,799,272	103,044	4,009,419	32,262	7,953,557
Physical environment:							
Stormwater	-	-	-	12,991	2,080,419	20,479,737	22,573,147
Cemetery	572,181	-	201,153	220,025	55,918	92,167	1,141,444
Total physical environment	572,181	-	201,153	233,016	2,136,337	20,571,904	23,714,591
Transportation:							
Central garage	-	-	130,489	114,192	226,254	674	471,609
Roads and drainage	47,125	-	166,907	1,036,134	1,210,283	22,396,214	24,856,663
Total transportation	47,125	-	297,396	1,150,326	1,436,537	22,396,888	25,328,272
Economic environment:							
Non-departmental	2,308,392	-	1,040,590	-	-	-	3,348,982
Cultural and recreation:							
Parks and recreation	1,711,324	171,782	1,639,437	6,490,678	817,728	2,854,466	13,685,415
Total	\$ 9,123,041	\$ 171,782	\$ 14,344,679	\$ 8,222,937	\$ 11,313,414	\$ 46,454,410	89,630,263
Construction in progress							9,520,507
Total							\$ 99,150,770

CITY OF SEBASTIAN, FLORIDA

Schedule of Changes by Function and Activity

Capital Assets Used in the Operation of Governmental Funds
September 30, 2022

Functions / Programs	Capital Assets October 1, 2021	Additions	Disposals	Transfers In	Transfers Out	Capital Assets September 30, 2022
General government:						
City manager	\$ 49,954	\$ 35,138	\$ -	\$ -	\$ -	\$ 85,092
City clerk	4,003	-	-	-	-	4,003
Administrative services	3,394	-	-	-	-	3,394
MIS	1,856,073	204,500	248,326	-	-	1,812,247
Facilities maintenance	1,958,233	72,380	1,363	-	31,283	1,997,967
Community development	129,277	-	21,748	-	-	107,529
Non-departmental	11,589,350	-	136	-	-	11,589,214
Total general government	15,590,284	312,018	271,573	-	31,283	15,599,446
Public safety:						
Administration	4,328,552	8,853	-	-	-	4,337,405
Road patrol	3,066,261	312,824	314,112	-	-	3,064,973
Code enforcement	64,818	-	-	-	-	64,818
Investigations	413,478	84,301	44,640	-	-	453,139
Communications	26,927	-	-	-	-	26,927
Building department	6,295	-	-	-	-	6,295
Total public safety	7,906,331	405,978	358,752	-	-	7,953,557
Physical environment:						
Stormwater	22,475,467	143,081	46,303	34,524	33,622	22,573,147
Cemetery	1,134,987	6,457	-	-	-	1,141,444
Total physical environment	23,610,454	149,538	46,303	34,524	33,622	23,714,591
Transportation:						
Central garage	477,731	-	35,603	31,283	1,802	471,609
Roads and drainage	24,765,885	234,847	143,167	33,622	34,524	24,856,663
Total transportation	25,243,616	234,847	178,770	64,905	36,326	25,328,272
Economic environment:						
Non-departmental	3,355,544	-	6,562	-	-	3,348,982
Cultural and recreation:						
Parks and recreation	12,889,058	817,585	23,030	1,802	-	13,685,415
Total	88,595,287	1,919,966	884,990	101,231	101,231	89,630,263
Construction in progress	3,759,159	5,761,348	-	-	-	9,520,507
Total	\$ 92,354,446	\$ 7,681,314	\$ 884,990	\$ 101,231	\$ 101,231	\$ 99,150,770

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				
	2022	2021	2020	2019	2018
Governmental activities					
Net investment in capital assets	\$ 46,341,824	\$ 41,252,989	\$ 37,919,832	\$ 37,080,967	\$ 37,568,980
Restricted	7,282,425	10,142,786	10,637,069	8,976,174	6,419,900
Unrestricted	3,445,378	2,320,211	1,103,683	2,056,430	1,649,796
Total governmental activities net position	\$ 57,069,627	\$ 53,715,986	\$ 49,660,584	\$ 48,113,571	\$ 45,638,676
Business-type activities					
Net investment in capital assets	\$ 18,585,143	\$ 15,862,090	\$ 16,263,098	\$ 16,995,851	\$ 14,972,789
Unrestricted (deficit)	(436,561)	(933,213)	(1,017,263)	(654,928)	(777,422)
Total business-type activities net position	\$ 18,148,582	\$ 14,928,877	\$ 15,245,835	\$ 16,340,923	\$ 14,195,367
Primary Government					
Net investment in capital assets	\$ 64,926,967	\$ 57,115,079	\$ 54,182,930	\$ 54,076,818	\$ 52,541,769
Restricted	7,282,425	10,142,786	10,637,069	8,976,174	6,419,900
Unrestricted	3,008,817	1,386,998	86,420	1,401,502	872,374
Total primary government net position	\$ 75,218,209	\$ 68,644,863	\$ 64,906,419	\$ 64,454,494	\$ 59,834,043

Table 1 - Unaudited

Fiscal Year				
2017	2016	2015	2014	2013
\$ 37,461,026	\$ 35,886,087	\$ 35,220,857	\$ 35,210,526	\$ 32,038,749
5,113,543	5,209,372	4,997,724	5,115,627	5,839,440
<u>1,236,088</u>	<u>3,615,777</u>	<u>3,467,014</u>	<u>3,330,400</u>	<u>4,577,440</u>
<u>\$ 43,810,657</u>	<u>\$ 44,711,236</u>	<u>\$ 43,685,595</u>	<u>\$ 43,656,553</u>	<u>\$ 42,455,629</u>
\$ 13,384,969	\$ 11,989,666	\$ 10,517,895	\$ 10,439,804	\$ 10,846,501
(1,008,976)	(717,053)	67,779	(103,116)	(306,497)
<u>\$ 12,375,993</u>	<u>\$ 11,272,613</u>	<u>\$ 10,585,674</u>	<u>\$ 10,336,688</u>	<u>\$ 10,540,004</u>
\$ 50,845,995	\$ 47,875,753	\$ 45,738,752	\$ 45,650,330	\$ 42,885,250
5,113,543	5,209,372	4,997,724	5,115,627	5,839,440
<u>227,112</u>	<u>2,898,724</u>	<u>3,534,793</u>	<u>3,227,284</u>	<u>4,270,943</u>
<u>\$ 56,186,650</u>	<u>\$ 55,983,849</u>	<u>\$ 54,271,269</u>	<u>\$ 53,993,241</u>	<u>\$ 52,995,633</u>

CITY OF SEBASTIAN, FLORIDA

Changes in Net Position

Last Ten Fiscal Years

	Fiscal Year				
	2022	2021	2020	2019	2018
Expenses					
Governmental activities:					
General government	\$ 5,158,135	\$ 4,907,738	\$ 5,071,184	\$ 3,970,541	\$ 3,926,479
Public safety	7,703,234	6,453,141	6,856,836	6,613,707	6,227,299
Physical environment	3,259,272	2,848,779	2,534,320	3,106,764	3,431,933
Transportation	2,153,685	2,136,727	2,037,807	2,022,117	1,949,882
Economic environment	291,969	256,771	315,985	402,986	238,597
Cultural and recreation	1,606,579	1,481,096	1,402,691	1,434,296	1,279,635
Interest on debt	14,644	19,522	28,711	38,539	56,523
Total governmental activities expenses	20,187,518	18,103,774	18,247,534	17,588,950	17,110,348
Business-type activities:					
Golf Course	1,659,271	1,575,587	1,551,926	1,533,749	1,555,853
Airport	1,427,667	1,339,582	1,282,084	1,336,180	1,328,258
Building	1,260,189	1,544,157	1,869,767	715,846	664,066
Total business-type activities expenses	4,347,127	4,459,326	4,703,777	3,585,775	3,548,177
Total primary government expenses	24,534,645	22,563,100	22,951,311	21,174,725	20,658,525
Program revenue					
Governmental activities:					
Charges for services:					
General government	769,115	769,986	684,938	532,721	466,261
Public safety	217,282	157,625	130,502	147,121	74,216
Physical environment	2,132,049	2,119,101	2,037,874	2,161,464	1,064,659
Cultural and recreation	69,714	70,623	41,316	54,769	52,160
Operating grants and contributions	2,066,434	2,093,941	1,726,719	803,092	1,776,070
Capital grants and contributions	4,910,478	4,265,728	3,647,329	251,088	181,050
Total governmental activities program revenue	10,165,072	9,477,004	8,268,678	3,950,255	3,614,416
Business-type activities:					
Charges for services:					
Golf Course	1,812,201	1,498,561	1,525,184	1,400,939	1,257,047
Airport	688,723	578,916	552,789	536,442	583,310
Building	1,257,746	1,377,978	937,839	864,068	911,643
Operating grants and contributions	-	-	-	46,771	115,907
Capital grants and contributions	3,295,019	560,394	471,888	2,670,116	2,120,953
Total business-type activities program revenue	7,053,689	4,015,849	3,487,700	5,518,336	4,988,860
Total primary government program revenue	17,218,761	13,492,853	11,756,378	9,468,591	8,603,276
Net (expense) revenue					
Governmental activities	(10,022,446)	(8,626,770)	(9,978,856)	(13,638,695)	(13,495,932)
Business-type activities	2,706,562	(443,477)	(1,216,077)	1,932,561	1,440,683
Total primary government net (expense) revenue	(7,315,884)	(9,070,247)	(11,194,933)	(11,706,134)	(12,055,249)

Table 2 - Unaudited

Fiscal Year				
2017	2016	2015	2014	2013
\$ 3,379,369	\$ 3,285,607	\$ 3,015,536	\$ 2,923,398	\$ 2,784,485
6,549,037	5,476,136	5,164,197	4,908,374	4,928,203
3,769,377	2,538,752	2,759,461	2,310,539	2,039,380
2,279,149	1,861,946	2,024,814	1,828,569	1,845,429
106,577	364,675	194,630	247,891	155,214
1,326,245	1,191,488	1,293,246	1,229,369	1,232,345
63,141	82,943	100,468	235,071	368,432
<u>17,472,895</u>	<u>14,801,547</u>	<u>14,552,352</u>	<u>13,683,211</u>	<u>13,353,488</u>
1,537,332	1,584,214	1,409,829	1,406,770	1,377,039
1,361,134	1,197,549	1,038,361	1,031,464	1,146,905
586,752	546,649	531,087	465,717	417,887
<u>3,485,218</u>	<u>3,328,412</u>	<u>2,979,277</u>	<u>2,903,951</u>	<u>2,941,831</u>
<u>20,958,113</u>	<u>18,129,959</u>	<u>17,531,629</u>	<u>16,587,162</u>	<u>16,295,319</u>
362,631	374,581	372,255	407,068	314,158
124,800	98,446	80,763	76,132	67,297
1,021,038	1,049,735	1,087,642	1,073,015	1,101,864
48,781	53,959	67,940	67,371	70,982
250,292	323,101	345,937	186,295	332,627
947,274	809,932	994,546	739,785	770,123
<u>2,754,816</u>	<u>2,709,754</u>	<u>2,949,083</u>	<u>2,549,666</u>	<u>2,657,051</u>
1,058,939	1,135,357	1,333,189	1,277,660	1,302,441
499,321	516,403	457,318	470,703	481,759
747,950	810,069	712,620	700,751	706,964
116,055	-	-	-	-
1,566,737	841,668	702,154	235,215	230,868
<u>3,989,002</u>	<u>3,303,497</u>	<u>3,205,281</u>	<u>2,684,329</u>	<u>2,722,032</u>
<u>6,743,818</u>	<u>6,013,251</u>	<u>6,154,364</u>	<u>5,233,995</u>	<u>5,379,083</u>
(14,718,079)	(12,091,793)	(11,603,269)	(11,133,545)	(10,696,437)
<u>503,784</u>	<u>(24,915)</u>	<u>226,004</u>	<u>(219,622)</u>	<u>(219,799)</u>
<u>(14,214,295)</u>	<u>(12,116,708)</u>	<u>(11,377,265)</u>	<u>(11,353,167)</u>	<u>(10,916,236)</u>

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CITY OF SEBASTIAN, FLORIDA

Changes in Net Position

Last Ten Fiscal Years

	Fiscal Year				
	2022	2021	2020	2019	2018
General revenue and other changes in net position					
Governmental activities:					
Property taxes, levied for general purposes	\$ 4,988,598	\$ 4,991,306	\$ 4,270,497	\$ 4,325,759	\$ 4,153,194
Public utility taxes	3,172,766	3,030,261	2,940,406	2,882,460	2,808,172
Franchise fees	1,571,571	1,384,529	1,316,849	1,343,744	1,316,792
Intergovernmental - unrestricted	3,526,318	3,066,490	2,541,474	7,109,496	6,887,664
Investment earnings	142,209	61,247	180,988	378,657	216,185
Miscellaneous	468,361	271,276	381,999	277,970	312,401
Transfers	(493,736)	(122,937)	(106,344)	(204,496)	(370,457)
Total governmental activities	13,376,087	12,682,172	11,525,869	16,113,590	15,323,951
Business-type activities:					
Investment earnings	17,582	3,582	10,377	8,499	8,234
Gain on sale of capital assets	1,825	-	4,268	-	-
Miscellaneous	-	-	-	-	-
Transfers	493,736	122,937	106,344	204,496	370,457
Total business-type activities	513,143	126,519	120,989	212,995	378,691
Total primary government general revenue	13,889,230	12,808,691	11,646,858	16,326,585	15,702,642
Change in net position					
Governmental activities	3,353,641	4,055,402	1,547,013	2,474,895	1,828,019
Business-type activities	3,219,705	(316,958)	(1,095,088)	2,145,556	1,819,374
Total primary government change in net position	\$ 6,573,346	\$ 3,738,444	\$ 451,925	\$ 4,620,451	\$ 3,647,393

Table 2 - Unaudited

Fiscal Year				
2017	2016	2015	2014	2013
\$ 4,147,115	\$ 3,942,048	\$ 3,594,210	\$ 3,248,113	\$ 3,221,304
5,945,386	5,762,921	5,555,270	5,320,051	5,123,046
1,271,403	1,257,430	1,241,515	1,190,233	1,118,886
2,616,522	2,466,546	2,365,137	2,208,700	2,063,450
135,614	77,317	65,256	43,293	74,650
290,269	316,239	240,179	338,901	315,296
(588,809)	(705,067)	2,988	(14,822)	(37,734)
<u>13,817,500</u>	<u>13,117,434</u>	<u>13,064,555</u>	<u>12,334,469</u>	<u>11,878,898</u>
10,787	6,787	5,368	1,484	4,391
-	-	-	-	-
-	-	20,602	-	274
<u>588,809</u>	<u>705,067</u>	<u>(2,988)</u>	<u>14,822</u>	<u>37,734</u>
<u>599,596</u>	<u>711,854</u>	<u>22,982</u>	<u>16,306</u>	<u>42,399</u>
<u>14,417,096</u>	<u>13,829,288</u>	<u>13,087,537</u>	<u>12,350,775</u>	<u>11,921,297</u>
(900,579)	1,025,641	1,461,286	1,200,924	1,182,461
<u>1,103,380</u>	<u>686,939</u>	<u>248,986</u>	<u>(203,316)</u>	<u>(177,400)</u>
<u>\$ 202,801</u>	<u>\$ 1,712,580</u>	<u>\$ 1,710,272</u>	<u>\$ 997,608</u>	<u>\$ 1,005,061</u>

concluded

CITY OF SEBASTIAN, FLORIDA

Fund Balances, Governmental Funds

Last Ten Fiscal Years

	Fiscal Year				
	2022	2021	2020	2019	2018
Governmental funds					
General fund:					
Nonspendable	\$ 201,992	\$ 341,851	\$ 182,803	\$ 94,564	\$ 234,852
Restricted	-	110,994	88,782	103,900	77,185
Committed	-	-	-	-	-
Assigned	-	12,157	12,157	12,157	13,871
Unassigned	7,993,009	6,224,793	5,419,259	5,988,440	5,047,473
Total General fund	8,195,001	6,689,795	5,703,001	6,199,061	5,373,381
All other governmental funds:					
Nonspendable	436,407	1,001,453	1,085,337	1,036,571	1,542,466
Restricted	6,846,018	9,034,265	9,471,281	7,850,346	4,822,199
Committed	409,549	329,364	223,723	553,172	707,667
Unassigned (deficit)	(429,088)	(210,876)	-	(5,730)	(3,048)
Total all other governmental funds	7,262,886	10,154,206	10,780,341	9,434,359	7,069,284
Total governmental funds	\$ 15,457,887	\$ 16,844,001	\$ 16,483,342	\$ 15,633,420	\$ 12,442,665

Table 3 - Unaudited

Fiscal Year				
2017	2016	2015	2014	2013
\$ 342,505	\$ 227,651	\$ 316,036	\$ 369,329	\$ 368,564
63,016	46,262	38,544	7,969	28,632
-	-	-	-	-
12,350	10,840	8,692	7,129	7,020
<u>4,089,275</u>	<u>5,526,675</u>	<u>5,289,322</u>	<u>5,348,905</u>	<u>5,065,242</u>
<u>4,507,146</u>	<u>5,811,428</u>	<u>5,652,594</u>	<u>5,733,332</u>	<u>5,469,458</u>
941,061	996,778	928,758	1,390,073	1,323,838
4,131,416	4,193,653	4,181,787	3,756,950	4,647,950
995,144	977,868	815,688	625,007	589,364
(26,370)	(129,401)	(58,618)	(64,875)	-
<u>6,041,251</u>	<u>6,038,898</u>	<u>5,867,615</u>	<u>5,707,155</u>	<u>6,561,152</u>
<u>\$ 10,548,397</u>	<u>\$ 11,850,326</u>	<u>\$ 11,520,209</u>	<u>\$ 11,440,487</u>	<u>\$ 12,030,610</u>

CITY OF SEBASTIAN, FLORIDA

Changes in Fund Balances, Governmental Funds

Last Ten Fiscal Years

	Fiscal Year				
	2022	2021	2020	2019	2018
Revenues					
Taxes	\$ 8,161,364	\$ 8,021,567	\$ 7,210,903	\$ 7,208,219	\$ 6,961,366
Franchise fees	1,571,571	1,384,529	1,316,849	1,343,744	1,316,792
Licenses and permits	189,643	195,920	150,240	146,812	165,922
Intergovernmental	10,312,702	9,176,859	7,739,019	7,996,330	8,648,064
Impact fees	179,400	214,500	143,875	129,550	141,050
Charges for services	2,894,772	2,868,088	2,691,093	2,698,117	1,443,123
Fines	103,745	53,327	53,297	51,146	48,251
Investment earnings	142,209	61,247	180,988	378,657	216,185
Contributions and donations	468,361	271,276	381,999	277,970	55,670
Other revenues	11,128	34,800	32,628	37,796	312,401
Total revenues	24,034,895	22,282,113	19,900,891	20,268,341	19,308,824
Expenditures					
Current:					
General government	4,706,858	4,457,302	4,498,327	3,536,154	3,492,883
Public safety	6,854,359	6,314,019	6,275,459	6,035,675	5,659,861
Physical environment	2,398,846	1,858,226	1,633,435	1,871,853	2,195,332
Transportation	1,199,856	1,197,835	1,129,260	1,142,412	1,079,509
Economic environment	291,969	256,771	315,985	402,986	238,597
Cultural and recreation	1,131,280	986,734	955,164	1,027,371	875,172
Debt service:					
Principal	632,000	620,000	611,000	601,000	590,000
Lease principal	1,642	-	-	-	-
Interest	17,788	23,927	35,023	45,846	56,523
Capital outlay	7,692,675	6,083,703	3,490,972	2,209,793	2,856,222
Total expenditures	24,927,273	21,798,517	18,944,625	16,873,090	17,044,099
Revenues over (under) expenditures	(892,378)	483,596	956,266	3,395,251	2,264,725
Other financing sources (uses)					
Transfers in	8,099,451	5,632,516	3,280,101	2,451,428	4,427,037
Transfers out	(8,593,187)	(5,755,453)	(3,386,445)	(2,655,924)	(4,797,494)
Total other financing sources (uses)	(493,736)	(122,937)	(106,344)	(204,496)	(370,457)
Net change in fund balances	\$ (1,386,114)	\$ 360,659	\$ 849,922	\$ 3,190,755	\$ 1,894,268
Debt service as a percentage of noncapital expenditures ¹	3.8%	4.1%	4.2%	4.4%	4.6%

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				
2017	2016	2015	2014	2013
\$ 10,738,778	\$ 10,326,654	\$ 9,782,109	\$ 9,123,879	\$ 8,894,880
1,271,403	1,257,430	1,241,515	1,190,233	1,118,886
135,900	136,614	147,219	138,564	45,500
2,991,190	2,709,066	2,742,950	2,373,695	2,411,395
102,700	163,800	281,450	168,350	169,000
1,353,009	1,391,495	1,397,395	1,431,101	1,462,522
96,842	73,059	63,035	54,140	60,190
135,614	77,317	65,256	43,293	78,411
45,420	80,581	48,124	36,801	22,406
290,269	316,239	241,597	338,901	315,296
<u>17,161,125</u>	<u>16,532,255</u>	<u>16,010,650</u>	<u>14,898,957</u>	<u>14,578,486</u>
2,943,790	3,053,554	2,717,049	2,575,605	2,447,893
5,134,388	4,968,258	4,666,343	4,623,060	4,425,000
2,565,532	1,316,697	1,498,706	1,110,788	1,075,162
1,333,927	1,168,919	1,187,871	1,165,004	1,158,945
73,491	331,589	161,545	144,612	122,730
927,374	849,789	893,394	888,795	847,781
931,000	1,935,000	1,567,000	2,306,000	1,307,000
-	-	-	-	-
68,512	92,907	108,678	413,995	393,447
<u>3,896,231</u>	<u>1,780,358</u>	<u>3,133,330</u>	<u>2,246,399</u>	<u>2,115,561</u>
<u>17,874,245</u>	<u>15,497,071</u>	<u>15,933,916</u>	<u>15,474,258</u>	<u>13,893,519</u>
<u>(713,120)</u>	<u>1,035,184</u>	<u>76,734</u>	<u>(575,301)</u>	<u>684,967</u>
7,184,858	3,694,279	4,989,726	3,903,204	3,598,949
<u>(7,773,667)</u>	<u>(4,399,346)</u>	<u>(4,986,738)</u>	<u>(3,918,026)</u>	<u>(3,636,683)</u>
<u>(588,809)</u>	<u>(705,067)</u>	<u>2,988</u>	<u>(14,822)</u>	<u>(37,734)</u>
<u>\$ (1,301,929)</u>	<u>\$ 330,117</u>	<u>\$ 79,722</u>	<u>\$ (590,123)</u>	<u>\$ 647,233</u>
7.2%	14.8%	13.1%	20.6%	14.4%

CITY OF SEBASTIAN, FLORIDA

Program Revenues by Function/Program

Last Ten Fiscal Years

	Fiscal Year				
	2022	2021	2020	2019	2018
Program revenues					
Governmental activities:					
General government	\$ 5,787,477	\$ 5,689,371	\$ 4,749,501	\$ 1,096,978	\$ 1,997,400
Public safety	470,102	393,259	399,361	444,199	346,239
Physical environment	2,132,049	2,119,101	2,037,874	2,161,464	1,064,659
Transportation	1,041,474	990,150	896,751	13,295	12,908
Economic environment	484,856	-	-	-	-
Cultural and recreation	249,114	285,123	185,191	234,319	193,210
Total governmental activities	<u>10,165,072</u>	<u>9,477,004</u>	<u>8,268,678</u>	<u>3,950,255</u>	<u>3,614,416</u>
Business-type activities:					
Charges for services:					
Golf Course	1,812,201	1,498,561	1,525,184	1,401,260	1,355,652
Airport	3,983,742	1,139,310	1,024,677	3,253,008	2,704,263
Building	1,257,746	1,377,978	937,839	864,068	928,945
Total business-type activities	<u>7,053,689</u>	<u>4,015,849</u>	<u>3,487,700</u>	<u>5,518,336</u>	<u>4,988,860</u>
Total primary government	<u>\$ 17,218,761</u>	<u>\$ 13,492,853</u>	<u>\$ 11,756,378</u>	<u>\$ 9,468,591</u>	<u>\$ 8,603,276</u>

Table 5 - Unaudited

Fiscal Year				
2017	2016	2015	2014	2013
\$ 390,921	\$ 479,395	\$ 534,524	\$ 413,727	\$ 471,299
334,270	306,381	254,381	246,010	233,309
1,021,038	1,049,735	1,087,642	1,073,015	1,101,864
687,310	656,484	643,146	565,692	560,713
-	-	-	15,501	-
321,277	217,759	429,390	235,721	289,866
<u>2,754,816</u>	<u>2,709,754</u>	<u>2,949,083</u>	<u>2,549,666</u>	<u>2,657,051</u>
1,170,591	1,135,357	1,333,189	1,277,660	1,302,441
2,070,461	1,358,071	1,159,472	705,918	712,627
747,950	810,069	712,620	700,751	706,964
<u>3,989,002</u>	<u>3,303,497</u>	<u>3,205,281</u>	<u>2,684,329</u>	<u>2,722,032</u>
<u>\$ 6,743,818</u>	<u>\$ 6,013,251</u>	<u>\$ 6,154,364</u>	<u>\$ 5,233,995</u>	<u>\$ 5,379,083</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
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
2021	2022	3,172,766	4,988,598	8,161,364	3.0043

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	
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
2021	2022	3.0043	0.0000	3.0043	5.9006	6.2680	-	6.2680	1.2933

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
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
2021	2022	2,338,149,496	2,922,686,870	88,760,233	88,760,233

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
\$ 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%
607,432,125	1,819,477,604	3.0043	3,011,447,103	60.4%

Principal Property Taxpayers
Current Year and Nine Years Ago

Taxpayer	2022 Fiscal Year			2013 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)	\$ 39,458,587	1	2.17 %	\$ 13,865,501	1	1.58 %
Comcast of Florida, Inc. (Communications)	12,684,850	2	0.70	-	-	-
Wal-Mart Stores, Inc. (Retail)	8,793,720	3	0.48	8,370,920	2	0.95
Park Place Community, LLC (Rental/Retail)	8,418,594	4	0.46	6,686,739	3	0.76
Sebastian Senior Real Estate, LLC (Group Home)	7,244,050	5	0.40	-	-	-
Hartwell Groves, Inc. (Agriculture)	6,554,793	6	0.36	3,975,240	7	0.45
BW US 1, Inc. (Commercial)	5,717,965	7	0.31	5,589,340	4	0.64
Real Sub, LLC	5,243,586	8	0.29	-	-	-
CSGBSH Sebastian, LLC	5,241,210	9	0.29	-	-	-
MPA Sebastian, LLC	5,214,745	10	0.29	-	-	-
CR512 Shopping Center	-	-	-	4,910,100	5	0.56
Bellsouth Communications (Utility/Telephone)	-	-	-	4,742,812	6	0.54
Pelican Isles (Housing)	-	-	-	3,891,480	8	0.44
Sebastian Inlet (Restaurant/Hotel)	-	-	-	3,297,870	9	0.38
WinnDixie Shopping Center (Retail)	-	-	-	3,256,080	10	0.37
	<u>\$ 104,572,100</u>		<u>5.75 %</u>	<u>\$ 58,586,082</u>		<u>6.67 %</u>
Total Taxable Value	<u>\$ 1,819,477,604</u>			<u>\$ 877,458,060</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
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%
2021	2022	4,761,264	4,536,864	95.00%	66,069	4,602,933	96.67%

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			
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	0.0001%	38
2022	121,000	-	-	-	121,000	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			
	2022	2021	2020	2019
Debt limit	\$ 90,973,880	\$ 79,176,757	\$ 74,102,711	\$ 69,183,437
Total net debt applicable to limit	<u>121,000</u>	<u>753,000</u>	<u>1,373,000</u>	<u>1,984,000</u>
Legal debt margin	<u>\$ 90,852,880</u>	<u>\$ 78,423,757</u>	<u>\$ 72,729,711</u>	<u>\$ 67,199,437</u>
Total net debt applicable to the limit as a percentage of debt limit	0.13%	0.95%	1.85%	2.87%

Legal Debt Margin Calculation for Fiscal Year 2022

Assessed value	\$ 2,426,909,729
Less: Exempt property	<u>(607,432,125)</u>
Taxable Value	1,819,477,604
Debt limit (5% of taxable value)	90,973,880
Debt applicable to limit:	
Revenue bonds/notes	<u>121,000</u>
Total net debt applicable to limit	<u>121,000</u>
Legal debt margin	<u>\$ 90,852,880</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, 2022 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					
2018	2017	2016	2015	2014	2013
\$ 63,157,289	\$ 57,729,642	\$ 48,340,610	\$ 48,340,610	\$ 44,250,493	\$ 41,034,956
2,585,000	3,175,000	6,041,000	6,041,000	7,608,000	9,914,000
<u>\$ 60,572,289</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>
4.09%	5.50%	12.50%	12.50%	17.19%	24.16%

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			
2013	\$ 1,007,221	\$ 290,000	\$ 148,048	\$ 438,048	2.30	
2014	-	-	-	-	-	
2015	-	-	-	-	-	
2016	-	-	-	-	-	
2017	-	-	-	-	-	
2018	-	-	-	-	-	
2019	-	-	-	-	-	
2020	-	-	-	-	-	
2021	-	-	-	-	-	
2022	-	-	-	-	-	

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
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	15,565,785	95,109	61,351	5,868	4.6
2022	25,915	⁴	⁴	⁴	5,484	3.1

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
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
2.7	177.62	1,819,477,604

Principal Employers

Current Year and Nine Years Ago

Employer	2022			2013		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
Indian River Medical Center (Healthcare)	2,112	1	4.15 %	1,699	2	2.86 %
School District of Indian River County (Government)	2,039	2	4.00	2,013	1	3.39
Indian River County (Government)	1,455	3	2.86	1,348	3	2.27
Publix Supermarkets (Food/Beverage)	1,380	4	2.71	1,092	4	1.84
Piper Aircraft, Inc. (Manufacturer)	980	5	1.92	750	5	1.26
Wal-Mart (Retail)	806	6	1.58	701	6	1.18
Sebastian River Medical Center (Healthcare)	750	7	1.47	576	7	0.97
Visiting Nurse Association (Healthcare)	500	8	0.98	401	10	0.68
John's Island (Residential/Resort)	495	9	0.97	550	8	0.93
Indian River Estates (Retirement/Life care)	486	10	0.95	350	11	0.59
City of Vero Beach (Government)	374	11	0.73	460	9	0.78
CVS Warehouse/Distribution (Distribution)	336	12	0.66	276	14	0.47
Disney Vero Beach (Resort Hotel)	279	13	0.55	281	12	0.47
Saint Edward's School (Education)	223	14	0.44	-	-	0.00
City of Sebastian (Government)	188	15	0.37	171	18	0.29
Captain Hiram's (Restaurant/Resort)	174	16	0.34	174	17	0.29
Flight Safety International (Education)	170	17	0.33	162	20	0.27
B&W Quality Growers (Agricultural)	142	18	0.28	-	-	0.00
Vero Beach Hotel and Spa	135	19	0.27	-	-	0.00
Grand Harbor Management (Developer)	125	20	0.25	253	13	0.43
Sun Ag, Inc. (Agriculture)	-		0.00	225	15	0.38
Medical Data Systems (Collection Agency)	-		0.00	175	16	0.30
	<u>13,149</u>		<u>25.81 %</u>	<u>11,657</u>		<u>19.65 %</u>
Total Average County Employees	<u>50,929</u>			<u>59,304</u>		

Source: Indian River County Community Development Report.

Note: Principal employers information available for Indian River County Only.

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CITY OF SEBASTIAN, FLORIDA

Full-Time Equivalent City Government Employees By Function/Program

For the Last Ten Fiscal Years

Function	Full-time Equivalent Employees as of September 30				
	2022	2021	2020	2019	2018
General government					
City council	2.5	2.5	2.5	2.5	2.5
City manager	2.0	2.0	2.0	2.0	2.0
City clerk	2.5	2.5	2.5	2.5	2.5
City attorney	1.0	1.0	1.0	-	-
Administrative Services	6.0	6.0	6.0	6.0	6.0
Management information	6.0	5.0	5.0	5.0	5.0
Audio/visual	-	-	-	-	-
Facilities maintenance	3.0	4.0	4.0	3.0	3.0
Community development	5.0	5.0	5.0	4.0	4.0
Public safety					
Police	65.0	64.0	64.0	64.0	64.0
Building	9.5	8.5	7.5	7.5	7.5
Code enforcement	3.0	3.0	3.0	3.0	3.0
Transportation					
Roads and drainage	10.0	10.0	10.0	9.5	9.5
Fleet management	3.0	3.0	3.0	3.5	3.5
Airport	2.5	1.5	1.5	1.5	2.0
Physical environment					
Cemetery	2.0	2.0	2.0	2.0	2.0
Stormwater utility	15.5	13.5	13.5	14.5	14.5
Cultural and recreation					
Leisure services	16.0	15.0	16.0	21.0	21.0
Golf course	9.0	9.0	9.0	9.0	11.0
Total	163.5	157.5	157.5	160.5	163.0

Source: City of Sebastian, Florida 2012-2022 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				
2017	2016	2015	2014	2013
2.5	2.5	2.5	2.5	2.5
2.5	2.5	2.0	2.0	2.0
2.5	3.0	5.0	5.0	3.0
-	-	-	-	-
6.0	4.0	5.5	5.5	5.0
2.0	2.0	2.0	2.0	3.0
2.5	1.0	-	-	-
2.5	3.5	5.0	5.0	4.0
3.0	2.0	4.0	4.0	3.0
57.5	57.5	57.0	57.0	55.5
5.0	5.0	5.0	5.0	5.0
3.0	3.0	3.0	3.0	3.0
11.5	11.0	10.0	10.0	10.0
3.5	3.5	3.5	3.5	3.5
3.0	1.0	1.0	1.0	2.0
1.5	2.0	2.0	2.0	2.0
8.0	9.0	9.0	9.0	9.0
18.0	19.0	20.0	20.0	20.0
13.0	10.0	10.0	10.0	10.0
<u>147.5</u>	<u>141.5</u>	<u>146.5</u>	<u>146.5</u>	<u>142.5</u>

CITY OF SEBASTIAN, FLORIDA

Operating Indicators By Function/Program

For the Last Ten Fiscal Years

Function	Fiscal Year				
	2022	2021	2020	2019	2018
General government					
Number of annexations approved	4	-	-	1	-
Acres of annexed property	49.2	-	-	1,118	-
Purchase orders issued	387	350	350	293	355
Public Safety					
Police					
Physical arrests	276	363	397	525	516
Traffic violations	3,011	2,448	2,350	4,627	3,678
Parking violations	25	17	37	30	55
Building					
New construction permits issued ¹	229	255	178	170	167
Estimated value of construction (in millions)	\$ 62.9	\$ 649.5	\$ 46.9	\$ 42.4	\$ 39.8
Transportation					
Asphalt for road maintenance (tons)	44	127	64	188	120
Physical environment					
Cemetery					
Cemetery internments	97	91	75	74	60
Grave deeds sold	106	61	62	59	30
Stormwater					
Swales maintained (miles)	150	150	150	150	150
Ditches maintained (miles)	80	80	80	80	80
Road crossings maintained	50	50	50	50	50
Cultural and recreation					
Program participants	3,490	3,970	4,371	6,823	6,495
Number of discount cards	784	711	693	690	643
Number of golf course memberships	190	121	152	134	123
Average daily golf revenue	\$ 4,961	\$ 4,117	\$ 4,179	\$ 3,837	\$ 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				
2017	2016	2015	2014	2013
-	-	-	-	2
-	-	-	-	4.00
289	328	254	242	233
356	258	287	347	440
3,192	3,065	3,725	4,587	4,491
49	73	60	29	80
147	191	142	175	170
\$ 37.2	\$ 43.4	\$ 40.6	\$ 40.0	\$ 35.9
20	20	10	20	30
62	61	71	67	65
29	39	43	47	38
300	300	300	280	280
80	75	75	50	50
70	68	68	68	50
6,268	7,280	7,647	7,571	8,113
657	631	653	653	710
119	127	93	84	86
\$ 3,100	\$ 3,100	\$ 3,653	\$ 3,500	\$ 3,569

CITY OF SEBASTIAN, FLORIDA

Capital Asset Statistics By Function/Program

For the Last Ten Fiscal Years

Function	Fiscal Year				
	2022	2021	2020	2019	2018
General Government					
Square footage occupied	21,500	21,500	21,500	21,500	21,500
Departmental vehicles	3	3	3	3	6
Public Facilities Site square footage	379,068	-	-	-	-
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	72	78	78	78	71
Building inspector vehicles	5	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	2	3	3	3	5
Public service vehicles	14	17	17	16	13
Physical environment					
Public service vehicles	19	18	18	18	18
Cultural and recreation					
Parks vehicles	8	8	8	8	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	-
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				
2017	2016	2015	2014	2013
21,500	21,500	21,500	21,500	21,500
6	4	5	5	6
-	-	-	-	-
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
71	70	66	62	61
4	4	4	3	3
156	156	156	156	156
1,100	1,085	1,085	1,085	1,080
4	4	3	1	1
12	12	12	15	17
19	17	17	10	10
5	6	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	12	9	12
-	-	-	1	1

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INTERNAL CONTROL AND COMPLIANCE

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**INDEPENDENT AUDITORS'
MANAGEMENT LETTER**

March 7, 2023

Honorable Mayor and
Members of City Council
City of 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, 2022 and have issued our report thereon dated March 7, 2023.

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 March 7, 2023, should be considered in conjunction with this management letter.

Prior Audit Findings

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

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**INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE
WITH LOCAL GOVERNMENT INVESTMENT POLICIES**

March 7, 2023

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

We have examined the **City of Sebastian, 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, 2022. Management of the City is responsible for the City's compliance with the specified requirements. Our responsibility is to express an opinion on the City's compliance with the specified requirements based on our examination.

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, 2022.

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.

Rehmann Loborn LLC

