



**Sebastian Inlet District**  
**FINANCIAL STATEMENTS**  
Year Ended September 30, 2024





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**Sebastian Inlet District, Florida  
District Commissioners  
As of September 30, 2024**

**District Commissioners**

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

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**CARR, RIGGS & INGRAM, L.L.C.**

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## **INDEPENDENT AUDITOR'S REPORT**

To the District Commissioners  
Sebastian Inlet District, Florida

### **Report on the Audit of the Financial Statements**

#### ***Opinions***

We have audited the accompanying financial statements of the governmental activities and the major fund of the Sebastian Inlet District, Florida, (the "District") as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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 Sebastian Inlet District, Florida, as of September 30, 2024, 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.

#### ***Basis for Opinions***

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Sebastian Inlet District, Florida, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### ***Responsibilities of Management for the Financial Statements***

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

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

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Sebastian Inlet District, Florida's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Sebastian Inlet District, Florida's ability to continue as a going concern for a reasonable period of time.

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

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

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 9-14, the required budgetary comparison information and the pension and other postemployment benefits supplementary information on pages 46-53 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Other Information***

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

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated March 21, 2025 on our consideration of the Sebastian Inlet District, Florida's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is 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 Sebastian Inlet District, Florida'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 Sebastian Inlet District, Florida's internal control over financial reporting and compliance.

*Carr, Rigg & Ingram, L.L.C.*

Melbourne, Florida

March 21, 2025

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## Sebastian Inlet District, Florida Management's Discussion and Analysis September 30, 2024

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, 2024. Please read it in conjunction with the District's basic financial statements, which immediately follow this discussion.

### FINANCIAL HIGHLIGHTS

- The District's total assets and deferred outflows exceeded its liabilities and deferred inflows at September 30, 2024 by \$18,082,823. Of this amount, \$16,693,113 (unrestricted net position) may be used to meet the District's ongoing obligations to citizens and creditors.
- The District's total net position increased \$3,283,114; an increase of approximately 22% from the previous year's ending balance. The net increase can be explained primarily by the number of projects under design and permitting during the year. One of those projects was the Sebastian Inlet North Jetty Revetment Improvements Project – Phase 1. This project is designed to rehabilitate approximately 190 linear feet of the District's north Jetty with a steel sheet pile seawall, concrete pier, and 4-foot diameter granite armor stones along portions of the north jetty that were impacted by storms. The District's legacy projects for the year included: post-construction Sea Turtle and biological monitoring; wave, weather and tide data collection and analysis; hydrographic surveying; Dredged Material Management Area oversight; and tidal shoal seagrass monitoring. Sebastian Inlet District also completed an update to its Sebastian Inlet Management Plan that was adopted by the Florida Department of Environmental Protection.
- As of September 30, 2024, the District's governmental funds reported an ending fund balance of \$16,967,550, an increase of \$3,003,372 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.

#### 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.

**Sebastian Inlet District, Florida**  
**Management's Discussion and Analysis**  
**September 30, 2024**

**Government-Wide Financial Statements (Continued)**

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 17 and 18 of this report.

**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. 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 financial management 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 19 through 22 of this report. The budget comparison can be found on pages 52 through 53.

**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 23 through 44 of this report.

**Sebastian Inlet District, Florida**  
**Management's Discussion and Analysis**  
**September 30, 2024**

**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 \$18,082,823 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>		
	2024	2023
Current and other assets	\$ 17,524,592	\$ 14,177,429
Capital assets	1,423,229	1,473,695
Total assets	18,947,821	15,651,124
Deferred outflows	201,540	170,709
Other liabilities	210,197	213,251
Noncurrent liabilities	788,041	765,570
Total liabilities	998,238	978,821
Deferred inflows	68,300	43,303
Net position:		
Net investment in capital assets	1,389,710	1,433,760
Unrestricted	16,693,113	13,365,949
Total net position	\$ 18,082,823	\$ 14,799,709

An increase of \$3,296,697 in total assets is attributed primarily to the increase in funds due from investments. Total liabilities grew by \$19,417 due to an increase of \$12,042 in net pension liability and smaller increases in compensated absences and lease liabilities. The increase in deferred outflows of \$30,831 and an increase in deferred inflows of \$24,997 were due to changes in assumptions and differences between projected and actual earnings on pension plan investments. Net position increased \$3,283,114.

**Governmental Activities**

Governmental activities changed the District's net position by \$3,283,114 and \$448,508 for the years ended September 30, 2024 and 2023, respectively, as reflected in the table below:

**Sebastian Inlet District, Florida**  
**Management's Discussion and Analysis**  
**September 30, 2024**

**GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)**

Sebastian Inlet District Statement of Activities		2024	2023
<b>Revenues</b>			
Program revenues:			
Operating grants and contributions	\$	419,083	\$ 824,948
General revenues:			
Property taxes		4,172,573	2,655,051
Unrestricted investment earnings		811,299	590,722
<b>Total revenues</b>		<b>5,402,955</b>	<b>4,070,721</b>
<b>Expenses</b>			
General government		972,510	893,202
Physical environment		1,146,091	2,726,919
Interest on long-term debt		1,240	2,092
<b>Total expenses</b>		<b>2,119,841</b>	<b>3,622,213</b>
Change in net position		3,283,114	448,508
Net position, beginning of year		14,799,709	14,351,201
<b>Net position, ending</b>	<b>\$</b>	<b>18,082,823</b>	<b>\$ 14,799,709</b>

For fiscal year 2023-2024, the Sebastian Inlet District adjusted its millage rate to 0.1066. Necessitated by the start of an aggressive annual construction project schedule, this rate represented a 50.99 percent increase compared to the rolled-back rate of 0.0706 mills. The decrease of \$405,865 in operating grants and contributions resulted from fewer state reimbursements on beach projects.

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 increased by \$79,308 as a result of increasing salary/benefit expenses and account audit fees. Physical environment expenditures decreased by \$1,580,828 mainly due to the projects in the design and permitting phases and not the construction phases.

**ANALYSIS OF THE GOVERNMENTAL FUNDS**

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, 2024**

**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 \$16,967,550, an increase of \$3,003,372 as compared to the total balance on October 1, 2024. The change in fund balance is a result of the fiscal year's increased program revenues and property taxes.

**CAPITAL ASSETS**

The District's capital assets, less accumulated depreciation and amortization, for its governmental activities as of September 30, 2024 amounts to \$1,423,229 and consists of improvements other than buildings, equipment, office furniture and intangible assets. See page 33 for more details.

**GENERAL FUND BUDGETARY HIGHLIGHTS**

The 2024 ad valorem tax revenue received increased by \$1,517,522 compared to the previous year. However, the 2024 tax revenues were \$109,762 less than budgeted due to the uncollected, current year real estate and tangible property levies. Intergovernmental revenues were \$72,238 more than budgeted due to the share of Florida Department of Environmental Protection grant projects managed and billed.

With its participation in the Florida Prime government investment pool during the year, the District received more than \$405,000 in interest revenue budgeted as yields advanced to 4.53 percent by September of 2024. Together with interest income generated by the district's PNC Bank account, total interest earnings for the year amounted to \$811,299. Due to lowering interest rates, a decrease in interest revenue is expected in fiscal year 2024-2025.

Physical environment expenditures were less than budgeted due to construction of the Sebastian Inlet North Jetty Revetment Improvements Project – Phase 1 being delayed until FY 2024-2025, 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**

As outlined in its charter Sebastian Inlet District relies primarily on property tax for its governmental activities. This funding is supplemented by some non-recurring grants from the State of Florida for sand bypassing projects and environmental monitoring. The level of ad valorem taxes is directly related to the scope of these mandated beach activities. For FY 2025-2026, the District has requested approximately \$4.8 million from FDEP for design, permitting, and monitoring requirements for planned beach and jetty maintenance projects.

Revenues for the fiscal year 2024-2025 adopted budget for all funds of the District total \$21,970,060, and included a use of fund balance (assigned) amount of \$8,228,640 in revenue. Certified tax revenues

**Sebastian Inlet District, Florida**  
**Management's Discussion and Analysis**  
**September 30, 2024**

for the fiscal year 2024 - 2025 adopted budget for the District total \$7,292,920, a 70% increase from the prior year's budgeted tax revenues. The District Commissioners approved the millage rate for the fiscal year 2024-2025 of 0.1628 mills; the rolled-back rate for the year was 0.0994 mills.

Expenditures for the fiscal year 2024-2025 adopted budget for all funds of the District are projected for the Commission, Finance and Administration, Government Fees, Engineering, Sand Transfer System, 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 and to demonstrate the District's accountability. 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.

## **BASIC FINANCIAL STATEMENTS**

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**Sebastian Inlet District, Florida**  
**Statement of Net Position**

<i>September 30, 2024</i>	Governmental Activities
<b>Assets</b>	
Cash and cash equivalents	\$ 4,450,388
Investments	12,679,219
Due from other governments	377,925
Prepaid expenses	17,060
Capital assets:	
Depreciable, net of accumulated depreciation / amortization	
Improvements other than buildings	29,151
Equipment	4,889
Office furniture	2,142
Intangible assets	1,354,414
Right-to-use lease assets	32,633
Total assets	18,947,821
<b>Deferred Outflows of Resources</b>	
Deferred outflow - OPEB	5,526
Deferred outflow - pension	196,014
Total deferred outflows of resources	201,540
<b>Liabilities</b>	
Accounts payable	210,197
Noncurrent liabilities:	
Due within one year:	
Compensated absences	14,750
Lease liability	25,886
Due in more than one year:	
Compensated absences	87,160
Lease liability	7,633
Net pension liability	644,859
Net OPEB liability	7,753
Total liabilities	998,238
<b>Deferred Inflows of Resources</b>	
Deferred inflow - pension	65,854
Deferred inflow - OPEB	2,446
Total deferred inflows of resources	68,300
<b>Net Position</b>	
Net investment in capital assets	1,389,710
Unrestricted	16,693,113
Total net position	\$ 18,082,823

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

**Sebastian Inlet District, Florida**  
**Statement of Activities**

<i>Year ended September 30, 2024</i>						Governmental Activities
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	\$ 972,510	\$ -	\$ -	\$ -	\$ (972,510)	
Physical environment	1,146,091	-	419,083	-	(727,008)	
Interest on long-term debt	1,240	-	-	-	(1,240)	
<b>Total governmental activities</b>	<b>\$ 2,119,841</b>	<b>\$ -</b>	<b>\$ 419,083</b>	<b>\$ -</b>	<b>(1,700,758)</b>	
General revenues						
Property taxes						4,172,573
Unrestricted investment earnings						811,299
<b>Total general revenues</b>						<b>4,983,872</b>
Change in net position						3,283,114

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

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

<i>September 30, 2024</i>	General	Total Governmental Fund
<b>Assets</b>		
Cash and cash equivalents	\$ 4,450,388	\$ 4,450,388
Investments	12,679,219	12,679,219
Due from other governments	377,925	377,925
Prepaid expenses	17,060	17,060
Total assets	\$ 17,524,592	\$ 17,524,592
<b>Liabilities</b>		
Accounts payable	\$ 210,197	\$ 210,197
Total liabilities	210,197	210,197
<b>DEFERRED INFLOW OF RESOURCES</b>		
Deferred inflow - unavailable grant revenue	346,845	346,845
Total deferred inflows of resources	346,845	346,845
<b>Fund Balances</b>		
Nonspendable:		
Prepays	17,060	17,060
Fund balances:		
Assigned:		
Legal counsel	222,800	222,800
Engineering	170,500	170,500
Sand transfer system	418,489	418,489
Sand trap dredging	1,985,833	1,985,833
Maintenance of channel	111,343	111,343
Construction programs	4,887,185	4,887,185
Subsequent year's budget deficit	8,228,640	8,228,640
Unassigned	925,700	925,700
Total fund balances	16,967,550	16,967,550
Total liabilities and fund balances	\$ 17,524,592	\$ 17,524,592

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

**Sebastian Inlet District, Florida**  
**Reconciliation of the Balance Sheet of Governmental Fund**  
**To the Statement of Net Position**

*September 30, 2024*

<b>Total fund balance in governmental funds</b>		<b>\$ 16,967,550</b>
<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	2,056,715	
Less accumulated depreciation	(633,486)	1,423,229
<p>Deferred outflow of resources related to pensions and OPEB are not recognized in the governmental funds; however, they are recorded in the statement of net position under full accrual accounting.</p>		
		201,540
<p>Unavailable grant revenue (related to reimbursement for grant funds) is recorded as a liability in the fund statements but is recorded as revenue in governmental activities</p>		
		346,845
<p>Deferred inflow of resources related to pensions and OPEB are not recognized in governmental funds; however, they are recorded in the statement of net position under full accrual accounting.</p>		
		(68,300)
<p>Long-term liabilities, including net OPEB liability, compensated absences, lease liability, 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	(644,859)	
Compensated absences	(101,910)	
Lease liability	(33,519)	
Other post-employment benefits	(7,753)	(788,041)
<b>Net position of governmental activities</b>		<b>\$ 18,082,823</b>

*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, 2024</i>	General	Total Governmental Fund
<b>Revenues</b>		
Taxes:		
Brevard County	\$ 3,431,809	\$ 3,431,809
Indian River County	740,764	740,764
Intergovernmental	72,238	72,238
Interest and other	811,299	811,299
Total revenues	5,056,110	5,056,110
<b>Expenditures</b>		
Current:		
General government	889,387	889,387
Physical environment	1,140,650	1,140,650
Capital outlay	15,045	15,045
Debt service:		
Principal	21,461	21,461
Interest	1,240	1,240
Total expenditures	2,067,783	2,067,783
<b>Excess (deficiency) of revenues over (under) expenditures</b>	2,988,327	2,988,327
<b>Other financing sources (uses)</b>		
Lease proceeds	15,045	15,045
Total other financing sources (uses)	15,045	15,045
<b>Net change in fund balances</b>	3,003,372	3,003,372
<b>Fund balances, beginning of year</b>	13,964,178	13,964,178
<b>Fund balances, end of year</b>	\$ 16,967,550	\$ 16,967,550

*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, 2024*

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**Net change in fund balances - total governmental funds** **\$ 3,003,372**

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

Governmental funds report capital outlays as expenditures, \$15,045. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation/amortization expense (\$65,511). This is the amount by which depreciation/amortization exceeds capital outlay in the current period. (50,466)

Some revenues not collected within 60 days after the close of the District's fiscal year-end are not considered as "available" revenue in the governmental funds. In the statement of net position, presented on full accrual basis, these revenues are recognized. 346,845

Issuance of long-term debt provides current financial resources, \$15,045 while repayments consume current financial resources, (\$21,461). Neither has any effect on net position. 6,416

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. (1,198)

Cash pension contributions reported in the funds were less than the calculated pension expense on the statement of activities and therefore decrease net position. (6,008)

Compensated absences are reported in the statement of activities when earned. As they do not require the use of current financial resources, they are not reported as expenditures on governmental funds until they have matured. This is the amount of the compensated absences reported in the statement of activities in the prior year that has matured in the current year. (15,847)

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**Change in net position of governmental activities** **\$ 3,283,114**

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*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, 2024. 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, 2024.

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 and timing 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 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.

## Sebastian Inlet District, Florida Notes to Financial Statements

### Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### *Fund Financial Statements (Continued)*

The District reports the following major governmental fund:

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

#### ***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 consists of the SBA Florida PRIME external investment pool. The SBA Florida PRIME investment pool meets all of the specified criteria in Section 150: *Investments* of the GASB Codification to qualify to elect to measure their investments at amortized cost. Accordingly, the fair value of the District's position in the pool is equal to the value of pooled shares.

##### *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.

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

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position or Equity (Continued)***

*Capital Assets*

Capital assets, which include property, plant, equipment, right-to-use lease assets, 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 \$5,000 and an estimated useful life in excess of one year.

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.

Capital 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

Right-to-use lease assets are amortized over the life of the lease.

*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 two (2) items that qualify for reporting as deferred outflows of resources, the *deferred outflows related to pensions* and the *deferred outflows related to other post-employment benefits*, both 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 other post-employment benefits are an aggregation of items related to other post-employment benefits (OPEB) as calculated in accordance with GASB Codification Section P50: *Other Post-employment Benefits*. The deferred outflows related to pensions and OPEB will be recognized as either pension or OPEB expense or as a reduction in the net pension or OPEB liability in future reporting years.

## Sebastian Inlet District, Florida Notes to Financial Statements

### Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### *Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position or Equity (Continued)*

##### *Deferred Outflows/Inflows of Resources (Continued)*

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 one (1) item that qualifies 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. The *deferred inflows related to other post-employment* benefits will be recognized as either group health insurance expense or a reduction in the net OPEB liability in future reporting years.

*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.

## Sebastian Inlet District, Florida Notes to Financial Statements

### Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### *Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position or Equity (Continued)*

##### *Leases*

Lease contracts that provide the District with control of a non-financial asset, such as land, buildings or equipment, for a period of time in excess of twelve months are reported as a leased asset with a related lease liability. The lease liability is recorded at the present value of future lease payments, including fixed payments, variable payments based on an index or fixed rate and reasonably certain residual guarantees. The intangible leased asset is recorded for the same amount as the related lease liability plus any prepayments and initial direct costs to place the asset in service. Leased assets are amortized over the shorter of the useful life of the asset or the lease term. The lease liability is reduced for lease payments made, less the interest portion of the lease payment.

##### *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.

##### *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 Net Position and Fund Balance*

*Net position flow assumption* – Sometimes the District will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide 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 – net position to have been depleted before unrestricted – net position is applied.

## Sebastian Inlet District, Florida Notes to Financial Statements

### Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### *Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position or Equity (Continued)*

##### *Categories and Classification of Net Position and Fund Balance (Continued)*

*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.

*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 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.

## Sebastian Inlet District, Florida Notes to Financial Statements

### Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### *Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position or Equity (Continued)*

##### *Categories and Classification of Net Position and Fund Balance (Continued)*

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.

#### *Revenues and Expenditures/Expenses*

*Intergovernmental revenues* – Amounts reported as intergovernmental revenues include grants and contributions (including special assessments) that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as intergovernmental revenues.

*Property taxes* – The District is a multi-county independent taxing district and receives property taxes from both Brevard and Indian River Counties. As provided by law, the Brevard and Indian River Property Appraisers assess all property values for ad valorem taxing purposes and the Brevard and Indian River County Tax Collectors collect and distribute all taxes. The District is permitted to levy ad valorem taxes on assessed valuation by State law. The millage rate levied by the District for the year ended September 30, 2024, was 0.1066 mills.

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, 2024.

Ad valorem taxes are levied based on the property valuation as of January 1. The fiscal year for which ad valorem taxes are levied begins October 1. Taxes are due beginning November 1 and considered delinquent on April 1. All property taxes remaining unpaid at May 30 are subject to a tax certificate sale by the respective County Tax Collector. Property tax revenues are recognized in the fiscal year for which they are budgeted and also become due and payable.

#### *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, March 21, 2025 and determined there were no events that occurred that required disclosure.

**Note 2: DETAILED NOTES ON ALL FUNDS**

***Deposits and Investments***

At September 30, 2024, the District's carrying amount of deposits was \$4,450,288 and the bank balance was \$4,466,396. In addition, the District maintained \$100 of petty cash. As of September 30, 2024, \$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.

The investment program is established in accordance with the District's investment policy, pertinent bond resolutions and Section 218.45, Florida Statutes, which allows the District to invest in the Florida State Board of Administration intergovernmental investment pool or any intergovernmental investment pool authorized pursuant to the Florida Interlocal Cooperation Act of 1969, direct obligations of the United States Government, obligations of the different agencies of the Federal Government, registered money market funds and accounts of state qualified public depositories.

The investing of public funds with the Florida State Board of Administration (SBA) – Local Government Surplus Funds Trust Fund is governed by Section 218.407, Florida Statutes. The SBA is under regulatory oversight of the State of Florida. The investment pool consists largely of corporate notes and commercial paper. On September 30, 2024, the District had \$12,679,219 invested. The fair value of the District's position in the pool is equal to the value of pooled shares or net asset value.

Under GASB Codification 150: *Investments*, if a participant has an investment in a qualifying external investment pool that measure for financial reporting purposes all of its investments at amortized cost it should disclose the presence of any limitations or restrictions on withdrawals (such as redemption notice periods, maximum transaction amounts, and the qualifying investment pool's authority to impose liquidity fees or redemption gates) in notes to the financial statements. As of September 30, 2024, there were no redemption fees or maximum transactions amounts, or other requirements that serve to limit the District's access to 100 percent of their account value in the external investment pool.

Deposits available within the general fund, were consolidated for investment purposes. Interest earned was allocated to the various funds based on their average cash and investment balances.

*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.

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

**Note 2: DETAILED NOTES ON ALL FUNDS (Continued)**

***Deposits and Investments (Continued)***

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.

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.

*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.

*Concentration risk* – Section 150: Investment of the GASB Codification requires disclosures of investments in any one issuer that represents five percent or more of total investments, excluding investments issued or explicitly guaranteed by the U.S. government, investments in mutual funds, external investment pools and other pooled investments. The Districts’ investment policy does not address concentration risk.

As of September 30, 2024, the District had the following investments and effective duration presented in terms of years.

Investment Type	Credit Rating	Investment Maturities (in years)			
		Fair Value / Cost plus Accrued Interest	Less than 1	From 1-5	More than 5
Primary government:					
State Board of Administration					
Florida Prime	AAAm	\$ 12,679,219	\$ 12,679,219	\$ -	\$ -
Total primary government investments		\$ 12,679,219	\$ 12,679,219	\$ -	\$ -

**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, 2024, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Governmental activities:</b>				
Capital assets, being depreciated:				
Improvements other than buildings	\$ 53,071	\$ -	\$ -	\$ 53,071
Equipment	92,508	-	(1,077)	91,431
Office furniture	4,285	-	-	4,285
Intangible assets – land easements and improvements	1,834,874	-	-	1,834,874
<b>Capital assets, being depreciated</b>	<b>1,984,738</b>	<b>-</b>	<b>(1,077)</b>	<b>1,983,661</b>
Less accumulated depreciation for:				
Improvements other than buildings	(21,266)	(2,654)	-	(23,920)
Equipment	(85,244)	(2,375)	1,077	(86,542)
Office furniture	(1,714)	(429)	-	(2,143)
Intangible assets – land easements and improvements	(441,932)	(38,528)	-	(480,460)
<b>Total accumulated depreciation</b>	<b>(550,156)</b>	<b>(43,986)</b>	<b>1,077</b>	<b>(593,065)</b>
<b>Total capital assets being depreciated, net</b>	<b>1,434,582</b>	<b>(43,986)</b>	<b>-</b>	<b>1,390,596</b>
Right-to-use lease assets, being amortized:				
Buildings	64,880	15,045	(12,114)	67,811
Equipment	5,243	-	-	5,243
<b>Right-to-use lease assets, being amortized</b>	<b>70,123</b>	<b>15,045</b>	<b>(12,114)</b>	<b>73,054</b>
Less accumulated amortization for:				
Buildings	(26,170)	(21,122)	12,114	(35,178)
Equipment	(4,840)	(403)	-	(5,243)
<b>Total accumulated amortization</b>	<b>(31,010)</b>	<b>(21,525)</b>	<b>12,114</b>	<b>(40,421)</b>
<b>Right-to-use lease assets being amortized, net</b>	<b>39,113</b>	<b>(6,480)</b>	<b>-</b>	<b>32,633</b>
<b>Governmental activities capital assets, net</b>	<b>\$ 1,473,695</b>	<b>\$ (50,466)</b>	<b>\$ -</b>	<b>\$ 1,423,229</b>

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

**Note 2: DETAILED NOTES ON ALL FUNDS (Continued)**

***Capital Assets (Continued)***

Depreciation and amortization expense was allocated to the governmental functions in the statement of activities as follows:

Governmental activities:	
General government	\$ 60,070
Physical environment	5,441
Total depreciation and amortization expense - governmental activities	\$ 65,511

***Leases – Lessee***

The District has entered into lease agreements to obtain the right-to-use an office space, a boat marina storage and office equipment. The total annual rent for the leases that the District paid for the fiscal year ended September 30, 2024 was \$26,556. In fiscal year 2023, the District executed a new office lease, for three years commencing October 1, 2022 and ending September 30, 2025. Monthly payment amount for the office space is \$1,550 in fiscal year 2024 and \$1,575 in fiscal year 2025.

The boat marina storage and office equipment leases expire in fiscal year 2025. Monthly payment amounts are \$663 for the boat marina storage.

The following is a schedule of minimum future lease payments from lease agreements as of September 30:

	Principal Payments	Interest Expense	Total
2025	\$ 25,886	\$ 796	\$ 26,682
2026	7,633	148	7,781
Total	\$ 33,519	\$ 944	\$ 34,463

**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, 2024, was as follows for governmental activities:

	Beginning				Ending		Due Within
	Balance	Additions	Reductions		Balance	One Year	
<b>Governmental activities:</b>							
Compensated absences	\$ 86,063	\$ 28,304	\$ (12,457)	\$	101,910	\$	14,750
Lease liabilities	39,935	15,045	(21,461)		33,519		25,886
Net pension liability	632,817	12,042	-		644,859		-
Net OPEB liability	6,755	998	-		7,753		-
<b>Long-term liabilities</b>	<b>\$ 765,570</b>	<b>\$ 56,389</b>	<b>\$ (33,918)</b>	<b>\$</b>	<b>788,041</b>	<b>\$</b>	<b>40,636</b>

Compensated absences, lease liabilities, other postemployment benefits (OPEB), and net pension liability will be liquidated in future periods primarily by the General Fund for governmental activities.

***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 year totaled \$25,356. In the past three years, there have been no claims settled exceeding the District's coverage. As of September 30, 2024, there are no outstanding claims.

**Note 3: RETIREMENT PLANS**

***Description of Plans***

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") employer 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. Currently, only employees in the regular class qualify for a

**Note 3: RETIREMENT PLANS (Continued)**

***Description of Plans (Continued)***

contribution into the SEP plan. Total FRS eligible payroll for all employees was \$361,077 and all were covered by the plan at year end. For the year ended September 30, 2024, the District contributed \$3,018 to the SEP.

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](http://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.

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.

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

**Note 3: RETIREMENT PLANS (Continued)**

***Benefits Provided (Continued)***

Eligible retirees and beneficiaries receive a monthly HIS payment equal to the number of years of service credited at retirement multiplied by \$7.50. The minimum payment is \$30 and the maximum payment is \$225 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, 2024, were as follows:

	FRS	HIS
Regular class	11.63%	2.00%
Senior management service class	32.52%	2.00%
Elected officials	56.68%	2.00%

The employer’s contributions for the year ended September 30, 2024, were \$91,041 to the FRS Pension Plan and \$5,686 to the HIS Program.

***Pension Liabilities and Pension Expense***

In its financial statements for the year ended September 30, 2024, 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, 2024. 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	\$ 511,231	\$ 133,628
Proportion at:		
Current measurement date	0.0013%	0.0009%
Prior measurement date	0.0013%	0.0008%
Pension expense (benefit)	\$ 77,499	\$ 5,442

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

**Note 3: RETIREMENT PLANS (Continued)**

***Deferred Outflows/Inflows of Resources Related to Pensions***

At September 30, 2024, 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	\$ 51,648	\$ -	\$ 1,290	\$ (257)
Change of assumptions	70,069	-	2,365	(15,820)
Net difference between projected and actual earnings on pension plan investments	-	(33,979)	-	(48)
Changes in proportion and differences between District pension plan contributions and proportionate share of contributions	33,437	(6,250)	15,670	(9,500)
District pension plan contribution subsequent to the measurement date	19,567	-	1,968	-
<b>Total</b>	<b>\$ 174,721</b>	<b>\$ (40,229)</b>	<b>\$ 21,293</b>	<b>\$ (25,625)</b>

***Pension Liabilities and Pension Expense***

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, 2024. Other pension-related amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

Year Ending September 30:	FRS	HIS
2025	\$ (7,185)	\$ (809)
2026	108,814	(1,346)
2027	10,336	(2,639)
2028	2,960	(1,398)
2029	-	(108)
<b>Total</b>	<b>\$ 114,925</b>	<b>\$ (6,300)</b>

**Note 3: RETIREMENT PLANS (Continued)**

***Actuarial Assumptions***

The total pension liability for each of the defined benefit plans was measured as of June 30, 2024. The total pension liability for the FRS Pension Plan was determined by an actuarial valuation dated July 1, 2024. For the HIS Program, the total pension liability was determined by an actuarial valuation dated July 1, 2024. 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	3.50%	3.50%
Investment rate of return	6.70%	N/A
Discount rate	6.70%	3.93%

Mortality assumptions for both plans were based on the PUB-2010 base tables projected generationally with Scale MP-2021.

For both plans, the actuarial assumptions were based on the results of an actuarial experience study for the period July 1, 2018, through June 30, 2023.

The following changes in key actuarial assumptions occurred in 2024:

FRS and HIS: The payroll assumed growth rate, including inflation, increased from 3.25% to 3.50%

HIS: The discount rate used in calculation of the pension liability increased from 3.65% to 3.93%.

The long-term expected investment rate of return assumption for the FRS Pension Plan was based on two building block components: 1) a long-term average annual inflation assumption of 2.40% and 2) an inferred real (in excess of inflation) return of 4.20%. Geometrically combining those building blocks using the formula  $(1 + .024) \times (1 + .042) - 1$  generates an expected nominal return of 6.70%. In the opinion of the FRS consulting actuary, both building block components and the overall 6.70% return assumption were determined to be reasonable and appropriate per Actuarial Standards of Practice. The 6.70% reported investment return assumption is the same as the investment return assumption chosen by the 2023 FRS Actuarial Assumption Conference for funding policy purposes. Each asset class assumption is based on a consistent set of underlying assumptions.

For the FRS Pension Plan, the table below summarizes the consulting actuary’s assumptions based on the long-term target asset allocation. Each asset class assumption is based on a consistent set of underlying real return assumptions from the FRS consulting actuary’s model combined with the FRS Actuarial Assumption Conference’s 2.4% inflation assumption. The FRS consulting actuary’s assumptions are not based on historical returns, but instead are based on a forward-looking capital market economic model.

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

**Note 3: RETIREMENT PLANS (Continued)**

**Actuarial Assumptions (Continued)**

Asset Class	Target Allocation (1)	Annual Arithmetic Return	Compound Annual (Geometric) Return
Cash	1.0%	3.3%	3.3%
Fixed income	29.0%	5.7%	5.6%
Global equity	45.0%	8.6%	7.0%
Real estate	12.0%	8.1%	6.8%
Private equity	11.0%	12.4%	8.8%
Strategic investments	2.0%	6.6%	6.2%
Total	100%		

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 6.70%. 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 3.93% was used to determine the total pension liability for the program. The Bond Buyer General Obligation 20-Year Municipal Bond Index rate as of June 30, 2024 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.

September 30, 2024	FRS			HIS		
	1% Decrease	Current Discount Rate	1% Increase	1% Decrease	Current Discount Rate	1% Increase
Discount rate	5.70%	6.70%	7.70%	2.93%	3.93%	4.93%
District's proportionate share of the net pension liability	\$ 899,238	\$ 511,231	\$ 186,193	\$ 161,396	\$ 133,628	\$ 124,954

**Note 3: RETIREMENT PLANS (Continued)**

***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, 2024, totaled \$27,255.

**Note 4: POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)**

***Plan Description***

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.

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.

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 3 active participants. Of the total, none are eligible to receive benefits.

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.

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

**Note 4: POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Continued)**

***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 \$1,319 and \$1,416 for retirees and spouses under age 65 and between \$165 and \$508 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, 2024, none of the contribution was attributed to the District.

***Plan Membership***

At October 1, 2024, OPEB membership consisted of the following:

	Number of covered individuals
Active members	3
Inactive members	1
Total	4

***Actuarial Assumptions and Other Inputs***

The total OPEB liability in the September 30, 2024 actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	100.00 percent of the rate of medical inflation
Salary Increases	2.00 percent projected annual salary increase
Discount rate	4.06 percent investment rate of return
Health care cost trend rates	8.00 percent deducing to an ultimate 4.50 percent
Retirees' share of benefit-related costs	56.00 percent of annual premium cost

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.

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

**Note 4: POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Continued)**

***Actuarial Assumptions and Other Inputs (Continued)***

In the October 1, 2024 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 4.50%. 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, 2024 the District reported a Net OPEB liability of \$7,753. The GASB 75 information has been provided as of the September 30, 2024 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, 2023 for FYE 2023	\$ 6,755	\$ -	\$	6,755
Changes for the year:				
Service cost	1,561	-		1,561
Interest	613	-		613
Changes of assumptions	587	-		587
Difference between expected and actual experience	(1,337)	-		(1,337)
Benefit payments	(426)	-		(426)
Net changes	998	-		998
Balance as of October 1, 2024 for FYE 2024	\$ 7,753	\$ -	\$	7,753

The discount rate of 4.06% as of September 30, 2024 declined from a discount rate of 4.77% for the September 30, 2023. The methods, assumptions, and participant data used are detailed in the actuarial valuation report dated October 1, 2023 with the exception of the actuarial cost method. These calculations are based on the Entry Age Normal cost method required by GASBC P52.

***Sensitivity of the OPEB liability***

The following table represents the District's total OPEB liability calculated using the discount rate of 4.06%, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (3.06%) or one percentage point higher (5.06%) than the current rate:

	1% Decrease (3.06%)	Discount Rate (4.06%)	1% Increase (5.06%)
Net OPEB Liability	\$ 7,870	\$ 7,753	\$ 6,554

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

**Note 4: POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Continued)**

***Sensitivity of the OPEB liability (Continued)***

The following table represents the District’s total and net OPEB liability calculated using the health care cost trend rate of 4.5%, as well as what the District’s net OPEB liability would be if it were calculated using a health care cost trend rate that is one percentage point lower (3.5%) or one percentage point higher (5.5%) than the current rate:

	1% Decrease (3.50%)	Healthcare Cost Trend Rate (4.50%)	1% Increase (5.50%)
Net OPEB Liability	\$ 6,535	\$ 7,753	\$ 7,891

***OPEB expense and deferred outflows of resources and deferred inflows of resourced related to OPEB***

For the fiscal year ended September 30, 2024, the District recognized an OPEB expense of \$2,497. In addition, the District reported deferred outflows of resources and deferred inflows of resources related to the OPEB plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,624	\$ (1,583)
Change of assumptions	3,902	(863)
Total	\$ 5,526	\$ (2,446)

Other amounts reported as deferred outflows of resources related to the OPEB plan will be recognized in the expense as follows:

Year Ending September 30,	
2025	\$ 353
2026	353
2027	483
2028	719
2029	440
Thereafter	732
Total	\$ 3,080

**Note 5: COMMITMENTS**

The District had contractual commitments at September 30, 2024, of approximately \$648,750 for various projects at the Inlet. Future appropriations will fund these commitments as work is performed.

**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)**

	<b>2024</b>	<b>2023</b>	<b>2022</b>
District's proportion of the net pension liability	0.0013%	0.0013%	0.0013%
District's proportionate share of the net pension liability	\$ 511,231	\$ 499,425	\$ 469,172
District's covered payroll	\$ 383,077	\$ 332,758	\$ 308,470
District's proportionate share of the net pension liability as a percentage of its covered payroll	133.45%	150.09%	152.10%
Plan fiduciary net position as a percentage of the total pension liability	83.70%	82.38%	82.89%

**Health Insurance Subsidy (HIS)**

	<b>2024</b>	<b>2023</b>	<b>2022</b>
District's proportion of the net pension liability	0.0009%	0.0008%	0.0008%
District's proportionate share of the net pension liability	\$ 133,628	\$ 133,392	\$ 89,653
District's covered payroll	\$ 383,077	\$ 332,758	\$ 308,470
District's proportionate share of the net pension liability as a percentage of its covered payroll	34.88%	40.09%	29.06%
Plan fiduciary net position as a percentage of the total pension liability	4.80%	4.12%	4.81%

**Note 1: 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 2: Amounts presented for each fiscal year were determined as of 6/30.**

**Florida Retirement System (FRS)**

<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
0.0012%	0.0012%	0.0013%	0.0010%	0.0014%	0.0015%	0.0016%
\$ 87,785	\$ 505,982	\$ 441,168	\$ 302,205	\$ 427,472	\$ 389,554	\$ 208,444
\$ 260,730	\$ 275,810	\$ 330,780	\$ 309,460	\$ 306,216	\$ 275,409	\$ 269,803
33.67%	183.45%	133.37%	97.66%	139.60%	141.45%	76.96%
96.40%	78.85%	82.61%	84.26%	83.89%	84.88%	92.00%

**Health Insurance Subsidy (HIS)**

<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
0.0007%	0.0008%	0.0010%	0.0009%	0.0010%	0.0009%	0.0009%
\$ 90,340	\$ 97,030	\$ 110,667	\$ 93,078	\$ 102,720	\$ 103,975	\$ 90,695
\$ 260,730	\$ 275,810	\$ 330,780	\$ 309,460	\$ 306,216	\$ 275,409	\$ 269,803
34.65%	35.18%	33.46%	30.08%	33.54%	37.75%	33.48%
3.56%	3.00%	2.63%	2.15%	1.64%	0.97%	92.00%

**Sebastian Inlet District, Florida  
Schedule of Contributions**

**Florida Retirement System (FRS)**

	<b>2024</b>	<b>2023</b>	<b>2022</b>
Contractually required contribution	\$ 91,041	\$ 72,372	\$ 61,327
Contributions in relation to the contractually required contribution	(91,041)	(72,372)	(61,327)
<b>Contribution deficiency (excess)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
District's covered payroll	\$ 383,077	\$ 323,840	\$ 320,334
Contributions as a percentage of covered-employee payroll	23.77%	22.35%	19.14%

**Health Insurance Subsidy (HIS)**

	<b>2024</b>	<b>2023</b>	<b>2022</b>
Contractually required contribution	\$ 5,686	\$ 5,983	\$ 5,319
Contributions in relation to the contractually required contribution	(5,686)	(5,983)	(5,319)
<b>Contribution deficiency (excess)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
District's covered payroll	\$ 383,077	\$ 323,840	\$ 320,334
Contributions as a percentage of covered-employee payroll	1.48%	1.85%	1.66%

**Note 1: Amounts presented for each fiscal year were determined as of 9/30.**

	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
\$	50,671	\$ 40,372	\$ 41,493	\$ 29,188	\$ 34,264	\$ 38,856	\$ 39,346
	(50,671)	(40,372)	(41,493)	(29,188)	(34,264)	(38,856)	(39,346)
\$	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$	259,362	\$ 279,079	\$ 324,932	\$ 310,799	\$ 308,562	\$ 277,210	\$ 270,853
	19.54%	14.47%	12.77%	9.39%	11.10%	14.02%	14.53%

**Health Insurance Subsidy (HIS)**

	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
\$	4,307	\$ 4,633	\$ 5,395	\$ 4,791	\$ 5,123	\$ 4,603	\$ 3,399
	(4,307)	(4,633)	(5,395)	(4,791)	(5,123)	(4,603)	(3,399)
\$	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$	259,362	\$ 279,079	\$ 324,932	\$ 310,799	\$ 308,562	\$ 277,210	\$ 270,853
	1.66%	1.66%	1.66%	1.54%	1.66%	1.66%	1.25%

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

September 30,	2024	2023
Service cost	\$ 1,561	\$ 1,603
Interest	613	462
Difference between expected and actual experience	(1,337)	-
Changes of assumptions or other inputs	587	1,838
Benefit payments	(426)	(918)
Net change in total OPEB liability	998	2,985
Total OPEB liability - beginning	6,755	3,770
Total OPEB liability - ending	\$ 7,753	\$ 6,755
Covered-employee payroll	\$ 357,250	\$ 310,000
Total OPEB liability as a percentage of covered-employee payroll	2.17%	2.18%

\* 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:

- 9/30/2018 - 1.00%
- 9/30/2019 - 4.24%
- 9/30/2020 - 3.64%
- 9/30/2021 - 2.14%
- 9/30/2022 - 2.43%
- 9/30/2023 - 4.77%
- 9/30/2024 - 4.06%

	2022		2021		2020		2019		2018
\$	551	\$	-	\$	204	\$	273	\$	415
	57		-		140		246		329
	1,807		2,871		(2,558)		(399)		(2,010)
	(617)		(122)		-		240		(298)
	(777)		-		(3,252)		(1,420)		(1,920)
	1,021		2,749		(5,466)		(1,060)		(3,484)
	2,749		-		5,466		6,526		10,010
\$	3,770	\$	2,749	\$	-	\$	5,466	\$	6,526
\$	300,179	\$	239,208	\$	447,393	\$	423,935	\$	384,749
	1.26%		1.15%		0.00%		1.29%		1.70%

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

<i>Year ended September 30, 2024</i>	Original Budget	Final Budget	Actual (Budgetary Basis - See Notes)	Variance with Final Budget Positive (Negative)
<b>Revenues</b>				
Taxes:				
Brevard County	\$ 3,513,603	\$ 3,513,603	\$ 3,431,809	\$ (81,794)
Indian River County	768,732	768,732	740,764	(27,968)
Intergovernmental	-	-	72,238	72,238
Interest and other	405,000	405,000	811,299	406,299
<b>Total revenues</b>	<b>4,687,335</b>	<b>4,687,335</b>	<b>5,056,110</b>	<b>368,775</b>
<b>Expenditures</b>				
Current:				
General government	1,036,553	1,036,553	889,387	147,166
Physical environment	6,802,660	6,802,660	1,222,549	5,580,111
Debt service		-		
Principal	21,461	21,461	21,461	-
Interest	2,092	2,092	1,240	852
<b>Total expenditures</b>	<b>7,862,766</b>	<b>7,862,766</b>	<b>2,134,637</b>	<b>5,728,129</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>(3,175,431)</b>	<b>(3,175,431)</b>	<b>2,921,473</b>	<b>6,096,904</b>
<b>Other financing sources (uses)</b>				
Lease proceeds	-	-	15,045	(15,045)
Net other financing sources	-	-	15,045	(15,045)
<b>Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>2,936,518</b>	<b>(2,936,518)</b>
<b>Fund balances, beginning of year</b>	<b>13,964,178</b>	<b>13,964,178</b>	<b>13,964,178</b>	<b>-</b>
<b>Fund balances, end of year</b>	<b>\$ 10,788,747</b>	<b>\$ 10,788,747</b>	<b>\$ 16,900,696</b>	<b>\$ 6,111,949</b>

**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 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 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, 2024, is presented below:

Net change in fund balance – budgetary basis	\$ 2,936,518
Differences – budget to GAAP:	
Outstanding encumbrances	648,750
Prior year encumbrances completed	(581,896)
<u>Net change in fund balance – GAAP basis</u>	<u>\$ 3,003,372</u>

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

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**INDEPENDENT AUDITOR’S 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, 2024 and the related notes to the financial statements, which collectively comprise the District’s basic financial statements and have issued our report thereon dated March 21, 2025.

**Report on 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 or significant deficiencies may exist that were not identified.

## **Report on 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of 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.

*Carr, Rigg & Ingram, L.L.C.*

Melbourne, Florida

March 21, 2025



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## **INDEPENDENT AUDITOR'S 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, 2024, and have issued our report thereon dated March 21, 2025.

### **Auditor's 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 Auditor's 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 March 21, 2025, 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 financial audit report. There were no findings or recommendations made in the preceding annual financial audit report.

## Official Title and Legal Authority

Section 10.554(1)(i)4., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. The legal authority 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 had no such recommendations.

## Specific Information (Unaudited)

As required by Section 218.39(3)(c), Florida Statutes, and Section 10.554(1)(i)7, Rules of the Auditor General, the Sebastian Inlet District reported the following information. This information has not been subjected to the auditing procedures applied in the audit of the financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

As required by Section 218.39(3)(c), Florida Statutes, and Section 10.554(1)(i)7, Rules of the Auditor General, the Sebastian Inlet District reported:

- |   |            |
|---|------------|
| a. Total number of District employees compensated in the last pay period of the District's fiscal year as                               | 3          |
| b. Total number of independent contractors to whom nonemployee compensation was paid in the last month of the District's fiscal year as | None       |
| c. All compensation earned by or awarded to employees, whether paid or accrued, regardless of contingency.                              | \$ 361,077 |

- |   |  |
|---|--|
| d. All compensation earned by or awarded to nonemployee independent contractors, whether paid or accrued, regardless of contingency.  | None                                       |
| e. Each construction project with a total cost of at least \$65,000 approved by the District that is scheduled to begin after October 1 of the fiscal year being reported, together with the total expenditures for such projects.            | None                                       |
| f. A budget variance based on the budget adopted under Section 189.016(4), Florida Statutes, before the beginning of the fiscal year being reported if the District amends a final adopted budget under Section 189.016(6), Florida Statutes. | See Budget and Actual Statement on page 52 |

As required by Section 218.39(3)(c), Florida Statutes, and Section 10.554(1)(i)8, Rules of the Auditor General, the Sebastian Inlet District reported:

- |   |              |
|---|--------------|
| a. The millage rate or rates of non-ad valorem imposed by the District                      | 0.1066       |
| b. The total amount of ad valorem taxes collected by or on behalf of the District           | \$ 4,172,573 |
| c. The total amount of outstanding bonds issued by the District and the terms of such bonds | None         |

Information required by Section 218.39(3)(c), Florida Statutes, and Section 10.554(1)(i)9, Rules of the Auditor General, does not apply as the Sebastian Inlet District does not impose any special assessments.

**Additional Matters**

Section 10.554(1)(i)3., Rules of the Auditor General, requires us to communicate noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but 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.

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

Melbourne, Florida  
 March 21, 2025

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## **INDEPENDENT ACCOUNTANT’S REPORT ON COMPLIANCE WITH LOCAL GOVERNMENT INVESTMENT POLICIES**

To the District Commissioners  
Sebastian Inlet District, Florida  
Indialantic, 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, 2024. 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 AICPA. 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.

We are required to be independent and to meet our other ethical responsibilities in accordance with relevant ethical requirements related to the examination engagement.

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, 2024.

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  
March 21, 2025



**Sebastian Inlet District**

**REQUIRED COMMUNICATIONS**

September 30, 2024



**CARR, RIGGS & INGRAM, L.L.C.**

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March 21, 2025

To the District Commissioners  
Sebastian Inlet District, Florida

We are pleased to present the results of our audit of the financial statements of the governmental activities and the major fund, including the related notes to the financial statements, which collectively comprise the basic financial statements of Sebastian Inlet District, Florida (the "District") for the year ended September 30, 2024.

This report to the District Commissioners summarizes our audit, the reports issued and various analyses and observations related to the District's accounting and reporting. The document also contains the communications required by our professional standards.

Our audit was designed, primarily, to express an opinion on the District's basic financial statements for the year ended September 30, 2024. We considered the District's current and emerging needs, along with an assessment of risks that could materially affect the financial statements, and aligned our audit procedures accordingly. We conducted the audit with the objectivity and independence that you, the District Commissioners, expect. We received the full support and assistance of the District's personnel.

At Carr, Riggs & Ingram, LLC (CRI), we are continually evaluating the quality of our professionals' work in order to deliver audit services of the highest quality that will meet or exceed your expectations. We encourage you to provide any feedback you believe is appropriate to ensure that we do not overlook a single detail as it relates to the quality of our services.

This report is intended solely for the information and use of the District Commissioners and management and should not be used by anyone other than these specified parties.

We appreciate this opportunity to work with you. If you have any questions or comments, please contact me at (321) 255-0088 or [cnollrhan@criadv.com](mailto:cnollrhan@criadv.com).

Very truly yours,

Christine E. Noll-Rhan, CPA  
Partner  
**Carr, Riggs & Ingram, LLC**



As discussed with management during our planning process and communicated to the District Commissioners in our engagement letter to you dated April 24, 2024, and revised on December 12, 2024, our audit plan represented an approach responsive to the assessment of risk for the District. Specifically, we planned and performed our audit to:

- Perform audit services, as required by Section 218.39 of the Florida Statutes, 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, with Chapter 10.550 of the *Rules of the Florida Auditor General*, in order to express an opinion on the District's financial statements for the year ended September 30, 2024;
- 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*;
- Communicate directly with the District Commissioners and management regarding the results of our procedures;
- Address with the District Commissioners and management any accounting and financial reporting issues;
- Anticipate and respond to concerns of the District Commissioners and management; and
- Other audit-related projects as they arise and upon request.



We have audited the financial statements of the governmental activities and the major fund, including the related notes to the financial statements of the Sebastian Inlet District, Florida for the year ended September 30, 2024, and have issued our report thereon dated March 21, 2025. Professional standards also require that we communicate to you the following information related to our audit:

MATTER TO BE COMMUNICATED	AUDITOR'S RESPONSE
<p><b>Auditor's responsibility under Generally Accepted Auditing Standards, Government Auditing Standards and Chapter 10.550, Rules of the Florida Auditor General</b></p>	<p>As stated in our engagement letter dated April 24, 2024, and revised on December 12, 2024, our responsibility, as described by professional standards, is to express an opinion about whether the basic financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with accounting principles generally accepted in the United States of America (GAAP), and Government Auditing Standards, and Chapter 10.550, Rules of the Auditor General and to report on the fairness of supplementary information as described in the engagement letter when considered in relation to the financial statements as a whole. Our audit of the financial statements does not relieve you or management of your responsibilities.</p> <p>As part of our audit, we considered the internal control and compliance with laws and regulations of the District. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control and compliance with laws and regulations.</p>
<p><b>Client's responsibility</b></p>	<p>Management, with oversight from those charged with governance, is responsible for establishing and maintaining internal controls, including monitoring ongoing activities; for the selection and application of accounting principles; and for the fair presentation in the financial statements of financial position and results of operations in conformity with the applicable framework. Management is responsible for the design and implementation of programs and controls to prevent and detect fraud.</p> <p>Management is responsible for overseeing nonaudit services by designating an individual with suitable skill, knowledge or experience to evaluate the adequacy and results of those services, and accept responsibility for them.</p>



MATTER TO BE COMMUNICATED	AUDITOR'S RESPONSE
<p><b>Planned scope and timing of the audit</b></p>	<p>Our initial audit plan was not significantly altered during our fieldwork.</p>
<p><b>Management judgments and accounting estimates</b>  <i>The process used by management in forming particularly sensitive accounting estimates and the basis for the auditor's conclusion regarding the reasonableness of those estimates.</i></p>	<p>Please see the following section titled "Accounting Policies, Judgments and Sensitive Estimates and CRI Comments on Quality."</p>
<p><b>Potential effect on the financial statements of any significant risks and exposures</b>  <i>Major risks and exposures facing the District and how they are disclosed.</i></p>	<p>No such risks or exposures were noted.</p>
<p><b>Significant accounting policies, including critical accounting policies and alternative treatments within generally accepted accounting principles and the auditor's judgment about the quality of accounting principles</b></p> <ul style="list-style-type: none"> <li>• <i>The initial selection of and changes in significant accounting policies or their application; methods used to account for significant unusual transactions; and effect of significant policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.</i></li> <li>• <i>The auditor should also discuss the auditor's judgment about the quality, not just the acceptability, of the District's accounting policies as applied in its financial reporting. The discussion should include such matters as consistency of accounting policies and their application, and clarity and completeness of the financial statements, including disclosures. Critical accounting policies and practices applied by the District in its financial statements and our assessment of management's disclosures regarding such policies and practices (including any significant modifications to such disclosures proposed by us but rejected by</i></li> </ul>	<p>The significant accounting policies used by the District are described in Note 1 to the financial statements. A new accounting policy was adopted during the fiscal year as a result of the following recently issued accounting pronouncement:</p> <ul style="list-style-type: none"> <li>• Statement No. 100, <i>Accounting Changes and Error Corrections</i> (GASB 100)</li> </ul> <p>The adoption of GABS Statement 100 had no impact on the financial statements.</p> <p>We noted no transactions entered into by the District during the fiscal year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.</p> <p>Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the financial statements were:</p> <ul style="list-style-type: none"> <li>• The disclosure of the net pension liability for the FRS and HIS in Note 3 to the financial statements due to GASBC P20: Pension Activities.</li> </ul> <p>Further, the disclosures in the District's financial statements are neutral, consistent, and clear.</p>



MATTER TO BE COMMUNICATED	AUDITOR'S RESPONSE
<p><i>management), the reasons why certain policies and practices are or are not considered critical, and how current and anticipated future events impact those determinations.</i></p> <ul style="list-style-type: none"> <li>• <i>Alternative treatments within GAAP for accounting policies and practices related to material items, including recognition, measurement, presentation and disclosure alternatives, that have been discussed with client management during the current audit period, the ramifications of the use of such alternative disclosures and treatments, and the treatment preferred by the auditor.</i></li> </ul>	
<p><b>Significant difficulties encountered in the audit</b>  <i>Any significant difficulties, for example, unreasonable logistical constraints or lack of cooperation by management.</i></p>	<p>We encountered no significant difficulties in dealing with management in performing and completing our audit.</p>
<p><b>Disagreements with management</b>  <i>Disagreements, whether or not subsequently resolved, about matters significant to the financial statements or auditor's report. This does not include those that came about based on incomplete facts or preliminary information.</i></p>	<p>We are pleased to report that no such disagreements arose during the course of our audit.</p>
<p><b>Other findings or issues</b>  <i>Matters significant to oversight of the financial reporting practices by those charged with governance. For example, an entity's failure to obtain the necessary type of audit, such as one under Government Auditing Standards, in addition to GAAS.</i></p>	<p>None noted.</p>
<p><b>Matters arising from the audit that were discussed with, or the subject of correspondence with, management</b>  <i>Conditions that might affect risk or discussions regarding accounting practices or application of auditing standards.</i></p>	<p>None noted.</p>



MATTER TO BE COMMUNICATED	AUDITOR'S RESPONSE
<p><b>Corrected and uncorrected misstatements</b>  <i>All significant audit adjustments arising from the audit, whether or not recorded by the District, that could individually or in the aggregate have a significant effect on the financial statements. We should also inform the Commission about uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented, that were determined by management to be immaterial, both individually and in the aggregate, to the financial statements taken as a whole. Any internal control deficiencies that could have prevented the misstatements.</i></p>	<p>See "Summary of Audit Adjustments" section.</p>
<p><b>Major issues discussed with management prior to retention</b>  <i>Any major accounting, auditing or reporting issues discussed with management in connection with our initial or recurring retention.</i></p>	<p>Discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.</p>
<p><b>Consultations with other accountants</b>  <i>When management has consulted with other accountants about significant accounting or auditing matters.</i></p>	<p>To our knowledge, there were no such consultations with other accountants.</p>
<p><b>Written representations</b>  <i>A description of the written representations the auditor requested (or a copy of the representation letter).</i></p>	<p>See "Draft Management Representation Letter" section.</p>
<p><b>Internal control deficiencies</b>  <i>Any significant deficiencies or material weaknesses in the design or operation of internal control that came to the auditor's attention during the audit.</i></p>	<p>See "Independent Auditor's Report on Internal Control over Financial Reporting and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards." See also the "Independent Auditor's Management Letter."</p>
<p><b>Fraud and illegal acts</b>  <i>Fraud involving senior management or those responsible for internal controls, or causing a material misstatement of the financial statements, where the auditor determines there is evidence that such fraud may exist. Any illegal acts coming to the auditor's attention involving senior management and any other illegal acts, unless clearly inconsequential.</i></p>	<p>We are unaware of any fraud or illegal acts involving management or causing material misstatement of the financial statements.</p>



MATTER TO BE COMMUNICATED	AUDITOR'S RESPONSE
<p><b>Other information in documents containing audited financial statements</b>  <i>The external auditor's responsibility for information in a document containing audited financial statements, as well as any procedures performed and the results.</i></p>	<p>Our responsibility related to documents (including annual reports, websites, etc.) containing the financial statements is to read the other information to consider whether:</p> <ul style="list-style-type: none"> <li>• Such information is materially inconsistent with the financial statements; and</li> <li>• We believe such information represents a material misstatement of fact.</li> </ul> <p>We have not been provided any such items to date and are unaware of any other documents that contain the audited financial statements.</p>
<p><b>Required Supplementary Information</b>  <i>The auditor's responsibility for required supplementary information accompanying the financial statements, as well as any procedures performed and the results.</i></p>	<p>We applied certain limited procedures to the required supplementary information (RSI) that supplements the financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the financial statements, and other knowledge we obtained during our audit of the financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.</p>
<p><b>Significant unusual accounting transactions</b>  <i>Auditor communication with governance to include auditor's views on policies and practices management used, as well as the auditor's understanding of the business purpose</i></p>	<p>No significant unusual accounting transactions were noted during the year.</p>
<p><b>Other information accompanying the financial statements</b>  <i>The auditor's responsibility for other information accompanying the financial statements.</i></p>	<p>We were not engaged to report on the other information which accompany the financial statements but are not RSI. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.</p>

## Accounting Policies, Judgements and Sensitive Estimates & CRI Comments on Quality



We are required to communicate our judgments about the quality, not just the acceptability, of the District's accounting principles as applied in its financial reporting. We are also required to communicate critical accounting policies and sensitive accounting estimates. Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events effecting them may differ significantly from those expected. The District Commissioners and management may wish to monitor throughout the year the process used to compute and record these accounting estimates. The table below summarizes our communications regarding these matters.

AREA	ACCOUNTING POLICY	CRITICAL POLICY?	JUDGMENTS & SENSITIVE ESTIMATE	COMMENTS ON QUALITY OF ACCOUNTING POLICY & APPLICATION
Depreciation of Capital Assets	<p>Based on the audit procedures we performed with respect to the District's capital assets, we noted that the District estimates the useful lives of capital assets in accordance with all applicable standards and guidelines of GASB.</p> <p>The District follows the provisions of Section 1400: <i>Reporting Capital Assets</i>, of the GASB Codification when reporting depreciation of its capital assets.</p>	X	Management's estimate of the useful lives of capital assets is based on the historical lives of similar assets and market prices.	We evaluated the key factors and assumptions used to develop the estimated useful lives in determining that they are reasonable in relation to the financial statements taken as a whole.

## Accounting Policies, Judgements and Sensitive Estimates & CRI Comments on Quality



AREA	ACCOUNTING POLICY	CRITICAL POLICY?	JUDGMENTS & SENSITIVE ESTIMATE	COMMENTS ON QUALITY OF ACCOUNTING POLICY & APPLICATION
Compensated Absences	<p>Liabilities for compensated absences attributable to services already rendered are accrued as employees earn the right to those benefits.</p> <p>The District follows the provisions of Section C60: <i>Compensated Absences</i>, of the GASB Codification when reporting these liabilities.</p>	X	The District estimates the accrued liabilities for compensated absences and the current portion using leave balances based on tenure and the current portion is based on those that will be paid out with current financial resources.	The District's policies are in accordance with all applicable accounting guidelines and GASB.
Investments	The District follows the provisions of Section I50: <i>Investments</i> , of the GASB Codification when reporting investments.	X	The District relies on investment valuation information from the bank or insurer to determine current or fair value.	The District's policies are in accordance with all applicable accounting guidelines and GASB.
Amortization on right-to-use assets, determination of discount rate for lease liability and fair value of underlying asset	The District amortizes right-to-use assets using the straight line method and has utilized the incremental borrowing rate to determine the lease liability and fair value of the underlying assets.	X	The District amortizes right-to-use assets over the shorter period of the lease term or the useful life of the asset which is based on the experience with similar assets and guidance provided by GASB Statement No. 87, <i>Leases</i> . Similarly, using past experience with similar assets and the guidance provided by GASB Statement No. 87, <i>Leases</i> , the District has utilized the incremental borrowing rate to determine the measurement of the lease liability, interest payments and fair value of the underlying asset.	We evaluated the key factors and assumptions used to develop the estimated useful lives, discount rate and fair value of assets in determining that they are reasonable in relation to the financial statements taken as a whole.

## Accounting Policies, Judgements and Sensitive Estimates & CRI Comments on Quality



AREA	ACCOUNTING POLICY	CRITICAL POLICY?	JUDGMENTS & SENSITIVE ESTIMATE	COMMENTS ON QUALITY OF ACCOUNTING POLICY & APPLICATION
Net Pension Liability and Related Deferred Outflows and Deferred Inflows of Resources	The District participates in the Florida Retirement System (FRS), an agent multiple-employer plan administered by the State of Florida, State Board of Administration. The FRS utilizes an independent actuary to provide an actuarial valuation report specific to each participating employer. This report provides each participating employer with estimates of the total pension liability, fiduciary net position, related deferred outflows/inflows and actuarially required contributions in accordance with the provisions. The District follows the provisions of Section P20: Reporting for Benefits Provided through Trusts That Meet Specified Criteria, of the GASB Codification when reporting net pension liabilities.	X	The District relies on valuations from the Pension Plan's actuary for the estimated value of the District's net pension liability. The actuarial valuation is based on financial information, utilizing assumptions developed by management.	We evaluated the assumptions used by the actuary in estimating the District's total pension liability, the fiduciary net position, and the related deferred outflows/inflows and found them to be in accordance with the provisions of applicable accounting guidelines and GASB.

## Accounting Policies, Judgements and Sensitive Estimates & CRI Comments on Quality



AREA	ACCOUNTING POLICY	CRITICAL POLICY?	JUDGMENTS & SENSITIVE ESTIMATE	COMMENTS ON QUALITY OF ACCOUNTING POLICY & APPLICATION
Other Post-Employment Benefits (OPEB) and related Deferred Outflows and Inflows of Resources	The District follows the provisions of Section P50: <i>Postemployment Benefits Other Than Pensions – Employer Reporting</i> , of the GASB Codification when reporting its OPEB liability and related costs.	X	Management’s estimate of the other postemployment benefit liability is based on healthcare costs and employment assumptions developed by management. A third party actuary utilized these assumptions to calculate the year- end liability.	We evaluated the assumptions used by the actuary in estimating the District’s total OPEB liability, the fiduciary net position, and the related deferred outflows/inflows and found them to be in accordance with the provisions of applicable accounting guidelines and GASB.

## Summary of Audit Adjustments



During the course of our audit, we accumulate differences between amounts recorded by the District and amounts that we believe are required to be recorded under GAAP reporting guidelines. Those adjustments are either recorded (corrected) by the District or passed (uncorrected). Uncorrected misstatements or the matters underlying them could potentially cause future period financial statements to be materially misstated, even if, in the auditor's judgement, such uncorrected misstatements are immaterial to the financial statements.

The following adjustment was corrected, as a result of our audit procedures.

<b>Adjusting Journal Entries JE #1</b>				
To record debt service principal/interest, proceeds on office, boat marina and copier leases				
1.5410000	Debt Interest Payments	\$	1,240	\$ -
1.5420000	Debt Principal Payments		21,461	-
1.5130440	Rent of Office Space		-	18,600
1.5376309	Marine Services		-	3,679
1.5130441	Copier/Fax Machine Lease		-	422
1.6000000	Capital Outlay		15,045	-
1.3700000	Capital Lease Proceeds		-	15,045
<b>Total</b>		<b>\$</b>	<b>37,746</b>	<b>\$ 37,746</b>

### QUALITATIVE MATERIALITY CONSIDERATIONS

In evaluating the materiality of audit differences when they do arise, we consider both quantitative and qualitative factors, for example:

- Whether the difference arises from an item capable of precise measurement or whether it arises from an estimate, and, if so, the degree of imprecision inherent in the estimate.
- Whether the difference masks a change in earnings or other trends.
- Whether the difference changes a net decrease in assets to addition, or vice versa.
- Whether the difference concerns an area of the District's operating environment that has been identified as playing a significant role in the District's operations or viability.
- Whether the difference affects compliance with regulatory requirements.
- Whether the difference has the effect of increasing management's compensation – for example, by satisfying requirements for the award of bonuses or other forms of incentive compensation.
- Whether the difference involves concealment of an unlawful transaction.



March 21, 2025

Carr, Riggs & Ingram, LLC  
7506 Lynx Way  
Suite 201  
Melbourne, Florida 32940

This representation letter is provided in connection with your audit of the financial statements of the Sebastian Inlet District, Florida (the "District"), which comprise the respective financial position of the governmental activities and the major fund as of September 30, 2024, and the respective changes in financial position and the disclosures (collectively, the "financial statements"), for the purpose of expressing opinions as to whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

We confirm, to the best of our knowledge and belief, as of March 21, 2025 the following representations made to you during your audit.

**Financial Statements**

- 1) We have fulfilled our responsibilities, as set out in the terms of the original audit engagement letter dated April 24, 2024 and revised on December 12, 2024, including our responsibility for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP and for preparation of the supplementary information in accordance with the applicable criteria.
- 2) The financial statements referred to above are fairly presented in conformity with U.S. GAAP and include all properly classified funds and other financial information of the primary government and all component units required by generally accepted accounting principles to be included in the financial reporting entity.
- 3) We acknowledge our responsibility for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.
- 4) We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
- 5) The methods, significant assumptions, and data used in making accounting estimates and their related disclosures are appropriate to achieve recognition, measurement, or disclosure that is reasonable in accordance with U.S. GAAP.
- 6) Related party relationships and transactions, including revenues, expenditures/expenses, loans, transfers, leasing arrangements, and guarantees, and amounts receivable from or payable to related parties have been appropriately accounted for and disclosed in accordance with U.S. GAAP.



- 7) Adjustments or disclosures have been made for all events, including instances of noncompliance, subsequent to the date of the financial statements that would require adjustment to or disclosure in the financial statements.
- 8) We are not aware of any pending or threatened litigation, claims or assessments or unasserted claims or assessments that are required to be accrued or disclosed in the financial statements in accordance with U.S. GAAP, and we have not consulted a lawyer concerning litigation, claims or assessments.
- 9) Guarantees, whether written or oral, under which the District is contingently liable, if any, have been properly recorded or disclosed.

**Information Provided**

- 10) We have provided you with:
  - a) Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, and other matters and all audit or relevant monitoring reports, if any, received from funding sources.
  - b) Additional information that you have requested from us for the purpose of the audit.
  - c) Unrestricted access to persons within the District from whom you determined it necessary to obtain audit evidence.
  - d) Minutes of the meetings of District Commissioners or summaries of actions of recent meetings for which minutes have not yet been prepared.
- 11) All material transactions have been recorded in the accounting records and are reflected in the financial statements.
- 12) We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- 13) We have no knowledge of any fraud or suspected fraud that affects the District and involves—
  - Management,
  - Employees who have significant roles in internal control, or
  - Others where the fraud could have a material effect on the financial statements.
- 14) We have no knowledge of any allegations of fraud or suspected fraud affecting the District's financial statements communicated by employees, former employees, regulators, or others.
- 15) We have no knowledge of instances of noncompliance or suspected noncompliance with provisions of laws, regulations, contracts, or grant agreements, or waste or abuse, whose effects should be considered when preparing financial statements.
- 16) There are no known actual or possible litigation, claims, and assessments whose effects should be considered when preparing the financial statements.
- 17) We have disclosed to you the names of the District's related parties and all the related party relationships and transactions, including any side agreements.

**Government-specific**

- 18) There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.



- 19) We have a process to track the status of audit findings and recommendations.
- 20) We have identified to you any previous audits, attestation engagements, and other studies related to the objectives of the audit and whether related recommendations have been implemented.
- 21) We have identified to you any investigations or legal proceedings that have been initiated with respect to the period under audit.
- 22) We have provided our views on reported findings, conclusions, and recommendations, as well as our planned corrective actions, for the report.
- 23) The District has no plans or intentions that may materially affect the carrying value or classification of assets, deferred outflows of resources, liabilities, deferred inflows of resources, and fund balance or net position.
- 24) We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to us, including tax or debt limits and debt contracts, and legal and contractual provisions for reporting specific activities in separate funds.
- 25) We have appropriately identified, recorded, and disclosed all leases in accordance with GASBS No. 87.
- 26) There are no conduit debt obligations in accordance with GASBS No. 91.
- 27) There are no subscription-based information technology arrangements in accordance with GASBS No. 96.
- 28) There were no instances of identified and suspected fraud and noncompliance with provisions of laws, regulations, contracts, and grant agreements that we believe have a material effect on the financial statements.
- 29) There are no violations or possible violations of budget ordinances, laws and regulations (including those pertaining to adopting, approving, and amending budgets), provisions of contracts and grant agreements, tax or debt limits, and any related debt covenants whose effects should be considered for disclosure in the financial statements, or as a basis for recording a loss contingency, or for reporting on noncompliance.
- 30) As part of your audit, you assisted with preparation of the financial statements and disclosures, and tax preparation services and utilization of the lease software to calculate lease entries. We acknowledge our responsibility as it relates to those nonaudit services, including that we assume all management responsibilities; oversee the services by designating an individual, preferably within senior management, (Dave Kershaw, Director, Contracts & Budget) who possesses suitable skill, knowledge, or experience; evaluate the adequacy and results of the services performed; and accept responsibility for the results of the services. We have reviewed, approved, and accepted responsibility for those financial statements and disclosures, tax preparation services, and lease calculations.
- 31) The District has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.
- 32) The District has complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance.



- 33) There are no component units, majority equity interest in legally separate organization and joint ventures with an equity interest that would be required to be disclosed in the financial statements.
- 34) The financial statements properly classify all funds and activities in accordance with GASBS No. 34, as amended.
- 35) All funds that meet the quantitative criteria in GASBS Nos. 34 and 37 for presentation as major are identified and presented as such and all other funds that are presented as major are particularly important to financial statement users.
- 36) Components of net position (net investment in capital assets; restricted; and unrestricted) and classifications of fund balance (nonspendable, restricted, committed, assigned, and unassigned) are properly classified and, if applicable, approved.
- 37) Investments are properly valued.
- 38) Provisions for uncollectible receivables have been properly identified and recorded.
- 39) Expenses have been appropriately classified in or allocated to functions and programs in the statement of activities, and allocations have been made on a reasonable basis.
- 40) Revenues are appropriately classified in the statement of activities within program revenues, general revenues, contributions to term or permanent endowments, or contributions to permanent fund principal.
- 41) Deposits and investment securities and derivative instrument transactions are properly classified as to risk and are properly disclosed.
- 42) Capital assets, including infrastructure and intangible assets, are properly capitalized, reported, and, if applicable, depreciated or amortized.
- 43) We have appropriately disclosed the District's policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available and have determined that net position is properly recognized under the policy.
- 44) We are following our established accounting policy regarding which resources (that is, restricted, committed, assigned, or unassigned) are considered to be spent first for expenditures for which more than one resource classification is available. That policy determines the fund balance classifications for financial reporting purposes.
- 45) We acknowledge our responsibility for the required supplementary information (RSI). The RSI is measured and presented within prescribed guidelines and the methods of measurement and presentation have not changed from those used in the prior period. We have disclosed to you any significant assumptions and interpretations underlying the measurement and presentation of the RSI.
- 46) With respect to the introductory section:
  - a) We acknowledge that we have informed you of all documents that may comprise other information we expect to issue. The financial statements and other information you obtained prior to the auditor's report date are consistent with one another, and the other information does not contain any material misstatements.



- b) With regard to the other information that will be included in the annual report that has not been obtained by you prior to the auditor's report date, we intend to prepare and issue the other information, as well as communicate the expected timing of issuance, and provide you with the final version of the document(s) when available and prior to the issuance of the annual report.

**Compliance with Florida Statute 218.415**

- 47) We are responsible for complying with Florida Statute 218.415, *Local Government Investment Policies*.
- 48) We are responsible for establishing and maintaining effective internal control over compliance.
- 49) We have performed an evaluation of the District's compliance with Florida Statute 218.415, *Local Government Investment Policies*.
- 50) All relevant matters are reflected in the measurement or evaluation of the District's compliance with the specified requirements.
- 51) We are responsible for selecting specified requirements and for determining that the specified requirements are appropriate for our purposes.
- 52) There is no known noncompliance with Florida Statute 218.415, *Local Government Investment Policies*, including noncompliance occurring after September 30, 2024, if any.
- 53) We have provided you with all relevant information and access to information and personnel in connection with your reexamination of compliance with Florida Statute 218.415, *Local Government Investment Policies*.
- 54) Our interpretation of Florida Statute 218.415, *Local Government Investment Policies* is as follows
  - 1) As the District has elected to invest surplus funds in compliance with section 218.415(17) of the Florida Statutes, the provisions of section 218.415(14) requiring a minimum number of hours of completion of continuing professional education do not apply.
- 55) We have disclosed to you all known matters that may contradict the District's compliance with the specified requirements and we have disclosed to you all communications from regulatory agencies, consultants and other regarding possible noncompliance with Florida Statute 218.415, *Local Government Investment Policies*, including communications received between October 1, 2023 and the date of this letter.
- 56) We have complied with all Commission approved financial management and banking policies during the reporting period.

Signature: \_\_\_\_\_

Title: Executive Director