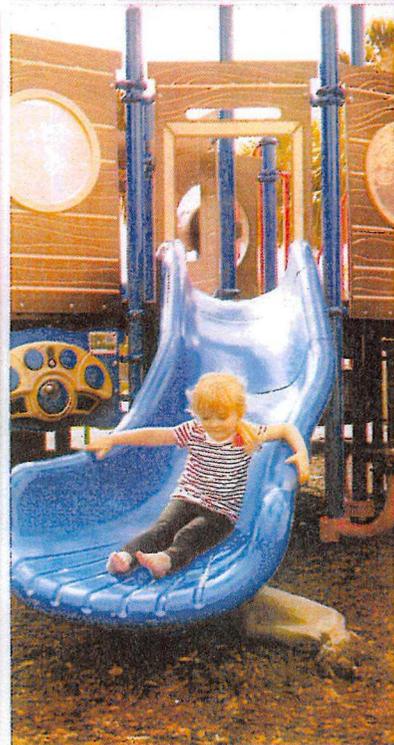
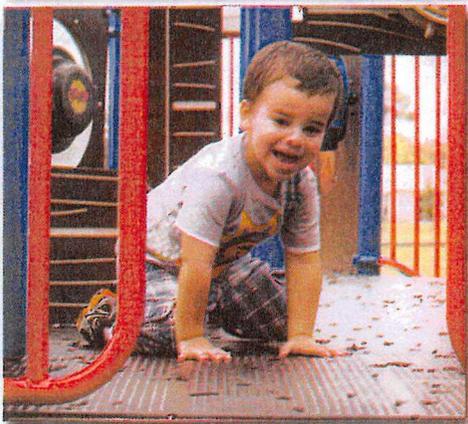


# Comprehensive Annual Financial Report

## City of Sebastian, Florida

For the Fiscal Year October 1, 2012 Through September 30, 2013



*The Comprehensive Annual Financial Report cover shows photographs of our new "Jolly Voyager Pirate Ship" Playground Equipment purchased for the Creative Playground located at our Sebastian Barber Street Sports Complex.*

*This equipment was recommended by the City of Sebastian Parks & Recreation Advisory Board, and as depicted in the photograph is a cool addition to our Sports Complex.*

*The total project improvements to the playground included:*

- The pirate ship playground equipment*
- A new sidewalk*
- Shade canopies*
- Picnic tables and benches.*

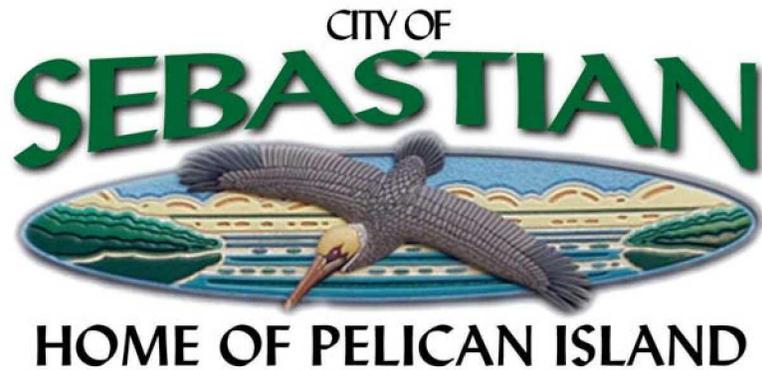
*The total expenditure for this project was \$106,185 and was funded through Recreational Impact Fees.*

*This playground is used on a daily basis by children of the community, and is handicap accessible.*

*Concept provided courtesy of:  
Linda Kinchen, Public Works, City of Sebastian*

*Photograph provided courtesy of:  
Barbara Brooke Reese, MIS, City of Sebastian*

CITY OF SEBASTIAN, FLORIDA



COMPREHENSIVE ANNUAL FINANCIAL REPORT  
For the Year Ended September 30, 2013

CITY COUNCIL

Bob McPartlan  
*Mayor*

Don Wright  
*Vice-Mayor*

Andrea Coy  
*Council Member*

Jerome Adams  
*Council Member*

Jim Hill  
*Council Member*

Prepared by: Administrative Services Department

# CITY OF SEBASTIAN, FLORIDA

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## INTRODUCTORY SECTION

# CITY OF SEBASTIAN, FLORIDA

## CITY OFFICIALS

For the Year Ended September 30, 2013

Al Minner  
*City Manager*

Sally A. Maio, MMC  
*City Clerk*

Robert Ginsburg  
*City Attorney*

### DEPARTMENT HEADS

Michelle Morris  
*Police Chief*

Debra Krueger  
*Administrative Service Director*

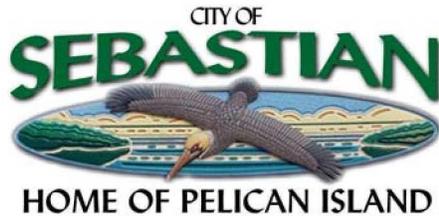
Kenneth W. Killgore  
*Finance Director*

Jerry Converse  
*Public Works Director*

Wayne Eseltine  
*Building Official*

Greg Gardner  
*Golf Course Director*

Joseph Griffin  
*Community Development & Airport Director*



February 19, 2014

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, 2013, as prepared by the City's Administrative Services department. State law requires that every general-purpose local government publish within six months of the close of each fiscal year a complete set of audited financial statements. This report is published to fulfill that requirement for the fiscal year ended September 30, 2013.

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 financial statements of the City of Sebastian be audited by a certified public accountant selected by the City Council. The City's independent Certified Public Accountants, Rehmann Robson, has issued an unqualified ("clean") opinion on the City of Sebastian's financial statements for the year ended September 30, 2013. The independent auditors' report is located on page 13, 14 and and 15. 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 22,188 living in an area of approximately 14.6 square miles. 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. Council members serve a two-year term. Annual elections are held on the first Tuesday following the first Monday in November and two members are elected in even-numbered years and three members are elected in odd-numbered years. Elections are non-partisan and at-large. Mayor and Vice Mayor are elected from among the members of every newly seated Council at a Special meeting following the election each year. The City has operated under a Council-City Manager form of government since 1989.

The City provides a wide range of services including general government administration, police protection, the construction and maintenance of local roads, public works, recreational and cultural activities, a golf course, a general aviation airport, and a building department to enforce building 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 Riverfront Redevelopment Agency and the Sebastian Police Officer's Pension Trust Fund.

The 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 fund 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 steadily declined through 2006 but then increased for the next five years to a range of 11-14%. As of September 2013, the Florida Research & Economic Database reported an improved unemployment rate of 8.8%. The overall unemployment rate for the area has historically been greater than that of the State of Florida. This high number is representative of the general economic difficulties being experienced in the area and the lack of job creation.

The largest major occupational group is Office and Administrative Support Occupations (24.7%), followed by Sales and Related Occupations (17.3%) and Food Preparation and Serving Related Occupations (12.4%). According to the U.S. Census Bureau (2000), 86% of the population age 25 or older are high school graduates and 23.1% hold a bachelor's degree or higher. The area median age for 2010 was 50.1 per the U.S. Census Bureau and average wage is \$34,684 per year, assuming a 40-hour work-week, per the Florida Research & Economic Database. The geographical area of the City of Sebastian, just north of the Treasure Coast, houses a number of high-tech industries including NASA and various aerospace industry-related businesses. In the past, this attracted a workforce with a higher than average education and technical skills to the vicinity but with the end of the Space Shuttle program, the loss of these activities has affected job availability.

## 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. This Infrastructure Sales Surtax is estimated to provide the City in excess of \$40 million dollars over the life of the extension 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 increased to 3.7166 for fiscal year 2013 to offset a 6.3% decline in taxable values and shortfalls in collections of franchise and utility taxes. Construction activity increased with 170 permits being issued for new construction in fiscal year 2013 with a value of \$35.9 million compared just 66 permits being issued for new construction in fiscal year 2012 with a value of \$14.7 million. The increase is primarily attributed to the improved outlook for the housing market.

General Fund unassigned fund balance and amounts committed by the financial policies resolution based on 30% of the General Fund expenditures budget, were 51% of the General Fund expenditures budget. 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. To this end, the budget for fiscal year 2014 was balanced without a reduction of fund balances.

## Major Initiatives

### *Administration*

After receiving request for proposals, the City negotiated a new garbage franchise agreement that resulted in lower rates and providing carts at no cost to the public. Additionally, the City contracted to have an evaluation of its computer systems and received recommendations for necessary replacements and upgrades. Also, the City successfully participated in rating surveillance activities by Fitch rating service, which affirmed an AA- rating on the Discretionary Sales Tax Revenue Bonds and upgraded the Stormwater Utilities Revenue Bonds from AA- to AA. During the budget process for fiscal year 2014, the City managed to maintain the same millage, while ending furlough days and eliminating the annual transfer from local option gas taxes to General Fund. By eliminating the annual transfer, the local option gas taxes could be allocated for necessary roadway improvements.

### *Stormwater*

The main focus of stormwater effort expended for the past fiscal year has continued to be on the City's Stormwater Management Program, including capital projects, maintenance, citizen response and education, and forward planning. In fiscal year 2007, the City began a program to upgrade the current swale system by installing quarter-round piping, which has continued to be funded from discretionary sales tax revenues. The City also started outsourcing the swale and ditch maintenance work to enable City crews to focus on different stormwater maintenance practices. Operation and maintenance activities are accounted for in General Fund, with about one-half of the costs offset by an annual transfer from the Stormwater Utility Fund. Equipment replacements are being accounted for in the Stormwater Utility Fund.

### *Traffic & Transportation*

The City continues working on transportation improvements. Matching funds for a grant have been allocated from discretionary sales taxes for improvements to Tulip Drive. Funds have also been allocated from discretionary sales taxes to realign Barber Street and from discretionary sales taxes and the community redevelopment agency for enhancements to the “presidential streets” within the community redevelopment agency area. Other projects being planned for future years include repairs to the bridge on Barber Street, sidewalk repair and construction, plus street repaving.

### *Airport*

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. In fiscal year 2014, a separate budget was once again approved for expenses made toward promoting economic development. The current Master Plan serves as the guiding document for airport planning. 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. Also important are sales from a self-serve fueling facility. 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) for funding to develop the necessary infrastructure. Planned improvements in fiscal year 2014 include constructing another hangar with grant funds matched by funds from discretionary sales taxes.

### *Public Safety*

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 and has amended a lease with a not-for-profit entity to advance this effort. During fiscal year 2013, Parks and Recreation completed the purchase of new equipment for the Creative Playground and installed new field lighting at the Barber Street Sports Complex multi-use ball fields. It also initiated plans for work on the baseball dugouts and for constructing a tennis wall/racquetball court.

## Awards and Acknowledgements

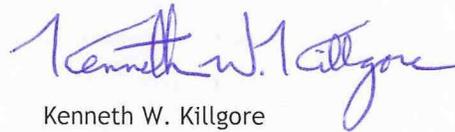
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Sebastian for its comprehensive annual financial report for the fiscal year ended September 30, 2012. This is a prestigious national award-recognizing conformance with the highest standards for preparation of state and local government financial reports. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both U.S. generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of this report would not be possible without the dedicated service of the Administrative Services department 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,



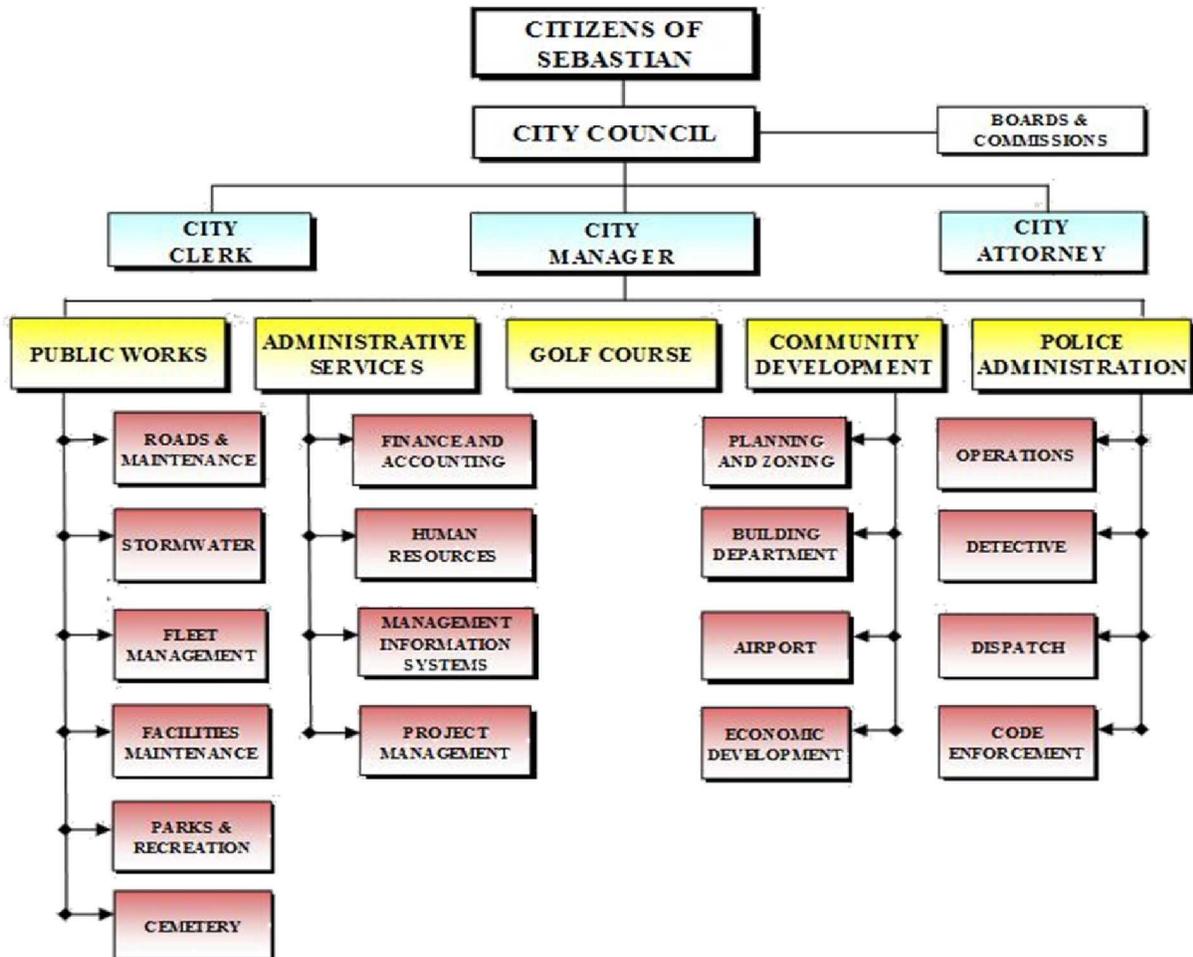
Joseph Griffin  
Interim City Manager



Kenneth W. Killgore  
Director of Finance

# CITY OF SEBASTIAN, FLORIDA

## Organizational Chart



CITY OF SEBASTIAN, FLORIDA

GFOA Certificate of Achievement



Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**City of Sebastian  
Florida**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**September 30, 2012**

A handwritten signature in black ink, reading "Jeffrey R. Egan". The signature is written in a cursive style.

Executive Director/CEO

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## FINANCIAL SECTION

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## INDEPENDENT AUDITORS' REPORT

February 19, 2014

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

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

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** (the "City"), as of and for the year ended September 30, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

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

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

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

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

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

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

### ***Opinions***

In our opinion, the financial statements referred to previously 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, 2013, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the General Fund and each major special revenue fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

### ***Other Matters***

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

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

#### ***Other 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 combining and individual fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements and schedules are the responsibility of management and were derived from and relate 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 information is fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory section and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated February 19, 2014, on our consideration of the City of Sebatian, 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 to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "Lehmann Johnson".

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

# CITY OF SEBASTIAN, FLORIDA

## Management's Discussion and Analysis

The City of Sebastian's (the "City") discussion and analysis is designed to (a) assist the reader in focusing on significant financial issues, (b) provide an overview of the City's financial activity, (c) identify changes in the City's financial position, (d) identify any material deviations from the financial plan, and (e) identify individual fund issues or concerns.

Since the Management's Discussion and Analysis (MD&A) is designed to focus on the current years activities, resulting changes and currently known facts, please read it in conjunction with the Transmittal Letter and the City's financial statements.

### Financial Highlights

- The assets of the City exceeded its liabilities at the close of the fiscal year 2013 by \$52,995,633 (net position). Of this amount, \$4,270,943 (unrestricted net position) may be used to meet the City's on-going obligations to citizens and creditors.
- The City's total net position increased by \$1,005,061 resulting from an increase of \$1,182,461 from governmental activities and an decrease of \$177,400 from business-type activities.
- Governmental funds reported a combined ending fund balance of \$12,030,610, a increase of \$647,233 from the prior year. Approximately 42% of this amount, \$5,065,242 is unassigned and available for spending, an increase of \$336,742 from fiscal year 2012 due to total General Fund revenue and transfers being greater than expenditures
- The Golf Course Fund reported an increase in the deficit in unrestricted net position, primarily due to an unusually slow summer season. The Airport Fund unrestricted deficit is the result of investment in capital assets that will ultimately be beneficial to its development and the City's economic growth. The Building Enterprise fund reported an increase in net position, as a result of an improved levels of construction activity. All of the City's

### Overview of the Financial Statements

The annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities provide information about the activities of the City as a whole and present a longer-term view of the City's finances. For governmental activities, the fund financial statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the City's operations in more detail by providing information about the City's most significant funds. The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

**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 information on all of the City's assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference between them 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 government'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 in this statement 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, cultural and recreation, and general administration. The business-type activities of the City include the golf course, airport, and building operations.

# CITY OF SEBASTIAN, FLORIDA

## Management's Discussion and Analysis

**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. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the 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 funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the General Fund, Discretionary Sales Tax Fund, Riverfront Redevelopment Fund, Discretionary Sales Surtax Revenue Bonds 2003 Fund, and General Capital Projects Fund all of 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 and schedules* elsewhere in this report.

The City adopts an annual appropriated budget for its General Fund and special revenue funds. Budgetary comparison statements have been provided for these funds to demonstrate compliance with this budget.

**Proprietary Funds.** The City maintains one type of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City uses enterprise funds to account for the golf course, airport, and buildings department.

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 buildings department, which are considered to be major funds of the City.

**Fiduciary Funds.** Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected 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.

**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.

**Other Information.** In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information.

### Government-wide Financial Analysis

As previously stated, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets exceeded liabilities by \$52,995,633 at the close of the most recent fiscal year.

# CITY OF SEBASTIAN, FLORIDA

## Management's Discussion and Analysis

	Net Position					
	Governmental Activities		Business-type Activities		Total	
	2013	2012	2013	2012	2013	2012
Current and other assets	\$12,847,068	\$11,784,974	\$ 13,222	\$ (99,954)	\$12,860,290	\$11,685,020
Capital assets, net	41,945,665	42,713,256	10,889,473	11,181,823	52,835,138	53,895,079
<b>Total assets</b>	<u>54,792,733</u>	<u>54,498,230</u>	<u>10,902,695</u>	<u>11,081,869</u>	<u>65,695,428</u>	<u>65,580,099</u>
Long-term liabilities	11,476,204	12,742,412	259,582	196,000	11,735,786	12,938,412
Other liabilities	860,900	482,650	103,109	168,465	964,009	651,115
<b>Total liabilities</b>	<u>12,337,104</u>	<u>13,225,062</u>	<u>362,691</u>	<u>364,465</u>	<u>12,699,795</u>	<u>13,589,527</u>
<b>Net position</b>						
Net investment in capital assets	32,038,749	31,500,173	10,846,501	11,183,095	42,885,250	42,683,268
Restricted	5,839,440	6,192,777	-	-	5,839,440	6,192,777
Unrestricted	4,577,440	3,580,218	(306,497)	(465,691)	4,270,943	3,114,527
<b>Total net position</b>	<u>\$42,455,629</u>	<u>\$41,273,168</u>	<u>\$ 10,540,004</u>	<u>\$10,717,404</u>	<u>\$52,995,633</u>	<u>\$51,990,572</u>

A substantial portion of the City's net position, \$42,885,250 (81 percent), reflects its investment in capital assets (e.g., land, buildings, machinery and equipment), less any related outstanding debt used to acquire those assets. The City uses these capital assets to provide services to citizens; consequently, 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 of \$5,839,440 (11 percent) represents resources that are subject to external restrictions on how they may be used. The City may use the remaining balance of unrestricted net position of \$4,270,943 (8.1 percent) to meet its ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the City is able to report positive balances in all three categories of net position, for the government as a whole and for its separate governmental activities. Unrestricted net position were negative for business-type activities as a whole, but improved over the prior year. This was due to the substantial increase in the building fund's revenues.

# CITY OF SEBASTIAN, FLORIDA

## Management's Discussion and Analysis

	Change in Net Position					
	Governmental Activities		Business-type Activities		Total	
	2013	2012	2013	2012	2013	2012
<b>Revenues</b>						
Program revenues:						
Charges for services	\$ 1,554,301	\$ 1,224,609	\$ 2,491,164	\$ 2,305,916	\$ 4,045,465	\$ 3,530,525
Operating grants	332,627	187,333	-	6,563	332,627	193,896
Capital grants	770,123	791,265	230,868	150,083	1,000,991	941,348
General revenues:						
Property taxes	3,221,304	3,063,495	-	-	3,221,304	3,063,495
Other taxes	5,123,046	4,852,413	-	-	5,123,046	4,852,413
Intergovernmental	2,063,450	1,934,733	-	-	2,063,450	1,934,733
Other	1,508,832	1,408,235	4,665	4,125	1,513,497	1,412,360
<b>Total revenues</b>	<b>14,573,683</b>	<b>13,462,083</b>	<b>2,726,697</b>	<b>2,466,687</b>	<b>17,300,380</b>	<b>15,928,770</b>
<b>Expenses</b>						
General government	2,784,485	2,640,677	-	-	2,784,485	2,640,677
Public safety	4,928,203	5,025,274	-	-	4,928,203	5,025,274
Physical environment	2,039,380	2,007,902	-	-	2,039,380	2,007,902
Transportation	1,845,429	1,800,432	-	-	1,845,429	1,800,432
Economic environment	155,214	170,960	-	-	155,214	170,960
Cultural and recreation	1,232,345	1,239,512	-	-	1,232,345	1,239,512
Interest and fiscal charges	368,432	562,496	-	-	368,432	562,496
Golf course	-	-	1,377,039	1,394,731	1,377,039	1,394,731
Airport	-	-	1,146,905	1,166,588	1,146,905	1,166,588
Building	-	-	417,887	397,295	417,887	397,295
<b>Total expenses</b>	<b>13,353,488</b>	<b>13,447,253</b>	<b>2,941,831</b>	<b>2,958,614</b>	<b>16,295,319</b>	<b>16,405,867</b>
Change in net position, before transfers	1,220,195	14,830	(215,134)	(491,927)	1,005,061	(477,097)
Transfers	(37,734)	22,489	37,734	(22,489)	-	-
<b>Change in net position</b>	<b>1,182,461</b>	<b>37,319</b>	<b>(177,400)</b>	<b>(514,416)</b>	<b>1,005,061</b>	<b>(477,097)</b>
Net position, beginning of year, as restated	41,273,168	41,235,849	10,717,404	11,231,820	51,990,572	52,467,669
<b>Net position end, of year</b>	<b>\$42,455,629</b>	<b>\$41,273,168</b>	<b>\$ 10,540,004</b>	<b>\$10,717,404</b>	<b>\$52,995,633</b>	<b>\$51,990,572</b>

The City's net position increased by \$1,005,061 during the current fiscal year. The primary reason for the increase in net position for governmental activities is related to an increase in program revenues and in general revenues. For business-type activities, the decline in net position is related to expenses in excess of revenues but was less of a decline than the prior year due to airport grants and much higher revenues from building permits.

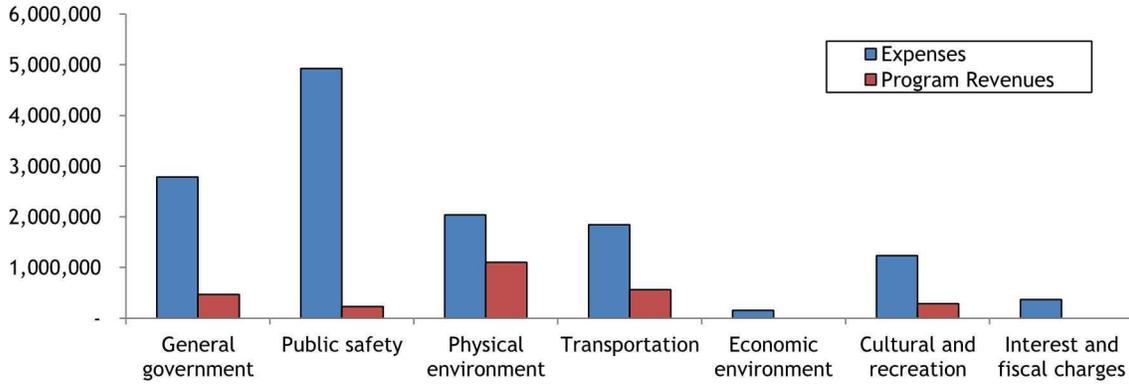
# CITY OF SEBASTIAN, FLORIDA

## Management's Discussion and Analysis

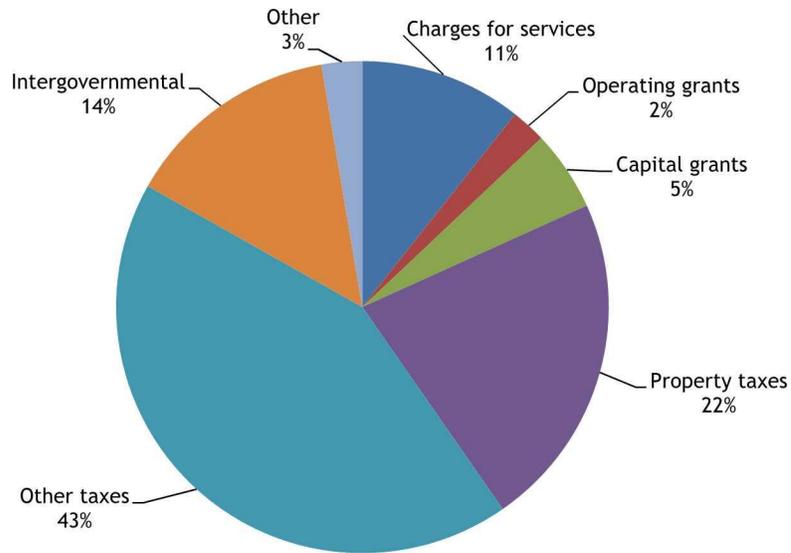
**Governmental Activities.** Governmental activities increased the City's net position by \$1,182,461 as compared to the prior year increase of \$37,319. Key elements of this increase are as follows:

- A decrease in expenses of \$93,765
- An increase in general revenues and transfers of \$642,511
- An increase in program revenues of \$453,844

**Expenses and Program Revenues - Governmental Activities**



**Revenues by Source - Governmental Activities**

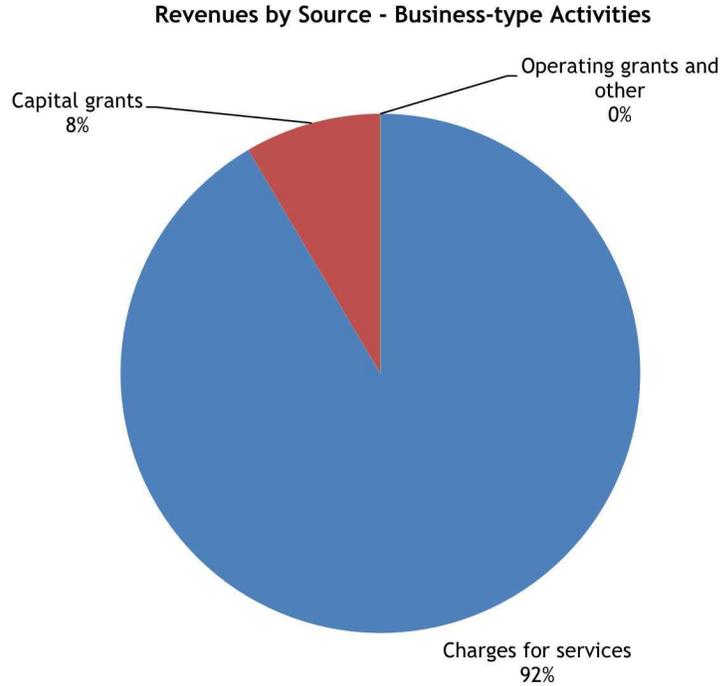
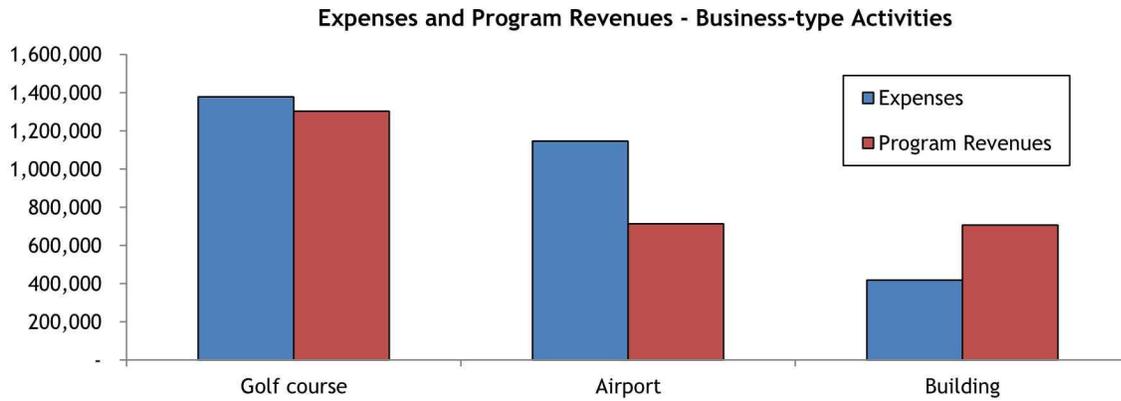


# CITY OF SEBASTIAN, FLORIDA

## Management's Discussion and Analysis

**Business-type Activities.** Business-type activities decreased the City's net position by \$177,400, as compared to the prior year decrease of \$514,416. The key elements of this decrease are as follows:

- A decrease in expenses of \$16,783
- An increase in general revenues and transfers of \$60,763
- An increase in program revenues of \$259,470, largely due to building permit activity.



# CITY OF SEBASTIAN, FLORIDA

## Management's Discussion and Analysis

### Financial Analysis of the City's 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 government'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 \$12,030,610, an increase of \$647,233 from the prior year. Of this amount, 42 percent (\$5,065,242) constitutes unassigned fund balance, which is available for spending at the City's discretion. The remainder of fund balance is assigned to indicate that it is not available for new spending because it is classified as one of the following: A) Nonspendable for 1) inventories and prepaids, 2) long-term cash advances, or 3) is nonspendable as permanent fund corpus for cemetery perpetual care; B) Restricted for capital projects or due to debt service and special revenue fund designations; C) is committed for development by local ordinance; or D) has been assigned for other specific uses in the City's general operations.

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 \$5,065,242 while total fund balance amounted to \$5,469,458. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 52.3 percent of total General Fund expenditures, while total fund balance represents 56.5 percent of that same amount.

The fund balance of the City's General Fund increased by \$467,286 during the current fiscal year. Key factors in this change are as follows:

- Property tax revenues increased by \$146,555 due to additions to taxable property values.
- Charges for services increased by \$79,995
- Intergovernmental increased by \$136,760
- Public utility taxes increased by \$146,881
- All other revenues increased by \$150,406
- Transfers in from other funds decreased by \$127,317 because transfers from the local option gas tax fund were discontinued.
- Expenditures decreased \$97,893 due to reductions in employees and cuts in other operating accounts.

The General Fund budgeted for no change in fund balance. The actual increase in fund balance was \$467,286. Significant changes in budgetary variances are as follows:

- Property tax revenues had a positive budgetary variance of \$25,227, with over 96% of the tax roll being collected. Only 95% of the tax roll is budgeted as being collected, per Florida statutes.
- Intergovernmental revenue had a positive budgetary variance from higher than anticipated receipts from municipal revenue sharing and local half-cent sales taxes transmitted by the state.
- Investment earnings were over-estimated as a result of low interest rates.
- General Fund expenditures had an overall positive budgetary variance of \$270,827 of which the greatest portions related to general government, (\$88,709), physical environment (\$94,572), and culture and recreation (\$52,377). Unanticipated capital purchases were necessary in several departments, however these were covered by savings from operating accounts.

The Discretionary Sales Tax revenue special revenue fund has a total fund balance \$2,707,722, an increase from the \$2,015,572 total fund balance of the prior year. Funds are intentionally being accumulated for projects that are planned in future years.

# CITY OF SEBASTIAN, FLORIDA

## Management's Discussion and Analysis

The Riverfront Redevelopment Fund ended the year with \$554,938 in fund balance, as a result of the transfers out for pending construction projects being less than budgeted.

The Discretionary Sales Surtax Revenue Bonds 2003 Fund has a total fund balance of \$1,554,867, all of which is restricted for debt service on the bonds.

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

The total net position of the golf course fund at the end of the fiscal year amounted to \$291,578, while the unrestricted net position (deficit) amounted to (\$311,764). Compared to the prior year in the same category, net position declined from the prior year and the unrestricted net position (deficit) was increased by \$158,254 from the prior year. This is mainly because of a reduction in revenues from golf course fees.

The total net position of the airport fund at the end of the fiscal year amounted to \$9,466,735, while the unrestricted net position (deficit) amounted to (\$819,396). Compared to the prior year in the same category, net position has decreased by \$391,525 while the unrestricted net position (deficit) was reduced by \$14,848. The reduction in the unrestricted net position (deficit) is mainly due to a reduction in amounts invested in capital assets resulting from depreciation expense.

The total net position of the building fund at the end of the fiscal year amounted to \$781,691, all of which was unrestricted net position. This is an increase of \$288,052 from the prior year, which was primarily due to increases in operating revenue from building permit fees.

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

### Budgetary Highlights

During the year, the City Council revised the City budget three times. These budget amendments fall into two main categories. The first category includes adjustments for unanticipated revenues. The second category includes supplemental appropriations to cover unanticipated items or project costs that were above or below budgeted amounts.

- \$28,481 amendment to set aside prior year savings from the Health Reimbursement Account.
- \$56,436 amendment to set up golf course accounts for loan payments and equipment purchases.
- \$4,250 adjustment to apply insurance reimbursement for damages to the repair of the cemetery arches.
- \$202,173 amendment to appropriate funds to purchase a wheeled excavator.
- \$23,533 adjustment for auction and insurance proceeds that were applied to auction fees and insurance claims.

# CITY OF SEBASTIAN, FLORIDA

## Management's Discussion and Analysis

- \$3,925 adjustment to use donation revenues to replace a sick K-9.
- \$145,961 adjustment for the State's distribution to the police pension fund.
- \$275,000 amendment to reflect additional FAA funding for the Main Street access road project.
- \$3,000 adjustment to create a budget for the senior resources survey.
- \$18,057 adjustments to cover shortfalls in various golf course accounts.
- \$14,500 amendment to fund work on a sign inventory.
- \$36,173 amendment to use savings from a vacant facilities maintenance position and expected increase in franchise fee revenues to fund the Englar Street paving project.
- \$25,000 amendment to establish a budget for building a playground at the Community Center.
- \$8,000 adjustment to add funds to the Schumann Park improvements project in order to properly remove restroom demolition debris and close the septic tank.
- \$87,986 reduction in funding required for road paving, parking and handicap pier projects.
- \$7,040 allocation for the Barber Street Bridge Project to cover cost that were higher than budgeted.
- \$61,342 reduction to the creative playground, multi-use field lighting, and volleyball court lighting projects that were completed for less costs than budgeted.
- \$491,845 adjustment to reflect cancellation of the CavCorp Project funding in the DST fund.
- \$2,976 reduction to the Airport survey and runway marking project completed at less costs than budgeted.
- \$213 reduction to the FDLE firewall project that was completed at a lower cost than budgeted.
- \$7,789 reduction to the allocation for quarter-round work completed in the current year.
- \$109,537 adjustment to apply revenue received in excess of budgeted amounts to cover department overages related to departing employees, new hires, police overtime, police gas and oil and planning department site plan reviews.

During the fiscal year, total General Fund actual revenues were more than final amended budgetary estimates and total General Fund actual expenditures were less than the final amended budgetary estimates. The overage in anticipated revenues was mainly due to greater than expected receipts from the state. A positive overall variance on revenues and expenditures resulted in a lower draw on existing fund balances than was initially anticipated.

### Capital Asset and Debt Administration

**Capital Assets.** At the end of fiscal year 2013 the City had \$52,835,138 invested in a broad range of capital assets, including land, police and public works equipment, buildings, park facilities, roads, bridges, and stormwater drainage structures. This amount represents a net decrease (including additions and deductions) of \$1,059,941, or 2.5%, over last year. The following table illustrates the changes in capital assets.

	Capital Assets (Net of Depreciation)					
	Governmental Activities		Business-type Activities		Total	
	2013	2012	2013	2012	2013	2012
Land	\$ 8,319,588	\$ 8,007,437	\$ 9,060	\$ 9,060	\$ 8,328,648	\$ 8,016,497
Buildings	8,244,472	8,537,630	5,100,277	5,269,576	13,344,749	13,807,206
Improvements	3,608,344	3,606,536	977,725	1,092,661	4,586,069	4,699,197
Equipment	1,234,547	1,177,489	247,041	107,650	1,481,588	1,285,139
Infrastructure	20,417,972	21,220,735	4,479,903	4,699,834	24,897,875	25,920,569
Construction in progress	120,742	163,429	75,467	3,042	196,209	166,471
<b>Total capital assets, net</b>	<b>\$41,945,665</b>	<b>\$42,713,256</b>	<b>\$ 10,889,473</b>	<b>\$11,181,823</b>	<b>\$52,835,138</b>	<b>\$53,895,079</b>

# CITY OF SEBASTIAN, FLORIDA

## Management's Discussion and Analysis

Governmental activities had the following major changes during the fiscal year:

- An increase in land, mainly due to property purchased by the Cemetary fund.
- A decrease in buildings mainly due to the amount of depreciation.
- An increase in improvements mainly due to amenities added at the City's parks.
- An increase in equipment mainly due to purchases of a new excavation equipment.
- An decrease in infrastructure mainly due to stormwater improvements offset by depreciation.

Business-type activities had the following major changes during the fiscal year:

- An increase in machinery and equipment due to purchases by the golf course and the airport.
- An increase in infrastructure due to improvements made at the airport.

**Long-Term Debt.** At the end of the current fiscal year, the City had total debt outstanding of \$11,735,786. Of this amount, \$3,920,786 (33.41 %) comprises debt not backed by the full faith and credit of the government. The remainder of the City debt represents bonds secured solely by specified revenue sources (i.e., revenue bonds).

	General Obligation and Revenue Bonds					
	Governmental Activities		Business-type Activities		Total	
	2013	2012	2013	2012	2013	2012
Revenue bonds	\$ 7,815,000	\$ 8,925,000	\$ -	\$ -	\$ 7,815,000	\$ 8,925,000
Notes payable	2,099,000	2,296,000	42,972	-	2,141,972	2,296,000
	9,914,000	11,221,000	42,972	-	9,956,972	11,221,000
Discount on bond payable	(7,084)	(7,917)	-	-	(7,084)	(7,917)
Compensated absences	1,463,208	1,435,586	216,610	196,000	1,679,818	1,631,586
Termination benefits	14,880	2,543	-	-	14,880	2,543
Pollution remedication	91,200	91,200	-	-	91,200	91,200
<b>Total</b>	<b>\$11,476,204</b>	<b>\$12,742,412</b>	<b>\$ 259,582</b>	<b>\$ 196,000</b>	<b>\$11,735,786</b>	<b>\$12,938,412</b>

The City's total + debt decreased by \$1,202,626 (10.25 %) during the current fiscal year. The net decrease was mainly attributable to annual principal payments.

The Infrastructure Sales Surtax Revenue Bonds, Series 2003 and Series 2003A and the Stormwater Utility Revenue Bonds, Series 2003 were initially insured by AAA rated insurance agencies and rated AAA, which is the highest rating given by rating agencies. However, ratings on the insurance agencies have been downgraded. All of the City's other debt, primarily notes and a capital lease, are not rated. Other obligations of the City include accrued vacation pay and sick leave.

### Economic Factors and Next Year's Budget and Rates

The City's elected and appointed officials considered many factors when setting the fiscal year 2014 budget, tax rates, and fees that will be charged for the business-type activities. One of those factors is the economy. Sebastian's local economy consists largely of retail and service industries. Less than one percent is devoted to industrial activities. Construction of new homes is the largest single business in the area. Some of the largest retail stores include Publix Supermarket and Wal-Mart Stores, Inc.® The Indian River County unemployment rate in September 2013 was 8.8 percent and less than the higher levels of previous years, which is a positive sign and analogous to the economic pattern existing throughout the state and nation.

## CITY OF SEBASTIAN, FLORIDA

### Management's Discussion and Analysis

The City experienced only a 0.6% decline in property values for 2014. The millage rate was maintained at 3.7166, which provided sufficient funds to balance total revenues to total expenditures and to eliminate the mandatory twelve furlough days that have been required over the past four years. To address another important area, staffing was increased for the management information systems and the police dispatch divisions. It is anticipated that the added personnel will allow increased attention to these important operations in 2014.

The Golf Course reported reported less revenues from fees in 2013 due to a reduced amount of play. It was necessary to make a temporary interfund loan from General Fund at the end of the year to provide sufficient cash flow. It is expected that with a reasonably good level of revenues in the coming year, the current loan can be repaid.

General Fund also made a temporary interfund loan to the Airport in order to provide sufficient cash flow. It is expected that repayment will be made in the coming year. Sizable operating losses are primarily the result of depreciation on capital assets.

With a large increase in building permit fees and only a small increase in operating expenses, the Building Enterprise Fund reported a positive change in net position. There are some signs of renewed activity in the local housing market which are encouraging.

#### Requests for Information

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional information, contact the Administrative Services Department at City of Sebastian, 1225 Main Street, Sebastian, Florida 32958.

## **BASIC FINANCIAL STATEMENTS**

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# CITY OF SEBASTIAN, FLORIDA

## Statement of Net Position

September 30, 2013

	Primary Government		
	Governmental Activities	Business-type Activities	Total
<b>Assets</b>			
Cash and cash equivalents	\$ 5,183,777	\$ 532,205	\$ 5,715,982
Temporarily restricted cash and cash equivalents	2,449,827	-	2,449,827
Investments	2,667,285	454,770	3,122,055
Permanently restricted investments	256,789	-	256,789
Receivables, net	889,866	58,514	948,380
Internal balances	1,075,061	(1,075,061)	-
Prepaid items	105,463	14,187	119,650
Inventories	63,101	27,005	90,106
Net pension asset	140,836	-	140,836
Deposits held in escrow	15,063	1,602	16,665
Capital assets not being depreciated	8,440,330	84,527	8,524,857
Capital assets being depreciated, net	33,505,335	10,804,946	44,310,281
<b>Total assets</b>	<b>54,792,733</b>	<b>10,902,695</b>	<b>65,695,428</b>
<b>Liabilities</b>			
Accounts payable and other current liabilities	621,668	35,749	657,417
Accrued interest payable	160,980	115	161,095
Unearned revenues	53,954	66,270	120,224
Long-term liabilities:			
Due within one year	1,460,260	18,622	1,478,882
Due in more than one year	10,015,944	240,960	10,256,904
Net other postemployment benefits liability	24,298	975	25,273
<b>Total liabilities</b>	<b>12,337,104</b>	<b>362,691</b>	<b>12,699,795</b>
<b>Net position</b>			
Net investment in capital assets	32,038,749	10,846,501	42,885,250
Restricted for:			
Debt service	1,577,823	-	1,577,823
Perpetual care:			
Nonexpendable	771,327	-	771,327
Special revenue uses:			
Infrastructure improvements	2,744,621	-	2,744,621
Redevelopment expenditures	554,938	-	554,938
Stormwater expenditures	94,420	-	94,420
Law enforcement events	96,311	-	96,311
Unrestricted (deficit)	4,577,440	(306,497)	4,270,943
<b>Total net position</b>	<b>\$ 42,455,629</b>	<b>\$ 10,540,004</b>	<b>\$ 52,995,633</b>

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

# CITY OF SEBASTIAN, FLORIDA

## Statement of Activities

For the Year Ended September 30, 2013

Functions / Programs	Expenses	Program Revenues			Net (Expense) Revenue
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
<b>Primary government</b>					
Governmental activities:					
General government	\$ 2,784,485	\$ 314,158	\$ 157,141	\$ -	\$ (2,313,186)
Public safety	4,928,203	67,297	166,012	-	(4,694,894)
Physical environment	2,039,380	1,101,864	-	-	(937,516)
Transportation	1,845,429	-	9,474	551,239	(1,284,716)
Economic environment	155,214	-	-	-	(155,214)
Cultural and recreation	1,232,345	70,982	-	218,884	(942,479)
Interest and fiscal charges	368,432	-	-	-	(368,432)
<b>Total governmental activities</b>	<b>13,353,488</b>	<b>1,554,301</b>	<b>332,627</b>	<b>770,123</b>	<b>(10,696,437)</b>
Business-type activities:					
Golf course	1,377,039	1,302,441	-	-	(74,598)
Airport	1,146,905	481,759	-	230,868	(434,278)
Building	417,887	706,964	-	-	289,077
<b>Total business-type activities</b>	<b>2,941,831</b>	<b>2,491,164</b>	<b>-</b>	<b>230,868</b>	<b>(219,799)</b>
<b>Total primary government</b>	<b>\$ 16,295,319</b>	<b>\$ 4,045,465</b>	<b>\$ 332,627</b>	<b>\$ 1,000,991</b>	<b>\$ (10,916,236)</b>

continued...

# CITY OF SEBASTIAN, FLORIDA

## Statement of Activities

For the Year Ended September 30, 2013

	Primary Government		
	Governmental Activities	Business-type Activities	Total
<b>Changes in net position</b>			
Net revenue (expense)	\$ (10,696,437)	\$ (219,799)	\$ (10,916,236)
General revenues:			
Property taxes, levied for general purposes	3,221,304	-	3,221,304
Sales and use taxes	5,123,046	-	5,123,046
Franchise fees	1,118,886	-	1,118,886
State shared revenues not restricted to specific programs	2,063,450	-	2,063,450
Interest earnings	74,650	4,391	79,041
Miscellaneous	315,296	274	315,570
Transfers	(37,734)	37,734	-
Total general revenues and transfers	11,878,898	42,399	11,921,297
<b>Change in net position</b>	1,182,461	(177,400)	1,005,061
Net position, beginning of year, as restated (note 17)	41,273,168	10,717,404	51,990,572
<b>Net position, end of year</b>	<u>\$ 42,455,629</u>	<u>\$ 10,540,004</u>	<u>\$ 52,995,633</u>

concluded

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

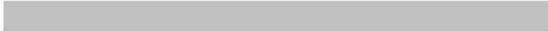
# CITY OF SEBASTIAN, FLORIDA

## Balance Sheet

Governmental Funds  
September 30, 2013

	General	Discretionary Sales Tax	Riverfront Redevelopment	Discretionary Sales Surtax Revenue Bonds 2003
<b>Assets</b>				
Cash and cash equivalents	\$ 3,037,077	\$ 1,057,230	\$ 462,367	\$ 1,554,867
Investments	1,590,893	858,323	100,984	-
Accounts receivable, net	300,023	-	-	-
Due from other funds	330,050	-	-	-
Due from other governments	251,604	239,658	-	-
Deposits held in escrow	15,063	-	-	-
Inventories	63,101	-	-	-
Prepaid items	105,463	-	-	-
Advance to other funds	200,000	552,511	-	-
<b>Total assets</b>	<b>\$ 5,893,274</b>	<b>\$ 2,707,722</b>	<b>\$ 563,351</b>	<b>\$ 1,554,867</b>
<b>Liabilities</b>				
Accounts payable and accrued liabilities	\$ 262,471	\$ -	\$ 8,413	\$ -
Due to other funds	-	-	-	-
Due to other governments	107,391	-	-	-
Unearned revenue	53,954	-	-	-
<b>Total liabilities</b>	<b>423,816</b>	<b>-</b>	<b>8,413</b>	<b>-</b>
<b>Fund balances</b>				
Nonspendable	368,564	552,511	-	-
Restricted	28,632	2,155,211	554,938	1,554,867
Committed	-	-	-	-
Assigned	7,020	-	-	-
Unassigned	5,065,242	-	-	-
<b>Total fund balances</b>	<b>5,469,458</b>	<b>2,707,722</b>	<b>554,938</b>	<b>1,554,867</b>
<b>Total liabilities and fund balances</b>	<b>\$ 5,893,274</b>	<b>\$ 2,707,722</b>	<b>\$ 563,351</b>	<b>\$ 1,554,867</b>

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



General Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
\$ 202,173	\$ 1,319,890	\$ 7,633,604
-	373,874	2,924,074
-	-	300,023
-	-	330,050
-	98,581	589,843
-	-	15,063
-	-	63,101
-	-	105,463
-	-	752,511
<u>\$ 202,173</u>	<u>\$ 1,792,345</u>	<u>\$ 12,713,732</u>
\$ 202,173	\$ 41,220	\$ 514,277
-	7,500	7,500
-	-	107,391
-	-	53,954
<u>202,173</u>	<u>48,720</u>	<u>683,122</u>
-	771,327	1,692,402
-	382,934	4,676,582
-	589,364	589,364
-	-	7,020
-	-	5,065,242
<u>-</u>	<u>1,743,625</u>	<u>12,030,610</u>
<u>\$ 202,173</u>	<u>\$ 1,792,345</u>	<u>\$ 12,713,732</u>

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## CITY OF SEBASTIAN, FLORIDA

### Reconciliation

Fund Balances for Governmental Funds  
to Net Position of Governmental Activities  
September 30, 2013

<b>Fund balances - total governmental funds</b>	\$ 12,030,610
Amounts reported for <i>governmental activities</i> in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources, and therefore are not reported in the fund statement.	
Capital assets not being depreciated	8,440,330
Capital assets being depreciated, net	33,505,335
Some items are recorded as revenues and expenditures in the fund statements when paid or when received. These items are recorded on the government-wide statements when incurred in the case of expenditures and when revenues are earned.	
Net pension asset	140,836
Certain liabilities, such as bonds payable, are not due and payable in the current period, and therefore are not reported in the funds.	
Bonds and notes payable	(9,906,916)
Compensated absences	(1,463,208)
Termination benefits	(14,880)
Net other post employment benefits liability	(24,298)
Contamination liability	(91,200)
Accrued interest on long-term debt	(160,980)
<b>Net position of governmental activities</b>	<u>\$ 42,455,629</u>

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

# CITY OF SEBASTIAN, FLORIDA

## Statement of Revenues, Expenditures and Changes in Fund Balances

Governmental Funds

For the Year Ended September 30, 2013

	General	Discretionary Sales Tax	Riverfront Redevelopment	Discretionary Sales Surtax Revenue Bonds 2003
<b>Revenues</b>				
Taxes:				
Property	\$ 2,954,981	\$ -	\$ 266,323	\$ -
Public utility	2,534,434	-	-	-
Sales	-	2,587,903	-	-
Motor fuel	-	-	-	-
Franchise fees	1,118,886	-	-	-
Licenses and permits	45,500	-	-	-
Intergovernmental	2,215,445	-	-	-
Impact fees	-	-	-	-
Charges for services	370,905	-	-	-
Fines	60,190	-	-	-
Investment earnings	36,397	26,112	1,513	4,818
Contributions and donations	22,406	-	-	-
Other revenues	293,695	-	6,000	-
<b>Total revenues</b>	<b>9,652,839</b>	<b>2,614,015</b>	<b>273,836</b>	<b>4,818</b>
<b>Expenditures</b>				
Current:				
General government	2,445,567	-	2,326	-
Public safety	4,423,281	-	-	-
Physical environment	933,957	-	-	-
Transportation	939,606	-	-	-
Economic environment	-	-	122,730	-
Culture and recreation	845,351	-	-	-
Debt service:				
Principal	-	-	-	820,000
Interest and fiscal charges	-	-	-	198,157
Capital outlay	99,629	-	6,562	-
<b>Total expenditures</b>	<b>9,687,391</b>	<b>-</b>	<b>131,618</b>	<b>1,018,157</b>
Revenues over (under) expenditures	(34,552)	2,614,015	142,218	(1,013,339)
<b>Other financing sources (uses)</b>				
Transfers in	565,399	-	-	1,012,795
Transfers out	(63,561)	(1,921,865)	(66,175)	-
<b>Total other financing sources (uses)</b>	<b>501,838</b>	<b>(1,921,865)</b>	<b>(66,175)</b>	<b>1,012,795</b>
<b>Net changes in fund balances</b>	<b>467,286</b>	<b>692,150</b>	<b>76,043</b>	<b>(544)</b>
Fund balances, beginning of year	5,002,172	2,015,572	478,895	1,555,411
<b>Fund balances, end of year</b>	<b>\$ 5,469,458</b>	<b>\$ 2,707,722</b>	<b>\$ 554,938</b>	<b>\$ 1,554,867</b>

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

General Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
\$ -	\$ -	\$ 3,221,304
-	-	2,534,434
-	-	2,587,903
-	551,239	551,239
-	-	1,118,886
-	-	45,500
148,752	47,198	2,411,395
-	169,000	169,000
-	1,091,617	1,462,522
-	-	60,190
-	9,571	78,411
-	-	22,406
-	15,601	315,296
<u>148,752</u>	<u>1,884,226</u>	<u>14,578,486</u>
-	-	2,447,893
-	1,719	4,425,000
-	141,205	1,075,162
-	219,339	1,158,945
-	-	122,730
-	2,430	847,781
-	487,000	1,307,000
-	195,290	393,447
<u>478,054</u>	<u>1,531,316</u>	<u>2,115,561</u>
<u>478,054</u>	<u>2,578,299</u>	<u>13,893,519</u>
<u>(329,302)</u>	<u>(694,073)</u>	<u>684,967</u>
329,302	1,691,453	3,598,949
-	(1,585,082)	(3,636,683)
<u>329,302</u>	<u>106,371</u>	<u>(37,734)</u>
-	(587,702)	647,233
-	2,331,327	11,383,377
<u>\$ -</u>	<u>\$ 1,743,625</u>	<u>\$ 12,030,610</u>

# CITY OF SEBASTIAN, FLORIDA

## Reconciliation

Net Changes in Fund Balances of Governmental Funds  
to Change in Net Position of Governmental Activities  
For the Year Ended September 30, 2013

**Net change in fund balances - total governmental funds** \$ 647,233

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 and reported as depreciation expense.

Capital outlay	2,115,561
Donation of land	12,160
Depreciation expense	(2,871,005)
Loss on the sale of capital assets	(24,307)

Some interest revenues reported in the statement of activities do not constitute current financial resources, therefore, are not reported as revenues in governmental funds

Interest revenues	(3,761)
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Bond proceeds provide current financial resources to governmental funds in the period issued, but issuing bonds increases long-term liabilities in the statement of net position. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.

Principal payments on long-term liabilities	1,307,000
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Some expenses 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.

Change in accrued interest payable on long-term debt	22,798
Amortization of bond discounts	(833)
Change in the accrual for compensated absences	(27,622)
Change in the accrual for pension benefits	8,703
Change in the accrual for other postemployment benefits	8,871
Change in the accrual for termination benefits	(12,337)

**Change in net position of governmental activities** \$ 1,182,461

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

# CITY OF SEBASTIAN, FLORIDA

## Statement of Revenues, Expenditures and Changes in Fund Balances

Budget and Actual - General Fund  
For the Year Ended September 30, 2013

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
<b>Revenues</b>				
Taxes:				
Property	\$ 2,929,754	\$ 2,929,754	\$ 2,954,981	\$ 25,227
Public utility	2,395,600	2,483,842	2,534,434	50,592
Franchise fees	1,141,500	1,154,979	1,118,886	(36,093)
Licenses and permits	28,950	28,950	45,500	16,550
Intergovernmental	1,919,700	2,065,661	2,215,445	149,784
Charges for services	373,347	380,899	370,905	(9,994)
Fines	70,500	70,500	60,190	(10,310)
Investment earnings	70,500	70,500	36,397	(34,103)
Contributions and donations	19,000	22,925	22,406	(519)
Other revenues	160,863	216,889	293,695	76,806
<b>Total revenues</b>	<b>9,109,714</b>	<b>9,424,899</b>	<b>9,652,839</b>	<b>227,940</b>
<b>Expenditures</b>				
Current:				
General government	2,499,752	2,534,276	2,445,567	(88,709)
Public safety	4,199,206	4,435,934	4,423,281	(12,653)
Physical environment	1,008,033	1,028,529	933,957	(94,572)
Transportation	950,306	943,107	939,606	(3,501)
Culture and recreation	881,728	897,728	845,351	(52,377)
Capital outlay	123,200	118,644	99,629	(19,015)
<b>Total expenditures</b>	<b>9,662,225</b>	<b>9,958,218</b>	<b>9,687,391</b>	<b>(270,827)</b>
Revenues over (under) expenditures	(552,511)	(533,319)	(34,552)	498,767
<b>Other financing sources</b>				
Transfers in	565,399	596,880	565,399	(31,481)
Transfers out	(12,888)	(63,561)	(63,561)	-
<b>Total other financing sources</b>	<b>552,511</b>	<b>533,319</b>	<b>501,838</b>	<b>(31,481)</b>
<b>Net changes in fund balances</b>	<b>-</b>	<b>-</b>	<b>467,286</b>	<b>467,286</b>
Fund balances, beginning of year	5,002,172	5,002,172	5,002,172	-
<b>Fund balances, end of year</b>	<b>\$ 5,002,172</b>	<b>\$ 5,002,172</b>	<b>\$ 5,469,458</b>	<b>\$ 467,286</b>

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

## CITY OF SEBASTIAN, FLORIDA

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

Budget and Actual - Discretionary Sales Tax Special Revenue Fund

For the Year Ended September 30, 2013

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
<b>Revenues</b>				
Taxes:				
Sales	\$ 2,414,900	\$ 2,414,900	\$ 2,587,903	\$ 173,003
Investment earnings	21,975	21,975	26,112	4,137
<b>Total revenues</b>	<u>2,436,875</u>	<u>2,436,875</u>	<u>2,614,015</u>	<u>177,140</u>
<b>Other financing sources (uses)</b>				
Transfers out	<u>(2,470,621)</u>	<u>(2,103,679)</u>	<u>(1,921,865)</u>	<u>181,814</u>
<b>Net changes in fund balance</b>	<u>(33,746)</u>	<u>333,196</u>	<u>692,150</u>	<u>358,954</u>
Fund balance, beginning of year	<u>2,015,572</u>	<u>2,015,572</u>	<u>2,015,572</u>	<u>-</u>
<b>Fund balance, end of year</b>	<u><u>\$ 1,981,826</u></u>	<u><u>\$ 2,348,768</u></u>	<u><u>\$ 2,707,722</u></u>	<u><u>\$ 358,954</u></u>

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

## CITY OF SEBASTIAN, FLORIDA

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

Budget and Actual - Riverfront Redevelopment Special Revenue Fund

For the Year Ended September 30, 2013

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
<b>Revenues</b>				
Taxes:				
Property	\$ 264,809	\$ 264,809	\$ 266,323	\$ 1,514
Investment earnings	3,064	3,064	1,513	(1,551)
Other revenues	-	-	6,000	6,000
<b>Total revenues</b>	<u>267,873</u>	<u>267,873</u>	<u>273,836</u>	<u>5,963</u>
<b>Expenditures</b>				
Current:				
General government	-	-	2,326	2,326
Economic environment	150,040	144,540	122,730	(21,810)
Capital outlay	-	5,500	6,562	1,062
<b>Total expenditures</b>	<u>150,040</u>	<u>150,040</u>	<u>131,618</u>	<u>(18,422)</u>
Revenues over (under) expenditures	117,833	123,333	142,218	24,385
<b>Other financing uses</b>				
Transfers out	(310,000)	(310,000)	(66,175)	243,825
<b>Net changes in fund balance</b>	<u>(192,167)</u>	<u>(186,667)</u>	<u>76,043</u>	<u>268,210</u>
Fund balance, beginning of year	<u>478,895</u>	<u>478,895</u>	<u>478,895</u>	<u>-</u>
<b>Fund balance, end of year</b>	<u>\$ 286,728</u>	<u>\$ 292,228</u>	<u>\$ 554,938</u>	<u>\$ 268,210</u>

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

## CITY OF SEBASTIAN, FLORIDA

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

Budget and Actual - Discretionary Sales Surtax Revenue Bonds 2003 Debt Service Fund  
For the Year Ended September 30, 2013

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
<b>Revenues</b>				
Investment earnings	\$ 22,365	\$ 22,365	\$ 4,818	\$ (17,547)
<b>Expenditures</b>				
Debt service:				
Principal	820,000	820,000	820,000	-
Interest and fiscal charges	198,123	198,123	198,157	34
<b>Total expenditures</b>	<u>1,018,123</u>	<u>1,018,123</u>	<u>1,018,157</u>	<u>34</u>
Revenues over (under) expenditures	(995,758)	(995,758)	(1,013,339)	(17,581)
<b>Other financing sources</b>				
Transfers in	994,621	994,621	1,012,795	18,174
<b>Net changes in fund balance</b>	(1,137)	(1,137)	(544)	593
Fund balance, beginning of year	<u>1,555,411</u>	<u>1,555,411</u>	<u>1,555,411</u>	<u>-</u>
<b>Fund balance, end of year</b>	<u>\$ 1,554,274</u>	<u>\$ 1,554,274</u>	<u>\$ 1,554,867</u>	<u>\$ 593</u>

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

# CITY OF SEBASTIAN, FLORIDA

## Statement of Net Position

Proprietary Funds  
September 30, 2013

	Business-type Activities - Enterprise Funds			
	Golf Course	Airport	Nonmajor - Building	Total
<b>Assets</b>				
Current assets:				
Cash and cash equivalents	\$ 1,417	\$ 546	\$ 530,242	\$ 532,205
Investments	86,605	-	368,165	454,770
Accounts receivable	274	4,377	-	4,651
Due from other governments	-	53,863	-	53,863
Inventory	12,122	14,883	-	27,005
Deposits held in escrow	493	616	493	1,602
Prepaid items	3,879	7,797	2,511	14,187
<b>Total current assets</b>	<b>104,790</b>	<b>82,082</b>	<b>901,411</b>	<b>1,088,283</b>
Noncurrent assets:				
Capital assets:				
Land	-	9,060	-	9,060
Buildings	331,228	6,009,116	-	6,340,344
Improvements other than buildings	264,034	1,644,127	-	1,908,161
Machinery and equipment	376,782	651,244	56,150	1,084,176
Infrastructure	1,100,951	6,589,776	-	7,690,727
Construction in process	-	75,467	-	75,467
Less accumulated depreciation	(1,469,653)	(4,692,659)	(56,150)	(6,218,462)
<b>Total noncurrent assets</b>	<b>603,342</b>	<b>10,286,131</b>	<b>-</b>	<b>10,889,473</b>
<b>Total assets</b>	<b>708,132</b>	<b>10,368,213</b>	<b>901,411</b>	<b>11,977,756</b>
<b>Liabilities</b>				
Current liabilities:				
Accounts payable and accrued liabilities	12,239	5,124	7,951	25,314
Due to other funds	237,000	85,550	-	322,550
Due to other governments	5,607	583	4,360	10,550
Unearned revenues	57,593	50	8,627	66,270
Current portion of long-term debt	18,613	-	-	18,613
Accrued compensated absences	9	-	-	9
<b>Total current liabilities</b>	<b>331,061</b>	<b>91,307</b>	<b>20,938</b>	<b>443,306</b>
Non-current liabilities:				
Compensated absences, net of current portion	60,838	57,505	98,258	216,601
Advance from other fund	-	752,511	-	752,511
Long term debt	24,359	-	-	24,359
Net other postemployment benefit obligation	296	155	524	975
<b>Total non-current liabilities</b>	<b>85,493</b>	<b>810,171</b>	<b>98,782</b>	<b>994,446</b>
<b>Total liabilities</b>	<b>416,554</b>	<b>901,478</b>	<b>119,720</b>	<b>1,437,752</b>
<b>Net position</b>				
Net investment in capital assets	603,342	10,286,131	-	10,889,473
Unrestricted (deficit)	(311,764)	(819,396)	781,691	(349,469)
<b>Total net position</b>	<b>\$ 291,578</b>	<b>\$ 9,466,735</b>	<b>\$ 781,691</b>	<b>\$ 10,540,004</b>

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

# CITY OF SEBASTIAN, FLORIDA

## Statement of Revenues, Expenses and Changes in Fund Net Position

Proprietary Funds

For the Year Ended September 30, 2013

	Business-type Activities - Enterprise Funds			
	Golf Course	Airport	Nonmajor - Building	Total
<b>Operating revenues</b>				
Charges for fees and rents:				
Building permit fees	\$ -	\$ -	\$ 706,964	\$ 706,964
Golf course fees	1,262,468	-	-	1,262,468
Rents	29,459	359,422	-	388,881
Other revenues	10,514	122,337	-	132,851
<b>Total operating revenues</b>	<b>1,302,441</b>	<b>481,759</b>	<b>706,964</b>	<b>2,491,164</b>
<b>Operating expenses:</b>				
Salaries, wages and employee benefits	287,971	170,147	334,493	792,611
Contractual services, materials and supplies	1,002,824	299,356	88,413	1,390,593
Depreciation	86,244	655,811	-	742,055
<b>Total operating expenses</b>	<b>1,377,039</b>	<b>1,125,314</b>	<b>422,906</b>	<b>2,925,259</b>
Operating income (loss)	(74,598)	(643,555)	284,058	(434,095)
<b>Nonoperating revenues (expenses)</b>				
Interest income	397	-	3,994	4,391
Interest expense	-	(16,572)	-	(16,572)
Gain on disposal of capital assets	274	-	-	274
<b>Total nonoperating revenues (expenses)</b>	<b>671</b>	<b>(16,572)</b>	<b>3,994</b>	<b>(11,907)</b>
Income (loss) before capital contributions	(73,927)	(660,127)	288,052	(446,002)
<b>Capital contributions</b>	<b>-</b>	<b>230,868</b>	<b>-</b>	<b>230,868</b>
<b>Transfers in</b>	<b>-</b>	<b>37,734</b>	<b>-</b>	<b>37,734</b>
<b>Change in net position</b>	<b>(73,927)</b>	<b>(391,525)</b>	<b>288,052</b>	<b>(177,400)</b>
Net position, beginning of year, as restated (Note 17)	365,505	9,858,260	493,639	10,717,404
<b>Net position, end of year</b>	<b>\$ 291,578</b>	<b>\$ 9,466,735</b>	<b>\$ 781,691</b>	<b>\$ 10,540,004</b>

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

# CITY OF SEBASTIAN, FLORIDA

## Statement of Cash Flows

Proprietary Funds

For the Year Ended September 30, 2013

	Business-type Activities - Enterprise Funds			
	Golf Course	Airport	Nonmajor - Building	Total
<b>Cash flows from operating activities</b>				
Cash received from customers and users	\$ 1,302,016	\$ 430,184	\$ 651,957	\$ 2,384,157
Cash payments to suppliers	(1,005,061)	(294,225)	(87,829)	(1,387,115)
Cash payments for employee services	(284,783)	(163,418)	(324,156)	(772,357)
<b>Net cash provided (used) by operating activities</b>	<u>12,172</u>	<u>(27,459)</u>	<u>239,972</u>	<u>224,685</u>
<b>Cash flows from noncapital financing activities</b>				
Proceeds from issuance of long-term debt	56,436	-	-	56,436
Repayment of long term debt	(13,464)	-	-	(13,464)
Interest paid on advance from other fund	-	(16,572)	-	(16,572)
Cash receipts from other funds	172,000	82,734	-	254,734
<b>Net cash provided (used) by noncapital financing activities</b>	<u>214,972</u>	<u>66,162</u>	<u>-</u>	<u>281,134</u>
<b>Cash flows from capital and related financing activities</b>				
Acquisition and construction of capital assets	(170,571)	(279,134)	-	(449,705)
Proceeds from sale of assets	274	-	-	274
Receipts from capital contributions	-	230,868	-	230,868
<b>Net cash provided (used) by capital and related financing activities</b>	<u>(170,297)</u>	<u>(48,266)</u>	<u>-</u>	<u>(218,563)</u>
<b>Cash flows from investing activities</b>				
Sale (purchase) of investments	(58,437)	-	197,780	139,343
Interest received on investments	397	-	3,994	4,391
<b>Net cash provided by investing activities</b>	<u>(58,040)</u>	<u>-</u>	<u>201,774</u>	<u>143,734</u>
Net increase (decrease) in cash and cash equivalents	(1,193)	(9,563)	441,746	430,990
Cash and cash equivalents, beginning of year	2,610	10,109	88,496	101,215
<b>Cash and cash equivalents, end of year</b>	<u>\$ 1,417</u>	<u>\$ 546</u>	<u>\$ 530,242</u>	<u>\$ 532,205</u>

continued...

# CITY OF SEBASTIAN, FLORIDA

## Statement of Cash Flows

Proprietary Funds

For the Year Ended September 30, 2013

	Business-type Activities - Enterprise Funds			
	Golf Course	Airport	Nonmajor - Building	Total
<b>Cash flow from operating activities:</b>				
Operating income (loss)	\$ (74,598)	\$ (643,555)	\$ 284,058	\$ (434,095)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:				
Depreciation expense	86,244	655,811	-	742,055
Change in:				
Accounts receivable	(274)	9,121	-	8,847
Inventories	1,283	5,179	-	6,462
Due from other governments	-	(53,863)	1,014	(52,849)
Prepaid expenses	(416)	(46)	(527)	(989)
Accounts payable	(3,104)	(2)	1,111	(1,995)
Due to other governments	(22)	(58)	3,362	3,282
Unearned revenues	(129)	(6,775)	(59,383)	(66,287)
Accrued compensated absences	3,296	6,786	10,528	20,610
Net other postemployment benefit obligation	(108)	(57)	(191)	(356)
Total adjustments	86,770	616,096	(44,086)	658,780
<b>Net cash provided (used) by operating activities</b>	<b>\$ 12,172</b>	<b>\$ (27,459)</b>	<b>\$ 239,972</b>	<b>\$ 224,685</b>

concluded

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

# CITY OF SEBASTIAN, FLORIDA

## Statement of Fiduciary Net Position Fiduciary Funds September 30, 2013

	Pension Trust	Agency
	Police Officers' Pension	Performance Deposits
<b>Assets</b>		
Cash and cash equivalents	\$ 804,346	\$ 11,930
Receivables:		
Interest and dividends	27,764	-
Investments, at fair value:		
Local government surplus trust funds investment pools	-	220,000
United States treasury obligations	1,123,608	-
United States government agency notes	330,625	-
Corporate and foreign bonds	2,471,215	-
Municipal obligations	33,242	-
Common equity securities	5,281,772	-
Total investments	<u>9,240,462</u>	<u>220,000</u>
<b>Total assets</b>	<u>10,072,572</u>	<u>\$ 231,930</u>
<b>Liabilities</b>		
Refunds payable	-	<u>\$ 231,930</u>
<b>Net position</b>		
Held in trust for pension benefits	<u>\$ 10,072,572</u>	

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

# CITY OF SEBASTIAN, FLORIDA

## Statement of Changes in Fiduciary Net Position

Fiduciary Fund - Pension Trust  
For the Year Ended September 30, 2013

	<b>Police Officers' Pension</b>
<b>Additions</b>	
Contributions:	
Employer	\$ 392,666
Plan members	154,683
State	145,961
Total contributions	<u>693,310</u>
Investment earnings:	
Net increase in fair value of investments	884,818
Interest and dividends	209,943
Total investment earnings	1,094,761
Investment expenses	(64,942)
Net investment earnings	<u>1,029,819</u>
<b>Total additions</b>	<u>1,723,129</u>
<b>Deductions</b>	
Benefits	459,439
Refunded contributions	5,997
Administrative expenses	32,153
<b>Total deductions</b>	<u>497,589</u>
<b>Change in net position</b>	1,225,540
Net position, beginning of year	<u>8,847,032</u>
<b>Net position, end of year</b>	<u><u>\$ 10,072,572</u></u>

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

## **NOTES TO FINANCIAL STATEMENTS**

# CITY OF SEBASTIAN, FLORIDA

## Notes to Financial Statements

### 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 22,188 living in an area of approximately 14.6 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. Discretely presented component units, on the other hand, are reported in a separate column in the combined financial statements to emphasize that they are legally separate from the government. The City has no discretely presented component units.

#### *Blended Component Units*

The following component units 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 or because the component unit exclusively serves the City.

**Community Redevelopment Agency (CRA)** - The governing body of the CRA is the Sebastian City Council. The CRA is accounted for in a special revenue fund entitled "Riverfront Redevelopment". F.S. Section 163.387(8) requires an independent audit of the fund each fiscal year and a report of such audit. The City has presented the CRA as a major fund of the City to satisfy this requirement simply due to the scope of the audit for a major fund is broader than a non-major fund.

**City of Sebastian Police Officers' Pension Plan** - The City Council only appoints two of the five members of the governing board, but it is financially responsible for funding the police officers' pension benefits. The City of Sebastian Police Officers' Pension Trust Fund only exists to provide pension benefits to City of Sebastian police officers. It is accounted for as a Pension Trust fund entitled "Police Officers' Pension".

#### 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 for support.

# CITY OF SEBASTIAN, FLORIDA

## Notes to Financial Statements

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 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 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.

Agency funds are custodial in nature and do not present results of operations or have a measurement focus.

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, and expenditure-driven grants which must be collected within one year. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, intergovernmental revenue, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and as such have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

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 *Discretionary Sales Tax Fund* accounts for the financial resources used for infrastructure improvements and equipment purchases.

# CITY OF SEBASTIAN, FLORIDA

## Notes to Financial Statements

The *Riverfront Redevelopment Fund* accounts for tax increment revenues that are legally restricted for the redevelopment of the City's riverfront area.

The *Discretionary Sales Surtax Revenue Bonds 2003 Fund* accounts for the accumulation of pledged funds that are legally restricted to pay the bonded debt obligations of the Discretionary Sales Surtax Revenue Bonds, Series 2003 and Series 2003A.

The *General Capital Projects Fund* accounts for financial resources that are restricted, committed or assigned to expenditure for specific capital acquisitions or construction projects.

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 associated with the building permit and inspection program.

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.

*Debt service funds* are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest.

*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 Officer's Retirement System, which accumulates resources for pension benefit payments to qualified police officers.

The *Performance Deposits Agency Fund* accounts for deposits placed by bidders and developers to guarantee performance pursuant to bid or contract. These funds are held by the City as agent for individuals and businesses.

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

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.

Investments consist of U.S. Treasury Securities, U.S. Government Agency Securities, common stock, guaranteed investment contracts and the Local Government Surplus Funds Trust Fund Investment pool (Pool A and Pool B). The Local Government Surplus Funds Trust Fund is administered by the Florida State Board of Administration, which is not a registrant with the Securities and Exchange Commission. However, the Board has adopted operating procedures consistent with the requirements for a 2a-7 fund or accounts in Pool A. In accordance with the regulations of 2a-7 like pools, the City's share of investments held at the State Board of Administration in Pool A are reported at amortized cost, which approximates fair value. This pool is regulated by the State and the fair value of the position in the pool is the same as the value of the pool share. Investment earnings of Pool A are allocated to the participating funds at the end of each month based upon the ratio of each participant's investment to the total pooled investments. Investments in Pool B are reported at fair value and as income and returns of principal become available, they are transferred to Pool A. Other investments, including the Police Officers' Pension Fund, are reported at their fair value based on the quoted market price or the best available information.

#### ***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 non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Advances between funds are offset by nonspendable fund balance in 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

### ***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 Cemetary Fund that are either not permitted to be spent or can only be spent for items incidental to cemetary expansions. The amount of the Cemetary Fund investments is also classified as restricted assets and reported as permanently restricted investments.

### ***Receivables and payables***

All trade and property tax receivables are shown net of an allowance for uncollectibles, 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. The City, as of September 30, 2013, has no allowance for doubtful accounts, since all receivables are considered collectible.

### ***Other assets***

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 Fund consists of supplies held for resale.

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

Costs associated with the issuance or refunding of bonds payable are reported as assets the in proprietary funds and government-wide statements. These costs are amortized over the life of the related debt utilizing the straight-line method.

### ***Capital assets***

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

# CITY OF SEBASTIAN, FLORIDA

## Notes to Financial Statements

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

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

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

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

### ***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 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, but not yet earned.

### ***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.

# CITY OF SEBASTIAN, FLORIDA

## Notes to Financial Statements

### *Fund equity*

Governmental funds report nonspendable fund balance for amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. Restricted fund balance is reported when externally imposed constraints are placed on the use of resources by grantors, contributors, or laws or regulations of other governments. Committed fund balance is reported for amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the City Council (the government's highest level of decision-making authority). A formal resolution of the City Council is required to establish, modify, or rescind a fund balance commitment. The City reports assigned fund balance for amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed. The City Council has delegated the authority to assign fund balance to the City Manager or his/her designee. Unassigned fund balance is the residual classification for the General Fund.

When the government incurs an expenditure for purposes for which various fund balance classifications can be used, it is the government's policy to use restricted fund balance first, then committed fund balance, assigned fund balance, and finally unassigned fund balance.

### *Use of Estimates*

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

## 2. BUDGETARY INFORMATION

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

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

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

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

# CITY OF SEBASTIAN, FLORIDA

## Notes to Financial Statements

### 3. DEPOSITS AND INVESTMENTS

Following is a reconciliation of deposit and investment balances as of September 30, 2013:

#### Statement of Net Position

Cash and cash equivalents	\$ 5,715,982
Temporarily restricted cash and cash equivalents	2,449,827
Investments	3,122,055
Permanently restricted investments	256,789

#### Statement of Fiduciary Net Position

Police Officers' Pension:	
Cash and cash equivalents	804,346
Investments	9,240,462
Agency funds:	
Cash and cash equivalents	11,930
Investments	220,000

**Total** \$ 21,821,391

#### Deposits and investments

Bank deposits:	
Checking and savings accounts	\$ 8,979,655
Investments:	
Investments, at fair value	3,598,844
Police officers' pension fund investments	9,240,462
Cash on hand	2,430

**Total** \$ 21,821,391

*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, 2013, the carrying amount of the City of Sebastian's deposits with banks was \$8,249,985 and the bank balance was \$8,175,309. 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 market 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 market value equal to 125% of the deposits.

# CITY OF SEBASTIAN, FLORIDA

## Notes to Financial Statements

*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.

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

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

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

As of September 30, 2013, the City had the following investments and effective duration presented in terms of years:

Investment Type	Fair Value	Investment Maturity (Years)			
		Less Than 1	From 1-3	From 4-6	Over 7
<b>General investments</b>					
Local government surplus funds trust fund ("SBA")	\$ 3,598,844	\$ 3,598,844	\$ -	\$ -	\$ -
<b>Police officers' pension fund investments</b>					
United States Treasuries	1,123,608	200,097	610,253	313,258	-
United States Agencies	330,625	-	-	91,603	239,022
Municipal Obligations	33,242	-	-	-	33,242
Domestic corporate bonds	2,471,215	213,602	658,032	843,448	756,133
Domestic corporate equities	5,281,772	5,281,772	-	-	-
	<u>9,240,462</u>	<u>5,695,471</u>	<u>1,268,285</u>	<u>1,248,309</u>	<u>1,028,397</u>
<b>Total fair value</b>	<u>\$ 12,839,306</u>	<u>\$ 9,294,315</u>	<u>\$ 1,268,285</u>	<u>\$ 1,248,309</u>	<u>\$ 1,028,397</u>

# CITY OF SEBASTIAN, FLORIDA

## Notes to Financial Statements

*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 for investments in the following investments, 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 "A A" by Standard & Poor's.

As of September 30, 2013, the City's investment securities, for all investments except the Pension Trust Fund, were all individually rated AAAM by Standard & Poor's.

As of September 30, 2013, the City had \$3,598,844 invested in the State Board of Administration's Local Government Surplus Trust Funds Investment Pool, which consist of accounts in Pool A and Pool B. \$3,504,760 is in Pool A and \$94,084 is in Pool B. Pool A had a rating by Standard and Poor's Rating Services as "AAAM" on September 30, 2013 and amounts may be withdrawn without penalty. Pool B participants are prohibited from making withdrawals. Pool B is not rated by any nationally recognized statistical rating agency. Additional information regarding the Local Government Surplus Funds Trust Fund may be obtained from the State Board of Administration.

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 June 24, 2005. The allowable investment instruments include: United States government and agency issues, bankers acceptances and certificates of deposit by United States banks, savings accounts with banks or other financial institutions incorporated in the United States and commercial paper rated A-2 or P-2 or higher by Moody's or Standard and Poores. 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.

# CITY OF SEBASTIAN, FLORIDA

## Notes to Financial Statements

*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, shall be held with a third party custodian; and all securities purchased by, and all collateral obtained by the City should 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.

*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% limits 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 anyone 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 funds 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 50% of available funds may be invested in equity securities.

As of September 30, 2013, the City had the following issuer concentration based on fair value:

Issuer	General Investments		Pension Investments	
	Amount	Percentage of Portfolio	Amount	Percentage of Portfolio
Local government surplus funds trust fund ("SBA")	\$ 3,598,844	100.00%	\$ -	0.00%
United States treasuries	-	0.00%	1,123,608	12.16%
United States agencies	-	0.00%	330,625	3.58%
Municipal obligations	-	0.00%	33,242	0.36%
Domestic corporate bonds	-	0.00%	2,471,215	26.74%
Domestic corporate equities	-	0.00%	5,281,772	57.16%
<b>Total</b>	<b>\$ 3,598,844</b>	<b>100.00%</b>	<b>\$ 9,240,462</b>	<b>100.00%</b>

# CITY OF SEBASTIAN, FLORIDA

## Notes to Financial Statements

### 4. RECEIVABLES

Receivables are comprised of the following at year-end:

	Governmental Activities	Business-type Activities
Accounts	\$ 300,023	\$ 4,651
Due from other governments	589,843	53,863
	<u>\$ 889,866</u>	<u>\$ 58,514</u>

### 5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities are comprised of the following at year-end:

	Governmental Activities	Business-type Activities
Accounts payable	\$ 340,047	\$ 8,224
Accrued liabilities	174,230	16,975
Due to other governments	107,391	10,550
	<u>\$ 621,668</u>	<u>\$ 35,749</u>

### 6. INTERFUND RECEIVABLES AND PAYABLES AND TRANSFERS

The composition of interfund balances as of September 30, 2013, was as follows:

#### Due to and from primary government funds

	Due from Other Funds	Due to Other Funds
General Fund	\$ 330,050	\$ -
Local Option Gas Tax	-	7,500
Golf Course	-	237,000
Airport	-	85,550
	<u>\$ 330,050</u>	<u>\$ 330,050</u>

#### Advances to and from primary government funds

	Advance from Other Funds	Advance to Other Funds
General Fund	\$ -	\$ 200,000
Discretionary Sales Tax	-	552,511
Airport	752,511	-
	<u>\$ 752,511</u>	<u>\$ 752,511</u>

# CITY OF SEBASTIAN, FLORIDA

## Notes to Financial Statements

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.

The balance of \$552,511 advanced to the airport fund from the discretionary sales tax fund is to be repaid over a thirty year period 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. In relationship to these advances, \$22,489 has been repaid as of September 30, 2013. The balance of \$200,000 advanced to the airport from general fund represents a cash loan made in 2007 without any specified terms for repayment.

For the year ended September 30, 2013, interfund transfers consisted of the following:

Transfers In	Transfers out				Totals
	General Fund	Discretionary Sales Tax	Riverfront Development	Nonmajor Governmental Funds	
General Fund		\$ -	\$ 60,000	\$ 505,399	\$ 565,399
Revenue Bonds 2003	-	1,012,795	-	-	1,012,795
General Capital Projects	-	261,757	-	67,546	329,303
Nonmajor governmental funds	-	609,579	6,175	1,012,137	1,627,891
Airport	63,561	37,734	-	-	101,295
	<u>\$ 63,561</u>	<u>\$ 1,921,865</u>	<u>\$ 66,175</u>	<u>\$ 1,585,082</u>	<u>\$ 3,636,683</u>

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 and (2) move receipts restricted to or allowed for debt service from the funds collecting the receipts to the debt service fund as required by bond covenants.

# CITY OF SEBASTIAN, FLORIDA

## Notes to Financial Statements

### 7. CAPITAL ASSETS

Capital asset activity for the primary government for the year ended September 30, 2013, was as follows:

	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
<b>Governmental activities</b>					
Capital assets, not being depreciated:					
Land	\$ 8,007,437	\$ 312,151	\$ -	\$ -	\$ 8,319,588
Construction in progress	163,429	43,612	-	(86,299)	120,742
	<u>8,170,866</u>	<u>355,763</u>	<u>-</u>	<u>(86,299)</u>	<u>8,440,330</u>
Capital assets, being depreciated:					
Buildings	12,397,779	123,202	(32,435)	-	12,488,546
Non-building improvements	6,330,986	299,458	(244)	-	6,630,200
Machinery and equipment	8,167,365	571,582	(715,004)	-	8,023,943
Infrastructure	35,611,587	777,716	-	86,299	36,475,602
	<u>62,507,717</u>	<u>1,771,958</u>	<u>(747,683)</u>	<u>86,299</u>	<u>63,618,291</u>
Less accumulated depreciation for:					
Buildings	(3,860,149)	(406,976)	23,051	-	(4,244,074)
Non-building improvements	(2,724,450)	(297,516)	110	-	(3,021,856)
Machinery and equipment	(6,989,876)	(499,735)	700,215	-	(6,789,396)
Infrastructure	(14,390,852)	(1,666,778)	-	-	(16,057,630)
	<u>(27,965,327)</u>	<u>(2,871,005)</u>	<u>723,376</u>	<u>-</u>	<u>(30,112,956)</u>
Total capital assets being depreciated, net	<u>34,542,390</u>	<u>(1,099,047)</u>	<u>(24,307)</u>	<u>86,299</u>	<u>33,505,335</u>
<b>Governmental activities capital assets, net</b>	<u>\$ 42,713,256</u>	<u>\$ (743,284)</u>	<u>\$ (24,307)</u>	<u>\$ -</u>	<u>\$ 41,945,665</u>

At September 30, 2013, the City's governmental activities had outstanding commitments for construction contracts of approximately \$84,851.

# CITY OF SEBASTIAN, FLORIDA

## Notes to Financial Statements

	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
<b>Business-type activities</b>					
Capital assets, not being depreciated:					
Land	\$ 9,060	\$ -	\$ -	\$ -	\$ 9,060
Construction in progress	3,042	75,467	-	(3,042)	75,467
	<u>12,102</u>	<u>75,467</u>	<u>-</u>	<u>(3,042)</u>	<u>84,527</u>
Capital assets, being depreciated:					
Buildings	6,340,342	-	-	-	6,340,342
Non-building improvements	1,903,246	4,915	-	-	1,908,161
Machinery and equipment	895,841	210,941	(22,606)	-	1,084,176
Infrastructure	7,529,303	158,382	-	3,042	7,690,727
	<u>16,668,732</u>	<u>374,238</u>	<u>(22,606)</u>	<u>3,042</u>	<u>17,023,406</u>
Less accumulated depreciation for:					
Buildings	(1,070,766)	(169,299)	-	-	(1,240,065)
Non-building improvements	(810,585)	(119,851)	-	-	(930,436)
Machinery and equipment	(788,191)	(71,550)	22,606	-	(837,135)
Infrastructure	(2,829,469)	(381,355)	-	-	(3,210,824)
	<u>(5,499,011)</u>	<u>(742,055)</u>	<u>22,606</u>	<u>-</u>	<u>(6,218,460)</u>
Total capital assets being depreciated, net	<u>11,169,721</u>	<u>(367,817)</u>	<u>-</u>	<u>3,042</u>	<u>10,804,946</u>
<b>Business-type activities capital assets, net</b>	<u>\$ 11,181,823</u>	<u>\$ (292,350)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,889,473</u>

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

### Depreciation of governmental activities by function

General government	\$ 281,002
Public safety	433,779
Transportation	708,062
Physical environment	1,036,751
Economic environment	378,927
Cultural and recreation	32,484

Total governmental activities \$ 2,871,005

### Depreciation of business-type activities by function

Golf course	\$ 86,244
Airport	655,811

Total business-type activities \$ 742,055

# CITY OF SEBASTIAN, FLORIDA

## Notes to Financial Statements

### 8. LONG-TERM DEBT

Revenue bonds/notes are secured by and payable from the revenues of the respective funds that issued

- The City entered into a nine (9) year loan agreement in 2012 with a local bank for \$2,296,000 to provide financing to repave certain roads in the City and payoff an outstanding loan. The City pledged Local Option Gas Tax revenues to repay the note payable. The funds are accumulated in the Local Option Gas Tax Special Revenue fund for repayment of principal and interest.
- The City issued a fifteen (15) year, \$9,500,000 Infrastructure Sales Surtax Revenue Bonds, Series 2003 in April 2003. The City has pledged Infrastructure Sales Surtax revenues for repayment of principal and interest.
- The City issued a fifteen (15) year, \$2,125,000 Infrastructure Sales Surtax Revenue Bonds, Series 2003A in December 2003. The City has pledged Infrastructure Sales Surtax revenues for repayment of principal and interest.
- The City issued a nineteen (19) year, \$5,630,000 Stormwater Utility Revenue Bonds, Series 2003 in November 2003. The City has pledged Stormwater Fee Revenues along with a covenant to budget and appropriate for repayment of principal and interest.
- The City entered into a three (3) year loan agreement in 2013 with a local bank for \$56,436 to provide financing to purchase maintenance equipment for the Golf Course. Repayment of principal and interest will be made from Golf Course revenues.

#### Bond Coverage

The City has covenanted in the Stormwater Utility Revenue Bonds, Series 2003 Bond Resolution to fix, establish, maintain and collect stormwater fees, and revise the same from time to time whenever necessary, so as to always provide in each fiscal year stormwater fee revenues and investment earnings equal to at least one hundred thirty-five percent (135%) of the annual debt service becoming due in each fiscal year.

The following table indicates the degree of compliance with the bond resolution covenants in the Stormwater Utility Fund at September 30, 2013.

Gross Revenue Available for Compliance	Debt Service Requirement	% Coverage for Fiscal Year End
\$ 1,007,221	\$ 438,048	230%

# CITY OF SEBASTIAN, FLORIDA

## Notes to Financial Statements

The following is a summary of governmental activities long-term debt transactions for the year ended September 30, 2013:

	Beginning Balance	Additions	Deductions	Ending Balance	Due Within One Year
<b>Governmental activities</b>					
Bonds payable	\$ 8,925,000	\$ -	\$ (1,110,000)	\$ 7,815,000	\$ 1,155,000
Notes payable	2,296,000	-	(197,000)	2,099,000	203,000
	<u>11,221,000</u>	<u>-</u>	<u>(1,307,000)</u>	<u>9,914,000</u>	<u>1,358,000</u>
Discount on bonds payable	(7,917)	-	833	(7,084)	-
Compensated absences	1,435,586	594,802	(567,180)	1,463,208	99,280
Termination benefits	2,543	14,880	(2,543)	14,880	2,980
Pollution remediation	91,200	-	-	91,200	-
<b>Totals governmental activities</b>	<u>\$ 12,742,412</u>	<u>\$ 609,682</u>	<u>\$ (1,875,890)</u>	<u>\$ 11,476,204</u>	<u>\$ 1,460,260</u>

### Bonds payable

2003 Infrastructure Sales Surtax Revenue Bonds, due in annual installments of \$645,000 to \$805,000 plus interest at 2.0% to 4.5% through 2018. \$ 3,725,000

2003A Infrastructure Sales Surtax Revenue Bonds, due in annual installments of \$150,000 to \$185,000 plus interest at 2.0% to 4.0% through 2018. 875,000

2003 Stormwater Utility Revenue Bonds, due in annual installments of \$280,000 to \$420,000 plus interest at 2.0% to 4.5% through 2022. 3,215,000

**Total** \$ 7,815,000

### Notes payable

Florida Gas Tax Revenue Note, due in annual installments of \$97,000 to \$121,000 plus interest at 1.94% through 2023. \$ 2,099,000

The following is a summary of business-type activities long-term debt transactions for the year ended September 30, 2013:

	Beginning Balance	Additions	Deductions	Ending Balance	Due Within One Year
<b>Business-type activities</b>					
Notes payable	\$ -	\$ 56,436	\$ (13,464)	\$ 42,972	\$ 18,613
Compensated absences	196,000	58,570	(37,960)	216,610	9
<b>Totals business-type activities</b>	<u>\$ 196,000</u>	<u>\$ 115,006</u>	<u>\$ (51,424)</u>	<u>\$ 259,582</u>	<u>\$ 18,622</u>

# CITY OF SEBASTIAN, FLORIDA

## Notes to Financial Statements

Annual debt service requirements to maturity for long-term debt are as follows:

Year Ended September 30,	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2014	\$ 1,358,000	\$ 357,295	\$ 18,613	\$ 1,398
2015	1,407,000	309,625	19,390	630
2016	1,456,000	259,334	4,969	34
2017	1,510,000	206,167	-	-
2018	1,564,000	149,836	-	-
2019-2023	2,619,000	232,194	-	-
	<u>\$ 9,914,000</u>	<u>\$ 1,514,451</u>	<u>\$ 42,972</u>	<u>\$ 2,062</u>

For the governmental activities, compensated absences, the unfunded OPEB obligation and termination benefits are generally liquidated by the General Fund. For business-type activities, compensated absences and unfunded OPEB obligations are allocated to and liquidated by the golf course, airport or building funds.

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 \$91,200 dependent on the extent of work that is eventually required and recorded a long-term liability of \$91,200.

## 9. LEASES

### *Operating Leases - Lessee*

The City is obligated under certain leases for land and golf carts accounted for as operating leases. Operating leases do not give rise to property rights or lease obligations. Total costs for such leases were \$192,690 for the fiscal year ended September 30, 2013. These include the Airport Fund's lease obligation for the property used as the City's golf course, and the final year of a lease on the golf carts. The following is a schedule by years for future minimum rental payments required under operating leases in the business-type activities that have initial or remaining noncancelable lease terms in excess of one year at September 30, 2013:

Year Ended September 30,	Airport
2014	\$ 115,000
2015	115,000
<b>Total</b>	<u>\$ 230,000</u>

# CITY OF SEBASTIAN, FLORIDA

## Notes to Financial Statements

### *Operating Leases - Lessor*

The City is the lessor in two communication tower leases with terms of up to fifty-five years. The towers have a cost of \$39,285 and have been fully depreciated. Following is a schedule by year of minimum future rental income on noncancelable operating leases:

Year Ended September 30,	Governmental Activities
2014	\$ 71,333
2015	73,226
2016	75,214
2017	80,758
2018	82,950
2019-2023	430,931
2024-2028	421,778
2029-2033	515,957
2034-2038	636,155
2039-2043	789,562
2044-2048	985,352
2049-2053	1,235,235
2054-2055	578,936
<b>Total</b>	<b>\$ 5,977,387</b>

The Airport Fund is the lessor of various properties (land with a cost basis of \$9,060) with lease terms varying from twenty to thirty years. These include the lease to the Golf Course Fund requiring annual payments of \$115,000 through 2015. Following is a schedule by year of minimum future rental income on noncancelable operating leases:

Future minimum rental commitments are as follows:

Year Ended September 30,	Business-type Activities
2014	\$ 343,607
2015	344,837
2016	216,808
2017	215,226
2018	221,488
2019-2023	1,156,947
2024-2028	700,869
2029-2033	421,733
2034-2036	106,311
<b>Total</b>	<b>\$ 3,727,826</b>

# CITY OF SEBASTIAN, FLORIDA

## Notes to Financial Statements

### 10. 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, 2013, was 3.7166 mills. Total tax collections were approximately 98.4% 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.

### 11. CONTINGENT LIABILITIES

Various suits and claims are currently pending against the City. It is impossible for the City to accurately quantify the exposure involved given the jury's latitude in assessing compensatory and punitive damages, and the court's latitude in awarding attorney's fees. The City intends to vigorously defend against these lawsuits and believes it has a good chance of prevailing on their merits. The City is contingently liable with respect to lawsuits and other claims incidental to the ordinary course of its operations. In the opinion of management and based on the advice of legal counsel, the ultimate disposition of lawsuits will not have a material adverse effect on the financial position of the City.

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal and state governments. Any disallowed claims, including amounts already collected, may constitute a liability to the applicable funds. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time, although the City expects such amounts, if any, to be immaterial.

### 12. 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.

# CITY OF SEBASTIAN, FLORIDA

## Notes to Financial Statements

### 13. BENEFIT PLANS

#### Police Officer's 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, 2013 to determine the required contribution for the fiscal year ending September 30, 2013. 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.

As of September 30, 2013, employee membership data was as follows:

Retirees and beneficiaries currently receiving benefits	8
Beneficiaries	1
Disability retirees	2
Terminated employees not currently receiving benefits	3
Fully, partially, and non-vested active plan participants	35
	<hr/>
	49
	<hr/> <hr/>

*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.

*Funding Policy.* The employer, employee, and State contribution requirements are applicable to the Plan and actuarially determined on a frequency of at least every 3 years in accordance with Florida State Statute. Administration costs of the pension plan are financed by the Plan. For the 2012-2013 fiscal year, the employee contribution rate, expressed as a percentage of compensation, was 7.6% and the employer contribution rate was 19.1%. The employer contribution amounted to \$392,666. The State contribution was \$145,961, which represents state shared revenue that is levied on property and casualty insurance premiums and collected by the State. Contributions by the State that are in excess of the amount allowed under Florida Statute are not included in the development of the net pension asset, but are considered part of an excess state monies reserve, to be used for extra benefits. The total excess state monies reserve included in the pension trust as of September 30, 2013 was \$38,259. The State contribution was recognized and recorded in the general fund and the corresponding expenditure was recorded as public safety expenditure. The City is required to contribute the remaining amounts to ensure that the Plan is

# CITY OF SEBASTIAN, FLORIDA

## Notes to Financial Statements

For the year ended September 30, 2013 the City’s annual pension cost was \$511,382, however actual contributions equaled \$538,627, increasing the net pension asset. The required contribution was determined as part of the October 1, 2013 actuarial valuation using the frozen entry age actuarial cost method. The actuarial assumptions included: a rate of return on the investment of present and future assets of 8.0% and projected salary increases of 6.0% per year, including inflation at 3.0%. The plan's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an closed basis. The remaining amortization period at October 1, 2013, the date of the latest actuarial valuation, was 27 years.

Three-Year Trend Information			
Years Ended September 30,	Annual Pension Cost (APC)	Percentage Contributed	Net Pension Asset
2011	\$ 740,942	99.39%	\$ 136,816
2012	564,551	99.17%	132,133
2013	511,382	101.70%	140,836

Reserves. All of the net position of the Police Pension Plan are legally reserved for plan participant benefits.

*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.

*Method Used to Value Investments.* Investments are reported at fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Mortgages are valued on the basis of future principal and interest payments, and are discounted at prevailing interest rates for similar instruments. Investments that do not have an established market are reported at estimated fair value. Investments in securities of a single organization (excluding mutual funds and those issued or guaranteed by the U.S. government) held by the pension plan did not exceed five percent of the total plan assets.

# CITY OF SEBASTIAN, FLORIDA

## Notes to Financial Statements

*Development of Net Pension Asset.* The municipal Defined Benefit Plan has been subject to the minimum funding standards since the adoption of the "Florida Protection of Public Employee Retirement Benefit Act" (Part VII of Chapter 112, Florida Statutes) in 1980. Accordingly, the sponsor has funded the actuarially determined required contributions for all years from October 1, 1987, through the transition date, October 1, 1997. Thus, the NPO on October 1, 1997, was \$0.

The following table shows the components of the City's annual pension cost for the year ended September 30, 2013, the amount actually contributed to the plan, and the changes in the City's net pension asset:

	September 30, 2013
Actuarially determined contribution	\$ 506,860
Interest on net pension asset	(10,571)
Adjustment to actuarially determined contribution	<u>15,093</u>
Annual pension cost	511,382
Contributions made	<u>520,085</u>
Increase in net pension asset	8,703
Net pension asset, beginning of year	<u>132,133</u>
<b>Net pension asset, end of year</b>	<u><u>\$ 140,836</u></u>

*Funded Status and Funding Progress.* As of October 1, 2013, the most recent actuarial valuation date, the plan was 92.20 percent funded. The actuarial accrued liability for benefits was \$10,924,778, and the actuarial value of assets was \$10,072,572, resulting in an unfunded actuarial accrued liability (UAAL) of \$852,206. The covered payroll (annual payroll of active employees covered by the plan) was \$2,131,399, and the ratio of the UAAL to the covered payroll was 40.0 percent.

The schedule of funding progress, presented as RSI following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of Plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

### Communication Workers of America / International Typographical Union

#### *Negotiated Defined Benefit Pension Plan*

*Plan Description.* The Communication Workers of America / International Typographical Union Negotiated Pension Plan (NPP), which began in 1967, is a multi-employer, defined benefit plan. The Plan is available to any Communication Workers of America (CWA) bargaining unit member, and benefits are portable from one contributing employer to another.

*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.

# CITY OF SEBASTIAN, FLORIDA

## Notes to Financial Statements

*Early Pension.* Minimum age 60: 20 years of Service Credit required if employed after January 1, 1989. 25 years of Service Credit required if employment ended before January 1, 1993. 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 five 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 is in receipt of a Social Security Disability Award and is vested, but not immediately eligible to receive any pension described above, the employee may be eligible for a lump sum equal to total contributions credited on the employees behalf (or 36 times the Normal Pension amount, if greater). If the employee is immediately eligible for a pension but not yet receiving one, the employee can still qualify for a lump sum if the employee submits two physicians' written statements that the disability will lead to death within one year of the date of application.

*Death Benefit.* If the employee dies before becoming a pensioner and has at least \$250 contributed on the employees' behalf, a lump sum death benefit equal to total contributions credited on the employees' behalf or 36 times the Normal Pension amount, if greater, will be paid to employees' beneficiary. If the employee is married at the time of death, the spouse will have the choice of a lump sum or a monthly survivor benefit.

*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 at the Plan Office in Colorado Springs, Colorado. Contribution requirements are established by the CWA contract, effective date October 1, 2011, which is negotiated every 3 years, and approved by City Council.

*Benefit Provisions and Contribution Requirements.* The NPP provides retirement and disability benefits to plan members and beneficiaries. The plan is administered at the Plan Office in Colorado Springs, Colorado. Contribution requirements are established by the CWA contract, effective date October 1, 2011, which is negotiated every 3 years, and approved by City Council.

*Funding Policy.* Administration costs of the pension plan are financed by the plan. The employer contribution rate, expressed as a percentage of compensation, was 9.0% for the 2012-2013 fiscal year. Employees do not contribute to this plan. Contributions to the CWA Pension Plan for the fiscal years ended September 30, 2011, 2012 and 2013 were \$223,113, \$210,258 and \$202,612 respectively, which are equal to 100% of the required contribution for each year.

### Defined Contribution 401(a) Plan

*Plan Description.* The ICMA Retirement Corporation's 401 Retirement Plan is a Defined Contribution Plan "qualified" under Section 401(a) of the Internal Revenue Code. Each participant has a plan account to which contributions are made. Plan benefits are based on the total amount of money in the employees' 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 IRA's.

# CITY OF SEBASTIAN, FLORIDA

## Notes to Financial Statements

*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 employees' account balance.

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

*Benefit Provisions and Contribution Requirements.* The 401 provides retirement benefits to plan members and beneficiaries. The plan is administered by the ICMA Retirement Corporation. 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 administration costs of the pension plan are financed by the Plan. The employer contribution rate, expressed as a percentage of compensation, was 9% for the 2012-13 fiscal year. Employees do not contribute to this Plan. Contributions to the 401 Defined Contribution Plan for the fiscal years ended September 30, 2011, 2012, and 2013 were \$132,656, \$109,864 and \$110,184, respectively, which are equal to 100% of the required contribution for each year.

## 14. OTHER POSTEMPLOYMENT BENEFITS

*Plan description.* Pursuant to Section 112.0801, Florida Statutes, the City is required to permit 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.

*Funding Policy.* Based on GASB Statement 43 and 45, which set forth the guidelines for treatment of other postemployment benefits, the City had an actuary calculate future funding requirements in 2013. The actuary's 2013 estimate, using the Entry Age Normal (level percentage of pay) Method, produced an unfunded obligation of \$50,901 and an annual required contribution of \$3,674. The City elected to fund the OPEB obligation on a pay-as-you-go basis. The entire unfunded obligation was recognized in the government-wide financial statements. The enterprise fund portion (\$1,963) was also recognized in the enterprise fund financial statements. As such, a separate audited GAAP basis postemployment benefit plan report is not available. In 2012 and 2013, the City recorded a decrease of the government-wide obligation of \$16,599 and \$30,600, respectively, based on the annual required contribution reduced by the expected future benefit payments. The additional enterprise fund portion was calculated as a decrease of \$640 and \$1,180 in 2013 and 2012, respectively.

# CITY OF SEBASTIAN, FLORIDA

## Notes to Financial Statements

*Annual OPEB Cost and Net OPEB Obligation.* The City's annual other postemployment benefit (OPEB) cost is calculated based on the annual required contribution of the employer (ARC). The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

The following table shows the components of the City's annual OPEB cost for the year ended September 30, 2013, the amount actually contributed to the plan, and changes in the City's net OPEB obligation:

Annual required contribution	\$ 4,213
Interest on net OPEB obligation	1,382
Adjustment to annual required contribution	<u>(1,921)</u>
Net OPEB cost	3,674
Contributions made	<u>(12,952)</u>
Decrease in net OPEB obligation	(9,278)
Net OPEB obligation, beginning of year	<u>34,551</u>
<b>Net OPEB obligation, end of year</b>	<u><u>\$ 25,273</u></u>

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan, and the net OPEB obligation for fiscal year 2013 and the previous two years were as follows:

Three-Year Trend Information				
Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation	
2011	\$ 4,700	876.9%	\$ 67,785	
2012	3,800	974.6%	34,551	
2013	3,674	352.5%	25,273	

*Funded Status and Funding Progress.* As of October 1, 2013, the date of the most recent actuarial valuation, the actuarial accrued liability for benefits was \$50,901, all of which was unfunded. The covered payroll (annual payroll of active employees covered by the plan) was \$5,933,331, and the ratio of the UAAL to the covered payroll was 0.9 percent.

The actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. Calculations are based on the types of benefits provided with the plan at the time of each valuation and on the pattern of sharing of costs between the employer and plan members to that point. Calculations reflect a long-term perspective and assumptions used include techniques designed to reduce short-term volatility in actuarial accrued liabilities and actuarial value of assets. The schedule of funding progress shown below is required to present multi-trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits. The City elected to fund the OPEB on a pay-as-you-go basis and consequently, reports a zero balance for the actuarial value of assets.

# CITY OF SEBASTIAN, FLORIDA

## Notes to Financial Statements

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

The required contribution was determined as part of the October 1, 2013 actuarial valuation using the entry age normal (level percentage of pay) actuarial funding method. The actuarial assumptions included (a) 4 percent investment rate of return (net of administrative expenses), (b) a 3 percent payroll growth rate, (c) a 3 percent inflation rate, and (d) an annual healthcare trend rate of 9 percent initially, reduced by decrements to an ultimate rate of 5 percent in 2017. The actuarial assumptions utilized the RP-2000 Combined Healthy Mortality Table projected to 2013. The plan's unfunded actuarial accrued liability is being amortized as a level dollar of projected payroll on an open basis. The remaining amortization period at October 1, 2013 was 30 years.

### **Termination Benefits**

The City offers to pay 50% of the cost of single coverage group (health only) insurance for up to two years for employees retiring after twenty years of service in a full-time capacity. During the year ended September 30, 2013, one retiring employee made this election, and \$14,880 was recorded at year end as the total accrued termination benefits in the governmental activities of the government-wide financial statements.

# CITY OF SEBASTIAN, FLORIDA

## Notes to Financial Statements

### 15. FUND BALANCES - GOVERNMENTAL FUNDS

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. Detailed information on fund balances of governmental funds is as follows:

	General Fund	Discretionary Sales Tax	Riverfront Redevelopment	DST Revenue Bonds	Nonmajor Funds	Total
Nonspendable:						
Inventory	\$ 63,101	\$ -	\$ -	\$ -	\$ -	\$ 63,101
Prepays	105,463	-	-	-	-	105,463
Long-term advances	200,000	552,511	-	-	-	752,511
Permanent fund corpus	-	-	-	-	771,327	771,327
<b>Total nonspendable</b>	<b>368,564</b>	<b>552,511</b>	<b>-</b>	<b>-</b>	<b>771,327</b>	<b>1,692,402</b>
Restricted for:						
Debt service	-	-	-	1,554,867	183,936	1,738,803
Perpetual care	-	-	-	-	-	-
Infrastructure	-	2,155,211	-	-	36,899	2,192,110
Redevelopment	-	-	554,938	-	-	554,938
Stormwater	-	-	-	-	94,420	94,420
Law enforcement	28,632	-	-	-	67,679	96,311
Nonexpendable portion of cemetery fund corpus	-	-	-	-	-	-
<b>Total restricted</b>	<b>28,632</b>	<b>2,155,211</b>	<b>554,938</b>	<b>1,554,867</b>	<b>382,934</b>	<b>4,676,582</b>
Committed for:						
Recreational system development	-	-	-	-	548,927	548,927
Development of public parking	-	-	-	-	40,437	40,437
<b>Total committed</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>589,364</b>	<b>589,364</b>
Assigned for:						
General employee events	2,277	-	-	-	-	2,277
Law enforcement events	4,743	-	-	-	-	4,743
<b>Total assigned</b>	<b>7,020</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>7,020</b>
Unassigned	5,065,242	-	-	-	-	5,065,242
<b>Total fund balances, governmental funds</b>	<b>\$ 5,469,458</b>	<b>\$ 2,707,722</b>	<b>\$ 554,938</b>	<b>\$ 1,554,867</b>	<b>\$ 1,743,625</b>	<b>\$ 12,030,610</b>

# CITY OF SEBASTIAN, FLORIDA

## Notes to Financial Statements

### 16. NET INVESTMENT IN CAPITAL ASSETS

The composition of net investment in capital assets as of September 30, 2013, was as follows:

	Governmental Activities	Business-type Activities
Capital assets:		
Capital assets not being depreciated	\$ 8,440,330	\$ 84,527
Capital assets being depreciated, net	33,505,335	10,804,946
	<u>41,945,665</u>	<u>10,889,473</u>
Related debt:		
Total bonds and notes payable	9,914,000	42,972
Net bond premium/discount	(7,084)	-
	<u>9,906,916</u>	<u>42,972</u>
<b>Net investment in capital assets</b>	<u><u>\$ 32,038,749</u></u>	<u><u>\$ 10,846,501</u></u>

### 17. RESTATEMENT

The City adopted the provisions of GASB Statements No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position, and No. 65, Items Previously Reported as Assets and Liabilities, in the current year. In addition to the revised classification of certain financial elements in the financial statements, the implementation of GASB Statement No. 65 resulted in the elimination of bond issuance costs as an asset. As a result of this change, net position of the governmental activities decreased by \$283,024.

In addition, net position was restated due to the correction of an error in the calculation of the amounts related to the City's OPEB Plan. The beginning net OPEB obligation was modified to adjust for a change in the participation rate of City employees from 90% to 5%, which the City considers a more realistic assumption, based on actual participation. As a result of this change, net position of the governmental activities, the airport fund, the golf course fund, and the building fund increased by \$256,014, \$12,444, \$7,189, and \$6,246, respectively.

## **REQUIRED SUPPLEMENTARY INFORMATION**

**CITY OF SEBASTIAN, FLORIDA**

**Required Supplementary Information**

Employees' Retirement Plan

**Schedule of Funding Progress  
Single-employer Pension Trust Fund**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a / b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a) / c)
10/1/2006	\$ 4,711,294	\$ 5,389,815	\$ 678,521	87.41%	\$ 1,769,613	38.34%
10/1/2008	5,474,816	6,127,531	652,715	89.35%	2,143,131	30.46%
10/1/2010	7,086,302	8,029,402	943,100	88.25%	2,205,042	42.77%
10/1/2012	8,843,096	9,793,255	950,159	90.30%	1,893,717	50.17%
10/1/2013	10,072,572	10,924,778	852,206	92.20%	2,131,399	39.98%

**Schedule of Employer Contributions  
Single-employer Pension Trust Fund**

Year Ended September 30,	Annual Required Contributions	City Contribution	State Contribution	Percentage Contributed
2008	\$ 456,928	\$ 376,769	\$ 122,800	109.33%
2009	557,439	404,104	137,782	97.21%
2010	701,998	566,910	134,852	99.97%
2011	736,420	602,943	133,477	100.00%
2012	559,868	436,386	123,482	100.00%
2013	506,560	396,603	123,482	102.67%

**CITY OF SEBASTIAN, FLORIDA**

**Required Supplementary Information**  
Other Postemployment Benefits Plan

**Schedule of Funding Progress**  
**Other Postemployment Benefits Plan**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a / b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a) / c)
9/30/2010	\$ -	\$ 98,100	\$ 98,100	0%	\$ 6,424,614	2%
9/30/2011	-	67,500	67,500	0%	6,426,614	1%
9/30/2012	-	50,901	50,901	0%	5,933,331	1%

**Schedule of Employer Contributions**  
**Other Postemployment Benefits Plan**

Year Ended September 30,	Annual Required Contributions	Percentage Contributed
9/30/2010	\$ 4,600	875%
9/30/2011	4,700	877%
9/30/2012	3,800	975%

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**COMBINING AND INDIVIDUAL FUND  
STATEMENTS AND SCHEDULES**

# CITY OF SEBASTIAN, FLORIDA

## Combining Balance Sheet

Nonmajor Governmental Funds

September 30, 2013

	Special Revenue Funds				
	Local Option Gas Tax	Parking In-Lieu-of	Recreation Impact Fee	Stormwater Utility	Law Enforcement Forfeiture
<b>Assets</b>					
Cash and cash equivalents	\$ 356	\$ -	\$ 534,793	\$ 84,330	\$ 7,624
Investments	-	40,437	16,564	29	60,055
Due from other governments	47,596	-	-	13,261	-
<b>Total assets</b>	<b>\$ 47,952</b>	<b>\$ 40,437</b>	<b>\$ 551,357</b>	<b>\$ 97,620</b>	<b>\$ 67,679</b>
<b>Liabilities</b>					
Accounts payable and accrued liabilities	\$ 3,553	\$ -	\$ 2,430	\$ 3,200	\$ -
Due to other funds	7,500	-	-	-	-
<b>Total liabilities</b>	<b>11,053</b>	<b>-</b>	<b>2,430</b>	<b>3,200</b>	<b>-</b>
<b>Fund balances:</b>					
Nonspendable	-	-	-	-	-
Restricted	36,899	-	-	94,420	67,679
Committed	-	40,437	548,927	-	-
<b>Total fund balances</b>	<b>36,899</b>	<b>40,437</b>	<b>548,927</b>	<b>94,420</b>	<b>67,679</b>
<b>Total liabilities and fund balances</b>	<b>\$ 47,952</b>	<b>\$ 40,437</b>	<b>\$ 551,357</b>	<b>\$ 97,620</b>	<b>\$ 67,679</b>

Debt Service	Capital Projects Funds			Permanent	Total Nonmajor Governmental Funds
Stormwater Utility Revenue Bonds 2003	Capital Improvements	Transportation Improvements	Stormwater Utility Improvements	Cemetery	
\$ 183,936	\$ (37,559)	\$ -	\$ 31,872	\$ 514,538	\$ 1,319,890
-	-	-	-	256,789	373,874
-	37,724	-	-	-	98,581
<u>\$ 183,936</u>	<u>\$ 165</u>	<u>\$ -</u>	<u>\$ 31,872</u>	<u>\$ 771,327</u>	<u>\$ 1,792,345</u>
\$ -	\$ 165	\$ -	\$ 31,872	\$ -	\$ 41,220
-	-	-	-	-	7,500
-	165	-	31,872	-	48,720
-	-	-	-	771,327	771,327
183,936	-	-	-	-	382,934
-	-	-	-	-	589,364
<u>183,936</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>771,327</u>	<u>1,743,625</u>
<u>\$ 183,936</u>	<u>\$ 165</u>	<u>\$ -</u>	<u>\$ 31,872</u>	<u>\$ 771,327</u>	<u>\$ 1,792,345</u>

# CITY OF SEBASTIAN, FLORIDA

## Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds For the Year Ended September 30, 2013

	Special Revenue Funds				
	Local Option Gas Tax	Parking In-Lieu-of	Recreation Impact Fee	Stormwater Utility	Law Enforcement Forfeiture
<b>Revenues</b>					
Taxes:					
Motor fuel	\$ 551,239	\$ -	\$ -	\$ -	\$ -
Intergovernmental	9,474	-	-	-	-
Impact fees	-	-	169,000	-	-
Charges for services	-	-	-	1,003,900	-
Investment earnings	47	196	870	3,323	493
Other revenues	-	13,776	-	-	-
<b>Total revenues</b>	<b>560,760</b>	<b>13,972</b>	<b>169,870</b>	<b>1,007,223</b>	<b>493</b>
<b>Expenditures</b>					
Current:					
Public safety	-	-	-	-	1,719
Physical environment	-	-	-	72,981	-
Transportation	219,339	-	-	-	-
Culture and recreation	-	-	2,430	-	-
Debt Service:					
Principal	197,000	-	-	-	-
Interest and fiscal charges	46,200	-	-	-	-
Capital outlay	-	-	5,523	-	-
<b>Total expenditures</b>	<b>462,539</b>	<b>-</b>	<b>7,953</b>	<b>72,981</b>	<b>1,719</b>
Revenues over (under) expenditures	98,221	13,972	161,917	934,242	(1,226)
<b>Other financing sources (uses)</b>					
Transfers in	14,500	-	-	-	-
Transfers out	(266,096)	-	(306,211)	(1,007,376)	-
<b>Total other financing sources (uses)</b>	<b>(251,596)</b>	<b>-</b>	<b>(306,211)</b>	<b>(1,007,376)</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>(153,375)</b>	<b>13,972</b>	<b>(144,294)</b>	<b>(73,134)</b>	<b>(1,226)</b>
Fund balances, beginning of year	190,274	26,465	693,221	167,554	68,905
<b>Fund balances, end of year</b>	<b>\$ 36,899</b>	<b>\$ 40,437</b>	<b>\$ 548,927</b>	<b>\$ 94,420</b>	<b>\$ 67,679</b>

Debt Service	Capital Projects Funds			Permanent	Total Nonmajor Governmental Funds
Stormwater Utility Revenue Bonds 2003	Capital Improvements	Transportation Improvements	Stormwater Utility Improvements	Cemetery	
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 551,239
-	37,724	-	-	-	47,198
-	-	-	-	-	169,000
-	-	-	-	87,717	1,091,617
617	-	-	-	4,025	9,571
-	-	1,825	-	-	15,601
<u>617</u>	<u>37,724</u>	<u>1,825</u>	<u>-</u>	<u>91,742</u>	<u>1,884,226</u>
-	-	-	-	-	1,719
-	37,724	-	30,500	-	141,205
-	-	-	-	-	219,339
-	-	-	-	-	2,430
290,000	-	-	-	-	487,000
149,090	-	-	-	-	195,290
-	352,990	413,101	459,711	299,991	1,531,316
<u>439,090</u>	<u>390,714</u>	<u>413,101</u>	<u>490,211</u>	<u>299,991</u>	<u>2,578,299</u>
<u>(438,473)</u>	<u>(352,990)</u>	<u>(411,276)</u>	<u>(490,211)</u>	<u>(208,249)</u>	<u>(694,073)</u>
439,830	352,990	393,922	490,211	-	1,691,453
-	-	-	-	(5,399)	(1,585,082)
<u>439,830</u>	<u>352,990</u>	<u>393,922</u>	<u>490,211</u>	<u>(5,399)</u>	<u>106,371</u>
1,357	-	(17,354)	-	(213,648)	(587,702)
<u>182,579</u>	<u>-</u>	<u>17,354</u>	<u>-</u>	<u>984,975</u>	<u>2,331,327</u>
<u>\$ 183,936</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 771,327</u>	<u>\$ 1,743,625</u>

# CITY OF SEBASTIAN, FLORIDA

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

Budget and Actual - Local Option Gas Tax  
For the Year Ended September 30, 2013

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
<b>Revenues</b>				
Taxes:				
Motor fuel	\$ 560,000	\$ 560,000	\$ 551,239	\$ (8,761)
Intergovernmental	9,474	9,474	9,474	-
Investment earnings	1,630	1,630	47	(1,583)
<b>Total revenues</b>	<u>571,104</u>	<u>571,104</u>	<u>560,760</u>	<u>(10,344)</u>
<b>Expenditures</b>				
Current:				
Transportation	208,000	222,500	219,339	(3,161)
Debt service:				
Principal	197,000	197,000	197,000	-
Interest and fiscal charges	46,076	46,076	46,200	124
<b>Total expenditures</b>	<u>451,076</u>	<u>465,576</u>	<u>462,539</u>	<u>(3,037)</u>
Revenues over (under) expenditures	<u>120,028</u>	<u>105,528</u>	<u>98,221</u>	<u>(7,307)</u>
<b>Other financing sources</b>				
Transfers in	-	14,500	14,500	-
Transfers out	(100,000)	(266,096)	(266,096)	-
<b>Net changes in fund balance</b>	<u>20,028</u>	<u>(146,068)</u>	<u>(153,375)</u>	<u>(7,307)</u>
Fund balance, beginning of year	<u>190,274</u>	<u>190,274</u>	<u>190,274</u>	<u>-</u>
<b>Fund balance, end of year</b>	<u>\$ 210,302</u>	<u>\$ 44,206</u>	<u>\$ 36,899</u>	<u>\$ (7,307)</u>

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

# CITY OF SEBASTIAN, FLORIDA

## Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual Parking In-Lieu-Of Special Revenue Fund For the Year Ended September 30, 2013

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
<b>Revenues</b>				
Investment earnings	\$ 60	\$ 60	\$ 196	\$ 136
Other revenues	13,790	13,790	13,776	(14)
<b>Net change in fund balance</b>	13,850	13,850	13,972	122
Fund balance, beginning of year	26,465	26,465	26,465	-
<b>Fund balance, end of year</b>	\$ 40,315	\$ 40,315	\$ 40,437	\$ 122

## CITY OF SEBASTIAN, FLORIDA

### Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual Recreation Impact Fee Special Revenue Fund For the Year Ended September 30, 2013

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
<b>Revenues</b>				
Impact fees	\$ 38,350	\$ 38,350	\$ 169,000	\$ 130,650
Investment earnings	3,185	3,185	870	(2,315)
<b>Total revenues</b>	<b>41,535</b>	<b>41,535</b>	<b>169,870</b>	<b>128,335</b>
<b>Expenditures</b>				
Current:				
Culture and recreation	-	-	2,430	2,430
Capital outlay	-	-	5,523	5,523
<b>Total expenditures</b>	<b>-</b>	<b>-</b>	<b>7,953</b>	<b>7,953</b>
Revenue over (under) expenditures	41,535	41,535	161,917	120,382
<b>Other financing sources (uses)</b>				
Transfers out	(330,000)	(281,958)	(306,211)	23,789
<b>Net change in fund balances</b>	<b>(288,465)</b>	<b>(240,423)</b>	<b>(144,294)</b>	<b>144,171</b>
Fund balance, beginning of year	693,221	693,221	693,221	-
<b>Fund balance, end of year</b>	<b>\$ 404,756</b>	<b>\$ 452,798</b>	<b>\$ 548,927</b>	<b>\$ 144,171</b>

## CITY OF SEBASTIAN, FLORIDA

### Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual Stormwater Utility Special Revenue Fund For the Year Ended September 30, 2013

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
<b>Revenues</b>				
Charges for services	\$ 1,001,000	\$ 1,001,000	\$ 1,003,900	\$ 2,900
Investment earnings	5,957	5,957	3,323	(2,634)
Other revenues	-	-	-	-
<b>Total revenues</b>	<b>1,006,957</b>	<b>1,006,957</b>	<b>1,007,223</b>	<b>266</b>
<b>Expenditures</b>				
Current:				
Physical environment	45,100	45,100	72,981	27,881
Revenues over (under) expenditures	961,857	961,857	934,242	(27,615)
<b>Other financing uses</b>				
Transfers out	(1,009,408)	(1,006,953)	(1,007,376)	2,032
<b>Net change in fund balance</b>	<b>(47,551)</b>	<b>(45,096)</b>	<b>(73,134)</b>	<b>(25,583)</b>
Fund balance, beginning of year	167,554	167,554	167,554	-
<b>Fund balance, end of year</b>	<b>\$ 120,003</b>	<b>\$ 122,458</b>	<b>\$ 94,420</b>	<b>\$ (25,583)</b>

# CITY OF SEBASTIAN, FLORIDA

## Schedule of Revenues, Expenditures

and Changes in Fund Balance - Budget and Actual  
 Law Enforcement Forfeiture Special Revenue Fund  
 For the Year Ended September 30, 2013

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
<b>Revenues</b>				
Fines	\$ 8,000	\$ 8,000	\$ -	\$ (8,000)
Investment earnings	125	125	493	368
Contributions	2,000	2,000	-	(2,000)
Other revenues	-	-	-	-
<b>Total revenues</b>	<b>10,125</b>	<b>10,125</b>	<b>493</b>	<b>(9,632)</b>
<b>Expenditures</b>				
Current:				
Public safety	-	-	1,719	1,719
<b>Net change in fund balance</b>	<b>10,125</b>	<b>10,125</b>	<b>(1,226)</b>	<b>(11,351)</b>
Fund balance, beginning of year	68,905	68,905	68,905	-
<b>Fund balance, end of year</b>	<b>\$ 79,030</b>	<b>\$ 79,030</b>	<b>\$ 67,679</b>	<b>\$ (11,351)</b>

# CITY OF SEBASTIAN, FLORIDA

## Schedule of Revenues, Expenditures

and Changes in Fund Balance - Budget and Actual  
 Stormwater Utility Revenue Bonds 2003 Debt Service Fund  
 For the Year Ended September 30, 2013

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
<b>Revenues</b>				
Investment earnings	\$ 1,056	\$ 1,056	\$ 617	\$ (439)
<b>Expenditures</b>				
Debt service:				
Principal	290,000	290,000	290,000	-
Interest and fiscal charges	149,048	149,048	149,090	42
<b>Total expenditures</b>	<b>439,048</b>	<b>439,048</b>	<b>439,090</b>	<b>42</b>
Revenues over (under) expenditures	(437,992)	(437,992)	(438,473)	(481)
<b>Other financing sources</b>				
Transfers in	439,408	439,408	439,830	422
<b>Net change in fund balance</b>	<b>1,416</b>	<b>1,416</b>	<b>1,357</b>	<b>(59)</b>
Fund balance, beginning of year	182,579	182,579	182,579	-
<b>Fund balance, end of year</b>	<b>\$ 183,995</b>	<b>\$ 183,995</b>	<b>\$ 183,936</b>	<b>\$ (59)</b>

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## **AGENCY FUND**

# CITY OF SEBASTIAN, FLORIDA

## Combining Statement of Changes in Assets and Liabilities

Agency Fund

For the Year Ended September 30, 2013

	Balance October 1, 2012	Additions	Deletions	Balance September 30, 2013
<i>Performance Deposits</i>				
<b>Assets</b>				
Cash and cash equivalents	\$ 11,930	\$ -	\$ -	\$ 11,930
Investments, at fair value	220,000	-	-	220,000
<b>Total assets</b>	<u>\$ 231,930</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 231,930</u>
<b>Liabilities</b>				
Performance deposits held in escrow	<u>\$ 231,930</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 231,930</u>

## CAPITAL ASSETS

# CITY OF SEBASTIAN, FLORIDA

## Comparative Schedule by Source

Capital Assets Used in the Operation of Governmental Fund  
September 30, 2013

	2013	2012
<b>Governmental funds capital assets</b>		
Land	\$ 8,319,588	\$ 8,007,437
Buildings and structures	12,488,546	12,397,779
Non-building improvements	6,630,200	6,330,986
Machinery and equipment	8,023,943	8,167,365
Infrastructure	36,475,602	35,611,587
Construction in progress	120,742	163,429
	<u>\$ 72,058,621</u>	<u>\$ 70,678,583</u>
<b>Total governmental funds capital assets</b>		
<b>Investment in governmental funds capital assets (by sources)</b>		
Federal grants	\$ 5,330,341	\$ 6,381,544
State grants	2,376,907	907,755
County grants	717,371	713,359
General Fund	10,976,555	11,031,201
Law enforcement trust fund	54,784	36,380
Recreational impact fee	1,992,269	1,726,191
Stormwater utility fee	6,405,211	4,895,946
Riverfront redevelopment	1,685,267	1,932,055
Cemetery trust fund	539,509	240,255
Donations	2,693,881	3,371,802
Sales taxes	18,222,344	16,347,884
Motor fuel taxes	6,920,764	6,811,354
Revenue bond debt	14,022,676	16,119,428
Capital projects	120,742	163,429
	<u>\$ 72,058,621</u>	<u>\$ 70,678,583</u>
<b>Total investment in governmental funds capital assets</b>		

# CITY OF SEBASTIAN, FLORIDA

## Schedule of Activities by Function

Capital Assets Used in the Operation of Governmental Funds  
September 30, 2013

Functions / Programs	Land	Buildings	Non-Building Improvements	Machinery and Equipment	Infrastructure	Total
General government:						
Legislative	\$ -	\$ -	\$ -	\$ 1,383	\$ -	\$ 1,383
City manager	-	-	-	1,612	-	1,612
City clerk	-	-	-	24,352	-	24,352
Finance	-	-	1,100	53,622	-	54,722
MIS	-	5,844	53,131	656,664	-	715,639
Facilities maintenance	-	133,430	21,188	117,188	-	271,806
Growth management	-	85,555	-	56,867	-	142,422
Non-departmental	3,646,929	6,184,990	126,636	204,375	52,699	10,215,629
<b>Total general government</b>	<b>3,646,929</b>	<b>6,409,819</b>	<b>202,055</b>	<b>1,116,063</b>	<b>52,699</b>	<b>11,427,565</b>
Public safety:						
Special operations	-	-	-	95,223	-	95,223
Administration	9,560	3,347,151	89,320	281,313	-	3,727,344
School resource	-	-	-	69,943	-	69,943
Road patrol	-	-	-	2,440,044	-	2,440,044
Community policing	-	-	-	13,863	-	13,863
Code enforcement	-	-	-	51,947	-	51,947
Investigations	-	-	1,700	189,269	-	190,969
Support services	-	-	-	53,111	-	53,111
Communications	-	-	16,404	192,626	-	209,030
Building department	-	-	-	41,284	-	41,284
<b>Total public safety</b>	<b>9,560</b>	<b>3,347,151</b>	<b>107,424</b>	<b>3,428,623</b>	<b>-</b>	<b>6,892,758</b>
Transportation:						
Central garage	-	130,488	82,419	155,294	674	368,875
Roads and drainage	47,125	162,044	972,058	960,835	15,716,609	17,858,671
<b>Total transportation</b>	<b>47,125</b>	<b>292,532</b>	<b>1,054,477</b>	<b>1,116,129</b>	<b>15,717,283</b>	<b>18,227,546</b>
Economic environment:						
Non-departmental	2,308,392	1,040,589	6,562	-	-	3,355,543
Physical environment:						
Stormwater	-	-	1,850	1,686,867	18,919,439	20,608,156
Cemetery	572,181	82,019	78,354	60,585	22,717	815,856
<b>Total physical environment</b>	<b>572,181</b>	<b>82,019</b>	<b>80,204</b>	<b>1,747,452</b>	<b>18,942,156</b>	<b>21,424,012</b>
Culture/recreation:						
Parks and recreation	1,735,401	1,316,436	5,179,478	615,676	1,763,464	10,610,455
<b>Total</b>	<b>\$ 8,319,588</b>	<b>\$ 12,488,546</b>	<b>\$ 6,630,200</b>	<b>\$ 8,023,943</b>	<b>\$ 36,475,602</b>	<b>71,937,879</b>
Construction in progress						120,742
<b>Total</b>						<b>\$ 72,058,621</b>

# CITY OF SEBASTIAN, FLORIDA

## Schedule of Changes in Activities by Function

Capital Assets Used in the Operation of Governmental Funds  
September 30, 2013

Functions / Programs	Capital Assets October 1, 2012	Additions	Deletion	Transfers In	Transfers Out	Capital Assets September 30, 2013
General government:						
Judicial	\$ 4,245	\$ -	\$ -	\$ -	\$ 2,862	\$ 1,383
City manager	1,612	-	-	1,612	1,612	1,612
City clerk	20,350	4,002	-	-	-	24,352
Administrative services	54,722	-	-	1,612	1,612	54,722
MIS	703,537	2,861	900	10,141	-	715,639
Facilities maintenance	235,936	10,085	-	25,785	-	271,806
Growth management	130,137	-	-	12,285	-	142,422
Non-departmental	10,203,469	12,160	-	-	-	10,215,629
<b>Total general government</b>	<b>11,354,008</b>	<b>29,108</b>	<b>900</b>	<b>51,435</b>	<b>6,086</b>	<b>11,427,565</b>
Public safety:						
Special operations	122,484	-	-	-	27,261	95,223
Administration	3,719,844	7,500	-	-	-	3,727,344
School resource	69,943	-	-	-	-	69,943
Road patrol	2,536,820	33,879	126,474	-	4,181	2,440,044
Community policing	17,086	-	-	-	3,223	13,863
Code enforcement	42,047	27,327	-	-	17,427	51,947
Investigations	199,839	-	8,995	3,223	3,098	190,969
Support services	53,111	-	-	-	-	53,111
Communications	222,117	-	13,087	-	-	209,030
Building department	41,284	-	-	-	-	41,284
<b>Total public safety</b>	<b>7,024,575</b>	<b>68,706</b>	<b>148,556</b>	<b>3,223</b>	<b>55,190</b>	<b>6,892,758</b>
Transportation:						
Central garage	376,544	3,929	11,598	-	-	368,875
Roads and drainage	17,466,671	437,159	55,761	26,953	16,351	17,858,671
<b>Total transportation</b>	<b>17,843,215</b>	<b>441,088</b>	<b>67,359</b>	<b>26,953</b>	<b>16,351</b>	<b>18,227,546</b>
Economic environment:						
Non-departmental	3,348,981	6,562	-	-	-	3,355,543
Physical environment:						
Stormwater	20,210,299	881,964	473,105	27,261	38,263	20,608,156
Cemetery	515,865	299,991	-	-	-	815,856
<b>Total physical environment</b>	<b>20,726,164</b>	<b>1,181,955</b>	<b>473,105</b>	<b>27,261</b>	<b>38,263</b>	<b>21,424,012</b>
Culture/recreation:						
Parks and recreation	10,218,211	442,989	57,763	17,427	10,409	10,610,455
<b>Total</b>	<b>70,515,154</b>	<b>2,170,408</b>	<b>747,683</b>	<b>126,299</b>	<b>126,299</b>	<b>71,937,879</b>
Construction in progress	163,429	43,612	86,299	-	-	120,742
<b>Total</b>	<b>\$ 70,678,583</b>	<b>\$ 2,214,020</b>	<b>\$ 833,982</b>	<b>\$ 126,299</b>	<b>\$ 126,299</b>	<b>\$ 72,058,621</b>

## **INTERNAL CONTROL AND COMPLIANCE**

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

February 19, 2014

Honorable Mayor and  
Members of City Council  
City of Sebastian  
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, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated February 19, 2014.

#### **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) to determine the 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 a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of 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 City'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.

A handwritten signature in cursive script that reads "Lehmann Johnson".

**INDEPENDENT AUDITORS'  
MANAGEMENT LETTER**

February 19, 2014

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

We have audited the financial statements of the *City of Sebastian, Florida* as of and for the fiscal year ended September 30, 2013 and have issued our report thereon dated February 19, 2014.

We conducted our audit in accordance with United States generally accepted auditing standards; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the Florida Single Audit Act. We have issued our 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 Standard* and *Rules of the Auditor General*. Disclosures in those reports and schedule, which are dated February 19, 2014, should be considered in conjunction with this management letter.

Additionally, our audit was conducted in accordance with the provisions of Chapter 10.550, *Rules of the Auditor General*, which govern the conduct of local governmental entity audits performed in the state of Florida and require that certain items be addressed in this letter.

The *Rules of the Auditor General* (Section 10.554(1)(i)1) require that we address in the management letter, if not already addressed in the auditors' reports on Compliance and Internal Control or Schedule of Findings and Questioned Costs, whether or not recommendations made in the preceding annual financial audit report have been followed. There were no findings or comments in the prior year.

As required by the *Rules of the Auditor General* (Section 10.554(1)(i)2), the scope of our audit included a review of the provisions of Section 218.415, Florida Statutes, regarding the investment of public funds. In connection with our audit, we determined that the City of Sebastian, Florida complied with Section 218.415, Florida Statutes.

The *Rules of the Auditor General* (Section 10.554(1)(i)3) require that we address in the management letter any findings and recommendations to improve financial management, accounting procedures, and internal controls. Below is our finding and recommendation.

Florida Statutes 166.241 (4) requires budget amendments to be completed within 60 days after year end. The City did not complete the final budget amendment until December 11, 2013. We recommend the City remain aware of the Statute deadlines and work to complete the budget amendments in a timely manner.

The *Rules of the Auditor General* (Section 10.554(1)(i)4) require that we address violations of 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 more than inconsequential. In connection with our audit, we did not identify any such findings.

The *Rules of the Auditor General* (Section 10.554(1)(i)5) provide that the auditor may, based on professional judgment, report the following matters that have an inconsequential effect on financial statements, considering both quantitative and qualitative factors: (1) violations of provisions of contracts or grant agreements, fraud, illegal acts, or abuse, and (2) deficiencies in internal control that are not significant deficiencies. In connection with our audit, we did not identify any such

The *Rules of the Auditor General* (Section 10.554(1)(i)6) also require that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in the management letter, unless disclosed in the notes to the financial statements. The legal authority for the City of Sebastian, Florida is disclosed in the notes to the financial statements. The City of Sebastian, Florida's component unit, the Police Officer's Pension Plan, was established under Section 58-46 through 58-54 Code of Ordinances in October 1989.

As required by the *Rules of the Auditor General* (Section 10.554(1)(i)7.a), the scope of our audit included a review of the provisions of Section 218.503(1), Florida Statutes, regarding financial emergencies. In connection with our audit, we determined that the City of Sebastian, Florida has not met any of the financial emergency conditions described in Section 218.503(1), Florida Statutes.

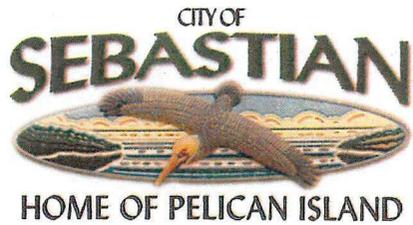
As required by the *Rules of the Auditor General* (Section 10.554(1)(i)7.b.), we determined that the annual financial report for the City of Sebastian, Florida for the year ended September 30, 2013, filed with the Department of Financial Services pursuant to Section 218.32(1)(a), Florida Statutes, is in agreement with the annual financial audit report for the year ended September 30, 2012.

As required by the *Rules of the Auditor General* (Section 10.554(1)(i)7.b.), we determined that the annual financial report for the City of Sebastian, Florida for the year ended September 30, 2013, filed with the Department of Financial Services pursuant to Section 218.32(1)(a), Florida Statutes, is in agreement with the annual financial audit report for the year ended September 30, 2013.

As required by the *Rules of the Auditor General* (Section 10.554(1)(i)7.c and 10.556(7)), we applied financial condition assessment procedures. It is management's responsibility to monitor the entity's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by the same.

Pursuant to Chapter 119, Florida Statutes, this management letter is a public record and its distribution is not limited. Auditing standards generally accepted in the United States of America require us to indicate that this letter is intended solely for the information and use of management and the Florida Auditor General of the State of Florida, 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 "Lehmann Johnson". The signature is written in a cursive, flowing style.



March 12, 2014

Rehmann Robson  
5070 North Highway A1A, Suite 250  
Vero Beach, Florida 32963

Ladies and Gentlemen,

The following provides a written statement of explanation or rebuttal concerning the auditor's findings and recommendations regarding the audit for the fiscal year ended September 30, 2013, as required by Section 10.558(1) of the "Rules of the Auditor General".

City Did Not Complete Budget Amendments Within 60 Days

As recommended, the City will remain aware of the Statute deadlines and work to complete the budget amendments in a timely manner.

Sincerely,

A handwritten signature in blue ink that reads "Kenneth W. Killgore". The signature is written in a cursive style with a large initial "K".

Kenneth W. Killgore  
Finance Director  
City of Sebastian

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## STATISTICAL SECTION

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# CITY OF SEBASTIAN, FLORIDA

## Statistical Section Table of Contents

This part of the City’s Comprehensive Annual Financial Report presents detailed information to assist the user in understanding what the financial statements, note disclosures and required supplementary information say about the overall economic condition of the City of Sebastian, Florida.

		<u>Page</u>
<b>Financial Trends</b>	These schedules contain trend information to help the reader understand and evaluate how the City’s financial condition, performance and well-being have changed over time.	112
<b>Revenue Capacity</b>	These schedules contain information to help the reader assess the City’s ability to generate its most significant local revenue source, the property tax.	124
<b>Debt Capacity</b>	These schedules present information to help the reader assess the affordability of the City’s current levels of outstanding debt and its ability to issue additional debt in the future.	130
<b>Demographic and Economic Information</b>	These schedules present various demographic and economic indicators to help the reader understand the environment within which the City operates and how they affect the City’s financial activities.	138
<b>Operating Information</b>	These schedules contain information about the City’s operations and resources 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.	142

Sources: Unless otherwise noted, the information in these schedules is derived from the Comprehensive Annual Financial Report for the relevant year. The City implemented GASB Statement No. 34 in 2001; schedules presenting government-wide information include data beginning in that year.

# CITY OF SEBASTIAN, FLORIDA

## Net Position by Component Last Ten Fiscal Years

	Fiscal Year			
	2013	2012	2011	2010
<b>Governmental activities</b>				
Net investment in capital assets	\$ 32,038,749	\$ 31,500,173	\$ 31,541,953	\$ 28,938,587
Restricted	5,839,440	6,192,777	5,668,155	8,757,043
Unrestricted	4,577,440	3,607,228	4,052,751	3,889,011
<b>Total governmental activities net position</b>	<b>\$ 42,455,629</b>	<b>\$ 41,300,178</b>	<b>\$ 41,262,859</b>	<b>\$ 41,584,641</b>
<b>Business-type activities</b>				
Net investment in capital assets	\$ 10,846,501	\$ 11,181,823	\$ 11,850,561	\$ 11,389,704
Restricted	-	-	-	-
Unrestricted	(306,497)	(490,298)	(644,620)	(342,340)
<b>Total business-type activities net position</b>	<b>\$ 10,540,004</b>	<b>\$ 10,691,525</b>	<b>\$ 11,205,941</b>	<b>\$ 11,047,364</b>
<b>Primary Government</b>				
Net investment in capital assets	\$ 42,885,250	\$ 42,681,996	\$ 43,392,514	\$ 40,328,291
Restricted	5,839,440	6,192,777	5,668,155	8,757,043
Unrestricted	4,270,943	3,116,930	3,408,131	3,546,671
<b>Total primary government net position</b>	<b>\$ 52,995,633</b>	<b>\$ 51,991,703</b>	<b>\$ 52,468,800</b>	<b>\$ 52,632,005</b>

<sup>1</sup> The large increases in unrestricted net position from 2004 to 2005 are mainly due to increase in State revenue sharing, sales and use taxes, and tax revenues.

<sup>2</sup> The large increases in unrestricted net position from 2005 to 2006 are mainly due to increase in tax revenues, franchise fees, and interest earnings.

Table I - Unaudited

Fiscal Year					
2009	2008	2007	2006	2005	2004
\$ 26,744,896	\$ 24,133,550	\$ 21,469,456	\$ 17,579,683	\$ 17,103,399	\$ 16,412,401
8,197,018	9,215,801	9,419,129	5,068,583	5,395,879	4,059,674
4,502,440	5,035,184	5,249,998	11,293,877 <sup>2</sup>	9,081,345 <sup>1</sup>	7,171,123
<u>\$ 39,444,354</u>	<u>\$ 38,384,535</u>	<u>\$ 36,138,583</u>	<u>\$ 33,942,143</u>	<u>\$ 31,580,623</u>	<u>\$ 27,643,198</u>
\$ 10,725,676	\$ 9,111,251	\$ 8,895,501	\$ 8,798,612	\$ 7,459,945	\$ 4,264,961
98,320	570,149	570,890	560,581	574,105	506,006
86,517	753,076	1,303,886	1,896,539	738,519	1,712,657
<u>\$ 10,910,513</u>	<u>\$ 10,434,476</u>	<u>\$ 10,770,277</u>	<u>\$ 11,255,732</u>	<u>\$ 8,772,569</u>	<u>\$ 6,483,624</u>
\$ 37,470,572	\$ 33,244,801	\$ 30,364,957	\$ 26,378,295	\$ 24,563,344	\$ 20,677,362
8,295,338	9,785,950	9,990,019	5,629,164	5,969,984	4,565,680
4,588,957	5,788,260	6,553,884	13,190,416	9,819,864	8,883,780
<u>\$ 50,354,867</u>	<u>\$ 48,819,011</u>	<u>\$ 46,908,860</u>	<u>\$ 45,197,875</u>	<u>\$ 40,353,192</u>	<u>\$ 34,126,822</u>

# CITY OF SEBASTIAN, FLORIDA

## Changes in Net Position

Last Ten Fiscal Years

	Fiscal Year			
	2013	2012	2011	2010
<b>Expenses</b>				
Governmental activities:				
General government	\$ 2,784,485	\$ 2,640,677	\$ 2,766,575	\$ 3,309,381
Public safety	4,928,203	5,025,274	5,546,632	5,720,933
Physical environment	2,039,380	2,007,902	1,558,974	1,947,605
Transportation	1,845,429	1,800,432	2,263,367	1,863,551
Economic environment	155,214	170,960	208,518	135,885
Culture and recreation	1,232,345	1,239,512	1,227,198	1,240,383
Interest on debt	368,432	562,496	546,103	566,410
Total governmental activities expenses	<u>13,353,488</u>	<u>13,447,253</u>	<u>14,117,367</u>	<u>14,784,148</u>
Business-type activities:				
Golf Course	1,377,039	1,394,731	1,355,266	1,388,158
Airport	1,146,905	1,166,588	1,188,788	1,067,525
Building <sup>1</sup>	417,887	397,295	470,406	496,800
Total business-type activities expenses	<u>2,941,831</u>	<u>2,958,614</u>	<u>3,014,460</u>	<u>2,952,483</u>
<b>Total primary government expenses</b>	<u>\$ 16,295,319</u>	<u>\$ 16,405,867</u>	<u>\$ 17,131,827</u>	<u>\$ 17,736,631</u>
<b>Program Revenue</b>				
Governmental activities:				
Charges for services:				
General government	\$ 314,158	\$ 214,488	\$ 197,945	\$ 203,915
Public safety	67,297	66,474	92,350	118,368
Physical environment	1,101,864	876,693	868,059	881,338
Culture and recreation	70,982	66,954	61,353	62,046
Operating grants and contributions	332,627	187,333	196,534	210,050
Capital grants and contributions	770,123	791,265	838,242	3,178,618
Total governmental activities program revenue	<u>2,657,051</u>	<u>2,203,207</u>	<u>2,254,483</u>	<u>4,654,335</u>
Business-type activities:				
Charges for services:				
Golf Course	1,302,441	1,394,844	1,382,421	1,335,647
Airport	481,759	491,367	485,229	468,698
Building <sup>1</sup>	706,964	419,705	401,021	356,264
Operating grants and contributions	-	-	-	-
Capital grants and contributions	230,868	150,083	900,340	904,853
Total business-type activities program revenue	<u>2,722,032</u>	<u>2,455,999</u>	<u>3,169,011</u>	<u>3,065,462</u>
<b>Total primary government program revenue</b>	<u>\$ 5,379,083</u>	<u>\$ 4,659,206</u>	<u>\$ 5,423,494</u>	<u>\$ 7,719,797</u>
<b>Net (expense) revenue</b>				
Governmental activities	\$ (10,696,437)	\$ (11,244,046)	\$ (11,862,884)	\$ (10,129,813)
Business-type activities	<u>(219,799)</u>	<u>(502,615)</u>	<u>154,551</u>	<u>112,979</u>
<b>Total primary government net (expense) revenue</b>	<u>\$ (10,916,236)</u>	<u>\$ (11,746,661)</u>	<u>\$ (11,708,333)</u>	<u>\$ (10,016,834)</u>

Table II - Unaudited

Fiscal Year					
2009	2008	2007	2006	2005	2004
\$ 3,169,851	\$ 3,375,178	\$ 3,083,609	\$ 3,129,723	\$ 3,262,276	\$ 2,414,865
5,420,585	5,226,512	5,377,107	4,191,295	4,816,614	4,502,109
1,347,771	1,805,755	1,695,066	2,193,589	1,283,889	1,279,257
3,437,724	2,111,360	2,276,497	2,173,071	4,034,900	3,288,532
167,470	113,101	605,510	98,661	32,128	86,041
1,073,249	1,420,734	1,237,398	1,208,288	1,260,395	823,974
730,100	634,891	667,950	706,303	740,372	722,007
<u>15,346,750</u>	<u>14,687,531</u>	<u>14,943,137</u>	<u>13,700,930</u>	<u>15,430,574</u>	<u>13,116,785</u>
1,477,299	1,488,472	1,533,900	1,558,338	1,464,532	1,527,051
1,079,869	1,099,653	1,046,994	801,967	519,235	350,949
533,641	605,422	905,452	936,793	-	-
<u>3,090,809</u>	<u>3,193,547</u>	<u>3,486,346</u>	<u>3,297,098</u>	<u>1,983,767</u>	<u>1,878,000</u>
<u>\$ 18,437,559</u>	<u>\$ 17,881,078</u>	<u>\$ 18,429,483</u>	<u>\$ 16,998,028</u>	<u>\$ 17,414,341</u>	<u>\$ 14,994,785</u>
\$ 220,073	\$ 353,836	\$ 422,897	\$ 533,482	\$ 370,609	\$ 376,327
95,606	85,009	92,853	140,545	1,356,385	1,660,032
908,829	903,285	891,021	887,819	828,907	850,887
66,540	83,378	85,945	72,472	56,199	48,590
228,002	786,016	192,676	407,898	2,802,511	1,144,528
1,865,174	835,607	1,014,481	1,301,438	1,781,954	1,353,959
<u>3,384,224</u>	<u>3,047,131</u>	<u>2,699,873</u>	<u>3,343,654</u>	<u>7,196,565</u>	<u>5,434,323</u>
1,406,956	1,438,233	1,652,288	1,580,407	1,381,817	1,648,308
438,485	523,989	344,813	375,768	434,818	201,890
358,947	347,189	408,875	1,220,823	-	-
-	-	-	6,998	13,582	67,576
1,356,914	494,098	500,428	1,056,562	2,289,986	2,451,212
<u>3,561,302</u>	<u>2,803,509</u>	<u>2,906,404</u>	<u>4,240,558</u>	<u>4,120,203</u>	<u>4,368,986</u>
<u>\$ 6,945,526</u>	<u>\$ 5,850,640</u>	<u>\$ 5,606,277</u>	<u>\$ 7,584,212</u>	<u>\$ 11,316,768</u>	<u>\$ 9,803,309</u>
\$ (11,962,526)	\$ (11,640,400)	\$ (12,243,264)	\$ (10,357,276)	\$ (8,234,009)	\$ (7,682,462)
470,493	(390,038)	(579,942)	943,460	2,136,436	2,490,986
<u>\$ (11,492,033)</u>	<u>\$ (12,030,438)</u>	<u>\$ (12,823,206)</u>	<u>\$ (9,413,816)</u>	<u>\$ (6,097,573)</u>	<u>\$ (5,191,476)</u>

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# CITY OF SEBASTIAN, FLORIDA

## Changes in Net Position

Last Ten Fiscal Years

	Fiscal Year			
	2013	2012	2011	2010
<b>General revenue and other changes in net position</b>				
Governmental Activities:				
Property taxes, levied for general purposes	\$3,221,304	\$ 3,063,495	\$ 3,453,778	\$ 4,164,128
Sales and use taxes	5,123,046	4,852,413	4,751,021	4,765,200
Franchise fees	1,118,886	1,124,568	1,184,686	1,228,692
State shared revenues not restricted to specific programs	2,063,450	1,934,733	1,868,555	1,825,215
Investment earnings	74,650	82,129	111,943	144,432
Miscellaneous	315,296	201,538	171,119	149,453
Transfers	(37,734)	22,489	-	(7,020)
<b>Total governmental activities</b>	<b>11,878,898</b>	<b>11,281,365</b>	<b>11,541,102</b>	<b>12,270,100</b>
Business-type activities:				
Investment earnings	4,391	6,563	4,026	15,658
Miscellaneous	274	4,125	-	1,194
Transfers	37,734	(22,489)	-	7,020
<b>Total business-type activities</b>	<b>42,399</b>	<b>(11,801)</b>	<b>4,026</b>	<b>23,872</b>
<b>Total primary government general revenue</b>	<b>\$ 11,921,297</b>	<b>\$ 11,269,564</b>	<b>\$ 11,545,128</b>	<b>\$ 12,293,972</b>
<b>Change in net position</b>				
Governmental activities	\$ 1,182,461	\$ 37,319	\$ (321,782) <sup>3</sup>	\$ 2,140,287
Business-type activities	(177,400)	(514,416)	158,577	136,851
<b>Total primary government change in net position</b>	<b>\$ 1,005,061</b>	<b>\$ (477,097)</b>	<b>\$ (163,205)</b>	<b>\$ 2,277,138</b>

<sup>1</sup> The building operation was reclassified from being part of the General Fund operation to an enterprise fund operation at the beginning of fiscal year 2006.

<sup>2</sup> The large increases in transfers from 2005 to 2006 are mainly due to the one time transfer of building reserve to building fund due to the reclassification of fund type for the building operation.

<sup>3</sup> The reduction in the change in net position for governmental funds can be attributed to less income being received resulting in a smaller spread between revenues and expenditures, thereby using net position for revenue shortfalls.

Fiscal Year					
2009	2008	2007	2006	2005	2004
\$ 4,801,924	\$ 5,149,047	\$ 5,089,841	\$ 4,645,050	\$ 4,017,555	\$ 3,420,971
4,670,106	4,753,718	4,776,691	4,907,906	4,718,691	4,035,545
1,327,253	1,199,762	1,106,698	1,253,749	886,390	770,600
1,821,347	1,989,606	2,083,523	2,242,292	2,138,020	1,721,956
261,203	634,919	1,147,931	827,224	398,518	398,158
140,512	159,300	192,300	256,780	118,760	388,562
-	-	42,720	(1,414,205)	(106,500)	(445,844)
<u>13,022,345</u>	<u>13,886,352</u>	<u>14,439,704</u>	<u>12,718,796</u>	<u>12,171,434</u>	<u>10,289,948</u>
5,544	54,237	137,207	125,498	45,709	23,774
-	-	-	-	300	261
-	-	(42,720)	1,414,205 <sup>2</sup>	106,500	445,844
<u>5,544</u>	<u>54,237</u>	<u>94,487</u>	<u>1,539,703</u>	<u>152,509</u>	<u>469,879</u>
<u>\$ 13,027,889</u>	<u>\$ 13,940,589</u>	<u>\$ 14,534,191</u>	<u>\$ 14,258,499</u>	<u>\$ 12,323,943</u>	<u>\$ 10,759,827</u>
\$ 1,059,819	\$ 2,245,952	\$ 2,196,440	\$ 2,361,520	\$ 3,937,425	\$ 2,607,486
476,037	(335,801)	(485,455)	2,483,163	2,288,945	2,960,865
<u>\$ 1,535,856</u>	<u>\$ 1,910,151</u>	<u>\$ 1,710,985</u>	<u>\$ 4,844,683</u>	<u>\$ 6,226,370</u>	<u>\$ 5,568,351</u>

concluded

# CITY OF SEBASTIAN, FLORIDA

## Fund Balances, Governmental Funds

Last Ten Fiscal Years

	Fiscal Year			
	2013	2012	2011	2010
<b>Governmental funds</b>				
General Fund:				
Nonspendable	\$ 368,564	\$ 370,450	\$ 346,995	\$ 352,248
Committed	-	2,861,708	2,949,139	3,063,585
Assigned	7,020	35,707	21,911	31,656
Unassigned	5,065,242	1,734,307 <sup>2</sup>	1,784,413	2,164,910
Total General Fund	5,440,826	5,002,172	5,102,458	5,612,399
All other governmental funds:				
Nonspendable	1,323,838	1,289,693	1,494,779	859,463
Restricted	4,647,950	4,371,826	4,748,376	7,897,580 <sup>1</sup>
Committed	589,364	719,686	-	-
Total all other governmental funds	6,561,152	6,381,205	6,243,155	8,757,043
<b>Total governmental funds</b>	<u>\$ 12,001,978</u>	<u>\$ 11,383,377</u>	<u>\$ 11,345,613</u>	<u>\$ 14,369,442</u>

<sup>1</sup> The significant reduction in restricted fund balance reported in all other governmental funds from 2008 to 2009 is a result of the significant completion of the Indian River Drive/Main Street and Pedestrian Bridge projects, along with the significant construction completed on the Collier Canal Retrofit project.

<sup>2</sup> Reduction in unassigned fund balance to fund operation

Table III - Unaudited

Fiscal Year					
2009	2008	2007	2006	2005	2004
\$ 357,696	\$ 381,528	\$ 368,609	\$ 106,192	\$ 160,964	\$ 59,921
3,083,463	3,502,560	3,742,617	4,844,674	5,546,959 <sup>2</sup>	5,411,621 <sup>2</sup>
1,983	33,453	19,055	9,856	3,761	5,140
<u>2,324,972</u>	<u>2,390,641</u>	<u>2,260,507</u>	<u>1,518,350</u>	<u>391,783 <sup>2</sup></u>	<u>(361,790) <sup>2</sup></u>
<u>5,768,114</u>	<u>6,308,182</u>	<u>6,390,788</u>	<u>6,479,072</u>	<u>6,103,467</u>	<u>5,114,892</u>
830,029	771,927	694,506	656,160	578,367	542,999
8,557,389 <sup>1</sup>	12,446,260	12,926,545	14,783,299 <sup>2</sup>	13,392,801 <sup>2</sup>	13,815,771
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>9,387,418</u>	<u>13,218,187</u>	<u>13,621,051</u>	<u>15,439,459</u>	<u>13,971,168</u>	<u>14,358,770</u>
<u>\$ 15,155,532</u>	<u>\$ 19,526,369</u>	<u>\$ 20,011,839</u>	<u>\$ 21,918,531</u>	<u>\$ 20,074,635</u>	<u>\$ 19,473,662</u>

# CITY OF SEBASTIAN, FLORIDA

## Changes in Fund Balances For Governmental Funds

For the Last Ten Fiscal Years

	Fiscal Year			
	2013	2012	2011	2010
<b>Revenues</b>				
Taxes	\$ 8,894,880	\$ 8,465,990	\$ 8,762,729	\$ 9,525,074
Franchise fees	1,118,886	1,124,568	1,184,686	1,228,692
Charges for services	45,500	22,431	1,121,967	1,154,739
Licenses, fees and permits	2,411,395	2,088,038	23,646	33,182
Fines and penalties	169,000	58,500	81,534	90,948
Intergovernmental	1,462,522	1,158,075	2,249,447	4,572,550
Impact fees	60,190	57,575	42,250	26,000
Special assessments	78,411	86,516	-	-
Investment earnings	22,406	216,091	103,795	228,216
Other revenues	315,296	201,888	224,823	169,039
<b>Total revenues</b>	<b>14,578,486</b>	<b>13,479,672</b>	<b>13,794,877</b>	<b>17,028,440</b>
<b>Expenditures</b>				
Current:				
General government	2,447,893	2,410,345	2,539,211	2,699,289
Public safety	4,425,000	4,523,802	5,030,708	4,938,147
Physical environment	1,075,162	1,042,349	1,166,309	1,210,823
Transportation	1,158,945	1,208,411	1,217,521	1,405,310
Economic environment	122,730	138,531	188,918	129,352
Culture and recreation	847,781	876,502	903,836	977,780
Debt service:				
Principal	1,307,000	3,321,000	1,203,000	2,142,190
Interest	393,447	472,399	521,152	577,593
Capital outlay	2,115,561	1,767,058	4,048,051	6,189,026
<b>Total expenditures</b>	<b>13,893,519</b>	<b>15,760,397</b>	<b>16,818,706</b>	<b>20,269,510</b>
Revenues over (under) expenditures	\$ 684,967	\$ (2,280,725)	\$ (3,023,829)	\$ (3,241,070)
<b>Other Financing Sources (Uses)</b>				
Issuance of long-term debt	-	2,296,000	-	2,462,000
Transfers in	3,598,949	3,694,765	5,376,658	4,486,626
Transfers out	(3,636,683)	(3,672,276)	(5,376,658)	(4,493,646)
<b>Total other financing sources (uses)</b>	<b>(37,734)</b>	<b>2,318,489</b>	<b>-</b>	<b>2,454,980</b>
<b>Net change in fund balances</b>	<b>\$ 647,233</b>	<b>\$ 37,764</b>	<b>\$ (3,023,829)</b>	<b>\$ (786,090)</b>
Debt service as a percentage of noncapital expenditures	14.0%	27.1%	13.5%	19.3%

Table IV - Unaudited

Fiscal Year						
2009	2008	2007	2006	2005	2004	
\$ 10,065,806	\$ 10,504,155	\$ 10,554,617	\$ 10,269,451	\$ 9,483,664	\$ 8,179,344	
1,327,253	1,199,762	1,106,698	1,253,749	886,390	770,600	
1,186,161	1,209,617	1,271,102	517,605	936,530	962,677	
29,151	163,471	186,875	244,370	1,587,675	1,867,920	
88,938	65,246	71,314	77,776	95,699	118,918	
3,270,854	2,674,761	2,463,628	2,852,293	5,561,695	3,115,520	
13,975	32,825	56,875	337,675	385,775	557,700	
3,849	-	-	819,286	11,023	28,424	
250,914	647,312	1,062,043	827,224	398,518	398,158	
176,430	461,553	244,629	294,695	144,057	378,268	
<u>16,413,331</u>	<u>16,958,702</u>	<u>17,017,781</u>	<u>17,494,124</u>	<u>19,491,026</u>	<u>16,377,529</u>	
2,976,896	3,087,789	2,999,652	2,494,863	2,974,736	2,231,532	
4,926,714	4,677,618	4,700,447	3,813,908	4,349,639	3,950,228	
1,448,067	1,368,593	1,301,719	1,850,642	910,794	1,125,727	
1,696,254	1,545,045	1,733,697	1,672,983	3,616,076	2,863,397	
167,470	113,101	80,279	98,661	32,128	86,041	
1,148,408	1,079,379	975,087	926,846	995,406	747,131	
1,218,995	1,326,182	1,284,418	1,248,378	1,218,023	985,974	
706,093	611,554	643,305	678,682	711,736	887,564	
6,495,271	3,634,910	5,242,590	1,451,060	3,975,015	9,021,558	
<u>20,784,168</u>	<u>17,444,171</u>	<u>18,961,194</u>	<u>14,236,023</u>	<u>18,783,553</u>	<u>21,899,152</u>	
<u>\$ (4,370,837)</u>	<u>\$ (485,469)</u>	<u>\$ (1,943,413)</u>	<u>\$ 3,258,101</u>	<u>\$ 707,473</u>	<u>\$ (5,521,623)</u>	
-	-	-	-	-	7,756,780	
5,196,376	5,679,896	5,158,296	3,785,981	3,745,265	2,745,754	
<u>(5,196,376)</u>	<u>(5,679,896)</u>	<u>(5,115,576)</u>	<u>(5,200,186)</u>	<u>(3,851,765)</u>	<u>(3,191,598)</u>	
-	-	42,720	(1,414,205)	(106,500)	7,310,936	
<u>\$ (4,370,837)</u>	<u>\$ (485,469)</u>	<u>\$ (1,900,693)</u>	<u>\$ 1,843,896</u>	<u>\$ 600,973</u>	<u>\$ 1,789,313</u>	
13.5%	14.0%	14.1%	15.1%	13.0%	14.5%	

# CITY OF SEBASTIAN, FLORIDA

## Program Revenues by Function/Program

Last Ten Fiscal Years

	Fiscal Year			
	2013	2012	2011	2010
<b>Program Revenues</b>				
Governmental activities:				
General government	\$ 471,299	\$ 230,550	\$ 243,039	\$ 209,144
Public safety	233,309	228,392	234,437	304,630
Physical environment	1,101,864	876,693	930,018	881,338
Transportation	560,713	560,055	743,383	614,305
Economic environment	-	13,998	-	2,556,872
Culture and recreation	289,866	293,519	103,606	88,046
<b>Total governmental activities</b>	<b>2,657,051</b>	<b>2,203,207</b>	<b>2,254,483</b>	<b>4,654,335</b>
Business-type activities:				
Charges for services:				
Golf Course	1,302,441	1,394,892	1,382,421	1,335,647
Airport	712,627	641,455	1,385,569	1,373,551
Building <sup>1</sup>	706,964	426,215	401,021	356,264
<b>Total business-type activities</b>	<b>2,722,032</b>	<b>2,462,562</b>	<b>3,169,011</b>	<b>3,065,462</b>
<b>Total primary government</b>	<b>\$ 5,379,083</b>	<b>\$ 4,665,769</b>	<b>\$ 5,423,494</b>	<b>\$ 7,719,797</b>

<sup>1</sup> The building operation was reclassified from being part of the General Fund operation to an enterprise fund operation at the beginning of fiscal year 2006.

<sup>2</sup> The significant increase in business-type activities for the airport from 2008 to 2009 is mainly due to capital grant funding from the Florida Department of Transportation and the Federal Aviation Administration.

Table V - Unaudited

Fiscal Year					
2009	2008	2007	2006	2005	2004
\$ 226,003	\$ 377,305	\$ 450,267	\$ 579,591	\$ 587,527	\$ 392,471
299,119	515,997	249,756	306,702	1,537,557	1,850,710
1,408,829	1,256,277	891,021	890,092	898,821	914,318
612,335	619,949	721,103	900,365	3,392,883	1,670,534
6,000	-	-	30,059	-	-
831,938	277,603	387,726	636,845	779,777	606,290
<u>3,384,224</u>	<u>3,047,131</u>	<u>2,699,873</u>	<u>3,343,654</u>	<u>7,196,565</u>	<u>5,434,323</u>
1,406,955	1,438,233	1,652,288	1,587,405	1,395,399	1,715,884
1,795,399 <sup>2</sup>	1,018,087	845,241	1,432,330	2,724,804	2,653,102
358,948	347,189	408,875	1,220,823	-	-
<u>3,561,302</u>	<u>2,803,509</u>	<u>2,906,404</u>	<u>4,240,558</u>	<u>4,120,203</u>	<u>4,368,986</u>
<u>\$ 6,945,526</u>	<u>\$ 5,850,640</u>	<u>\$ 5,606,277</u>	<u>\$ 7,584,212</u>	<u>\$ 11,316,768</u>	<u>\$ 9,803,309</u>

**Tax Revenue by Source**

Governmental Funds

For the Last Ten Fiscal Years

(Rate per \$1,000 of assessed value)

Tax Year	Fiscal Year Ended September 30	Property Taxes	Public Utility	Sales Tax	Motor Fuel	Total	Millage Rate
2003	2004	\$ 3,420,971	\$ 1,854,632	\$ 2,180,913	\$ 722,828	\$ 8,179,344	4.5904
2004	2005	4,017,555	2,005,124	2,713,567	747,418	9,483,664	4.5904
2005	2006	4,645,050	2,183,164	2,724,742	716,495	10,269,451	3.9325
2006	2007	5,089,841	2,216,381	2,560,310	688,085	10,554,617	3.0519
2007	2008	5,149,047	2,250,781	2,502,937	601,390	10,504,155	2.9917
2008	2009	4,801,924	2,341,458	2,328,648	593,776	10,065,806	3.3456
2009	2010	4,164,128	2,437,050	2,328,150	595,746	9,525,074	3.3456
2010	2011	3,453,778	2,392,345	2,358,676	557,930	8,762,729	3.3041
2011	2012	3,063,495	2,387,553	2,464,240	550,702	8,465,990	3.3041
2012	2013	3,221,304	2,534,434	2,587,903	551,239	8,894,880	3.7166

**Direct and Overlapping Property Tax Rates**  
 For the Last Ten Fiscal Years  
 (Rate per \$1,000 of taxable value)

Tax Year	Fiscal Year	City Direct Rates			Overlapping Rates				
		Basic Rate	Debt Service	Total Direct	Total County <sup>1</sup>	County School Board			Other <sup>2</sup>
						Basic Rate	Debt Service	Total	
2003	2004	4.5904	0.0000	4.5904	7.9396	8.1790	0.5310	8.7100	1.69278
2004	2005	4.5904	0.0000	4.5904	7.3505	8.0190	0.4800	8.4990	1.43029
2005	2006	3.9325	0.0000	3.9325	5.6904	7.8800	0.3600	8.2400	1.60850
2006	2007	3.0519	0.0000	3.0519	5.3661	7.1630	0.2800	7.4430	1.47940
2007	2008	2.9917	0.0000	2.9917	5.1485	7.2680	0.2700	7.5380	1.38160
2008	2009	3.3456	0.0000	3.3456	6.2861	6.7600	0.2800	7.0400	1.11204
2009	2010	3.3456	0.0000	3.3456	6.2693	7.2960	0.3000	7.5960	1.33570
2010	2011	3.3041	0.0000	3.3041	6.2860	7.9200	0.3000	8.2200	1.35050
2011	2012	3.3041	0.0000	3.3041	6.9590	7.8940	0.3500	8.2440	1.35460
2012	2013	3.7166	0.0000	3.7166	6.2572	7.9230	0.3900	8.3130	1.35460

Not Tax rates are uniformly applied to taxable values based on a single millage rate determined by each taxing entity. The millage rate is expressed as \$1.00 per \$1,000 of the taxable value.

Millage includes General Fund, MSTUs, Emergency Services District and Land Bonds  
 All Special Taxing Districts

Source: Indian River County Property Appraiser's Office

# CITY OF SEBASTIAN, FLORIDA

## Actual Value of Taxable Property For the Last Ten Fiscal Years

Tax Year	Fiscal Year	Real Property		Personal Property	
		Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value
2003	2004	\$ 946,293,950	\$ 1,182,867,438	\$ 48,613,628	\$ 48,613,628
2004	2005	1,157,275,164	1,446,593,955	51,330,277	51,330,277
2005	2006	1,526,923,406	1,908,654,258	51,827,624	51,827,624
2006	2007	2,124,615,672	2,655,769,590	55,913,696	55,913,696
2007	2008	2,054,408,055	2,568,010,069	64,899,942	64,899,942
2008	2009	1,933,934,630	2,417,418,288	62,476,508	62,476,508
2009	2010	1,650,311,449	2,062,889,311	56,920,223	56,920,223
2010	2011	1,392,267,434	1,740,334,293	55,234,086	55,234,086
2011	2012	1,273,059,710	1,591,324,639	48,922,492	48,922,492
2012	2013	1,210,328,690	1,512,910,863	47,410,545	47,410,545

Source: Indian River County Property Appraiser

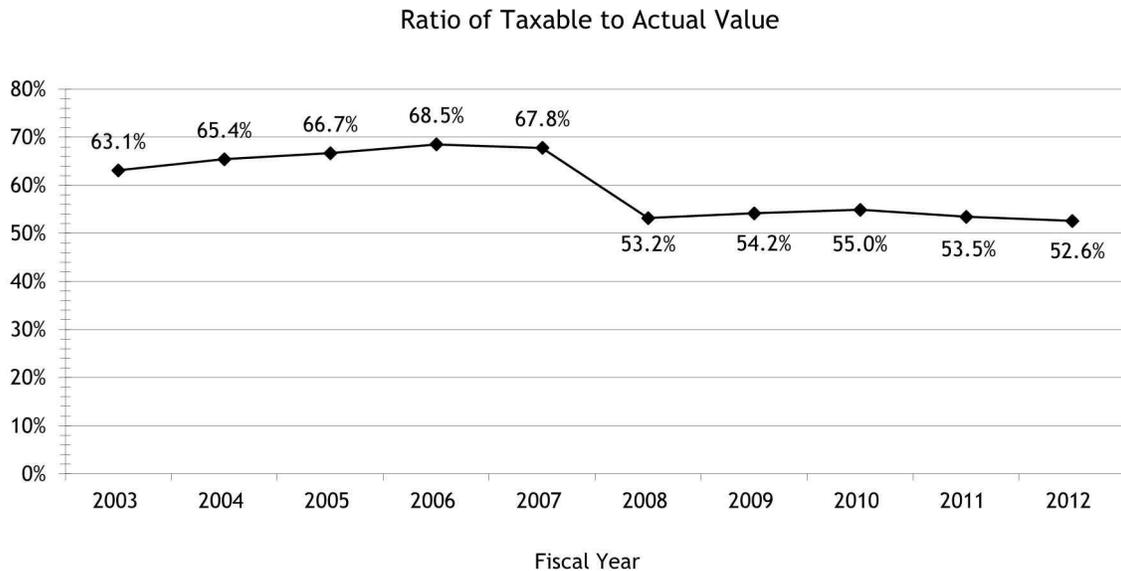


Table VIII - Unaudited

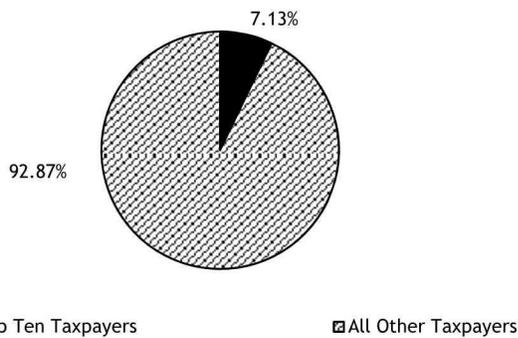
	<b>Less: Tax-Exempt Property</b>	<b>Total Taxable Value</b>	<b>Total Estimated Actual Value</b>	<b>Ratio of Taxable to Actual Value</b>
\$	217,554,663	\$ 777,352,915	\$ 1,231,481,066	63.1%
	228,262,825	980,342,616	1,497,924,232	65.4%
	271,466,364	1,307,284,666	1,960,481,882	66.7%
	322,318,753	1,858,210,615	2,711,683,286	68.5%
	334,302,515	1,785,005,482	2,632,910,011	67.8%
	676,808,522	1,319,602,616	2,479,894,796	53.2%
	558,090,532	1,149,141,140	2,119,809,534	54.2%
	460,752,786	986,748,734	1,795,568,379	55.0%
	444,524,142	877,458,060	1,640,247,130	53.5%
	437,040,114	820,699,121	1,560,321,408	52.6%

**Principal Property Tax Payers**  
Current Year and Nine Years Ago

Taxpayer	2013 Fiscal Year			2004 Fiscal Year		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
Florida Power & Light (Utility/Electric)	\$ 13,865,501	1	1.69 %	\$ 13,512,562	1	1.74 %
Wal-Mart Stores, Inc. (Retail)	8,370,920	2	1.02	11,685,269	2	1.50
Park Place Community, LLC (Rental/Retail)	6,686,739	3	0.81	8,096,914	3	1.04
BW US 1, Inc. (Commercial)	5,589,340	4	0.68	6,289,500	4	0.81
IPF/Sebastian, LLC (Retail)	4,910,100	5	0.60	-	-	-
Bellsouth Communications (Utility/Telephone)	4,742,812	6	0.58	-	-	-
Hartwell Groves, Inc. (Commercial)	3,975,240	7	0.48	-	-	-
Sebastian Medical Suites (Healthcare)	3,891,480	8	0.47	-	-	-
Sebastian Inlet Marina & Trading Co, Inc. (Restaurant/Hotel)	3,297,870	9	0.40	3,512,390	7	0.45
Angel Enterprises LLC (Retail) - WinnDixie CR512 Shopping Center	3,256,080	10	0.40	\$ -	-	-
Ruth Guest House, Inc. (Rental/Retail)	-	-	----	3,923,550	5	0.50
James T Turner (MHP/Rental)	-	-	----	3,784,200	6	0.49
Oyster Point Resort Condo (Time Share/Rental)	-	-	----	3,224,000	8	0.41
Comcast of Florida, Inc. (Communications)	-	-	----	3,008,500	9	0.39
Sandy Pines LTD (Rental)	-	-	----	2,736,990	10	0.35
	<u>\$ 58,586,082</u>		<u>7.13 %</u>	<u>\$ 59,773,875</u>		<u>7.68 %</u>
Total Taxable Value	<u>\$ 820,699,121</u>			<u>\$ 777,352,915</u>		

Source: Indian River County Property Appraiser

Concentration of 2013 Taxpayers

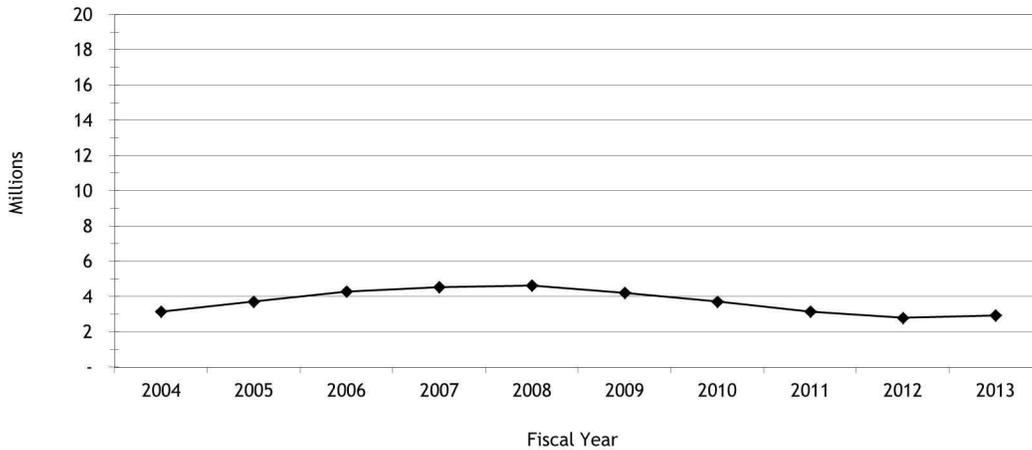


**Property Tax Levies and Collections**  
For the Last Ten Fiscal Years

Tax Year	Fiscal Year	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Delinquent and Penalty Tax Collections	Total Collections to Date	
			Amount	Percentage of Levy		Amount	Percentage of Levy
2003	2004	\$ 3,216,940	\$ 3,130,521	97.31 %	34,247	3,164,768	98.38 %
2004	2005	3,888,488	3,723,912	95.77	1,712	3,725,624	95.81
2005	2006	4,426,281	4,300,217	97.15	39	4,300,256	97.15
2006	2007	4,747,938	4,537,100	95.56	9,429	4,546,529	95.76
2007	2008	4,919,994	4,634,338	94.19	2,906	4,637,244	94.25
2008	2009	4,441,535	4,225,106	95.13	1,694	4,226,800	95.17
2009	2010	3,844,658	3,716,797	96.67	17,723	3,734,520	97.14
2010	2011	3,260,316	3,144,864	96.46	11,294	3,156,158	96.81
2011	2012	2,899,209	2,799,146	96.55	9,279	2,808,425	96.87
2012	2013	3,050,099	2,947,248	96.63	7,733	2,954,981	96.88

Source: Indian River County Property Appraiser and Department of Revenue, Certification of Final Taxable Value, DR-422.

Total Tax Collections



# CITY OF SEBASTIAN, FLORIDA

## Ratios of Outstanding Debt By Type For the Last Ten Fiscal Years

Fiscal Year					Business-Type Activities	Total Primary Government
	Roadway Improvement Notes	Infrastructure Sales Tax Bonds	Heavy Equipment Lease	Stormwater Utility Revenue Bonds	Golf Course Revenue Bonds	
2004	2,209,745	11,140,000	550,452	5,525,000	1,885,000	21,310,197
2005	2,004,718	10,490,000	422,455	5,290,000	1,395,000	19,602,173
2006	1,790,544	9,825,000	288,251	5,055,000	1,140,000	18,098,795
2007	1,566,839	9,145,000	147,538	4,815,000	870,000	16,544,377
2008	1,333,197	8,445,000	-	4,570,000	590,000	14,938,197
2009	1,089,203	7,725,000	-	4,315,000	300,000	13,429,203
2010	2,414,000	6,980,000	-	4,055,000	-	13,449,000
2011	2,246,000	6,215,000	-	3,785,000	-	12,246,000
2012	2,296,000	5,420,000	-	3,505,000	-	11,221,000
2013	2,099,000	4,600,000	-	3,215,000	-	9,914,000

Primary Government Debt

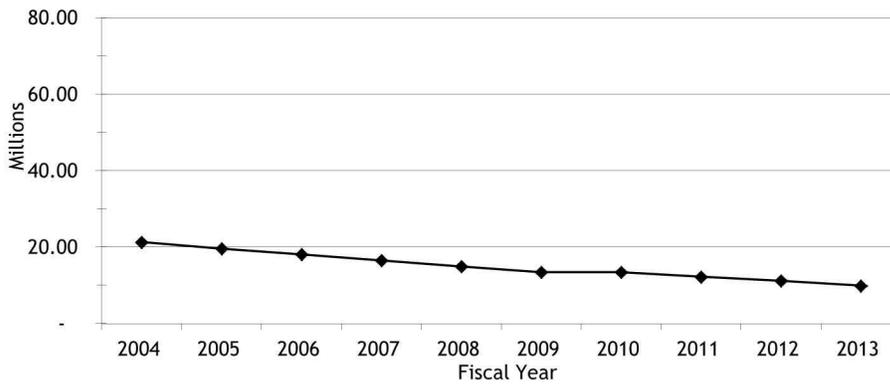


Table XI - Unaudited



Percentage of Personal Income	Per Capita
0.36	1,100
0.31	978
0.25	835
0.22	738
0.19	652
0.21	591
0.20	587
0.17	558
0.15	510
(1)	447

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**Ratios of General Bonded Debt Outstanding**

For the Last Ten Fiscal Years

Fiscal Year	General Bonded Debt Outstanding			Percentage of Debt Limit	Per Capita
	Debt Limit	Applicable to Limit	Legal Debt Margin		
2004	\$ 38,867,646	\$ 2,209,745	\$ 36,657,901	5.69%	\$ 1,893
2005	49,017,131	2,004,718	47,012,413	4.09%	2,345
2006	65,364,233	1,790,544	63,573,689	2.74%	2,934
2007	92,910,531	1,566,840	91,343,691	1.69%	4,073
2008	89,250,574	1,333,197	87,917,377	1.49%	3,835
2009	65,980,131	1,089,203	64,890,928	1.65%	2,856
2010	57,457,057	2,414,000	55,043,057	4.20%	2,401
2011	49,337,437	2,246,000	47,091,437	4.55%	2,147
2012	43,872,903	2,296,000	41,576,903	5.23%	1,890
2013	41,034,956	2,099,000	38,935,956	5.12%	1,754

Note: Details regarding the city's outstanding debt can be found in the notes to the financial statements.

## CITY OF SEBASTIAN, FLORIDA

### Legal Debt Margin Information

For the Last Ten Fiscal Years

#### Legal Debt Margin as a Percentage of Debt Limit

	Fiscal Year		
	2013	2012	2011
Debt limit	\$ 41,034,956	\$ 43,872,903	\$ 49,337,437
Total net debt applicable to limit	<u>2,099,000</u>	<u>2,296,000</u>	<u>2,246,000</u>
Legal debt margin	<u>\$ 38,935,956</u>	<u>\$ 41,576,903</u>	<u>\$ 47,091,437</u>
Total net debt applicable to the limit as a percentage of debt limit	5.12%	5.23%	4.55%

#### Legal Debt Margin Calculation for Fiscal Year 2013

Assessed value	\$1,257,739,235
Less: Exempt property	<u>(437,040,114)</u>
	820,699,121
Debt limit (5% of assessed value)	41,034,956
Debt applicable to limit:	
General obligations	9,914,000
Less: Revenue bonds	<u>(7,815,000)</u>
Total net debt applicable to limit	<u>2,099,000</u>
Legal debt margin	<u>\$ 38,935,956</u>

#### Direct and Overlapping Governmental Activities Debt - General Obligations Bonds

The City of Sebastian has no overlapping general obligation bonded debt for the year ended September 30, 2013.

Table XIII - Unaudited

Fiscal Year						
2010	2009	2008	2007	2006	2005	2004
\$ 57,457,057	\$ 65,980,131	\$ 89,250,274	\$ 92,910,531	\$ 65,364,233	\$ 49,017,131	\$ 38,867,646
<u>2,414,000</u>	<u>1,089,203</u>	<u>1,333,197</u>	<u>1,566,840</u>	<u>1,790,544</u>	<u>2,004,718</u>	<u>2,209,745</u>
<u>\$ 55,043,057</u>	<u>\$ 64,890,928</u>	<u>\$ 87,917,077</u>	<u>\$ 91,343,691</u>	<u>\$ 63,573,689</u>	<u>\$ 47,012,413</u>	<u>\$ 36,657,901</u>
4.20%	1.65%	1.49%	1.69%	2.74%	4.09%	5.69%

# CITY OF SEBASTIAN, FLORIDA

## Pledged-Revenue Coverage

For the Last Ten Fiscal Years

Fiscal Year	Recreational Facilities Improvement and Refunding Revenue Bonds, Series 2001						
	Gross Revenue <sup>1</sup>	Less: Operating Expenses <sup>2</sup>	Net Available Revenue	Debt Service			Coverage <sup>3</sup>
				Principal	Interest	Total	
2004	\$ 1,497,053	\$ 1,108,770	\$ 388,283	\$ 230,000	\$ 80,890	\$ 310,890	1.25
2005	1,395,436	1,023,002	372,434	240,000	71,490	311,490	1.20
2006	1,628,015	1,165,411	462,604	250,000	61,690	311,690	1.48
2007	1,701,171	1,218,382	482,789	255,000	51,590	306,590	1.57
2008	1,455,749	1,174,169	281,580	270,000	41,090	311,090	0.91
2009	1,408,535	1,178,144	230,391	570,000	49,860	619,860	0.37
2010	1,341,555	1,129,651	211,904	300,000	21,700	321,700	0.66
2011	-	-	-	-	-	-	-
2012	-	-	-	-	-	-	-
2013	-	-	-	-	-	-	-

continued...

Note: Detail regarding the City's outstanding debt can be found in the notes to the financial statements.

<sup>1</sup> Total revenues including charges for services, rents and interest.

<sup>2</sup> Total direct operating expenses excludes depreciation, amortization, annual Airport lease payment and one time hurricane repair cost.

<sup>3</sup> Required coverage was 1.25. Final payment was made on September 30, 2010.

<sup>4</sup> Total revenues consist of stormwater utility fees and interest.

<sup>5</sup> Required coverage is 1.35.

Table XIV - Unaudited

Stormwater Utility Revenue Bonds, Series 2003				
Gross Revenues <sup>4</sup>	Debt Service			Coverage <sup>5</sup>
	Principal	Interest	Total	
\$ 779,724	\$ 105,000	\$ 104,386	\$ 209,386	3.72
792,886	240,000	206,673	446,673	1.78
908,576	235,000	201,973	436,973	2.08
932,183	240,000	197,273	437,273	2.13
856,568	245,000	191,873	436,873	1.96
814,419	255,000	185,135	440,135	1.85
858,664	260,000	177,485	437,485	1.96
816,415	270,000	169,035	439,035	1.86
810,382	280,000	159,248	439,248	1.84
1,007,221	290,000	148,048	438,048	2.30

concluded

## CITY OF SEBASTIAN, FLORIDA

### Demographic and Economic Statistics

For the Last Ten Calendar Years

Year	Population	Personal Income (thousands of dollars) <sup>1</sup>	Per Capita Personal Income <sup>1</sup>	Median Household Income <sup>1</sup>	School Enrollment <sup>2</sup>	Unemployment Rate <sup>1</sup>
2004	19,365	\$ 5,932,299	\$ 47,801	\$ 41,522	4,917	9.8
2005	20,048	6,373,953	50,276	44,450	5,258	4.8
2006	21,666	7,320,877	56,383	45,034	5,604	4.9
2007	22,426	7,552,059	56,852	47,563	5,117	7.0
2008	22,924	7,976,086	58,528	48,267 <sup>5</sup>	4,710	9.8
2009	22,722	6,534,146	47,689	43,685 <sup>5</sup>	3,751	14.5
2010	22,922	6,737,286	48,276	47,525	5,167	14.5
2011	21,929	7,080,348	50,977	42,053	5,228	13.4
2012	21,995	7,429,653	52,855	42,638	5,208	11.8
2013	22,188	<sup>4</sup>	<sup>4</sup>	<sup>4</sup>	6,739	8.8

#### Sources:

<sup>1</sup> Florida Research & Economic Database (FRED). Information available for Indian River County Only.

<sup>2</sup> Indian River County School Board

<sup>3</sup> Indian River County Property Appraiser

<sup>4</sup> Information not yet available.

<sup>5</sup> The school population appears to have declined as a result of loss of job opportunities. Our community lost many construction jobs as a result of the declining economy.

Note: School enrollment consists of Sebastian River High School, Sebastian River Middle School, Liberty Magnet, Treasure Coast Elementary, Pelican Island Elementary, Sebastian Elementary and Sebastian Charter Junior High School.

Table XV - Unaudited

State Unemployment Rate	Property Taxes Per Capita	Total Taxable Property Value <sup>3</sup>
4.7	\$ 176.66	\$ 777,352,915
3.8	200.40	980,342,616
3.6	214.39	1,307,284,666
4.4	226.96	1,858,210,615
7.1	224.61	1,785,005,482
11.2	211.33	1,319,602,616
11.3	181.67	1,149,141,140
10.6	157.50	986,748,734
8.6	139.28	877,458,060
6.9	145.18	820,699,121

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**Principal Employers**

Current Year and Nine Years Ago

Employer	2013			2004		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
School District of Indian River County (Government)	2,013	1	3.39 %	2,027	1	4.04 %
Indian River County (Government)	1,348	2	2.27	1,445	2	2.88
Indian River Medical Center (Healthcare)	1,699	3	2.86	1,373	3	2.73
Publix Supermarkets (Food/Beverage)	1,092	4	1.84	931	4	1.85
Piper Aircraft, Inc. (Manufacturer)	750	5	1.26	688	5	1.37
Wal-Mart (Retail)	701	6	1.18	540	7	1.08
Sebastian River Medical Center (Healthcare)	576	7	0.97	500	8	1.00
John's Island (Residential/Resort)	550	8	0.93	500	8	1.00
City of Vero Beach (Government)	460	9	0.78	607	6	1.21
Visiting Nurse Association (Healthcare)	401	10	0.68	332	11	0.66
Indian River Estates (Retirement/Life care)	350	11	0.59	306	12	0.61
Disney Vero Beach (Resort Hotel)	281	12	0.47	370	10	0.74
Grand Harbor Managemnt (Developer)	253	13	0.43	290	13	0.58
CVS Warehouse/Distribution (Distribution)	276	14	0.47			0.00
Sun Ag, Inc. (Agricultural)	225	15	0.38			0.00
Medical Data Systems (Collection Agency)	175	16	0.30			0.00
Captain Hiram's (Restaurant/Resort)	174	17	0.29			0.00
City of Sebastian (Government)	171	18	0.29			0.00
Gracewood Fruit Packing (Agricultural)				700	4	1.39
Hale Indian River Groves (Agricultural)				500	8	1.00
Winn Dixie (Food Stores)				440	9	0.88
	<u>11,495</u>		<u>19.38 %</u>	<u>11,549</u>		<u>19.74 %</u>
Total Average County Employees	<u>59,304</u>			<u>50,205</u>		

Source: Indian River County Community Development Report.

Note: Principal employers information available for Indian River County Only.

# CITY OF SEBASTIAN, FLORIDA

## Full-Time Equivalent City Government Employees By Function

For the Last Ten Fiscal Years

Function	Full-time Equivalent Employees as of June 30					
	2013	2012	2011	2010	2009	2008
General government						
City council	2.5	2.5	2.5	2.5	2.5	2.5
City manager	2.0	2.0	2.0	2.5	2.5	2.5
City clerk	3.0	3.0	3.0	3.0	3.0	3.0
City attorney	-	-	-	- <sup>4</sup>	2.0	2.0
Administrative	5.0	5.0	5.0	5.0	-	-
Finance	-	-	-	- <sup>2</sup>	5.0	5.0
Management information	3.0	3.0	4.0	3.0	3.0	3.0
Human resources	-	-	-	- <sup>2</sup>	2.0	3.0
Facilities maintenance	4.0	3.0	2.0	2.0	2.0	2.0
Planning & Zoning <sup>5</sup>	3.0	3.0	4.0	5.0	5.0	5.0
Public safety						
Police	55.5	55.0	58.0	58.0	59.0	58.0
Building	5.0	4.0	5.0	5.0	5.0	6.0
Code enforcement	3.0	3.0	3.0 <sup>4</sup>	2.5	2.5	2.5
Transportation						
Roads and drainage	10.0	10.0	12.0	12.0 <sup>3</sup>	10.0	10.0
Central garage	3.5	3.5	2.5	3.5	3.5	2.5
Airport	2.0	3.0	3.0	3.0	3.0	3.0
Physical environment						
Cemetery	2.0	1.0	1.0	2.0	2.0	2.0
Engineering	-	-	-	- <sup>3</sup>	7.0	7.0
Stormwater utility	9.0	9.0	12.0	12.0	11.0	13.0
Culture and recreation						
Parks and recreation	20.0	20.0	21.0	23.0	23.5	23.5
Golf course	10.0	10.0	10.5	10.5	9.0	9.0
<b>Total</b>	<b>142.5</b>	<b>140.0</b>	<b>150.5</b>	<b>154.5</b>	<b>162.5</b>	<b>164.5</b>

Source: City of Sebastian, Florida 2004-2014 Annual Budgets

Method: Using 1.0 for each full-time employee and 0.5 for each part-time and seasonal employee.

<sup>1</sup> Code enforcement division was transferred out of the Police department in FY 2006 and transferred back in FY 2009.

<sup>2</sup> Finance and Human Resources were combined to form Administrative starting FY 2010.

<sup>3</sup> Engineering department was dismantled, intern program was ceased. 2 employees were transferred to Roads and Drainage and 1 employee was transferred to Stormwater.

<sup>4</sup> City attorney position was contracted out and assistant went full time to code enforcement.

<sup>5</sup> Growth Management was renamed to Planning Zoning to better describe their function.

Table XVII - Unaudited

Full-time Equivalent Employees as of June 30			
2007	2006	2005	2004
2.5	2.5	2.5	2.5
2.0	2.0	5.0	4.0
4.0	4.5	4.0	4.0
2.0	2.0	2.0	1.0
-	-	-	-
5.0	6.0	5.0	5.0
3.0	3.0	2.0	2.0
3.0	3.0	3.0	3.0
2.0	2.0	2.0	-
5.0	4.0	4.0	4.0
57.0	58.0 <sup>1</sup>	59.0	56.5
11.0	11.0	9.0	8.0
3.0	3.0 <sup>1</sup>	-	-
11.5	12.5	12.5	14.5
3.5	3.5	3.0	3.0
3.0	3.5	3.5	2.5
2.0	2.0	2.0	2.0
9.0	8.0	8.0	8.0
13.0	13.0	13.0	12.0
23.5	24.5	23.5	17.5
12.5	12.5	12.5	13.5
177.5	180.5	175.5	163.0

# CITY OF SEBASTIAN, FLORIDA

## Operating Indicators By Function For the Last Ten Fiscal Years

Function	Fiscal Year			
	2013	2012	2011	2010
General government				
Number of annexations approved	2	-	-	1
Acres of annexed property	4.00	-	-	5.90
Purchase orders issued	233	201	228	216
Public Safety				
Police				
Physical arrests	440	441	500	487
Traffic violations	4,491	4,319	5,941	4,083
Parking violations	80	167	242	87
Building				
Construction permits issued <sup>1</sup>	170	66	51	36
Estimated value of construction (in millions)	\$ 35.9	\$ 14.7	\$ 10.2	\$ 6.6
Transportation				
Road maintenance (man hours)	300	500	700	1,264
Asphalt for road maintenance (tons)	30	50	50	103
Concrete for road maintenance (yards) <sup>2</sup>	-	-	-	-
Physical environment				
Cemetery				
Cemetery interments	65	65	54	66
Grave deeds sold	38	38	34	33
Stormwater				
Swales maintained (miles)	280	280	280	280
Ditches maintained (miles)	50	50	50	50
Road crossings maintained	50	50	40	40
Culture and recreation				
Program participants	8,113	9,713	8,649	11,701
Number of discount cards	710	786	735	844
Number of golf course memberships	86	88	94	96
Average daily golf revenue	\$ 3,569	\$ 3,822	\$ 3,787	\$ 3,673

Sources: City of Sebastian Police Department, Growth Management, Public Works, Golf Course and Building Department.

<sup>1</sup> New commercial and residential only.

<sup>2</sup> All road maintenance utilized asphalt, no concrete curbing was installed.

Table XVIII - Unaudited

Fiscal Year					
2009	2008	2007	2006	2005	2004
3	-	1	1	1	6
26.00	-	3.87	3.30	25.55	484.00
288	254	284	293	369	408
543	662	697	744	786	653
4,849	4,418	7,221	6,291	5,457	5,431
50	208	289	880	303	3,801
23	55	104	506	774	577
\$ 5.1	\$ 13.3	\$ 22.5	\$ 88.3	\$ 114.7	\$ 112.3
600	538	888	512	100	878
328	358	210	127	125	88
-	-	-	300	-	283
74	68	69	76	79	86
39	46	49	56	56	69
280	280	280	280	280	280
50	50	50	50	50	50
30	30	30	30	30	30
13,465	12,910	14,177	8,004	5,504	7,498
879	950	1,004	2,690	1,000	993
95	97	108	119	85	116
\$ 4,000	\$ 3,988	\$ 4,661	\$ 4,441	\$ 3,844	\$ 4,551

# CITY OF SEBASTIAN, FLORIDA

## Capital Asset Statistics By Function For the Last Ten Fiscal Years

Function	Fiscal Year			
	2013	2012	2011	2010
<b>General Government</b>				
Square footage occupied	21,500	21,500	21,500	21,500
Departmental vehicles	6	1	3	3
<b>Public safety</b>				
Police stations	1	1	1	1
Police department Square footage	25,600	25,600	25,600	25,600
Building department Square footage	2,500	2,500	2,500	2,500
Police vehicles	61	66	67	63
Building inspector vehicles	3	3	3	3
<b>Transportation</b>				
Streets (miles)	156	156	156	156
Streetlights <sup>1</sup>	1,080	1,228	1,236	1,230
Airport	1	1	1	1
Public service vehicles	17	17	19	22
<b>Physical environment</b>				
Public service vehicles	10	9	9	15
<b>Culture and recreation</b>				
Parks	18	18	18	18
Recreation centers	2	2	2	2
Park acreage	315.04	315.01	315.01	315.01
Recreation center square footage	4,859	4,859	4,859	4,859
Park maintenance vehicles	12	13	14	13
Golf course	1	1	1	1

Sources: City of Sebastian Administrative Services Department and Park and Recreation Division

<sup>1</sup> This number represents actual unmetered street lights in the City (source: Florida Power & Light - January billing).

Table XIX - Unaudited

Fiscal Year					
2009	2008	2007	2006	2005	2004
21,500	21,500	21,500	21,500	21,500	5,516
3	3	3	3	5	2
1	1	1	1	1	1
25,600	25,600	25,600	25,600	25,600	8,700
2,500	2,500	2,500	2,500	2,500	1,716
63	62	57	53	52	47
4	4	5	6	5	4
156	156	156	156	156	156
1,240	1,229	1,309	3,808	3,555	3,543
1	1	1	1	1	1
18	23	21	19	14	24
7	11	10	12	13	6
18	15	14	14	12	12
2	2	2	2	2	2
233.79	233.79	229.37	229.37	223.37	223.37
4,859	4,859	4,859	4,859	4,859	4,859
13	13	12	11	10	8
1	1	1	1	1	1

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