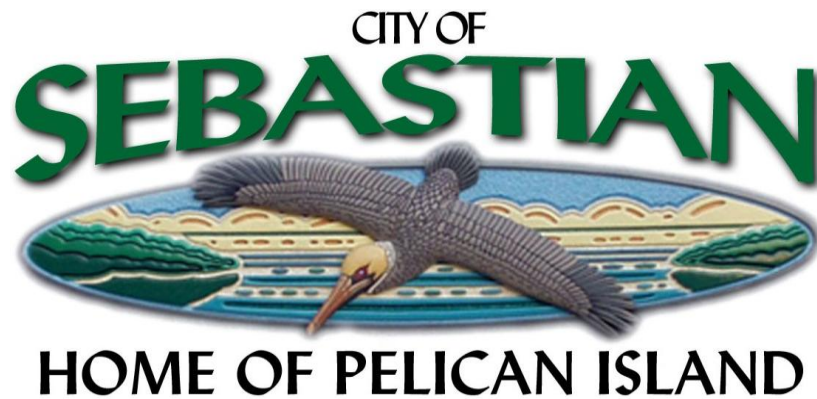


CITY OF SEBASTIAN, FLORIDA



Annual Comprehensive Financial Report

For the Fiscal Year Ended September 30, 2025

CITY COUNCIL

Bob McPartlan
Mayor

Fred Jones
Vice-Mayor

Ed Dodd
Council Member

Christopher Nunn
Council Member

Prepared by: the Finance Department

City of Sebastian, Florida
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September 30, 2025

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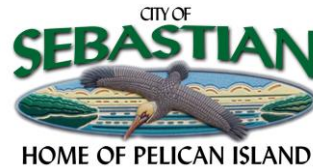
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March 26, 2026

To the Citizens of the City of Sebastian, Florida:

We are submitting the Comprehensive Annual Financial Report of the City of Sebastian, Florida for the fiscal year ended September 30, 2025. 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, 2025.

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, has issued an unqualified ("clean") opinion on the City of Sebastian's financial statements for the year ended September 30, 2025. The independent auditors' report is located on pages 11-14. Management's discussion and analysis (MD&A) immediately follows the independent auditors' report and provides a narrative introduction, overview, and analysis of the basic financial statements. The MD&A complements this letter of transmittal and should be read in conjunction with it.

Profile of the Government

The City of Sebastian, Florida is located in Indian River County approximately midway through the east coast of the Florida Peninsula (between Melbourne and Vero Beach) in an area known as the Treasure Coast. It is recognized as the Home of Pelican Island, the first designated wildlife refuge in the United States, a Millennium City, and a Tree City USA. It was first incorporated as the Town of Sebastian in 1924. In the late 1950s General Development Corporation purchased the land from the Mackle family of Miami and began the development of a planned community that is now the City of Sebastian. The City has a population of 27,087 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 and three members are elected in odd-numbered years. The Mayor and Vice Mayor are elected from

City of Sebastian, Florida
Transmittal Letter
September 30, 2025

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, solid waste collections, recreational and cultural activities, a golf course, a general aviation airport, and a building department to enforce building and fire codes.

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

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

Local Economy

The region (which includes the City of Sebastian and the surrounding unincorporated area within the same county) has a fluctuating labor force depending on agricultural demand and is a strong retirement community. Although the labor force fluctuates, unemployment in the region increased to high levels for several years but has shown good improvement in the last few years. As of September 2025, the Florida Research & Economic Database reported an unemployment rate of 3.9%, 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. Occupational groups with the highest employment in the Sebastian area included office and administrative support (12.3%), food preparation and serving related (12.1%), and sales and related (11.7%).

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

Long-term Financial Planning

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

The millage was levied at an increased rate of 3.1955 for fiscal year 2025. However, the City had an 10.29% increase in ad valorem values primarily due to a 7.45% increase in overall property values of existing properties by the Indian River County Property Appraiser. Overall new construction activity slowed down as compared to the prior year. Results were a total of 157 permits being issued for new construction in fiscal year 2025 with a value of \$108.7 million compared to a total of 168 permits being issued for new construction in fiscal year 2024 with a value of \$101.4 million.

General Fund unassigned fund balance has increased to an amount greater than the \$7 million minimum target level for emergencies. By year end, the unassigned fund balance was 56.6% 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 2025 was balanced without a reduction of fund balances.

Major Initiatives

Administration

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 provided funding to match grants for many projects.

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 condition 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 high level of permitting activity. It also operates as the City Fire Marshal so we can insure more timely response and review of development plans. The Police Department continues to participate in the accreditation program offered by the Commission for Florida Law Enforcement Accreditation. The designation encourages the Police Department to establish goals and objectives with provisions for periodic updating; constant reevaluation of whether departmental resources are being employed in accordance with agency goals, objectives and mission; constant reevaluation of departmental policies and procedures as documented in the department's written directive system; to accommodate correction of internal deficiencies and inefficiencies before they become public problems; and the opportunity to reorganize without the appearance of personal attacks. Standards and performance measurements resulting from the accreditation process will continue to guide both Sebastian Police Department and city administration in alleviating potentially adverse conditions.

Culture/Recreation

The City continued efforts to promote the "working waterfront" concept on the riverfront properties that were purchased with grant funding, with City matching funds provided by discretionary sales taxes. 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 has applied for several grants for a large-scale renovation/update to Riverview Park. 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

City of Sebastian, Florida
Transmittal Letter
September 30, 2025

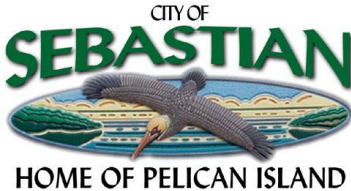
financial reports. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both U.S. generally accepted accounting principles and applicable legal requirements. A Certificate 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.

Respectfully submitted,

A handwritten signature in blue ink, appearing to read 'B. Stewart', is written over a horizontal line.

Brian Stewart, CPA
Chief Financial Officer
City of Sebastian, Florida



City Officials

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

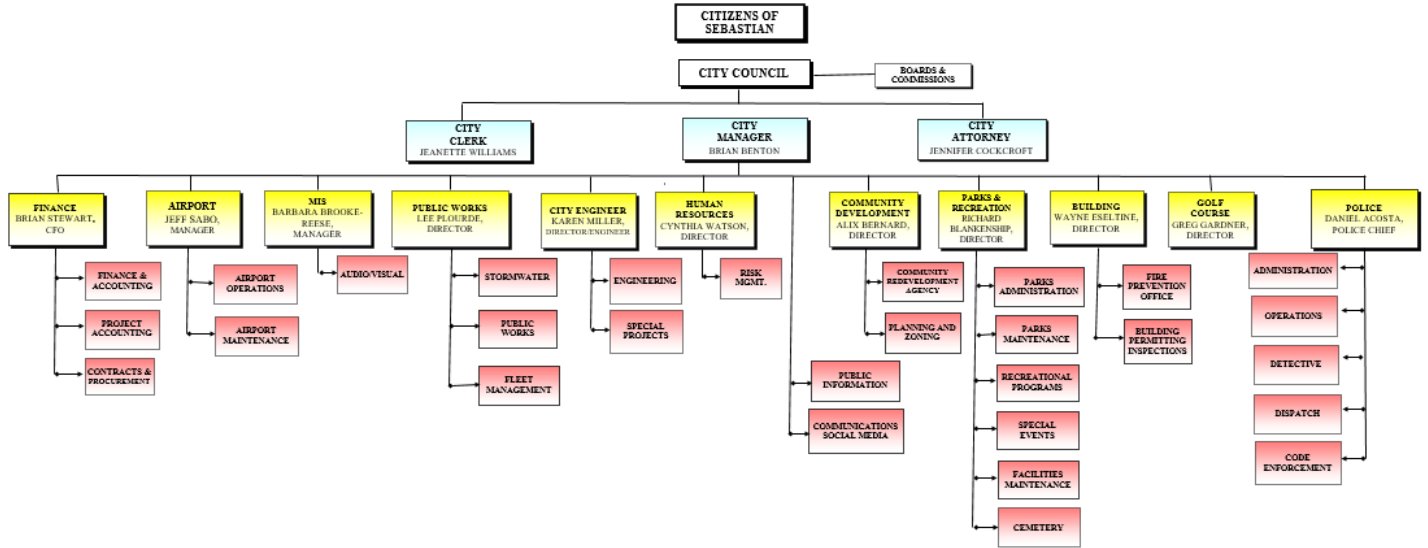
Department Heads

Daniel Acosta	Police Chief
Alix Bernard	Community Development Director/CRA Manager
Richard Blankenship	Parks and Recreation Director
Barbara Brooke-Reese	MIS Manager
Wayne Eseltine	Building Official
Greg Gardner	Golf Course Director
Karen Miller	Special Projects Director/City Engineer
Lee Plourde	Public Works Director
Jeff Sabo	Airport Manager
Brian Stewart	Chief Financial Officer
Cynthia Watson	Human Resources Director

As of September 30, 2025

City of Sebastian, Florida Organizational Chart September 30, 2025

CITY OF SEBASTIAN, FLORIDA ORGANIZATIONAL CHART Fiscal Year 2024/2025



City of Sebastian, Florida
Certificate of Achievement for Excellence in Financial Reporting
September 30, 2025



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, 2024

Christopher P. Morrill

Executive Director/CEO

FINANCIAL SECTION



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

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

7506 Lynx Way

Suite 201

Melbourne, FL 32940

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CRIadv.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, 2025, 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, 2025, and the respective changes in financial position, and, where applicable, cash flows thereof 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.

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 (pages 15 to 25), budgetary comparison information (pages 88 to 92) and pension supplementary information (pages 94 to 103) 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 and schedule of expenditures of federal awards and State of Florida financial assistance, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost principles, and Audit Requirements for Federal Awards* and Chapter 10.550, *Rules of the Auditor General*, 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 and the schedule of expenditures of federal awards and State of Florida financial assistance 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 March 26, 2026, 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
March 26, 2026

City of Sebastian, Florida
Management's Discussion and Analysis
September 30, 2025

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, 2025. 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 \$97,456,442 (*net position*). Of this amount, \$11,169,699 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 \$6,533,069 from fiscal year 2024 activities. No prior period adjustments were recorded.
- At the close of the current fiscal year, the City’s governmental funds reported combined ending fund balances of \$20,894,729 an decrease of \$2,431,021 from current year activity. Approximately 45% of this amount (\$9,397,504) 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 \$10,342,092, or approximately 57% of total general fund expenditures.
- The City’s total outstanding long-term debt decreased by \$2,460 during the current fiscal year, primarily due to the reduction in the Pollution Remediation Liability.

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.

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 27-30 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 improvement fund, transportation improvement 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, and discretionary sales tax fund, to demonstrate compliance with their budgets.

City of Sebastian, Florida
Management's Discussion and Analysis
September 30, 2025

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. Golf Course, Airport, and Building funds are each considered to be major funds. The basic proprietary fund financial statements can be found on pages 39-43 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 44-45 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 47-86 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 106-116 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 127-144 of this report.

City of Sebastian, Florida
Management's Discussion and Analysis
September 30, 2025

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 \$97,456,442 at the close of the most recent fiscal year.

City of Sebastian's Net Position

	Governmental Activities		Business-type Activities		Total	
	2025	2024	2025	2024	2025	2024
Current and other assets	\$ 27,824,198	\$ 28,471,546	\$ 2,112,188	\$ 2,585,754	\$ 29,936,386	\$ 31,057,300
Capital assets	53,874,453	48,209,293	22,899,883	22,493,608	76,774,336	70,702,901
Total assets	81,698,651	76,680,839	25,012,071	25,079,362	106,710,722	101,760,201
Deferred outflows	1,147,736	244,629	-	-	1,147,736	244,629
Long-term liabilities	3,129,168	3,366,223	307,522	275,622	3,436,690	3,641,845
Other liabilities	2,505,347	2,621,990	145,304	675,142	2,650,651	3,297,132
Total liabilities	5,634,515	5,988,213	452,826	950,764	6,087,341	6,938,977
Deferred inflows	4,214,656	3,913,901	100,019	228,579	4,314,675	4,142,480
Net position:						
Net investment in capital assets	53,124,013	48,209,293	22,885,126	22,293,189	76,009,139	70,502,482
Restricted	10,277,604	10,976,066	-	-	10,277,604	10,976,066
Unrestricted	9,595,599	7,837,995	1,574,100	1,606,830	11,169,699	9,444,825
Total net position	\$ 72,997,216	\$ 67,023,354	\$ 24,459,226	\$ 23,900,019	\$ 97,456,442	\$ 90,923,373

By far the largest portion of the City's net position (78%) 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 (11%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$11,169,699 is unrestricted and may be used to meet the government's ongoing obligations to citizens and creditors.

At September 30, 2025, 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, 2025

Statements of Activities

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

	Governmental Activities		Business-type Activities		Total	
	2025	2024	2025	2024	2025	2024
Revenues:						
Program revenues:						
Charges for services	\$ 6,584,287	\$ 3,224,262	\$ 3,691,160	\$ 3,368,619	\$ 10,275,447	\$ 6,592,881
Operating grants and contributions	850,660	2,166,386	-	-	850,660	2,166,386
Capital grants and contributions	7,362,293	5,156,156	1,666,981	3,935,604	9,029,274	9,091,760
General revenues:						
Property taxes	7,703,072	6,915,611	-	-	7,703,072	6,915,611
Public utility and telecommunication taxes	3,787,188	3,696,879	-	-	3,787,188	3,696,879
Franchise fees	1,751,370	1,716,016	-	-	1,751,370	1,716,016
Shared revenues	4,951,887	4,508,157	-	-	4,951,887	4,508,157
Investment earnings	646,903	621,019	59,156	53,269	706,059	674,288
Miscellaneous	464,695	547,888	115,763	110,707	580,458	658,595
Gain on disposition	83,555	927,469	43,032	14,648	126,587	942,117
Total revenues	<u>34,185,910</u>	<u>29,479,843</u>	<u>5,576,092</u>	<u>7,482,847</u>	<u>39,762,002</u>	<u>36,962,690</u>
Expenses:						
General government	6,468,095	6,016,169	-	-	6,468,095	6,016,169
Public safety	8,250,039	7,436,062	1,254,358	1,095,603	9,504,397	8,531,665
Physical environment	6,865,220	4,393,213	-	-	6,865,220	4,393,213
Transportation	3,959,507	3,565,480	1,868,321	1,649,721	5,827,828	5,215,201
Economic environment	306,515	317,431	-	-	306,515	317,431
Cultural and recreation	2,100,476	1,781,223	2,156,402	1,661,083	4,256,878	3,442,306
Interest and fiscal charges	-	-	-	-	-	-
Total expenses	<u>27,949,852</u>	<u>23,509,578</u>	<u>5,279,081</u>	<u>4,406,407</u>	<u>33,228,933</u>	<u>27,915,985</u>
Excess (deficiency) of revenues over (under) expenses	6,236,058	5,970,265	297,011	3,076,440	6,533,069	9,046,705
Other financing sources (uses)						
Transfers in (out)	(262,196)	(429,621)	262,196	429,621	-	-
Net other financing sources (uses)	<u>(262,196)</u>	<u>(429,621)</u>	<u>262,196</u>	<u>429,621</u>	<u>-</u>	<u>-</u>
Increase in net position	5,973,862	5,540,644	559,207	3,506,061	6,533,069	9,046,705
Net position - beginning of year	67,023,354	61,482,710	23,900,019	20,393,958	90,923,373	81,876,668
Net position - ending	<u>\$ 72,997,216</u>	<u>\$ 67,023,354</u>	<u>\$ 24,459,226</u>	<u>\$ 23,900,019</u>	<u>\$ 97,456,442</u>	<u>\$ 90,923,373</u>

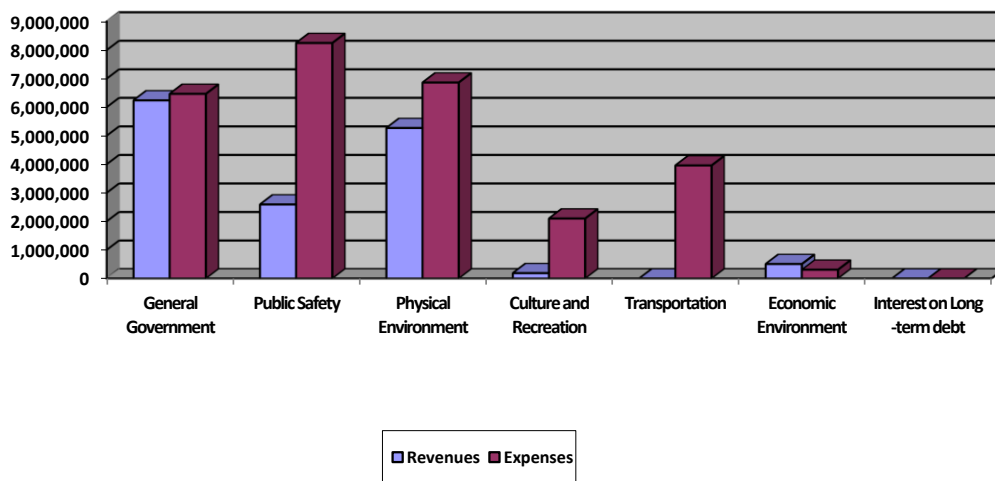
Governmental Activities. During the current fiscal year, net position for governmental activities increased by \$5,973,862 from the prior fiscal year. General revenues increased overall by approximately 1% due to increases in property taxes from increased values, utility taxes due to growth in customers, and increased investment earnings due to higher interest rates. Charges for services increased by requiring all residents to participate in solid waste pickup beginning in fiscal year 2025 for approximately \$2.3 million.

Governmental expenses increased \$4,440,274 (18.9%) compared to the fiscal year ending September 30, 2024. The most significant increase for expenses were for wages and employee benefit related costs. The current year reflects the third year of 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 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

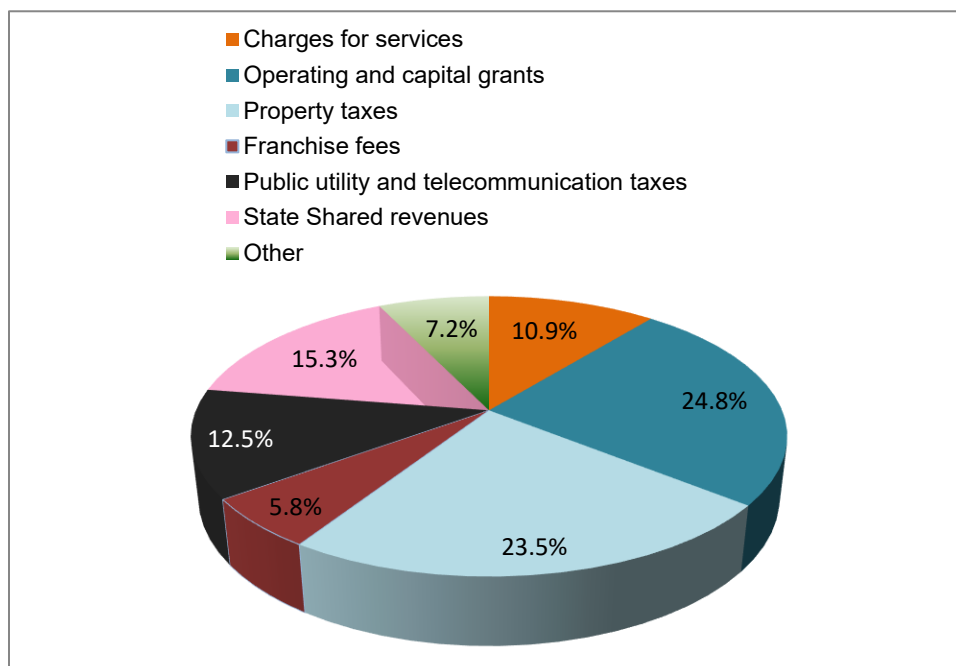
addressing that issue. Eight additional positions were also added for the purpose of sustaining a proactive and responsive workforce at the level expected by the public.

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 \$559,207. Operating revenues for the Golf Course increased by \$177,815, attributed to fee increases and expenses increased by \$495,319 due to wages and depreciation expenses. This resulted in \$317,504 less operating income than the prior year. Operating revenues for the Airport increased by \$278,247 with operating expenses increased by \$219,351. Most of the increase in operating expenses was due to the higher amount for facility maintenance cost. Capital contributions received from construction grants and transfers from other funds for the addition of new square hangars and a runway rehab resulted in a \$876,376 positive change in net position for the Airport. The net position of the Building Fund decreased \$230,922 from that reported for the prior year primarily due to an increase in wages and decrease in permit revenue.

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.

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$20,894,729, a decrease of \$2,431,021 from the prior year. Approximately 39.4% of this total amount (\$8,231,687) 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 \$1,542,601 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 \$600,580 to be used for perpetual care at the Cemetery; \$1,903,839 restricted for stormwater projects; \$34,897 that is for law enforcement purposes; \$111,184 for solid waste collection; \$1,274,333 limited to community development in the Riverfront Redevelopment boundaries; \$152,654 for funds restricted to American Rescue Plan Act projects; and \$5,747,575 restricted to infrastructure improvements.

The committed fund balances totaling \$129,562 in one of the nonmajor funds is being expended for development of public parking.

There was \$203,518 expended by the Riverfront Redevelopment Agency during the fiscal year ended September 30, 2025, and the fund closed the year with a positive fund balance of \$1,275,675.

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 \$10,342,092, while total fund balance reached \$10,964,164. As a measure of the General Fund's liquidity, it may be useful to compare both

City of Sebastian, Florida
Management's Discussion and Analysis
September 30, 2025

unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 56.6% 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 \$216,168 during the current fiscal year, compared to an increase of \$808,008 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 \$1,300,891, largely as a result of increases in payment of property taxes, which were due to higher property values.
- General Fund expenditures increased by \$1,943,845 compared to the prior year. The addition of 3.5 full time positions, having the majority of positions filled throughout the year, and increases in contractual and maintenance costs were the main contributing factors.

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 \$1,029,054. The total decrease in net position for this fund was \$86,247.
- Unrestricted net position of the Airport Fund at the end of the year amounted to \$205,210. There was increase in net position of \$876,376.
- Unrestricted net position of the Building Fund at the end of the year amounted to \$2,397,944. The net position decreased by \$230,922.

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, 2025, significant budgetary variances between the final amended budget and actual results include the following:

- Revenues fell short of the budgeted amounts for franchise fees (\$117,154) as a result of approved reductions enacted. Intergovernmental revenues were more than projected (\$246,748) due to more being received from State revenue sharing and the share of the one-half cent sales tax as well as FEMA reimbursements. Property taxes were slightly less than budget (\$6,498) due to taxpayers taking advantage of early payment discounts. Public utility taxes were less than projected (\$138,262) due to lower electric utility taxes and state shared communications service tax revenue received. There were also minor variances in collections of fines and forfeitures, contributions and donations and other revenues. All other revenue categories exceeded budget estimates, as licenses and permits increased, charges for services increased and investment earnings were greater than anticipated.
- City council used less than budgeted (\$30,571) as a result of not fully spending the allocation for travel expenditures.
- City clerk used less than budgeted (\$50,911) due to not filling a vacant position.
- Finance used less than budgeted (\$53,475) due to not filling a vacant position for a portion of the year.
- Community development used less than budgeted (\$90,661) due to not filling a vacant position for a portion of the year.
- Non-departmental used less than budgeted for transfers to the capital projects funds to cover major capital items or equipment.
- Other variances were not substantial.

There were budget amendments to increase expenditures during the year totaling \$702,441. Those amendments were primarily to fund a sewer conversion project (\$100,000); provide a grant match for a structural assessment (\$50,000); provide for additional outside legal counsel (\$30,000); unanticipated repairs to vehicles, equipment, and city facilities (\$80,646); unanticipated replacement of a fingerprint machine and speed trailer for the police department (\$39,133); unfinished capital outlays and purchase orders carried forward from the prior year (\$410,718). Total amendments to the General Fund increased expenditures by \$549,682, which includes reductions in the budget of \$152,759.

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, 2025, amounted to \$76,774,336 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, machinery and equipment, park facilities, roads, highways, and other infrastructure items. The percentage increase from prior year in the City's investment in capital assets was approximately 7.9%, due to significant transfers from prior year construction-in-progress projects that are now being depreciated.

City of Sebastian, Florida
Management's Discussion and Analysis
September 30, 2025

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

	Governmental Activities		Business-type Activities		Total	
	2025	2024	2025	2024	2025	2024
Land	\$ 9,076,506	\$ 9,123,026	\$ 9,060	\$ 9,060	\$ 9,085,566	\$ 9,132,086
Construction in progress	2,947,342	2,023,719	226,228	4,052,713	3,173,570	6,076,432
Buildings	15,304,432	15,562,302	10,490,924	8,815,851	25,795,356	24,378,153
Improvements other than buildings	2,486,902	2,618,707	841,407	893,387	3,328,309	3,512,094
Machinery and equipment	5,899,763	5,291,034	717,515	788,551	6,617,278	6,079,585
Infrastructure	18,159,508	13,590,505	10,614,749	7,934,047	28,774,257	21,524,552
Total	\$ 53,874,453	\$ 48,209,293	\$ 22,899,883	\$ 22,493,609	\$ 76,774,336	\$ 70,702,902

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

- In the City's governmental activities, street reconstruction and preservation projects were completed for the current year's paving plan as well as completing work from prior years. Several large pieces of equipment were purchased including a new vacuum truck, backhoe, sidearm machine, and a police patrol boat
- In the City's business-type activities, three new square hangars were completed at the Airport which will generate rental income, a runway was rehabilitated, and improvements made to a revenue generating hangar.

Additional information on the City's capital assets can be found in Note 5 on pages 70-71 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, 2025.

	Governmental Activities		Business-type Activities		Total	
	2025	2024	2025	2024	2025	2024
Pollution remediation	\$ 57,540	\$ 60,000	\$ -	\$ -	\$ 57,540	\$ 60,000
Total	\$ 57,540	\$ 60,000	\$ -	\$ -	\$ 57,540	\$ 60,000

Additional information on the City's long-term debt can be found in Note 6 on page 72 of this report.

Economic Factors and Next Year's Budget Rates

The following economic factors currently affect the City of Sebastian and were considered in developing the 2025-2026 fiscal year budget.

- The estimate for 2026 shows the City's population will be 27,367
- 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 three years. The City expects a substantial increase in population, as well as commercial growth in the future.

City of Sebastian, Florida
Management's Discussion and Analysis
September 30, 2025

- Employee starting pay rates have been increased but it has still been difficult to attract qualified applicants to replace vacancies.
- 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, 2026.

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.

CITY OF SEBASTIAN, FLORIDA

Basic Financial Statements

City of Sebastian, Florida
Statement of Net Position

<i>September 30, 2025</i>	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 152,143	\$ 873,151	\$ 1,025,294
Restricted cash and cash equivalents	579,345	-	579,345
Investments	18,410,708	1,753,611	20,164,319
Permanently restricted investments	283,591	-	283,591
Receivables	468,409	1,244	469,653
Internal balances	777,504	(777,504)	-
Due from other governments	3,853,261	68,472	3,921,733
Prepaid items	573,291	71,314	644,605
Inventory	91,716	23,556	115,272
Leases receivable:			
Due within one year	42,938	28,963	71,901
Due in more than one year	2,591,292	69,381	2,660,673
Capital assets not being depreciated	12,023,848	235,288	12,259,136
Capital assets being depreciated/amortized, net	41,850,605	22,664,595	64,515,200
Total assets	81,698,651	25,012,071	106,710,722
DEFERRED OUTFLOWS OF RESOURCES			
Deferred pension amounts	1,147,736	-	1,147,736
Total deferred outflows of resources	1,147,736	-	1,147,736
LIABILITIES			
Accounts payable and accrued liabilities	1,445,178	100,678	1,545,856
Deposits payable	93,090	-	93,090
Due to other governments	204,990	13,373	218,363
Unearned revenue	762,089	31,253	793,342
Compensated absences:			
Due within one year	86,581	9,266	95,847
Due in more than one year	1,836,797	298,256	2,135,053
Long-term liabilities:			
Due within one year	30,000	-	30,000
Due in more than one year	27,540	-	27,540
Net pension liability, due in more than one year	1,148,250	-	1,148,250
Total liabilities	5,634,515	452,826	6,087,341

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

<i>September 30, 2025</i>	Governmental Activities	Business-type Activities	Total
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions	1,917,380	-	1,917,380
Deferred lease amounts	2,297,276	87,379	2,384,655
Unearned revenue	-	12,640	12,640
Total deferred inflows of resources	4,214,656	100,019	4,314,675
NET POSITION			
Net investment in capital assets	53,124,013	22,885,126	76,009,139
Restricted for:			
Perpetual care:			
Nonexpendable	452,542	-	452,542
Expendable	600,580	-	600,580
Special revenue uses:			
Economic environment	152,654	-	152,654
Infrastructure improvements	5,747,575	-	5,747,575
Redevelopment	1,274,333	-	1,274,333
Stormwater	1,903,839	-	1,903,839
Solid waste	111,184	-	111,184
Law enforcement	34,897	-	34,897
Unrestricted	9,595,599	1,574,100	11,169,699
Total net position	\$ 72,997,216	\$ 24,459,226	\$ 97,456,442

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



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

City of Sebastian, Florida
Statement of Activities

For the year ended September 30, 2025

Program Revenues

Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Governmental activities:				
General government	\$ 6,468,095	\$ 1,171,822	\$ -	\$ 5,068,598
Public safety	8,250,039	175,609	344,904	2,072,070
Physical environment	6,865,220	5,162,555	-	109,500
Transportation	3,959,507	-	-	-
Economic environment	306,515	-	505,756	-
Cultural and recreation	2,100,476	74,301	-	112,125
Total governmental activities	27,949,852	6,584,287	850,660	7,362,293
Business-type activities:				
Golf course	2,156,402	2,048,550	-	-
Airport	1,868,321	681,678	-	1,666,981
Building	1,254,358	960,932	-	-
Total business-type activities	5,279,081	3,691,160	-	1,666,981
Total primary government	\$ 33,228,933	\$ 10,275,447	\$ 850,660	\$ 9,029,274

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

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
\$ (227,675)	\$ -	\$ (227,675)
(5,657,456)	-	(5,657,456)
(1,593,165)	-	(1,593,165)
(3,959,507)	-	(3,959,507)
199,241	-	199,241
(1,914,050)	-	(1,914,050)
(13,152,612)	-	(13,152,612)
-	(107,852)	(107,852)
-	480,338	480,338
-	(293,426)	(293,426)
-	79,060	79,060
(13,152,612)	79,060	(13,073,552)
7,703,072	-	7,703,072
3,787,188	-	3,787,188
1,751,370	-	1,751,370
4,951,887	-	4,951,887
646,903	59,156	706,059
83,555	43,032	126,587
464,695	115,763	580,458
(262,196)	262,196	-
19,126,474	480,147	19,606,621
5,973,862	559,207	6,533,069
67,023,354	23,900,019	90,923,373
\$ 72,997,216	\$ 24,459,226	\$ 97,456,442

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

City of Sebastian, Florida
Balance Sheet - Governmental Funds

<i>September 30, 2025</i>	Special Revenue			
	General	Riverfront Redevelopment	(Formerly Major) Stormwater Utility	(Formerly Major) American Rescue Plan
ASSETS				
Cash and cash equivalents	\$ 22,488	\$ 4,559	\$ -	\$ -
Investments	9,249,414	969,052	-	-
Accounts receivable, net	461,584	121	-	-
Lease receivable	2,634,230	-	-	-
Due from other funds	330,000	307,088	-	-
Due from other governments	674,850	-	-	-
Prepaid items	530,356	1,342	-	-
Inventories	91,716	-	-	-
Advance to other funds	-	-	-	-
Total assets	\$ 13,994,638	\$ 1,282,162	\$ -	\$ -
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
LIABILITIES				
Accounts payable and accrued liabilities	\$ 386,368	\$ 6,391	\$ -	\$ -
Deposits payable	93,090	-	-	-
Due to other funds	-	-	-	-
Due to other governments	204,990	-	-	-
Unearned revenue	48,750	96	-	-
Total liabilities	733,198	6,487	-	-
DEFERRED INFLOWS OF RESOURCES				
Deferred lease amounts	2,297,276	-	-	-
Deferred unavailable revenue	-	-	-	-
Total deferred inflows of resources	2,297,276	-	-	-
FUND BALANCES				
Nonspendable	622,072	1,342	-	-
Restricted				
Perpetual care	-	-	-	-
Stormwater	-	-	-	-
Law enforcement	-	-	-	-
Solid waste	-	-	-	-
Community redevelopment	-	1,274,333	-	-
Economic environment	-	-	-	-
Infrastructure	-	-	-	-
Committed				
Development of public parking	-	-	-	-
Assigned				
Capital projects	-	-	-	-
Unassigned (deficit)	10,342,092	-	-	-
Total fund balances	10,964,164	1,275,675	-	-
Total liabilities, deferred inflows of resources and fund balances	\$ 13,994,638	\$ 1,282,162	\$ -	\$ -

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

Capital Projects					Total
Discretionary Sales Tax	Stormwater Utility Improvements	Transportation Improvements	Nonmajor Funds	Governmental Funds	
\$ 38,500	\$ -	\$ 79,139	\$ 586,802	\$ 731,488	
2,798,056	-	-	5,677,777	18,694,299	
567	-	-	6,137	468,409	
-	-	-	-	2,634,230	
1,101,420	-	-	171,874	1,910,382	
854,264	1,924,268	-	399,879	3,853,261	
-	-	-	41,593	573,291	
-	-	-	-	91,716	
428,458	-	-	-	428,458	
<u>\$ 5,221,265</u>	<u>\$ 1,924,268</u>	<u>\$ 79,139</u>	<u>\$ 6,884,062</u>	<u>\$ 29,385,534</u>	
\$ -	\$ 534,806	\$ 79,139	\$ 438,474	\$ 1,445,178	
-	-	-	-	93,090	
-	1,389,462	-	171,874	1,561,336	
-	-	-	-	204,990	
-	-	-	713,243	762,089	
<u>-</u>	<u>1,924,268</u>	<u>79,139</u>	<u>1,323,591</u>	<u>4,066,683</u>	
-	-	-	-	2,297,276	
-	1,924,268	-	202,578	2,126,846	
<u>-</u>	<u>1,924,268</u>	<u>-</u>	<u>202,578</u>	<u>4,424,122</u>	
428,458	-	-	490,729	1,542,601	
-	-	-	600,580	600,580	
-	-	-	1,903,839	1,903,839	
-	-	-	34,897	34,897	
-	-	-	111,184	111,184	
-	-	-	-	1,274,333	
-	-	-	152,654	152,654	
4,792,807	-	-	954,768	5,747,575	
-	-	-	129,562	129,562	
-	-	-	1,165,817	1,165,817	
-	(1,924,268)	-	(186,137)	8,231,687	
<u>5,221,265</u>	<u>(1,924,268)</u>	<u>-</u>	<u>5,357,893</u>	<u>20,894,729</u>	
<u>\$ 5,221,265</u>	<u>\$ 1,924,268</u>	<u>\$ 79,139</u>	<u>\$ 6,884,062</u>	<u>\$ 29,385,534</u>	

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

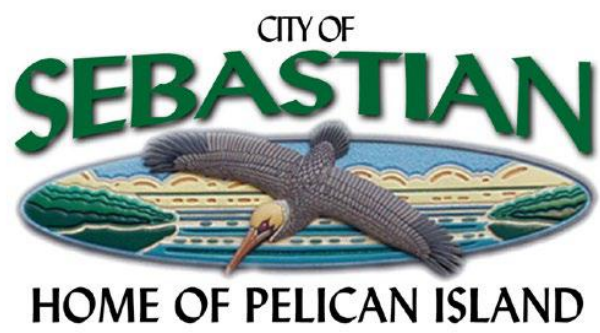
City of Sebastian, Florida

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

September 30, 2025

Total fund balances - governmental funds		\$ 20,894,729
Some revenues not collected within 60 days after the close of the City's fiscal year-end are not considered as "available" revenue in the governmental funds. In the statement of net position, presented on full accrual basis, these revenues are recognized.		2,126,846
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		
Governmental capital assets	\$ 113,123,766	
Less accumulated depreciation/amortization	<u>(59,249,313)</u>	53,874,453
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	1,147,736	
Deferred inflows related to pensions	<u>(1,917,380)</u>	(769,644)
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	(1,148,250)	
Compensated absences	(1,923,378)	
Pollution remediation	(57,540)	(3,129,168)
Net position of governmental activities		\$ 72,997,216

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



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City of Sebastian, Florida
Statement of Revenues, Expenditures and Changes in Fund Balances –
Governmental Funds

<i>For the year ended September 30, 2025</i>		Special Revenue		
	General	Riverfront Redevelopment	(Formerly Major) Stormwater Utility	(Formerly Major) American Rescue Plan
Revenues				
Taxes				
Property	\$ 7,124,971	\$ 578,101	\$ -	\$ -
Public utility	3,787,188	-	-	-
Franchise fee	1,680,346	-	-	-
Licenses and permits	190,815	-	-	-
Intergovernmental	4,537,052	-	-	-
Charges for services	1,188,857	-	-	-
Fines and forfeitures	51,131	-	-	-
Investment earnings	298,490	33,428	-	-
Impact fees	-	-	-	-
Contributions and donations	5,650	-	-	-
Other revenues	75,911	12	-	-
Total revenues	18,940,411	611,541	-	-
Expenditures				
Current:				
General government	6,030,892	-	-	-
Public safety	8,512,925	-	-	-
Physical environment	154,442	-	-	-
Recreation	1,639,196	-	-	-
Transportation	1,619,001	-	-	-
Economic environment	-	203,518	-	-
Capital outlay	301,076	-	-	-
Total expenditures	18,257,532	203,518	-	-
Excess (deficiency) of revenues over (under) expenditures	682,879	408,023	-	-
Other financing sources (uses)				
Transfers in	-	-	-	-
Transfers out	(640,217)	(266,920)	-	-
Proceeds from sale of capital assets	173,506	-	-	-
Net other financing sources (uses)	(466,711)	(266,920)	-	-
Net change in fund balances	216,168	141,103	-	-
Fund balances, beginning	10,747,996	1,134,572	1,491,428	131,961
Adjustments	-	-	(1,491,428)	(131,961)
Fund balances, beginning, restated	10,747,996	1,134,572	-	-
Fund balances, ending	\$ 10,964,164	\$ 1,275,675	\$ -	\$ -

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

	Capital Projects			Total	
Discretionary Sales Tax	Stormwater Utility Improvements	Transportation Improvements	Nonmajor Funds	Governmental Funds	
\$ -	\$ -	\$ -	\$ -	\$ 7,703,072	
-	-	-	-	3,787,188	
-	-	-	-	1,680,346	
-	-	-	-	190,815	
5,068,598	-	-	1,433,245	11,038,895	
-	-	-	5,261,140	6,449,997	
-	-	-	762	51,893	
130,998	-	-	183,987	646,903	
-	-	-	112,125	112,125	
-	-	-	215,338	220,988	
54,177	-	-	76,213	206,313	
5,253,773	-	-	7,282,810	32,088,535	
-	-	-	3,060,229	9,091,121	
-	-	1,017,856	1,500	9,532,281	
-	275,253	-	2,570,808	3,000,503	
-	-	-	-	1,639,196	
-	-	-	3,936	1,622,937	
-	-	-	-	203,518	
-	3,406,871	4,290,241	1,343,122	9,341,310	
-	3,682,124	5,308,097	6,979,595	34,430,866	
5,253,773	(3,682,124)	(5,308,097)	303,215	(2,342,331)	
-	1,757,856	5,308,097	1,725,433	8,791,386	
(6,233,428)	-	-	(1,913,017)	(9,053,582)	
-	-	-	-	173,506	
(6,233,428)	1,757,856	5,308,097	(187,584)	(88,690)	
(979,655)	(1,924,268)	-	115,631	(2,431,021)	
6,200,920	-	-	3,618,873	23,325,750	
-	-	-	1,623,389	-	
6,200,920	-	-	5,242,262	23,325,750	
\$ 5,221,265	\$ (1,924,268)	\$ -	\$ 5,357,893	\$ 20,894,729	

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, 2025

Net change in fund balances - total governmental funds **\$ (2,431,021)**

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	\$ 9,341,310	
Depreciation/amortization	<u>(3,586,199)</u>	5,755,111

In the statement of activities, only the gain (loss) on the sale of capital assets is reported, whereas in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net position differs from the change in fund balance by the book value of the capital assets sold. **(89,951)**

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. **2,013,820**

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. **2,460**

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.

Police officers' pension and related deferred outflows and inflows. **865,514**

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. **(142,071)**

Change in net position of governmental activities **\$ 5,973,862**

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

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

Business-type Activities - Enterprise Funds

<i>September 30, 2025</i>	Golf Course	Airport	Building	Total
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 1,250	\$ 313,513	\$ 558,388	\$ 873,151
Investments	411,425	329,967	1,012,219	1,753,611
Accounts receivable, net	-	1,071	173	1,244
Due from other funds	-	-	30,140	30,140
Due from other governments	-	68,472	-	68,472
Leases receivable	28,963	-	-	28,963
Prepaid items	10,330	13,844	47,140	71,314
Inventory	23,556	-	-	23,556
Deposits held in escrow	-	-	-	-
Total current assets	475,524	726,867	1,648,060	2,850,451
Noncurrent assets:				
Leases receivable	69,381	-	-	69,381
Advance from other funds	-	-	986,259	986,259
Capital assets:				
Land	-	9,060	-	9,060
Construction in process	-	226,228	-	226,228
Buildings	746,586	13,626,666	189,061	14,562,313
Non-building improvements	1,146,368	1,752,770	-	2,899,138
Machinery and equipment	647,155	1,079,313	213,978	1,940,446
Infrastructure	1,478,751	18,832,913	-	20,311,664
Less accumulated depreciation/amortization	(2,566,767)	(14,343,976)	(138,223)	(17,048,966)
Total capital assets, net of accumulated depreciation/amortization	1,452,093	21,182,974	264,816	22,899,883
Total noncurrent assets	1,521,474	21,182,974	1,251,075	23,955,523
Total assets	1,996,998	21,909,841	2,899,135	26,805,974
LIABILITIES				
Current liabilities:				
Accounts payable and accrued liabilities	12,158	59,679	28,841	100,678
Due to other funds	360,140	19,046	-	379,186
Due to other governments	5,283	1,412	6,678	13,373
Compensated absences	7,330	1,696	240	9,266
Unearned revenue	31,253	-	-	31,253
Total current liabilities	416,164	81,833	35,759	533,756
Noncurrent liabilities:				
Advance from other funds	986,259	428,458	-	1,414,717
Compensated absences	84,157	16,606	197,493	298,256
Total noncurrent liabilities	1,070,416	445,064	197,493	1,712,973
Total liabilities	1,486,580	526,897	233,252	2,246,729

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

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

<i>September 30, 2025</i>	Business-type Activities - Enterprise Funds			
	Golf Course	Airport	Building	Total
DEFERRED INFLOWS OF RESOURCES				
Deferred lease amounts	87,379	-	-	87,379
Deferred revenue	-	9,517	3,123	12,640
Total deferred inflows of resources	87,379	9,517	3,123	100,019
NET POSITION				
Net investment in capital assets	1,452,093	21,168,217	264,816	22,885,126
Unrestricted (deficit)	(1,029,054)	205,210	2,397,944	1,574,100
Total net position	\$ 423,039	\$ 21,373,427	\$ 2,662,760	\$ 24,459,226

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 Funds

Business-type Activities - Enterprise Funds

<i>For the year ended September 30, 2025</i>	Golf Course	Airport	Building	Total
Operating revenues:				
Charges for fees and rents:				
Building permit fees	\$ -	\$ -	\$ 960,932	\$ 960,932
Golf course fees	2,016,775	-	-	2,016,775
Rents	31,775	681,678	-	713,453
Other revenues	10,632	90,406	14,725	115,763
Total operating revenues	2,059,182	772,084	975,657	3,806,923
Operating expenses:				
Salaries, wages and employee benefits	531,425	227,773	1,022,410	1,781,608
Contractual services, materials and supplies	1,280,988	522,441	200,597	2,004,026
Depreciation and amortization	343,989	1,099,414	31,351	1,474,754
Total operating expenses	2,156,402	1,849,628	1,254,358	5,260,388
Operating income (loss)	(97,220)	(1,077,544)	(278,701)	(1,453,465)
Nonoperating revenues (expenses):				
Investment income	15,258	7,492	36,406	59,156
Interest expense	-	(18,693)	-	(18,693)
Gain/(Loss) on disposal of fixed assets	-	35,944	7,088	43,032
Insurance proceeds	-	-	-	-
Total nonoperating revenues (expenses)	15,258	24,743	43,494	83,495
Income before capital contributions and transfers	(81,962)	(1,052,801)	(235,207)	(1,369,970)
Capital contributions	-	1,666,981	-	1,666,981
Transfers in	-	262,196	4,285	266,481
Transfers out	(4,285)	-	-	(4,285)
Change in net position	(86,247)	876,376	(230,922)	559,207
Net position, beginning of year	509,286	20,497,051	2,893,682	23,900,019
Net position, end of year	\$ 423,039	\$ 21,373,427	\$ 2,662,760	\$ 24,459,226

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

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

Business-type Activities - Enterprise Funds

<i>For the year ended September 30, 2025</i>	Golf Course	Airport	Building	Total
Cash flows from operating activities:				
Cash received from customers and users	\$ 1,954,140	\$ 739,502	\$ 976,142	\$ 3,669,784
Cash payments to suppliers	(1,366,686)	2,797,409	(211,468)	1,219,255
Cash payments for employee services	(531,425)	(227,773)	(1,022,410)	(1,781,608)
Net cash provided by/(used in) operating activities	56,029	3,309,138	(257,736)	3,107,431
Cash flows from noncapital financing activities:				
Cash payments to other governments	-	741	-	741
Cash receipts from other governments	612	-	-	612
Cash payments for transfers/advances to other funds	(34,988)	(19,045)	34,988	(19,045)
Cash receipts for transfers/advances to other funds	-	(2,637,322)	-	(2,637,322)
Net cash provided by/(used) in noncapital financing activities	(34,376)	(2,655,626)	34,988	(2,655,014)
Cash flows from capital and related financing activities:				
Interest paid on advance from other funds	-	(18,693)	-	(18,693)
Acquisition and construction of capital assets	(55,357)	(1,765,486)	(60,186)	(1,881,029)
Proceeds from sale of capital assets	-	35,944	7,088	43,032
Receipts from capital contributions	-	1,666,981	-	1,666,981
Net cash provided by/(used) in capital and related financing activities	(55,357)	(81,254)	(53,098)	(189,709)
Cash flows from investing activities:				
Purchases of investments	(359,719)	(266,237)	(793,962)	(1,419,918)
Investment income	15,258	7,492	36,406	59,156
Net cash provided by/(used) in investing activities	(344,461)	(258,745)	(757,556)	(1,360,762)
Net increase (decrease) in cash and cash equivalents	(378,165)	313,513	(1,033,402)	(1,098,054)
Cash and cash equivalents, beginning of year	379,415	-	1,591,790	1,971,205
Cash and cash equivalents, end of year	\$ 1,250	\$ 313,513	\$ 558,388	\$ 873,151

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

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

Business-type Activities - Enterprise Funds

<i>For the year ended September 30, 2025</i>	Golf Course	Airport	Building	Total
Reconciliation of operating income to net cash provided by/(used in) operating activities:				
Operating income (loss)	\$ (97,220)	\$ (1,077,544)	\$ (278,701)	\$ (1,453,465)
Adjustments to reconcile operating income to net cash provided by/(used by) operating activities:				
Depreciation/amortization expense	343,989	1,099,414	31,351	1,474,754
Change in assets and liabilities:				
(Increase) decrease in assets:				
Accounts receivable	362	65,645	(66)	65,941
Due from other governments	-	3,729,264	(245)	3,729,019
Due from other funds	-	-	2,003	2,003
Leases receivable	28,963	-	-	28,963
Prepaid items	(1,991)	28,810	(39,467)	(12,648)
Inventory	1,364	-	-	1,364
Deposits held in escrow	-	616	493	1,109
Increase (decrease) in liabilities:				
Accounts payable and accrued liabilities	(93,810)	(442,697)	8,799	(527,708)
Due to other funds	(102,003)	-	-	(102,003)
Unearned revenue	(3,238)	-	-	(3,238)
Compensated absences	8,739	3,857	19,304	31,900
Deferred lease amounts	(29,126)	-	-	(29,126)
Deferred revenue	-	(98,227)	(1,207)	(99,434)
Total adjustments	153,249	4,386,682	20,965	4,560,896
Net cash provided by/(used in) operating activities	\$ 56,029	\$ 3,309,138	\$ (257,736)	\$ 3,107,431

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

City of Sebastian, Florida
Statement of Fiduciary Net Position

<i>September 30, 2025</i>	Police Officers' Pension Trust Fund
ASSETS	
Receivables:	
Interest and dividends	\$ 48,572
Investments at fair value:	
Money market funds	1,285,624
United States government obligations	2,473,428
Mortgage backed securities	784,934
Collateralized mortgage obligations	1,315,299
Municipal obligations	129,525
Domestic corporate bonds	1,052,677
Foreign corporate bonds	115,476
Domestic corporate equities	9,204,628
Foreign corporate equities	2,952,023
Exchange-traded fund equities	7,710,610
Real estate investment trust	687,214
Total investments	27,711,438
Total assets	\$ 27,760,010
 FIDUCIARY NET POSITION	
Restricted for pension benefits	\$ 27,760,010

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, 2025

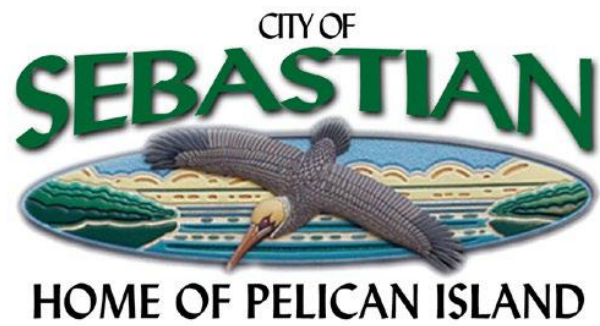
ADDITIONS

Contributions:	
Employer	\$ 913,464
Plan members	289,583
State	307,681
Total contributions	1,510,728
Investment income:	
Net increase in the fair value of investments	2,296,610
Interest and dividends	595,640
Total investment income	2,892,250
Less investment-related expense	(8,883)
Net investment income	2,883,367
Total additions	4,394,095

DEDUCTIONS

Benefit payments	1,714,608
Administrative expenses	203,049
Total deductions	1,917,657
Change in net position	2,476,438
Fiduciary net position, beginning of year	25,283,572
Fiduciary net position, end of year	\$ 27,760,010

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



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City of Sebastian, Florida **Notes to Financial Statements**

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, 2025.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fiduciary Component Unit

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

City of Sebastian, Florida Notes to Financial Statements

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.

City of Sebastian, Florida Notes to Financial Statements

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

The *Stormwater Utility Improvement Capital Projects Fund* is used to account for financial resources that are used for improvements to the City's stormwater infrastructure.

The *Transportation Improvements Capital Projects Fund* accounts for the financial resources that are used for improvements and equipment purchases in support of the City's roadway infrastructure.

The City reports the following major proprietary funds:

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

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

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

City of Sebastian, Florida Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Financial Statements (Continued)

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.

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, 2025, 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.

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)

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 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 City’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.

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)

Restricted Assets

Certain amounts reported as cash and cash equivalents are classified as restricted assets. These include balances in the debt service funds that are set aside to meet bonded debt requirements, balances in the capital projects funds to be used for the payment of project costs and balances in the Cemetery Fund that are either not permitted to be spent or can only be spent for items incidental to cemetery expansions. The amount of the Cemetery Fund investments is also classified as restricted assets and reported as restricted investments.

Receivables 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, 2025, 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.

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)

Leases (continued)

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

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

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.

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)

Inventory and Prepaid Items (continued)

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

Capital Assets

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

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

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

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

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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 assets 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.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net assets that applies to future periods and so will not be recognized as an inflow of resources until that time. The City reports deferred inflows of resources related to its pension plan, 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 one sources: grant revenue. 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.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Long-term Obligations

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

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

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).

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)

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

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

Nonspendable fund balance – Nonspendable fund balances are amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

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

Committed fund balance – The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the 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.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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, March 26, 2026, and determined there were no events that occurred that required disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

Recently Issued and Implemented Accounting Pronouncements

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 requirement of this Statement requires retroactive application; however, the impact of the implementation was not significant.

GASB Statement 102, *Certain Risk Disclosures*. This statement was issued December 2023 to provide users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints. This statement defines a concentration as a lack of diversity related to an aspect of a significant inflow of resources or outflow of resources. A constraint is a limitation imposed on a government by an external party or by formal action of the government's highest level of decision-making authority. Concentrations and constraints may limit a government's ability to acquire resources or control spending.

This statement requires a government to assess whether a concentration or constraint makes the primary government reporting unit or other reporting units that report a liability for revenue debt vulnerable to the risk of a substantial impact. Additionally, this Statement requires a government to assess whether an event or events associated with a concentration or constraint that could cause the substantial impact have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date the financial statements are issued. If a government determines that those criteria for disclosure have been met for a concentration or constraint, it should disclose information in notes to financial statements in sufficient detail to enable users of financial statements to understand the nature of the circumstances disclosed and the government's vulnerability to the risk of a substantial impact. This statement had no significant impact on the financial statements.

City of Sebastian, Florida
Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recently Issued and Implemented Accounting Pronouncements (Continued)

GASB Statement 103, *Financial Reporting Model Improvements*. This Statement was issued April 2024 to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. This Statement also addresses certain application issues.

This establishes new accounting and financial reporting requirements—or modifies existing requirements—related to Management's Discussion and Analysis (MD&A); unusual or infrequent items; presentation of the proprietary fund statement of revenues, expenses, and changes in fund net position; information about major component units in basic financial statements; budgetary comparison information; and financial trends information in the statistical section. This Statement will supersede and amend portions of GASB Statements 34 and 37. This Statement further amends portions of GASB Statements 14, 41, 42, 44, 49, 56, 58, 61, 62 and 69. Related guidance will also be superseded or amended upon implementation. Statement 103 will be effective for the fiscal year ending September 30, 2026.

GASB Statement 104, *Disclosure of Certain Capital Assets*. This Statement was issued September 2024 to provide users of government financial statements with essential information about certain types of capital assets.

This requires certain types of capital assets to be disclosed separately in the capital assets note disclosures required by Statement 34. Lease assets recognized in accordance with Statement No. 87, Leases, and intangible right-to-use assets recognized in accordance with Statement No. 94, Public-Private and Public- Public Partnerships and Availability Payment Arrangements, should be disclosed separately by major class of underlying asset in the capital assets note disclosures. Subscription assets recognized in accordance with Statement No. 96, Subscription-Based Information Technology Arrangements, also should be separately disclosed. In addition, this Statement requires intangible assets other than those three types to be disclosed separately by major class. This Statement also requires additional disclosures for capital assets held for sale. A capital asset is a capital asset held for sale if (a) the government has decided to pursue the sale of the capital asset and (b) it is probable that the sale will be finalized within one year of the financial statement date. Governments should consider relevant factors to evaluate the likelihood of the capital asset being sold within the established time frame. This Statement requires that capital assets held for sale be evaluated each reporting period. Governments should disclose (1) the ending balance of capital assets held for sale, with separate disclosure for historical cost and accumulated depreciation by major class of asset, and (2) the carrying amount of debt for which the capital assets held for sale are pledged as collateral for each major class of asset. Statement 10 will be effective for the fiscal year ending September 30, 2026.

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

City of Sebastian, Florida
Notes to Financial Statements

Note 2: CHANGE IN ACCOUNTING PRINCIPLE

The City’s fiscal year 2025 financial statements incorporate a change within the financial reporting entity. GASB Statement No. 100, *Accounting Changes and Error Corrections*, requires disclosure of the nature and effect on amounts reported in the financial statements.

The Stormwater Utility Fund and the American Rescue Plan Fund, both special revenue funds, were presented as a major fund in a separate column in the City’s fiscal year 2024 governmental fund financial statements. However, in fiscal year 2025 these funds did not meet the quantitative thresholds that require major fund presentation. The City consequently reclassified these fund as nonmajor and presented it in nonmajor fund column.

	Fund Financial Statements		
	Governmental		
	Stormwater Utility	American Rescue Plan	Nonmajor funds
9/30/2024 fund balance as previously reported	\$ 1,491,428	\$ 131,961	\$ 3,618,873
Change from major to nonmajor presentation	(1,491,428)	(131,961)	1,623,389
9/30/2024 fund balance as adjusted	\$ -	\$ -	\$ 5,242,262

The Stormwater Utility Improvement Fund was a nonmajor fund for fiscal year 2024 but became a major fund in 2025. This fund had \$0 in fund balance as of September 30, 2024.

Note 3: DEPOSITS AND INVESTMENTS

As of September 30, 2025, \$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.

City of Sebastian, Florida Notes to Financial Statements

Note 3: DEPOSITS AND INVESTMENTS (Continued)

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, 2025, the City had \$3,756,425 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 the pool is equal to the value of the pooled shares or net asset value. On September 30, 2025, the City had \$4,637,475 invested.

The City participates in the Florida Class Trust fund, (Florida Class), external investment pool authorized by Florida Statute 218.415. The Florida Class 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 fair value of the City's position in the pool is equal to the value of the pooled shares or net asset value. On September 30, 2025, the City had \$4,039,409 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.

City of Sebastian, Florida
Notes to Financial Statements

Note 3: DEPOSITS AND INVESTMENTS (Continued)

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.

Following is a reconciliation of deposit and investment balances as of September 30, 2025:

Statement of Net Position	
Cash and cash equivalents	\$ 1,025,294
Restricted cash and cash equivalents	579,345
Investments	20,164,319
Permanently restricted investments	283,591
Statement of Fiduciary Net Position	
Police officers' pension fund investments	27,711,438
<hr/>	
Total	\$ 49,763,987
<hr/>	
Deposits and investments	
Bank deposits:	
Checking and savings accounts	\$ 1,602,209
Investments:	
Investments, at fair value	20,447,910
Police officers' pension fund investments	27,711,438
Cash on hand	2,430
<hr/>	
Total	\$ 49,763,987
<hr/>	

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, 2025, the carrying amount of the City of Sebastian's deposits with banks was \$1,602,209 and the bank balance was \$1,782,287. 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.

City of Sebastian, Florida Notes to Financial Statements

Note 3: DEPOSITS AND INVESTMENTS (Continued)

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

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, 2025, 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

City of Sebastian, Florida Notes to Financial Statements

Note 3: DEPOSITS AND INVESTMENTS (Continued)

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.

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, 2025, 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.

Note 3: DEPOSITS AND INVESTMENTS (Continued)

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.

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.

Money Market: Valued at publicly traded market prices.

Equities: Valued at publicly traded market prices.

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

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

City of Sebastian, Florida
Notes to Financial Statements

Note 3: DEPOSITS AND INVESTMENTS (Continued)

As of September 30, 2025, 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 to 3	More than 3 years	
General investments							
Local government surplus funds trust fund ("SBA")	L1	\$ 3,756,425	\$ -	\$ 3,756,425	\$ -	\$ -	AAAm
Florida Local Government Investment Trust	L1	4,637,475	-	4,637,475	-	-	AAAm
Florida Class	L1	4,039,409	-	4,039,409	-	-	AAAm
Certificate of deposits	L1	8,014,601	-	8,014,601	-	-	Not Rated
Total primary government investments		\$ 20,447,910	\$ -	\$ 20,447,910	\$ -	\$ -	

Investment type	Fair Value	No Maturities	Investment Maturities (in years)			S&P/Moody Rating	
			Less than 1	1 to 3	More than 3 years		
Police officers' pension fund investments							
Money market	L1	\$ 1,285,624	\$ 1,285,624	\$ -	\$ -	\$ -	AA+
US government obligations	L2	2,473,428	-	-	350,544	2,122,884	Aaa
Mortgage backed securities	L2	784,934	-	34,792	185,188	564,954	AAA/A-
Collateralized mortgage obligations	L2	1,315,299	-	-	83,812	1,231,487	AAA/A-
Municipal obligations	L2	129,525	-	-	-	129,525	AAA/BBB-
Domestic corporate bonds	L2	1,052,677	-	117,607	313,516	621,554	A+/A-
Foreign corporate bonds	L2	115,476	-	115,476	-	-	Not Rated
Domestic corporate equities	L1	9,204,628	9,204,628	-	-	-	Not Rated
Foreign corporate equities	L1/L2	2,952,023	2,952,023	-	-	-	Not Rated
Exchange-traded fund equities	L1	7,710,610	7,710,610	-	-	-	Not Rated
Real estate investment trust	L3	687,214	687,214	-	-	-	Not rated
Total fiduciary fund investments		\$ 27,711,438	\$ 21,840,099	\$ 267,875	\$ 933,060	\$ 4,670,404	

Investment	Fair Value	Unfunded Commitments	Redemption Frequency (if currently eligible)	Redemption Notice Period
Real estate investment trust	\$ 687,214	N/A	Quarterly	90 days

City of Sebastian, Florida
Notes to Financial Statements

Note 4: INTERFUND RECEIVABLES AND PAYABLES AND TRANSFERS

The composition of interfund balances as of September 30, 2025, was as follows:

Due to and from primary government funds

Due to/from other funds:

	Due from Other Funds	Due to Other Funds
General Fund	\$ 330,000	\$ -
Discretionary Sales Tax Fund	1,101,420	-
Riverfront Redevelopment	307,088	-
Nonmajor Funds	171,874	171,874
Stormwater Utility Improvements	-	1,389,462
Building Fund	30,140	-
Airport Fund	-	19,046
Golf Course Fund	-	360,140
Total	\$ 1,940,522	\$ 1,940,522

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	\$ -	\$ 428,458
Golf Course	986,259	-
Airport	428,458	-
Building	-	986,259
Total	\$ 1,414,717	\$ 1,414,717

The balance of \$428,458 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 \$1,016,399 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 charged 1.3% interest on the advance.

City of Sebastian, Florida
Notes to Financial Statements

Note 4: INTERFUND RECEIVABLES AND PAYABLES AND TRANSFERS (Continued)

For the year ended September 30, 2025, interfund transfers consisted of the following:

Description	Transfers In					
	Total	Governmental			Proprietary	
		Transfers	Nonmajor	Transportation	Stormwater	Airport
Out	Funds	Improvements	Improvements	Fund	Fund	Fund
Governmental funds:						
General Fund	\$ (640,217)	\$ 640,217	\$ -	\$ -	\$ -	\$ -
Discretionary Sales Tax Fund	(6,233,428)	764,215	3,612,980	1,594,037	262,196	-
Riverfront Redevelopment Fund	(266,920)	266,920	-	-	-	-
Nonmajor Governmental Funds	(1,913,017)	54,081	1,695,117	163,819	-	-
Total governmental funds	(9,053,582)	1,725,433	5,308,097	1,757,856	262,196	-
Proprietary funds:						
Golf Course Fund	(4,285)	-	-	-	-	4,285
Total proprietary funds	(4,285)	-	-	-	-	4,285
Total	\$ (9,057,867)	\$ 1,725,433	\$ 5,308,097	\$ 1,757,856	\$ 262,196	\$ 4,285

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 5: CAPITAL ASSETS

Capital asset activity for the primary government for the year ended September 30, 2025, was as follows:

Governmental activities:	Beginning Balance	Increases / Transfers	Decreases / Transfers	Ending Balance
Capital assets, not being depreciated/amortized:				
Land	\$ 9,123,026	\$ -	\$ (46,520)	\$ 9,076,506
Construction in progress	2,023,719	8,893,805	(7,970,182)	2,947,342
Total capital assets, not being depreciated/amortized	11,146,745	8,893,805	(8,016,702)	12,023,848
Capital assets, being depreciated/amortized:				
Buildings	23,890,159	122,375	(60,950)	23,951,584
Improvements other than buildings	8,322,371	179,441	(268,319)	8,233,493
Machinery and equipment	15,471,386	1,931,820	(1,559,044)	15,844,162
Infrastructure	46,887,302	6,184,051	(674)	53,070,679
Total capital assets being depreciated/amortized	94,571,218	8,417,687	(1,888,987)	101,099,918
Less accumulated depreciation/amortization for:				
Buildings	(8,327,857)	(369,062)	49,767	(8,647,152)
Improvements other than buildings	(5,703,664)	(285,454)	242,527	(5,746,591)
Machinery and equipment	(10,180,352)	(1,316,870)	1,552,823	(9,944,399)
Infrastructure	(33,296,797)	(1,614,813)	439	(34,911,171)
Total accumulated depreciation/amortization	(57,508,670)	(3,586,199)	1,845,556	(59,249,313)
Total capital assets being depreciated/amortized, net	37,062,548	4,831,488	(43,431)	41,850,605
Governmental activities capital assets, net	\$ 48,209,293	\$ 13,725,293	\$ (8,060,133)	\$ 53,874,453

City of Sebastian, Florida
Notes to Financial Statements

Note 5: 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	4,052,713	1,716,702	(5,543,187)	226,228
Total capital assets, not being depreciated/amortized	4,061,773	1,716,702	(5,543,187)	235,288
Capital assets, being depreciated/amortized:				
Buildings	12,610,615	1,958,454	(6,756)	14,562,313
Improvements other than buildings	2,881,090	40,508	(22,460)	2,899,138
Machinery and equipment	1,897,237	236,518	(193,309)	1,940,446
Infrastructure	16,877,570	3,472,033	(37,939)	20,311,664
Total capital assets being depreciated/amortized	34,266,512	5,707,513	(260,464)	39,713,561
Less accumulated depreciation/amortization for:				
Buildings	(3,794,764)	(283,381)	6,756	(4,071,389)
Improvements other than buildings	(1,987,703)	(92,488)	22,460	(2,057,731)
Machinery and equipment	(1,108,686)	(307,554)	193,309	(1,222,931)
Infrastructure	(8,943,523)	(791,331)	37,939	(9,696,915)
Total accumulated depreciation/amortization	(15,834,676)	(1,474,754)	260,464	(17,048,966)
Total capital assets being depreciated/amortized, net	18,431,836	4,232,759	-	22,664,595
Business-type activities capital assets, net	\$ 22,493,609	\$ 5,949,461	\$ (5,543,187)	\$ 22,899,883

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

Depreciation/amortization of governmental activities by function

General government:	
Public safety	\$ 369,062
Physical environment	285,454
Transportation	1,316,870
Cultural and recreation	1,614,813
Total governmental activities	\$ 3,586,199

Depreciation/amortization of business-type activities by function

Business-type activities:	
Golf course	\$ 343,989
Airport	1,099,414
Building	31,351
Total business-type activities	\$ 1,474,754

City of Sebastian, Florida
Notes to Financial Statements

Note 6: LONG-TERM DEBT

The following is a summary of governmental activities long-term debt transactions for the year ended September 30, 2025:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Compensated absences*	\$ 1,781,307	\$ 142,071	\$ -	\$ 1,923,378	\$ 86,581
Pollution remediation	60,000	-	(2,460)	57,540	30,000
Governmental activities long-term liabilities	\$ 1,841,307	\$ 142,071	\$ (2,460)	\$ 1,980,918	\$ 116,581

* incremental change is shown net

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 \$60,000 dependent on the extent of work that is eventually required and recorded a current liability of \$30,000 and a long-term liability of \$27,540. 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, 2025:

	Balance	Additions	Reductions	Balance	One Year
Business-type activities:					
Compensated absences*	\$ 275,622	\$ 31,900	\$ -	\$ 307,522	\$ 9,266
Business-type activities long-term liabilities	\$ 275,622	\$ 31,900	\$ -	\$ 307,522	\$ 9,266

* incremental change is shown net

City of Sebastian, Florida
Notes to Financial Statements

Note 7: LEASES

Lessor

The City is involved in three 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, 2025 was \$37,133 and \$28,963, respectively. The lease interest revenue for the governmental and business type activities for year ended September 30, 2025 was \$48,919 and \$3,819, respectively.

	Beginning Balance		Additions		Deletions		Ending Balance
Governmental activities							
Leases receivable	\$ 2,671,363	\$ -	-	\$	(37,133)	\$	2,634,230
Business-type activities							
Leases receivable	\$ 127,307	\$ -	-	\$	(28,963)	\$	98,344

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 \$507,867 of regulated lease revenue principal and \$14,893 of regulated lease interest for the year ended September 30, 2025.

City of Sebastian, Florida
Notes to Financial Statements

Note 7: LEASES (Continued)

Lessor (Continued)

Regulated Lease Agreements (continued)

The future revenues as of September 30, 2025 are as follows.

Fiscal Year Ended	Principal	Interest	Amount
2026	\$ 520,372	\$ 15,256	\$ 535,628
2027	522,713	15,598	538,311
2028	515,594	15,949	531,543
2029	462,181	14,297	476,478
2030	452,499	13,997	466,496
2031 - 2035	2,195,952	67,928	2,263,880
2036 - 2040	1,862,226	57,483	1,919,709
2041 - 2045	1,619,948	50,101	1,670,049
2046 - 2050	129,976	4,020	133,996
2051 - 2054	116,149	3,592	119,741
Totals	\$ 8,397,610	\$ 258,221	\$ 8,655,831

Note 8: 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, 2025, was 3.1955 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 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 9: 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 10: 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, 2024 to determine the required contribution for the fiscal year ending September 30, 2025. 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 administrated 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, 2024, the date of the latest actuarial valuation:

Plan membership as of October 1, 2024:

Inactive plan members or beneficiaries currently receiving benefits	24
Inactive plan members entitled to but not yet receiving benefits	14
Active plan members	40
Total plan members	78

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 2025, employee contributions to the plan totaled \$289,583, while the City and State contributions were \$1,221,145, or 33.74% of covered payroll.

Note 10: BENEFIT PLANS (Continued)

Police Officers' Pension Plan (Continued)

Defined Benefit Pension Plan (continued)

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.

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, 2025, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 11.00 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

City of Sebastian, Florida
Notes to Financial Statements

Note 10: BENEFIT PLANS (Continued)

Police Officers' Pension Plan (Continued)

Defined Benefit Pension Plan (continued)

Net Pension Liability of the City. The components of the net pension liability of the City at September 30, 2025, were as follows:

Total pension liability	\$ 28,908,260
Plan fiduciary net position	(27,760,010)
Sponsor's net pension liability (asset)	<u>\$ 1,148,250</u>
Plan fiduciary net position as a percentage of total pension liability (asset)	<u>96.03%</u>

Actuarial Assumptions. The total pension liability was determined by an actuarial valuation as of October 1, 2024 updated to September 30, 2025 (the measurement date) using the following actuarial assumptions applied to all measurement periods.

Inflation	2.40%
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 July 10, 2025.

City of Sebastian, Florida
Notes to Financial Statements

Note 10: BENEFIT PLANS (Continued)

Police Officers' Pension Plan (Continued)

Defined Benefit Pension Plan (continued)

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, 2025 are summarized in the following table:

Asset Class:	Target Allocation	Long-term Expected Real Rate of Return
Domestic equity	52.5%	5.61%
International equity	12.5%	4.48%
Fixed income	25.0%	1.20%
Private real estate	5.0%	3.20%
MLP/Energy infrastructure	5.0%	4.33%
Total	<u>100.0%</u>	

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

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

City of Sebastian, Florida
Notes to Financial Statements

Note 10: BENEFIT PLANS (Continued)

Police Officers' Pension Plan (Continued)

Defined Benefit Pension Plan (continued)

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)	\$ 4,713,812	\$ 1,148,250	\$ (1,811,744)

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, 2024	\$ 26,808,488	\$ 25,283,572	\$ 1,524,916
Changes for the year:			
Service cost	687,973	-	687,973
Interest	1,891,380	-	1,891,380
Change in excess State money	-	-	-
Differences between expected and actual experience	(88,933)	-	(88,933)
Changes of assumptions	1,323,960	-	1,323,960
Changes of benefit terms	-	-	-
Contributions - employer	-	882,841	(882,841)
Contributions - state	-	338,304	(338,304)
Contributions - employee	-	289,583	(289,583)
Net investment income	-	2,755,454	(2,755,454)
Benefit payments, including refunds of employee contributions	(1,714,608)	(1,714,608)	-
Administrative expense	-	(75,136)	75,136
Net changes	2,099,772	2,476,438	(376,666)
Balances at September 30, 2025	\$ 28,908,260	\$ 27,760,010	\$ 1,148,250

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

City of Sebastian, Florida
Notes to Financial Statements

Note 10: BENEFIT PLANS (Continued)

Police Officers' Pension Plan (Continued)

Defined Benefit Pension Plan (continued)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. For the year ended September 30, 2025, the City recognized pension expense of \$355,631.

At September 30, 2025, 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	\$ 42,822	\$ 142,824	\$ (100,002)
Changes of assumptions	1,104,914	-	1,104,914
Net differences between projected and actual earnings on pension plan investments	-	1,774,556	(1,774,556)
Total	\$ 1,147,736	\$ 1,917,380	\$ (769,644)

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 September 30,</i>	
2026	\$ 356,644
2027	(683,100)
2028	(496,148)
2029	52,960
Total	\$ (769,644)

Payable to the Pension Plan. At September 30, 2025, the City had no amounts payable for contributions to the Police Officers' Pension Plan.

Note 10: BENEFIT PLANS (Continued)

Police Officers' Pension Plan (Continued)

International Union of Police Association AFL-CIO Local 6054 · Local 6056

Negotiated Defined Benefit Pension Plan

Plan Description: All City employees who are members of International Union of Police Association AFL-CIO Local 6054 · Local 6056, 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, 2025, 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.

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.

Note 10: BENEFIT PLANS (Continued)

International Union of Police Association AFL-CIO Local 6054 · Local 6056 (Continued)

Negotiated Defined Benefit Pension Plan (continued)

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.

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, 2025 to the CWA Pension Plan was \$336,193.

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 withdrew from the Plan on October 1, 2025. The City will need to pay \$279,000 per year for the next twenty years for as a penalty for withdrawing from the CWA Pension Plan.

Note 10: BENEFIT PLANS (Continued)

Negotiated Defined Benefit Pension Plan (continued)

Defined Contribution 401(a) Plan

Plan Description. The Mission Square 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, 2025, 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 Mission Square Retirement Corporation.

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

Funding Policy. The employer contribution rate, expressed as a percentage of compensation, was 9% for the 2024-2025 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 \$253,698.

Note 11: 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.

City of Sebastian, Florida
Notes to Financial Statements

Note 12: 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 stormwater utility improvements fund had an unassigned fund balances deficit of \$(1,924,268) and the capital improvements fund had an unassigned fund balances deficit of \$(186,137). Detailed information on fund balances of governmental funds is as follows:

	General Fund	Riverfront Redevelopment Fund	Discretionary Sales Tax	Stormwater Utility Improvement	Nonmajor Governmental Funds	Total
Nonspendable:						
Prepaid items	\$ 530,356	\$ 1,342	\$ -	\$ -	\$ 38,187	\$ 569,885
Inventories	91,716	-	-	-	-	91,716
Permanent fund corpus	-	-	-	-	452,542	452,542
Advances to other funds	-	-	428,458	-	-	428,458
Total nonspendable	622,072	1,342	428,458	-	490,729	1,542,601
Restricted for:						
Perpetual care	-	-	-	-	600,580	600,580
Infrastructure	-	-	4,792,807	-	954,768	5,747,575
Redevelopment	-	1,274,333	-	-	-	1,274,333
Stormwater	-	-	-	-	1,903,839	1,903,839
Law enforcement	-	-	-	-	34,897	34,897
Solid waste	-	-	-	-	111,184	111,184
Economic environment	-	-	-	-	152,654	152,654
Total restricted	-	1,274,333	4,792,807	-	3,757,922	9,825,062
Committed for:						
Development of public parking	-	-	-	-	129,562	129,562
Total committed	-	-	-	-	129,562	129,562
Assigned for:						
Capital projects	-	-	-	-	1,165,817	1,165,817
Total assigned	-	-	-	-	1,165,817	1,165,817
 Unassigned (deficit)	 10,342,092	 -	 -	 (1,924,268)	 (186,137)	 8,231,687
Total funds balances (deficits), governmental funds	\$ 10,964,164	\$ 1,275,675	\$ 5,221,265	\$ (1,924,268)	\$ 5,357,893	\$ 20,894,729

City of Sebastian, Florida
Notes to Financial Statements

Note 13: NET INVESTMENT IN CAPITAL ASSETS

The composition of net investment in capital assets as of September 30, 2025, was as follows:

	Governmental Activities	Business-type Activities	Total
Capital assets:			
Capital assets not being depreciated	\$ 12,023,848	\$ 235,288	\$ 12,259,136
Capital assets being depreciated, net	41,850,605	22,664,595	64,515,200
Total capital assets	53,874,453	22,899,883	76,774,336
Less related debt:			
Accounts payable	750,440	14,757	765,197
Net investment in capital assets	\$ 53,124,013	\$ 22,885,126	\$ 76,009,139

Note 14: 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, 2025. Major funding has been committed toward Concha Dam Replacement, Gardenia Ditch Improvements, Riverview Park Improvement and Taxiway Golf.

A summary of these projects at September 30, 2025 is as follows:

	Total Commitments	Total Paid as of September 30, 2025	Encumbered at September 30, 2025
Major Commitments			
Concha Dam Replacement	\$ 367,205	\$ 62,307	\$ -
Gardenia Ditch Improvements	996,728	11,376	985,352
Riverview Park Improvement	1,600,000	-	-
Construct Taxiway Golf	197,520	1,239	40,351
Total outstanding commitments	\$ 3,161,453	\$ 74,922	\$ 1,025,703

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

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

<i>For the year ended September 30, 2025</i>	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget
Revenues				
Taxes				
Property	\$ 7,131,469	\$ 7,131,469	\$ 7,124,971	\$ (6,498)
Public utility	3,925,450	3,925,450	3,787,188	(138,262)
Franchise fee	1,797,500	1,797,500	1,680,346	(117,154)
Licenses and permits	184,400	184,400	190,815	6,415
Intergovernmental	3,952,000	4,290,304	4,537,052	246,748
Charges for services	1,077,063	1,077,063	1,188,857	111,794
Fines and forfeitures	67,050	67,050	51,131	(15,919)
Investment earnings	282,500	282,500	298,490	15,990
Contributions and donations	5,000	8,000	5,650	(2,350)
Other revenues	122,000	126,262	75,911	(50,351)
Total revenues	18,544,432	18,889,998	18,940,411	50,413
Expenditures				
General government:				
City council	82,305	82,305	51,734	30,571
City manager	605,945	603,991	602,871	1,120
City clerk	323,340	322,231	271,320	50,911
City attorney	261,290	300,573	300,569	4
Finance	791,055	792,164	738,689	53,475
Management information services	757,900	808,960	771,074	37,886
Facilities maintenance	857,320	895,858	861,041	34,817
Community development	710,255	721,331	630,670	90,661
Human resources	302,050	302,517	285,744	16,773
Non-departmental	1,739,960	1,658,316	1,517,180	141,136
Total general government	6,431,420	6,488,246	6,030,892	457,354
Public safety:				
Police administration	1,019,060	1,356,226	1,303,658	52,568
Police operations	4,704,045	4,852,994	4,773,860	79,134
Police detective division	1,573,561	1,495,574	1,402,692	92,882
Police dispatch unit	872,575	873,427	821,235	52,192
Code enforcement division	243,400	243,867	211,480	32,387
Total public safety	8,412,641	8,822,088	8,512,925	309,163
Physical environment:				
Cemetery	205,515	201,078	154,442	46,636
Transportation:				
Roads and maintenance	1,476,875	1,473,717	1,344,720	128,997
Fleet management	272,945	275,915	274,281	1,634
Total transportation	1,749,820	1,749,632	1,619,001	130,631

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

<i>For the year ended September 30, 2025</i>	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget
Culture and recreation:				
Leisure services	1,670,480	1,722,471	1,639,196	83,275
Capital outlay	218,980	255,023	301,076	(46,053)
Debt service:				
Lease principal	70,231	70,231	-	70,231
Total expenditures	18,759,087	19,308,769	18,257,532	1,051,237
Excess (deficiency) of revenues over (under) expenditures	(214,655)	(418,771)	682,879	1,101,650
Other financing sources (uses)				
Transfers in	100,000	-	-	-
Transfers out	-	(398,325)	(640,217)	(241,892)
Proceeds from sale of capital assets	45,000	45,000	173,506	128,506
Net other financing sources (uses)	145,000	(353,325)	(466,711)	(113,386)
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(69,655)	(772,096)	216,168	988,264
Fund balance, beginning of year	10,747,996	10,747,996	10,747,996	-
Fund balance, end of year	\$ 10,678,341	\$ 9,975,900	\$ 10,964,164	\$ 988,264

* The City budgets for capital outlay at the departmental level.

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

<i>For the year ended September 30, 2025</i>	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues				
Taxes:				
Property	\$ 579,875	\$ 579,875	\$ 578,101	\$ (1,774)
Investment earnings	22,000	22,000	33,428	11,428
Other revenues	12	12	12	-
Total revenues	601,887	601,887	611,541	9,654
Expenditures				
Department:				
Economic environment	396,835	346,835	203,518	143,317
Excess of revenues over expenditures				
	205,052	255,052	408,023	152,971
Other financing sources (uses)				
Transfers out	(543,500)	(699,673)	(266,920)	432,753
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses				
	(338,448)	(444,621)	141,103	585,724
Fund balance, beginning of year	1,134,572	1,134,572	1,134,572	-
Fund balance, end of year	\$ 796,124	\$ 689,951	\$ 1,275,675	\$ 585,724

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

<i>For the year ended September 30, 2025</i>	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues				
Intergovernmental	\$ 5,032,170	\$ 5,032,170	\$ 5,068,598	\$ 36,428
Investment earnings (loss) and other	157,307	157,307	185,175	27,868
Total revenues	5,189,477	5,189,477	5,253,773	64,296
Expenditures				
Capital outlay	-	-	-	-
Total expenditures	-	-	-	-
Excess (deficiency) of revenues over (under) expenditures	5,189,477	5,189,477	5,253,773	64,296
Other financing sources				
Transfers out	(6,050,579)	(9,842,763)	(6,233,428)	3,609,335
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(861,102)	(4,653,286)	(979,655)	3,673,631
Fund balance, beginning of year	6,200,920	6,200,920	6,200,920	-
Fund balance, end of year	\$ 5,339,818	\$ 1,547,634	\$ 5,221,265	\$ 3,673,631

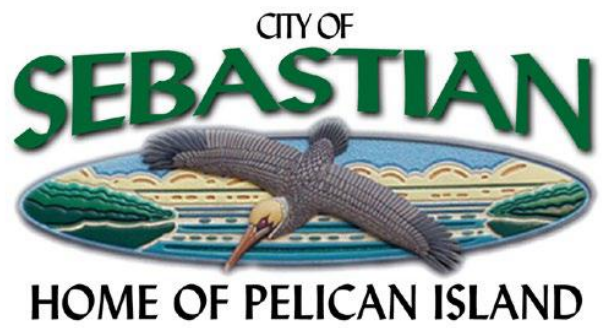
City of Sebastian, Florida
Budgetary Notes to Required Supplementary Information

Note 1: BUDGETARY INFORMATION

Budgets are prepared annually on a modified accrual basis consistent with GAAP 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.

The legal level of budgetary control is at the departmental level for the general fund and at the fund level for special revenue funds.



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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>	2025	2024	2023
Total pension liability			
Service cost	\$ 687,973	\$ 610,193	\$ 582,328
Interest on total pension liability	1,891,380	1,816,283	1,725,577
Change in excess state money	-	-	-
Changes of benefit terms	-	-	-
Differences between expected and actual experience	(88,933)	(63,675)	3,289
Changes of assumptions	1,323,960	-	-
Contributions - buy back	-	-	-
Benefit payments, including refunds of employee contributions	(1,714,608)	(1,051,129)	(1,071,895)
Net change in total pension liability	2,099,772	1,311,672	1,239,299
Total pension liability - beginning	26,808,488	25,496,816	24,257,517
Total pension liability - ending (a)	\$ 28,908,260	\$ 26,808,488	\$ 25,496,816
Plan fiduciary net position			
Contributions - employer	882,841	\$ 854,737	\$ 763,666
Contributions - state	338,304	307,681	272,496
Contributions - employee	289,583	245,182	234,525
Contributions - buy back	-	-	-
Pension plan net investment income (loss)	2,755,454	4,230,132	2,174,593
Benefit payments, including refunds of employee contributions	(1,714,608)	(1,051,129)	(1,071,895)
Administrative expense	(75,136)	(69,082)	(90,249)
Net change in plan fiduciary net position	2,476,438	4,517,521	2,283,136
Plan fiduciary net position - beginning	25,283,572	20,766,051	18,482,915
Plan fiduciary net position - ending (b)	\$ 27,760,010	\$ 25,283,572	\$ 20,766,051
Net pension liability - ending (a) - (b)	\$ 1,148,250	\$ 1,524,916	\$ 4,730,765
Plan fiduciary net position as a percentage of the total pension liability	96.03%	94.31%	81.45%
Covered payroll⁽¹⁾	3,619,789	3,064,776	2,931,563
Net pension liability as a percentage of covered payroll	31.72%	49.76%	161.37%

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

	2022	2021	2020	2019	2018	2017	2016
\$	582,925	\$ 546,747	\$ 600,789	\$ 609,880	\$ 589,149	\$ 479,778	\$ 418,143
	1,648,636	1,539,609	1,451,768	1,371,857	1,270,670	1,179,511	1,027,558
	-	-	-	-	(84,863)	-	-
	-	-	-	-	-	613,973	-
	(199,190)	249,038	408,904	(25,912)	164,601	20,758	59,175
	-	274,475	(447,786)	22,520	-	382,825	626,069
	-	-	-	52,749	-	-	-
	(824,301)	(794,272)	(684,963)	(617,282)	(700,733)	(495,629)	(493,765)
	1,208,070	1,815,597	1,328,712	1,413,812	1,238,824	2,181,216	1,637,180
	23,049,447	21,233,850	19,905,138	18,491,326	17,252,502	15,071,286	13,434,106
\$	24,257,517	\$ 23,049,447	\$ 21,233,850	\$ 19,905,138	\$ 18,491,326	\$ 17,252,502	\$ 15,071,286
\$	799,032	\$ 686,778	\$ 703,814	\$ 595,045	\$ 525,296	\$ 337,201	\$ 322,998
	227,003	206,017	208,645	198,770	188,923	168,628	169,027
	227,488	220,466	229,327	223,495	204,854	177,585	167,309
	-	-	-	52,749	-	-	-
	(3,419,334)	4,116,810	974,847	261,888	1,028,549	1,371,657	1,067,139
	(824,301)	(794,272)	(684,963)	(617,282)	(700,733)	(495,629)	(493,765)
	(70,188)	(70,384)	(67,989)	(67,867)	(82,088)	(45,633)	(28,025)
	(3,060,300)	4,365,415	1,363,681	646,798	1,164,801	1,513,809	1,204,683
	21,543,215	17,177,800	15,814,119	15,167,321	14,002,520	12,488,711	11,284,028
\$	18,482,915	\$ 21,543,215	\$ 17,177,800	\$ 15,814,119	\$ 15,167,321	\$ 14,002,520	\$ 12,488,711
\$	5,774,602	\$ 1,506,232	\$ 4,056,050	\$ 4,091,019	\$ 3,324,005	\$ 3,249,982	\$ 2,582,575
	76.19%	93.47%	80.90%	79.45%	82.02%	81.16%	82.86%
\$	2,843,600	\$ 2,755,823	\$ 2,866,586	\$ 2,793,692	\$ 2,560,670	\$ 2,438,012	\$ 2,263,866
	203.07%	54.66%	141.49%	146.44%	129.81%	133.30%	114.08%

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.

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

Fiscal Year	Annual
Ending	Return*
September 30,	
2016	9.39%
2017	10.90%
2018	7.35%
2019	1.79%
2020	6.04%
2021	23.63%
2022	-15.63%
2023	11.66%
2024	20.16%
2025	11.00%

*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

Single-employer Pension Trust Fund					
<i>For the year ended September 30,</i>	2025		2024		2023
Actuarially determined contribution	\$	1,132,994	\$	959,275	\$ 897,058
Contributions in relation to the actuarially determined contributions - City		882,841		854,737	763,666
Contributions in relation to the actuarially determined contributions - State		338,304		307,681	272,496
Contribution deficiency (surplus)	\$	(88,151)	\$	(203,143)	\$ (139,104)
Covered payroll ⁽¹⁾	\$	3,619,789	\$	3,064,776	\$ 2,931,563
Contributions as a percentage of covered payroll		33.74%		37.93%	35.35%

Notes to the schedule:

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

Single-employer Pension Trust Fund

2022	2021	2020	2019	2018	2017	2016
\$ 932,701	\$ 835,014	\$ 871,442	\$ 793,409	\$ 673,456	\$ 768,277	\$ 667,764
799,032	686,778	703,814	595,045	525,296	337,201	322,998
227,003	206,017	208,645	198,770	188,923	168,628	169,027
\$ (93,334)	\$ (57,781)	\$ (41,017)	\$ (406)	\$ (40,763)	\$ 262,448	\$ 175,739
\$ 2,843,600	\$ 2,755,823	\$ 2,866,586	\$ 2,793,692	\$ 2,560,670	\$ 2,438,012	\$ 2,263,866
36.08%	32.40%	31.83%	28.41%	27.89%	20.75%	21.73%

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, 2023 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 two years	15.00%
Years 2 – 3	6.25%
Years 4 – 9	5.80%
Years 10 – 14	5.47%
14 Years and Greater	3.80%

Payroll growth None 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 2 years	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%
55-59	50%
60+	100%

Members with at least 30 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
CWA/ITU Negotiated Pension Plan
Schedule of Employer Contributions

Fiscal Year Ending September 30,	Annual Required Contributions
2016	\$ 217,916
2017	200,889
2018	204,035
2019	217,695
2020	241,992
2021	239,161
2022	241,312
2023	272,529
2024	305,371
2025	336,193

Notes to Schedule of Employer Contributions - CWA/ITU Negotiated 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 CWA/ITU Negotiated Pension Plan office.



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

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

Special Revenue

<i>September 30, 2025</i>	Local Option Gas Tax	Parking In-Lieu-of	Recreation Impact Fee	Law Enforcement Forfeiture	Stormwater Utility
ASSETS					
Cash and cash equivalents	\$ -	\$ 2,699	\$ 4,329	\$ 2,681	\$ 76,887
Investments	664,155	126,962	155,809	32,215	1,870,118
Accounts receivable, net	-	1	27	1	210
Due from other fund	-	-	-	-	-
Due from other governments	130,448	-	-	-	7
Prepaid items	-	-	-	-	38,187
Total assets	\$ 794,603	\$ 129,662	\$ 160,165	\$ 34,897	\$ 1,985,409
LIABILITIES					
Negative equity in pooled cash					
Accounts payable and accrued liabilities	\$ -	\$ -	\$ -	\$ -	\$ 43,383
Due to other funds	-	-	-	-	-
Unearned revenue	-	100	-	-	-
Total liabilities	-	100	-	-	43,383
DEFERRED INFLOW OF RESOURCES					
Deferred inflow of unavailable revenues	-	-	-	-	-
Total deferred inflows	-	-	-	-	-
FUND BALANCES					
Nonspendable	-	-	-	-	38,187
Restricted	794,603	-	160,165	34,897	1,903,839
Committed	-	129,562	-	-	-
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
Total fund balances	794,603	129,562	160,165	34,897	1,942,026
Total liabilities and fund balances	\$ 794,603	\$ 129,662	\$ 160,165	\$ 34,897	\$ 1,985,409

		Capital Projects				Permanent	
American Rescue Plan	Solid Waste	Capital Projects	Capital Improvements	(Formerly Nonmajor) Stormwater Utility Improvements	Cemetery	Total Nonmajor Governmental Funds	
\$ -	\$ -	\$ 141,554	\$ -	\$ -	\$ 358,652	\$ 586,802	
865,696	299,088	969,373	-	-	694,361	5,677,777	
101	5,797	-	-	-	-	6,137	
-	-	171,874	-	-	-	171,874	
-	-	10,454	258,861	-	109	399,879	
-	-	3,406	-	-	-	41,593	
\$ 865,797	\$ 304,885	\$ 1,296,661	\$ 258,861	\$ -	\$ 1,053,122	\$ 6,884,062	
\$ -	\$ 193,701	\$ 130,844	\$ 70,546	\$ -	\$ -	\$ 438,474	
-	-	-	171,874	-	-	171,874	
713,143	-	-	-	-	-	713,243	
713,143	193,701	130,844	242,420	-	-	1,323,591	
-	-	-	202,578	-	-	202,578	
-	-	-	202,578	-	-	202,578	
-	-	-	-	-	452,542	490,729	
152,654	111,184	-	-	-	600,580	3,757,922	
-	-	-	-	-	-	129,562	
-	-	1,165,817	-	-	-	1,165,817	
-	-	-	(186,137)	-	-	(186,137)	
152,654	111,184	1,165,817	(186,137)	-	1,053,122	5,357,893	
\$ 865,797	\$ 304,885	\$ 1,296,661	\$ 258,861	\$ -	\$ 1,053,122	\$ 6,884,062	

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

<i>For the year ended September 30, 2025</i>	Local Option Gas Tax	Parking In-Lieu-of	Recreation Impact Fee	Law Enforcement Forfeiture
REVENUES				
Intergovernmental	\$ 747,311	\$ -	\$ -	\$ -
Impact fees	-	-	112,125	-
Charges for services	-	-	-	-
Fines	-	-	-	762
Investment earnings	30,250	5,281	2,198	1,204
Other revenues	-	3,531	-	-
Contributions and donations	-	-	-	-
Total revenues	777,561	8,812	114,323	1,966
EXPENDITURES				
Current:				
General government	-	-	-	-
Public safety	-	-	-	1,500
Physical environment	-	-	-	-
Transportation	3,936	-	-	-
Capital outlay	-	-	-	19,700
Total expenditures	3,936	-	-	21,200
Excess (deficiency) of revenues over (under) expenditures	773,625	8,812	114,323	(19,234)
Other financing sources (uses)				
Transfers in	-	-	-	-
Transfers out	(1,250,324)	-	(19,420)	-
Total other financing sources (uses)	(1,250,324)	-	(19,420)	-
Net change in fund balances	(476,699)	8,812	94,903	(19,234)
Fund balance, beginning of year	1,271,302	120,750	65,262	54,131
Adjustment	-	-	-	-
Fund balance, beginning of year, after adjustment	1,271,302	120,750	65,262	54,131
Fund balance, end of year	\$ 794,603	\$ 129,562	\$ 160,165	\$ 34,897

Stormwater Utility	American Rescue Plan	Solid Waste	Capital Projects	Capital Improvements	(Formerly Nonmajor) Stormwater Utility Improvements	Cemetery	Total Nonmajor Governmental Funds
\$ -	\$ 446,153	\$ -	\$ 181,531	\$ 58,250	\$ -	\$ -	\$ 1,433,245
-	-	-	-	-	-	-	112,125
2,746,741	-	2,393,568	-	-	-	120,831	5,261,140
-	-	-	-	-	-	-	762
60,440	20,693	24,369	8,002	-	-	31,550	183,987
72,682	-	-	-	-	-	-	76,213
-	-	-	124,861	90,477	-	-	215,338
2,879,863	466,846	2,417,937	314,394	148,727	-	152,381	7,282,810
-	-	2,306,753	753,476	-	-	-	3,060,229
-	-	-	-	-	-	-	1,500
2,170,244	-	-	-	249,362	-	151,202	2,570,808
-	-	-	-	-	-	-	3,936
109,742	-	-	822,579	374,116	-	16,985	1,343,122
2,279,986	-	2,306,753	1,576,055	623,478	-	168,187	6,979,595
599,877	466,846	111,184	(1,261,661)	(474,751)	-	(15,806)	303,215
13,180	-	-	1,317,463	394,790	-	-	1,725,433
(162,459)	(446,153)	-	-	-	-	(34,661)	(1,913,017)
(149,279)	(446,153)	-	1,317,463	394,790	-	(34,661)	(187,584)
450,598	20,693	111,184	55,802	(79,961)	-	(50,467)	115,631
-	-	-	1,110,015	(106,176)	-	1,103,589	3,618,873
1,491,428	131,961	-	-	-	-	-	1,623,389
1,491,428	131,961	-	1,110,015	(106,176)	-	1,103,589	5,242,262
\$ 1,942,026	\$ 152,654	\$ 111,184	\$ 1,165,817	\$ (186,137)	\$ -	\$ 1,053,122	\$ 5,357,893

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, 2025</i>	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues				
Intergovernmental	\$ 820,447	\$ 820,447	\$ 747,311	\$ (73,136)
Investment earnings	51,923	51,923	30,250	(21,673)
Total revenues	872,370	872,370	777,561	(94,809)
Expenditures				
Transportation	5,901	5,901	3,936	1,965
Total expenditures	5,901	5,901	3,936	1,965
Excess (deficiency) of revenues over (under) expenditures	866,469	866,469	773,625	(92,844)
Other financing sources (uses)				
Transfers out	(1,100,000)	(1,250,325)	(1,250,324)	1
Net other financing sources (uses)	(1,100,000)	(1,250,325)	(1,250,324)	1
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(233,531)	(383,856)	(476,699)	(92,843)
Fund balance, beginning of year	1,271,302	1,271,302	1,271,302	-
Fund balance, end of year	\$ 1,037,771	\$ 887,446	\$ 794,603	\$ (92,843)

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, 2025</i>	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues				
Investment earnings	\$ 7,235	\$ 7,235	\$ 5,281	\$ (1,954)
Other revenues	3,532	3,532	3,531	(1)
Total revenues	10,767	10,767	8,812	(1,955)
Expenditures				
Transportation	-	-	-	-
Total expenditures	-	-	-	-
Excess (deficiency) of revenues over (under) expenditures	10,767	10,767	8,812	(1,955)
Fund balance, beginning of year	120,750	120,750	120,750	-
Fund balance, end of year	\$ 131,517	\$ 131,517	\$ 129,562	\$ (1,955)

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, 2025</i>	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues				
Investment earnings	\$ 800	\$ 800	\$ 2,198	\$ 1,398
Impact fees	130,000	130,000	112,125	(17,875)
Total revenues	130,800	130,800	114,323	(16,477)
Expenditures				
Culture and recreation	-	-	-	-
Total expenditures	-	-	-	-
Excess (deficiency) of revenues over (under) expenditures	130,800	130,800	114,323	(16,477)
Other financing sources (uses)				
Transfers out	(80,000)	(19,420)	(19,420)	-
Net other financing sources (uses)	(80,000)	(19,420)	(19,420)	-
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	50,800	111,380	94,903	(16,477)
Fund balance, beginning of year	65,262	65,262	65,262	-
Fund balance, end of year	\$ 116,062	\$ 176,642	\$ 160,165	\$ (16,477)

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, 2025</i>	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues				
Fines and forfeitures	\$ 200	\$ 200	\$ 762	\$ 562
Investment earnings	1,145	1,145	1,204	59
Total revenues	1,345	1,345	1,966	621
Expenditures				
Public safety	-	-	1,500	(1,500)
Capital outlay	-	-	19,700	(19,700)
Total expenditures	-	-	21,200	(21,200)
Excess (deficiency) of revenues over (under) expenditures	1,345	1,345	(19,234)	(20,579)
Fund balance, beginning of year	54,131	54,131	54,131	-
Fund balance, end of year	\$ 55,476	\$ 55,476	\$ 34,897	\$ (20,579)

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

<i>For the year ended September 30, 2025</i>	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues				
Charges for services	\$ 2,702,000	\$ 2,702,000	\$ 2,746,741	\$ 44,741
Investment earnings	68,664	68,664	60,440	(8,224)
Other revenues	-	-	72,682	72,682
Total revenues	2,770,664	2,770,664	2,879,863	109,199
Expenditures				
Current:				
Physical environment	2,590,580	2,575,518	2,170,244	405,274
Capital outlay	81,500	109,743	109,742	1
Total expenditures	2,672,080	2,685,261	2,279,986	405,275
Excess (deficiency) of revenues over (under) expenditures	98,584	85,403	599,877	514,474
Other financing sources (uses)				
Transfers in	-	13,181	13,180	1
Transfers out	182,000	(200,625)	(162,459)	(38,166)
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	280,584	299,209	450,598	151,389
Fund balance, beginning of year	1,491,428	1,491,428	1,491,428	-
Fund balance, end of year	\$ 1,772,012	\$ 1,790,637	\$ 1,942,026	\$ 151,389

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

<i>For the year ended September 30, 2025</i>	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues				
Intergovernmental	\$ -	\$ -	\$ 446,153	\$ 446,153
Investment earnings (loss)	(109,759)	(109,759)	20,693	130,452
Total revenues	(109,759)	(109,759)	466,846	576,605
Expenditures				
Current:				
Physical environment	-	-	-	-
Total expenditures	-	-	-	-
Excess (deficiency) of revenues over (under) expenditures	(109,759)	(109,759)	466,846	576,605
Other financing sources (uses)				
Transfers out	(1,159,297)	(1,159,297)	(446,153)	713,144
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(1,269,056)	(1,269,056)	20,693	1,289,749
Fund balance, beginning of year	131,961	131,961	131,961	-
Fund balance, end of year	\$ (1,137,095)	\$ (1,137,095)	\$ 152,654	\$ 1,289,749

City of Sebastian, Florida
Schedule of Revenues, Expenditures and Changes in Fund Balances
— Budget and Actual
Solid Waste Fund

<i>For the year ended September 30, 2025</i>	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues				
Charges for services	\$ -	\$ 1,966,050	\$ 2,393,568	\$ 427,518
Investment earnings (loss)	-	-	24,369	24,369
Total revenues	-	1,966,050	2,417,937	451,887
Expenditures				
Current:				
Physical environment	-	1,966,050	2,306,753	(340,703)
Total expenditures	-	1,966,050	2,306,753	(340,703)
Excess (deficiency) of revenues over (under) expenditures	-	-	111,184	111,184
Fund balance, beginning of year	-	-	-	-
Fund balance, end of year	\$ -	\$ -	\$ 111,184	\$ 111,184

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



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City of Sebastian, Florida
Capital Assets Used in the Operation of Governmental Funds
Comparative Schedule by Source
September 30, 2025

Governmental Funds capital assets:	2025	2024
Land	\$ 9,076,506	\$ 9,123,027
Buildings and structures	23,951,584	23,890,155
Non-building improvements (IOTB)	8,233,493	8,322,371
Machinery and equipment (Equip & Furniture)	15,844,162	15,471,387
Infrastructure	53,070,679	46,887,305
Construction in Progress	2,947,342	2,023,719
Total Govt Funds Capital Assets	\$ 113,123,766	\$ 105,717,963

Investment in Governmental Funds capital assets by sources:

Federal grants	\$ 8,811,016	\$ 6,462,063
State grants	3,290,631	3,122,558
County grants	507,031	507,031
General Fund	9,231,157	10,695,600
Law enforcement trust fund	128,639	108,939
Recreational impact fee	4,287,715	4,289,355
Stormwater utility fee	9,496,136	9,242,803
Riverfront redevelopment	3,252,940	3,086,542
Cemetery trust fund	901,457	849,811
Donations	3,045,996	2,965,996
Sales taxes	48,121,333	43,566,948
Motor fuel taxes	7,354,503	6,125,106
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	\$ 113,123,766	\$ 105,717,963

City of Sebastian, Florida
Capital Assets Used in Operation of Governmental Funds
Schedule by Function and Activity
September 30, 2025

Function and Activity	Right to use		Improvements		Machinery	Infrastructure	Totals
	Land	Land	Buildings	Other than Buildings	and Equipment		
General government:							
Legislative	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
City Manager	-	-	-	-	63,017	-	63,017
City Clerk	-	-	-	-	5,928	-	5,928
Finance	-	-	-	1,100	4,238	-	5,338
MIS	-	-	5,841	77,745	2,250,883	-	2,334,469
Audio Visual/Broadcast	-	-	-	-	-	-	-
Facilities Maintenance	-	-	10,801,021	29,361	1,061,420	-	11,891,801
Comm Dev/Growth Mgmt	-	-	191,803	-	47,290	-	239,093
Non-Departmental	4,427,924	-	6,184,993	126,505	169,988	598,892	11,508,302
Subtotal	<u>4,427,924</u>	<u>-</u>	<u>17,183,658</u>	<u>234,710</u>	<u>3,602,764</u>	<u>598,892</u>	<u>26,047,948</u>
Public Safety:							
Special Operations	-	-	-	-	-	-	-
Administration	9,560	-	3,799,272	98,173	508,613	-	4,415,618
School Resource	-	-	-	-	-	-	-
Road Patrol	-	-	-	-	4,292,374	-	4,292,374
Community Policing	-	-	-	-	-	-	-
Code Enforcement	-	-	-	-	64,807	-	64,807
Investigations	-	-	-	4,871	385,247	32,262	422,380
Support Services	-	-	-	-	-	-	-
Communications	-	-	-	-	27,102	-	27,102
Building Department	-	-	-	-	-	-	-
Subtotal	<u>9,560</u>	<u>-</u>	<u>3,799,272</u>	<u>103,044</u>	<u>5,278,143</u>	<u>32,262</u>	<u>9,222,281</u>
Transportation:							
Engineering	-	-	-	-	-	-	-
Central Garage	-	-	-	-	104,549	-	104,549
Roads and Drainage	47,125	-	66,288	1,003,738	1,723,432	28,494,906	31,335,489
Subtotal	<u>47,125</u>	<u>-</u>	<u>66,288</u>	<u>1,003,738</u>	<u>1,827,981</u>	<u>28,494,906</u>	<u>31,440,038</u>
Economic Environment:							
Non-Departmental	2,308,393	-	1,040,590	-	-	-	3,348,983
Subtotal	<u>2,308,393</u>	<u>-</u>	<u>1,040,590</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,348,983</u>
Physical Environment:							
Stormwater	-	-	3,450	18,334	3,859,296	20,979,057	24,860,137
Cemetery	572,181	-	201,153	252,512	57,959	92,167	1,175,972
Subtotal	<u>572,181</u>	<u>-</u>	<u>204,603</u>	<u>270,846</u>	<u>3,917,256</u>	<u>21,071,224</u>	<u>26,036,109</u>
Culture/Recreation:							
Parks and Recreation	1,711,324	-	1,657,173	6,621,154	1,218,019	2,818,957	14,026,627
						54,438	54,438
Subtotal	<u>1,711,324</u>	<u>-</u>	<u>1,657,173</u>	<u>6,621,154</u>	<u>1,218,019</u>	<u>2,873,395</u>	<u>14,081,065</u>
Total	<u>\$ 9,076,506</u>	<u>\$ -</u>	<u>\$ 23,951,584</u>	<u>\$ 8,233,493</u>	<u>\$ 15,844,162</u>	<u>\$ 53,070,679</u>	<u>110,176,424</u>
Construction in progress							2,947,342
Total							<u>\$ 113,123,766</u>

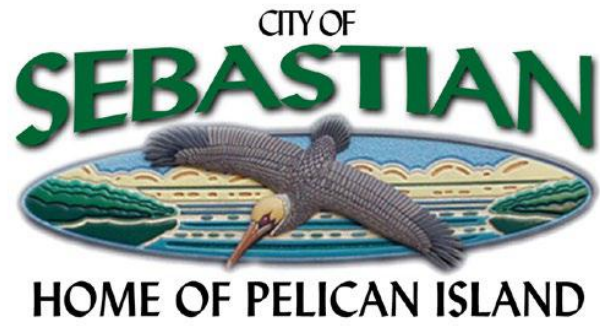
City of Sebastian, Florida
Capital Assets Used in the Operation of Governmental Funds
Schedule of Changes by Function and Activity
September 30, 2025

Function and Activity	Governmental Funds Capital Assets October 1, 2024	Additions	Deletions	Transfers In	Transfers Out	Governmental Funds Capital Assets September 30, 2025
General government:						
Legislative	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
City Manager	61,427	1,591	-	-	-	63,018
City Clerk	4,003	1,925	-	-	-	5,928
City Attorney	-	-	-	-	-	-
Admin Services	3,394	1,944	-	-	-	5,338
MIS	2,253,307	201,228	120,064	-	-	2,334,471
Audio Visual/Broadcast	-	-	-	-	-	-
Facilities Maintenance	11,744,286	19,555	34,157	186,742	24,620	11,891,806
Community Development	143,959	108,969	-	-	13,833	239,095
Non-Departmental	11,589,199	-	80,901	-	-	11,508,298
Subtotal	25,799,575	335,212	235,122	186,742	38,453	26,047,955
Public Safety:						
Administration	4,417,590	2,537	4,510	-	-	4,415,617
School Resource	-	-	-	-	-	-
Road Patrol	4,614,714	361,666	684,007	-	-	4,292,373
Code Enforcement	93,211	-	-	-	28,404	64,807
Investigations	463,716	-	41,336	-	-	422,380
Communications	25,854	1,248	-	-	-	27,102
Building Department	6,295	-	6,295	-	-	-
Subtotal	9,621,380	365,451	736,148	-	28,404	9,222,279
Transportation:						
Central Garage	254,404	-	121,645	-	28,209	104,550
Roads and Drainage	25,481,156	6,130,031	117,360	-	158,338	31,335,490
Right to Use (R & D)	1,656,117	-	-	-	-	-
Subtotal	27,391,677	6,130,031	239,005	-	186,547	31,440,040
Economic Environment:						
Non-Departmental	3,348,982	-	-	-	-	3,348,982
Subtotal	3,348,982	-	-	-	-	3,348,982
Physical Environment:						
Stormwater	24,091,178	1,105,051	364,304	28,209	-	24,860,133
Cemetery	1,169,935	21,655	15,617	-	-	1,175,972
Subtotal	25,261,113	1,126,706	379,921	28,209	-	26,036,105
Culture & Recreation:						
Parks and recreation	13,927,634	460,287	345,312	38,453	-	14,081,062
Subtotal	13,927,634	460,287	345,312	38,453	-	14,081,062
Total	105,350,361	8,417,687	1,935,507	253,404	253,404	110,176,424
Construction in progress	2,023,719	8,893,805	7,970,182	-	-	2,947,342
Total	\$ 107,374,080	\$ 17,311,493	\$ 9,905,689	\$ 253,404	\$ 253,404	\$ 113,123,766



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STATISTICAL SECTION



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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.

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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

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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

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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

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Governmental activities										
Net investment in capital assets	\$ 53,124,013	\$ 48,209,293	\$ 45,464,209	\$ 46,351,824	\$ 41,252,989	\$ 37,919,832	\$ 37,080,967	\$ 37,568,980	\$ 37,461,026	\$ 35,886,087
Restricted	10,277,604	10,976,066	11,400,048	7,282,425	10,142,786	10,637,069	8,976,174	6,419,900	5,113,543	5,209,372
Unrestricted	9,595,599	7,837,995	4,618,453	3,445,378	2,320,211	1,103,683	2,056,430	1,649,796	1,236,088	3,615,777
Total governmental activities net position	72,997,216	67,023,354	61,482,710	57,079,627	53,715,986	49,660,584	48,113,571	45,638,676	43,810,657	44,711,236
Business-type activities										
Net investment in capital assets	22,885,126	22,293,189	18,795,822	18,585,143	15,862,090	16,263,098	16,995,851	14,972,789	13,384,969	11,989,666
Unrestricted	1,574,100	1,606,830	1,598,136	(436,561)	(933,213)	(1,017,263)	(654,928)	(777,422)	(1,008,976)	(717,053)
Total business-type activities net position	24,459,226	23,900,019	20,393,958	18,148,582	14,928,877	15,245,835	16,340,923	14,195,367	12,375,993	11,272,613
Primary government										
Net investment in capital assets	76,009,139	70,502,482	64,260,031	64,936,967	57,115,079	54,182,930	54,076,818	52,541,769	50,845,995	47,875,753
Restricted	10,277,604	10,976,066	11,400,048	7,282,425	10,142,786	10,637,069	8,976,174	6,419,900	5,113,543	5,209,372
Unrestricted	11,169,699	9,444,825	6,216,589	3,008,817	1,386,998	86,420	1,401,502	872,374	227,112	2,898,724
Total primary government net position	\$ 97,456,442	\$ 90,923,373	\$ 81,876,668	\$ 75,228,209	\$ 68,644,863	\$ 64,906,419	\$ 64,454,494	\$ 59,834,043	\$ 56,186,650	\$ 55,983,849

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

Schedule A2

	Fiscal Year					Fiscal Year				
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Expenses:										
Governmental activities:										
General government	\$ 6,468,095	\$ 6,016,169	\$ 5,224,980	\$ 5,158,135	\$ 4,907,738	\$ 5,071,184	\$ 3,970,541	\$ 3,926,479	\$ 3,379,369	\$ 3,285,607
Public safety	8,250,039	7,436,062	8,093,434	7,703,234	6,453,141	6,856,836	6,613,707	6,227,299	6,549,037	5,476,136
Physical environment	6,865,220	4,393,213	3,440,202	3,259,272	2,848,779	2,534,320	3,106,764	3,431,933	3,769,377	2,538,752
Transportation	3,959,507	3,565,480	2,704,831	2,153,685	2,136,727	2,037,807	2,022,117	1,949,882	2,279,149	1,861,946
Economic environment	306,515	317,431	338,114	291,969	256,771	315,985	402,986	238,597	106,577	364,675
Culture and recreation	2,100,476	1,781,223	1,617,044	1,606,579	1,481,096	1,402,691	1,434,296	1,279,635	1,326,245	1,191,488
Interest and fiscal charges	-	-	67,178	14,644	19,522	28,711	38,539	56,523	63,141	82,943
Total governmental activities expenses	<u>27,949,852</u>	<u>23,509,578</u>	<u>21,485,783</u>	<u>20,187,518</u>	<u>18,103,774</u>	<u>18,247,534</u>	<u>17,588,950</u>	<u>17,110,348</u>	<u>17,472,895</u>	<u>14,801,547</u>
Business-type activities:										
Golf course	2,156,402	1,661,083	1,786,655	1,659,271	1,575,587	1,551,926	1,533,749	1,555,853	1,537,332	1,584,214
Airport	1,868,321	1,649,721	1,531,134	1,427,667	1,339,582	1,282,084	1,336,180	1,328,258	1,361,134	1,197,549
Building	1,254,358	1,095,603	1,007,261	1,260,189	1,544,157	1,869,767	715,846	664,066	586,752	546,649
Total business-type activities expenses	<u>5,279,081</u>	<u>4,406,407</u>	<u>4,325,050</u>	<u>4,347,127</u>	<u>4,459,326</u>	<u>4,703,777</u>	<u>3,585,775</u>	<u>3,548,177</u>	<u>3,485,218</u>	<u>3,328,412</u>
Total primary government expenses	<u>33,228,933</u>	<u>27,915,985</u>	<u>25,810,833</u>	<u>24,534,645</u>	<u>22,563,100</u>	<u>22,951,311</u>	<u>21,174,725</u>	<u>20,658,525</u>	<u>20,958,113</u>	<u>18,129,959</u>

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

Schedule A2 (Continued)

	Fiscal Year					Fiscal Year				
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Program Revenues:										
Governmental activities:										
Charges for services:										
General government	\$ 1,171,822	\$ 813,109	\$ 733,072	\$ 769,115	\$ 769,986	\$ 684,938	\$ 532,721	\$ 466,261	\$ 362,631	\$ 374,581
Public safety	175,609	170,853	288,122	217,282	157,625	130,502	147,121	74,216	124,800	98,446
Physical environment	5,162,555	2,162,030	2,140,145	2,132,049	2,119,101	2,037,874	2,161,464	1,064,659	1,021,038	1,049,735
Culture and recreation	74,301	78,270	66,859	69,714	70,623	41,316	54,769	52,160	48,781	53,959
Operating grants and contributions	850,660	2,166,386	581,139	2,066,434	2,093,941	1,726,719	803,092	1,776,070	250,292	323,101
Capital grants and contributions	7,362,293	5,156,156	4,977,894	4,910,478	4,265,728	3,647,329	251,088	181,050	947,274	809,932
Total government activities program revenue	14,797,240	10,546,804	8,787,231	10,165,072	9,477,004	8,268,678	3,950,255	3,614,416	2,754,816	2,709,754
Business-type activities:										
Charges for services:										
Golf course	2,048,550	1,877,978	1,902,696	1,812,201	1,498,561	1,525,184	1,400,939	1,257,047	1,058,939	1,135,357
Airport	681,678	411,519	707,517	688,723	578,916	552,789	536,442	583,310	499,321	516,403
Building	960,932	1,079,122	899,205	1,257,746	1,377,978	937,839	864,068	911,643	747,950	810,069
Operating grants and contributions	-	-	-	-	-	-	46,771	115,907	116,055	-
Capital grants and contributions	1,666,981	3,935,604	365,388	3,295,019	560,394	471,888	2,670,116	2,120,953	1,566,737	841,668
Total business-type activities program revenue	5,358,141	7,304,223	3,874,806	7,053,689	4,015,849	3,487,700	5,518,336	4,988,860	3,989,002	3,303,497
Total primary government program revenue	20,155,381	17,851,027	12,662,037	17,218,761	13,492,853	11,756,378	9,468,591	8,603,276	6,743,818	6,013,251
Net (expense) revenue										
Governmental activities	(13,152,612)	(12,962,774)	(12,698,552)	(10,022,446)	(8,626,770)	(9,978,856)	(13,638,695)	(13,495,932)	(14,718,079)	(12,091,793)
Business-type activities	79,060	2,897,816	(450,244)	2,706,562	(443,477)	(1,216,077)	1,932,561	1,440,683	503,784	(24,915)
Total primary government net (expense) revenue	(13,073,552)	(10,064,958)	(13,148,796)	(7,315,884)	(9,070,247)	(11,194,933)	(11,706,134)	(12,055,249)	(14,214,295)	(12,116,708)

Continued...

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

Schedule A2 (Continued)

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
General Revenues and other changes in net position:										
Governmental activities:										
Property taxes, levied for general purposes	\$ 7,703,072	\$ 6,915,611	\$ 5,537,364	\$ 4,988,598	\$ 4,991,306	\$ 4,270,497	\$ 4,325,759	\$ 4,153,194	\$ 4,147,115	\$ 3,942,048
Public utility taxes	3,787,188	3,696,879	3,523,529	3,172,766	3,030,261	2,940,406	2,882,460	2,808,172	5,945,386	5,762,921
Franchise fees	1,751,370	1,716,016	1,775,486	1,571,571	1,384,529	1,316,849	1,343,744	1,316,792	1,271,403	1,257,430
Intergovernmental unrestricted	4,951,887	4,508,157	4,721,538	3,526,318	3,066,490	2,541,474	7,109,496	6,887,664	2,616,522	2,466,546
Investment earnings	646,903	621,019	505,805	142,209	61,247	180,988	378,657	216,185	135,614	77,317
Miscellaneous	548,250	1,475,357	385,723	468,361	271,276	381,999	277,970	312,401	290,269	316,239
Transfers	(262,196)	(429,621)	(131,788)	(493,736)	(122,937)	(106,344)	(204,496)	(370,457)	(588,809)	(705,067)
Total governmental activities	19,126,474	18,503,418	16,317,657	13,376,087	12,682,172	11,525,869	16,113,590	15,323,951	13,817,500	13,117,434
Business-type activities:										
Investment earnings	59,156	53,269	68,008	17,582	3,582	10,377	8,499	8,234	10,787	6,787
Gain on sale of capital assets	43,032	14,648	182,556	1,825	-	4,268	-	-	-	-
Miscellaneous	115,763	110,707	147,428	-	-	-	-	-	-	-
Transfers	262,196	429,621	131,788	493,736	122,937	106,344	204,496	370,457	588,809	705,067
Total business-type activities	480,147	608,245	529,780	513,143	126,519	120,989	212,995	378,691	599,596	711,854
Total primary government general revenue	19,606,621	19,111,663	16,847,437	13,889,230	12,808,691	11,646,858	16,326,585	15,702,642	14,417,096	13,829,288
Change in net position										
Governmental activities	5,973,862	5,540,644	3,619,105	3,353,641	4,055,402	1,547,013	2,474,895	1,828,019	(900,579)	1,025,641
Business-type activities	559,207	3,506,061	79,536	3,219,705	(316,958)	(1,095,088)	2,145,556	1,819,374	1,103,380	686,939
Total primary government change in net position	\$ 6,533,069	\$ 9,046,705	\$ 3,698,641	\$ 6,573,346	\$ 3,738,444	\$ 451,925	\$ 4,620,451	\$ 3,647,393	\$ 202,801	\$ 1,712,580

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

Schedule A3

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
General Fund										
Nonspendable	\$ 622,072	\$ 285,611	\$ 364,122	\$ 201,992	\$ 341,851	\$ 182,803	\$ 94,564	\$ 234,852	\$ 342,505	\$ 227,651
Restricted	-	-	176,903	-	110,994	88,782	103,900	77,185	63,016	46,262
Committed	-	-	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	12,157	12,157	12,157	13,871	12,350	10,840
Unassigned	10,342,092	10,462,385	9,398,963	7,993,009	6,224,793	5,419,259	5,988,440	5,047,473	4,089,275	5,526,675
Total General Fund	\$ 10,964,164	\$ 10,747,996	\$ 9,939,988	\$ 8,195,001	\$ 6,689,795	\$ 5,703,001	\$ 6,199,061	\$ 5,373,381	\$ 4,507,146	\$ 5,811,428
All other governmental funds										
Non-spendable	\$ 920,529	\$ 1,037,412	\$ 634,147	\$ 436,407	\$ 1,001,453	\$ 1,085,337	\$ 1,036,571	\$ 1,542,466	\$ 941,061	\$ 996,778
Restricted	9,825,062	10,415,753	10,618,581	6,846,018	9,034,265	9,471,281	7,850,346	4,822,199	4,131,416	4,193,653
Committed	129,562	120,750	102,131	409,549	329,364	223,723	553,172	707,667	995,144	977,868
Assigned	1,165,817	1,110,015	-	-	-	-	-	-	-	-
Unassigned	(2,110,405)	(106,176)	(83,736)	(429,088)	(210,876)	-	(5,730)	(3,048)	(26,370)	(129,401)
Total all other governmental funds	\$ 9,930,565	\$ 12,577,754	\$ 11,271,123	\$ 7,262,886	\$ 10,154,206	\$ 10,780,341	\$ 9,434,359	\$ 7,069,284	\$ 6,041,251	\$ 6,038,898
Total governmental funds	\$ 20,894,729	\$ 23,325,750	\$ 21,211,111	\$ 15,457,887	\$ 16,844,001	\$ 16,483,342	\$ 15,633,420	\$ 12,442,665	\$ 10,548,397	\$ 11,850,326

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

Schedule A4

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Revenues:										
Taxes	\$ 11,490,260	\$ 10,612,490	\$ 9,095,759	\$ 8,161,364	\$ 8,021,567	\$ 7,210,903	\$ 7,208,219	\$ 6,961,366	\$ 10,738,778	\$ 10,326,654
Franchise fees	1,680,346	1,716,016	1,775,486	1,571,571	1,384,529	1,316,849	1,343,744	1,316,792	1,271,403	1,257,430
Licenses and permits	190,815	193,385	163,719	189,643	195,920	150,240	146,812	165,922	135,900	136,614
Intergovernmental	11,038,895	11,578,898	10,004,218	10,312,702	9,176,859	7,739,019	7,996,330	8,648,064	2,991,190	2,709,066
Impact fees	112,125	138,775	99,450	179,400	214,500	143,875	129,550	141,050	102,700	163,800
Charges for services	6,449,997	3,192,959	3,102,300	2,894,772	2,868,088	2,691,093	2,698,117	1,443,123	1,353,009	1,391,495
Fines	51,893	55,028	170,768	103,745	53,327	53,297	51,146	48,251	96,842	73,059
Investment earnings	646,903	621,019	505,805	142,209	61,247	180,988	378,657	216,185	135,614	77,317
Contributions and donations	220,988	142,780	200,553	468,361	271,276	381,999	277,970	55,670	45,420	80,581
Other revenues	206,313	187,998	134,783	11,128	34,800	32,628	37,796	312,401	290,269	316,239
Total revenues	32,088,535	28,439,348	25,252,841	24,034,895	22,282,113	19,900,891	20,268,341	19,308,824	17,161,125	16,532,255
Expenditures:										
Current:										
General government	9,091,121	6,514,716	5,129,197	4,706,858	4,457,302	4,498,327	3,536,154	3,492,883	2,943,790	3,053,554
Public safety	9,532,281	8,783,899	7,679,795	6,854,359	6,314,019	6,275,459	6,035,675	5,659,861	5,134,388	4,968,258
Physical environment	3,000,503	2,857,600	2,393,007	2,398,846	1,858,226	1,633,435	1,871,853	2,195,332	2,565,532	1,316,697
Transportation	1,622,937	1,425,084	1,308,620	1,199,856	1,197,835	1,129,260	1,142,412	1,079,509	1,333,927	1,168,919
Economic environment	203,518	229,471	249,700	291,969	256,771	315,985	402,986	238,597	73,491	331,589
Culture and recreation	1,639,196	1,292,330	1,103,676	1,131,280	986,734	955,164	1,027,371	875,172	927,374	849,789
Debt service:										
Principal retired	-	-	121,000	632,000	620,000	611,000	601,000	590,000	931,000	1,935,000
Lease principal	-	-	8,868	1,642	-	-	-	-	-	-
Interest	-	-	55,961	17,788	23,927	35,023	45,846	56,523	68,512	92,907
Capital outlay	9,341,310	5,811,618	3,780,530	7,692,675	6,083,703	3,490,972	2,209,793	2,856,222	3,896,231	1,780,358
Total expenditures	34,430,866	26,914,718	21,830,354	24,927,273	21,798,517	18,944,625	16,873,090	17,044,099	17,874,245	15,497,071
Revenues over (under) expenditures	(2,342,331)	1,524,630	3,422,487	(892,378)	483,596	956,266	3,395,251	2,264,725	(713,120)	1,035,184
Other Financing Sources (Uses)										
Transfers in	8,791,386	7,851,963	3,071,227	8,099,451	5,632,516	3,280,101	2,451,428	4,427,037	7,184,858	3,694,279
Transfers out	(9,053,582)	(8,281,584)	(3,203,015)	(8,593,187)	(5,755,453)	(3,386,445)	(2,655,924)	(4,797,494)	(7,773,667)	(4,399,346)
Lease/debt proceeds	-	-	1,656,117	-	-	-	-	-	-	-
Proceeds from sale of capital assets	173,506	1,019,630	47,296	-	-	-	-	-	-	-
Total other financing sources (uses)	(88,690)	590,009	1,571,625	(493,736)	(122,937)	(106,344)	(204,496)	(370,457)	(588,809)	(705,067)
Net Change in Fund Balances	\$ (2,431,021)	\$ 2,114,639	\$ 4,994,112	\$ (1,386,114)	\$ 360,659	\$ 849,922	\$ 3,190,755	\$ 1,894,268	\$ (1,301,929)	\$ 330,117
Debt Service as a % of noncapital expenditures										
Noncapital Expenditures	0.0%	0.0%	1.0%	3.8%	4.1%	4.2%	4.4%	4.6%	7.2%	14.8%

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

Schedule A5

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Program Revenues										
Governmental activities:										
General government	\$ 6,240,420	\$ 5,715,322	\$ 5,524,587	\$ 5,787,477	\$ 5,689,371	\$ 4,749,501	\$ 1,096,978	\$ 1,997,400	\$ 390,921	\$ 479,395
Public safety	2,592,583	598,110	834,919	470,102	393,259	399,361	444,199	346,239	334,270	306,381
Physical environment	5,272,055	2,162,030	2,140,145	2,132,049	2,119,101	2,037,874	2,161,464	1,064,659	1,021,038	1,049,735
Transportation	-	-	-	1,041,474	990,150	896,751	13,295	12,908	687,310	656,484
Economic environment	505,756	1,854,297	121,271	484,856	-	-	-	-	-	-
Cultural and recreation	186,426	217,045	166,309	249,114	285,123	185,191	234,319	193,210	321,277	217,759
Total governmental activities	<u>\$ 14,797,240</u>	<u>\$ 10,546,804</u>	<u>\$ 8,787,231</u>	<u>\$ 10,165,072</u>	<u>\$ 9,477,004</u>	<u>\$ 8,268,678</u>	<u>\$ 3,950,255</u>	<u>\$ 3,614,416</u>	<u>\$ 2,754,816</u>	<u>\$ 2,709,754</u>
Business-type activities:										
Charges for services:										
Golf Course	\$ 2,048,550	\$ 1,937,644	\$ 1,902,696	\$ 1,812,201	\$ 1,498,561	\$ 1,525,184	\$ 1,401,260	\$ 1,355,652	\$ 1,170,591	\$ 1,135,357
Airport	2,348,659	4,287,457	1,072,905	3,983,742	1,139,310	1,024,677	3,253,008	2,704,263	2,070,461	1,358,071
Building	960,932	1,079,122	899,205	1,257,746	1,377,978	937,839	864,068	928,945	747,950	810,069
Total business-type activities	<u>\$ 5,358,141</u>	<u>\$ 7,304,223</u>	<u>\$ 3,874,806</u>	<u>\$ 7,053,689</u>	<u>\$ 4,015,849</u>	<u>\$ 3,487,700</u>	<u>\$ 5,518,336</u>	<u>\$ 4,988,860</u>	<u>\$ 3,989,002</u>	<u>\$ 3,303,497</u>
Total primary government	<u><u>\$ 20,155,381</u></u>	<u><u>\$ 17,851,027</u></u>	<u><u>\$ 12,662,037</u></u>	<u><u>\$ 17,218,761</u></u>	<u><u>\$ 13,492,853</u></u>	<u><u>\$ 11,756,378</u></u>	<u><u>\$ 9,468,591</u></u>	<u><u>\$ 8,603,276</u></u>	<u><u>\$ 6,743,818</u></u>	<u><u>\$ 6,013,251</u></u>

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 Inter- Governmental⁽²⁾	Totals
2025	\$ 7,124,971	\$ 5,538,558	\$ 11,038,895	\$ 8,386,111	\$ 32,088,535
2024	6,443,644	5,412,895	11,578,898	5,003,911	28,439,348
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

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

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

Source: Financial Statements and records, City of Sebastian.

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	
2025	3.1955	5.9006	5.7530	1.4398	13.0934	16.2889
2024	3.1955	5.9006	5.9110	1.0657	12.8773	16.0728
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

Source: Indian River County Property Appraiser website
Indian River County Tax Collector website

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
2024	2025	\$ 3,053,455,219	\$ 127,928,713	\$ 691,155,282	\$ 2,490,228,650	3.4455	\$ 3,944,747,737	63.13%
2023	2024	2,846,895,941	116,959,576	662,905,655	2,300,949,862	3.1955	3,675,579,502	62.60%
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%

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

Schedule B4

Taxpayer	2025			2016		
	Taxable Assessed Value	Rank	Percentage of Total Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Assessed Value
Florida Power & Light (Utility/Electric)	\$ 74,191,548	1	3.22%	\$ 19,251,530	1	1.86%
Comcast of Florida Inc. (Communications)	15,432,291	2	0.67%	9,395,615	2	0.91%
Park Place Community LLC (Rental/Retail)	10,099,656	3	0.44%	6,951,394	4	0.67%
Walmart Stores Inc. (Retail)	8,931,006	4	0.39%	8,550,680	3	0.82%
Hawkins Kevin S	7,137,257	5	0.31%			
Sebastian Senior Real Estate LLC	6,966,032	6	0.30%	-		-
CSMA BLT LLC (Commercial)	6,950,145	7	0.30%	5,037,750	7	-
Hartwell Groves Florida LLC (Commercial)	6,756,334	8	0.29%	4,558,540	9	0.44%
BW US 1 Inc. (Commercial)	5,804,179	9	0.25%	6,164,130	5	0.59%
CSGBSH Sebastian LLC	5,400,174	10	0.23%	-		-
CR512 Shopping Center				5,970,530	6	0.58%
Bellsouth Communications (Utility/Telephone)				4,657,553	8	0.45%
Sebastian Inlet Marina & Trading Inc. (Restaurant/Hotel)				3,893,690	10	0.38%
Total taxable assessed value for principal property taxpayers	\$ 147,668,622		6.42%	\$ 74,431,412		6.69%
Total Taxable Value	\$ 2,300,949,862			\$1,037,687,270		

Sources:

Indian River County Property Appraiser

**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
2025	\$ 7,347,884	\$ 7,002,517	95.3%	\$ 122,454	\$ 7,124,971	97.0%
2024	6,661,489	6,347,323	95.3%	96,321	6,443,644	96.7%
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%

Source: City cash receipt source documents
Indian River County Tax Collector
Indian River County Property Appraiser

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 Per Capita Income	Per Capita
				Activities	Activities			
				Lease Liability	Lease Liability			
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	0.0002%	160
2024	-	-	-	-	-	-	-	-
2025	-	-	-	-	-	-	-	-

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

Schedule D1

Year	Population ^(a)	Per Capita Income ^(b)	School Enrollment	Unemployment Rate ^(c)
2025	27,087	^(e)	5,495	3.9%
2024	26,907	115,408	5,880	4.3%
2023	26,405	105,827	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%

Sources:

- ^(a) World Population Review
- ^(b) U.S. Bureau of Economic Analysis
- ^(c) U.S. Bureau of Labor Statistics
- ^(d) National Center for Education Statistics
- ^(e) Information not yet available.

Schedule D2

Schedule D2

Employer	2025		2016	
	Number of Employees	Rank	Number of Employees	Rank
School District of Indian River County	2,039	1	2,113	1
Cleveland Clinic Indian River Hospital	2,112	2	1,753	2
Indian River County	1,455	3	1,328	3
Publix Supermarket	1,380	4	1,250	4
Piper Aircraft Inc.	1,500	5	650	5
Wal-Mart	806	6	693	6
Sebastian River Medical Center	750	7	569	7
Johns Island Residential Resort	495	8	526	8
Visiting Nurse Association	500	9	399	9
Indian River Estates Retirement Community	486	10	350	10
	<u>11,523</u>		<u>9,631</u>	

Source: Principal employers in City of Sebastian were determined from listings provided by the Indian River Economic Development Commission.

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

Schedule E1

Function	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
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	4.0	4.0	2.0	2.0	2.0	2.0	2.0	2.0	2.5	2.5
City Clerk	3.0	3.0	2.0	2.5	2.5	2.5	2.5	2.5	2.5	3.0
City Attorney	1.0	1.0	1.0	1.0	1.0	1.0	-	-	-	-
Finance	6.0	6.0	6.0	5.0	11.5	11.5	11.5	11.5	11.0	14.0
Management Information	6.5	6.0	6.0	6.0	2.5	2.5	2.5	2.5	2.0	2.0
Audio/Visual	-	-	-	-	-	-	-	-	2.5	1.0
Human Resources	2.0	2.0	2.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Facilities Maintenance	4.0	4.0	4.0	3.0	4.0	4.0	3.0	3.0	2.5	3.5
Community Development	6.0	7.0	7.0	5.0	5.0	5.0	4.0	4.0	3.0	2.0
Total General Government	35.0	35.5	32.5	28.0	32.0	32.0	29.0	29.0	29.5	31.5
Public Safety										
Police	71.5	71.5	68.0	65.0	64.0	64.0	64.0	64.0	57.5	57.5
Code Enforcement	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
Building	11.0	12.0	11.5	9.5	8.5	7.5	7.5	7.5	5.0	5.0
Total Public Safety	85.5	86.5	82.5	77.5	67.0	67.0	67.0	67.0	60.5	60.5
Transportation										
Roads and Drainage	13.0	11.0	10.0	10.0	10.0	10.0	9.5	9.5	11.5	11.0
Fleet Management	3.0	4.0	3.5	3.0	3.0	3.0	3.5	3.5	3.5	3.5
Airport	2.5	2.5	2.5	2.5	10.0	10.0	10.0	8.0	9.0	8.0
Total Transportation	18.5	17.5	16.0	15.5	23.0	23.0	23.0	21.0	24.0	22.5
Physical Environment										
Cemetery	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	1.5	2.0
Stormwater	18.0	13.5	14.0	15.5	13.5	13.5	14.5	14.5	8.0	9.0
Total Physical Environment	20.0	15.5	16.0	17.5	15.5	15.5	16.5	16.5	9.5	11.0
Culture and Recreation										
Parks	19.0	16.0	16.0	16.0	13.0	15.0	13.0	9.0	9.0	9.0
Golf Course	9.5	9.5	9.0	9.0	3.0	4.0	4.0	4.0	3.0	3.0
Total Culture and Recreation	28.5	25.5	25.0	25.0	16.0	19.0	17.0	13.0	12.0	12.0
Total Employees	187.5	180.5	172.0	163.5	138.0	141.0	136.0	130.0	126.0	126.5

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

Schedule E2

<i>Function</i>	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Police										
Citations and Warnings Processed	4,725	4,352	4,167	3,011	2,447	2,350	4,626	3,679	3,180	3,065
Calls for Service	54,187	50,133	56,125	55,312	56,690	55,105	51,209	48,610	45,136	41,903
Physical Arrest	470	317	383	276	368	397	525	516	356	258
Finance										
Payroll Checks Processed	5,072	4,668	4,643	4,557	4,429	4,372	4,479	4,360	4,008	3,992
Accounts Payable Checks	2,141	2,129	2,152	2,039	2,019	1,983	2,043	2,210	2,232	2,384
Purchasing Card Transactions	3,143	3,008	2,964	2,877	2,770	2,747	2,599	2,397	1,718	1,357
Human Resources										
Terminations/Resignations/Retirements	30	25	33	31	35	33	18	34	29	41
New Hires	29	30	28	18	35	22	17	31	37	35
Public Works										
Miles of Paved Roads Maintained	158	158	157	157	157	157	157	157	157	157
Miles of Sidewalks Maintained	32	32	27	27	27	26	26	26	26	26
City Garage										
Heavy Equipment Units Maintained	34	37	37	47	37	24	24	26	26	26
Light Equipment Units Maintained	229	229	226	220	219	207	202	200	185	198
Vehicles Maintained	138	124	118	114	107	118	121	117	107	101
Cemetery										
Cemetery Internments	64	73	61	97	91	75	74	60	62	61
Grave Deeds Sold	43	69	71	61	62	59	30	29	32	39
Stormwater System										
Swales Maintained	150	150	150	150	150	150	150	150	300	300
Ditches Maintained	80	80	80	80	80	80	80	80	80	75
Parks and Recreation										
Community Center Fees	\$ 19,535	\$ 17,262	\$ 12,128	\$ 9,202	\$ 9,819	\$ 12,026	\$ 19,163	\$ 19,256	\$ 17,663	\$ 23,168
Tennis Court Fees	\$ 30,527	\$ 33,242	\$ 31,344	\$ 28,273	\$ 31,437	\$ 15,376	\$ 21,630	\$ 18,579	\$ 18,327	\$ 15,454
Participants at Recreation Center	6,745	6,164	4,506	3,490	3,970	4,371	6,823	6,495	6,268	7,280
Golf Course										
Golf Course Memberships	182	150	189	190	121	152	134	123	119	127
Average Daily Golf Course Revenue	\$5,642	\$5,154	\$5,240	\$4,961	\$4,117	\$4,179	\$3,837	\$3,100	\$3,100	\$3,100
Airport										
Leasehold Revenues	\$681,678	\$719,003	\$707,516	\$ 515,562	\$ 495,395	\$ 473,574	\$ 443,628	\$ 405,672	\$ 343,256	\$ 331,848
Building										
Number of Business Tax Receipts Issued	1,786	1,640	1,350	1,228	1,631	1,893	1,670	1,806	1,248	1,132
Number of Inspections	14,231	12,830	14,416	17,857	14,332	10,197	14,078	16,191	17,867	13,094
New Construction Permits Issued	157	168	232	229	255	178	170	167	147	191
Value of Construction (in millions)	\$108.7	\$101.4	\$47.7	\$62.9	\$649.5	\$46.9	\$42.4	\$39.8	\$37.2	\$43.4

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

Schedule E3

Function/Program	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
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	159	159	156	156	156	156	156	156	156	156
Number of Street Lights	354	354	354	354	354	354	354	354	354	354
Recreation and Community Development:										
Tennis courts	10	10	10	10	10	10	10	10	10	10
Pickle Ball Courts	8	8	8	8	1	1	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	81	85	85	85	103	105	105	105	105	108



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

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, 2025, and the related notes to the financial statements, which collectively comprise the City’s basic financial statements, and have issued our report thereon dated March 26, 2026.

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. *A significant deficiency* is a deficiency or a combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

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*.

Purpose of this Report

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

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

Melbourne, Florida
March 26, 2026



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**INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM;
REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE
AND CHAPTER 10.550, RULES OF THE FLORIDA AUDITOR GENERAL**

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

Report on Compliance for Each Major Federal Programs and State Project

Opinion on Each Major Federal Program and State Project

We have audited the City of Sebastian, Florida’s compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of City of Sebastian, Florida’s major federal programs and state project for the year ended September 30, 2025. City of Sebastian, Florida’s major federal programs and state project are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

In our opinion, City of Sebastian, Florida complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs and state projects for the year ended September 30, 2025.

Basis for Opinion on Each Major Federal Program and State Project

We conducted our audit of compliance 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 the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and Chapter 10.550, *Rules of the Florida Auditor General*. Our responsibilities under those standards and the Uniform Guidance and Chapter 10.550, *Rules of the Florida Auditor General* are further described in the Auditor’s Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of City of Sebastian, Florida and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program and state project. Our audit does not provide a legal determination of City of Sebastian, Florida’s compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to City of Sebastian, Florida's federal programs and state projects.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on City of Sebastian, Florida's compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance and Chapter 10.550, *Rules of the Florida Auditor General* will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about City of Sebastian, Florida's compliance with the requirements of each major federal program and state project as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, and Chapter 10.550, *Rules of the Florida Auditor General*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 City of Sebastian, Florida's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of City of Sebastian, Florida's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, and Chapter 10.550, *Rules of the Florida Auditor General*, but not for the purpose of expressing an opinion on the effectiveness of City of Sebastian, Florida's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance and Chapter 10.550, *Rules of the Florida Auditor General*. Accordingly, this report is not suitable for any other purpose.

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

Melbourne, Florida

March 26, 2026

City of Sebastian, Florida
Schedule of Findings and Questioned Costs
For the Year Ended September 30, 2025

Section I – Summary of Auditor’s Results

Financial Statements

Type of auditor’s report issued	Unmodified
Internal control over financial reporting:	
• Material weaknesses identified?	No
• Significant deficiencies identified not considered to be	None noted
• Noncompliance material to the financial statements noted?	No

Federal Awards and State Projects

Type of auditor’s report issued :	Unmodified
Internal control over major programs:	
• Material weaknesses identified?	No
• Significant deficiencies identified?	No

Any audit findings disclosed that are required to be reported in accordance with 2CFR section 200.516(a) and/or Chapter 10.557, Rules of the Florida Auditor General?
Yes

Identification of major programs

Federal Assistance Listing Numbers
97.039

Federal Program or Cluster
Hazard Mitigation Grant

State CSFA Numbers
55.004

State Projects
Aviation Grant Programs

Dollar threshold used to distinguish between type A and type B programs	\$1,000,000 Federal \$408,578 State
Auditee qualified as low-risk under 2CFR 200.520	No

City of Sebastian, Florida
Schedule of Findings and Questioned Costs
For the Year Ended September 30, 2025

Section II – Financial Statements Findings

No matters were reported.

Section III – Federal Award Findings and Questioned Costs

No matters were reported.

Section III – State Project Award Findings and Questioned Costs

No matters were reported.

SECTION IV: PRIOR FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS AND STATE PROJECTS

The status of the prior year findings are below:

<u>Finding</u>	<u>Status</u>
2024-001	Cleared
2024-002	Cleared
2024-003	Cleared
2024-004	Cleared
2024-005	Cleared

City of Sebastian, Florida

Schedule of Expenditures of Federal Awards and State Financial Assistance
For the Year ended September 30, 2025

Federal Agency <i>Pass-through Entity</i> Federal Program/ State Project	Assistance Listing/ CSFA No.	Grant Number / Pass Through Entity Identifying Number	Expenditures	Transfers to Subrecipients
Federal Awards:				
U.S Department of Housing and Urban Development				
Community Development Block Grant - Entitlement Grants Cluster	14.218	B-19-MC-12-0064	\$ 59,603	\$ -
U.S Department of Justice				
Bulletproof Vest Partnership <i>Passed through Federal Department of Law Enforcement</i>	16.607	OMB 1121-0235	6,600	-
Edward Byrne Memorial Justice Assistance Grant Program	16.738	6N228	12,428	-
Total U.S. Department of Justice			19,028	-
U.S Department of Transportation				
Airport Improvement Program:				
Airport Improvement Program - Rehab Runway Paving & Lighting	20.106	3-12-0145-022-2025	53,823	-
Airport Improvement Program - Rehab Runway Paving & Lighting	20.106	3-12-0145-023-2025	8,275	-
Airport Improvement Program - Rehab Runway Paving & Lighting	20.106	3-12-0145-021-2023	180,752	-
Total Department of Transportation			242,850	-
U.S. Department of Homeland Security				
Federal Emergency Management Agency				
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	Z3566	31,223	-
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036		343,359	-
Total Disaster Grants			374,582	-
Hazard Mitigation Grant	97.039	H0853	1,893,593	-
Total Department of Homeland Security			2,268,175	-
U.S Department of Treasury				
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds <i>Passed through State of Florida Environmental Protection Agency</i>	21.027	SLFRP0894	446,153	-
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027	23PLN17	9,778	-
Total Department of Treasury			455,931	-
Total Expenditures of Federal Awards			\$ 3,045,587	\$ -
State Awards:				
Florida Department of Transportation				
Aviation Grant Programs -Construct Square Hangars	55.004	FM # 445949-1-94-01	\$ 805,049	\$ -
Aviation Grant Programs -Hangar D Office Improvements	55.004	FM # 449620-1-94-01	295,893	-
Aviation Grant Programs -Reconstruct Alpha Apron	55.004	FM # 454020-1-94-01	102,040	-
Aviation Grant Programs -Design Taxiway Golf	55.004	FM # 451509-1-94-01	90,906	-
Aviation Grant Programs -Construct Taxiway Golf	55.004	FM # 448113-1-94-01	4,958	-
Aviation Grant Programs -Airport Netting	55.004	FM # 454783-1-94-01	32,405	-
Total Florida Department of Transportation			1,331,251	-
Florida Department of Environmental Protection				
Resilient Florida Program	37.098	25PLN23	30,675	-
Total Expenditures of State Financial Assistance			\$ 1,361,926	\$ -

City of Sebastian, Florida
Notes to the Schedule of Expenditures of Federal Awards
and State Financial Assistance
For the Year ended September 30, 2025

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal spending of the City of Sebastian, Florida (the "City") and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of the Uniform Guidance. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in preparation of, the basic financial statements. Because the schedule presents only a selected portion of the operations of the City, it is not intended to and does not represent the financial position of the City.

Note 2: INDIRECT COST RATE

The Uniform Guidance allows an organization to elect a de minimis indirect cost rate. For the year ended September 30, 2025, the City did not elect to use this rate.

Note 3: LOAN / LOAN GUARANTEE OUTSTANDING BALANCES

The City did not have any federal loans or loan guarantees outstanding during the year ended September 30, 2025.

Note 4: SUBRECIPIENTS

During the year ended September 30, 2025, the City had no subrecipients.

Note 5: NONCASH ASSISTANCE AND OTHER

The City did not receive any noncash assistance or federally funded insurance during the year ended September 30, 2025.

Note 6: CONTINGENCIES

Grant monies received and disbursed by the City are for specific purposes and are subject to review by the grantor agencies. Such audits may result in requests for reimbursement due to disallowed expenditures. Based upon experience, the City does not believe that such disallowance, if any, would have a material effect on the financial position of the City.



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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, 2025, and have issued our report thereon dated March 26, 2026.

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* ; Independent Auditor’s Report on Compliance for Each Major Federal Program and State Project and Report on Internal Control over Compliance; Schedule of Findings and Questioned Costs; 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 March 26, 2026, 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.

Prior Year No.	Description	Status	Original No.
2024-001	Unavailable Revenue	Cleared	
2024-002	Review of Supporting Schedules	Cleared	
2024-003	Report Submitted Without Review	Cleared	
2024-004	Suspension And Debarment	Cleared	

2024-005	Progress Report Not Reviewed	Cleared	
2024-006	Building Department Excess Funds	Repeated	2023-006
2024-007	Bid Procedures	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 is disclosed in the notes to the financial statements. 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. The City of Sebastian, Florida’s component unit, the Community Redevelopment Agency, was established under Ordinance No. 0-95-08 In March 1995.

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 recommendations:

2024-006 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 was not in compliance with Florida Statue 533.80(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’s unexpended building permit funds at September 30, 2025 exceeded the City’s average operating budget for enforcing the Florida Building Code for the previous four years by \$1,312,973.

Effect: The City has excess unexpended balance at September 30, 2025.

Recommendation: The City should identify how it intends to reduce the amount of unexpended building code balances in order to comply with Section 533.80(7)(a) of Florida Statutes. Such action may require the City to modify its fiscal 2025-26 budget.

Management's Response: Management is currently seeking ways to comply with Section 553.80(7)(a) of Florida Statutes in a practical manner.

Property Assessed Clean Energy (PACE) Programs (unaudited)

As required by Section 10.554(1)(i)6.a., Rules of the Auditor General, the City did not operate a PACE program pursuant to Section 163.081 or Section 163.082, Florida Statutes, within the City's geographical boundaries during the fiscal year under audit.

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

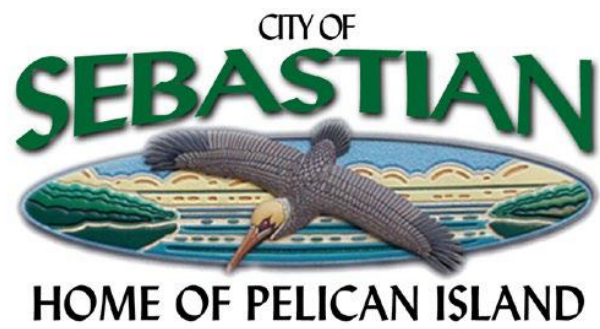
Section 10.554(1)(i)3., Rules of the Auditor General, requires us to communicate noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but warrants the attention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

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, Rigg & Ingram, L.L.C.

Melbourne, Florida
March 26, 2026



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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, 2025. 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.

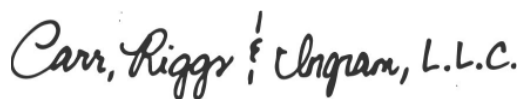
Our examination was conducted in accordance with attestation standards established by the AICPA. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the City complied, in all material respects, with the specified requirements referenced above. 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, 2025.

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.

A handwritten signature in black ink that reads "Carr, Riggs & Ingram, L.L.C." in a cursive style.

Melbourne, Florida
March 26, 2026