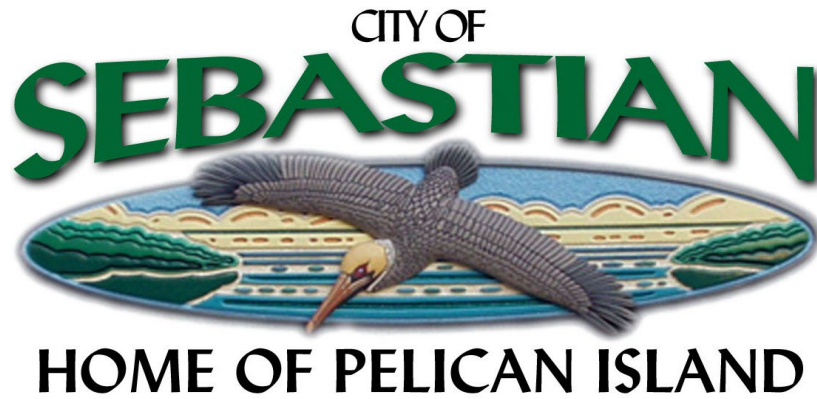


CITY OF SEBASTIAN, FLORIDA



Annual Comprehensive Financial Report

For the Fiscal Year Ended September 30, 2023

CITY COUNCIL

Fred Jones
Mayor

Christopher Nunn
Vice-Mayor

Ed Dodd
Council Member

Bob McPartlan
Council Member

Kelly Dixon
Council Member

City of Sebastian, Florida
Table of Contents
September 30, 2023

INTRODUCTORY SECTION

Letter of Transmittal	1
Principal Officials.....	6
City of Sebastian, Florida Organizational Chart	7
Certificate of Achievement for Excellence in Financial Reporting.....	8

FINANCIAL SECTION

Independent Auditor’s Report	11
Management’s Discussion and Analysis	15
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position	28
Statement of Activities	30
Fund Financial Statements:	
Balance Sheet – Governmental Funds	32
Reconciliation of the Balance Sheet of Governmental Funds to the Statement Of Net Position	34
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	36
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities.....	38
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual:	
General Fund.....	39
Riverfront Redevelopment Special Revenue Fund.....	41
Stormwater Utility Fund	42
American Rescue Plan Fund	43
Discretionary Sales Tax Fund	44
Statement of Net Position – Proprietary Fund	45
Statement of Revenues, Expenses and Changes in Fund Net Position – Proprietary Fund	47
Statement of Cash Flows – Proprietary Fund	48
Statement of Fiduciary Net Position.....	50
Statement of Changes in Fiduciary Net Position	51
Notes to Financial Statements	53
Required Supplementary Information:	
Single-employer Pension Trust Fund:	
Schedule of Changes in Net Pension Liability and Related Ratios – Last Ten Fiscal Years.....	96
Notes to Schedule of Changes in Net Pension Liability and Related Ratios	98
Schedule of Investment Returns – Last Ten Fiscal Years	99
Schedule of Contributions – Last Ten Fiscal Years.....	100
Notes to Schedule of Contributions	102

City of Sebastian, Florida
Table of Contents
September 30, 2023

Coastal Florida Public Employees Association Pension Plan: Schedule of Employer Contributions	105
 Combining Fund Statements and Schedules:	
Nonmajor Governmental Funds:	
Combining Balance Sheet	108
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	110
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual:	
Local Option Gas Tax Fund	112
Parking In-Lieu-of Fund	113
Recreation Impact Fee Fund	114
Law Enforcement Forfeiture Fund	115
Other Schedules:	
Capital Assets used in the Operations of Governmental Funds:	
Comparative Schedule by Source	118
Schedule by Function and Activity	119
Schedule of Changes by Function and Activity	120
 STATISTICAL SECTION (UNAUDITED)	
Financial Trends Information:	
Schedule A1 – Net Position by Component	125
Schedule A2 – Changes in Net Position	126
Schedule A3 – Fund Balances – Governmental Funds	128
Schedule A4 – Changes in Fund Balances – Governmental Funds	129
Schedule A5 – Program Revenues by Function/Program	130
Revenue Capacity Information:	
Schedule B1 – Tax Revenues by Source Governmental	131
Schedule B2 – Direct and Overlapping Property Tax Rates	132
Schedule B3 – Assessed Value and Estimated Actual Value of Taxable Property	133
Schedule B4 – Principal Property Taxpayers	134
Schedule B5 – Property Tax Levies and Collections	135
Debt Capacity Information:	
Schedule C1 – Ratios of Outstanding Debt by Type	136
Demographic and Economic Information:	
Schedule D1 – Demographic and Economic Statistics	137
Schedule D2 – Principal Employers	138
Operating Information:	
Schedule E1 – Full-Time Equivalent City Government Employees by Function/Program	139
Schedule E2 – Operating Indicators by Function/Program	140
Schedule E3 – Capital Asset Statistics by Function/Program	141

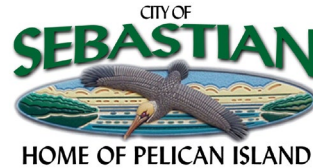
City of Sebastian, Florida
Table of Contents
September 30, 2023

REPORTS ON INTERNAL CONTROL AND COMPLIANCE MATTERS

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 <i>Government Auditing Standards</i>	143
Independent Auditor’s Management Letter	149
Independent Accountant’s Report on Compliance with Local Government Investment Policies.....	153



THIS PAGE IS INTENTIONALLY LEFT BLANK.



May 31, 2024

To the Honorable Mayor, Members of City Council, and the Citizens of the City of Sebastian, Florida:

We are submitting the Annual Comprehensive Financial Report of the City of Sebastian, Florida (the “City”) for the fiscal year ended September 30, 2023. State law requires that every general-purpose local government publish a complete set of audited financial statements. This report is published to fulfill that requirement for the fiscal year ended September 30, 2023.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based on a comprehensive framework of internal control that is established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

Chapter 218.39, Florida Statutes requires that the City’s financial statements be audited by a certified public accountant. The City’s independent Certified Public Accountants, Carr, Riggs & Ingram, LLC, have issued an unqualified (“clean”) opinion on the City of Sebastian’s financial statements for the year ended September 30, 2023. The independent auditor’s report is located on page 11 to 14. Management’s discussion and analysis (MD&A) immediately follows the independent auditor’s report and provides a narrative introduction, overview, and analysis of the basic financial statements. The MD&A complements this letter of transmittal and should be read in conjunction with it.

Profile of the Government

The City of Sebastian, Florida is located in Indian River County approximately midway through the east coast of the Florida Peninsula (between Melbourne and Vero Beach) in an area known as the Treasure Coast. It is recognized as the Home of Pelican Island, the first designated wildlife refuge in the United States, a Millennium City, and a Tree City USA. It was first incorporated as the Town of Sebastian in 1924. In the late 1950s General Development Corporation purchased the land from the Mackle family of Miami and began the development of a planned community that is now the City of Sebastian. The City has a population of 26,405 residents.

The City is empowered to levy a property tax on both real and personal property located within its boundaries. It also is empowered by state statute to extend its corporate limits by annexation, which it has done from time to time.

The City is a Florida municipal corporation with a five-member City Council. City Council members serve a two-year term. Annual elections are non-partisan and at-large and are held on the first Tuesday following the first Monday in November. Two members are elected in even-numbered years

City of Sebastian, Florida
Transmittal Letter
September 30, 2023

and three members are elected in odd-numbered years. The Mayor and Vice Mayor are elected from among the members of every newly seated Council at a Special meeting following the election each year. The City has operated under a Council-City Manager form of government since 1989.

The City provides a wide range of services including general government administration, police protection, community development, maintenance of local roads, public works, City garage, stormwater system maintenance, recreational and cultural activities, a golf course, a general aviation airport, and a building department to enforce building and fire codes.

This report includes all funds of the City. In evaluating the City as a reporting entity, we have included all component units for which the City Council is financially accountable. The component units have been blended with the financial statements presented for the Primary Government because the component unit's governing body is the same as the City Council or because the component unit exclusively serves the City. The blended component units are the Community Redevelopment Agency and Sebastian Police Officers' Pension Trust Fund.

The City Council is required to adopt a budget no later than the close of the previous fiscal year. This annual budget serves as the foundation for the City's financial planning and control. The budget is prepared by fund, function (e.g., transportation), and department (e.g., public works). Shifts in appropriations within department totals and capital project totals may be done administratively on the authority of the City Manager. Total fund appropriation changes and use of contingency appropriations must be approved by the City Council.

Local Economy

The region (which includes the City of Sebastian and the surrounding unincorporated area within the same county) has a fluctuating labor force depending on agricultural demand and is a strong retirement community. Although the labor force fluctuates, unemployment in the region increased to high levels for several years but has shown good improvement in the last few years. As of September 2023, the Florida Research & Economic Database reported an unemployment rate of 4.0%, which generally corresponds with state and national levels. However, the overall unemployment rate for the area has historically not been as good as that of the State of Florida.

The economy was historically made up of agriculture (citrus and cattle), construction and tourism. Increases in the health care, information technology, and light manufacturing industries and service sector jobs have supplemented these industries to boost the local economy in recent years. While the citrus industry has faced challenges in recent years due to citrus greening and foreign competition, construction and tourism have remained vibrant. The largest major industry sector is Health Care with 17.83% of the employment, followed by Retail Trade with 15.75% of the employment, Construction with 8.72% of the employment and Accommodation & Food Services with 10.59%.

According to Federal Reserve Economic Data reports, 91% of the population age 18 or older are high school graduates or higher and 42.5% hold an associate's degree or higher. Federal Reserve Economic Data reports also indicates that the area median age for 2022 was 54.8 and the median household income was \$69,462.

Sebastian offers all of the Florida amenities a business needs to consider. Close connection to metropolitan areas without the south Florida hustle and bustle, quality housing for affordable prices, some of the best schools in the State, quality medical services and leisure activities that are second to none. Transportation is efficient in Sebastian, offering nearby access to major freight transportation routes. Interstate Highway I-95, the major north-south trucking route on the Florida east coast, is just six miles west. The Florida East Coast Railroad (FEC) runs directly through Sebastian. FEC offers freight service from Miami and Ft. Lauderdale ports of entry, as well as direct connections with other major rail lines in Jacksonville.

Long-term Financial Planning

The voters of Indian River County in November 2003 extended the Infrastructure Sales Surtax in the amount of \$.01 per \$1.00 sale for an additional fifteen years and seven months beginning in January 2004. In November 2016, the voters once again extended the Surtax until December 31, 2034. This Infrastructure Sales Surtax is essential in providing for the City's emergency vehicle and capital improvement needs. In addition, the City has funded a number of other capital projects with impact fees and has actively pursued grant funding for some major transportation and environmental improvements. It has also employed the use of a Community Redevelopment Agency that is funded by means of tax-increment financing.

The millage was levied at a reduced rate of 2.9050 for fiscal year 2023. However, the City had a 14.8% increase in ad valorem values primarily due to an 11.8% increase in overall property values of existing properties by the Indian River County Property Appraiser. New construction activity slowed down as compared to the prior year. Results were a total of 190 permits being issued for new construction in fiscal year 2023 with a value of \$51.2 million compared to a total of 229 permits being issued for new construction in fiscal year 2022 with a value of \$62.9 million. In reviewing these numbers, new commercial decreased from 4 permits valued at \$3.6 million in 2022 to 1 permit valued at \$25,250 in 2023 and new single family residential decreased from 225 permits valued at \$59.3 million in 2022 to 189 permits valued at \$47.6 million in 2023. The decrease in new construction can be primarily attributed to the slowdown experienced in the housing market.

General Fund unassigned fund balance has been fully restored to an amount greater than the \$5 million minimum target level for emergencies. By year end, the unassigned fund balance was 57.0% of the general fund expenditures during the year. The City has been steadfast and refused to spend down these balances because the City understands reliance on accumulated fund balances to fund operating expenditures is not a prudent fiscal strategy and because having sufficient balances are essential to handle emergencies such as hurricanes. To this end, the budget for fiscal year 2024 was balanced without a reduction of fund balances.

Major Initiatives

Administration

During 2023, the new Public Facilities Facility was completed. This facility includes the City garage and is designed to be a staging area for the daily operations of public works personnel and equipment.

City of Sebastian, Florida
Transmittal Letter
September 30, 2023

This \$9.6 million structure is located on Airport property and is designed to also include fully equipped classrooms for holding training sessions. In conjunction with its construction, improvements were made to provide sewer service to that area of the Airport property.

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

A Stormwater Master Plan and an update to the Community Redevelopment Agency planning study were almost complete by year end. In addition, funds were allocated to initiate the development of a City-wide Strategic Plan to guide further policy and operational decisions for the City Council and management team.

The City Council appointed a new City Manager during the year and employee morale has improved, with everyone looking forward to being a better team. The City Council and general public have also expressed confidence that positive work will be accomplished.

Stormwater – The City continues its efforts to account for all Stormwater operating expenditures within the Stormwater Revenue fund to improve transparency on how stormwater fees are being spent. Funds were allocated from the American Rescue Plan Act (ARPA) proceeds toward making some major improvements to the Stormwater system.

Traffic & Transportation

The City also allocated American Rescue Plan Act (ARPA) funding, discretionary sales taxes and local option gas taxes to reconstruct roadways identified in the comprehensive study of the City's roadways. In addition, discretionary sales taxes continue to be used for the replacement of heavy construction equipment needed for maintaining City rights-of-way and transportation infrastructure. The Sebastian Municipal Airport's infrastructure is being developed with the intent of attracting economic development and stimulating the business climate in order to create jobs in the community. Land leases are a primary source of airport revenues and over 150 acres of property is available for lease, for both aviation and non-aviation businesses. The Airport's limited resources continue to be leveraged by aggressively seeking and obtaining grants from the Florida Department of Transportation (FDOT) and Federal Aviation Administration (FAA) to develop the necessary infrastructure.

Public Safety

The Building Department continues to have a strong level of permitting activity. It also operates as the City Fire Marshal so we can ensure a more timely response and review of development plans. The Police Department continues to participate in the accreditation program offered by the commission for Florida Law Enforcement Accreditation. This designation encourages the Police Department to establish goals and objectives with provisions for periodic updating; constant reevaluation of whether

departmental resources are being employed in accordance with agency goals, objectives and mission; constant reevaluation of departmental policies and procedures as documented in the department's written directive; correction of internal deficiencies and inefficiencies before they become public problems; and provides the opportunity to reorganize without the appearance of personal attacks. Standards and performance measurements resulting from the accreditation process will continue to guide both the Sebastian Police Department and city administration in alleviating potentially adverse conditions.

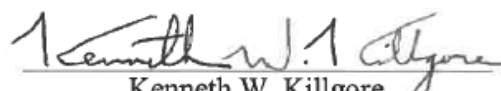
Culture/Recreation

The City has continued efforts to promote the "working waterfront" concept on the riverfront properties that were purchased with grant funding, with City matching funds provided by discretionary sales taxes. Funding is also being designated to that purpose from the Community Redevelopment Agency. In other areas, the City continued supporting the use of Riverview Park for gatherings organized by various community groups, including the Annual Clam Bake, Chamber of Commerce Movies in the Park and Art Club shows. The City is also using recreation impact fees to address needed major facility improvements and replacements at each park, including "all-inclusive" features to accommodate those with special needs.

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awards a Certificate of Achievement for Excellence in Financial Reporting. This is a prestigious national award-recognizing conformance with the highest standards for preparation of state and local government financial reports. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both U.S. generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe this comprehensive annual financial report meets the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for a certificate.

The preparation of this report would not be possible without the dedicated service of the Finance Department accounting staff. Their efforts toward improving the accounting and financial reporting systems has led to the improved quality of information reported to the City Council, State and Federal agencies and the citizens of the City of Sebastian. We sincerely appreciate their contributions.


Kenneth W. Killgore
Finance Director
City of Sebastian, Florida



City Officials

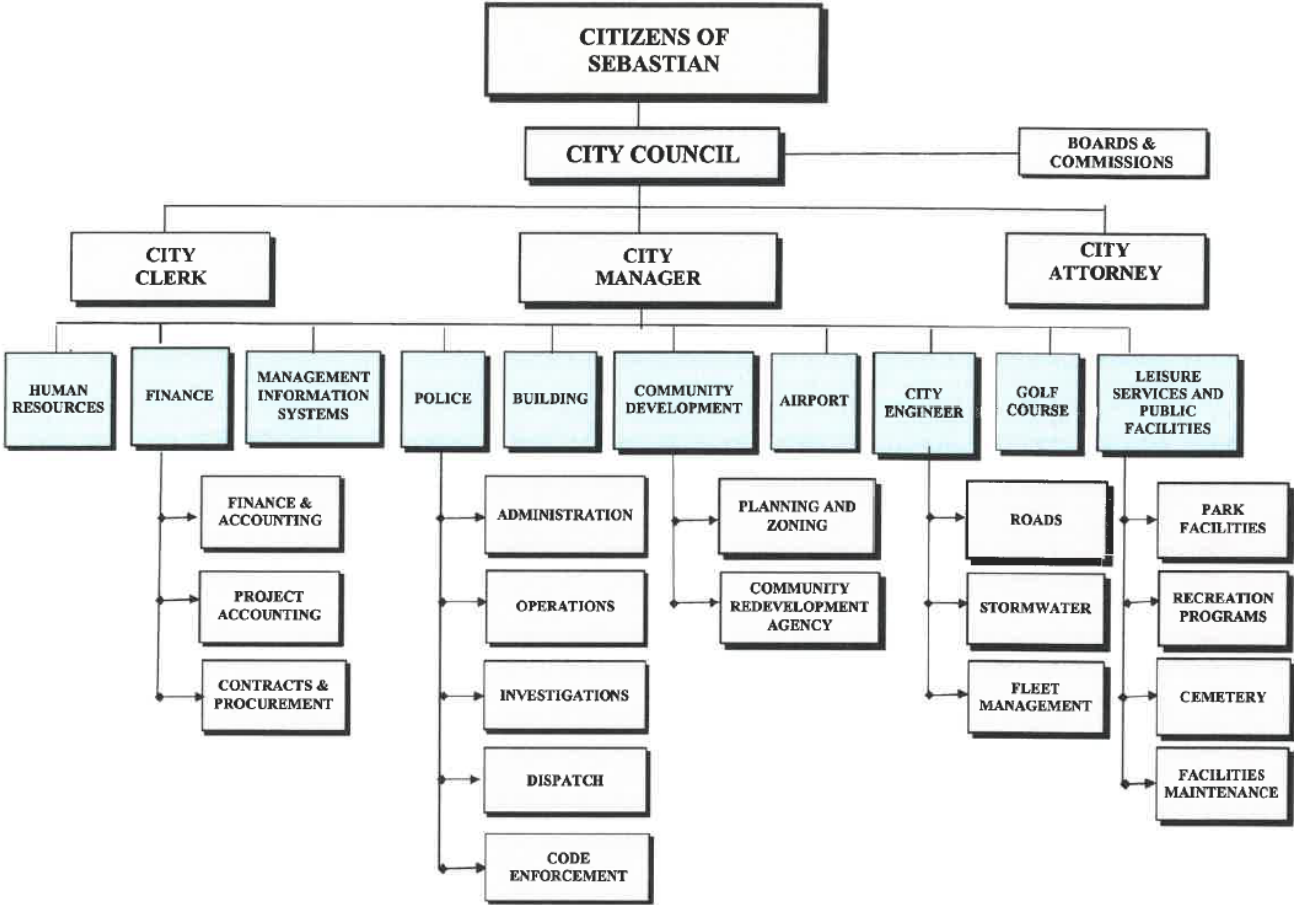
Brian Benton	City Manager
Jeanette Williams	City Clerk
Jennifer Cockcroft	City Attorney

Department Heads

Daniel Acosta	Police Chief
Kenneth W. Kilgore	Finance Director
Karen Miller	City Engineer
Wayne Eseltine	Building Official
Greg Gardner	Golf Course Director
Cynthia Watson	Human Resources Director
Jeff Sabo	Airport Manager
Barbara Brooke-Reese	MIS Manager

As of September 30, 2023

City of Sebastian, Florida
 Organizational Chart
 September 30, 2023



City of Sebastian, Florida
Certificate of Achievement for Excellence in Financial Reporting
September 30, 2023



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Sebastian
Florida**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

September 30, 2022

Christopher P. Morrill

Executive Director/CEO

FINANCIAL SECTION



THIS PAGE IS INTENTIONALLY LEFT BLANK.



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

321.255.0088
386.336.4189 (fax)
CRlcpa.com

INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and City Council
City of Sebastian, Florida

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Sebastian, Florida, as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the City of Sebastian, Florida'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, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Sebastian, Florida as of September 30, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund, and the Riverfront Development, Stormwater Utility, American Rescue Plan and Discretionary Sales Tax special revenue funds 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 City of Sebastian, 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.

Emphasis of Matter

As described in Note 2 to the financial statements, net position and fund balances as of September 30, 2022, have been restated to adjust prior year-end balances due to missing or inaccurate accruals. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Sebastian, 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 City of Sebastian, 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 City of Sebastian, 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 15 to 25) and pension supplementary information on (pages 96 to 105) be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Sebastian, Florida's basic financial statements. The accompanying combining and individual nonmajor fund financial statements, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory section, other schedules, and statistical sections 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 May 31, 2023, on our consideration of the City of Sebastian, Florida's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Sebastian, 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 City of Sebastian, Florida's internal control over financial reporting and compliance.

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

Melbourne, Florida
May 31, 2024

City of Sebastian, Florida
Management's Discussion and Analysis
September 30, 2023

As management of the City of Sebastian (“the City”), we offer readers of the City’s financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2023. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages 1-5 of this report.

Financial Highlights

- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$81,876,668 (*net position*). Of this amount, \$6,216,589 represents unrestricted net position, which may be used to meet the government’s ongoing obligations to citizens and creditors.
- The City’s total net position increased by \$3,698,641 from fiscal year 2023 activities, and \$2,959,818 from prior period adjustments (See Note 2).
- At the close of the current fiscal year, the City’s governmental funds reported combined ending fund balances of \$21,211,111 an increase of \$4,994,112 from current year activity (plus \$759,112 in prior period adjustments) in comparison with the prior year and \$4,759,112. Approximately 44% of this amount (\$9,315,227) is available for spending at the government’s discretion (*assigned and unassigned fund balance*).
- At the end of the current fiscal year, unrestricted fund balance (the total of the *committed, assigned, and unassigned* components of *fund balance*) for the general fund was \$9,398,963, or approximately 57% of total general fund expenditures.
- The City’s total outstanding long-term debt increased by \$1,448,963 during the current fiscal year, primarily due to a new lease liability for locating the City public works compound on the Airport’s property.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City’s basic financial statements, which are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) the notes to the financial statements. This report also includes supplementary information intended to furnish additional detail to support the basic financial statements themselves.

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of the City’s finances, in a manner similar to a private-sector business.

The statement of net position presents financial information on all of the City’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 whether the financial position of the City is improving or deteriorating.

City of Sebastian, Florida
Management's Discussion and Analysis
September 30, 2023

The statement of activities presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government, public safety, public works, recreation, and community development. The business-type activities of the City include a Golf Course, Airport and Building permitting function. The government-wide financial statements can be found on pages 28-31 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 City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Consequently, the governmental fund financial statements provide a detailed short-term view that helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs.

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 information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains fifteen individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, the riverfront redevelopment fund, stormwater utility fund, American Rescue Plan Act (ARPA) fund and discretionary sales tax fund, which are considered to be major funds. Data from the other ten governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The City of Sebastian adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund, the riverfront redevelopment fund,

City of Sebastian, Florida
Management's Discussion and Analysis
September 30, 2023

Stormwater utility fund, ARPA fund and discretionary sales tax fund, to demonstrate compliance with their budgets.

The basic governmental fund financial statements can be found on pages 32-38 of this report.

Proprietary funds. The City maintains one type of proprietary fund and each is an enterprise fund. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City uses an enterprise fund type to account for its Golf Course, Airport and Building activities.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Golf Course, Airport and Building activities, which are each considered to be a major fund. The basic proprietary fund financial statements can be found on pages 45-49 of this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reported in the government-wide financial statements because the resources of those funds *are not* available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The City maintains one type of fiduciary fund. The *Pension trust fund* is used to report resources held in trust for retirees and beneficiaries covered by the *Police Officers' Retirement Plan*.

The fiduciary fund financial statements can be found on pages 50-51 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 53-93 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents *required supplementary information* concerning the City's budgetary compliance and pension and other post-employment benefits obligations. The City adopts an annual appropriated budget for its general fund and other major funds. Budgetary comparison statements have been provided for each of these funds to demonstrate compliance with this budget.

The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the required supplementary information. Combining and individual fund statements and schedules can be found on pages 108-111 of this report.

The Statistical Section includes tables and schedules to provide a more detailed picture of the financial condition of the City than those presented in the financial statements. These include assorted multi-year financial and statistical information and can be found on pages 123-141 of this report.

City of Sebastian, Florida
Management's Discussion and Analysis
September 30, 2023

Government-wide Overall Financial Analysis

As noted earlier, net position over time may serve as a useful indicator of a government's financial position. In the case of the City of Sebastian, Florida, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$81,876,668 at the close of the most recent fiscal year.

City of Sebastian's Net Position

	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
Current and other assets	\$ 27,185,227	\$ 22,298,663	\$ 6,119,475	\$ 5,026,841	\$ 33,304,702	\$ 27,325,504
Capital assets	47,281,598	46,632,964	21,230,654	21,026,248	68,512,252	67,659,212
Total assets	<u>74,466,825</u>	<u>68,931,627</u>	<u>27,350,129</u>	<u>26,053,089</u>	<u>101,816,954</u>	<u>94,984,716</u>
Deferred outflows	1,581,799	3,075,039	-	-	1,581,799	3,075,039
Long-term liabilities	8,318,703	7,703,598	2,649,893	2,663,197	10,968,596	10,366,795
Other liabilities	3,432,761	4,152,556	128,522	2,530,690	3,561,283	6,683,246
Total liabilities	<u>11,751,464</u>	<u>11,856,154</u>	<u>2,778,415</u>	<u>5,193,887</u>	<u>14,529,879</u>	<u>17,050,041</u>
Deferred inflows	2,814,450	3,080,885	4,177,756	2,710,620	6,992,206	5,791,505
Net position:						
Net investment in capital assets	45,464,209	46,341,824	18,795,822	18,585,143	64,260,031	64,926,967
Restricted	11,400,048	7,282,425	-	-	11,400,048	7,282,425
Unrestricted	4,618,453	3,445,378	1,598,136	(436,561)	6,216,589	3,008,817
Total net position	<u>\$ 61,482,710</u>	<u>\$ 57,069,627</u>	<u>\$ 20,393,958</u>	<u>\$ 18,148,582</u>	<u>\$ 81,876,668</u>	<u>\$ 75,218,209</u>

By far the largest portion of the City's net position (78.5%) reflects its investment in capital assets (e.g., land, buildings, improvements other than buildings, machinery and equipment, and construction in progress), less any related outstanding debt that was used to acquire those assets. The City uses these capital assets to provide a variety of services to its citizens. Accordingly, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net position (13.9%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$6,216,589 is unrestricted and may be used to meet the government's ongoing obligations to citizens and creditors.

At September 30, 2023, the City is able to report positive balances in all reported categories of net position, both for the government as a whole, as well as for its separate governmental and business-type activities. The same situation held true for the prior fiscal year.

City of Sebastian, Florida
Management's Discussion and Analysis
September 30, 2023

Statements of Activities

The following table reflects the condensed Statements of Activities for the current and prior year:

	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
Revenues:						
Program revenues:						
Charges for services	\$ 3,228,198	\$ 3,188,160	\$ 3,509,418	\$ 3,758,670	\$ 6,737,616	\$ 6,946,830
Operating grants and contributions	581,139	2,066,434	-	-	581,139	2,066,434
Capital grants and contributions	4,977,894	4,910,478	365,388	3,295,019	5,343,282	8,205,497
General revenues:						
Property taxes	5,537,364	4,988,598	-	-	5,537,364	4,988,598
Public utility and telecommunication taxes	3,523,529	3,172,766	-	-	3,523,529	3,172,766
Franchise fees	1,775,486	1,571,571	-	-	1,775,486	1,571,571
Shared revenues	4,721,538	3,526,318	-	-	4,721,538	3,526,318
Investment earnings	505,805	142,209	68,008	17,582	573,813	159,791
Miscellaneous	367,022	468,361	147,428	-	514,450	468,361
Gain on disposition	18,701	-	182,556	1,825	201,257	1,825
Total revenues	<u>25,236,676</u>	<u>24,034,895</u>	<u>4,272,798</u>	<u>7,073,096</u>	<u>29,509,474</u>	<u>31,107,991</u>
Expenses:						
General government	5,224,980	5,158,135	-	-	5,224,980	5,158,135
Public safety	8,093,434	7,703,234	1,007,261	1,260,189	9,100,695	8,963,423
Physical environment	3,440,202	3,259,272	-	-	3,440,202	3,259,272
Transportation	2,704,831	2,153,685	1,531,134	1,427,667	4,235,965	3,581,352
Economic environment	338,114	291,969	-	-	338,114	291,969
Cultural and recreation	1,617,044	1,606,579	1,786,655	1,659,271	3,403,699	3,265,850
Interest and fiscal charges	67,178	14,644	-	-	67,178	14,644
Total expenses	<u>21,485,783</u>	<u>20,187,518</u>	<u>4,325,050</u>	<u>4,347,127</u>	<u>25,810,833</u>	<u>24,534,645</u>
Excess (deficiency) of revenues over (under) expenses	3,750,893	3,847,377	(52,252)	2,725,969	3,698,641	6,573,346
Other financing sources (uses)						
Transfers in (out)	(131,788)	(493,736)	131,788	493,736	-	-
Net other financing sources (uses)	<u>(131,788)</u>	<u>(493,736)</u>	<u>131,788</u>	<u>493,736</u>	<u>-</u>	<u>-</u>
Increase in net position	3,619,105	3,353,641	79,536	3,219,705	3,698,641	6,573,346
Net position - beginning of year	57,069,627	53,715,986	18,148,582	14,928,877	75,218,209	68,644,863
Prior period adjustment	793,978	-	2,165,840	-	2,959,818	-
Net position - beginning (restated)	<u>57,863,605</u>	<u>53,715,986</u>	<u>20,314,422</u>	<u>14,928,877</u>	<u>78,178,027</u>	<u>68,644,863</u>
Net position - ending	<u>\$ 61,482,710</u>	<u>\$ 57,069,627</u>	<u>\$ 20,393,958</u>	<u>\$ 18,148,582</u>	<u>\$ 81,876,668</u>	<u>\$ 75,218,209</u>

Governmental Activities. During the current fiscal year, net position for governmental activities increased by \$3,619,105 from the prior fiscal year, plus a prior period adjustments of \$793,978 (see Note 2). General revenues increased overall by approximately 23.0% due to increases in property taxes from increased values, utility taxes and franchise fees due to increased rates, and increased investment earnings due to higher interest rates. Program revenues decreased by approximately 13.6%, primarily due to decreased reimbursements from amounts received from FEMA and the State for damages and cleanup expenditures from hurricanes experienced in the past years that did not occur in the current year.

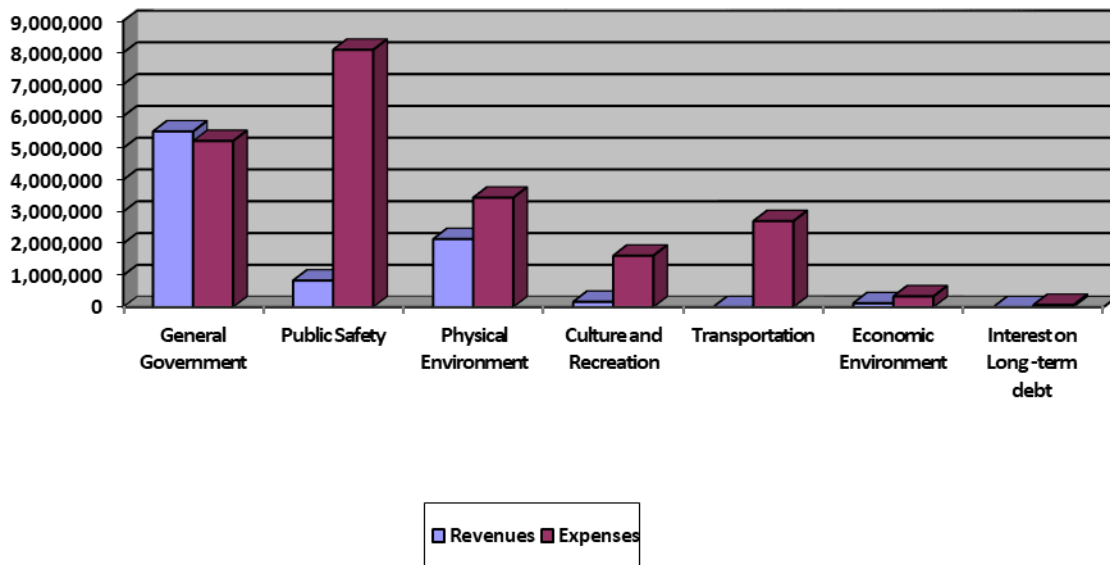
Governmental expenses increased \$1,298,265 (6.4%) compared to the fiscal year ending September 30, 2022. The most significant increase for expenses were for wages and employee benefit related costs. The current year reflects negotiated pay increases resulting from a pay and benefits study on all City positions, which demonstrated the need to substantially raise the pay rates of most of the employees. In particular, law enforcement and maintenance workers were significantly increased to

City of Sebastian, Florida
Management's Discussion and Analysis
September 30, 2023

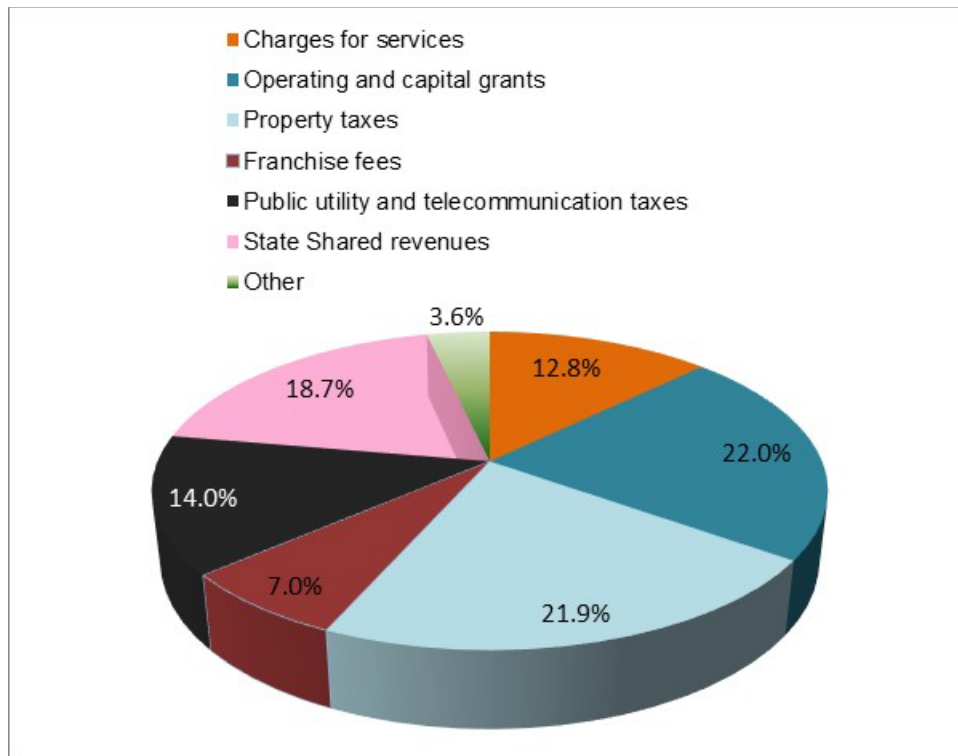
address their lower than market pay rates. The lower pay rates were inhibiting the ability of the City to hire and maintain employees in those positions and was considered essential to addressing that issue. Seven additional positions were also added for the purpose of sustaining a proactive and responsive workforce at the level expected by the public.

The first chart that follows compares each program's expenses with the revenues generated by the program. The next chart displays the City's revenues by source. Public safety represents the City's major services and the majority of resources used to fund the service are not generated by the program. Revenues from taxes and other general resources provide the remaining funding necessary for public safety.

Expenses and Program Revenues-Governmental Activities



Revenues by Source – Governmental Activities



Business-type Activities. Business-type activities increased the City’s net position by \$79,536, plus a prior period adjustment of \$2,165,840 (See Note 2). Operating revenues for the Golf Course increased by \$90,495, attributed to better weather and the good condition of the greens and fairways. Golf Course expenses increased by \$127,384 due to increased maintenance fees. This resulted in slightly less net program revenue but insurance proceeds and gains on fixed asset disposals of \$211,990, resulted in a \$347,564 change in net position. Operating revenues for the Airport increased by \$18,794 while operating expenses increased by \$103,467. Most of the increase in operating expenses was due to the higher amount for employee compensation. This resulted in a \$206,520 decrease in net position for the Airport. The net position of the Building Fund increased \$2,094,444 from that reported for the prior year because of a restatement of a rebates payable account (\$2,145,253) that was previously considered a liability, and accrued payroll (\$10,699). Otherwise, the Building Fund experienced a reduction in net position of \$61,508 resulting from a decline in permitting fees.

Financial Analysis of Governmental Funds

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

Governmental funds. The focus of the City’s governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City’s financing requirements. In particular, unassigned fund balance may serve as a useful measure of a City’s net resources available for spending at the end of the fiscal year.

City of Sebastian, Florida
Management's Discussion and Analysis
September 30, 2023

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$21,211,111, an increase of \$5,753,224 (including a prior period adjustment of \$759,112) in comparison with the prior year. Approximately 44% of this total amount (\$9,315,227) constitutes unassigned fund balance, which has not been appropriated for a specific purpose and is available for spending at the government's discretion. The remainder of fund balance represents a legally restricted funding source, has been committed to a specific purpose by City action or is not in liquid form available for new spending.

The \$998,269 of nonspendable fund balance represents prepaid items that have been disbursed for future expenditures, such as insurance or maintenance agreements, as well as inventories of supplies and fuel. The restricted funds include funds of \$553,543 to be used for perpetual care at the Cemetery; \$1,871,491 restricted for stormwater projects; \$229,659 that is for law enforcement purposes; \$888,580 limited to community development in the Riverfront Redevelopment boundaries; \$73,599 for funds restricted to American Rescue Plan Act projects; and \$7,178,612 restricted to infrastructure improvements.

The committed fund balances totaling \$102,131 in two of the nonmajor funds are being expended for development of public parking and to complete other capital projects.

The \$249,700 was expended by the Riverfront Redevelopment Agency during the fiscal year ended September 30, 2023, and closed the year with a positive fund balance of \$889,285. Under the stimulus bill, the American Rescue Plan Act was enacted during 2021, to provide ARPA funds to local governments in order to facilitate the ongoing recovery from the COVID-19 pandemic. ARPA closed the year with a \$73,599 positive fund balance.

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$9,398,963, while total fund balance reached \$12,907,883. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 57% of total General Fund expenditures, while total fund balance represents 60% of that same amount.

The fund balance of the City's General Fund increased by \$1,357,417 during the current fiscal year, compared to an increase of \$1,505,206 in the prior year. The City saw increased expenditures in the General Fund. Key factors in these results are as follows:

- Total revenues of the General Fund increased by \$1,368,771, largely as a result of increases in payment of taxes, franchise fees and investment earnings, which were due to higher property values and increased rates.
- General Fund expenditures increased \$3,205,430 compared to the prior year. Increased payroll costs and increased capital outlay, which included the leased land, were the main contributing factors.

City of Sebastian, Florida
Management's Discussion and Analysis
September 30, 2023

Proprietary funds. The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

- Unrestricted net position of the Golf Course Fund at the end of the year amounted to a deficit of \$1,435,953. The total increase in net position for this fund was \$347,564.
- Unrestricted net position of the Airport Fund at the end of the year amounted to \$376,560. There was decrease in net position of \$206,520.
- Unrestricted net position of the Building Fund at the end of the year amounted to \$2,657,529. The net position was reduced by \$61,508.

Other factors concerning the finances of these funds have already been addressed in the discussion of the City's business-type activities.

General Fund Budgetary Highlights

During the year ended September 30, 2023, significant budgetary variances between the final amended budget and actual results include the following:

- Revenues fell short of the budgeted amounts for property taxes (\$44K) as a result of taxpayers taking advantage of early payment discounts. All other revenue categories exceeded budget estimates, as utility rates were raised, intergovernmental payments were increased and investment earnings improved due to higher interest rates.
- Management information services was significantly less than anticipated (\$87k). This was due to delays in implementing upgrades to various software and hardware items.
- Facility maintenance expenditures for maintenance activities were less than provided for with budgeted amounts (\$63K).
- Community development costs were less than budgeted by \$192K due to deferral of work scheduled for master plan updates and due to position vacancies remaining unfilled for extended periods.
- Other variances were not substantial.

There were budget amendments during the year to adjust collections anticipated for intergovernmental revenues. There were a number of budget amendments for expenditures (\$826K) during the year. Those amendments were primarily to re-appropriate unexpended budgets for capital outlays that had not been completed in the prior year (\$215K); to cover additional cost for an interim City Attorney while that position was vacant (\$143k); and to provide funds for negotiated employee pay adjustments (\$223K).

Capital Assets and Debt Administration

Capital Assets. The City's investment in capital assets for its governmental and business-type activities as of September 30, 2023, amounted to \$68,512,252 (net of accumulated depreciation). This investment in capital assets includes land, right to use land, buildings, improvements, machinery and equipment, park facilities, roads, highways, and other infrastructure items. The percentage increase from prior year (fiscal year 2022) in the City's investment in capital assets was approximately 1.3%, due to significant transfers of construction in progress from prior year, which are now being capitalized.

City of Sebastian, Florida
Management's Discussion and Analysis
September 30, 2023

City of Sebastian's Capital Assets
(net of depreciation)

	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
Land	\$ 9,123,041	\$ 9,123,041	\$ 9,060	\$ 9,060	\$ 9,132,101	\$ 9,132,101
Construction in progress	221,687	9,520,507	248,515	3,899,378	470,202	13,419,885
Right to use land	1,766,771	165,858	2,266,961	2,370,005	4,033,732	2,535,863
Buildings	15,902,551	6,629,473	9,053,695	6,784,974	24,956,246	13,414,447
Improvements other than buildings	2,491,873	2,776,548	980,803	951,025	3,472,676	3,727,573
Machinery and equipment	3,200,749	2,567,123	690,649	153,843	3,891,398	2,720,966
Infrastructure	14,574,926	15,850,414	7,980,971	6,857,963	22,555,897	22,708,377
Total	<u>\$ 47,281,598</u>	<u>\$ 46,632,964</u>	<u>\$ 21,230,654</u>	<u>\$ 21,026,248</u>	<u>\$ 68,512,252</u>	<u>\$ 67,659,212</u>

Major capital asset events during the current fiscal year included the following:

- In the City's governmental activities, the construction of the new public works facility was completed. This facility was placed on property that is being rented from the Airport.
- In the City's business-type activities, infrastructural work was completed to provide sewer service on the north-west side of the Airport. Construction was completed on Hangar "D" to provide an additional facility to generate rental income in support of the Airport.

Additional information on the City's capital assets can be found in Note 6 on pages 77-78 of this report.

Long-term Debt. At the end of the current fiscal year, the City had no notes payable outstanding. Only leases and the pollution remediation are outstanding as of September 30, 2023. The increase in lease liabilities is due to the public works department entering into a new lease with the Airport for their facility.

	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
Notes from direct borrowings	\$ -	\$ 121,000	\$ -	\$ -	\$ -	\$ 121,000
Pollution remediation	50,000	91,200	-	-	50,000	91,200
Lease liabilities	1,817,389	170,140	2,405,019	2,441,105	4,222,408	2,611,245
Total	<u>\$ 1,867,389</u>	<u>\$ 382,340</u>	<u>\$ 2,405,019</u>	<u>\$ 2,441,105</u>	<u>\$ 4,272,408</u>	<u>\$ 2,823,445</u>

Economic Factors and Next Year's Budgets and Rates

The following economic factors currently affect the City of Sebastian and were considered in developing the 2023-2024 fiscal year budget.

- The estimate for 2024 shows the City's population will be 26,406.
- The City maintains over 157 miles of roadways, 150 miles of swales, 80 miles of ditches and 50 road crossings.
- Over 51 acres of undeveloped property were annexed in the past two years. The City expects a substantial increase in population, as well as commercial growth in the future.
- Employee starting pay rates have been increased but it has still been difficult to attract qualified applicants to replace vacancies.

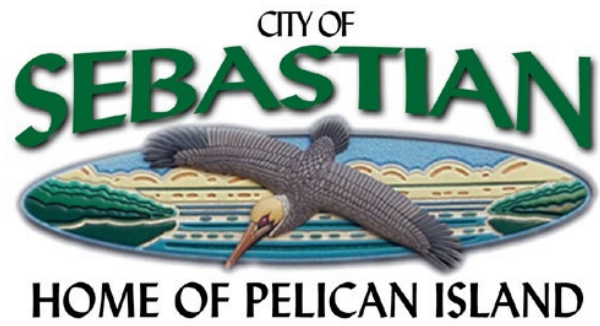
City of Sebastian, Florida
Management's Discussion and Analysis
September 30, 2023

- The pricing for goods and services continues to escalate.
- The difficulty of obtaining bids on construction projects that are reasonably affordable continues to delay their accomplishment.

All of these factors were considered in preparing the City's budget for the fiscal year ending September 30, 2024.

Requests for Information

This financial report is designed to provide a general overview of the City of Sebastian, Florida's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City of Sebastian, Attention: Finance Director, 1225 Main Street, Sebastian, Florida, 32958.



THIS PAGE IS INTENTIONALLY LEFT BLANK.

CITY OF SEBASTIAN, FLORIDA

Basic Financial Statements

City of Sebastian, Florida
Statement of Net Position

<i>September 30, 2023</i>	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 16,203,899	\$ 2,017,624	\$ 18,221,523
Restricted cash and cash equivalents	641,395	-	641,395
Investments	3,627,466	458,466	4,085,932
Permanently restricted investments	580,373	-	580,373
Receivables	451,590	29,227	480,817
Internal balances	916,357	(916,357)	-
Due from other governments	1,649,931	63,737	1,713,668
Prepaid items	318,651	71,807	390,458
Inventory	75,054	16,955	92,009
Deposits held in escrow	-	1,109	1,109
Leases receivable:			
Due within one year	45,218	80,510	125,728
Due in more than one year	2,675,293	4,296,397	6,971,690
Capital assets not being depreciated	9,344,728	257,575	9,602,303
Capital assets being depreciated/amortized, net	37,936,870	20,973,079	58,909,949
Total assets	74,466,825	27,350,129	101,816,954
DEFERRED OUTFLOWS OF RESOURCES			
Deferred pension amounts	1,581,799	-	1,581,799
Total deferred outflows of resources	1,581,799	-	1,581,799
LIABILITIES			
Accounts payable and accrued liabilities	329,819	83,859	413,678
Deposits payable	93,090	-	93,090
Due to other governments	134,310	10,816	145,126
Unearned revenue	2,875,542	33,847	2,909,389
Leases payable:			
Due within one year	10,840	40,448	51,288
Due in more than one year	1,806,549	2,364,571	4,171,120
Compensated absences			
Due within one year	97,996	8,900	106,896
Due in more than one year	1,622,553	235,974	1,858,527
Long-term liabilities:			
Due within one year	18,750	-	18,750
Due in more than one year	31,250	-	31,250
Net pension liability	4,730,765	-	4,730,765
Total liabilities	11,751,464	2,778,415	14,529,879

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

<i>September 30, 2023</i>	Governmental Activities	Business-type Activities	Total
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions	273,095	-	273,095
Deferred lease amounts	2,541,355	4,173,439	6,714,794
Unavailable revenue	-	4,317	4,317
Total deferred inflows of resources	2,814,450	4,177,756	6,992,206
NET POSITION			
Net investment in capital assets	45,464,209	18,795,822	64,260,031
Restricted for:			
Perpetual care:			
Nonexpendable	604,564	-	604,564
Expendable	553,543	-	553,543
Special revenue uses:			
Economic environment	73,599	-	73,599
Infrastructure improvements	7,178,612	-	7,178,612
Redevelopment	888,580	-	888,580
Stormwater	1,871,491	-	1,871,491
Law enforcement	229,659	-	229,659
Unrestricted	4,618,453	1,598,136	6,216,589
Total net position	\$ 61,482,710	\$ 20,393,958	\$ 81,876,668

City of Sebastian, Florida
Statement of Activities

For the year ended September 30, 2023

Program Revenues

Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Governmental activities:				
General government	\$ 5,224,980	\$ 733,072	\$ -	\$ 4,791,515
Public safety	8,093,434	288,122	459,868	86,929
Physical environment	3,440,202	2,140,145	-	-
Transportation	2,704,831	-	-	-
Economic environment	338,114	-	121,271	-
Cultural and recreation	1,617,044	66,859	-	99,450
Interest and fiscal charges	67,178	-	-	-
Total governmental activities	21,485,783	3,228,198	581,139	4,977,894
Business-type activities:				
Golf course	1,786,655	1,902,696	-	-
Airport	1,531,134	707,517	-	365,388
Building	1,007,261	899,205	-	-
Total business-type activities	4,325,050	3,509,418	-	365,388
Total primary government	\$ 25,810,833	\$ 6,737,616	\$ 581,139	\$ 5,343,282

General revenues:

Property taxes, levied for general purposes
Public utility taxes
Franchise fees
Intergovernmental shared revenue - unrestricted
Interest earnings
Gain on sale of capital assets
Miscellaneous

Transfers, net

Total general revenues

Change in net position

Net position, beginning of year as previously reported

Prior period adjustment (see Note 2)

Net position, beginning of year

Net position, end of year

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

Net (Expense) Revenue
and Changes in Net Position

Governmental Activities	Business-type Activities	Total
\$ 299,607	\$ -	\$ 299,607
(7,258,515)	-	(7,258,515)
(1,300,057)	-	(1,300,057)
(2,704,831)	-	(2,704,831)
(216,843)	-	(216,843)
(1,450,735)	-	(1,450,735)
(67,178)	-	(67,178)
(12,698,552)	-	(12,698,552)
-	116,041	116,041
-	(458,229)	(458,229)
-	(108,056)	(108,056)
-	(450,244)	(450,244)
(12,698,552)	(450,244)	(13,148,796)
5,537,364	-	5,537,364
3,523,529	-	3,523,529
1,775,486	-	1,775,486
4,721,538	-	4,721,538
505,805	68,008	573,813
18,701	182,582	201,283
367,022	147,402	514,424
(131,788)	131,788	-
16,317,657	529,780	16,847,437
3,619,105	79,536	3,698,641
57,069,627	18,148,582	75,218,209
793,978	2,165,840	2,959,818
57,863,605	20,314,422	78,178,027
\$ 61,482,710	\$ 20,393,958	\$ 81,876,668

City of Sebastian, Florida
Balance Sheet - Governmental Funds

<i>September 30, 2023</i>	General	Special Revenue		
		Riverfront Redevelopment	Stormwater Utility	American Rescue Plan
ASSETS				
Cash and cash equivalents	\$ 6,438,135	\$ 757,343	\$ 1,611,250	\$ 2,468,610
Investments	1,777,027	134,158	284,878	438,622
Accounts receivable, net	451,590	-	-	-
Lease receivable	2,703,035	17,476	-	-
Due from other funds	496,865	-	-	-
Due from other governments	677,109	-	223	-
Prepaid items	289,068	705	28,878	-
Inventories	75,054	-	-	-
Advance to other funds	-	-	-	-
Total assets	\$ 12,907,883	\$ 909,682	\$ 1,925,229	\$ 2,907,232
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities				
Accounts payable and accrued liabilities	\$ 174,402	\$ 3,326	\$ 24,860	\$ -
Deposits payable	93,090	-	-	-
Due to other funds	-	-	-	-
Due to other governments	134,310	-	-	-
Deposits payable	-	-	-	-
Unearned revenue	41,809	-	-	2,833,633
Total liabilities	443,611	3,326	24,860	2,833,633
DEFERRED INFLOWS OF RESOURCES				
Deferred lease amounts	2,524,284	17,071	-	-
Deferred revenue - business tax receipts	-	-	-	-
Deferred revenue - ARPA	-	-	-	-
Total deferred inflows of resources	2,524,284	17,071	-	-
FUND BALANCES				
Nonspendable	364,122	705	28,878	-
Restricted				
Perpetual care	-	-	-	-
Stormwater	-	-	1,871,491	-
Law enforcement	176,903	-	-	-
Community redevelopment	-	888,580	-	-
Economic environment	-	-	-	73,599
Infrastructure	-	-	-	-
Committed				
Capital projects	-	-	-	-
Development of public parking	-	-	-	-
Unassigned (deficit)	9,398,963	-	-	-
Total fund balances	9,939,988	889,285	1,900,369	73,599
Total liabilities, deferred inflows of resources and fund balances	\$ 12,907,883	\$ 909,682	\$ 1,925,229	\$ 2,907,232

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

	Discretionary Sales Tax	Nonmajor Funds	Total Governmental Funds
\$	3,471,950	\$ 2,098,006	\$ 16,845,294
	636,864	936,290	4,207,839
	-	-	451,590
	-	-	2,720,511
	19,046	-	515,911
	786,770	185,829	1,649,931
	-	-	318,651
	-	-	75,054
	467,311	-	467,311
\$	5,381,941	\$ 3,220,125	\$ 27,252,092

\$	-	\$ 127,231	\$ 329,819
	-	-	93,090
	-	66,865	66,865
	-	-	134,310
	-	-	-
	-	100	2,875,542
	-	194,196	3,499,626

	-	-	2,541,355
	-	-	-
	-	-	-
	-	-	2,541,355

	-	604,564	998,269
	-	553,543	553,543
	-	-	1,871,491
	-	52,756	229,659
	-	-	888,580
	-	-	73,599
	5,381,941	1,796,671	7,178,612
	-	4,350	4,350
	-	97,781	97,781
	-	(83,736)	9,315,227
	5,381,941	3,025,929	21,211,111
\$	5,381,941	\$ 3,220,125	\$ 27,252,092

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

City of Sebastian, Florida

**Reconciliation of the Balance Sheet of Governmental Funds to the Statement of
Net Position**

September 30, 2023

Total fund balances - governmental funds		\$21,211,111
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		
Governmental capital assets	\$ 102,418,780	
Less accumulated depreciation/amortization	<u>(55,137,182)</u>	47,281,598
Deferred outflows and deferred inflows of resources related to pensions, related earnings are not recognized in the governmental funds; however, they are recorded in the statement of net position under full accrual accounting.		
Deferred outflows related to pensions	1,581,799	
Deferred inflows related to pensions	<u>(273,095)</u>	1,308,704
Long-term liabilities, including capital lease obligations, compensated absences, and net pension liability are not due and payable in the current period and therefore are not reported in the funds.		
Net pension liability	(4,730,765)	
Compensated absences	(1,720,549)	
Lease liabilities	(1,817,389)	
Pollution remediation	(50,000)	(8,318,703)
Net position of governmental activities		\$61,482,710

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



THIS PAGE IS INTENTIONALLY LEFT BLANK.

City of Sebastian, Florida

Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds

<i>For the year ended September 30, 2023</i>	General	Special Revenue		
		Riverfront Redevelopment	Stormwater Utility	American Rescue Plan
Revenues				
Taxes				
Property	\$ 5,102,270	\$ 469,960	\$ -	\$ -
Public utility	3,523,529	-	-	-
Franchise fee	1,775,486	-	-	-
Licenses and permits	163,719	-	-	-
Intergovernmental	4,235,990	-	-	13,639
Charges for services	971,900	-	1,949,304	-
Fines and forfeitures	170,718	-	-	-
Investment earnings	198,440	18,989	54,803	63,398
Impact fees	-	-	-	-
Contributions and donations	182,453	-	-	-
Other revenues	94,954	35,701	-	-
Total revenues	16,419,459	524,650	2,004,107	77,037
Expenditures				
Current:				
General government	4,734,458	-	-	-
Public safety	7,195,331	-	-	-
Physical environment	161,384	-	1,844,948	11,999
Recreation	1,103,676	-	-	-
Transportation	1,297,320	-	-	-
Economic environment	-	249,700	-	-
Capital outlay	1,928,820	-	43,836	-
Debt service:				
Principal	8,868	-	-	-
Interest	54,787	-	-	-
Total expenditures	16,484,644	249,700	1,888,784	11,999
Excess (deficiency) of revenues over (under) expenditures	(65,185)	274,950	115,323	65,038
Other financing sources (uses)				
Transfers in	-	-	-	-
Transfers out	(280,811)	(13,550)	(185,199)	(13,639)
Lease/debt proceeds	1,656,117	-	-	-
Proceeds from sale of capital assets	47,296	-	-	-
Net other financing sources (uses)	1,422,602	(13,550)	(185,199)	(13,639)
Net change in fund balances	1,357,417	261,400	(69,876)	51,399
Fund balances, beginning	8,195,001	627,885	1,957,125	22,200
Prior period adjustments	387,570	-	13,120	-
Fund balances, beginning, restated	8,582,571	627,885	1,970,245	22,200
Fund balances, ending	\$ 9,939,988	\$ 889,285	\$ 1,900,369	\$ 73,599

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

<u>Capital Projects</u>		Total
Discretionary Sales Tax	Nonmajor Funds	Governmental Funds
\$ -	\$ -	\$ 5,572,230
-	-	3,523,529
-	-	1,775,486
-	-	163,719
4,791,515	963,074	10,004,218
-	181,096	3,102,300
-	50	170,768
93,413	76,762	505,805
-	99,450	99,450
-	18,100	200,553
-	4,128	134,783
<u>4,884,928</u>	<u>1,342,660</u>	<u>25,252,841</u>
-	394,739	5,129,197
-	484,464	7,679,795
-	374,676	2,393,007
-	-	1,103,676
-	11,300	1,308,620
-	-	249,700
-	1,807,874	3,780,530
-	121,000	129,868
-	1,174	55,961
-	<u>3,195,227</u>	<u>21,830,354</u>
<u>4,884,928</u>	<u>(1,852,567)</u>	<u>3,422,487</u>
-	3,071,227	3,071,227
(2,668,320)	(41,496)	(3,203,015)
-	-	1,656,117
-	-	47,296
<u>(2,668,320)</u>	<u>3,029,731</u>	<u>1,571,625</u>
2,216,608	1,177,164	4,994,112
2,875,588	1,780,088	15,457,887
289,745	68,677	759,112
<u>3,165,333</u>	<u>1,848,765</u>	<u>16,216,999</u>
<u>\$ 5,381,941</u>	<u>\$ 3,025,929</u>	<u>\$ 21,211,111</u>

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

City of Sebastian, Florida

**Reconciliation of the Statement of Revenues, Expenditures and Changes in
Fund Balances of Governmental Funds to the Statement of Activities**

For the year ended September 30, 2023

Net change in fund balances - total governmental funds		\$ 4,994,112
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation/amortization expense. This is the amount by which capital outlay exceeded depreciation in the current period.		
Capital outlay	\$ 3,780,530	
Depreciation/amortization	<u>(3,103,301)</u>	677,229
In the statement of activities, the gain (loss) on the disposal of capital assets is reported, whereas in the governmental funds, disposals are not reported. Thus, the change in net position differs from the change in fund balance by the net book value of the disposed capital assets.		
		(28,595)
Some revenues will not be collected within 60 days after the close of the City's fiscal year-end and are not considered as "available" revenue in the governmental funds. In the statement of net position, presented on the accrual basis, these revenues are recognized.		
		(34,866)
The change in pollution remediation reported in the statement of activities does not require the use of current financial resources and, therefore are not reported as expenditures in governmental funds.		
		41,200
The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the financial resources of governmental funds. Neither transaction, however, has any effect on net position. This is the net effect of these differences in the treatment of long-term debt and related items.		
Capital lease proceeds	\$ (1,656,117)	
Note principal	121,000	
Lease principle	<u>8,868</u>	(1,526,249)
Under the modified accrual basis of accounting used in governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. In the statement of activities, however, which is presented on the accrual basis, pension is reported regardless of when the financial resources are available.		
Accrued interest	782	
Police officers' pension and related deferred outflows and inflows	<u>(330,615)</u>	(329,833)
Compensated absences reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		
		(173,893)
Change in net position of governmental activities		\$ 3,619,105

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

City of Sebastian, Florida
Statement of Revenues, Expenditures and Changes in Fund Balance
— Budget and Actual
General Fund

<i>For the year ended September 30, 2023</i>	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget
Revenues				
Taxes				
Property	\$ 5,146,342	\$ 5,146,342	\$ 5,102,270	\$ (44,072)
Public utility	3,210,987	3,210,987	3,523,529	312,542
Franchise fee	1,567,286	1,567,286	1,775,486	208,200
Licenses and permits	163,700	163,700	163,719	19
Intergovernmental	3,811,968	4,084,464	4,235,990	151,526
Charges for services	850,370	850,870	971,900	121,030
Fines and forfeitures	50,500	50,500	170,718	120,218
Investment earnings	27,500	27,500	198,440	170,940
Contributions and donations	10,500	10,500	182,453	171,953
Other revenues	75,000	75,000	94,954	19,954
Total revenues	14,914,153	15,187,149	16,419,459	1,232,310
Expenditures				
General government:				
City council	62,725	62,725	55,940	6,785
City manager	306,745	342,355	342,501	(146)
City clerk	222,575	226,599	229,176	(2,577)
City attorney	236,730	379,606	377,066	2,540
Administrative services	823,320	623,711	605,155	18,556
Management information services	717,540	728,199	641,676	86,523
Facilities maintenance	629,685	738,654	675,421	63,233
Community development	660,690	701,873	510,255	191,618
Human resources	-	231,971	224,879	7,092
Non-departmental	1,064,329	1,072,510	1,072,389	121
Total general government	4,724,339	5,108,203	4,734,458	373,745
Public safety:				
Police administration	858,600	1,164,215	1,122,500	41,715
Police operations	3,915,000	4,052,931	4,028,630	24,301
Police detective division	1,286,629	1,330,478	1,206,998	123,480
Police dispatch unit	748,330	751,150	690,332	60,818
Code enforcement division	202,100	202,679	146,871	55,808
Total public safety	7,010,659	7,501,453	7,195,331	306,122
Physical environment:				
Cemetery	163,740	162,104	161,384	720
Transportation:				
Roads and maintenance	1,130,210	1,135,004	1,039,941	95,063
Fleet management	259,680	274,812	257,379	17,433
Total transportation	1,389,890	1,409,816	1,297,320	112,496

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

City of Sebastian, Florida
Statement of Revenues, Expenditures and Changes in Fund Balance
— Budget and Actual
General Fund

<i>For the year ended September 30, 2023</i>	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget
Culture and recreation:				
Leisure services	1,245,420	1,257,869	1,103,676	154,193
Capital outlay	379,874	300,376	1,928,820	(1,628,444)
Debt service:				
Lease principal	70,231	70,231	8,868	61,363
Interest and fiscal charges	-	-	54,787	(54,787)
Total expenditures	14,984,153	15,810,052	16,484,644	(674,592)
Excess (deficiency) of revenues over (under) expenditures	(70,000)	(622,903)	(65,185)	557,718
Other financing sources (uses)				
Transfers in	35,000	35,000	-	(35,000)
Transfers out	-	(418,030)	(280,811)	137,219
Lease/debt proceeds	-	-	1,656,117	1,656,117
Proceeds from sale of capital assets	35,000	35,000	47,296	12,296
Net other financing sources (uses)	70,000	(348,030)	1,422,602	1,770,632
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	-	(970,933)	1,357,417	2,328,350
Fund balance, beginning of year, restated	8,582,571	8,582,571	8,582,571	-
Fund balance, end of year	\$ 8,582,571	\$ 7,611,638	\$ 9,939,988	\$ 2,328,350

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

City of Sebastian, Florida
Statement of Revenues, Expenditures and Changes in Fund Balance
— Budget and Actual
Riverfront Redevelopment Special Revenue Fund

<i>For the year ended September 30, 2023</i>	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues				
Taxes:				
Property	\$ 380,580	\$ 380,580	\$ 469,960	\$ 89,380
Investment earnings	7,719	7,719	18,989	11,270
Other revenues	36,000	36,000	35,701	(299)
Total revenues	424,299	424,299	524,650	100,351
Expenditures				
Current:				
Economic environment	260,918	292,869	249,700	43,169
Excess of revenues over expenditures	163,381	131,430	274,950	143,520
Other financing sources (uses)				
Transfers out	(15,000)	(70,001)	(13,550)	56,451
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	148,381	61,429	261,400	199,971
Fund balance, beginning of year	627,885	627,885	627,885	-
Fund balance, end of year	\$ 776,266	\$ 689,314	\$ 889,285	\$ 199,971

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

City of Sebastian, Florida
Statement of Revenues, Expenditures and Changes in Fund Balance
— Budget and Actual
Stormwater Utility Fund

<i>For the year ended September 30, 2023</i>	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues				
Charges for services	\$ 1,952,055	\$ 1,952,055	\$ 1,949,304	\$ (2,751)
Investment earnings	7,566	7,566	54,803	47,237
Total revenues	1,959,621	1,959,621	2,004,107	44,486
Expenditures				
Current:				
Physical environment	2,217,854	2,211,917	1,844,948	366,969
Capital outlay	41,300	56,393	43,836	12,557
Total expenditures	2,259,154	2,268,310	1,888,784	379,526
Excess (deficiency) of revenues over (under) expenditures	(299,533)	(308,689)	115,323	424,012
Other financing sources (uses)				
Transfers out	-	(361,192)	(185,199)	175,993
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(299,533)	(669,881)	(69,876)	600,005
Fund balance, beginning of year	1,970,245	1,970,245	1,970,245	-
Fund balance, end of year	\$ 1,670,712	\$ 1,300,364	\$ 1,900,369	\$ 600,005

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

City of Sebastian, Florida
Statement of Revenues, Expenditures and Changes in Fund Balance
— Budget and Actual
American Rescue Plan Fund

<i>For the year ended September 30, 2023</i>	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues				
Intergovernmental	\$ -	\$ -	\$ 13,639	\$ 13,639
Investment earnings (loss)	12,000	12,000	63,398	51,398
Total revenues	12,000	12,000	77,037	65,037
Expenditures				
Current:				
Physical environment	12,000	12,000	11,999	1
Total expenditures	12,000	12,000	11,999	1
Excess (deficiency) of revenues over (under) expenditures	-	-	65,038	65,038
Other financing sources (uses)				
Transfers out	(2,698,656)	(2,696,156)	(13,639)	2,682,517
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(2,698,656)	(2,696,156)	51,399	2,747,555
Fund balance, beginning of year	22,200	22,200	22,200	-
Fund balance, end of year	\$ (2,676,456)	\$ (2,673,956)	\$ 73,599	\$ 2,747,555

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

City of Sebastian, Florida
Statement of Revenues, Expenditures and Changes in Fund Balance
— Budget and Actual
Discretionary Sales Tax Fund

<i>For the year ended September 30, 2023</i>	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues				
Intergovernmental	\$ 5,160,637	\$ 5,160,637	\$ 4,791,515	\$ (369,122)
Investment earnings (loss)	98,209	98,209	93,413	(4,796)
Total revenues	5,258,846	5,258,846	4,884,928	(373,918)
Expenditures				
Current:				
Capital outlay	-	-	-	-
Total expenditures	-	-	-	-
Excess (deficiency) of revenues over (under) expenditures	5,258,846	5,258,846	4,884,928	(373,918)
Other financing sources				
Transfers out	(4,395,472)	(7,425,064)	(2,668,320)	4,756,744
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	863,374	(2,166,218)	2,216,608	4,382,826
Fund balance, beginning of year	3,165,333	3,165,333	3,165,333	-
Fund balance, end of year	\$ 4,028,707	\$ 999,115	\$ 5,381,941	\$ 4,382,826

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

City of Sebastian, Florida
Statement of Net Position - Proprietary Fund

<i>September 30, 2023</i>	Business-type Activities - Enterprise Funds			
	Golf Course	Airport	Building	Total
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 14,672	\$ 517,525	\$ 1,485,427	\$ 2,017,624
Investments	111,645	84,017	262,804	458,466
Accounts receivable, net	29,227	-	-	29,227
Due from other funds	-	-	29,099	29,099
Due from other governments	-	63,737	-	63,737
Leases receivable	27,192	53,318	-	80,510
Prepaid items	8,443	45,746	17,618	71,807
Inventory	16,955	-	-	16,955
Deposits held in escrow	-	616	493	1,109
Total current assets	208,134	764,959	1,795,441	2,768,534
Noncurrent assets:				
Leases receivable	127,307	4,169,090	-	4,296,397
Advance from other funds	-	-	1,052,392	1,052,392
Capital assets:				
Land	-	9,060	-	9,060
Construction in process	-	248,515	-	248,515
Leased Land	2,473,049	-	-	2,473,049
Buildings	697,985	11,711,244	189,061	12,598,290
Non-building improvements	1,196,494	1,731,122	-	2,927,616
Machinery and equipment	662,738	972,148	144,929	1,779,815
Infrastructure	1,428,751	14,791,374	-	16,220,125
Less accumulated depreciation/amortization	(2,408,732)	(12,491,747)	(125,337)	(15,025,816)
Total capital assets, net of accumulated depreciation/amortization	4,050,285	16,971,716	208,653	21,230,654
Total noncurrent assets	4,177,592	21,140,806	1,261,045	26,579,443
Total assets	4,385,726	21,905,765	3,056,486	29,347,977
LIABILITIES				
Current liabilities:				
Accounts payable and accrued liabilities	2,039	63,427	18,393	83,859
Due to other funds	459,099	19,046	-	478,145
Due to other governments	4,944	1,171	4,701	10,816
Compensated absences	5,819	2,856	225	8,900
Unearned revenue	33,847	-	-	33,847
Current portion of leases payable	40,448	-	-	40,448
Total current liabilities	546,196	86,500	23,319	656,015
Noncurrent liabilities:				
Advance from other funds	1,052,392	467,311	-	1,519,703
Leases payable	2,364,571	-	-	2,364,571
Compensated absences	67,623	4,919	163,432	235,974
Total noncurrent liabilities	3,484,586	472,230	163,432	4,120,248
Total liabilities	4,030,782	558,730	186,751	4,776,263

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

City of Sebastian, Florida
Statement of Net Position - Proprietary Fund

<i>September 30, 2023</i>	Business-type Activities - Enterprise Funds			
	Golf Course	Airport	Building	Total
DEFERRED INFLOWS OF RESOURCES				
Deferred lease amounts	145,631	4,027,808	-	4,173,439
Deferred revenue	-	764	3,553	4,317
Total deferred inflows of resources	145,631	4,028,572	3,553	4,177,756
NET POSITION				
Net investment in capital assets	1,645,266	16,941,903	208,653	18,795,822
Unrestricted (deficit)	(1,435,953)	376,560	2,657,529	1,598,136
Total net position	\$ 209,313	\$ 17,318,463	\$ 2,866,182	\$20,393,958

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

City of Sebastian, Florida

Statement of Revenues, Expenses and Changes in Fund Net Position – Proprietary Fund

<i>For the year ended September 30, 2023</i>	Business-type Activities - Enterprise Funds			
	Golf Course	Airport	Building	Total
Operating revenues:				
Charges for fees and rents:				
Building permit fees	\$ -	\$ -	\$ 899,205	\$ 899,205
Golf course fees	1,868,169	-	-	1,868,169
Rents	34,527	707,517	-	742,044
Other revenues	10,036	86,040	-	96,076
Total operating revenues	<u>1,912,732</u>	<u>793,557</u>	<u>899,205</u>	<u>3,605,494</u>
Operating expenses:				
Salaries, wages and employee benefits	439,405	197,997	823,770	1,461,172
Contractual services, materials and supplies	1,066,108	326,039	175,393	1,567,540
Depreciation and amortization	210,858	986,988	8,098	1,205,944
Total operating expenses	<u>1,716,371</u>	<u>1,511,024</u>	<u>1,007,261</u>	<u>4,234,656</u>
Operating income (loss)	<u>196,361</u>	<u>(717,467)</u>	<u>(108,056)</u>	<u>(629,162)</u>
Nonoperating revenues (expenses):				
Investment income	14,354	11,963	41,691	68,008
Interest expense	(70,284)	(20,110)	-	(90,394)
Gain/(Loss) on disposal of fixed assets	163,648	18,934	-	182,582
Insurance proceeds	48,342	2,984	-	51,326
Total nonoperating revenues (expenses)	<u>156,060</u>	<u>13,771</u>	<u>41,691</u>	<u>211,522</u>
Income before capital contributions and transfers	<u>352,421</u>	<u>(703,696)</u>	<u>(66,365)</u>	<u>(417,640)</u>
Capital contributions	-	365,388	-	365,388
Transfers in	-	131,788	4,857	136,645
Transfers out	(4,857)	-	-	(4,857)
Change in net position	<u>347,564</u>	<u>(206,520)</u>	<u>(61,508)</u>	<u>79,536</u>
Net position, beginning of year	<u>(145,394)</u>	<u>17,522,238</u>	<u>771,738</u>	<u>18,148,582</u>
Prior period adjustment (see Note 2)	<u>7,143</u>	<u>2,745</u>	<u>2,155,952</u>	<u>2,165,840</u>
Net position, beginning of year, restated	<u>(138,251)</u>	<u>17,524,983</u>	<u>2,927,690</u>	<u>20,314,422</u>
Net position, end of year	<u>\$ 209,313</u>	<u>\$ 17,318,463</u>	<u>\$ 2,866,182</u>	<u>\$ 20,393,958</u>

City of Sebastian, Florida
Statement of Cash Flows - Proprietary Fund

Business-type Activities - Enterprise Funds

For the year ended September 30, 2023

	Golf Course	Airport	Building	Total
Cash flows from operating activities:				
Cash received from customers and users	\$ 1,874,696	\$ 1,187,054	\$ 901,366	\$ 3,963,116
Cash payments to suppliers	(1,062,165)	(565,559)	(168,192)	(1,795,916)
Cash payments for employee services	(439,405)	(197,997)	(823,770)	(1,461,172)
Net cash provided by/(used in) operating activities	373,126	423,498	(90,596)	706,028
Cash flows from noncapital financing activities:				
Cash payments to other governments	-	-	(2,618)	(2,618)
Cash receipts to other governments	561	73	-	634
Cash payments for transfers/advances to other funds	(65,308)	(35,436)	29,504	(71,240)
Cash receipts for transfers/advances to other funds	-	131,788	4,857	136,645
Net cash provided by/(used) in noncapital financing activities	(64,747)	96,425	31,743	63,421
Cash flows from capital and related financing activities:				
Principal paid on leases payable	(36,086)	-	-	(36,086)
Interest paid on leases payable	(70,284)	(20,110)	-	(90,394)
Acquisition and construction of capital assets	(645,102)	(570,986)	(194,262)	(1,410,350)
Proceeds from sale of capital assets	163,648	18,934	-	182,582
Receipts from capital contributions	-	365,388	-	365,388
Insurance proceeds	48,342	2,984	-	51,326
Net cash provided by/(used) in capital and related financing activities	(539,482)	(203,790)	(194,262)	(937,534)
Cash flows from investing activities:				
Purchases of investments	-	33,225	128,757	161,982
Sale of investments	(35,617)	-	-	(35,617)
Investment income	14,354	11,963	41,691	68,008
Net cash provided by/(used) in investing activities	(21,263)	45,188	170,448	194,373
Net increase (decrease) in cash and cash equivalents	(252,366)	361,321	(82,667)	26,288
Cash and cash equivalents, beginning of year	267,038	156,204	1,568,094	1,991,336
Cash and cash equivalents, end of year	\$ 14,672	\$ 517,525	\$ 1,485,427	\$ 2,017,624

City of Sebastian, Florida
Statement of Cash Flows - Proprietary Fund (Continued)

<i>For the year ended September 30, 2023</i>	Business-type Activities - Enterprise Funds			
	Golf Course	Airport	Building	Total
Reconciliation of operating income to net cash provided by/(used in) operating activities:				
Operating income (loss)	\$ 196,361	\$ (717,467)	\$ (108,056)	\$ (629,162)
Adjustments to reconcile operating income to net cash provided by/(used by) operating activities:				
Depreciation/amortization expense	210,858	986,988	8,098	1,205,944
Change in assets and liabilities:				
(Increase) decrease in assets:				
Accounts receivable	(29,227)	192	-	(29,035)
Due from other governments	-	513,536	60	513,596
Due from other funds	-	-	1,848	1,848
Leases receivable	25,500	(1,611,163)		(1,585,663)
Prepaid items	(3,660)	(25,819)	(12,120)	(41,599)
Inventory	842	-	-	842
Deposits held in escrow	493	-	-	493
Increase (decrease) in liabilities:				
Accounts payable and accrued liabilities	2,891	(218,680)	4,895	(210,894)
Due to other funds	(5,856)	19,046	-	13,190
Unearned revenue	673	(20,823)	(3,300)	(23,450)
Compensated absences	3,377	4,979	14,426	22,782
Deferred lease amounts	(29,126)	1,491,945	-	1,462,819
Deferred revenue	-	764	3,553	4,317
Total adjustments	176,765	1,140,965	17,460	1,335,190
Net cash provided by/(used in) operating activities	\$ 373,126	\$ 423,498	\$ (90,596)	\$ 706,028

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

City of Sebastian, Florida
Statement of Fiduciary Net Position

Police
 Officers'
 Pension Trust
 Fund

September 30, 2023

ASSETS

Receivables:		
Interest and dividends	\$	25,838
Investments at fair value:		
Money market funds		1,889,186
United States government obligations		1,314,454
Mortgage backed securities		636,455
Collateralized mortgage obligations		876,170
Municipal obligations		127,329
Domestic corporate bonds		833,743
Foreign corporate bonds		270,601
Domestic corporate equities		8,209,569
Foreign corporate equities		3,093,238
Exchange-traded fund equities		2,687,965
Partnerships		18,875
Real estate investment trust		796,916
Total investments		20,754,501
Total assets		20,780,339

FIDUCIARY NET POSITION

Restricted for pension benefits	\$	20,780,339
---------------------------------	----	------------

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

City of Sebastian, Florida
Statement of Changes in Fiduciary Net Position

Police
Officers'
Pension Trust
Fund

For the year ended September 30, 2023

ADDITIONS

Contributions:	
Employer	\$ 763,666
Plan members	234,525
State	272,496
Total contributions	1,270,687
Investment income:	
Net increase in the fair value of investments	1,794,047
Interest and dividends	532,234
Total investment income	2,326,281
Less investment-related expense	(137,400)
Net investment income	2,188,881
Total additions	3,459,568
DEDUCTIONS	
Benefit payments	1,071,895
Administrative expenses	90,249
Total deductions	1,162,144
Change in net position	2,297,424
Fiduciary net position, beginning of year	18,482,915
Fiduciary net position, end of year	\$ 20,780,339

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



THIS PAGE IS INTENTIONALLY LEFT BLANK.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Sebastian (the "City"), a Florida Municipal Corporation, was incorporated in 1924 under Sections 1826-1832 of the Revised Florida Statutes. The City has a population of 26,405 living in an area of approximately 16.3 square miles. The governing body is a five member elected City Council with a mayor elected from the five members. The City Council appoints the City Manager who is responsible for the administration of all City services.

The financial statements of the City have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the City's accounting policies are described below.

Reporting Entity

As required by generally accepted accounting principles, these financial statements present the government and its component units, entities for which the City is financially accountable. Blended component units, although legally separate entities, are, in substance, part of the government's operations and as such, data from these units are combined with data of the primary government. The City has two component units that are blended with the primary government for financial statement purposes because the component unit's governing body is substantially the same as the City Council and/or there is a financial benefit/burden relationship between the primary government and the component unit. Discretely presented component units, on the other hand, are reported in a separate column in the government-wide financial statements to emphasize that they are legally separate from the government. The City has no discretely presented component units. The accounting policies of the City conform to generally accepted accounting principles (GAAP) as applied to governmental units. The more significant accounting policies used by the City are described below.

Blended Component Unit

Community Redevelopment Agency (CRA)

The CRA was formally established in March 1995 with the adoption of Ordinance No. 0-95-08 by the City Council. The CRA was organized to finance development within the geographic boundaries of the community redevelopment area. Although legally separate, the CRA is governed by the City Council and there is a benefit/burden relationship to the City. The CRA is accounted for in a special revenue fund entitled "Riverfront Redevelopment." The CRA financial statements are included in the City's Annual Comprehensive Financial Report as a special revenue fund for the year ended September 30, 2023.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fiduciary Component Units

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

Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges to external customers for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The 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.

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period, except for expenditure-driven grants which must be collected within one year. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes, intergovernmental revenue, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and as such have been recognized as revenues of the current fiscal period. 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 government.

The proprietary and pension are reported using the *economic resources measurement focus* and the *accrual basis of accounting*.

Government-Wide Financial Statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates governmental funds, while business-type activities incorporate the City's enterprise funds. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments in lieu of taxes and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned. The General Fund provides certain central services to other funds of the City which are presented as program expenses in the funds receiving services. The related General Fund revenue has been netted against program expense in the government-wide statement of activities.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Financial Statements

The fund financial statements provide information about the City's funds, including its fiduciary funds and blended component units. Separate statements for each fund category—governmental, proprietary, and fiduciary—are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, and internal service funds and fiduciary funds each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements. Fiduciary funds are used to report assets held in a trustee or custodial capacity for others that cannot be used to support the government's own programs. Custodial funds are purely custodial and do not involve measurement of results of operations.

The City reports the following major governmental funds:

The *General Fund* is the government's primary operating fund. It accounts for all the financial resources of the general government, except those accounted for and reported in another fund.

The *Riverfront Redevelopment Special Revenue Fund* accounts for revenues and expenditures to be used for special operations in the defined City's riverfront redevelopment area.

The *Stormwater Utility Special Revenue Fund* is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for system maintenance.

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

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

The City reports the following major proprietary funds:

The *Golf Course Fund* accounts for the activities of the municipal golf course.

The *Airport Fund* accounts for the activities of the municipality's general aviation airport.

The *Building Fund* accounts for the activities of the municipality's building department that enforces state and local regulations pertaining to construction.

Additionally, the City reports the following fund types:

Special Revenue Funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Financial Statements (Continued)

Capital Projects Funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

The Permanent Fund is used to record the activity and balance of the Cemetery Trust, which provides funds for perpetual care of cemetery lots.

The Pension Trust Fund accounts for the activities of the Police Officers' Pension Plan, which accumulates resources for pension benefit payments to qualified police officers.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Restricted net position represents resources that are subject to restrictions beyond the government's control. The restrictions may be externally imposed or imposed by law. When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Equity

Deposits and Investments

The City considers cash on hand and demand deposits, restricted cash deposits, and short-term investments with maturities of three months or less when purchased to be cash for the statement of cash flows. Cash in excess of current requirements is invested in various interest-bearing securities and disclosed as part of the City's investments.

Deposits available within various funds of the Primary Government were consolidated for investment purposes. Substantially all deposits of the Primary Government at September 30, 2023, were invested using the pooled investment concept. Interest earned was allocated monthly to the City based on its month ending cash and investment balances in proportion to the Primary Government.

Investments for the City are reported at fair value for the position in the State Board of Administration ("SBA") Local Government Surplus Trust Fund (Florida PRIME) external investment pool. The SBA

City of Sebastian, Florida Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Equity (Continued)

Deposits and Investments (Continued)

Local Government Surplus Trust Fund external investment pool meets all of the specified criteria in Section 150: Investments of the GASB Codification to qualify to elect to measure its investments at amortized cost. Accordingly, the fair value of the Agency's position in the pool is equal to the value of pooled shares.

The City is empowered by statute to invest in the following instruments and may divest itself of such investments, at prevailing market prices or rates subject to the limitations of Section 218.415 – a) the Local Government Surplus Funds Trust Fund, administered by the Florida State Board of Administration or any intergovernmental investment pool authorized pursuant to the Florida Interlocal Cooperation Act of 1969, as provided in s. 163.01, Florida Statutes; b) Securities and Exchange Commission registered money market funds with the highest credit quality rating from a nationally recognized rating agency; c) savings accounts in state-certified qualified public depositories, as defined in Florida Statute 280.02; d) certificates of deposits and Repurchased Agreements in state-certified qualified public depositories, as defined in Florida Statute 280.02; e) direct obligation of the U.S. Treasury; and f) Federal agencies and instrumentalities.

Banks and savings and loans in which City funds are deposited must be classified as a qualified public depository as defined in the Florida Security for Public Deposits Act, Chapter 280, Florida Statutes, before any deposits are made with those institutions.

Internal Balances

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the noncurrent portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." These amounts are eliminated in the governmental and business-type activities columns of the statement of net position, except for any residual balance outstanding between the governmental and business-type activities at the end of the fiscal year, which are reported in the government-wide financial statements as internal balances.

Advances between funds are offset by nonspendable fund balance in the General Fund and restricted fund balance in other applicable governmental funds to indicate they are not available for appropriation and are not expendable available financial resources.

Restricted Assets

Certain amounts reported as cash and cash equivalents are classified as restricted assets. These include balances in the debt service funds that are set aside to meet bonded debt requirements,

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Equity (Continued)

Restricted Assets (Continued)

balances in the capital projects funds to be used for the payment of project costs and balances in the Cemetery Fund that are either not permitted to be spent or can only be spent for items incidental to cemetery expansions. The amount of the Cemetery Fund investments is also classified as restricted assets and reported as restricted investments.

Receivables and payables

All trade and tax receivables are shown net of an allowance for uncollectible, as applicable.

Amounts due from other governments include amounts due from grantors for specific programs and capital projects. Program grants and capital grants for capital assets are recorded as receivables and revenues at the time reimbursable project costs are incurred. Revenues received in advance of project costs being incurred are deferred. Receivables consist of trade receivables, due from other governments and interest receivable and are recorded at the net realizable value. As of September 30, 2023, the City has no allowance for doubtful accounts, since all receivables are considered collectible.

Lease Receivables - The City's lease receivables are measured at the present value of lease payments expected to be received during the least term. Under the lease agreement, the City may receive variable lease payments that are dependent upon the lessee's revenue. The variable payments are recorded as an inflow of resources in the period the payment is received.

Leases

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

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

Key estimates and judgments related to leases include how the City determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments. The City uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the City generally uses its estimated incremental

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Equity (Continued)

Leases (Continued)

borrowing rate as the discount rate for leases. The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price (if applicable) that the City is reasonably certain to exercise.

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

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

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

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

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

Inventory and Prepaid Items

Inventories are valued at cost using the average cost method. Inventory in the General Fund consists of materials and supplies held for consumption. The cost is recorded as an expenditure/expense at the time the individual inventory items are consumed. Inventory in the Golf Course consists of supplies held for resale.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Equity (Continued)

Capital Assets

Capital assets, which include land, construction in progress, leased land, buildings, non-building improvements, machinery and equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. The City defines capital assets as assets with an initial, individual cost of more than \$750 and an estimated useful life in excess of one year. Such assets are recorded at historical cost, if purchased, and at estimated acquisition cost at date of gift, if donated. Major additions are capitalized while maintenance and repairs that do not improve or extend the life of the respective assets are expensed.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities, if any, is included as part of the capitalized value of the asset constructed.

Land and construction in progress are not depreciated. Remaining capital assets are depreciated/amortized using the straight-line method over the following estimated useful lives:

	Years
Buildings and improvements	10-40
Public domain infrastructure	40-50
System infrastructure	15-30
Improvements other than buildings	10-40
Machinery, equipment and other	5-15
Airport runways	20

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 represents a consumption of net position that applies to future periods and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City reports the deferred outflows related to pensions, reported in the government-wide statements of net position. The deferred outflows related to pensions are an aggregate of items related to pensions as calculated in accordance with *GASB Codification Section P20: Pension Activities – Reporting for Benefits Provided through Trusts That Meet Specified Criteria*. The deferred outflows related to pensions will be recognized as either pension expense or a reduction in the net pension liability in future reporting years.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Equity (Continued)

Deferred Outflow/Inflow of Resources

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to future periods and so will not be recognized as an inflow of resources until that time. The City reports deferred inflows of resources related to its pension plan, lease amounts, and tax revenue. The City has three (3) items that qualify for reporting as deferred inflows 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 leases are associated with amounts owed to the City, as lessor, by entities leasing the City's capital assets. *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 two sources: property taxes and special assessments. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

Compensated Absences

It is the City's policy to permit employees to accumulate earned but unused vacation and sick leave benefits and these are accounted for using the termination payment method. All vacation and sick leave amounts are accrued in the government-wide and proprietary funds financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

Unearned Revenue

Governmental funds report unearned revenue in connection with resources that have been received before eligibility requirements are met.

Long-term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Equity (Continued)

Long-term Obligations (continued)

sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Categories and Classification of Net Position and Fund Balance

Net position flow assumption – Sometimes the City 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 and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the City’s policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

Fund balance flow assumptions – Sometimes the City will fund outlays for a particular purpose from both restricted and unrestricted resources. 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 City’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 City 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.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Equity (Continued)

Categories and Classification of Net Position and Fund Balance (continued)

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 City’s highest level of decision-making authority. The governing council is the highest level of decision-making authority for the City 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 City for specific purposes but do not meet the criteria to be classified as committed. The governing council (council) has by resolution authorized the finance director to assign fund balance. The council may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year’s appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

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

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the plan and additions to/deductions from the plan fiduciary net position have been determined on the same basis as they are reported by the plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

Subsequent Events

Management has evaluated subsequent events through the date that the financial statements were available to be issued, May 31, 2024, and determined there were no events that occurred that

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Subsequent Events (continued)

required disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

Recently Issued and Implemented Accounting Pronouncements

In May 2020, the GASB issued GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended. The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. Assets and liabilities resulting from SBITAs should be recognized and measured using the facts and circumstances that existed at the beginning of the fiscal year in which this Statement is implemented. Governments are permitted, but are not required, to include in the measurement of the subscription asset capitalizable outlays associated with the initial implementation stage and the operation and additional implementation stage incurred prior to the implementation of this Statement. There are no changes to the financial statements related to the implementation of this Statement.

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

GASB Statement No. 100, *Accounting Changes and Error Corrections*, This Statement establishes accounting and financial reporting requirements for (a) accounting changes and (b) the correction of an error in previously issued financial statements (error correction). This Statement defines accounting changes as changes in accounting principles, changes in accounting estimates, and changes to or within the financial reporting entity and describes the transactions or other events that constitute those changes.

This Statement prescribes the accounting and financial reporting for (1) each type of accounting change and (2) error corrections. This Statement requires that (a) changes in accounting principles and error corrections be reported retroactively by restating prior periods, (b) changes to or within the financial reporting entity be reported by adjusting beginning balances of the current period, and (c) changes in accounting estimates be reported prospectively by recognizing the change in the current period. This Statement requires disclosure in notes to financial statements of descriptive information about accounting changes and error corrections, such as their nature. In addition, information about the quantitative effects on beginning balances of each accounting change and error correction should be disclosed by reporting unit in a tabular format to reconcile beginning

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recently Issued and Implemented Accounting Pronouncements (Continued)

balances as previously reported to beginning balances as restated. Furthermore, this Statement addresses how information that is affected by a change in accounting principle or error correction should be presented in required supplementary information (RSI) and supplementary information (SI). The requirements of this Statement are effective for accounting changes and error corrections made in fiscal years beginning after June 15, 2023, and all reporting periods thereafter.

GASB Statement No. 101, *Compensated Absences*, The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The requirements of this Statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter.

The City is evaluating the requirements of the above statements and the impact on reporting.

Note 2: PRIOR PERIOD RESTATEMENTS

Certain amounts for prior fiscal years have been reclassified to be consistent with the fiscal year 2023 presentation.

In fiscal year 2023, the City restated opening net position and fund balances to correct errors in prior years financial statements.

Adjustments to opening net position are enumerated below:

City of Sebastian, Florida
Notes to Financial Statements

Note 2: PRIOR PERIOD RESTATEMENTS (Continued)

	Government-wide Statements		
	Governmental Activities	Business-type Activities	Total
Net position, September 30, 2022, as previously reported	\$ 57,069,627	\$ 18,148,582	\$ 75,218,209
Cumulative effect in applying the unavailable revenue of tax revenue ⁽¹⁾	34,866	-	34,866
Cumulative effect in applying the accrual recognition of intergovernmental, franchise, fees, and utility tax revenues ⁽²⁾	605,987	-	605,987
Cumulative effect of the accrued payroll liability ⁽³⁾	153,125	20,587	173,712
Cumulative effect of restatement of rebates payable ⁽⁴⁾	-	2,145,253	2,145,253
Beginning net position, as restated	\$ 57,863,605	\$ 20,314,422	\$ 78,178,027

	General Fund	Stormwater Utility Fund	Discretionary Sales Tax Fund	Local Option Gas Tax Fund
	Fund balance, September 30, 2022, as previously reported	\$ 8,195,001	\$ 1,957,125	\$ 2,875,588
Cumulative effect in applying the accrual recognition of intergovernmental, franchise, fees, and utility tax revenues ⁽²⁾	247,565	-	289,745	68,677
Cumulative effect of the accrued payroll liability ⁽³⁾	140,005	13,120	-	-
Beginning fund balance, as restated	\$ 8,582,571	\$ 1,970,245	\$ 3,165,333	\$ 768,716

	Golf Course Fund	Airport Fund	Building Fund
	Net position, September 30, 2022, as previously reported	\$ (145,394)	\$ 17,522,238
Cumulative effect of the accrued payroll liability ⁽³⁾	7,143	2,745	10,699
Cumulative effect of restatement of rebates payable ⁽⁴⁾	-	-	2,145,253
Beginning net position, as restated	\$ (138,251)	\$ 17,524,983	\$ 2,927,690

Note 2: PRIOR PERIOD RESTATEMENTS (Continued)

- (1) The County used the incorrect millage rate for the City in fiscal year 2022. The County was notified of the error in June of 2023. The County wired the City the difference in July of 2023. This amount should have been recognized as revenue in the Statement of Activities for the year ending September 30, 2022.
- (2) In the prior year, revenue and receivables related to taxes and fees levied by the State and remitted to the City were not recorded in the period levied or earned. An additional receivable amount needed to be recorded.
- (3) In the prior year, expenses related to payroll transactions for services provided were not recognized in the period in which they were earned.
- (4) In prior year, the City had recorded rebates payable in response to Florida Statutes 553.80; however, the City does not intend to remit the rebate payable.

Note 3: BUDGETARY INFORMATION

Budgets are prepared annually on a modified accrual basis with encumbrance accounting for all governmental funds except the capital project funds, which are approved on a "life of the project basis", and the permanent fund, which is not budgeted. All annual appropriations lapse at year-end.

On or before the third Friday in May of each year, all agencies of the government submit requests for appropriations to the government's City Manager so that a budget may be prepared. Before July 31, the proposed budget is presented to the government's council for review. The council holds budget workshops, public hearings, and a final budget must be prepared and adopted no later than September 30.

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration in the General, and Special Revenue funds. Encumbrances outstanding at year-end are carried forward and reappropriated to the next year's budget.

Actual results of operations presented in accordance with U.S. generally accepted accounting principles (GAAP basis) and the City's accounting policies do not recognize encumbrances as expenditures until the period in which the actual goods or services are received and a liability is incurred. It is necessary to include budgetary encumbrances to reflect actual revenues and expenditures on a basis consistent with the City's legally adopted budget.

City of Sebastian, Florida
Notes to Financial Statements

Note 3: BUDGETARY INFORMATION (Continued)

The legal level of budgetary control is at the departmental level for the general fund and at the fund level for special revenue funds. During the year ended September 30, 2023, the City incurred expenditures in excess of the amounts appropriated, as follows:

	Final Budget	Actual	Variance
General fund			
City Manager	\$ 342,355	\$ 342,501	\$ (146)
City Clerk	\$ 226,599	\$ 229,176	\$ (2,577)
Local Option Gas Tax fund			
Transportation	\$ 10,800	\$ 11,300	\$ (500)
Law Enforcement Forfeiture fund			
Public Safety	\$ -	\$ 1,501	\$ (1,501)

Note 4: DEPOSITS AND INVESTMENTS

As of September 30, 2023, \$250,000 of the City’s bank balances is covered by federal depository insurance (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 City pursuant to Section 280.08, Florida Statutes.

The investment program is established in accordance with the City’s investment policy, pertinent bond resolutions and Section 218.45, Florida Statutes, which allows the City 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, 2023, the City had \$4,120,465 invested. The fair value of the City’s position in the pool is equal to the value of the pooled shares or net asset value.

The City participates in the Florida Local Government Investment Trust fund, (Florida LGIT), external investment pool. The Florida LGIT is a common law trust established under the laws of the State of Florida and is designed to meet both short and medium term cash management needs of its participants. The Fund is sponsored by the Florida Court Clerks and Comptrollers and the Florida Association of Counties and is directed by a board of trustees. The fair value of the City’s position in

Note 4: DEPOSITS AND INVESTMENTS (Continued)

the pool is equal to the value of the pooled shares or net asset value. On September 30, 2023, the City had \$545,840 invested.

Under GASB Codification 150: *Investments*, if a participant has an investment in a qualifying external investment pool that measures 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 external investment pool's authority to impose liquidity fees or redemption gates) in the notes to the financial statements.

Deposits available within various funds, except pension trust funds, were consolidated for investment purposes. Interest earned was allocated to the various funds based on their average cash and investment balances. The pension trust funds are authorized to invest in corporate bonds and stocks, money markets funds, and mortgages and notes.

Investment holdings during the year included United States Government Agencies which were reported at fair value in accordance with GASB Statement No. 31 "Accounting and Financial Reporting for Certain Investments and for External Investment Pools". These investments were held in trust by the City's bank depository in the City's name or by the Custodian of the Pension Trust Funds.

Section 218.415, Florida Statutes, limits the types of investments that the City can invest in unless specially authorized in the City's investment policy. The City's formal investment policy, for all investments except the Pension Trust Fund, allows for the following investments: Florida Local Government Surplus Funds Trust Fund, United States Government Securities, United States Government Agencies, Federal Instrumentalities, Interest Bearing Time Deposit or Saving Accounts, Repurchase Agreements, Commercial Paper, High Grade Corporate Notes, Bankers' Acceptances, State and/or Local Government Taxable and/or Tax-Exempt Debt, Registered Investment Companies (Money Market Mutual Funds), and Intergovernmental Investment Pool.

Florida Statutes Chapter 185 regulates the types of investment that may be held by the Police Pension Trust Fund. The investment guidelines have been augmented by City ordinance that have adopted specific investment policies. Compliance with the policies and guidelines has been evaluated by the pension board.

City of Sebastian, Florida
Notes to Financial Statements

Note 4: DEPOSITS AND INVESTMENTS (Continued)

Following is a reconciliation of deposit and investment balances as of September 30, 2023:

Statement of Net Position	
Cash and cash equivalents	\$ 18,221,523
Restricted cash and cash equivalents	641,395
Investments	4,085,932
Permanently restricted investments	580,373
Statement of Fiduciary Net Position	
Police officers' pension fund investments	20,754,501
Total	\$ 44,283,724
Deposits and investments	
Bank deposits:	
Checking and savings accounts	\$ 18,860,488
Investments:	
Investments, at fair value	4,666,305
Police officers' pension fund investments	20,754,501
Cash on hand	2,430
Total	\$ 44,283,724

Custodial Credit Risk — Deposits. Custodial credit risk is the risk that, in the event of a bank failure, the City's deposits might not be returned. At September 30, 2023, the carrying amount of the City of Sebastian's deposits with banks was \$18,860,488 and the bank balance was \$19,325,277. All the deposits were covered by the FDIC or collateralized in accordance with the "Florida Security for Public Deposits Act". Under the Act, every qualified public depository shall deposit with the Treasurer eligible collateral having a fair value equal to 50% of the average daily balance for each month that all public deposits are in excess of any applicable deposit insurance. If the public deposits exceed the total amount of the regulatory capital accounts of a bank or the regulatory net worth of a savings association, the required collateral shall have a fair value equal to 125% of the deposits.

Custodial Credit Risk — Investments. On April 23, 2003, Sebastian City Council formally adopted an investment policy pursuant to Section 218.415, Florida Statutes that established permitted investments, asset allocation limits and issuer limits, credit ratings requirements and maturity limits for all investments except the Pension Trust Funds. The City maintains a common cash and investment pool for the use of all funds, except the Pension Trust Funds, which are held with third party trustees and are governed by rules established by Florida Statute Chapter 185.

*Custodial Credit Risk —*The City's investment policy pursuant to Section 218.415(18), Florida Statutes requires securities, with the exception of certificates of deposits, to be held with a third party custodian; and all securities purchased by, and all collateral obtained by the City to be properly designated as an asset of the City. The securities must be held in an account separate and apart from

Note 4: DEPOSITS AND INVESTMENTS (Continued)

the assets of the financial institution. A third party custodian is defined as any bank depository chartered by the Federal Government, the State of Florida, or any other state or territory of the United States which has a branch or principal place of business in the State of Florida as defined in Section 658.12, Florida Statutes, or by a national association organized and existing under the laws of the United States, which is authorized to accept and execute trusts and which is doing business in the State of Florida. Certificates of deposits maintained by book-entry at the issuing bank shall clearly identify the City as the owner.

Interest Rate Risk. The City's investment policy limits interest rate risk by attempting to match investment maturities with known cash needs and anticipated cash flow requirements. Investment maturities shall not exceed thirty-six (36) months. Investments of construction funds shall have a term appropriate to the need for funds and in accordance with debt covenants.

Credit Risk. The City investment policy that covers all investments, except the Pension Trust Fund, permits investments in the following securities, which are limited to credit quality ratings from nationally recognized agencies as follows:

Mutual funds shall be rated "m" or "AAm-G" or better by Standard & Poor's, or the equivalent by another rating agency. State and/or local government taxable and/or tax-exempt debt, general obligation and/or revenue bonds, rated at least "Aa" by Moody's and "AA" by Standard & Poor's for long-term debt, or rated at least "MIG-2" by Moody's and 'SP-2" by Standard & Poor's for short-term debt. Bankers' acceptances issued by a domestic bank or a federally chartered domestic office of a foreign bank, which are eligible for purchase by the Federal Reserve System, at the time of purchase, the short-term paper is rated, at a minimum, "P-1" by Moody's Investors Services and "A-1" Standard & Poor's. Commercial paper of any United States company that is rated, at the time of purchase, "Prime-1" by Moody's and "A-1" by Standard & Poor's (prime commercial paper). Corporate notes issued by corporations organized and operating within the United States or by depository institutions licensed by the United States that have a long-term debt rating, at the time of purchase, at a minimum "Aa" by Moody's and a minimum long-term debt rating of "AA" by Standard & Poor's.

As of September 30, 2023, the City's investment securities, for all investments except the Pension Trust Fund, were all individually rated AAAM by Standard & Poor's or Moody's. The investment ratings for the Pension Trust Fund ranged between AAA through BBB-.

Investment in the City's pension trust funds are limited by State Statutes Chapter 185 and by an investment policy adopted by the fund's Board of Trustees on December 31, 2016. The allowable investment instruments include: United States government and agency issues, bankers acceptances and certificates of deposit by United States banks, savings accounts with banks or other financial institutions incorporated in the United States and commercial paper rated A-2 or P-2 or higher by Moody's or Standard & Poor's. See table below for credit ratings by investment type. In addition, common stocks of corporations listed on a recognized national stock exchange, plus issues convertible into common stock are also allowed. No more than ten percent (10%) of the cost value of total assets may be invested in foreign securities.

Note 4: DEPOSITS AND INVESTMENTS (Continued)

Concentration of Credit Risk. The City's investment policy has established asset allocation and issuer limits on the following investments, which are designed to reduce concentration of credit risk of the City's investment portfolio.

A maximum of 100% of available funds may be invested in the SBA and in the United States Government Securities, 50% of available funds may be invested in United States Government agencies with a 25% limit on individual issuers, 80% of available funds may be invested in Federal Instrumentalities with a 40% limit on individual issuers, 25% of available funds may be invested in non-negotiable interest bearing time certificates of deposits with a 15% limit on individual issuers, 50% of available funds may be invested in repurchase agreements excluding one (1) business day agreements and overnight sweep agreements with a 25% limit on any one institution, 25% of available funds may be directly invested in prime commercial paper with a 10% limit on individual issuers, 15% of available funds may be directly invested in corporate notes with a 5% limit on individual issuers, 25% of available funds may be directly invested in Bankers' Acceptances with a 10% limit on individual issuers, 20% of available funds may be invested in taxable and tax-exempt debts, 50% of available funds may be invested in money market mutual fund with a 25% limit on individual issuers, 10% of available funds may be invested in intergovernmental investment pools.

The City's pension trust fund's investment policy adopted by the fund's Board of Trustees has established asset allocation and issuer limits on the following investments, which are designed to focus on performance. A maximum of 100% of available funds may be invested in fixed income securities and a maximum of 60% of available funds may be invested in equity securities.

As of September 30, 2023, the City had the following issuer concentration based on fair value and investment ratings.

Fair Value – GASB Codification Section 3100: *Fair Value Measurements* establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

The three levels of the fair value hierarchy under the codification are described as follows:

Level 1 (L1): Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the City has the ability to access.

Level 2 (L2): Inputs to the valuation methodology include:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in inactive markets;
- inputs other than quoted prices that are observable for the asset or liability;
- inputs that are derived principally from or corroborated by observable market data by correlation or other means.

City of Sebastian, Florida
Notes to Financial Statements

Note 4: DEPOSITS AND INVESTMENTS (Continued)

Level 3 (L3): Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Equities: Valued at publicly trade market prices.

Fixed Income: Valued using pricing models maximizing the use of observable inputs for similar securities.

Partnerships and Real Estate trust: Valued at net asset value, with approximate fair value, or discounted cash flows.

As of September 30, 2023, the City had the following investments and effective duration presented in terms of years:

Investment type	Level	Fair Value	No Maturities	Investment Maturities (in years)			S&P/Moody Rating
				Less than 1	1-5	More than 5 years	
General investments							
Local government surplus funds trust fund ("SBA")	L1	\$ 4,120,465	\$ -	\$ 4,120,465	\$ -	\$ -	AAAm
Florida Local Government Investment Trust	L1	545,840	-	545,840	-	-	AAAm
Total primary government investments		\$ 4,666,305	\$ -	\$ 4,666,305	\$ -	\$ -	

Investment type		Fair Value	No Maturities	Investment Maturities (in years)			S&P/Moody Rating
				Less than 1	1-5	More than 5 years	
Police officers' pension fund investments							
Money market	L1	\$ 1,889,186	\$ -	\$ 1,889,186	\$ -	\$ -	AA+
US government obligations	L2	1,314,454	-	363,446	388,023	562,985	Aaa
Mortgage backed securities	L2	636,455	-	1,551	105,137	529,767	AAA/A-
Collateralized mortgage obligations	L2	876,170	-	-	-	876,170	AAA/A-
Municipal obligations	L2	127,329	-	7,954	-	119,375	AAA/BBB-
Domestic corporate bonds	L2	833,743	-	-	326,251	507,492	A+/A-
Foreign corporate bonds	L2	270,601	-	-	162,636	107,965	Not Rated
Domestic corporate equities	L1	8,209,569	8,209,569	-	-	-	Not Rated
Foreign corporate equities	L1/L2	3,093,238	3,093,238	-	-	-	Not Rated
Exchange-traded fund equities	L1	2,687,965	2,687,965	-	-	-	Not Rated
Partnerships	NPV	18,875	18,875	-	-	-	Not Rated
Real estate investment trust	NPV	796,916	796,916	-	-	-	Not rated
Total fiduciary fund investments		\$ 20,754,501	\$ 14,806,563	\$ 2,262,137	\$ 982,047	\$ 2,703,754	

Investment	Fair Value	Unfunded Commitments	Redemption Frequency (if currently eligible)	Redemption Notice Period
Partnership	\$ 18,875	N/A	N/A	N/A
Real estate investment trust	\$ 796,916	N/A	Quarterly	90 days

City of Sebastian, Florida
Notes to Financial Statements

Note 5: INTERFUND RECEIVABLES AND PAYABLES AND TRANSFERS

The composition of interfund balances as of September 30, 2023, was as follows:

Due to and from primary government funds

	Due from Other Funds	Due to Other Funds
General Fund	\$ 496,865	\$ -
Discretionary Sales Tax Fund	19,046	-
Nonmajor Funds	-	66,865
Building Fund	29,099	-
Airport Fund	-	19,046
Golf Course Fund	-	459,099
Total	\$ 545,010	\$ 545,010

These balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

Advances to and from primary government funds

	Advance from Other Funds	Advance to Other Funds
Discretionary Sales Tax	\$ -	\$ 467,311
Golf Course	1,052,392	-
Airport	467,311	-
Building	-	1,052,392
Total	\$ 1,519,703	\$ 1,519,703

The balance of \$467,311 advanced to the airport fund from the discretionary sales tax fund is being repaid in accordance with Resolution No. R-08-20 for the initial \$285,000 advance and with Resolution No. R-10-22 authorizing an additional \$290,000 advance. Both of these advances provided for repayment over a thirty-year period. The airport is being charged 4% interest on the advances. The \$1,052,392 was advanced from the Building Fund to replace the irrigation system and make other improvements at the Golf Course. This advance is to be repaid over 20 years. The Golf course is being charge 1.3% interest on the advance.

City of Sebastian, Florida
Notes to Financial Statements

Note 5: INTERFUND RECEIVABLES AND PAYABLES AND TRANSFERS (Continued)

For the year ended September 30, 2023, interfund transfers consisted of the following:

Description	Total Transfers Out	Transfers In			
		Governmental		Proprietary	
		General Fund	Nonmajor Governmental Funds	Airport Fund	Building Fund
Governmental funds:					
General Fund	\$ (280,811)	\$ -	\$ 280,811	\$ -	\$ -
American Rescue Plan Fund	(13,639)	-	13,639	-	-
Discretionary Sales Tax Fund	(2,668,320)	-	2,536,532	131,788	-
Riverfront Redevelopment Fund	(13,550)	-	13,550	-	-
Stormwater Utility Fund	(185,199)	-	185,199	-	-
Nonmajor Governmental Funds	(41,496)	-	41,496	-	-
Total governmental funds	(3,203,015)	-	3,071,227	131,788	-
Proprietary funds:					
Golf Course Fund	(4,857)	-	-	-	4,857
Total proprietary funds	(4,857)	-	-	-	4,857
Total	\$ (3,207,872)	\$ -	\$ 3,071,227	\$ 131,788	\$ 4,857

Transfers are used to: (1) move revenues from the fund that is required to collect them to the fund that is required or allowed to expend them; (2) move receipts restricted to or allowed for debt service from the funds collecting the receipts to the debt service fund as debt service payments become due; and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

City of Sebastian, Florida
Notes to Financial Statements

Note 6: CAPITAL ASSETS

Capital asset activity for the primary government for the year ended September 30, 2023, was as follows:

Governmental activities:	Beginning Balance*	Increases / Transfers	Decreases / Transfers	Ending Balance
Capital assets, not being depreciated/amortized:				
Land	\$ 9,123,041	\$ -	\$ -	\$ 9,123,041
Construction in progress	9,520,507	1,840,431	(11,139,251)	221,687
Total capital assets, not being depreciated/amortized	18,643,548	1,840,431	(11,139,251)	9,344,728
Capital assets, being depreciated/amortized:				
Right to use land *	171,782	1,656,117	-	1,827,899
Buildings	14,344,679	9,645,957	(1,129)	23,989,507
Improvements other than buildings	8,222,937	41,775	(196,952)	8,067,760
Machinery and equipment	11,313,414	1,614,103	(310,564)	12,616,953
Infrastructure	46,454,410	121,398	(3,875)	46,571,933
Total capital assets being depreciated/amortized	80,507,222	13,079,350	(512,520)	93,074,052
Less accumulated depreciation/amortization for:				
Right to use land	(5,924)	(55,204)	-	(61,128)
Buildings	(7,715,206)	(372,879)	1,129	(8,086,956)
Improvements other than buildings	(5,446,389)	(316,189)	186,691	(5,575,887)
Machinery and equipment	(8,746,291)	(962,143)	292,230	(9,416,204)
Infrastructure	(30,603,996)	(1,396,886)	3,875	(31,997,007)
Total accumulated depreciation/amortization	(52,517,806)	(3,103,301)	483,925	(55,137,182)
Total capital assets being depreciated/amortized, net	27,989,416	9,976,049	(28,595)	37,936,870
Governmental activities capital assets, net	\$ 46,632,964	\$ 11,816,480	\$ (11,167,846)	\$ 47,281,598

* The City leases land from the Airport Fund. The lease is noted as an addition within the governmental fund but not a reduction in the Business type activity as the assets are still owned by the Airport.

City of Sebastian, Florida
Notes to Financial Statements

Note 6: CAPITAL ASSETS (Continued)

Business-type activities:	Beginning Balance*	Increases / Transfers	Decreases / Transfers	Ending Balance
Capital assets, not being depreciated/amortized:				
Land	\$ 9,060	\$ -	\$ -	\$ 9,060
Construction in progress	3,899,378	-	(3,650,863)	248,515
Total capital assets, not being depreciated/amortized	3,908,438	-	(3,650,863)	257,575
Capital assets, being depreciated/amortized:				
Right to use land	2,473,049	-	-	2,473,049
Buildings	10,065,527	2,532,763	-	12,598,290
Improvements other than buildings	2,801,956	125,660	-	2,927,616
Machinery and equipment	1,549,771	604,269	(374,225)	1,779,815
Infrastructure	14,428,943	1,799,871	(8,689)	16,220,125
Total capital assets being depreciated/amortized	31,319,246	5,062,563	(382,914)	35,998,895
Less accumulated depreciation/amortization for:				
Right to use land	(103,044)	(103,044)	-	(206,088)
Buildings	(3,280,553)	(264,042)	-	(3,544,595)
Improvements other than buildings	(1,850,931)	(95,882)	-	(1,946,813)
Machinery and equipment	(1,395,928)	(66,113)	372,875	(1,089,166)
Infrastructure	(7,570,980)	(676,863)	8,689	(8,239,154)
Total accumulated depreciation/amortization	(14,201,436)	(1,205,944)	381,564	(15,025,816)
Total capital assets being depreciated/amortized, net	17,117,810	3,856,619	(1,350)	20,973,079
Business-type activities capital assets, net	\$ 21,026,248	\$ 3,856,619	\$ (3,652,213)	\$ 21,230,654

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

Depreciation/amortization of governmental activities by function

General government	\$ 442,458
Public safety	462,694
Physical environment	765,194
Transportation	898,785
Cultural and recreation	534,170
Total governmental activities	\$ 3,103,301

Depreciation/amortization of governmental activities by function

Business-type activities:	
Golf course	\$ 210,858
Airport	986,988
Building	8,098
Total governmental activities	\$ 1,205,944

City of Sebastian, Florida
Notes to Financial Statements

Note 7: LONG-TERM DEBT

Revenue notes are secured by and payable from the revenues of the respective funds that issued them.

- The City issued a nine (9) year, \$3,096,000 Stormwater Utility Refunding Revenue Note, Series 2013 in December 2013. The City has pledged stormwater fee revenues for repayment of principal and interest. These proceeds and other stormwater fee revenues were used to totally refund all of the outstanding Stormwater Utility Revenue Bonds prior to September 30, 2023.
- As of September 30, 2023, there was no outstanding in-substance defeased debt.

The following is a summary of governmental activities long-term debt transactions for the year ended September 30, 2023:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Notes from direct borrowings	\$ 121,000	\$ -	\$ (121,000)	\$ -	\$ -
Compensated absences	1,546,656	750,156	(576,263)	1,720,549	97,996
Lease liabilities	170,140	1,656,117	(8,868)	1,817,389	10,840
Pollution remediation	91,200	-	(41,200)	50,000	18,750
Governmental activities long-term liabilities	\$ 1,928,996	\$ 2,406,273	\$ (747,331)	\$ 3,587,938	\$ 127,586

A pollution remediation obligation was recorded for a Florida Department of Environmental (FDEP) Order dated March 10, 1997. This was related to an incident of petroleum contamination at the Public Works Department on April 22, 1991. The City was named as the party responsible for the cleanup but FDEP determined the discharge is eligible under the Petroleum Cleanup Participation Program and will not compel site rehabilitation prior to funding becoming available from that program. The program has a funding cap of \$400,000, with a 25% required cost share percentage. The City must also pay for a limited contamination assessment report sufficient to determine the extent of the contamination and cleanup. Based on the information available, the City estimated its expenditure to be \$50,000 dependent on the extent of work that is eventually required and recorded a current liability of \$18,750 and a long-term liability of \$31,250. This liability would generally be liquidated by the General Fund.

The following is a summary of business-type activities long-term debt transactions for the year ended September 30, 2023:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Business-type activities:					
Compensated absences	\$ 222,092	\$ 84,305	\$ (61,523)	\$ 244,874	\$ 8,900
Lease liabilities	2,441,105	-	(36,086)	2,405,019	40,448
Business-type activities long-term liabilities	\$ 2,663,197	\$ 84,305	\$ (97,609)	\$ 2,649,893	\$ 49,348

City of Sebastian, Florida
Notes to Financial Statements

Note 8: LEASES

Lessee

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

The net present value of future minimum payments as of September 30, 2023, were as follows:

<u>Year Ended September 30,</u>	<u>Governmental Activites</u>		<u>Business-type Activites</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2024	\$ 10,840	\$ 54,521	\$ 40,448	\$ 72,151
2025	12,922	16,129	45,039	70,937
2026	15,119	53,808	49,870	69,586
2027	17,640	53,355	54,950	68,090
2028	20,299	52,826	60,289	66,441
2029 - 2033	146,631	253,245	391,435	301,581
2034 - 2038	237,492	226,072	570,779	232,616
2039 - 2043	353,580	183,818	797,324	134,031
2044 - 2048	500,623	122,367	394,885	17,948
2049 - 2052	502,243	37,986	-	-
Totals	<u>\$ 1,817,389</u>	<u>\$ 1,054,127</u>	<u>\$ 2,405,019</u>	<u>\$ 1,033,381</u>

Lease liability activity for the year ended September 30, 2023, was as follows:

Lessor

The City is involved in six agreements as a lessor that qualify as long-term lease agreements. Below is a summary of these agreements. These agreements qualify as long-term lease agreements as the City will not surrender control of the assets at the end of the term and the noncancelable term of the agreements surpasses one year. The principal lease revenue for the governmental and business-type activities for the year ended September 30, 2023 was \$60,981 and \$70,453, respectively. The lease interest revenue for the governmental and business type activities for year ended September 30, 2023 was \$83,445 and \$133,421, respectively.

Note 8: LEASES (Continued)

Lessor (Continued)

Regulated Lease Agreements

The Airport's operations include certain lease agreements that are classified as regulated leases under paragraph 42 of GASB Statement No. 87, *Leases*. These agreements consist of aeronautical lease agreements, as defined by the Federal Aviation Administration, which are made up of air carrier agreements, facility agreements that directly or substantially relate to the movement of passengers, ticketing, baggage, mail and cargo, and aircraft storage and maintenance service agreements. Upon the conclusion of the lease and options, or upon default, ownership of the premises reverts to the airport. Rates cannot exceed a reasonable amount and the Airport cannot deny potential lessees the right to enter into leases if facilities are available, provided that the potential lessee's use of the facilities complies with use restrictions. The Airport recognizes the revenues from these lease agreements as inflows each year based on the payment provisions of each lease contract. The Airport recognized \$363,580 of regulated lease revenue principal and \$11,247 of regulated lease interest for the year ended September 30, 2023.

The future revenues as of September 30, 2023 are as follows.

<u>Fiscal Year Ended</u>	<u>Principal</u>	<u>Interest</u>	<u>Amount</u>
2024	\$ 476,490	\$ 14,535	\$ 491,025
2025	466,227	14,422	480,649
2026	476,488	14,739	491,227
2027	487,041	15,066	502,107
2028	497,891	15,401	513,292
2029 - 2033	2,251,031	69,632	2,320,663
2034 - 2038	1,744,473	53,846	1,798,319
2039 - 2043	1,598,960	49,452	1,648,412
2044 - 2045	402,810	12,458	415,268
Totals	\$ 8,401,411	\$ 259,551	\$ 8,660,962

Note 9: PROPERTY TAXES

The City is permitted by State law to levy taxes up to 10 mills on assessed valuation. The millage rate levied by the City for the fiscal year ended September 30, 2023, was 2.9050 mills. Total tax collections were approximately 96% of the total tax levy.

The tax levy of the City is established by City Council. Under Florida law, the assessment of all properties and the collection of municipal taxes are provided by offices of the County's Property Appraiser and Tax Collector. Ad Valorem taxes are levied on property values as of January 1. The fiscal year for which taxes are levied begins October 1. Taxes are due November 1 and become delinquent

Note 9: PROPERTY TAXES (Continued)

on April 1. All taxes unpaid as of May 30 are subject to a tax certificate sale. Property tax revenues are recognized in the fiscal year for which they are levied and also become due and payable.

Note 10: RISK MANAGEMENT

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

Note 11: BENEFIT PLANS

Police Officers' Pension Plan

Defined Benefit Pension Plan

Plan Description. The Police Officers' Pension Plan is a Florida Statute Chapter 185 single-employer defined benefit plan. Only City police officers participate in the Police Pension Plan. The state provides a contribution to the Police Pension Plan through a distribution of funds collected from insurance premium taxes. The pension plan data provided in these financial statements are from the actuarial valuation as of October 1, 2022 to determine the required contribution for the fiscal year ending September 30, 2023. Although the Police Officers' Pension Plan provides separate reporting, which may be obtained in the Finance department, it is also a component unit (reporting as a Pension Trust Fund) of the City's financial reporting entity.

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

Plan Membership. The Plan is administered by a Board of Trustees comprised of two (2) City Council appointees, two (2) members of the System, elected by the Membership and a fifth Trustee elected by the other four (4) members of the Board of Trustees and appointed by City Council. Membership of the Plan consisted of the following at October 1, 2022, the date of the latest actuarial valuation:

Note 11: BENEFIT PLANS (Continued)

Police Officers' Pension Plan (Continued)

Defined Benefit Pension Plan (Continued)

Plan membership as of October 1, 2022:

Inactive plan members or beneficiaries currently receiving benefits	23
Inactive plan members entitled to but not yet receiving benefits	12
Active plan members	35
Total plan members	70

Benefit Provisions and Contribution Requirements. The Police Officers' Pension Plan provides retirement and disability benefits to plan members and beneficiaries. This plan is administered by a separate local Board of Trustees. Chapter 185, Florida Statutes, as amended governs all benefit provisions of the plan. Contribution requirements, in accordance with Chapter 185, Florida Statutes, are established by City ordinance, as provided in Chapter 58, Article III of the Sebastian City Code. The City Council has the authority to amend funding requirements.

Contributions. Members contribute 8% of their salary. City and state contributions consist of the remaining amount required in order to pay current costs and amortize unfunded past service cost, if any, over a period not exceeding 30 years, as provided in Chapter 112, Florida Statutes. State contributions are reported as revenues and expenditures in the General Fund before being reported in the Pension Trust Fund. For 2023, employee contributions to the plan totaled \$234,525, while the City and State contributions were \$1,036,162, or 35.35% of covered payroll.

Normal retirement. Normal retirement is the earlier of: 1) Age 55 and 10 years of credited service, or 2) age 52 and 25 years of credited service, regardless of age. Upon retirement, the member receives a monthly benefit equal to 3.0% of Average Final Compensation (AFC) for each year of credited service, if member hired prior to April 11, 2012, otherwise 2.0% of AFC for each year of credited service through September 30, 2016, plus 3% of AFC for years of credited service after September 30, 2016.

Early retirement. Members are eligible for early retirement upon attaining age 50 and completing 10 years of credited service. Accrued benefits are reduced by 3% for each year from the otherwise normal retirement date.

Vesting. 100% after 10 years of credit service. Members will receive the vested portion of his (her) accrued benefit payable at otherwise normal retirement date.

Deferred Retirement Option Plan (DROP). Eligibility is based on satisfaction of normal retirement requirements. Participation is not to exceed 60 months. Rate of return is 1.30% annual interest, compounded monthly. Amount is distributed in lump sum at termination of employment.

Note 11: BENEFIT PLANS (Continued)

Police Officers' Pension Plan (Continued)

Defined Benefit Pension Plan (Continued)

Disability. Eligibility for a service-incurred disability is covered from date of employment. Eligibility for a non-service incurred liability vests after 10 years of credited service. The benefit for a service-incurred disability is the member's accrued benefit but not less than 42% of AFC and not less than 25% of AFC for a non-service incurred disability. The duration is payable for life, with ten years certain, or until recovery (as determined by the Board).

Pre-Retirement death benefits. Eligibility for pre-retirement death benefits for non-vested is the refund of accumulated contributions. For vested, accrued benefit is payable to beneficiary for 10 years at otherwise normal retirement date.

Retirement death benefits. Benefits are payable to beneficiary in accordance with option selected at retirement.

Cost of living adjustment. A 1% automatic cost-of-living adjustment (COLA), beginning on the first October 1 following age 58 for Members retiring after August 23, 2017 with at least 15 years of Credited Service. The COLA is applicable to all categories of retirement, including Normal, Early, Vesting, Disability, and pre-retirement death beneficiaries.

Rate of Return. For the year ended September 30, 2023, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 11.66 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Net Pension Liability of the City. The components of the net pension liability of the City at September 30, 2023, were as follows:

Total pension liability	\$ 25,496,816
Plan fiduciary net position	(20,766,051)
Sponsor's net pension liability (asset)	\$ 4,730,765
Plan fiduciary net position as a percentage of total pension liability (asset)	81.45%

Actuarial Assumptions. The total pension liability was determined by an actuarial valuation as of October 1, 2022 updated to September 30, 2023 (the measurement date) using the following actuarial assumptions applied to all measurement periods.

City of Sebastian, Florida
Notes to Financial Statements

Note 11: BENEFIT PLANS (Continued)

Police Officers' Pension Plan (Continued)

Defined Benefit Pension Plan (Continued)

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

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

Mortality Rate Healthy Retiree Lives: PubS.H-2010 for Healthy Retirees, set forward one year.

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

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

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

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

Long-term Expected Real Rate of Return. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce a long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of September 30, 2023 are summarized in the following table:

Asset Class:	Target Allocation	Long-term Expected Real Rate of Return
Domestic equity	52.5%	5.31%
International equity	12.5%	4.15%
Fixed income	25.0%	1.20%
Private real estate	5.0%	3.90%
MLP/Energy infrastructure	5.0%	3.33%
Total	100.0%	

Note 11: BENEFIT PLANS (Continued)

Police Officers' Pension Plan (Continued)

Defined Benefit Pension Plan (Continued)

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

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

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

	1% Decrease (6.10%)	Current Discount Rate (7.10%)	1% Increase (8.10%)
Net Pension Liability (asset)	\$ 7,726,331	\$ 4,730,765	\$ 2,237,266

City of Sebastian, Florida
Notes to Financial Statements

Note 11: BENEFIT PLANS (Continued)

Police Officers' Pension Plan (Continued)

Defined Benefit Pension Plan (Continued)

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

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Balances at September 30, 2022	\$ 24,257,517	\$ 18,482,915	\$ 5,774,602
Changes for the year:			
Service cost	582,328	-	582,328
Interest	1,725,577	-	1,725,577
Change in excess State money	-	-	-
Differences between expected and actual experience	3,289	-	3,289
Changes of assumptions	-	-	-
Changes of benefit terms	-	-	-
Contributions - employer	-	763,666	(763,666)
Contributions - state	-	272,496	(272,496)
Contributions - employee	-	234,525	(234,525)
Net investment income	-	2,174,593	(2,174,593)
Benefit payments, including refunds of employee contributions	(1,071,895)	(1,071,895)	-
Administrative expense	-	(90,249)	90,249
Net changes	1,239,299	2,283,136	(1,043,837)
Balances at September 30, 2023	\$ 25,496,816	\$ 20,766,051	\$ 4,730,765

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

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. For the year ended September 30, 2023, the City recognized pension expense of \$1,366,777.

At September 30, 2023, the City reported pension-related deferred outflows of resources and deferred inflows of resources from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Outflows of Resources
Differences between expected and actual experience	\$ 263,452	\$ 123,833	\$ 139,619
Changes of assumptions	140,991	149,262	(8,271)
Net differences between projected and actual earnings on pension plan investments	1,177,356	-	1,177,356
Total	\$ 1,581,799	\$ 273,095	\$ 1,308,704

Note 11: BENEFIT PLANS (Continued)

Police Officers' Pension Plan (Continued)

Defined Benefit Pension Plan (Continued)

Amounts reported as pension-related deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

<i>Year ending</i>		
<i>September 30,</i>		
2024	\$	323,007
2025		288,019
2026		868,711
2027		(171,033)
2028		-
Thereafter		-
Total	\$	1,308,704

Payable to the Pension Plan. At September 30, 2023, the City had no amounts payable for contributions to the Police Officers' Pension Plan.

Coastal Florida Public Employees Association

Negotiated Defined Benefit Pension Plan

Plan Description: All City employees who are members of Coastal Florida Public Employees Association, in addition to participating in the Employees' Retirement System, also participate in the Communication Workers of America / International Typographical Union Negotiated Pension Plan (NPP). The NPP, which is a non-governmental union-sponsored plan with no predominant governmental employer, provides pensions to employees of governmental entities and to employees of non-governmental entities. The NPP is a cost-sharing multiemployer defined benefit pension plan subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA), as amended. The NPP is administered by the Fund's Board of Trustees. Eligibility and benefit provisions are defined in the NPP document adopted by the Board of Trustees. As of September 30, 2023, 66 employees were members of the NPP.

Consistent with the provisions of GASB Statement No. 78, which provides an exception for non-governmental sponsored plans, no determination of the proportionate net pension liability, pension expense, or deferred outflows or inflows of resources, if any, is made for this cost-sharing defined benefit pension plan.

Normal Pension. Minimum age 65: 5 years of service credit required if any portion of service credit was earned after January 1, 1989. 10 years of service credit required if employees coverage ended before January 1, 1989. Once the service credit amount is accrued, the employee is vested and cannot lose the right to a pension.

Note 11: BENEFIT PLANS (Continued)

Coastal Florida Public Employees Association (Continued)

Negotiated Defined Benefit Pension Plan (continued)

Early Pension. Minimum age 62: 20 years of service credit (5 years of service for disabled participants). Pension amounts are permanently reduced based on age on the effective date, because the payments are expected to be made for a longer period of time.

Disability Pension. No minimum age and the pension amount is not reduced for age; there must be a Social Security Disability Award, 10 years of actual service credit and a contribution for covered employment must have been made within three calendar years preceding the entitlement date to Social Security Disability Pension. An application must be filed with the plan within 6 months of the Social Security Notice of Award date to receive pension retroactive to the Social Security entitlement date.

Lump Sum Disability Benefit. If the employee has been awarded a Social Security Disability Award with the date of entitlement before May 1, 2009 and is vested, but not immediately eligible to receive any pension described above, the employee may be eligible for a lump sum disability benefit.

Death Benefit. If the employee dies before becoming a pensioner and has at least \$250 contributed on the employee's behalf, a benefit under Option B on the date that the participant would have been eligible for a pension benefit. Beneficiaries of unmarried participants receive 100% of employer contributions payable in 60 equal monthly installments commencing at the participant's earliest retirement age.

Withdrawal Benefit. If the employee did not earn enough service credit to qualify for a normal pension, the employee may be eligible for a lump sum withdrawal benefit, based on total contributions, after the employee has incurred a break in service. Benefit Provisions and Contribution Requirements: The NPP provides retirement and disability benefits to plan members and beneficiaries. The plan is administered by a third-party administrator, Frank M. Vaccaro & Associates, Inc. Contribution requirements are established by the CWA contract, effective date April 29, 2001, which does not specify an ending date.

Benefit Provisions and Contribution Requirements. The NPP provides retirement and disability benefits to plan members and beneficiaries. The plan is administered by a third-party administrator, Frank M. Vaccaro & Associates, Inc. Contribution requirements are established by the CWA contract, effective date October 1, 2013, which is negotiated every 3 years, and approved by City Council.

Employer Withdrawal Liability. Under federal law, employers who partially or completely withdraw from a multiemployer plan are assessed withdrawal liability for their proportionate share of the plan's unfunded vested liabilities as of the beginning of the year in which they withdraw. Withdrawal liability is usually paid in quarterly installments as determined by a statutory formula over a maximum of 20 years.

Note 11: BENEFIT PLANS (Continued)

Coastal Florida Public Employees Association (Continued)

Negotiated Defined Benefit Pension Plan (continued)

Funding Policy. The contribution requirements are established by contract and may be amended by union negotiation. Under the current contract, which expires September 30, 2025, the employer contribution rate, expressed as a percentage of compensation, was 9.0%. Employees do not contribute to this plan. Contributions which are equal to 100% of the required contribution for the year ended September 30, 2023 to the CWA Pension Plan was \$255,388.

Information regarding the NPP, including audited financial statements, can be obtained from the Board of Trustees at the following address: CWA/ITU Negotiated Pension Plan 27 Roland Avenue, Suite 200, Mount Laurel, NJ 08054, or at cwaitunpp.org.

The Multiemployer Pension Plan Amendments Act of 1980 imposes certain liabilities upon employers associated with multiemployer pension plans who withdraw from or terminate such plans. The City has no plans to withdraw or partially withdraw from the Plan.

Defined Contribution 401(a) Plan

Plan Description. The ICMA Retirement Corporation's 401 Retirement Plan is a Defined Contribution Plan "qualified" under Section 401(a) of the Internal Revenue Code. Each participant has a plan account to which contributions are made. Plan benefits are based on the total amount of money in the employee's account at retirement or other eligible event. The plan is available to all management staff and may be rolled over to another "qualified" employer plan that accepts rollovers, or Traditional IRAs.

Plan Participation. As of September 30, 2023, there were a total of 25 employees participating in the plan.

Periodic Payments. Retirement benefits can be paid monthly, quarterly, semi-annual (at six-month intervals only) or annual payments until assets are fully paid out.

Rollover. Retirement benefits can be rolled over to another employer plan (including a 457 deferred compensation plan) that accepts rollovers, or to a Traditional IRA.

Lump Sum. Retirement benefits can be paid either partially or by total distribution of the employee's account balance.

Annuities. Retirement benefits can be utilized to purchase an annuity.

Benefit Provisions and Contribution Requirements. The 401 provides retirement benefits to plan members and beneficiaries. The plan is administered by the ICMA Retirement Corporation.

Note 11: BENEFIT PLANS (Continued)

Defined Contribution 401(a) Plan (Continued)

Contribution requirements are established by the City of Sebastian, Management Benefit Package, revised October 1, 2006, and approved by the City Manager.

Funding Policy. The employer contribution rate, expressed as a percentage of compensation, was 9% for the 2022-2023 fiscal year. Employees do not contribute to this Plan. Contributions which are equal to 100% of the required contribution for each year to the 401 Defined Contribution Plan were \$202,148.

Note 12: OTHER POSTEMPLOYMENT BENEFITS

In addition to the pension benefits described in Note 11, the City provides postemployment benefits pursuant to Section 112.0801, Florida Statutes. This permits participation in the health insurance program by retirees and their eligible dependents at a cost to the retiree that is no greater than the cost at which coverage is available for active employees. The City, by policy, has elected to provide qualified retirees with partial subsidy. In this respect, the City operates a single-employer plan. Employees are eligible to receive a partial subsidy from the Retiree Medical Plan upon retirement, if they are enrolled in the active medical plan immediately prior to retiring and achieved at least 20 years of service in a full time capacity. If eligible, the City pays 50% of the costs of single coverage group health insurance for up to 2 years after retirement. Such premiums are expected to be funded on a pay-as-you-go basis. Management has determined that the net other postemployment benefit liability is immaterial to the financial statements taken as a whole.

Note 13: FUND BALANCES AND NET POSITION

In accordance with GASB Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, the City classifies fund balances based primarily on the extent to which it is bound to observe constraints imposed upon the use of the resources reported in governmental funds. The capital projects fund had a negotiated unassigned fund balances of \$83,736. Detailed information on fund balances of governmental funds is as follows:

City of Sebastian, Florida
Notes to Financial Statements

Note 13: FUND BALANCES AND NET POSITION (Continued)

	General Fund	Riverfront Redevelopment Fund	Stormwater Utility Fund	American Rescue Plan Act	Discretionary Sales Tax	Nonmajor Governmental Funds	Total
Nonspendable:							
Prepaid items	\$ 289,068	\$ 705	\$ 28,878	\$ -	\$ -	\$ -	\$ 318,651
Inventories	75,054	-	-	-	-	-	75,054
Permanent fund corpus	-	-	-	-	-	604,564	604,564
Total nonspendable	364,122	705	28,878	-	-	604,564	998,269
Restricted for:							
Prepetual care	-	-	-	-	-	553,543	553,543
Infrastructure	-	-	-	-	5,381,941	1,796,671	7,178,612
Redevelopment	-	888,580	-	-	-	-	888,580
Stormwater	-	-	1,871,491	-	-	-	1,871,491
Law enforcement	176,903	-	-	-	-	52,756	229,659
Economic environment	-	-	-	73,599	-	-	73,599
Total restricted	176,903	888,580	1,871,491	73,599	5,381,941	2,402,970	10,795,484
Committed for:							
Capital projects	-	-	-	-	-	4,350	4,350
Development of public parking	-	-	-	-	-	97,781	97,781
Total committed	-	-	-	-	-	102,131	102,131
Unassigned (deficit)	9,398,963	-	-	-	-	(83,736)	9,315,227
Total funds balances (deficits), governmental funds	\$ 9,939,988	\$ 889,285	\$ 1,900,369	\$ 73,599	\$ 5,381,941	\$ 3,025,929	\$ 21,211,111

Note 14: NET INVESTMENT IN CAPITAL ASSETS

The composition of net investment in capital assets as of September 30, 2023, was as follows:

	Governmental Activities	Business-type Activities	Total
Capital assets:			
Capital assets not being depreciated	\$ 9,344,728	\$ 257,575	\$ 9,602,303
Capital assets being depreciated, net	37,936,870	20,973,079	58,909,949
Total capital assets	\$ 47,281,598	\$ 21,230,654	\$ 68,512,252
Less related debt:			
Retainage payable	-	29,813	29,813
Leases payable	1,817,389	2,405,019	4,222,408
Net investment in capital assets	\$ 45,464,209	\$ 18,795,822	\$ 64,260,031

City of Sebastian, Florida
Notes to Financial Statements

Note 15: COMMITMENTS AND CONTINGENCIES

During the ordinary course of its operation, the City is party to various claims, legal actions, and complaints. While the ultimate effect of such litigation cannot be ascertained at this time, in the opinion of the City Attorney, the liabilities which may arise from such actions would not result in losses which would exceed the liability insurance limits in effect at the time the claim arose or otherwise materially affect the financial condition of the City or results of activities.

The City has various major contracts and other commitments outstanding as of September 30, 2023. Major funding has been committed toward Road Improvements, Slip lining Drainage Pipes, Concha Dam Replacement, Gardenia Ditch Improvements, and Schumann Drive Culvert Project.

A summary of these projects at September 30, 2023 is as follows:

	Total Commitments	Total Paid as of September 30, 2023	Encumbered at September 30, 2023
Major Commitments			
Road Improvements	\$ 500,000	\$ -	\$ -
Sliplining Drainage Pipes	329,786	49,061	-
Concha Dam Replacement	700,000	-	-
Gardenia Ditch Improvements	750,000	9,887	3,756
Schumann Drive Culvert	750,000	7,596	-
Total outstanding commitments	\$ 3,029,786	\$ 66,544	\$ 3,756



THIS PAGE IS INTENTIONALLY LEFT BLANK.

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

City of Sebastian, Florida
Required Pension Supplementary Information
Single-employer Pension Trust Fund
Schedule of Changes in Net Pension Liability and Related Ratios
Last Ten Fiscal Years

<i>For the year ended September 30,</i>	2023	2022	2021
Total pension liability			
Service cost	\$ 582,328	\$ 582,925	\$ 546,747
Interest on total pension liability	1,725,577	1,648,636	1,539,609
Change in excess state money	-	-	-
Changes of benefit terms	-	-	-
Differences between expected and actual experience	3,289	(199,190)	249,038
Changes of assumptions	-	-	274,475
Contributions - buy back	-	-	-
Benefit payments, including refunds of employee contributions	(1,071,895)	(824,301)	(794,272)
Net change in total pension liability	1,239,299	1,208,070	1,815,597
Total pension liability - beginning	24,257,517	23,049,447	21,233,850
Total pension liability - ending (a)	\$ 25,496,816	\$ 24,257,517	\$ 23,049,447
Plan fiduciary net position			
Contributions - employer	\$ 763,666	\$ 799,032	\$ 686,778
Contributions - state	272,496	227,003	206,017
Contributions - employee	234,525	227,488	220,466
Contributions - buy back	-	-	-
Pension plan net investment income (loss)	2,174,593	(3,419,334)	4,116,810
Benefit payments, including refunds of employee contributions	(1,071,895)	(824,301)	(794,272)
Administrative expense	(90,249)	(70,188)	(70,384)
Net change in plan fiduciary net position	2,283,136	(3,060,300)	4,365,415
Plan fiduciary net position - beginning	18,482,915	21,543,215	17,177,800
Plan fiduciary net position - ending (b)	\$ 20,766,051	\$ 18,482,915	\$ 21,543,215
Net pension liability - ending (a) - (b)	\$ 4,730,765	\$ 5,774,602	\$ 1,506,232
Plan fiduciary net position as a percentage of the total pension liability	81.45%	76.19%	93.47%
Covered payroll⁽¹⁾	2,931,563	2,843,600	\$ 2,755,823
Net pension liability as a percentage of covered payroll	161.37%	203.07%	54.66%

City of Sebastian, Florida
Required Pension Supplementary Information
Single-employer Pension Trust Fund
Schedule of Changes in Net Pension Liability and Related Ratios
Last Ten Fiscal Years

	2020	2019	2018	2017	2016	2015	2014
\$	600,789	\$ 609,880	\$ 589,149	\$ 479,778	\$ 418,143	\$ 403,611	\$ 396,147
	1,451,768	1,371,857	1,270,670	1,179,511	1,027,558	979,259	914,243
	-	-	(84,863)	-	-	22,218	24,386
	-	-	-	613,973	-	(4,316)	-
	408,904	(25,912)	164,601	20,758	59,175	(240,633)	-
	(447,786)	22,520	-	382,825	626,069	223,200	-
	-	52,749	-	-	-	-	-
	(684,963)	(617,282)	(700,733)	(495,629)	(493,765)	(496,363)	(452,892)
	1,328,712	1,413,812	1,238,824	2,181,216	1,637,180	886,976	881,884
	19,905,138	18,491,326	17,252,502	15,071,286	13,434,106	12,547,130	11,665,246
\$	21,233,850	\$ 19,905,138	\$ 18,491,326	\$ 17,252,502	\$ 15,071,286	\$ 13,434,106	\$ 12,547,130
\$	703,814	\$ 595,045	\$ 525,296	\$ 337,201	\$ 322,998	\$ 320,179	\$ 401,103
	208,645	198,770	188,923	168,628	169,027	145,700	147,868
	229,327	223,495	204,854	177,585	167,309	161,270	160,494
	-	52,749	-	-	-	-	-
	974,847	261,888	1,028,549	1,371,657	1,067,139	(60,326)	951,910
	(684,963)	(617,282)	(700,733)	(495,629)	(493,765)	(496,363)	(452,892)
	(67,989)	(67,867)	(82,088)	(45,633)	(28,025)	(39,673)	(27,815)
	1,363,681	646,798	1,164,801	1,513,809	1,204,683	30,787	1,180,668
	15,814,119	15,167,321	14,002,520	12,488,711	11,284,028	11,253,241	10,072,573
\$	17,177,800	\$ 15,814,119	\$ 15,167,321	\$ 14,002,520	\$ 12,488,711	\$ 11,284,028	\$ 11,253,241
\$	4,056,050	\$ 4,091,019	\$ 3,324,005	\$ 3,249,982	\$ 2,582,575	\$ 2,150,078	\$ 1,293,889
	80.90%	79.45%	82.02%	81.16%	82.86%	84.00%	89.69%
\$	2,866,586	\$ 2,793,692	\$ 2,560,670	\$ 2,438,012	\$ 2,263,866	\$ 2,154,612	\$ 2,106,767
	141.49%	146.44%	129.81%	133.30%	114.08%	99.79%	61.42%

City of Sebastian, Florida
Required Pension Supplementary Information
Single-employer Pension Trust Fund
Notes to Schedule of Changes in Net Pension Liability and Related Ratios

Changes in assumptions - For measurement date 09/30/2021, the investment rate of return was lowered from 7.20% to 7.10%, net of investment related expenses.

Changes in assumptions - For the measurement date 09/30/2020, as mandated by Chapter 2015-157, Laws of Florida, the assumed rates of mortality were changed to the rates used in Milliman's July 1, 2019 FRS valuation report for special risk employees, with appropriate risk and collar adjustments made based on plan demographics.

Changes in assumptions - For the measurement date 09/30/2019, amounts reported as changes of assumptions resulted of an Experience Study dated September 13, 2019, the Board approved the following changes: investment return assumption was decreased from 7.30% to 7.20% per year compounded annually, net of investment related expenses. The following changes to demographic assumptions were made: updates to the future salary increase assumption, updates to assumed rates of retirement, updates to the assumed rates of disability, updates to assumed rates of withdrawal.

Changes in assumptions - For the measurement date 09/30/2017, amounts reported as changes of assumptions resulted from the following changes: the investment return assumption has been lowered from 7.45% to 7.30% per year. As mandated by Chapter 2015-157, Laws of Florida, the assumed rates of mortality were changed from the rates used by the Florida Retirement System actuary in the July 1, 2015 actuarial valuation to the rates used in the July 1, 2016 actuarial valuation for special risk lives.

Changes in benefit terms - For the measurement date 09/30/2017, amounts reported as changes of benefit terms resulted from Ordinance O-17-03, adopted and effective August 23, 2017, amended/implemented the following benefit provisions: member contribution rate, benefit accrual rate, and cost-of-living adjustment.

Changes in assumptions - For the measurement date 09/30/2016, amounts reported as changes of assumptions resulted from the following changes: the investment return assumption was lowered from 7.60% to 7.45%. As a result of Chapter 2015-157, Laws of Florida, the assumed rates of mortality were changed to the assumptions used by the Florida Retirement System for special risk employees. The inflation assumption rate was lowered from 3.00% to 2.30%, matching the long-term inflation assumption utilized by the Plan's investment consultant.

Changes in assumptions - For measurement date 09/30/2015, amounts reported as changes of assumptions were resulted from lowering the investment return assumption from 7.75% to 7.60%.

City of Sebastian, Florida
Required Pension Supplementary Information
Single-employer Pension Trust Fund
Schedule of Investment Returns

Fiscal Year	Annual
Ending	Return*
September 30,	
2014	9.42%
2015	-0.45%
2016	9.39%
2017	10.90%
2018	7.35%
2019	1.79%
2020	6.04%
2021	23.63%
2022	-15.63%
2023	11.66%

*Annual money-weighted rate of return.

City of Sebastian, Florida
Required Pension Supplementary Information
Single-employer Pension Trust Fund
Schedule of Contributions
Last Ten Fiscal Years

<i>For the year ended September 30,</i>	2023	2022	2021
Actuarially determined contribution	\$ 897,058	\$ 932,701	\$ 835,014
Contributions in relation to the actuarially determined contributions - City	763,666	799,032	686,778
Contributions in relation to the actuarially determined contributions - State	272,496	227,003	206,017
Contribution deficiency (surplus)	\$ (139,104)	\$ (93,334)	\$ (57,781)
Covered payroll ⁽¹⁾	\$ 2,931,563	\$ 2,843,600	\$ 2,755,823
Contributions as a percentage of covered payroll	35.35%	36.08%	32.40%

Notes to the schedule:

- ⁽¹⁾ Covered payroll includes defined benefit plan actives, investment plan members and members in DROP.

	2020	2019	2018	2017	2016	2015	2014
\$	871,442	\$ 793,409	\$ 673,456	\$ 768,277	\$ 667,764	\$ 596,502	\$ 524,585
	703,814	595,045	525,296	337,201	322,998	320,179	401,103
	208,645	198,770	188,923	168,628	169,027	145,700	147,868
\$	(41,017)	\$ (406)	\$ (40,763)	\$ 262,448	\$ 175,739	\$ 130,623	\$ (24,386)
\$	2,866,586	\$ 2,793,692	\$ 2,560,670	\$ 2,438,012	\$ 2,263,866	\$ 2,154,612	\$ 2,106,767
	31.83%	28.41%	27.89%	20.75%	21.73%	21.62%	26.06%

City of Sebastian, Florida
Required Pension Supplementary Information
Single-employer Pension Trust Fund
Notes to Schedule of Contributions

Valuation date
Notes

October 1, 2021
Actuarially determined contribution amounts are calculated as of October 1, two years prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Funding method

Entry Age Normal Actuarial Cost Method. The following loads are applied for determining the minimum required contribution:

Interest - a half year, based on current 7.10% assumption.

Salary - None.

Amortization method

New UAAL amortization bases are amortized over the following amortization periods:

Experience: 15 Years.

Assumption/Method Changes: 15 Years.

Benefit Changes: 15 Years.

Bases established prior to the valuation date are adjusted proportionally to match the Expected Unfunded Actuarial Accrued Liability as of the valuation date, in order to align prior year bases with the portion of the current year UAAL associated with prior year sources.

Remaining amortization period
Mortality

15 Years (as of October 1, 2022)

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

Male: PubS.H-2010 (Below Median) for Employees, set forward one year.

Healthy Retiree Lives: Female: PubS.H-2010 for Healthy Retirees, set forward one year.

Male: PubS.H-2010 (Below Median) for Healthy Retirees, set forward one year.

Beneficiary Lives: Female: PubG.H-2010 (Below Median) for Healthy Retirees.

Male: PubG.H-2010 (Below Median) for Healthy Retirees, set back one year.

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

All rates are projected generationally with Mortality Improvement Scale MP-2018. We feel this assumption

City of Sebastian, Florida
Required Pension Supplementary Information
Single-employer Pension Trust Fund
Notes to Schedule of Contributions

sufficiently accommodates future mortality improvements.

The previously described mortality assumption rates were mandated by Chapter 2015-157, Laws of Florida. This law mandates the use of the assumptions used in either of the two most recent valuations of the Florida Retirement System (FRS). The above rates are those outlined in Milliman’s July 1, 2021 FRS valuation report for special risk employees, with appropriate adjustments made based on plan demographics.

Interest rate 7.10% per year compounded annually, net of investment related expenses

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

Payroll growth 1.51% for purposes of amortizing the Unfunded Actuarial Accrued Liability. This assumption cannot exceed the ten-year average payroll growth, in compliance with Part VII of Chapter 112, Florida Statutes.

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

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

City of Sebastian, Florida
Required Pension Supplementary Information
Single-employer Pension Trust Fund
Notes to Schedule of Contributions

Retirement rates

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

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

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

Disability rates

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

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

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

Termination rates

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

Actuarial asset method

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

City of Sebastian, Florida
Required Pension Supplementary Information
Coastal Florida Public Employee Association Pension Plan
Schedule of Employer Contributions

Fiscal Year	Annual Required
Ending	Contributions
September 30,	Contributions
2014	\$ 204,361
2015	217,916
2016	200,889
2017	204,035
2018	217,695
2019	241,992
2020	239,161
2021	241,312
2022	272,529
2023	255,388

Notes to Schedule of Employer Contributions - Coastal Florida Public Employees Association Pension Plan

Critical Status. Under federal pension law, a plan generally will be considered to be in "critical" status if either the funded percentage of the plan is less than 65 percent or if certain other tests are met. If a pension plan enters critical status, the trustees of the plan are required to adopt a rehabilitation plan. Rehabilitation plans establish steps and benchmarks for pension plans to improve their funding status over a specified period of time.

The Plan's actuary has certified that for the 2022 Plan year, the Plan was in critical status because the Plan has a deficit in the minimum funding standard account. The Board of Trustees adopted a rehabilitation plan on March 8, 2010, that for new pensions: eliminates the 60 month minimum guarantee in the Life/5 pension option; increases the minimum age for Early Pension from age 60 to 62 (with 20 years of service credit); removes the Early Pension subsidy by increasing the reduction factors; discontinues the offering of retroactive pension payments; and required 5 years of service credit to vest for participants reaching normal retirement age before a break in service. A mandatory increase in contributions is not required under the Rehabilitation Plan, but decreases in contribution rates or the exclusion of covered employees are not permitted. A copy of the rehabilitation plan may be obtained by contacting the Coastal Pension Plan office.



THIS PAGE IS INTENTIONALLY LEFT BLANK.

**COMBINING AND INDIVIDUAL FUND
FINANCIAL STATEMENTS AND SCHEDULES**

City of Sebastian, Florida
Combining Balance Sheet – Nonmajor Governmental Funds

	Special Revenue			
<i>September 30, 2023</i>	Local Option Gas Tax	Parking In-Lieu-of	Recreation Impact Fee	Law Enforcement Forfeiture
ASSETS				
Cash and cash equivalents	\$ 1,080,870	\$ -	\$ 330,932	\$ 44,809
Investments	191,657	97,881	58,432	7,947
Due from other governments	134,780	-	-	-
Total assets	\$ 1,407,307	\$ 97,881	\$ 389,364	\$ 52,756
LIABILITIES				
Accounts payable and accrued liabilities	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-
Unearned revenue	-	100	-	-
Total liabilities	-	100	-	-
FUND BALANCES				
Nonspendable	-	-	-	-
Restricted	1,407,307	-	389,364	52,756
Committed	-	97,781	-	-
Total fund balances	1,407,307	97,781	389,364	52,756
Total liabilities and fund balances	\$ 1,407,307	\$ 97,881	\$ 389,364	\$ 52,756

Capital Projects				Permanent	Total
Capital Projects	Capital Improvements	Stormwater Utility Improvements	Transportation Improvements	Cemetery	Nonmajor Governmental Funds
\$ -	\$ 54,255	\$ 9,406	\$ -	\$ 577,734	\$ 2,098,006
-	-	-	-	580,373	936,290
32,116	16,283	2,650	-	-	185,829
\$ 32,116	\$ 70,538	\$ 12,056	\$ -	\$ 1,158,107	\$ 3,220,125
\$ 48,987	\$ 66,188	\$ 12,056	\$ -	\$ -	\$ 127,231
66,865	-	-	-	-	66,865
-	-	-	-	-	100
115,852	66,188	12,056	-	-	194,196
-	-	-	-	604,564	604,564
(83,736)	-	-	-	553,543	2,319,234
-	4,350	-	-	-	102,131
(83,736)	4,350	-	-	1,158,107	3,025,929
\$ 32,116	\$ 70,538	\$ 12,056	\$ -	\$ 1,158,107	\$ 3,220,125

City of Sebastian, Florida
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Governmental Funds

<i>For the year ended September 30, 2023</i>	Special Revenue			
	Local Option Gas Tax	Parking In-Lieu-of	Recreation Impact Fee	Law Enforcement Forfeiture
REVENUES				
Intergovernmental	\$ 756,414	\$ -	\$ -	\$ -
Impact fees	-	-	99,450	-
Charges for services	-	-	-	-
Fines	-	-	-	50
Investment earnings	20,308	4,505	8,202	1,157
Other revenues	-	4,128	-	-
Contributions and donations	-	-	-	-
Total revenues	776,722	8,633	107,652	1,207
EXPENDITURES				
Current:				
General government	-	-	-	-
Public safety	-	-	-	1,501
Physical environment	-	-	-	-
Transportation	11,300	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	121,000	-	-	-
Interest	1,174	-	-	-
Total expenditures	133,474	-	-	1,501
Excess (deficiency) of revenues over (under) expenditures	643,248	8,633	107,652	(294)
Other financing sources (uses)				
Transfers in	-	-	-	-
Transfers out	(4,657)	-	(36,839)	-
Total other financing sources (uses)	(4,657)	-	(36,839)	-
Net change in fund balances	638,591	8,633	70,813	(294)
Fund balance, beginning of year	700,039	89,148	318,551	53,050
Prior period adjustment	68,677	-	-	-
Fund balance, beginning of year, restated	768,716	89,148	318,551	53,050
Fund balance, end of year	\$ 1,407,307	\$ 97,781	\$ 389,364	\$ 52,756

Capital Projects					Permanent	Total
Capital Projects	Capital Improvements	Stormwater Utility Improvements	Transportation Improvements	Cemetery	Governmental Funds	Nonmajor Funds
\$ 119,731	\$ 86,283	\$ 646	\$ -	\$ -	\$ -	\$ 963,074
-	-	-	-	-	-	99,450
-	-	-	-	181,096	-	181,096
-	-	-	-	-	-	50
-	-	-	-	42,590	-	76,762
-	-	-	-	-	-	4,128
15,600	2,500	-	-	-	-	18,100
135,331	88,783	646	-	223,686	-	1,342,660
394,739	-	-	-	-	-	394,739
-	-	-	482,963	-	-	484,464
-	111,843	167,833	-	95,000	-	374,676
-	-	-	-	-	-	11,300
1,108,166	41,238	497,621	143,732	17,117	-	1,807,874
-	-	-	-	-	-	121,000
-	-	-	-	-	-	1,174
1,502,905	153,081	665,454	626,695	112,117	-	3,195,227
(1,367,574)	(64,298)	(664,808)	(626,695)	111,569	-	(1,852,567)
1,370,229	66,798	664,808	969,392	-	-	3,071,227
-	-	-	-	-	-	(41,496)
1,370,229	66,798	664,808	969,392	-	-	3,029,731
2,655	2,500	-	342,697	111,569	-	1,177,164
(86,391)	1,850	-	(342,697)	1,046,538	-	1,780,088
-	-	-	-	-	-	68,677
(86,391)	1,850	-	(342,697)	1,046,538	-	1,848,765
\$ (83,736)	\$ 4,350	\$ -	\$ -	\$ 1,158,107	\$ -	\$ 3,025,929

City of Sebastian, Florida
Schedule of Revenues, Expenditures and Changes in Fund Balances
— Budget and Actual
Local Option Gas Tax Fund

<i>For the year ended September 30, 2023</i>	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues				
Intergovernmental	\$ 792,601	\$ 792,601	\$ 756,414	\$ (36,187)
Investment earnings	2,479	2,479	20,308	17,829
Total revenues	795,080	795,080	776,722	(18,358)
Expenditures				
Transportation	5,400	10,800	11,300	(500)
Principal	121,000	121,000	121,000	-
Interest	1,174	1,174	1,174	-
Total expenditures	127,574	132,974	133,474	(500)
Excess (deficiency) of revenues over (under) expenditures	667,506	662,106	643,248	(18,858)
Other financing sources (uses)				
Transfers out	(925,000)	(946,458)	(4,657)	941,801
Net other financing sources (uses)	(925,000)	(946,458)	(4,657)	941,801
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(257,494)	(284,352)	638,591	922,943
Fund balance, beginning of year	768,716	768,716	768,716	-
Fund balance, end of year	\$ 511,222	\$ 484,364	\$ 1,407,307	\$ 922,943

City of Sebastian, Florida
Schedule of Revenues, Expenditures and Changes in Fund Balances
— Budget and Actual
Parking In-Lieu-Of Fund

<i>For the year ended September 30, 2023</i>	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues				
Investment earnings	\$ 195	\$ 195	\$ 4,505	\$ 4,310
Other revenues	344	344	4,128	3,784
Total revenues	539	539	8,633	8,094
Expenditures				
Transportation	-	-	-	-
Total expenditures	-	-	-	-
Excess (deficiency) of revenues over (under) expenditures	539	539	8,633	8,094
Fund balance, beginning of year	89,148	89,148	89,148	-
Fund balance, end of year	\$ 89,687	\$ 89,687	\$ 97,781	\$ 8,094

City of Sebastian, Florida
Schedule of Revenues, Expenditures and Changes in Fund Balances
— Budget and Actual
Recreation Impact Fee Fund

<i>For the year ended September 30, 2023</i>	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues				
Investment earnings	\$ 13,389	\$ 13,389	\$ 8,202	\$ (5,187)
Impact fees	150,000	150,000	99,450	
Total revenues	163,389	163,389	107,652	(5,187)
Expenditures				
Culture and recreation	-	-	-	-
Total expenditures	-	-	-	-
Excess (deficiency) of revenues over (under) expenditures	163,389	163,389	107,652	(55,737)
Other financing sources (uses)				
Transfers out	(55,000)	(228,474)	(36,839)	191,635
Net other financing sources (uses)	(55,000)	(228,474)	(36,839)	191,635
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	108,389	(65,085)	70,813	135,898
Fund balance, beginning of year	318,551	318,551	318,551	-
Fund balance, end of year	\$ 426,940	\$ 253,466	\$ 389,364	\$ 135,898

City of Sebastian, Florida
Schedule of Revenues, Expenditures and Changes in Fund Balances
— Budget and Actual
Law Enforcement Forfeiture Fund

<i>For the year ended September 30, 2023</i>	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues				
Fines and forfeitures	\$ 1,000	\$ 1,000	\$ 50	\$ (950)
Investment earnings	160	160	1,157	997
Total revenues	1,160	1,160	1,207	47
Expenditures				
Public safety	-	-	1,501	(1,501)
Total expenditures	-	-	1,501	(1,501)
Excess (deficiency) of revenues over (under) expenditures	1,160	1,160	(294)	(1,454)
Fund balance, beginning of year	53,050	53,050	53,050	-
Fund balance, end of year	\$ 54,210	\$ 54,210	\$ 52,756	\$ (1,454)



THIS PAGE IS INTENTIONALLY LEFT BLANK.

**CAPITAL ASSETS USED IN THE OPERATION
OF GOVERNMENTAL FUNDS**

City of Sebastian, Florida
Capital Assets Used in the Operation of Governmental Funds
Comparative Schedule by Source
September 30, 2023

Governmental Funds capital assets:	FY 2023	FY 2022
Land	\$ 9,123,041	\$ 9,123,041
Right to use land	1,827,899	171,782
Buildings and structures	23,989,507	14,344,679
Non-building improvements (IOTB)	8,067,760	8,222,937
Machinery and equipment (Equip & Furniture)	12,616,953	11,313,414
Infrastructure	46,571,933	46,454,410
Construction in Progress	221,687	9,520,507
 Total Govt Funds Capital Assets	 \$ 102,418,780	 \$ 99,150,770
 Investment in Governmental Funds capital assets by sources:		
Federal grants	\$ 4,803,135	\$ 4,779,765
State grants	3,127,467	3,127,709
County grants	507,031	507,031
General Fund	12,648,121	11,050,544
Law enforcement trust fund	108,939	117,439
Recreational impact fee	3,889,427	3,853,634
Stormwater utility fee	9,058,118	8,947,728
Riverfront redevelopment	3,072,710	3,073,201
Cemetery trust fund	839,720	822,603
Donations	2,965,996	2,965,996
Sales taxes	40,587,845	39,096,649
Motor fuel taxes	6,115,060	6,113,260
Revenue bond debt	13,815,028	13,815,028
Parking in Lieu of Fee	90,621	90,621
Capital projects	789,562	789,562
 Total Investment in Govt Funds Capital Assets	 \$ 102,418,780	 \$ 99,150,770

City of Sebastian, Florida
Capital Assets Used in Operation of Governmental Funds
Schedule by Function and Activity
September 30, 2023

Function and Activity	Land	Right to use land	Buildings	Improvements Other than Buildings	Machinery and Equipment	Infrastructure	Totals
General government:							
City Manager	\$ -	\$ -	\$ -	\$ -	\$ 61,427	\$ -	\$ 61,427
City Clerk	-	-	-	-	4,003	-	4,003
Finance	-	-	-	1,100	2,294	-	3,394
MIS	-	-	5,841	77,745	1,780,696	-	1,864,282
Facilities Maintenance	-	-	10,733,910	29,361	937,800	-	11,701,071
Comm Dev/Growth Mgmt	-	-	84,426	-	48,129	-	132,555
Non-Departmental	4,474,459	-	6,184,989	126,503	204,375	598,891	11,589,217
Subtotal	4,474,459	-	17,009,166	234,709	3,038,724	598,891	25,355,949
Public Safety:							
Administration	9,560	-	3,799,272	98,173	432,814	-	4,339,819
Road Patrol	-	-	-	-	3,776,930	-	3,776,930
Code Enforcement	-	-	-	-	64,818	-	64,818
Investigations	-	-	-	4,871	420,532	32,262	457,665
Communications	-	-	-	-	26,927	-	26,927
Building Department	-	-	-	-	6,295	-	6,295
Subtotal	9,560	-	3,799,272	103,044	4,728,316	32,262	8,672,454
Transportation:							
Central Garage	-	-	130,489	9,038	184,941	674	325,142
Roads and Drainage	47,125	1,656,117	164,537	1,003,738	1,224,601	22,392,339	26,488,457
Subtotal	47,125	1,656,117	295,026	1,012,776	1,409,542	22,393,013	26,813,599
Economic Environment:							
Non-Departmental	2,308,392	-	1,040,590	-	-	-	3,348,982
Subtotal	2,308,392	-	1,040,590	-	-	-	3,348,982
Physical Environment:							
Stormwater	-	-	-	18,334	2,507,247	20,599,010	23,124,591
Cemetery	572,181	-	201,153	237,142	57,201	92,167	1,159,844
Subtotal	572,181	-	201,153	255,476	2,564,448	20,691,177	24,284,435
Culture/Recreation:							
Parks and Recreation	1,711,324	171,782	1,644,300	6,461,755	875,923	2,856,590	13,721,674
Subtotal	1,711,324	171,782	1,644,300	6,461,755	875,923	2,856,590	13,721,674
Total	\$ 9,123,041	\$ 1,827,899	\$ 23,989,507	\$ 8,067,760	\$ 12,616,953	\$ 46,571,933	102,197,093
Construction in progress							221,687
Total							\$102,418,780

City of Sebastian, Florida
Capital Assets Used in the Operation of Governmental Funds
Schedule of Changes by Function and Activity
September 30, 2023

Function and Activity	Governmental Funds			Transfers In	Transfers Out	Governmental Funds
	Capital Assets October 1, 2022	Additions	Deletions			Capital Assets September 30, 2023
General government:						
City Manager	\$ 85,092	\$ -	\$ 23,665	\$ -	\$ -	\$ 61,427
City Clerk	4,003	-	-	-	-	4,003
Admin Services	3,394	-	-	-	-	3,394
MIS	1,812,247	85,556	33,520	-	-	1,864,283
Facilities Maintenance	1,997,967	9,733,998	21,472	-	9,421	11,701,072
Community Development	107,529	25,027	-	-	-	132,556
Non-Departmental	11,589,214	-	-	-	-	11,589,214
Subtotal	<u>15,599,446</u>	<u>9,844,581</u>	<u>78,657</u>	<u>-</u>	<u>9,421</u>	<u>25,355,949</u>
Public Safety:						
Administration	4,337,405	-	-	2,414	-	4,339,819
Road Patrol	3,064,973	781,366	69,405	-	-	3,776,934
Code Enforcement	64,818	-	-	-	-	64,818
Investigations	453,139	8,900	4,375	-	-	457,664
Communications	26,927	-	-	-	-	26,927
Building Department	6,295	-	-	-	-	6,295
Subtotal	<u>7,953,557</u>	<u>790,266</u>	<u>73,780</u>	<u>2,414</u>	<u>-</u>	<u>8,672,457</u>
Physical Environment:						
Stormwater	22,573,147	570,229	18,784	-	-	23,124,592
Cemetery	1,141,444	19,390	990	-	-	1,159,844
Subtotal	<u>23,714,591</u>	<u>589,619</u>	<u>19,774</u>	<u>-</u>	<u>-</u>	<u>24,284,436</u>
Transportation:						
Central Garage	471,609	7,598	154,065	-	-	325,142
Roads and Drainage	24,856,663	1,681,225	51,574	7,007	4,863	26,488,458
Subtotal	<u>25,328,272</u>	<u>1,688,823</u>	<u>205,639</u>	<u>7,007</u>	<u>4,863</u>	<u>26,813,600</u>
Economic Environment:						
Non-Departmental	3,348,982	-	-	-	-	3,348,982
Subtotal	<u>3,348,982</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,348,982</u>
Culture & Recreation:						
Parks and Recreation	13,685,415	166,061	134,670	4,863	-	13,721,669
Subtotal	<u>13,685,415</u>	<u>166,061</u>	<u>134,670</u>	<u>4,863</u>	<u>-</u>	<u>13,721,669</u>
Total	89,630,263	13,079,350	512,520	14,284	14,284	102,197,093
Construction in Progress	9,520,507	1,840,431	11,139,251	-	-	221,687
Total	<u>\$ 99,150,770</u>	<u>\$ 14,919,781</u>	<u>\$ 11,651,771</u>	<u>\$ 14,284</u>	<u>\$ 14,284</u>	<u>\$ 102,418,780</u>

STATISTICAL SECTION



THIS PAGE IS INTENTIONALLY LEFT BLANK.

STATISTICAL SECTION

This part of the City of Sebastian, Florida's Annual Comprehensive Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

Table of Contents

A. Financial Trends

These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.

Schedule A1 Net Position by Component

Schedule A2 Changes in Net Position

Schedule A3 Fund Balances – Governmental Funds

Schedule A4 Changes in Fund Balances – Governmental Funds

Schedule A5 Program Revenue by Function/Program

B. Revenue Capacity

These schedules contain information to help the reader assess the City's most significant local own-source revenues - ad valorem property taxes, occupational license taxes, and building permits revenues.

Schedule B1 Tax Revenues by Source Governmental Funds

Schedule B2 Direct and Overlapping Property Tax Rates

Schedule B3 Actual and Estimated Value of Taxable Property

Schedule B4 Principal Property Taxpayers

Schedule B5 Property Tax Levies and Collections

C. Debt Capacity

These schedules present information to help the reader assess the affordability of the City's current levels of debt outstanding and the City's ability to issue additional debt in the future, as necessary.

Schedule C1 Ratios of Outstanding Debt by Type

D. Demographic and Economic Information Financial Trends

These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.

Schedule D1 Demographic and Economic Statistics

Schedule D2 Principal Employers

E. Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.

Schedule E1 Full-Time Equivalent City Government Employees by Function/Program

Schedule E2 Operating Indicators by Function/Program

Schedule E3 Capital Asset Statistics by Function/Program

Additional Notes

Unless otherwise noted, the information in these schedules is derived from the City's Annual Comprehensive Financial Report (ACFR) for the relevant year.

City of Sebastian, Florida
Net Position by Component
Last Ten Fiscal Years

Schedule A1

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Governmental activities										
Net investment in capital assets	\$45,464,209	\$46,351,824	\$41,252,989	\$37,919,832	\$37,080,967	\$37,568,980	\$37,461,026	\$35,886,087	\$35,220,857	\$35,210,526
Restricted	11,400,048	7,282,425	10,142,786	10,637,069	8,976,174	6,419,900	5,113,543	5,209,372	4,997,724	5,115,627
Unrestricted	4,618,453	3,445,378	2,320,211	1,103,683	2,056,430	1,649,796	1,236,088	3,615,777	3,467,014	3,330,400
Total governmental activities net position	61,482,710	57,079,627	53,715,986	49,660,584	48,113,571	45,638,676	43,810,657	44,711,236	43,685,595	43,656,553
Business-type activities										
Net investment in capital assets	18,795,822	18,585,143	15,862,090	16,263,098	16,995,851	14,972,789	13,384,969	11,989,666	10,517,895	10,439,804
Unrestricted	1,598,136	(436,561)	(933,213)	(1,017,263)	(654,928)	(777,422)	(1,008,976)	(717,053)	67,779	(103,116)
Total business-type activities net position	20,393,958	18,148,582	14,928,877	15,245,835	16,340,923	14,195,367	12,375,993	11,272,613	10,585,674	10,336,688
Primary government										
Net investment in capital assets	64,260,031	64,936,967	57,115,079	54,182,930	54,076,818	52,541,769	50,845,995	47,875,753	45,738,752	45,650,330
Restricted	11,400,048	7,282,425	10,142,786	10,637,069	8,976,174	6,419,900	5,113,543	5,209,372	4,997,724	5,115,627
Unrestricted	6,216,589	3,008,817	1,386,998	86,420	1,401,502	872,374	227,112	2,898,724	3,534,793	3,227,284
Total primary government net position	\$81,876,668	\$75,228,209	\$68,644,863	\$64,906,419	\$64,454,494	\$59,834,043	\$56,186,650	\$55,983,849	\$54,271,269	\$53,993,241

City of Sebastian, Florida
Changes in Net Position
Last Ten Fiscal Years

Schedule A2

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Expenses:										
Governmental activities:										
General government	\$ 5,224,980	\$ 5,158,135	\$ 4,907,738	\$ 5,071,184	\$ 3,970,541	\$ 3,926,479	\$ 3,379,369	\$ 3,285,607	\$ 3,015,536	\$ 2,923,398
Public safety	8,093,434	7,703,234	6,453,141	6,856,836	6,613,707	6,227,299	6,549,037	5,476,136	5,164,197	4,908,374
Physical environment	3,440,202	3,259,272	2,848,779	2,534,320	3,106,764	3,431,933	3,769,377	2,538,752	2,759,461	2,310,539
Transportation	2,704,831	2,153,685	2,136,727	2,037,807	2,022,117	1,949,882	2,279,149	1,861,946	2,024,814	1,828,569
Economic environment	338,114	291,969	256,771	315,985	402,986	238,597	106,577	364,675	194,630	247,891
Culture and recreation	1,617,044	1,606,579	1,481,096	1,402,691	1,434,296	1,279,635	1,326,245	1,191,488	1,293,246	1,229,369
Interest and fiscal charges	67,178	14,644	19,522	28,711	38,539	56,523	63,141	82,943	100,468	235,071
Total governmental activities expenses	21,485,783	20,187,518	18,103,774	18,247,534	17,588,950	17,110,348	17,472,895	14,801,547	14,552,352	13,683,211
Business-type activities:										
Golf course	1,786,655	1,659,271	1,575,587	1,551,926	1,533,749	1,555,853	1,537,332	1,584,214	1,409,829	1,406,770
Airport	1,531,134	1,427,667	1,339,582	1,282,084	1,336,180	1,328,258	1,361,134	1,197,549	1,038,361	1,031,464
Building	1,007,261	1,260,189	1,544,157	1,869,767	715,846	664,066	586,752	546,649	531,087	465,717
Total business-type activities expenses	4,325,050	4,347,127	4,459,326	4,703,777	3,585,775	3,548,177	3,485,218	3,328,412	2,979,277	2,903,951
Total primary government expenses	25,810,833	24,534,645	22,563,100	22,951,311	21,174,725	20,658,525	20,958,113	18,129,959	17,531,629	16,587,162
Program Revenues:										
Governmental activities:										
Charges for services:										
General government	733,072	769,115	769,986	684,938	532,721	466,261	362,631	374,581	372,255	407,068
Public safety	288,122	217,282	157,625	130,502	147,121	74,216	124,800	98,446	80,763	76,132
Physical environment	2,140,145	2,132,049	2,119,101	2,037,874	2,161,464	1,064,659	1,021,038	1,049,735	1,087,642	1,073,015
Culture and recreation	66,859	69,714	70,623	41,316	54,769	52,160	48,781	53,959	67,940	67,371
Operating grants and contributions	581,139	2,066,434	2,093,941	1,726,719	803,092	1,776,070	250,292	323,101	345,937	186,295
Capital grants and contributions'	4,977,894	4,910,478	4,265,728	3,647,329	251,088	181,050	947,274	809,932	994,546	739,785
Total governmental activities program revenue	8,787,231	10,165,072	9,477,004	8,268,678	3,950,255	3,614,416	2,754,816	2,709,754	2,949,083	2,549,666
Business-type activities:										
Charges for services										
Golf course	1,902,696	1,812,201	1,498,561	1,525,184	1,400,939	1,257,047	1,058,939	1,135,357	1,333,189	1,277,660
Airport	707,517	688,723	578,916	552,789	536,442	583,310	499,321	516,403	457,318	470,703
Building	899,205	1,257,746	1,377,978	937,839	864,068	911,643	747,950	810,069	712,620	700,751
Operating grants and contributions	-	-	-	-	46,771	115,907	116,055	-	-	-
Capital grants and contributions	365,388	3,295,019	560,394	471,888	2,670,116	2,120,953	1,566,737	841,668	702,154	235,215
Total business-type activities program revenue	3,874,806	7,053,689	4,015,849	3,487,700	5,518,336	4,988,860	3,989,002	3,303,497	3,205,281	2,684,329
Total primary government program revenue	12,662,037	17,218,761	13,492,853	11,756,378	9,468,591	8,603,276	6,743,818	6,013,251	6,154,364	5,233,995
Net (expense) revenue										
Governmental activities	(12,698,552)	(10,022,446)	(8,626,770)	(9,978,856)	(13,638,695)	(13,495,932)	(14,718,079)	(12,091,793)	(11,603,269)	(11,133,545)
Business-type activities	(450,244)	2,706,562	(443,477)	(1,216,077)	1,932,561	1,440,683	503,784	(24,915)	226,004	(219,622)
Total primary government net (expense) revenue	(13,148,796)	(7,315,884)	(9,070,247)	(11,194,933)	(11,706,134)	(12,055,249)	(14,214,295)	(12,116,708)	(11,377,265)	(11,353,167)

Continued...

City of Sebastian, Florida
Changes in Net Position
Last Ten Fiscal Years

Schedule A2 (Continued)

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
General Revenues and other changes in net position:										
Governmental activities:										
Property taxes, levied for general purposes	5,537,364	4,988,598	4,991,306	4,270,497	4,325,759	4,153,194	4,147,115	3,942,048	3,594,210	3,248,113
Public utility taxes	3,523,529	3,172,766	3,030,261	2,940,406	2,882,460	2,808,172	5,945,386	5,762,921	5,555,270	5,320,051
Franchise fees	1,775,486	1,571,571	1,384,529	1,316,849	1,343,744	1,316,792	1,271,403	1,257,430	1,241,515	1,190,233
Intergovernmental unrestricted	4,721,538	3,526,318	3,066,490	2,541,474	7,109,496	6,887,664	2,616,522	2,466,546	2,365,137	2,208,700
Investment earnings	505,805	142,209	61,247	180,988	378,657	216,185	135,614	77,317	65,256	43,293
Miscellaneous	385,723	468,361	271,276	381,999	277,970	312,401	290,269	316,239	240,179	338,901
Transfers	(131,788)	(493,736)	(122,937)	(106,344)	(204,496)	(370,457)	(588,809)	(705,067)	2,988	(14,822)
Total governmental activities	16,317,657	13,376,087	12,682,172	11,525,869	16,113,590	15,323,951	13,817,500	13,117,434	13,064,555	12,334,469
Business-type activities:										
Investment earnings	68,008	17,582	3,582	10,377	8,499	8,234	10,787	6,787	5,368	1,484
Gain on sale of capital assets	182,556	1,825	-	4,268	-	-	-	-	-	-
Miscellaneous	147,428	-	-	-	-	-	-	-	20,602	-
Transfers	131,788	493,736	122,937	106,344	204,496	370,457	588,809	705,067	(2,988)	14,822
Total business-type activities	529,780	513,143	126,519	120,989	212,995	378,691	599,596	711,854	22,982	16,306
Total primary government general revenue	16,847,437	13,889,230	12,808,691	11,646,858	16,326,585	15,702,642	14,417,096	13,829,288	13,087,537	12,350,775
Change in net position										
Governmental activities	3,619,105	3,353,641	4,055,402	1,547,013	2,474,895	1,828,019	(900,579)	1,025,641	1,461,286	1,200,924
Business-type activities	79,536	3,219,705	(316,958)	(1,095,088)	2,145,556	1,819,374	1,103,380	686,939	248,986	(203,316)
Total primary government change in net position	\$ 3,698,641	\$ 6,573,346	\$ 3,738,444	\$ 451,925	\$ 4,620,451	\$ 3,647,393	\$ 202,801	\$ 1,712,580	\$ 1,710,272	\$ 997,608

City of Sebastian, Florida
Fund Balances – Governmental Funds
Last Ten Fiscal Years

Schedule A3

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
General Fund										
Nonspendable	\$ 364,122	\$ 201,992	\$ 341,851	\$ 182,803	\$ 94,564	\$ 234,852	\$ 342,505	\$ 227,651	\$ 316,036	\$ 369,329
Restricted	176,903	-	110,994	88,782	103,900	77,185	63,016	46,262	38,544	7,969
Committed	-	-	-	-	-	-	-	-	-	-
Assigned	-	-	12,157	12,157	12,157	13,871	12,350	10,840	8,692	7,129
Unassigned	9,398,963	7,993,009	6,224,793	5,419,259	5,988,440	5,047,473	4,089,275	5,526,675	5,289,322	5,348,905
Total General Fund	\$ 9,939,988	\$ 8,195,001	\$ 6,689,795	\$ 5,703,001	\$ 6,199,061	\$ 5,373,381	\$ 4,507,146	\$ 5,811,428	\$ 5,652,594	\$ 5,733,332
All other governmental funds										
Non-spendable	\$ 634,147	\$ 436,407	\$ 1,001,453	\$ 1,085,337	\$ 1,036,571	\$ 1,542,466	\$ 941,061	\$ 996,778	\$ 928,758	\$ 1,390,073
Restricted	10,618,581	6,846,018	9,034,265	9,471,281	7,850,346	4,822,199	4,131,416	4,193,653	4,181,787	3,756,950
Committed	102,131	409,549	329,364	223,723	553,172	707,667	995,144	977,868	815,688	625,007
Unassigned	(83,736)	(429,088)	(210,876)	-	(5,730)	(3,048)	(26,370)	(129,401)	(58,618)	(64,875)
Total all other governmental funds	\$ 11,271,123	\$ 7,262,886	\$ 10,154,206	\$ 10,780,341	\$ 9,434,359	\$ 7,069,284	\$ 6,041,251	\$ 6,038,898	\$ 5,867,615	\$ 5,707,155
Total governmental funds	\$ 21,211,111	\$ 15,457,887	\$ 16,844,001	\$ 16,483,342	\$ 15,633,420	\$ 12,442,665	\$ 10,548,397	\$ 11,850,326	\$ 11,520,209	\$ 11,440,487

City of Sebastian, Florida
Changes in Fund Balances – Governmental Funds
Last Ten Fiscal Years

Schedule A4

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Revenues:										
Taxes	\$ 9,095,759	\$ 8,161,364	\$ 8,021,567	\$ 7,210,903	\$ 7,208,219	\$ 6,961,366	\$ 10,738,778	\$ 10,326,654	\$ 9,782,109	\$ 9,123,879
Franchis fees	1,775,486	1,571,571	1,384,529	1,316,849	1,343,744	1,316,792	1,271,403	1,257,430	1,241,515	1,190,233
Licenses and permits	163,719	189,643	195,920	150,240	146,812	165,922	135,900	136,614	147,219	138,564
Intergovernmental	10,004,218	10,312,702	9,176,859	7,739,019	7,996,330	8,648,064	2,991,190	2,709,066	2,742,950	2,373,695
Impact fees	99,450	179,400	214,500	143,875	129,550	141,050	102,700	163,800	281,450	168,350
Charges for services	3,102,300	2,894,772	2,868,088	2,691,093	2,698,117	1,443,123	1,353,009	1,391,495	1,397,395	1,431,101
Fines	170,768	103,745	53,327	53,297	51,146	48,251	96,842	73,059	63,035	54,140
Investment earnings	505,805	142,209	61,247	180,988	378,657	216,185	135,614	77,317	65,256	43,293
Contributions and donations	200,553	468,361	271,276	381,999	277,970	55,670	45,420	80,581	48,124	36,801
Other revenues	134,783	11,128	34,800	32,628	37,796	312,401	290,269	316,239	241,597	338,901
Total revenues	25,252,841	24,034,895	22,282,113	19,900,891	20,268,341	19,308,824	17,161,125	16,532,255	16,010,650	14,898,957
Expenditures:										
Current:										
General government	5,129,197	4,706,858	4,457,302	4,498,327	3,536,154	3,492,883	2,943,790	3,053,554	2,717,049	2,575,605
Public safety	7,679,795	6,854,359	6,314,019	6,275,459	6,035,675	5,659,861	5,134,388	4,968,258	4,666,343	4,623,060
Physical environment	2,393,007	2,398,846	1,858,226	1,633,435	1,871,853	2,195,332	2,565,532	1,316,697	1,498,706	1,110,788
Transportation	1,308,620	1,199,856	1,197,835	1,129,260	1,142,412	1,079,509	1,333,927	1,168,919	1,187,871	1,165,004
Economic environment	249,700	291,969	256,771	315,985	402,986	238,597	73,491	331,589	161,545	144,612
Culture and recreation	1,103,676	1,131,280	986,734	955,164	1,027,371	875,172	927,374	849,789	893,394	888,795
Debt service:										
Principal retired	121,000	632,000	620,000	611,000	601,000	590,000	931,000	1,935,000	1,567,000	2,306,000
Lease principal	8,868	1,642	-	-	-	-	-	-	-	-
Interest	55,961	17,788	23,927	35,023	45,846	56,523	68,512	92,907	108,678	413,995
Capital outlay	3,780,530	7,692,675	6,083,703	3,490,972	2,209,793	2,856,222	3,896,231	1,780,358	3,133,330	2,246,399
Total expenditures	21,830,354	24,927,273	21,798,517	18,944,625	16,873,090	17,044,099	17,874,245	15,497,071	15,933,916	15,474,258
Revenues over (under) expenditures	3,422,487	(892,378)	483,596	956,266	3,395,251	2,264,725	(713,120)	1,035,184	76,734	(575,301)
Other Financing Sources (Uses)										
Transfers in	3,071,227	8,099,451	5,632,516	3,280,101	2,451,428	4,427,037	7,184,858	3,694,279	4,989,726	3,903,204
Transfers out	(3,203,015)	(8,593,187)	(5,755,453)	(3,386,445)	(2,655,924)	(4,797,494)	(7,773,667)	(4,399,346)	(4,986,738)	(3,918,026)
Lease/Debt proceeds	1,656,117	-	-	-	-	-	-	-	-	-
Proceeds from sale of capital assets	47,296	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	1,571,625	(493,736)	(122,937)	(106,344)	(204,496)	(370,457)	(588,809)	(705,067)	2,988	(14,822)
Net Change in Fund Balances	4,994,112	(1,386,114)	360,659	849,922	3,190,755	1,894,268	(1,301,929)	330,117	79,722	(590,123)
Debt Service as a % of noncapital expenditures										
Noncapital Expenditures	1.0%	3.8%	4.1%	4.2%	4.4%	4.6%	7.2%	14.8%	13.1%	20.6%

City of Sebastian, Florida
Program Revenues by Function/Program
Last Ten Fiscal Years

Schedule A5

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Program Revenues										
Governmental activities:										
General government	\$ 5,524,587	\$ 5,787,477	\$ 5,689,371	\$ 4,749,501	\$ 1,096,978	\$ 1,997,400	\$ 390,921	\$ 479,395	\$ 534,524	\$ 413,727
Public safety	834,919	470,102	393,259	399,361	444,199	346,239	334,270	306,381	254,381	246,010
Physical environment	2,140,145	2,132,049	2,119,101	2,037,874	2,161,464	1,064,659	1,021,038	1,049,735	1,087,642	1,073,015
Transportation	-	1,041,474	990,150	896,751	13,295	12,908	687,310	656,484	643,146	565,692
Economic environment	121,271	484,856	-	-	-	-	-	-	-	15,501
Cultural and recreation	166,309	249,114	285,123	185,191	234,319	193,210	321,277	217,759	429,390	235,721
Total governmental activities	\$ 8,787,231	\$10,165,072	\$ 9,477,004	\$ 8,268,678	\$ 3,950,255	\$ 3,614,416	\$ 2,754,816	\$ 2,709,754	\$ 2,949,083	\$ 2,549,666
Business-type activities:										
Charges for services:										
Golf Course	\$ 1,902,696	\$ 1,812,201	\$ 1,498,561	\$ 1,525,184	\$ 1,401,260	\$ 1,355,652	\$ 1,170,591	\$ 1,135,357	\$ 1,333,189	\$ 1,277,660
Airport	1,072,905	3,983,742	1,139,310	1,024,677	3,253,008	2,704,263	2,070,461	1,358,071	1,159,472	705,918
Building	899,205	1,257,746	1,377,978	937,839	864,068	928,945	747,950	810,069	712,620	700,751
Total business-type activities	\$ 3,874,806	\$ 7,053,689	\$ 4,015,849	\$ 3,487,700	\$ 5,518,336	\$ 4,988,860	\$ 3,989,002	\$ 3,303,497	\$ 3,205,281	\$ 2,684,329
Total primary government	\$12,662,037	\$17,218,761	\$13,492,853	\$11,756,378	\$ 9,468,591	\$ 8,603,276	\$ 6,743,818	\$ 6,013,251	\$ 6,154,364	\$ 5,233,995

City of Sebastian, Florida
Tax Revenues by Source Governmental
Last Ten Fiscal Years

Schedule B1

Fiscal Year	Property Taxes	Utility Taxes and Franchise Fees	Inter- Governmental⁽¹⁾	Other Revenue⁽²⁾	Totals
2023	\$ 5,572,230	\$ 5,299,015	\$ 10,004,218	\$ 4,377,378	\$ 25,252,841
2022	4,988,598	4,744,337	10,312,702	3,989,258	24,034,895
2021	4,991,306	4,414,790	9,176,859	3,699,158	22,282,113
2020	4,270,497	4,257,255	7,739,019	3,634,120	19,900,891
2019	4,325,759	4,226,204	7,996,330	3,720,048	20,268,341
2018	4,153,194	4,124,964	8,648,064	2,382,602	19,308,824
2017	4,147,115	3,980,383	6,873,873	2,159,754	17,161,125
2016	3,942,048	3,943,752	6,407,350	2,239,105	16,532,255
2015	3,594,210	3,880,226	6,292,138	2,244,076	16,010,650
2014	3,248,113	3,771,660	3,432,903	4,446,281	14,898,957

⁽¹⁾ Includes half-cent sales taxes, one-cent discretionary sales tax, cigarette and motor fuel taxes, local option gas taxes and police pension premium taxes.

⁽²⁾ Includes mobile home taxes, alcohol beverage licenses, and municipal fuel rebate taxes. Amounts do not include non-recurring grants or contributions.

Schedule B2

City of Sebastian, Florida
Direct and Overlapping Property Tax Rates
Last Ten Fiscal Years
(Rate per \$1,000 of taxable value)

Fiscal Year	City Direct Rate	Overlapping Rates				Total Overlapping and Direct
	Operating Millage	Indian River County	Indian River County Schools	Special Districts	Total Overlapping	
2023	2.9050	5.9006	5.9850	1.0677	12.9533	15.8583
2022	3.0043	5.9006	6.2680	1.2933	13.4619	16.4662
2021	3.1514	5.9006	6.3960	1.3929	13.6895	16.8409
2020	2.9399	6.1698	6.5690	1.4091	14.1479	17.0878
2019	3.1514	6.1086	6.7930	1.5396	14.4412	17.5926
2018	3.4000	6.1214	7.0530	1.5390	14.7134	18.1134
2017	3.8000	5.9755	7.4100	1.5170	14.9025	18.7025
2016	3.8556	5.9468	7.9550	1.6993	15.6011	19.4567
2015	3.8566	5.6868	7.9950	1.7126	15.3944	19.2510
2014	3.7166	5.6207	8.1160	1.7128	15.4495	19.1661

City of Sebastian, Florida
Assessed Value and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years

Schedule B3

Tax Year	Fiscal Year Ended September 30	Real Property	Personal Property	Less: Tax-Exempt Property	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Taxable Assessed Value as a Percentage of Actual Taxable Value
2022	2023	\$ 2,616,004,251	\$ 105,014,540	\$ 636,371,809	\$ 2,084,646,982	\$ 2.9050	\$ 3,375,019,854	61.77%
2021	2022	2,338,149,496	88,760,233	607,432,125	1,819,477,604	3.0043	3,011,447,103	60.42%
2020	2021	2,089,301,313	76,063,937	581,830,114	1,583,535,136	3.1514	2,687,690,578	58.92%
2019	2020	1,843,910,442	73,492,650	533,734,358	1,383,668,734	2.9399	2,378,380,703	58.18%
2018	2019	1,705,459,458	66,819,663	509,133,351	1,263,145,770	3.1514	2,198,643,986	57.45%
2017	2018	1,578,743,546	62,277,711	486,428,425	1,154,592,832	3.4000	2,035,707,144	56.72%
2016	2017	1,447,311,640	59,305,756	468,930,126	1,037,687,270	3.8000	1,868,445,306	55.54%
2015	2016	1,363,105,220	55,646,868	451,939,888	966,812,200	3.8556	1,759,528,393	54.95%
2014	2015	1,267,035,970	53,045,209	435,071,311	885,009,868	3.8556	1,636,840,172	54.07%
2013	2014	1,210,328,690	47,410,545	437,040,114	820,699,121	3.7166	1,560,321,408	52.60%

City of Sebastian, Florida
Principal Property Taxpayers
Current Year and Nine Years Prior

Schedule B4

Taxpayer	2023			2014		
	Taxable Assessed Value	Rank	Percentage of Total Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Assessed Value
Florida Power & Light (Utility/Electric)	\$ 55,973,758	1	2.69%	15,782,005	1	1.78%
Comcast of Florida Inc. (Communications)	15,611,973	2	0.75%	6,501,387	4	0.73%
Walmart Stores Inc. (Retail)	8,866,380	3	0.43%	8,468,400	2	0.96%
Park Place Community LLC (Rental/Retail)	8,720,694	4	0.42%	6,786,642	3	0.77%
Sebastian Senior Real Estate LLC	7,234,992	5	0.35%	-	-	-
Hartwell Groves Florida LLC (Commercial)	6,536,124	6	0.31%	3,996,530	8	0.45%
BW US 1 Inc. (Commercial)	5,779,502	7	0.28%	5,971,370	5	0.67%
CSMA BLT LLC (Commercial)	5,739,257	8	0.28%	-	-	-
Real Sub LLC (Retail)	5,280,017	9	0.25%	-	-	-
CSGBSH Sebastian LLC	5,230,574	10	0.25%	-	-	-
CR512 Shopping Center				5,600,600	6	0.63%
Bellsouth Communications (Utility/Telephone)				4,518,986	7	0.51%
Pelican Isles (Housing)				3,934,710	9	0.44%
Sebastian Inlet Marina & Trading Inc. (Restaurant/Hotel)				3,359,400	10	0.38%
Total taxable assessed value for principal property taxpayers	\$ 124,973,271		6.01%	\$ 64,920,030		7.32%
Total Taxable Value	<u>\$ 2,084,646,982</u>			<u>\$885,009,868</u>		

City of Sebastian, Florida
Property Tax Levies and Collections
Last Ten Fiscal Years

Schedule B5

Fiscal Year Ended September 30,	Total Tax Levy for Fiscal Year	Collected Within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount Collected	Percentage of Levy		Amount Collected	Percentage of Levy
2023	\$ 5,264,275	\$ 5,019,086	95.3%	\$ 83,184	\$ 5,102,270	96.9%
2022	4,761,264	4,536,854	95.3%	66,069	4,602,923	96.7%
2021	4,683,490	4,470,263	95.4%	63,371	4,533,634	96.8%
2020	4,067,907	3,791,174	93.2%	76,083	3,867,257	95.1%
2019	3,980,678	3,861,686	97.0%	79,857	3,941,543	99.0%
2018	3,925,616	3,703,536	94.3%	83,126	3,786,662	96.5%
2017	3,943,212	3,726,976	94.5%	77,898	3,804,874	96.5%
2016	3,727,641	3,530,235	94.7%	72,789	3,603,024	96.7%
2015	3,412,244	3,295,549	96.6%	2,241	3,297,790	96.6%
2014	3,050,210	2,975,299	97.5%	754	2,976,053	97.6%

City of Sebastian, Florida
Ratios of Outstanding Debt By Type
Last Ten Fiscal Years

Schedule C1

Fiscal Year	Roadway Improvement Notes	Infrastructure Sales Taxes Bonds/Notes ¹	Stormwater Utility Revenue Bonds/Notes	Government Type	Business Type	Total Primary Government	Percentage of Personal Income	Per Capita
				Activities	Activities			
				Lease Liability	Lease Liability			
2014	\$ 1,896,000	\$ 2,730,000	\$ 2,982,000	\$ -	\$ -	\$ 7,608,000	0.0008%	341
2015	1,689,000	1,722,000	2,630,000	-	-	6,041,000	0.0006%	267
2016	1,478,000	353,000	2,275,000	-	-	4,106,000	0.0003%	193
2017	1,263,000	-	1,912,000	-	254,453	3,429,453	0.0003%	142
2018	1,044,000	-	1,541,000	-	206,167	2,791,167	0.0002%	113
2019	820,000	-	1,164,000	-	156,171	2,140,171	0.0002%	85
2020	591,000	-	782,000	-	104,403	1,477,403	0.0001%	58
2021	358,000	-	395,000	-	50,801	803,801	0.0046%	38
2022	121,000	-	-	170,140	2,441,105	2,732,245	0.0001%	38
2023	-	-	-	1,817,389	2,405,019	4,222,408	*	*

* Information not yet available

City of Sebastian, Florida
Demographic and Economic Statistics
Last Ten Fiscal Years

Schedule D1

Year	Population ^(a)	Per Capita Income	School Enrollment	Unemployment Rate ^(a)
2023	26,405	^(b)	5,757	3.9%
2022	25,915	\$ 75,552	5,484	3.1%
2021	25,454	95,109	5,868	4.6%
2020	25,658	84,607	6,118	5.9%
2019	25,168	80,818	6,186	3.2%
2018	24,630	76,059	6,459	3.9%
2017	24,192	73,274	6,122	4.3%
2016	28,137	71,181	6,132	6.2%
2015	22,622	68,658	5,930	6.1%
2014	22,296	63,140	6,034	6.5%

Sources:

^(a) University of Florida Bureau of Economic and Business Research

^(b) Information not yet available.

Schedule D2

Employer	2023		2014	
	Number of Employees	Rank	Number of Employees	Rank
School District of Indian River County	2,234	1	2,123	1
Cleveland Clinic Indian River Hospital	2,027	2	1,605	2
Indian River County	1,455	3	1,354	3
Publix Supermarket	1,380	4	1,092	4
Piper Aircraft Inc.	1,100	5	850	5
Wal-Mart	806	6	701	6
Sebastian River Medical Center	750	7	576	7
Johns Island Residential Resort	495	8	550	8
Indian River Estates Retirement Community	486	9		
Visiting Nurse Association	300	10	401	10
City of Vero Beach			460	9
	<u>11,033</u>		<u>9,712</u>	

Source: Principal employers in City of Sebastian were determined from listings provided by the Economic Development Commission of Florida’s Space Coast.

Schedule E1

City of Sebastian, Florida
Full-Time Equivalent City Government Employees by Function/Program
Last Ten Fiscal Years

Function	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
General Government										
City Council	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5
City Manager	2.0	2.0	2.0	2.0	2.0	2.0	2.5	2.5	2.0	2.0
City Clerk	2.0	2.5	2.5	2.5	2.5	2.5	2.5	3.0	5.0	5.0
City Attorney	1.0	1.0	1.0	1.0	-	-	-	-	-	-
Finance	6.0	5.0	11.5	11.5	11.5	11.5	11.0	14.0	14.0	11.0
Management Information	6.0	6.0	2.5	2.5	2.5	2.5	2.0	2.0	2.0	2.0
Audio/Visual	-	-	-	-	-	-	2.5	1.0	-	-
Human Resources	2.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Facilities Maintenance	4.0	3.0	4.0	4.0	3.0	3.0	2.5	3.5	5.0	5.0
Community Development	7.0	5.0	5.0	5.0	4.0	4.0	3.0	2.0	4.0	4.0
Total General Government	32.5	28.0	32.0	32.0	29.0	29.0	29.5	31.5	35.5	32.5
Public Safety										
Police	68.0	65.0	64.0	64.0	64.0	64.0	57.5	57.5	57.0	57.0
Code Enforcement	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
Building	11.5	9.5	8.5	7.5	7.5	7.5	5.0	5.0	5.0	5.0
Total Public Safety	82.5	77.5	75.5	74.5	74.5	74.5	65.5	65.5	65.0	65.0
Transportation										
Roads and Drainage	10.0	10.0	10.0	10.0	9.5	9.5	11.5	11.0	10.0	10.0
Fleet Management	3.5	3.0	3.0	3.0	3.5	3.5	3.5	3.5	3.5	3.5
Airport	2.5	2.5	10.0	10.0	10.0	8.0	9.0	8.0	8.0	9.0
Total Transportation	16.0	15.5	23.0	23.0	23.0	21.0	24.0	22.5	21.5	22.5
Physical Environment										
Cemetery	2.0	2.0	2.0	2.0	2.0	2.0	1.5	2.0	2.0	2.0
Stormwater	14.0	15.5	13.5	13.5	14.5	14.5	8.0	9.0	9.0	9.0
Total Physical Environment	16.0	17.5	15.5	15.5	16.5	16.5	9.5	11.0	11.0	11.0
Culture and Recreation										
Parks	16.0	16.0	13.0	15.0	13.0	9.0	9.0	9.0	9.0	9.0
Golf Course	9.0	9.0	3.0	4.0	4.0	4.0	3.0	3.0	4.0	4.0
Total Culture and Recreation	25.0	25.0	16.0	19.0	17.0	13.0	12.0	12.0	13.0	13.0
Total Employees	172.0	163.5	162.0	164.0	160.0	154.0	140.5	142.5	146.0	144.0

City of Sebastian, Florida
Operating Indicators by Function/Program
Last Ten Fiscal Years

Schedule E2

<i>Function</i>	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Police										
Citations and Warnings Processed	4,167	3,011	2,447	2,350	4,626	3,679	3,180	3,065	3,525	4,587
Calls for Service	19,645	18,978	21,089	27,229	33,427	48,610	37,265	35,518	44,831	49,368
Physical Arrest	383	276	368	397	525	516	356	258	287	347
Finance										
Payroll Checks Processed	4,643	4,557	4,429	4,372	4,479	4,360	4,008	3,992	4,238	4,075
Accounts Payable Checks	2,152	2,039	2,019	1,983	2,043	2,210	2,232	2,384	2,238	2,272
Purchasing Card Transactions	2,964	2,877	2,770	2,747	2,599	2,397	1,718	1,357	1,395	1,367
Human Resources										
Terminations/Resignations/Retirements	33	31	35	33	18	34	29	41	23	17
New Hires	28	18	35	22	17	31	37	35	26	14
Public Works										
Miles of Paved Roads Maintained	157	157	157	157	157	157	157	157	157	157
Miles of Sidewalks Maintained	27	27	27	26	26	26	26	26	26	26
City Garage										
Heavy Equipment Units Maintained	37	47	37	24	24	26	26	26	26	27
Light Equipment Units Maintained	226	220	219	207	202	200	185	198	185	165
Vehicles Maintained	118	114	107	118	121	117	107	101	103	110
Cemetery										
Cemetery Internments	61	97	91	75	74	60	62	61	71	67
Grave Deeds Sold	71	61	62	59	30	29	32	39	43	47
Stormwater System										
Swales Maintained	150	150	150	150	150	150	300	300	300	280
Ditches Maintained	80	80	80	80	80	80	80	75	75	50
Parks and Recreation										
Community Center Fees	\$ 12,128	\$ 9,202	\$ 9,819	\$ 12,026	\$ 19,163	\$ 19,256	\$ 17,663	\$ 23,168	\$ 26,681	\$ 26,838
Tennis Court Fees	\$ 31,344	\$ 28,273	\$ 31,437	\$ 15,376	\$ 21,630	\$ 18,579	\$ 18,327	\$ 15,454	\$ 24,102	\$ 22,885
Participants at Recreation Center	4,506	3,490	3,970	4,371	6,823	6,495	6,268	7,280	7,647	7,571
Golf Course										
Golf Course Memberships	189	190	121	152	134	123	119	127	98	84
Average Daily Golf Course Revenue	\$5,240	\$4,961	\$4,117	\$4,179	\$3,837	\$3,100	\$3,100	\$3,100	\$3,653	\$3,500
Airport										
Leasehold Revenues	\$707,516	\$515,562	\$495,395	\$473,574	\$443,628	\$405,672	\$343,256	\$331,848	\$313,976	\$348,417
Building										
Number of Business Tax Receipts Issued	1,215	1,228	1,631	1,893	1,670	1,806	1,248	1,132	1,802	1,835
Number of Inspections	18,232	17,857	14,332	10,197	14,078	16,191	17,867	13,094	14,488	10,159
New Construction Permits Issued	232	229	255	178	170	167	147	191	142	175
Value of Construction (in millions)	\$47.7	\$62.9	\$649.5	\$46.9	\$42.4	\$39.8	\$37.2	\$43.4	\$40.6	\$40.0

Source: Various City Departments

City of Sebastian, Florida
Capital Asset Statistics by Function/Program
Last Ten Fiscal Years

Schedule E3

Function/Program	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
General Government:										
City Hall Square Footage	21,500	21,500	21,500	21,500	21,500	21,500	21,500	21,500	21,500	21,500
Public Safety:										
Police Station Square Footage	25,600	25,600	25,600	25,600	25,600	25,600	25,600	25,600	25,600	25,600
Building Department Square Footage	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500
Public Works:										
Public Works Compound Square Footage	379,068	379,068	379,068	379,068	379,068	379,068	379,068	379,068	379,068	379,068
Miles of Streets	156	156	156	156	156	156	156	156	156	156
Number of Street Lights	1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,085	1,085	1,085
Recreation and Community Development:										
Tennis courts	4	4	4	4	4	4	4	4	4	4
Pickle Ball Courts	1	1	1	1	0	0	0	0	0	0
Ballfields	8	8	8	8	8	8	8	8	8	8
Park Facility Acres	138	138	138	138	138	138	138	138	138	138
Nature Preserve Acres	244	244	244	244	244	244	244	244	244	244
18 Hole Golf Course	1	1	1	1	1	1	1	1	1	1
Airport										
Total Number of Acres	625	625	625	625	625	625	625	625	625	625
Acres Available for Development	85	85	103	105	105	105	105	108	108	108



THIS PAGE IS INTENTIONALLY LEFT BLANK.



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

321.255.0088
386.336.4189 (fax)
CRLcpa.com

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*

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Sebastian, Florida (the “City”), as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the City’s basic financial statements, and have issued our report thereon dated May 31, 2024.

Report on Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or 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. We consider the deficiencies described below as items MW 2023-001 through MW 2023-005 to be material weaknesses.

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. We considered deficiencies described in the schedule of findings as items SD 2023-006 and SD 2023-007 to be significant deficiencies.

MW 2023-001 REVIEW OF PROPERTY TAX RECEIPTS

Criteria: GASB Codification (GASBC) 1600, Basis of Accounting requires governmental funds use the modified accrual basis of accounting.

Condition: The City did not review the 2022 millage rate used by the County timely, and therefore did not record the correct amount of property tax revenues in that year.

Cause: The City did not review the rates used by the County prior to recording the revenue received by the County.

Effect: Opening net position was understated by \$34,866 in the governmental activities.

Recommendation: We recommend the City review rates used for property taxes prior to recording the amount paid by the County.

Management's Response: The County initially misled the City by stating they were not required to contribute to the CRA Fund based on a millage higher than the City. We later found that this was not the case, since our CRA was established prior to the provision of the State Statutes being amended. When notified, the County promptly paid the difference.

MW 2023-002 BUILDING PERMITS

Criteria: The US Government Accountability Office (GAO) and the Committee of Sponsoring Organizations (COSO) describe internal controls as a process implemented by management that is designed to provide reasonable assurance regarding the achievement of objectives.

Condition: The City does not have a complete fee schedule that ties to the fees within MyGovernmentOnline (MGO) and there is not a documented review of the building department fees entered into MGO.

Cause: The City does not have an adequate process in place for entering fees into MGO, including requiring a review of the fees schedule prior to the software developer entering the rates. In addition, the City has no complete list of fees approved by City Council, to compare to those in MGO.

Effect: Fees could be entered incorrectly in MGO causing revenues to be misstated.

Recommendation: The City should have a documented process related to the fee schedule, which should include reconciling all fees within MGO to a City Council approved fee schedule.

Management's Response: Review shall be done as required to make the proper accruals.

MW 2023-003 CUTOFF

Criteria: GASB codification (GASBC) 1600, *Basis of Accounting* requires governmental funds use the modified accrual basis of accounting and enterprise funds use the full accrual basis of accounting.

Condition: The City did not report revenue, due from other governments, expenses and accrued expenses consistent with generally accepted accounting principles.

Cause: The City did not have proper cutoff regarding revenue and due from other governments. Several revenue streams, where funds are received from the State, are remitted two months in arrears instead of one month. The documentation received from the State is not always clear. The

City did not accrue payroll for the portion of the pay period that occurred prior to the end of the fiscal year.

Effect: The beginning governmental and business-type activities net position was understated by \$759,112 and \$20,587, respectively. Beginning fund balance for the general fund, stormwater utility fund, discretionary sales tax fund and the local option gas tax fund were understated by \$387,570, \$13,120, \$289,745, and \$68,677, respectively. Beginning new position balances for the golf course fund, airport fund, and building fund were understated by \$7,143, \$2,745, and \$10,699, respectively.

Recommendation: During the year-end close process, the City should review cash receipts and cash payments occurring subsequent to year-end to determine if accruals should be recorded.

Management's Response: An effort will be made to further identify this concern and have it resolved.

MW 2023-004 BUILDING DEPARTMENT EXCESS FUNDS

Criteria: Section 553.80(7)(a) of Florida Statutes has been updated to limit the amount of unexpended building permit funds carried forward to future fiscal years to no more than the City's average operating budget for enforcing the Florida Building Code for the previous four (4) fiscal years. A local government must use any funds in excess of this limitation to rebate or reduce fees.

Condition: The City required a prior period adjustment to fund balance and net position for the building fund and business-type activities for \$2,145,253 due to incorrect recording of a rebate payable in response to Florida Statutes. After this adjustment, the City was not in compliance with Florida Statute 553.80(7)(a), which requires the building fund's fund balance not to exceed the City's average operating budget for enforcing the Florida Building Code for the previous four fiscal years.

Cause: The City recorded a rebates payable in response to the Florida Statute; however, the City has not remitted the rebate and does not have an intention to remit the funds.

Effect: The City is not in compliance with Florida Statutes.

Recommendation: The City should identify how it intends to reduce the amount of the unexpended building department balances in order to be in compliance with Florida Statutes.

Management's Response: The City needs State guidance on an acceptable method to comply. The excess accumulated over many years. Selecting an arbitrary date for the rebate calculation could be considered biased and unfair.

MW 2023-005 RESTRICTED DONATIONS

Criteria: GASB Codification (GASBC) 1600, Basis of Accounting requires governmental funds use the modified accrual basis of accounting, which requires a government to recognize revenue and expenditures in the period in which the transaction occurs.

Condition: The City did not report revenue and expenditures consistent with GAAP resulting in an understatement of revenue and understatement of expenditures related to restricted donations for public safety.

Cause: The City tracks the restricted revenue and expenditures within liabilities accounts, and did not gross up the revenues and expenditures at year-end.

Effect: Revenues and expenditures were understated, and liabilities were overstated, resulting in restricted fund balance in the general fund increasing \$176,903.

Recommendation: We recommend the City implement procedures to ensure revenues and expenditure transactions are entered into the general ledger when the transactions occurs, and not net restricted donations and expenditures in liability accounts.

Management's Response: Procedures will be implemented to adjusted revenue and expenditures at year-end.

SD 2023-006 LEASES

Criteria: The US Government Accountability Office (GAO) and the Committee of Sponsoring Organizations (COSO) describe internal controls as a process implemented by management that is designed to provide reasonable assurance regarding the achievement of objectives. GASB Codification 1600, Basis of Accounting requires governmental funds use the modified accrual basis of accounting and enterprise funds to use the full accrual basis of accounting.

Condition: The City did not maintain evidence of review of the Excel spreadsheet used to create the airport lease invoices, and the City did not properly recognize a material lease receivable to the airport fund from the public works department.

Cause: The City did not implement a control to included documentation of the review of the lease spreadsheet that the City uses to create airport leases. The City completed internal transfers for the lease payment for the new lease between the Public Works department and the Airport which caused the City to not properly recognize the lease receivables for the Airport.

Effect: The lease receivables were understated by approximately \$1.6 million, deferred inflows were understated by approximately \$1.6 million.

Recommendation: We recommend the City document review of the Excel spreadsheet used to create airport lease invoices, and review all internal leases are included in the lease liability calculations prior to finalizing the trial balance at year-end.

Management's Response: The lease liability calculations will be reviewed prior to year-end in the future.

SD 2023-007 SEGREGATION OF DUTIES

Criteria: The City should have proper controls in place to ensure the payroll information is reviewed by someone other than the person entering the information. The City should also have proper controls in place to ensure the person determining the golf course fees is not the one who enters the rates into the system and reviews their accuracy.

Condition: There was a lack of segregation of duties over who enters employee changes within payroll and who reviews the information to ensure it was properly entered. There was also a lack of segregation of duties over golf fees and who enters the fees within the golf course software.

Cause: There is no review of updated payroll information after it is entered into the system, and there is no segregation of who determines golf course fees, who enters them into the system and who reviews them.

Effect: Payroll expenditures may be inaccurate if improper information is entered into the payroll system. Golf patrons may be over or under charged.

Recommendation: We recommend that the City require the person entering the payroll information in to the system not be the same person reviewing the information. We recommend that the person who determines the golf fees not enter the information into the golf course software, and there should be review of the golf fees after they are entered in the system.

Management's Response: Secondary review of these entries will be established and documented.

Report on Compliance and Other Matters

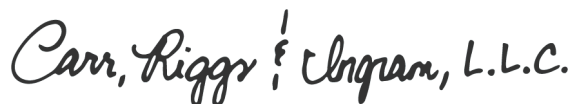
As part of obtaining reasonable assurance about whether the City of Sebastian, Florida's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a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

The City of Sebastian's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the City's response to the findings identified in our audit and described above. The City's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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.



Melbourne, Florida

May 31, 2024



THIS PAGE IS INTENTIONALLY LEFT BLANK.



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

321.255.0088
386.336.4189 (fax)
CRlcpa.com

INDEPENDENT AUDITOR’S MANAGEMENT LETTER

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

Report on the Financial Statements

We have audited the financial statements of the City of Sebastian, Florida (the “City”) as of and for the fiscal year ended September 30, 2023, and have issued our report thereon dated May 31, 2024.

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 Florida 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 Florida Auditor General. Disclosures in those reports, which are dated May 31, 2024, should be considered in conjunction with this management letter.

Prior Audit Findings

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

<u>Prior Year Management Letter Comments:</u>	<u>Status</u>
MC 2022-001 Federal Reporting Requirements	Cleared
MC 2022-002 State E-Verify Requirements	Cleared

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 City of Sebastian, Florida. The City of Sebastian, Florida's component unit, the Police Officers' Pension Plan, was established under Section 58-46 through 58-54 Code of Ordinance in October 1989.

Financial Condition and Management

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

Pursuant to Sections 10.554(1)(i)5.b. and 10.556(8), Rules of the Auditor General, we applied financial condition assessment procedures for the City of Sebastian, Florida. It is management's responsibility to monitor the City of Sebastian, Florida's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.

Section 10.554(1)(i)2., Rules of the Auditor General, requires that we communicate any recommendations to improve financial management. In connection with our audit, we have the following recommendation:

2023-008 INVENTORY

Criteria: Under generally accepted accounting standards (GAAP), inventory items should be recorded as inventory when purchased and reported as expense when consumed.

Condition: During the inventory count, there were three items sampled where the City's count did not match the recount.

Cause: There was no secondary count performed.

Effect: There could be an misstatement of inventory balances.

Recommendation: We recommend the City conduct second counts on inventory.

Management Response: Second counts will be conducted when needed to confirm those discrepancies cannot be explained.

Special District Component Units

Section 10.554(1)(i)5.c., Rules of the Auditor General, requires, if appropriate, that we communicate the failure of a special district that is a component unit of a county, municipality, or special district, to provide the financial information necessary for proper reporting of the component unit within the audited financial statements of the county, municipality, or special district in accordance with Section 218.39(3)(b), Florida Statutes. In connection with our audit, we did not note any special district component units that failed to provide the necessary information for proper reporting in accordance with Section 218.39(3)(b), Florida Statutes.

Additional Matters

Section 10.554(1)(i)3., Rules of the Auditor General, requires 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 had the following finding:

2023-009 BUDGET

Criteria: The City's legal level of budgetary control (i.e. the level at which expenditures may not legally exceed appropriations) is defined as being at the department level for the fund and at the fund level for the special revenue funds.

Condition: The City was over budget at the legal budgetary level in the general fund for the City Manager and the City Clerk by \$146 and \$2,577, respectively. The City was over budget at the legal budgetary level in the Local Option Gas Tax Fund for transportation by \$500. The City was over budget at the legal budgetary level in the Law Enforcement Forfeiture fund for public safety by \$1,501.

Cause: An entry for accrued payroll was required (see comment 2023-006), which caused the departments in the general fund to be over budget. While various spending within the special revenue fund cause the funds to be over budget.

Effect: The City was out of compliance with Florida Statutes.

Recommendation: We recommend the City implement procedures to ensure all cash and accrual transactions are entered into the general ledger on a timely basis to provide for financial reporting that are reviewed for actual results compared to budgeted appropriations, and adjust the budget as necessary within 60 days of year end.

Management Response: An effort will be made to ensure all transactions are timely entered and any necessary budget adjustments are made within the 60 days.

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 members of the City Council, 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

May 31, 2024



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

321.255.0088
386.336.4189 (fax)
CRLcpa.com

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

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

We have examined the City of Sebastian, Florida’s (the “City”) compliance with the requirements of Section 218.415, Florida Statutes, *Local Government Investment Policies*, during the year ended September 30, 2023. Management of the City of Sebastian, Florida is responsible for the City’s compliance with the specified requirements. Our responsibility is to express an opinion on the City’s compliance with the specified requirements based on our examination.

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 City complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the City 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 we 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 relating to the examination engagement.

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

In our opinion, the City complied, in all material respects, with the requirements of Section 218.415, Florida Statutes, *Local Government Investment Policies*, during the year ended September 30, 2023.

This report is intended solely for the information and use of City Council, 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
May 31, 2024