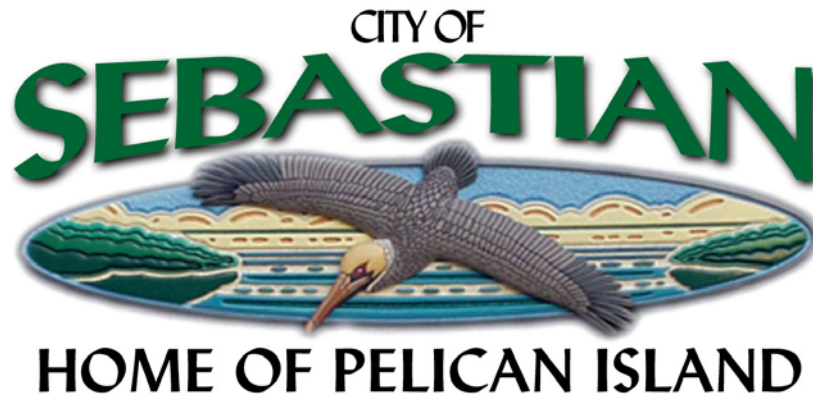


**RIVERFRONT COMMUNITY REDEVELOPMENT AGENCY  
(A COMPONENT UNIT OF THE CITY OF SEBASTIAN)**



**BASIC FINANCIAL STATEMENTS  
For the Year Ended September 30, 2020**

**CITY COUNCIL**

Ed Dodd  
*Mayor*

Jim Hill  
*Vice-Mayor*

Fred Jones  
*Council Member*

Bob McPartlan  
*Council Member*

Christopher Nunn  
*Council Member*

Prepared by: Administrative Services Department

# RIVERFRONT COMMUNITY REDEVELOPMENT AGENCY (A Component Unit of the City of Sebastian)

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## INDEPENDENT AUDITORS' REPORT

August 24, 2021

To the Honorable Mayor and  
City Council Members  
City of Sebastian Riverfront Community Redevelopment Agency

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities and major fund of the **City of Sebastian Riverfront Community Redevelopment Agency** (the "Agency"), a blended component unit of the City of Sebastian, Florida, as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements as listed in the table of contents.

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

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

### ***Independent Auditors' Responsibility***

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

Rehmann is an independent member of Nexia International.



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

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

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities and major fund of the City of Sebastian Riverfront Community Redevelopment Agency as of September 30, 2020, and the respective changes in financial position thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

### **Other Matters**

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

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated August 24, 2021, on our consideration of the City of Sebastian Riverfront Community Redevelopment Agency's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Agency's internal control over financial reporting and compliance.

*Rehmann Lobson LLC*

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

# RIVERFRONT COMMUNITY REDEVELOPMENT AGENCY

## (A Component Unit of the City of Sebastian)

### Management's Discussion and Analysis

The following is a discussion and analysis of the financial performance and position of Riverfront Community Redevelopment Agency (the "Agency") for the year ended September 30, 2020. This analysis should be read in conjunction with the *Independent Auditors' Report* and with the financial statements, which follow this section.

The Agency was formally established in March 1995, with the adoption of Ordinance No. 0-95-08 by the City of Sebastian's Council. As provided for in Section 163.357, Florida Statute, the Agency is comprised of the five (5) members of the City of Sebastian Council. In 1995, the Sebastian Riverfront Community Redevelopment Plan was adopted, the City of Sebastian's Riverfront Community Development Agency was adopted and the Sebastian CRA Trust Fund established. The boundary was expanded in 2003, as well as the Redevelopment Plan to make one cohesive CRA. The Redevelopment Plan was again updated in 2010 to document conceptual recommendations, policy amendments and capital improvements intended to meet the CRA goals.

The primary function of the Agency, under the Plan is to ensure that the downtown and surrounding vicinity would develop with a coherent community vision, and to encourage reinvestment within the CRA area. The City of Sebastian Council functions as the Riverfront Community Redevelopment Agency Board and performs the legislative and governing duties and responsibilities of the Agency. The Community Development Director performs the day to day administrative duties as Director of the Agency under the oversight and supervision of the City Manager.

The information contained in this MD&A is only a component of the entire financial statement report. We encourage readers to consider the information presented here in conjunction with all sections of the report, including the notes and required supplementary information provided.

#### **Financial Highlights**

- The assets of the Agency exceeded its liabilities at the close of the most recent fiscal year by \$2,464,716 (net position).
- The Agency's total net position increased by \$20,276 from the prior year.
- Taxable values within the CRA area increased 4% from the prior year. The City and County are required to contribute a tax increment calculated by applying their millage rate to 95% of the increase in taxable values from the taxable values for the base year. The County tax increment increased \$19,422 due to an increase in their millage rate from the prior year. The City millage rate was reduced from the prior year and had a decrease in the tax increment of \$398.

#### **Overview of the Financial Statements**

The Agency's financial statements are comprised of three major components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. Each is discussed below. This report also contains other supplementary information in addition to the basic financial statements themselves.



# RIVERFRONT COMMUNITY REDEVELOPMENT AGENCY

## (A Component Unit of the City of Sebastian)

### Management's Discussion and Analysis

*Government-wide Financial Statements.* The Agency's government-wide financial statements provide a broad overview of the Agency's finances, in a manner similar to that of a private-sector entity. This section does not discuss individual Funds, and instead, focus on Governmental Activities and are prepared using the accrual basis of accounting. There are two statements:

**Statement of Net Position.** The government-wide statement of net position presents information on all the Agency's assets and liabilities, with the difference between the two reported as net position.

**Statement of Activities.** The government-wide statement of activities presents information on why the Agency's net position changed during the fiscal year (the difference between revenues received and expenses incurred). All changes in net position are reported as soon as an underlying event occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported even if cash is not received or paid.

The Agency's government-wide financial statements present functions of the Agency that are principally supported by tax increment financing (governmental activities). The governmental activities of the Agency include general government activities and economic environment. The Agency has no business-type activities.

*Fund Financial Statements.* These are designed to provide readers with a more precise view of financial activity, unlike the government-wide statements which focus on the Agency as a whole. A fund is a collection of resources, where a grouping of related account is used to control them. They have been segregated for a specific activity or objective. The Agency uses fund accounting to demonstrate compliance with legal requirements and to enhance accountability. The Agency utilized only one fund for the fiscal year ended September 30, 2020.

**Government Funds.** The governmental funds are used to account for the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, these focus on short-term inflows and outflows of spendable resources, as well as on spendable resources available at year-end. This information is useful in evaluating the Agency's short-term financial condition.

The focus of the Fund financial statements is comparatively narrow (versus the government-wide), it is appropriate to compare fund information to its component counterpart in the governmental activities section of the government-wide financial statements. Doing so will assist the reader in understanding the long-term impact of the Agency's short-term decisions. The governmental funds total column requires a reconciliation because of the difference in measurement focus, which is reflect on the page following each government fund financial statement.

*Notes to the Financial Statements.* The notes provide additional information that is essential to the process of developing a complete understanding of the information presented in the government-wide and fund financial statements.

# RIVERFRONT COMMUNITY REDEVELOPMENT AGENCY

## (A Component Unit of the City of Sebastian)

### Management's Discussion and Analysis

#### Required Supplementary Information (other than MD&A)

In addition to the basic financial statements described above, this report also presents certain required supplementary information, including a budgetary comparison schedule. The Agency adopts a budget for its governmental fund. Its budgetary comparison statement has been provided with a legally adopted budget to demonstrate compliance with the budget and provides an analysis of significant budget variances (if any). Required supplementary information is located just after the notes to the financial statements.

#### Statement of Net Position

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The Agency's total net position increased by \$20,276 at the close of fiscal year ended September 30, 2020.

Cash and cash equivalents grew by \$243,990, investments decreased by \$158,845 and capital assets decreased by \$84,279.

The following table reflects a summarized version of the Statement of Net Position, when compared to the prior fiscal year.

	Net Position	
	2020	2019
<b>Assets</b>		
Current and other assets	\$ 478,861	\$ 393,716
Capital assets, net	1,986,056	2,070,336
<b>Total assets</b>	<u>2,464,917</u>	<u>2,464,052</u>
<b>Current liabilities, which equals total liabilities</b>	<u>201</u>	<u>19,612</u>
<b>Net position</b>		
Investment in capital assets	1,986,056	2,070,336
Restricted	478,660	374,104
<b>Total net position</b>	<u>\$ 2,464,716</u>	<u>\$ 2,444,440</u>

For more detailed information, see the Statement of Net Position.

**RIVERFRONT COMMUNITY REDEVELOPMENT AGENCY  
(A Component Unit of the City of Sebastian)**

**Management's Discussion and Analysis**

**Statement of Activities**

Tax-increment revenue increased by \$19,024. The County portion of the tax-increment revenue increased by \$19,422, representing growth in property values within the Agency and an increase in the County's millage rate. The City portion decreased by \$398 due to a decrease in the City's millage rate. Program revenues decreased by \$3,000 because a capital contribution was received in 2019.

The following schedule compares the revenues and expenses for the current and previous fiscal year.

	Changes in Net Position	
	2020	2019
<b>Revenues</b>		
<b>Program revenues</b>		
Charges for services	\$ 36,000	\$ 36,000
Capital contributions	-	3,000
<b>General revenues</b>		
Property taxes	403,240	384,216
Investment income	5,082	14,101
<b>Total revenues</b>	<u>444,322</u>	<u>437,317</u>
<b>Expenses</b>		
General government	1,396	2,928
Economic environment	384,778	480,115
<b>Total expenses</b>	<u>386,174</u>	<u>483,043</u>
Change in net position, before transfers	58,148	(45,726)
Transfers	<u>(37,872)</u>	<u>(90,788)</u>
<b>Change in net position</b>	20,276	(136,514)
Net position, beginning of year	<u>2,444,440</u>	<u>2,580,954</u>
<b>Net position, end of year</b>	<u>\$ 2,464,716</u>	<u>\$ 2,444,440</u>

For more detailed information, see the Statement of Activities.

**RIVERFRONT COMMUNITY REDEVELOPMENT AGENCY  
(A Component Unit of the City of Sebastian)**

**Management's Discussion and Analysis**

**Governmental Activities**

The following is a table of the fiscal years 2020 and 2019 revenues by source for governmental activities.

Revenue by Source				
September 30, 2020 and 2019				
	2020	%	2019	%
Governmental activities - revenues				
Charges for services	\$ 36,000	8%	\$ 36,000	8%
Capital contributions	-	0%	3,000	1%
Property taxes	403,240	91%	384,216	88%
Investment earnings	5,082	1%	14,101	3%
	<u>\$ 444,322</u>	<u>100%</u>	<u>\$ 437,317</u>	<u>100%</u>

The following is a table of the fiscal years 2020 and 2019 expenses by source for governmental activities.

Expenses by Source				
September 30, 2020 and 2019				
	2020	%	2019	%
Governmental activities - expenses				
General government	\$ 1,396	0%	\$ 2,928	1%
Economic environment	384,778	100%	480,115	99%
	<u>\$ 386,174</u>	<u>100%</u>	<u>\$ 483,043</u>	<u>100%</u>

**Fund Financial Statement Analysis**

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

# RIVERFRONT COMMUNITY REDEVELOPMENT AGENCY

## (A Component Unit of the City of Sebastian)

### Management's Discussion and Analysis

#### Governmental Funds

The focus of the Agency's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Agency's financing requirements.

At the end of the current year, the Riverfront Community Redevelopment Agency had ending fund balance of \$478,660, an increase of \$104,556 as compared to the prior year. All of the Agency's fund balance is considered to be restricted for community redevelopment at year-end.

#### Budgetary Highlights

##### Original budget compared to final budget.

- The difference between the original and the final amended budget for appropriations (expenditures) in the Agency was a decrease of \$110,995 due to reclassifying amounts budgeted for sewer connection grants and a marketing study to be accounted for in another fund of the City.

##### Final budget compared to actual results.

- The difference between the final amended budget for appropriations and actual expenditure in the Agency was a negative variance of \$101,011. Most of this amount was allocated for planning consultants but then determined to be an unnecessary expenditure.

#### Capital Assets

The Agency's investment in capital assets as of September 30, 2020, was equal to \$1,986,056 (net of accumulated depreciation). This investment in capital assets includes land and land rights, buildings, improvements, infrastructure machinery and equipment. The net decrease in the Agency's investment in capital assets for the fiscal year was \$84,280. Capital assets at year-end included the following:

	Capital Assets	
	2020	2019
Land and land rights	\$ 1,102,175	\$ 1,102,175
Buildings and improvements	343,820	343,820
Public domain infrastructure	985,131	985,131
System infrastructure	120,681	120,681
Improvements other than buildings	10,635	10,635
Machinery, equipment and other	158,083	158,083
Subtotal	2,720,525	2,720,525
Less accumulated depreciation	734,469	650,189
<b>Total</b>	<b>\$ 1,986,056</b>	<b>\$ 2,070,336</b>

Additional information on all capital assets can be found in Note 3 of the notes to the financial statements.

# **RIVERFRONT COMMUNITY REDEVELOPMENT AGENCY**

## **(A Component Unit of the City of Sebastian)**

### **Management's Discussion and Analysis**

#### **Economic Factors**

The City of Sebastian places significant emphasis on encouraging economic development in the downtown redevelopment area (Agency). During the fiscal year, work continued on promoting economic development in the CRA in light of the challenging economic environment created by the COVID-19 pandemic. Increasing residential values should continue to help overall economic conditions and assist in furthering the vision of the Council, which is to have a vibrant and successful downtown area. The area now contains several retail centers, a mixed-use facility, multiple restaurants and hotels. City of Sebastian continues to work closely with the County to provide an economic environment that attracts new business to our community. A focus for the coming year will be to complete improvements to the Working Waterfront which will be an additional attraction of interest by the public. Other efforts will include work at Riverview Park to protect the tree canopy and provide handsfree water stations.

#### **Financial Contact**

The Agency's financial statements are designed to present users (citizens, taxpayers, customers, investors and creditors) with a general overview of the Agency's finances and to demonstrate the Agency's accountability. If you have questions about the report or need additional financial information, contact the City's Director of Administrative Services or Accounting administrator at City Hall.

## **BASIC FINANCIAL STATEMENTS**

**RIVERFRONT COMMUNITY REDEVELOPMENT AGENCY**  
**(A Component Unit of the City of Sebastian)**

**Statement of Net Position**

September 30, 2020

	<b>Governmental Activities</b>
<b>Assets</b>	
Current assets	
Cash and cash equivalents	\$ 383,223
Investments	95,638
Total current assets	<u>478,861</u>
Noncurrent assets	
Capital assets being depreciated, net	<u>1,986,056</u>
<b>Total assets</b>	<u>2,464,917</u>
<b>Liabilities</b>	
Accounts payable	<u>201</u>
<b>Net position</b>	
Investment in capital assets	1,986,056
Restricted for Community Redevelopment Agency	<u>478,660</u>
<b>Total net position</b>	<u><u>\$ 2,464,716</u></u>

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



**RIVERFRONT COMMUNITY REDEVELOPMENT AGENCY**  
**(A Component Unit of the City of Sebastian)**

**Statement of Activities**

For the Year Ended September 30, 2020

Functions / Programs	Expenses	Program Revenues	Net (Expense) Revenue
		Charges for Services	Governmental Activities
<b>Primary government</b>			
Governmental activities:			
General government	\$ 1,396	\$ -	\$ (1,396)
Economic environment	384,778	36,000	(348,778)
	<u>\$ 386,174</u>	<u>\$ 36,000</u>	<u>(350,174)</u>
Total governmental activities			
General revenues:			
			403,240
			5,082
			<u>(37,872)</u>
			<u>370,450</u>
			<b>Change in net position</b> 20,276
			<u>2,444,440</u>
			<b>Net position ending of year</b> <u>\$ 2,464,716</u>

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

**RIVERFRONT COMMUNITY REDEVELOPMENT AGENCY**  
**(A Component Unit of the City of Sebastian)**

**Balance Sheet**

September 30, 2020

**Assets**

Cash and cash equivalents	\$ 383,223
Investments	<u>95,638</u>

**Total assets**

\$ 478,861

**Liabilities**

Accounts payable	\$ 201
------------------	--------

**Fund balance**

Restricted for:	
Community Redevelopment	<u>478,660</u>

**Total liabilities and fund balance**

\$ 478,861

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

**RIVERFRONT COMMUNITY REDEVELOPMENT AGENCY**  
**(A Component Unit of the City of Sebastian)**

**Reconciliation**

Fund Balance for Governmental Fund  
to Net Position of Governmental Activities  
September 30, 2020

**Fund balance - governmental fund** \$ 478,660

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental fund.

Governmental capital assets	\$ 2,720,525	
Less accumulated depreciation	(734,469)	1,986,056

**Net position of governmental activities** **\$ 2,464,716**

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

**RIVERFRONT COMMUNITY REDEVELOPMENT AGENCY**  
**(A Component Unit of the City of Sebastian)**

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

For the Year Ended September 30, 2020

<b>Revenues</b>	
Property taxes	\$ 403,240
Rental income	36,000
Investment income	5,082
	<hr/>
<b>Total revenues</b>	<b>444,322</b>
<b>Current expenditures</b>	
General government	1,396
Economic environment	300,498
	<hr/>
<b>Total expenditures</b>	<b>301,894</b>
Excess of revenues over expenditures	142,428
<b>Other financing uses</b>	
Transfers out to others funds of the City of Sebastian, Florida	(37,872)
	<hr/>
<b>Net change in fund balance</b>	<b>104,556</b>
Fund balance, beginning of year	374,104
	<hr/>
<b>Fund balance, end of year</b>	<b>\$ 478,660</b>
	<hr/> <hr/>

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

**RIVERFRONT COMMUNITY REDEVELOPMENT AGENCY  
(A Component Unit of the City of Sebastian)**

**Reconciliation**

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

**Net change in fund balance - governmental fund** \$ 104,556

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 depreciated over their estimated useful lives.

Less current year depreciation (84,280)

**Change in net position of governmental activities** \$ 20,276

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

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## **NOTES TO FINANCIAL STATEMENTS**

# RIVERFRONT COMMUNITY REDEVELOPMENT AGENCY (A Component Unit of the City of Sebastian)

## Notes to Financial Statements

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The *City of Sebastian Riverfront Community Redevelopment Agency* (the "Agency") was formally established in March, 1995, with the adoption of Ordinance No 0-95-08 by the Sebastian City Council, as provided for in Section 163.356, Florida Statutes. In 1995, the Riverfront Community Redevelopment Plan was adopted and the Riverfront CRA Trust Fund was established. The boundary was expanded in 2003, as well as the Redevelopment Plan. The Redevelopment Plan was again updated in 2010. Although legally separate, the five (5) members of the City Council serve as the CRA Board and City management has operational responsibility for the CRA.

The financial statements of the Agency 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 Agency's accounting policies are described below.

#### Reporting Entity

There CRA has adopted GASB Statement No. 61, *The Financial Reporting Entity: Omnibus- an amendment of GASB Statements No. 14 and No. 34*, for the purpose of evaluating whether it has any component units. Based on the criteria therein, the Agency has determined that there are no component units that meet the criteria for inclusion in the Agency's financial statements. The Board of the Agency (the Board) is governed by the five members of the City Council. Management of the City has operational responsibility for the Agency. The City is considered to be financially accountable for the Agency; the Agency is considered to be a blended component unit in the City's comprehensive annual financial report.

#### Government-wide and Fund Financial Statements

The Agency's basic financial statements include both the government-wide (reporting the Agency as a whole) and fund financial statements. Both the government-wide and fund financial statements categorize primary activities as governmental.

The government-wide Statement of net position presents in columnar format the governmental activities of the Agency and reflects, on the full accrual basis, all long-term assets and receivables as well as long-term liabilities.

The government-wide statement of activities presents the direct cost for each functional activity and applies program revenues to arrive at a net cost for the identified functions. There are no indirect costs for allocation. Program revenues must be directly associated with the government function. The overall combined net costs of governmental functions are further supported by general revenues of the Agency.



# RIVERFRONT COMMUNITY REDEVELOPMENT AGENCY

## (A Component Unit of the City of Sebastian)

### Notes to Financial Statements

Separate financial statements are provided for governmental funds. A reconciliation is provided which briefly explains adjustments necessary to reconcile the results of governmental fund accounting to the government-wide presentations.

#### **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*. 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.

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.

#### **Assets, Liabilities, and Equity**

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

The Agency considers all assets held in the City of Sebastian's pooled cash and investments to be cash equivalents because the investments in the pool are not identifiable to specific funds and the assets can be withdrawn at anytime, similar to a demand deposit account.

# RIVERFRONT COMMUNITY REDEVELOPMENT AGENCY (A Component Unit of the City of Sebastian)

## Notes to Financial Statements

### *Capital Assets*

Capital assets, which include land, buildings, improvements, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items) are reported in the governmental activities column 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 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

### *Net Position*

The government-wide financial statements utilize a net position presentation. Net position is presented in three components - net investment in capital assets, restricted and unrestricted. The net investment in capital assets component consists of capital assets less accumulated depreciation and any related long-term debt. The restricted component of net position consists of restricted assets reduced by liabilities related to those assets. The unrestricted component of net position is the net amount of assets and liabilities that are not included in the determination of net investment in capital assets or the restricted components of net position. When both restricted and unrestricted resources are available for use, it is the option of the Agency to use restricted resources first, then unrestricted resources as they are needed.

# RIVERFRONT COMMUNITY REDEVELOPMENT AGENCY (A Component Unit of the City of Sebastian)

## 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.

### *Budgetary information*

The budget is prepared annually on a modified accrual basis with encumbrance accounting. All annual appropriations lapse at year end.

On or before the third Friday in May of each year, 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.

Actual results of operations presented in accordance with U.S. generally accepted accounting principles (GAAP basis) and the Agency'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 Agency's legally adopted budget.

**RIVERFRONT COMMUNITY REDEVELOPMENT AGENCY  
(A Component Unit of the City of Sebastian)**

**Notes to Financial Statements**

The legal level of budgetary control is at the activity level. During the year ended September 30, 2020, the Agency incurred expenditures in excess of the amounts appropriated, as follows:

	Final Budget	Actual	Variance
General government	\$ 1,350	\$ 1,396	\$ 46

***Tax Increment Revenue***

The Agency's primary source of revenue is tax-increment funds. This revenue is computed by applying the respective operating tax rates for the City and the County multiplied by the increased value of property located within the boundaries of the redevelopment areas of the Agency in excess of the base property value, minus 5%. Assessed values are established by the Indian River County Property Appraiser.

***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. EQUITY IN POOLED CASH AND INVESTMENTS OF THE CITY OF SEBASTIAN, FLORIDA**

The Agency reported equity in pooled cash and investments of the City of Sebastian, Florida of \$478,861 on the statement of net position as of September 30, 2020. The pooled cash and investments are held by the City of Sebastian, Florida. Specific deposit and investment accounts are not held in the name of the Agency. The amount of federal depositary insurance and custodial credit risk of investments is determined for the City of Sebastian, Florida as a whole, and cannot be separately identified for the Agency. Information regarding interest rate risk and credit risk can be found in the City of Sebastian, Florida's Comprehensive Annual Financial Report.

**RIVERFRONT COMMUNITY REDEVELOPMENT AGENCY  
(A Component Unit of the City of Sebastian)**

**Notes to Financial Statements**

**3. CHANGE IN CAPITAL ASSETS**

The Agency capital asset activities for the year ended September 30, 2020, was as follows:

	Beginning Balance 10/01/19	Additions	Disposals	Ending Balance 09/30/2020
<b>Governmental activities</b>				
Depreciable assets	\$ 2,720,525	\$ -	\$ -	\$ 2,720,525
Less accumulated depreciation	650,189	84,280	-	734,469
<b>Governmental activities capital assets, net</b>	<u>\$ 2,070,336</u>	<u>\$ 84,280</u>	<u>\$ -</u>	<u>\$ 1,986,056</u>

**4. NET POSITION**

The government-wide statement of net position reports \$478,660 of restricted net position.



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**REQUIRED SUPPLEMENTARY INFORMATION**

**RIVERFRONT COMMUNITY REDEVELOPMENT AGENCY**  
**(A Component Unit of the City of Sebastian)**

**Schedule of Revenues, Expenditures and Changes in Fund Balance**

Budget and Actual

For the Year Ended September 30, 2020

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

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



## **OTHER REPORTS**

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## INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

August 24, 2021

The Honorable Mayor  
and City Council Members  
City of Sebastian Riverfront Community Redevelopment Agency


We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities and major fund of **City of Sebastian Riverfront Community Redevelopment Agency** (the "Agency"), a blended component unit of the City of Sebastian, Florida, as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements, and have issued our report thereon dated August 24, 2021.

### Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph and of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Agency's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## **Purpose of this Report**

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

*Rehmann Lobson LLC*

## INDEPENDENT AUDITORS' MANAGEMENT LETTER

August 24, 2021

The Honorable Mayor  
and City Council Members  
City of Sebastian Riverfront Community Redevelopment Agency

### Report on the Financial Statements

We have audited the financial statements of the **City of Sebastian Riverfront Community Redevelopment Agency** (the "Agency"), a blended component unit of the City of Sebastian, Florida, as of and for the fiscal year ended September 30, 2020 and have issued our report there dated August 24, 2021.

### Auditors' Responsibility

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

### Other Reporting Requirements

We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the 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 10.556 (10)f, Rules of the Auditor General Disclosures in those reports, which are dated August 24, 2021, should be considered in conjunction with this management letter.

### **Prior Audit Findings**

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

### **Official Title and Legal Authority**

Section 10.554(1)(i)4., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. The City of Sebastian, Florida, Riverfront Community Redevelopment Agency, was created pursuant to Florida Statute 163.356 and City Ordinance No 0-95-08. The Agency has no component units.

### **Financial Condition and Management**

Section 10.554(1)(i)5.a. and 10.556(7), Rules of the Auditor General, require us to apply appropriate procedures and communicate the results of our determination as to whether or not the Agency has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and to identify the specific condition(s) met. In connection with our audit, we determined that the Agency, did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

Pursuant to Sections 10.554(1)(i)5.b. and 10.556(8), Rules of the Auditor General, we applied financial condition assessment procedures for the Agency. 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 the 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.c. Rules of the Auditor General, requires that we determine, 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 with the audited financial statements of the county, municipality, or special district 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**

Sections 10.554(1)(i)3., Rules of the Auditor General, requires us to communicate noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but which warrants the attention of those charged with governance. In connection with our audit, we did not have any such findings.

**Purpose of this Letter**

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

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

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**INDEPENDENT ACCOUNTANTS' REPORT  
REGARDING COMPLIANCE REQUIREMENTS IN RULES OF  
THE AUDITOR GENERAL 10.556(10)F.**

August 24, 2021

The Honorable Mayor  
and City Council Members  
City of Sebastian Riverfront Community Redevelopment Agency

We have examined the **City of Sebastian Riverfront Community Redevelopment Agency** the "Agency") a blended component unit of the City of Sebastian, Florida, compliance with the requirements of section 163.387(6) and (7), Florida Statutes during the year ended September 30, 2020. Management is responsible for the Agency's compliance with those requirements. Our responsibility is to express an opinion on the Agency's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examine, on a test basis, evidence about the Agency's compliance with those requirements and performing such other procedures as we consider necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the Agency's compliance with specified requirements.

In our opinion, the City of Sebastian Riverfront Community Redevelopment Agency complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2020.

*Rehmann Lobson LLC*

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