



Sebastian Inlet District

FINANCIAL STATEMENTS

Year Ended September 30, 2020



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Sebastian Inlet District, Florida
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As of September 30, 2020

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**Sebastian Inlet District, Florida
District Commissioners
As of September 30, 2020**

District Commissioners

Jenny Lawton Seal	Chairman
Michael J. Rowland	Vice Chairman
Chris Hendricks	Secretary/Treasurer
Beth L. Mitchell	Commissioner
Lisa Frazier	Commissioner

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INDEPENDENT AUDITORS' REPORT

To the District Commissioners
Sebastian Inlet District, Florida
Indianapolis, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and major fund of the Sebastian Inlet District, Florida, (the "District") as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the District'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.

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of the Sebastian Inlet District, Florida as of September 30, 2020, and the respective changes in financial position for the year then ended in accordance 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 management's discussion and analysis, the required budgetary comparison information and the pension and other postemployment benefits supplementary information on pages 7-11 and pages 42-48, respectively, 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 February 26, 2021 on our consideration of the District'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 District'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 District's internal control over financial reporting and compliance.

Caru, Riggs & Ingram, L.L.C.

Melbourne, Florida
February 26, 2021

Sebastian Inlet District, Florida
Management's Discussion and Analysis
September 30, 2020

Our discussion and analysis of the Sebastian Inlet District, Florida's (the "District") financial performance, provides an overview of the District's financial activities for the fiscal year ended September 30, 2020. Please read it in conjunction with the District's basic financial statements, which immediately follow this discussion.

FINANCIAL HIGHLIGHTS

The following are highlights of financial activity for the year ended September 30, 2020:

- The District's total assets and deferred outflows exceeded its liabilities and deferred inflows at September 30, 2020 by \$14,277,845. Of this amount, \$12,754,547 (unrestricted net position) may be used to meet the District's ongoing obligations to citizens and creditors.
- The District's total net position increased \$1,087,274; an increase of approximately 8% from the previous year's ending balance. The net increase can be explained primarily by the remittances received from the State of Florida under agreement number 20IR1 and cash received from maturing investments.
- As of September 30, 2020, the District's governmental funds reported an ending fund balance of \$13,279,360, an increase of \$1,373,294 compared to the prior year.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements.

A. Government-Wide Financial Statements

The government-wide financial statements, which consist of the following two statements, are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private sector business.

1. The statement of net position presents information on all the District's assets, liabilities and deferred inflows/outflows of resources with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of the financial position of the District.
2. The statement of activities presents information showing how the District's net position changed during the 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. The government-wide financial statements can be found on pages 15 and 16 of this report.

B. 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 District, like other state and local governments, uses fund accounting to ensure compliance with finance-related legal requirements.

The District has only one fund type: 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 balances of spendable resources available at the end of the 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 District's near-term financing decisions. Both the governmental fund balance sheet and the statement of revenues, expenditures and changes in fund balance provide reconciliations to facilitate this comparison between governmental funds and governmental activities.

The District adopts an annual appropriated budget for the general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget. The governmental fund financial statements can be found on pages 17 through 20 of this report. The budget comparison can be found on pages 47 through 48.

A. Notes to Basic Financial Statements

The notes provide additional information that is essential for a full understanding of the data provided in the government-wide and fund financial statements. The notes to basic financial statements can be found on pages 21 through 40 of this report.

Sebastian Inlet District, Florida
Management's Discussion and Analysis
September 30, 2020

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets exceeded liabilities by \$14,277,845 at the close of the most recent fiscal year. The following table reflects the condensed government-wide statement of net position:

<u>Sebastian Inlet District</u>		
<u>Statement of Net Position</u>		
	2020	2019
Current and other assets	\$ 13,352,710	\$ 12,175,037
Capital assets	1,523,298	1,562,400
Total assets	14,876,008	13,737,437
Deferred outflows	218,675	234,933
Other liabilities	73,350	91,738
Noncurrent liabilities	641,344	583,171
Total liabilities	714,694	674,909
Deferred inflows	102,144	106,890
Net position:		
Net investment in capital assets	1,523,298	1,562,400
Unrestricted	12,754,547	11,628,171
Total net position	\$ 14,277,845	\$ 13,190,571

An increase of \$1,138,571 in total assets is attributed primarily to the increase in cash of \$3,104,276 offset by a decrease in due from other governments of \$1,922,966. Total liabilities increased by \$39,785. The decrease in deferred outflows of \$16,258 and a decrease in deferred inflows of \$4,746 were due to changes in assumptions and differences between projected and actual earnings on pension plan investments, as well as changes in the District pension plan contributions and proportionate share of contributions. Net position increased \$1,087,274 primarily as a result of increases in current assets.

Governmental Activities

Governmental activities changed the District's net position by \$1,087,274 and \$(420,786) for the years ended September 30, 2020 and 2019, respectively, as reflected in the table below:

Sebastian Inlet District, Florida
Management's Discussion and Analysis
September 30, 2020

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

	Sebastian Inlet District Statement of Activities	
	2020	2019
Revenues		
Program revenues:		
Operating grants and contributions	\$ 567,029	\$ 2,136,728
General revenues:		
Property taxes	2,153,970	2,116,278
Unrestricted investment earnings	102,243	96,510
Total revenues	2,823,242	4,349,516
 Expenses		
General government	747,214	780,292
Physical environment	988,754	3,990,010
Total expenses	1,735,968	4,770,302
Change in net position	1,087,274	(420,786)
Net position, beginning of year	13,190,571	13,611,357
Net position, ending	\$ 14,277,845	\$ 13,190,571

For fiscal year 2019-2020, the Sebastian Inlet District adjusted its millage rate to the rolled back rate of 0.0831. The decrease of \$1,526,274 in total revenues is a result of a decrease in operating grant revenue from the Florida Department of Environmental Protection (FDEP) under agreement 20IR1 as the project neared completion.

The District is required to perform certain State-mandated projects every three-to-four years. The District estimates how much they will pay out on projects during any given fiscal year due to lengthy permitting processes. Because of this, the District typically budgets for all potential expenditures to ensure they have the funds available for related project costs throughout the year. General governmental expenses decreased by \$33,078. Physical environment expenditures decreased by \$3,001,256 due to the winding down of the FDEP-funded project.

ANALYSIS OF THE GOVERNMENTAL FUNDS

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The focus of the District's governmental fund is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the District's net resources available for spending at the end of the fiscal year. The General Fund comprises the total governmental funds.

Sebastian Inlet District, Florida
Management's Discussion and Analysis
September 30, 2020

ANALYSIS OF THE GOVERNMENTAL FUNDS (Continued)

As of the end of the most current fiscal year, the District's General Fund reported an ending fund balance of \$13,279,360, an increase of \$1,373,294 as compared to the total balance on October 1, 2019. The change in fund balance is a result of the fiscal year's lower physical environment expenditures resulting in the net gain of \$1,373,294.

CAPITAL ASSETS

The District's capital assets, less accumulated depreciation and amortization, for its governmental activities as of September 30, 2020 amounts to \$1,523,298, and consists of improvements other than buildings, equipment, office furniture and intangible assets.

GENERAL FUND BUDGETARY HIGHLIGHTS

Intergovernmental revenues from FDEP monitoring and construction agreements (20IR1) amounted to \$744,262. 2020 ad valorem tax revenue received increased compared to the previous year. However, the 2020 tax revenues were \$49,278 less than budgeted due to the uncollected, current year real estate and tangible property levies.

Physical environment expenditures were less than budgeted, but consistent with the level of activity under the FDEP monitoring and construction agreements and other annual obligations.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

Revenues for the fiscal year 2020-2021 adopted budget for all funds of the District total \$14,667,746, which includes funds carried forward from the previous year, and is a 40% increase from the prior year's budget. Tax revenues for the fiscal year 2020-2021 adopted budget for the District total \$2,264,746, a 3% increase from the prior year's budgeted tax revenues. The District Commissioners approved the millage rate for the fiscal year 2020-2021 of 0.0796 mills which is the rolled-back rate.

Expenditures for the fiscal year 2020-2021 adopted budget for all funds of the District are projected for the Commission, F&A, Government Fees, Engineering, Sand Transfer System, Sand Trap Dredging, Maintenance of Channel, Storm Management, Monitoring, Jetty Maintenance and Repair, Legal Counsel, Channel Extension, Offshore Projects, Construction, Natural Resource Program, Professional Services and Other Projects.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of Sebastian Inlet District's finances for all those with an interest. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Sebastian Inlet District, 114 Sixth Avenue, Indialantic, Florida 32903.

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BASIC FINANCIAL STATEMENTS

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Sebastian Inlet District, Florida
Statement of Net Position

<i>September 30, 2020</i>	Primary Government
ASSETS	
Cash and cash equivalents	\$ 6,930,112
Investments	6,221,137
Due from other governments	181,752
Prepaid expenses	19,709
Capital assets:	
Depreciable, net of accumulated depreciation / amortization	
Improvements other than buildings	41,487
Equipment	6,336
Office furniture	3,856
Intangible assets	1,471,619
Total assets	14,876,008
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflow - pension	218,675
Total deferred outflows of resources	218,675
LIABILITIES	
Accounts payable	73,350
Noncurrent liabilities:	
Due within one year:	
Compensated absences, current portion	9,168
Due in more than one year:	
Compensated absences, less current portion	29,164
Net pension liability	603,012
Total liabilities	714,694
DEFERRED INFLOWS OF RESOURCES	
Deferred inflow - pension	102,144
Total deferred inflows of resources	102,144
NET POSITION	
Net investment in capital assets	1,523,298
Unrestricted	12,754,547
Total net position	\$ 14,277,845

The accompanying notes are an integral part of this financial statement.

Sebastian Inlet District, Florida
Statement of Activities

<i>Year ended September 30, 2020</i>						Primary Government
Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions		
General government	\$ 747,214	\$ -	\$ -	\$ -	\$ (747,214)	
Physical environment	988,754	-	567,029	-	(421,725)	
Total governmental activities	\$ 1,735,968	\$ -	\$ 567,029	\$ -	(1,168,939)	
General revenues						
Property taxes					2,153,970	
Unrestricted investment earnings					102,243	
Total general revenues					2,256,213	
Change in net position					1,087,274	
Net position, beginning of year					13,190,571	
Net position, end of year					\$ 14,277,845	

The accompanying notes are an integral part of this financial statement.

**Sebastian Inlet District, Florida
Balance Sheet – Governmental Fund**

<i>September 30, 2020</i>	General	Total Governmental Fund
ASSETS		
Cash and cash equivalents	\$ 6,930,112	\$ 6,930,112
Investments	6,221,137	6,221,137
Due from other governments	181,752	181,752
Prepaid expenses	19,709	19,709
Total assets	\$ 13,352,710	\$ 13,352,710
LIABILITIES AND FUND BALANCES		
Liabilities		
Accounts payable	\$ 73,350	\$ 73,350
Total liabilities	73,350	73,350
Net position and other credits		
Non-spendable:		
Prepays	19,709	19,709
Fund balances:		
Assigned:		
Legal counsel	109,000	109,000
Engineering	150,000	150,000
Sand transfer system	250,000	250,000
Sand trap dredging	100,000	100,000
Maintenance of channel	100,000	100,000
Construction programs	450,651	450,651
Subsequent year's budget deficit	12,000,000	12,000,000
Unassigned:	100,000	100,000
Total fund balances	13,279,360	13,279,360
Total liabilities and fund balances	\$ 13,352,710	\$ 13,352,710

The accompanying notes are an integral part of this financial statement.

Sebastian Inlet District, Florida
Reconciliation of the Balance Sheet – Governmental Fund

September 30, 2020

Total fund balance in governmental funds	\$	13,352,710
<p>Amounts reported for governmental activities 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>		
Governmental capital assets	\$ 2,002,539	
Less accumulated depreciation	<u>(479,241)</u>	1,523,298
<p>Deferred outflow of resources related to pension earnings are not recognized in the governmental funds; however, they are recorded in the statement of net position under full accrual accounting.</p>		
		218,675
<p>Deferred inflow of resources related to pension earnings are not recognized in governmental funds; however, they are recorded in the statement of net position under full accrual accounting.</p>		
		(102,144)
<p>Long-term liabilities, including net OPEB liability, compensated absences and net pension liability, are not due and payable in the current period and therefore are not reported in the funds.</p>		
Net pension liability	\$ (603,012)	
Compensated absences	(38,332)	(641,344)
Net position of governmental activities	\$	14,277,845

The accompanying notes are an integral part of this financial statement.

Sebastian Inlet District, Florida
Statement of Revenues, Expenditures and Changes in Fund Balance –
Governmental Fund

<i>For the year ended September 30, 2020</i>	General	Total Governmental Fund
Revenues		
Taxes:		
Brevard County	\$ 1,738,301	\$ 1,738,301
Indian River County	415,669	415,669
Intergovernmental	744,262	744,262
Interest and other	102,243	102,243
Total revenues	3,000,475	3,000,475
Expenditures		
Current:		
General government	680,505	680,505
Physical environment	946,676	946,676
Total expenditures	1,627,181	1,627,181
Excess of revenues over expenditures	1,373,294	1,373,294
Fund balance, beginning of year	11,906,066	11,906,066
Fund balance, end of year	\$ 13,279,360	\$ 13,279,360

The accompanying notes are an integral part of this financial statement.

Sebastian Inlet District, Florida
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund
Balance of the Governmental Fund to the Statement of Activities

For the year ended September 30, 2020

Net change in fund balances - total governmental funds **\$ 1,373,294**

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 as depreciation expense. This is the amount by which depreciation exceeds capital outlay in the current period. (39,102)

Some revenues not collected within 60 days after the close of the District's fiscal year end are not considered available revenue in the governmental funds. In the statement of net position on accrual basis, these revenues were previously recognized. (177,233)

Other post-employment benefit liability is reported in the statement of activities when it is estimated to be earned. As it does not require the use of current financial resources, it is not reported as an expenditure in governmental funds until paid. This is the amount of other post-employment benefit liability reported in the statement of activities in the prior year that was paid in the current year. 6,522

Cash pension contributions reported in the funds were greater than the calculated pension expense on the statement of activities and therefore increased net position. (63,745)

Compensated absences previously reported in the statement of activities used current financial resources and therefore, are reported as expenditures in governmental funds. (12,462)

Change in net position of governmental activities **\$ 1,087,274**

The accompanying notes are an integral part of this financial statement.

Sebastian Inlet District, Florida Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Sebastian Inlet District, Florida (the “District”) is a multi-county independent special taxing district established by an act of the Florida State Legislature, Chapter 7976 (No. 194) in 1919 to construct and maintain a navigable waterway connecting the Atlantic Ocean and the Indian River. The District’s legal name as defined by the enabling legislation is Sebastian Inlet District. However, the Florida Department of Economic Opportunity has the District registered as Sebastian Inlet Tax District.

Reporting Entity

The District is a special purpose district governed by an elected, five-member governing commission (the “Commission”). The accompanying financial statements present the District’s financial position as of September 30, 2020. The accounting policies of the District conform to generally accepted accounting principles (GAAP) as applied to governmental units. The more significant accounting policies used by the District are described below.

In evaluating the District as a reporting entity, management has considered all potential component units in accordance with Section 2100: *Defining the Financial Reporting Entity* of the Governmental Accounting Standards Board (GASB) Codification.

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. Governmental activities, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from business-type activities, which rely to a significant extent on fees and charges to external customers for support. The District had no business-type activities at September 30, 2020.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function. *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. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

Sebastian Inlet District, Florida Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

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.

The 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. 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. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). All other revenue items are considered to be measurable and available only when cash is received by the District.

Government-Wide Financial Statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from the governmental fund. Separate financial statements are provided for the governmental fund.

Fund Financial Statements

The fund financial statements provide information about the District's fund. The emphasis of fund financial statements is on the major governmental fund.

The District reports the following major governmental fund:

The General Fund is the District's operating fund. It accounts for all the financial resources of the general government.

Sebastian Inlet District, Florida Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Budgetary Information

Budgetary basis of accounting

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the General Fund. As permitted by Section 2400, *Budgetary Reporting*, the District has elected to disclose all budgetary information in the notes to the required supplementary information.

Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position or Equity

Cash and cash equivalents

The District's cash and cash equivalents are considered to be cash on hand and demand deposits.

Investments

The District's investments consist of certificates of deposit, which are held to maturity and are nonparticipating interest-earning investment contracts. The certificates of deposits are valued at cost plus accrued interest per Section 150: *Investments* of the GASB Codification.

Receivables and payables

Amounts due from other governments include amounts due from the State of Florida. Program and capital grants are recorded as receivables and revenues at the time reimbursable project costs are incurred. Revenues received in advance of project costs being incurred are reported as "unearned".

The District considers due from other governments to be fully collectible; accordingly no allowance for doubtful accounts is required.

Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

Capital Assets

Capital assets, which include property, plant, equipment, infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), and intangible assets are reported in the governmental activities column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$750 and an estimated useful life in excess of one year.

Sebastian Inlet District, Florida Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Assets (Continued)

As the District constructs or acquires additional capital assets each period, they are capitalized and reported at historical cost. The reported value excludes normal maintenance and repairs, which are essentially amounts spent in relation to capital assets that do not increase the capacity or efficiency of the item or increase its estimated useful life. Donated capital assets are recorded at their estimated acquisition value at the date of donation.

Property, improvements, and intangible assets are depreciated using the straight-line method over the following estimated useful lives:

Capital asset classes	Lives
Improvements other than buildings	5-20
Equipment	3-10
Office furniture	5-10
Intangible assets - land easement and improvements	50

Deferred Outflows/Inflows 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, deferred outflows of resources, represents a consumption of net position that applies to future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

The District has one (1) item that qualifies for reporting as deferred outflows of resources, the *deferred outflows related to pensions*, which is reported in the government-wide statement of net position. The deferred outflows related to pensions are an aggregate of items related to pensions as calculated in accordance with GASB Codification Section P20: *Pension Activities – Reporting for Benefits Provided through Trusts That Meet Specified Criteria*. The deferred outflows related to pensions will be recognized as either pension expense or as a reduction in the net pension liability in future reporting years.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has two (2) items that qualify for reporting as deferred inflow of resources. The *deferred inflows related to pensions* are an aggregate of items related to pensions as calculated in accordance with GASB Codification Section P20: *Pension Activities – Reporting for Benefits Provided through Trusts That Meet Specified Criteria*. The deferred inflows related to pensions will be recognized as a reduction to pension expense in future reporting years.

Sebastian Inlet District, Florida Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Deferred Outflows/Inflows of Resources (Continued)

Unavailable revenue, which arises only under a modified accrual basis of accounting, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from grants. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

Compensated Absences

The District's policy permits employees to accumulate earned but unused vacation benefits, which are eligible for payment upon separation from government service. The liability for such leave is reported as incurred in the government-wide financial statements. A liability for those amounts is recorded in the governmental funds only if the liability has matured as a result of employee resignations or retirements. The liability for compensated absences includes salary-related benefits, where applicable. District employees are also allowed to accumulate unused sick leave benefits, which are eligible for payment upon separation from government service per the following: 1) Career service employees after completing their first nine (9) months of service are eligible to receive twenty percent (20%) of unused sick leave balance, not to exceed 230 paid hours; 2) Employees who are vested under the Florida Retirement System are eligible for thirty percent (30%), not to exceed 346 paid hours; 3) Employees who meet the requirements for retirement under the Florida Retirement System and retire from District Service are eligible for fifty percent (50%), and 4) Employees hired after October 1, 2011 and meet the requirements of the Florida Retirement System and retire from District service are eligible for 30%.

Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net position.

Pensions

The District participates in cost-sharing, multiple-employer, defined benefit pension plans that are administered by the State, the Florida Retirement System. For purposes of measuring the net pension asset or liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net positions of the state-administered defined benefit pension plans and additions to/deductions from the state-administered defined benefit pension plan's fiduciary net positions have been determined on the same basis as they are reported by the state-administered defined benefit pension plans. For this purpose, plan member contributions are recognized in the period in which the contributions are due. The District's employer contributions are recognized when due, and the District has a legal requirement to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the state-administered defined benefit pension plan.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Other Post-Employment Benefits (OPEB) Liability

The District participates in a single employer, defined benefit and other post-employment plan. The District does not have a trust for the plan, and there is no actuarial determined contribution. The OPEB liability is determined in accordance with GASBC P52: *Other Post-employment Benefits*.

Categories and Classification of Fund Equity

Fund balance flow assumptions – Sometimes the District will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the District's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

Fund balance policies – Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The District itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The provisions of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, specifies the following classifications:

Nonspendable fund balance – Nonspendable fund balances are 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 – Restricted fund balances are restricted when constraints placed on the use of resources are either: (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Committed fund balance – The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the District's highest level of decision-making authority. The governing council is the highest level of decision-making authority for the District that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance.

Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Categories and Classification of Fund Equity (Continued)

Assigned fund balance – Amounts in the assigned fund balance classification are intended to be used by the District for specific purposes but do not meet the criteria to be classified as committed. The governing commission (commission) has by resolution authorized the executive director to assign fund balance. The commission may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

Unassigned fund balance – Unassigned fund balance is the residual classification for the General Fund.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make various estimates. Actual results could differ from those estimates.

Subsequent Events

Management has evaluated subsequent events through the date that the financial statements were available to be issued, February 26, 2021 and determined there were no events that occurred that required disclosure.

Recently Issued and Implemented Accounting Pronouncements

The Governmental Accounting Standards Board has issued statements that will become effective in future years. These statements are as follows:

In June 2017, the GASB issued Statement No. 87, *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of this Statement are effective for reporting periods beginning after June 15, 2021.

Sebastian Inlet District, Florida
Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The District is evaluating the requirements of the above statement and the impact on financial reporting.

Note 2: DETAILED NOTES ON ALL FUNDS

Deposits and Investments

At September 30, 2020, the District's carrying amount of deposits was \$6,930,012 and the bank balance was \$6,969,270. In addition, the District maintained \$100 of petty cash. As of September 30, 2020, \$250,000 of the District's bank balances is covered by the Federal Depository Insurance Corporation (FDIC). Monies invested in amounts greater than the insurance coverage are secured by the qualified public depositories pledging securities with the State Treasurer in such amounts required by the Florida Security for Public Depositories Act. In the event of a default or insolvency of a qualified public depositor, the State Treasurer will implement procedures for payment of losses according to the validated claims of the District pursuant to Section 280.08, Florida Statutes.

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

Investment Type	Credit Rating	Cost plus Accrued Interest	Investment Maturity (Year)		
			Less than 1	From 1-5	Over 6
Government-wide					
Certificates of Deposit	Unrated	\$ 6,221,137	\$ 6,221,137	\$ -	\$ -

Custodial credit risk – Custodial credit risk for deposits is the risk in the event of the failure of a depository financial institution a government may not be able to recover deposits. Monies placed on deposit with financial institutions in the form of demand deposits, time deposits or certificate of deposits are defined as public deposits. The financial institutions in which the District places its deposits are certified as “qualified public depositories,” as required under the Florida Security for Public Deposits Act. For an investment, this is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

The District's investment policy pursuant to Florida State Statutes 218.415(10) requires securities, with the exception of certificates of deposit, to be held with a third-party custodian; all securities purchased by, and all collateral obtained by the District should be properly designated as an asset of the District. The securities must be held in an account separate and apart from the assets of the financial institution.

Sebastian Inlet District, Florida Notes to Financial Statements

Note 2: DETAILED NOTES ON ALL FUNDS (Continued)

Deposits and Investments (Continued)

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 deposit maintained by book-entry at the issuing bank shall clearly identify the District as the owner.

As of September 30, 2020, the District's investments were held with a third-party custodian as required by the District's investment policies.

Interest rate risk – Interest rate risk is the possibility that interest rates will rise and reduce the fair value of an investment. The District's investment policy limits interest rate risk by requiring that an attempt be made to match investment maturities with known cash needs and anticipated cash flow requirements. This policy is pursuant to Florida State Statute 218.415(6).

Credit Risk – The District's investment policy pursuant to Florida State Statute 218.415 permits for investments in the Local Government Surplus Trust Fund, Securities and Exchange Commission registered money market funds with the highest credit rating quality from a nationally recognized rating agency, interest-bearing time deposits or savings accounts in qualified depositories and direct obligations of the United States Treasury.

Property Taxes

Property taxes are considered fully collected (97% of the levy) during and prior to the end of the fiscal year. Therefore, no material amounts of property taxes are receivable as of September 30, 2020. There are no other reserves for receivables recorded by the District as of September 30, 2020.

The District is permitted to levy ad valorem taxes on assessed valuation by State law. However, Chapter 74-430, Laws of Florida, a special act applicable only to governmental units in Brevard County, limits the annual increase to 10% of tax revenues of the preceding year (exclusive of new construction and improvements not appearing in the previous year's tax roll) without voter approval by referendum. The millage rate levied by the District for the fiscal year ended September 30, 2020, was 0.0831 mills.

Lien date	-	January 1
Levy date	-	Prior to September 30
Due date	-	November 1
Delinquent date	-	April 1

All property taxes remaining unpaid at May 30 are subject to a tax certificate sale by the Tax Collector.

Sebastian Inlet District, Florida
Notes to Financial Statements

Note 2: DETAILED NOTES ON ALL FUNDS (Continued)

Capital Assets

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

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, being depreciated/amortized:				
Improvements other than buildings	\$ 79,852	\$ -	\$ -	\$ 79,852
Equipment	83,528	-	-	83,528
Office furniture	-	4,285	-	4,285
Intangible assets – land easement and improvements	1,834,874	-	-	1,834,874
Total capital assets being depreciated/amortized	1,998,254	4,285	-	2,002,539
Less accumulated depreciation/amortization for:				
Improvements other than buildings	(35,711)	(2,654)	-	(38,365)
Equipment	(75,416)	(1,776)	-	(77,192)
Office furniture	-	(429)	-	(429)
Intangible assets – land easement and improvements	(324,727)	(38,528)	-	(363,255)
Total accumulated depreciation/amortization	(435,854)	(43,387)	-	(479,241)
Total capital assets, being depreciated/amortized, net	1,562,400	(39,102)	-	1,523,298
Governmental activities capital assets, net	\$ 1,562,400	\$ (39,102)	\$ -	\$ 1,523,298

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

Governmental activities:	
General government	\$ 1,309
Physical environment	42,078
Total depreciation and amortization expense - governmental activities	\$ 43,387

Sebastian Inlet District, Florida
Notes to Financial Statements

Note 2: DETAILED NOTES ON ALL FUNDS (Continued)

Changes in Long-Term Liabilities

Long-term liability activity for the year ended September 30, 2020, was as follows for governmental activities:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Compensated absences	25,870	\$ 22,844	\$ (10,382)	\$ 38,332	\$ 9,168
Pension obligation	551,835	51,177	-	603,012	-
Net OPEB liability	5,466	-	(5,466)	-	-
Long-term liabilities	\$ 583,171	\$ 74,021	\$ (15,848)	\$ 641,344	\$ 9,168

Compensated absences and net pension liability will be liquidated in future periods primarily by the General Fund for governmental activities.

Operating Leases

The District's office facilities are leased under a three-year, operating lease which expires on August 31, 2022. The District leases office equipment under an operating lease which expires on December 15, 2023. The District also leases a boat slip under an operating lease which expires on August 31, 2021.

Minimum future rental payments under the non-cancelable operating leases as of September 30, 2020, are as follows:

For the years ending September 30,	
2021	\$ 23,744
2022	\$ 19,032
2023	\$ 2,532
2024	\$ 844
Total minimum lease payments	\$ 46,152

Total rent expense charged to operations in 2020 was \$22,762.

Self-Insurance Program

The District is a member of the Florida League of Cities (a not-for-profit corporation) self-insurance program for workers' compensation and general liability.

The self-insurance program purchases excess and specific coverage from third party insurance carriers. Members in the program are billed quarterly for their portion of the cost of the program. Members are not assessed for unanticipated losses incurred by the program. Premiums paid by the District during the

Note 2: DETAILED NOTES ON ALL FUNDS (Continued)

Self-Insurance Program (Continued)

year totaled \$13,027. In the past three years, there have been no claims settled exceeding the District's coverage. As of September 30, 2020, there are no outstanding claims.

Pension Plan

The District established a defined contribution simplified employee pension plan ("SEP"), in the form of Self-Directed Individual Retirement Accounts, by action of the Commission on September 24, 1991. The District has no fiduciary responsibility for this plan.

Any full-time employee of the District who has attained age 21 and is employed by the District is eligible to participate in the pension plan of the District. Pension costs are comprised of current service costs, which are accrued and funded on a current basis. The contribution rate is equal to the difference between the Florida Retirement System ("FRS") contribution rate and 15% of eligible employee salaries, for a total contribution of 15% between the two plans. The 15% benefit is paid by the District. The 15% is split into a contribution to the FRS plan for the amount invoiced by the State. The remaining difference is sent to the SEP plan. Total eligible payroll for all employees was \$279,079 and all were covered by the plan at year end. For the year ended September 30, 2020, the District contributed \$9,075 to the SEP.

State of Florida Pension Plans

Defined Benefit Plans

The District participates in two defined benefit pension plans that are administered by the State of Florida, Department of Management Services, Division of Retirement. The plans provide retirement, disability or death benefits to retirees or their designated beneficiaries. Chapter 121, Florida Statutes, establishes the authority for benefit provisions. Changes to the law can only occur through an act of the Florida Legislature. The State of Florida issues a publicly available financial report that includes financial statements and required supplementary information for the plans. That report is available from the Florida Department of Management Services' website (www.dms.myflorida.com).

The Florida Retirement System ("FRS") Pension Plan is a cost-sharing, multiple-employer defined benefit pension plan with a Deferred Retirement Option Program ("DROP") available for eligible employees. The FRS was established and is administered in accordance with Chapter 121, Florida Statutes. Retirees receive a lifetime pension benefit with joint and survivor payment options. FRS membership is compulsory for employees filling regularly established positions in a state agency, county agency, state university, state college, or district school board, unless restricted from FRS membership under Sections 121.053 or 121.122, Florida Statutes, or allowed to participate in a defined contribution plan in lieu of FRS membership. Participation by cities, municipalities, special districts, charter schools and metropolitan planning organizations is optional.

Note 2: DETAILED NOTES ON ALL FUNDS (Continued)

State of Florida Pension Plans (Continued)

Defined Benefit Plans (Continued)

The Retiree Health Insurance Subsidy (“HIS”) Program is a cost-sharing, multiple-employer defined benefit pension plan established and administered in accordance with Section 112.363, Florida Statutes. The benefit is a monthly payment to assist retirees of the state-administered retirement systems in paying their health insurance costs. To be eligible to receive a HIS benefit, a retiree under a state administered retirement system must provide proof of eligible health insurance coverage, which can include Medicare.

Benefits Provided

Benefits under the FRS Pension Plan are computed on the basis of age and/or years of service, average final compensation, and service credit. Credit for each year of service is expressed as a percentage of the average final compensation. For members initially enrolled before July 1, 2011, the average final compensation is the average of the five highest fiscal years’ earnings; for members initially enrolled on or after July 1, 2011, the average final compensation is the average of the eight highest fiscal years’ earnings. The total percentage value of the benefit received is determined by calculating the total value of all service, which is based on the retirement plan and/or class to which the member belonged when the service credit was earned.

Eligible retirees and beneficiaries receive a monthly HIS payment equal to the number of years of service credited at retirement multiplied by \$5. The minimum payment is \$30 and the maximum payment is \$150 per month, pursuant to Section 112.363, Florida Statutes.

Contributions

The contribution requirements of plan members and the employer are established and may be amended by the Florida Legislature. Employees are required to contribute 3.00% of their salary to the FRS Pension Plan. The employer’s contribution rates as of September 30, 2020, were as follows:

	FRS	HIS
Regular class	8.34%	1.66%
Special risk class	22.79%	1.66%
Senior management service class	25.63%	1.66%
Elected officials	47.52%	1.66%
DROP from FRS	15.32%	1.66%

The employer’s contributions for the year ended September 30, 2020, were \$40,372 to the FRS Pension Plan and \$4,633 to the HIS Program.

Sebastian Inlet District, Florida
Notes to Financial Statements

Note 2: DETAILED NOTES ON ALL FUNDS (Continued)

State of Florida Pension Plans (Continued)

Pension Liabilities and Pension Expense

In its financial statements for the year ended September 30, 2020, the District reported a liability for its proportionate share of the net pension liability of the FRS Pension Plan and its proportionate share of the net pension liability of the HIS Program. The net pension liabilities were measured as of June 30, 2020. The District's proportions of the net pension liabilities were based on its share of contributions to the pension plans relative to the contributions of all participating entities, actuarially determined.

		FRS		HIS
Net Pension Liability	\$	505,982	\$	97,030
Proportion at:				
Current measurement date		0.0012%		0.0008%
Prior measurement date		0.0013%		0.0010%
Pension expense	\$	101,976	\$	6,764

Deferred Outflows/Inflows of Resources Related to Pensions

At September 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	FRS		HIS	
	Deferred Outflow of Resources	Deferred Inflow of Resources	Deferred Outflow of Resources	Deferred Inflow of Resources
Differences between expected and actual experience	\$ 19,365	\$ -	\$ 3,969	\$ (75)
Change of assumptions	91,599	-	10,434	(5,642)
Net difference between projected and actual earnings on pension plan investment	30,127	-	77	-
Changes in proportion and differences between District pension plan contributions and proportionate share of contributions	39,378	(73,751)	11,436	(22,676)
District pension plan contribution subsequent to the measurement date	11,116	-	1,174	-
Total	\$ 191,585	\$ (73,751)	\$ 27,090	\$ (28,393)

Deferred outflows of resources related to employer contributions paid subsequent to the measurement date and prior to the employer's fiscal year end will be recognized as a reduction of the net pension liability in the reporting period ending September 30, 2020. Other pension-related amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

Sebastian Inlet District, Florida
Notes to Financial Statements

Note 2: DETAILED NOTES ON ALL FUNDS (Continued)

State of Florida Pension Plans (Continued)

Deferred Outflows/Inflows of Resources Related to Pensions (Continued)

Year Ending September 30:	FRS		HIS	
2021	\$	21,992	\$	(686)
2022		34,251		(509)
2023		29,113		(139)
2024		17,404		(323)
2025		3,958		(438)
Thereafter		-		(382)
Total	\$	106,718	\$	(2,477)

Actuarial Assumptions

The total pension liability for each of the defined benefit plans was measured as of June 30, 2020. The total pension liability for the FRS Pension Plan was determined by an actuarial valuation dated July 1, 2020. For the HIS Program, the total pension liability was determined by an actuarial valuation dated July 1, 2019 rolled-forward using standard actuarial procedures. The individual entry age normal actuarial cost method was used for each plan, along with the following significant actuarial assumptions:

	FRS	HIS
Inflation	2.40%	2.40%
Salary increases	3.25%	3.25%
Investment rate of return	6.80%	N/A
Discount rate	6.80%	2.21%

Mortality assumptions for the FRS Pension Plan was based on the PUB-2010 with projected generations with scale MP-2018.

Mortality assumptions for HIS Pension Plan was based on the Generational RP-2000 with Projection Scale BB.

For both plans, the actuarial assumptions were based on the results of an actuarial experience study for the period July 1, 2013, through June 30, 2018.

The following changes in key actuarial assumptions occurred in 2020:

FRS: The long-term expected rate of return and the discount rate used to determine the total pension liability decreased from 6.90% to 6.80%.

HIS: The municipal bond index rate and the discount rate used to determine the total pension liability decreased from 3.50% to 2.21%.

Sebastian Inlet District, Florida
Notes to Financial Statements

Note 2: DETAILED NOTES ON ALL FUNDS (Continued)

State of Florida Pension Plans (Continued)

Actuarial Assumptions (Continued)

The long-term expected investment rate of return was not based on historical returns, but instead was based on a forward-looking capital market economic model. Each asset class assumption is based on a consistent set of underlying assumptions, and includes an adjustment for the inflation assumption. For the FRS Pension Plan, the table below summarizes the consulting actuary's assumptions based on the long-term target asset allocation.

Asset Class	Target Allocation (1)	Annual Arithmetic Return	Compound Annual (Geometric) Return
Cash	1.0%	2.2%	2.2%
Fixed income	19.0%	3.0%	2.9%
Global equity	54.2%	8.0%	6.7%
Real estate	10.3%	6.4%	5.8%
Private equity	11.1%	10.8%	8.1%
Strategic investments	4.4%	5.5%	5.3%
Total	<u>100%</u>		

Assumed Inflation - Mean 2.40%

(1) As outlined in the Pension Plan's investment policy

Discount Rate

The discount rate used to measure the total pension liability for the FRS Pension Plan was 6.80%. FRS' fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return.

Because the HIS Program is essentially funded on a pay-as-you-go basis, a municipal bond rate of 2.21% was used to determine the total pension liability for the program. The Bond Buyer General Obligation Bond 20-Bond Municipal Bond Index was used as the applicable municipal bond index.

Sensitivity Analysis

The following tables demonstrate the sensitivity of the net pension liability to changes in the discount rate. The sensitivity analysis shows the impact to the employer's proportionate share of the net pension liability if the discount rate was 1.00% higher or 1.00% lower than the current discount rate.

**Sebastian Inlet District, Florida
Notes to Financial Statements**

Note 2: DETAILED NOTES ON ALL FUNDS (Continued)

State of Florida Pension Plans (Continued)

Sensitivity Analysis (Continued)

September 30, 2020	FRS			HIS		
	Current Discount			Current Discount		
	1% Decrease	Rate	1% Increase	1% Decrease	Rate	1% Increase
	5.80%	6.80%	7.80%	1.21%	2.21%	3.21%
District's proportionate share of the net pension liability	\$ 807,968	\$ 505,982	\$ 253,762	\$ 112,163	\$ 97,030	\$ 84,645

Pension Plans' Fiduciary Net Position

Detailed information about the pension plans' fiduciary net position is available in the State's separately issued financial reports.

Defined Contribution Plan

Pursuant to Chapter 121, Florida Statutes, the Florida Legislature created the Florida Retirement Investment Plan ("FRS Investment Plan"), a defined contribution pension plan qualified under Section 401(a) of the Internal Revenue Code. The FRS Investment Plan is an alternative available to members of the Florida Retirement System in lieu of the defined benefit plan. There is a uniform contribution rate covering both the defined benefit and defined contribution plans, depending on membership class. Required employer contributions made to the plan during the year ended September 30, 2020, totaled \$20,121.

Other Postemployment Benefits

The District follows Section P52: *Postemployment Benefits Other Than Pensions* (OPEB) of the GASB Codification, for certain postemployment health care benefits provided by the District.

Plan Description – The District participates in the Brevard County, Florida (the "County") healthcare plan. The Brevard County Board of County Commissioners (the "Board") administers a single-employer defined benefit healthcare plan (the "Plan") that provides medical insurance to its employees and their eligible dependents. Pursuant to Section 112.0801 Florida Statutes, the District is required to provide eligible retirees (as defined in the County's pension plans) the opportunity to participate in this Plan at the same cost that is applicable to active employees. Eligible retirees must be drawing an immediate benefit from their respective pension plan and be enrolled in medical coverage prior to retirement. Surviving spouses of participants are allowed access to the Plan but must pay the full premium. Benefit provisions for the Plan were established by the Board on May 12, 1987 and may only be amended by the Board. The District does not issue stand-alone financial statements for this Plan. All financial information related to the Plan is accounted for in the District's basic financial statements.

**Sebastian Inlet District, Florida
Notes to Financial Statements**

Note 2: DETAILED NOTES ON ALL FUNDS (Continued)

Other Postemployment Benefits (Continued)

Employees who are active participants in the Plan at the time of retirement and are either age 62 with completion of six years of service or have 30 years of service are eligible to receive benefits. The District accounts for 2 active participants. Of the total, none are eligible to receive benefits. There are no retirees of the District (or spouses of retirees) receiving benefits under the Plan.

Benefit provisions can only be amended by the Board. On at least an annual basis, and prior to the enrollment process, the Board approves the rates for the coming year for the retiree, employee and County contributions. Neither the County nor the District has established a trust or agency fund for the Plan. Neither the County nor District issues stand-alone financial statements for this Plan. All financial information related to the Plan is accounted for in the District’s basic financial statements.

Funding Policy - The District is funding the Plan on a pay-as-you-go basis. The maximum employer contribution target is 56% of the annual premium cost of the Plan. The annual premium costs are between \$7,152 and \$11,388 for retirees and spouses under age 65 and between \$1,881 and \$7,118 for retirees and spouses over age 65. Employees hired prior to January 1, 2006 are eligible to receive 100% of the earned percentage of benefits for their lifetime upon attainment of age 62 and completion of six years of service or upon completing 30 years of service, if earlier. Employees hired on or after January 1, 2006 are eligible to receive a graduated earned percentage of benefits upon retirement based on years of service.

For the year ended September 30, 2020, the portion of contribution attributed to the District is \$3,252 which includes both an estimate of the implied subsidy described above and the explicit subsidy paid on behalf of eligible retirees.

Plan Membership – At October 1, 2020, OPEB membership consisted of the following:

	Number of covered individuals
Inactive members currently receiving benefits	2
Inactive members entitled to but not yet receiving benefits	-
Active members	2
Total	4

Actuarial Assumptions and Other Inputs - The total OPEB liability in the September 30, 2020 actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	1.50 percent
Salary Increases	3.50 percent projected annual salary increase
Discount rate	2.14 percent investment rate of return
Health care cost trend rates	6.00 percent using Society of Actuaries Long-Term Model
Retirees' share of benefit-related costs	44.00 percent of annual premium cost

Sebastian Inlet District, Florida
Notes to Financial Statements

Note 2: DETAILED NOTES ON ALL FUNDS (Continued)

Other Postemployment Benefits (Continued)

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

In the October 1, 2020 actuarial valuation, the Entry Age Normal, Level Percent of Pay cost method was used. The actuarial assumptions included an annual healthcare cost trend rate of 6.00% initially, reduced by decrements to an ultimate rate of 5.00% after two years. The actuarial methods and assumptions used are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

At September 30, 2020 the District reported a Net OPEB liability of \$0. The GASB 75 information has been provided as of the September 30, 2020 measurement date.

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
	(a)	(b)	(a) - (b)
Change in Net OPEB Liability			
Balance as of October 1, 2019 for FYE 2019	\$ 5,466	\$ -	\$ 5,466
Changes for the year:			
Service cost	204	-	204
Interest	140	-	140
Difference between expected and actual experience	(2,558)	-	(2,558)
Benefit payments	(3,252)	-	(3,252)
Net changes	(5,466)	-	(5,466)
Balance as of October 1, 2020 for FYE 2020	\$ -	\$ -	\$ -

Changes in assumptions and other inputs reflect a change in the discount rate from 3.64% as of September 30, 2019 to 2.14% as of September 30, 2020. The methods, assumptions, and participant data used are detailed in the actuarial valuation report dated October 1, 2020 with the exception of the actuarial cost method. These calculations are based in the Entry Age Normal cost method required by GASBC P52.

Sebastian Inlet District, Florida Notes to Financial Statements

Note 3: COMMITMENTS

The District had contractual commitments at September 30, 2020, of approximately \$678,996 for various projects at the Inlet. Future appropriations will fund these commitments as work is performed.

Note 4: CONTINGENCY

In March 2020, the World Health Organization made the assessment that the outbreak of the novel coronavirus (COVID-19) can be characterized as a pandemic. As a result, uncertainties have arisen that may have a significant negative impact on the ongoing operating activities and future results of the District. The occurrence and extent of such an impact will depend on future developments, including (i) the duration and spread of the virus, (ii) government quarantine measures, (iii) voluntary and precautionary restrictions on travel or meetings, (iv) the effects of the financial markets, and (v) the effects on the economy overall, all of which remain uncertain as of February 26, 2021.

**REQUIRED SUPPLEMENTARY INFORMATION OTHER THAN
MANAGEMENT'S DISCUSSION AND ANALYSIS**

**Sebastian Inlet District, Florida
Schedule of Proportionate Share of Net Pension Liability**

Florida Retirement System (FRS)

	2020	2019	2018
District's proportion of the net pension liability	0.0012%	0.0013%	0.0010%
District's proportionate share of the net pension liability	\$ 505,982	\$ 441,168	\$ 302,205
District's covered payroll	\$ 275,810	\$ 330,780	\$ 309,460
District's proportionate share of the net pension liability as a percentage of its covered payroll	183.45%	133.37%	97.66%
Plan fiduciary net position as a percentage of the total pension liability	78.85%	82.61%	84.26%

Health Insurance Subsidy (HIS)

	2020	2019	2018
District's proportion of the net pension liability	0.0008%	0.0010%	0.0009%
District's proportionate share of the net pension liability	\$ 97,030	\$ 110,667	\$ 93,078
District's covered payroll	\$ 275,810	\$ 330,780	\$ 309,460
District's proportionate share of the net pension liability as a percentage of its covered payroll	35.18%	33.46%	30.08%
Plan fiduciary net position as a percentage of the total pension liability	3.00%	2.63%	2.15%

Note 1: GASB 68 requires information for 10 years. However, until a full 10-year trend is compiled, the District is presenting information for only the years for which information is available.

Note 2: The Plan's fiduciary net position as a percentage of the total pension liability is published in Note 2 of the Plan's Financial Statements.

Note 3: Amounts presented for each fiscal year were determined as of 6/30.

Florida Retirement System (FRS)

2017	2016	2015	2014
0.0014%	0.0015%	0.0016%	0.0015%
\$ 427,472	\$ 389,554	\$ 208,444	\$ 90,967
\$ 306,216	\$ 275,409	\$ 269,803	\$ 262,130
139.60%	141.45%	76.96%	34.70%
83.89%	84.88%	92.00%	96.09%

Health Insurance Subsidy (HIS)

2017	2016	2015	2014
0.0010%	0.0009%	0.0009%	0.0009%
\$ 102,720	\$ 103,975	\$ 90,695	\$ 90,695
\$ 306,216	\$ 275,409	\$ 269,803	\$ 262,130
33.54%	37.75%	33.48%	33.48%
1.64%	0.97%	92.00%	92.00%

Sebastian Inlet District, Florida
Schedule of Contributions

Florida Retirement System (FRS)

	2020	2019	2018
Contractually required contribution	\$ 40,372	\$ 41,493	\$ 29,188
Contributions in relation to the contractually required contribution	(40,372)	(41,493)	(29,188)
Contribution deficiency (excess)	\$ -	\$ -	\$ -
District's covered payroll	\$ 279,079	\$ 324,932	\$ 310,799
Contributions as a percentage of covered-employee payroll	14.47%	12.77%	9.39%

Health Insurance Subsidy (HIS)

	2020	2019	2018
Contractually required contribution	\$ 4,633	\$ 5,395	\$ 4,791
Contributions in relation to the contractually required contribution	(4,633)	(5,395)	(4,791)
Contribution deficiency (excess)	\$ -	\$ -	\$ -
District's covered payroll	\$ 279,079	\$ 324,932	\$ 310,799
Contributions as a percentage of covered-employee payroll	1.66%	1.66%	1.54%

Note 1: GASB 68 requires information for 10 years. However, until a full 10-year trend is compiled, the District is presenting information for only the years for which information is available.

Florida Retirement System (FRS)

2017	2016	2015	2014
\$ 34,264	\$ 38,856	\$ 39,346	\$ 32,657
(34,264)	(38,856)	(39,346)	(32,657)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 308,562	\$ 277,210	\$ 270,853	\$ 263,915
11.10%	14.02%	14.53%	12.37%

Health Insurance Subsidy (HIS)

2017	2016	2015	2014
\$ 5,123	\$ 4,603	\$ 3,399	\$ 3,055
(5,123)	(4,603)	(3,399)	(3,055)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 308,562	\$ 277,210	\$ 270,853	\$ 263,915

Sebastian Inlet District, Florida
Schedule of Changes in OPEB Liability and Related Ratios

September 30,	2020	2019	2018
Service cost	\$ 204	\$ 273	\$ 415
Interest	140	246	329
Difference between expected and actual experience	(2,558)	(399)	(2,010)
Changes of assumptions or other inputs	-	240	(298)
Benefit payments	(3,252)	(1,420)	(1,920)
Net change in total OPEB liability	(5,466)	(1,060)	(3,484)
Total OPEB liability - beginning	5,466	6,526	10,010
Total OPEB liability - ending	\$ -	\$ 5,466	\$ 6,526
Covered-employee payroll	\$ 447,393	\$ 423,935	\$ 384,749
Total OPEB liability as a percentage of covered-employee payroll	0.00%	1.29%	1.70%

* GASB 75 requires an employer to disclose a 10-year history. However, until a full 10-year trend is compiled, information will be presented only for those years which information is available.

* The following discount rate was used in each period:

- 9/30/2017 - 1.00%
- 9/30/2018 - 4.24%
- 9/30/2019 - 3.64%
- 9/30/2020 - 2.14%

Sebastian Inlet District, Florida
Schedule of Revenues, Expenditures, and Changes in General Fund Balance –
Budget and Actual

<i>Year ended September 30, 2020</i>	Original Budget	Final Budget	Actual (Budgetary Basis - See Note C)	Variance with Final Budget Positive (Negative)
Revenues				
Taxes:				
Brevard County	\$ 1,780,375	\$ 1,780,375	\$ 1,738,301	\$ (42,074)
Indian River County	422,873	422,873	415,669	(7,204)
Intergovernmental	-	-	744,262	744,262
Interest and other	135,000	135,000	102,243	(32,757)
Total revenues	2,338,248	2,338,248	3,000,475	662,227
Expenditures				
Current:				
General government	794,150	794,150	680,505	113,645
Physical environment	6,679,098	6,679,098	1,243,033	5,436,065
Total expenditures	7,473,248	7,473,248	1,923,538	5,549,710
Excess (deficiency) of revenues over (under) expenditures	(5,135,000)	(5,135,000)	1,076,937	6,211,937
Fund balances, beginning of year	11,906,066	11,906,066	11,906,066	-
Fund balances, end of year	\$ 6,771,066	\$ 6,771,066	\$ 12,983,003	\$ 6,211,937

Sebastian Inlet District, Florida Notes to Required Supplementary Information

Budgetary Information

The District Commissioners adopt an annual operating budget prior to September 30 for the next ensuing fiscal year. Legal budgets are adopted by resolution for the General Fund. The budget is prepared on a modified accrual basis with encumbrance accounting, which is consistent with accounting principles generally accepted in the United States of America.

Budgetary control is legally maintained at a department level. Budget transfers are provided to the Executive Director within categories, i.e. general government and physical environment, as long as the total budget of the categories is not increased. Actions which increase the total budget of a category must be authorized by the District Commissioners.

All appropriations which are not expended, encumbered or committed lapse at year end. Encumbered appropriations are carried forward to the subsequent year's budget.

Encumbrances

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 Fund. Encumbrances outstanding at year end are carried forward to the following year's budget and are reported as a reservation of fund balance in the governmental fund financial statements since they do not constitute actual expenditures or liabilities.

Actual results of operations are presented in accordance with generally accepted accounting principles (GAAP basis). The District'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 District's legally adopted budget.

Explanation of Differences between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures

The accompanying schedule of revenues, expenditures and changes in general fund balance - budget and actual on page 47 presents comparisons of the legally adopted budget with actual data on a budgetary basis. Because accounting principles applied for purposes of developing data on a budgetary basis differ significantly from those used to present financial statements in conformity with generally accepted accounting principles, a reconciliation of resultant basis, timing, perspective, and entry differences in the net changes in fund balance for the year ended September 30, 2020, is presented below:

Net change in fund balance – budgetary basis	\$ 1,076,937
Differences – budget to GAAP:	
Outstanding encumbrances	833,905
Prior year encumbrances completed	(537,548)
<u>Net change in fund balance – GAAP basis</u>	<u>\$ 1,373,294</u>

**ADDITIONAL ELEMENTS REQUIRED BY *GOVERNMENT AUDITING*
STANDARDS AND THE RULES OF THE AUDITOR GENERAL**

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Carr, Riggs & Ingram, LLC
215 Baytree Drive
Melbourne, Florida 32940

(321) 255-0088
(321) 259-8648 (fax)
www.cricpa.com

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*

To the District Commissioners
Sebastian Inlet District, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and major fund of the Sebastian Inlet District, Florida (the "District"), as of and for the year ended September 30, 2020 and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated February 26, 2021.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District'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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District'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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Caru, Riggs & Ingram, L.L.C.

Melbourne, Florida
February 26, 2021



Carr, Riggs & Ingram, LLC
215 Baytree Drive
Melbourne, Florida 32940

(321) 255-0088
(321) 259-8648 (fax)
www.cricpa.com

INDEPENDENT AUDITORS' MANAGEMENT LETTER

To the District Commissioners
Sebastian Inlet District, Florida

Report on the Financial Statements

We have audited the financial statements of the Sebastian Inlet District, Florida (the "District") as of and for the fiscal year ended September 30, 2020, and have issued our report thereon dated February 26, 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 Auditor General.

Other Reporting Requirements

We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards* and Independent Accountant's 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, which are dated February 26, 2021, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. Corrective actions have been taken to address findings and recommendations made in the preceding financial audit report.

<u>Prior year Management Letter Comments: *</u>	<u>Status</u>
IC 2019-001 – Journal Entries	Cleared
IC 2019-002 – Reporting	Cleared
IC 2019-003 – Travel Expense Reimbursement	Cleared

*The findings listed above originated in the fiscal year 2019 audit.

Official Title and Legal Authority

Section 10.554(l)(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 of the District is disclosed in the footnotes. The District 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 District 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 District 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 District. It is management's responsibility to monitor the District's financial condition, and our financial condition assessment was based in part on representations made by management and 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 have the following recommendation.

Finding 2020-001 FUND BALANCE RECONCILIATION

Condition: Opening fund balance did not tie to the prior year financial statements.

Criteria: The beginning fund balance should agree to the prior year ending fund balance.

Cause: Revenue that was received after year end was recorded in the incorrect period.

Effect: Current year revenue/fund balance could be overstated.

Recommendation: We recommend that the District reconcile the fund balances prior to year-end to ensure prior year ending balances agree with current year beginning balances.

Management Response: After the auditor received the trial balance, management corrected the recording period for \$6,625 of Indian River County tax revenue. This resulted in the opening fund balance not tying to the prior year statements. Management agrees with the above recommendation and will reconcile fund balances prior to submitting its final trial balance.

Additional Matters

Section 10.554(1)(i)3., Rules of the Auditor General, requires that 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 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 the Florida House of Representatives, the Florida Auditor General, Federal, State and other granting agencies, the District Commissioners, and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.

Carly Riggs & Ingram, L.L.C.

Melbourne, Florida

February 26, 2021

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Carr, Riggs & Ingram, LLC
215 Baytree Drive
Melbourne, Florida 32940

(321) 255-0088
(321) 259-8648 (fax)
www.cricpa.com

INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH LOCAL GOVERNMENT INVESTMENT POLICIES

To the District Commissioners
Sebastian Inlet District, Florida
Indianapolis, Florida

We have examined the Sebastian Inlet District, Florida's (the "District") compliance with the requirements of Section 218.415, Florida Statutes, *Local Government Investment Policies*, during the year ended September 30, 2020. Management of the District is responsible for the District's compliance with the specified requirements. Our responsibility is to express an opinion on the District's compliance with the specified 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 District complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the District complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that the evidence obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

Our examination does not provide a legal determination on the District's compliance with specified requirements.

In our opinion, the District complied, in all material respects, with the requirements of Section 218.415, Florida Statutes, *Local Government Investment Policies*, for the year ended September 30, 2020.

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

Carr, Riggs & Ingram, L.L.C.

Melbourne, Florida
February 26, 2021