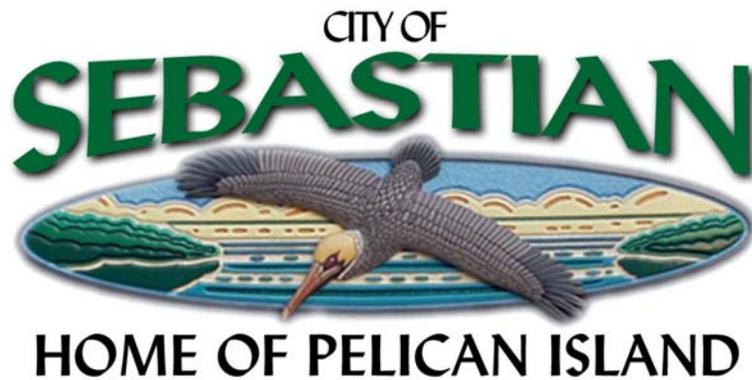


CITY OF SEBASTIAN, FLORIDA



COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the Year Ended September 30, 2015

CITY COUNCIL

Richard Gillmor
Mayor

Jerome Adams
Vice-Mayor

Andrea Coy
Council Member

Jim Hill
Council Member

Bob McPartlan
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, 2015

Joseph Griffin
City Manager

Sally A. Maio, MMC
City Clerk

Robert Ginsburg
City Attorney

DEPARTMENT HEADS

Michelle Morris
Police Chief

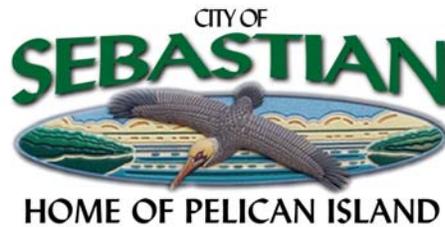
Kenneth W. Killgore
Administrative Services Director

Frank Watanabe
*Community Development & Airport
Director*

Jerry Converse
Public Works Director

Wayne Eseltine
Building Official

Greg Gardner
Golf Course Director



March 10, 2016

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, 2015, 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, 2015.

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 LLC., has issued an unmodified ("clean") opinion on the City of Sebastian's financial statements for the year ended September 30, 2015. The independent auditors' report is located on page 13, 14 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 22,622 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 increased to high levels for several years but has shown good improvement in the last few years. As of September 2015, the Florida Research & Economic Database reported an improved unemployment rate of 6.1%, which corresponds with improvements being enjoyed at the state and national levels. The overall unemployment rate for the area has historically been greater than that of the State of Florida.

The largest major occupational group is Office and Administrative Support Occupations (22.5%), followed by Sales and Related Occupations (17.6%) and Food Preparation and Serving Related Occupations (13.3%). 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. The median household income for 2014 was \$47,548, as reported by the Florida Research and 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 affected job availability. Now, the area has diversified to industries focused on building aerospace vehicles rather than just launching activities. This has helped with providing employment for this highly skilled work force.

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 levied at the same 3.8556 for fiscal year 2015. The City had a slight overall increase in ad valorem proceeds resulting from increases in taxable values due to improvements and additions. Construction activity remained fairly high with 142 permits being issued for new construction in fiscal year 2015 with a value of \$40.6 million compared to 175 permits being issued for new construction in fiscal year 2014 with a value of \$40.0 million. These levels are higher than past years and can be 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 52% of the General Fund for the fiscal year 2015 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 original budget for fiscal year 2015 was balanced without a reduction of fund balances.

Major Initiatives

Administration

During the budget process, the City adopted a millage increase in order to allocate funds to improve the Indian River Lagoon, resurface roadways and minimize the impact of proposed additional railway traffic. These efforts are a very high priority for the community and the City expects to continue applying the additional taxes from the millage increase to these efforts.

Stormwater

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. The City budgeted funds to continue the program to upgrade the current swale system by contracting to install quarter-round piping. However, it was recognized during the year that a major effort was sorely needed to do maintenance work on the swales and ditches. Therefore, a hold was placed on installing the quarter-round piping and funds were reallocated for maintenance work.

Traffic & Transportation

The City continues working on transportation improvements. Fund was allocated from discretionary sales taxes and the community redevelopment agency for enhancements to the “presidential streets” within the community redevelopment agency area. General fund discretionary sales taxes and gas taxes were used for paving and widening Main Street and reconstructing Fleming and Coolidge. Discretionary sales taxes were used to match grants to repave the Main Street access road to the Airport. Funding has also been established for the reconstruction of Tulip Drive this coming fiscal year.

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 2016, 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 2016 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 a lease with a not-for-profit entity to advance this effort. During fiscal year 2015, grants were approved to enhance those facilities with drainage improvements and other amenities. Parks and Recreation completed the project to rebuild the Skate Park and make parking improvements at the Community Center. Funding was also allocated to maintain some of the facilities with replacements of tables, benches and shrubs as needed. At the end of the fiscal year, a plan was developed for a complete replacement of the irrigation system for the Golf Course using discretionary sales taxes and a loan from the Building Enterprise Fund.

Awards and Acknowledgements

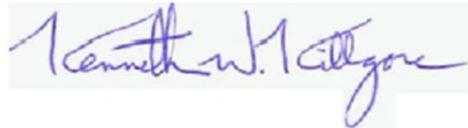
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Sebastian for its comprehensive annual financial report for the fiscal year ended September 30, 2014. This is a prestigious national 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,

A handwritten signature in blue ink, appearing to read "J. Griffin", is centered on a light blue rectangular background.

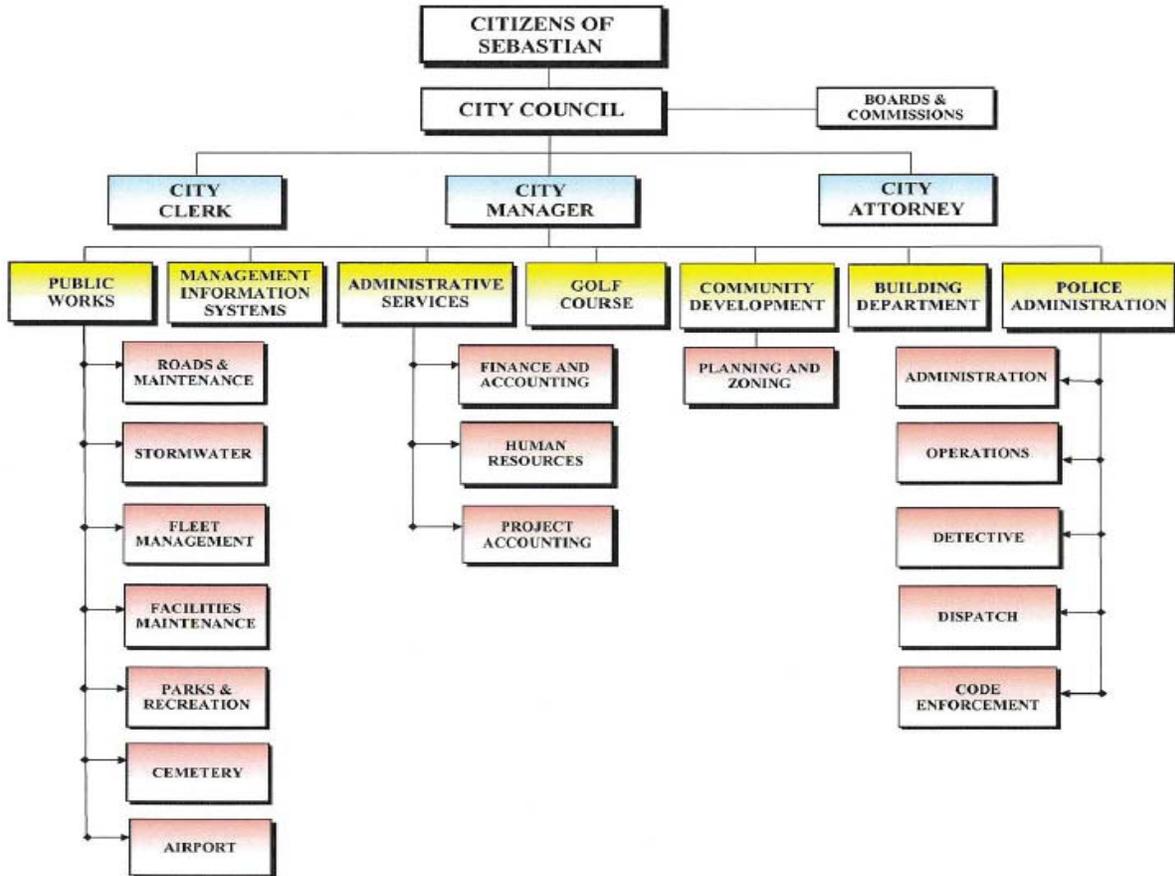
Joseph Griffin
City Manager

A handwritten signature in blue ink, appearing to read "Kenneth W. Killgore", is centered on a light blue rectangular background.

Kenneth W. Killgore
Administrative Services Director

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, 2014

A handwritten signature in cursive script, reading "Jeffrey R. Emen".

Executive Director/CEO

FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT

March 10, 2016

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, 2015, 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, 2015, 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.

Implementation of GASB Statement No. 68

As described in Note 17, the City implemented the provisions of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* in the current year. Accordingly, beginning net position of governmental activities was restated. Our opinion is not modified with respect to this matter.

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 March 10, 2016, on our consideration of the City of Sebastian, Florida's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 black ink that reads "Lehmann Lobarr LLC". The signature is written in a cursive, flowing style.

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 2015 by \$54,271,269 (net position). Of this amount, \$3,534,772 (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 \$1,461,286 in governmental activities and \$248,986 in business activities primarily from an increase of \$721,700 in capital grants and \$159,642 in operating grants not received in the prior year.
- Governmental funds reported a combined ending fund balance of \$11,520,209, an increase of \$79,722 from the prior year. Approximately 46% of this amount, \$5,230,704 is unassigned and available for spending, a decrease of just \$53,326 from fiscal year 2014, due to a larger amount of capital expenditures from the General Fund and the Discretionary Sales Tax Fund.
- The Golf Course Fund and Airport Fund reported an increase in the deficit in unrestricted net position, due to operating losses in those funds, largely resulting from the amounts of depreciation expense. 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 enterprise funds reported a positive amount of overall net position at the end of the year.

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).

CITY OF SEBASTIAN, FLORIDA

Management's Discussion and Analysis

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.

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 and Capital Improvements Fund all of which are considered to be major funds. Data from the other eleven 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.

CITY OF SEBASTIAN, FLORIDA

Management's Discussion and Analysis

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 \$54,271,249 at the close of the most recent fiscal year.

	Net Position					
	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
Current and other assets	\$ 12,446,304	\$ 12,413,518	\$ 488,176	\$ 353,051	\$ 12,934,480	\$ 12,766,569
Capital assets, net	41,261,857	41,251,526	10,730,146	10,652,054	51,992,003	51,903,580
Total assets	<u>53,708,161</u>	<u>53,665,044</u>	<u>11,218,322</u>	<u>11,005,105</u>	<u>64,926,483</u>	<u>64,670,149</u>
Deferred outflows of resources	905,733	-	-	-	905,733	-
Long-term liabilities	7,597,609	9,108,109	398,419	480,861	7,996,028	9,588,970
Other liabilities	3,138,184	900,382	234,229	187,556	3,372,413	1,087,938
Total liabilities	<u>10,735,793</u>	<u>10,008,491</u>	<u>632,648</u>	<u>668,417</u>	<u>11,368,441</u>	<u>10,676,908</u>
Deferred inflows of resources	192,506	-	-	-	192,506	-
Net position						
Net investment in capital assets	35,220,857	33,643,526	10,517,895	10,367,350	45,738,752	44,010,876
Restricted	4,997,724	5,115,627	-	-	4,997,724	5,115,627
Unrestricted	3,467,014	4,897,400	67,779	(30,662)	3,534,793	4,866,738
Total net position	<u>\$43,685,595</u>	<u>\$43,656,553</u>	<u>\$ 10,585,674</u>	<u>\$10,336,688</u>	<u>\$54,271,269</u>	<u>\$53,993,241</u>

A substantial portion of the City's net position, \$45,738,753 (84.3 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 \$4,997,724 (9.2 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 \$3,534,772 (6.5 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	
	2015	2014	2015	2014	2015	2014
Revenues						
Program revenues:						
Charges for services	\$ 1,608,600	\$ 1,623,586	\$ 2,503,127	\$ 2,449,114	\$ 4,111,727	\$ 4,072,700
Operating grants	345,937	186,295	-	-	345,937	186,295
Capital grants	994,546	739,785	702,154	235,215	1,696,700	975,000
General revenues:						
Property taxes	3,594,210	3,248,113	-	-	3,594,210	3,248,113
Other taxes	5,555,270	5,320,051	-	-	5,555,270	5,320,051
Intergovernmental	2,365,137	2,208,700	-	-	2,365,137	2,208,700
Other	1,546,950	1,572,427	25,970	1,484	1,572,920	1,573,911
Total revenues	16,010,650	14,898,957	3,231,251	2,685,813	19,241,901	17,584,770
Expenses						
General government	3,015,536	2,923,398	-	-	3,015,536	2,923,398
Public safety	5,164,197	4,908,374	-	-	5,164,197	4,908,374
Physical environment	2,759,461	2,310,539	-	-	2,759,461	2,310,539
Transportation	2,024,814	1,828,569	-	-	2,024,814	1,828,569
Economic environment	194,630	247,891	-	-	194,630	247,891
Cultural and recreation	1,293,246	1,229,369	-	-	1,293,246	1,229,369
Interest and fiscal charges	100,468	235,071	-	-	100,468	235,071
Golf course	-	-	1,409,829	1,406,770	1,409,829	1,406,770
Airport	-	-	1,038,361	1,031,464	1,038,361	1,031,464
Building	-	-	531,087	465,717	531,087	465,717
Total expenses	14,552,352	13,683,211	2,979,277	2,903,951	17,531,629	16,587,162
Change in net position, before transfers	1,458,298	1,215,746	251,974	(218,138)	1,710,272	997,608
Transfers	2,988	(14,822)	(2,988)	14,822	-	-
Change in net position	1,461,286	1,200,924	248,986	(203,316)	1,710,272	997,608
Net position, beginning of year	43,656,553	42,455,629	10,336,688	10,540,004	53,993,241	52,995,633
Restatement for implementation of GASB 68	(1,432,244)	-	-	-	(1,432,244)	-
Net position end, of year	\$43,685,595	\$43,656,553	\$ 10,585,674	\$10,336,688	\$54,271,269	\$53,993,241

The City's net position increased by \$278,008 during the current fiscal year. The primary reason for the increase in net position for governmental activities is related to an increase in grant revenues and in general revenues, although those were almost entirely offset by the restatement for implementation of GASB 68. For business-type activities, the decline in net position is related to expenses in excess of revenues.

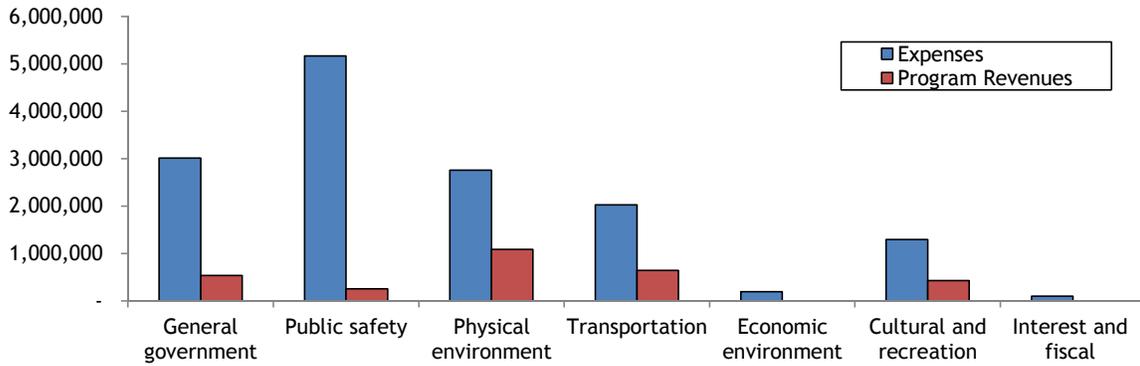
CITY OF SEBASTIAN, FLORIDA

Management's Discussion and Analysis

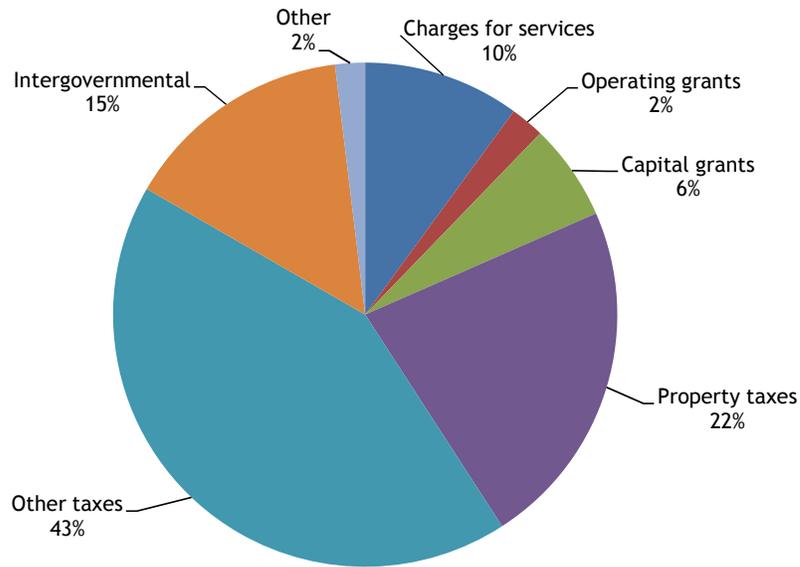
Governmental Activities. Governmental activities increased the City's net position by \$1,461,286 as compared to the prior year increase of \$1,200,924. Key elements of this increase are as follows:

- An increase in expenses of \$869,141
- An increase in general revenues of \$712,276
- An increase in program revenues of \$399,417
- A change in transfers of \$17,810

Expenses and Program Revenues - Governmental Activities



Revenues by Source - Governmental Activities

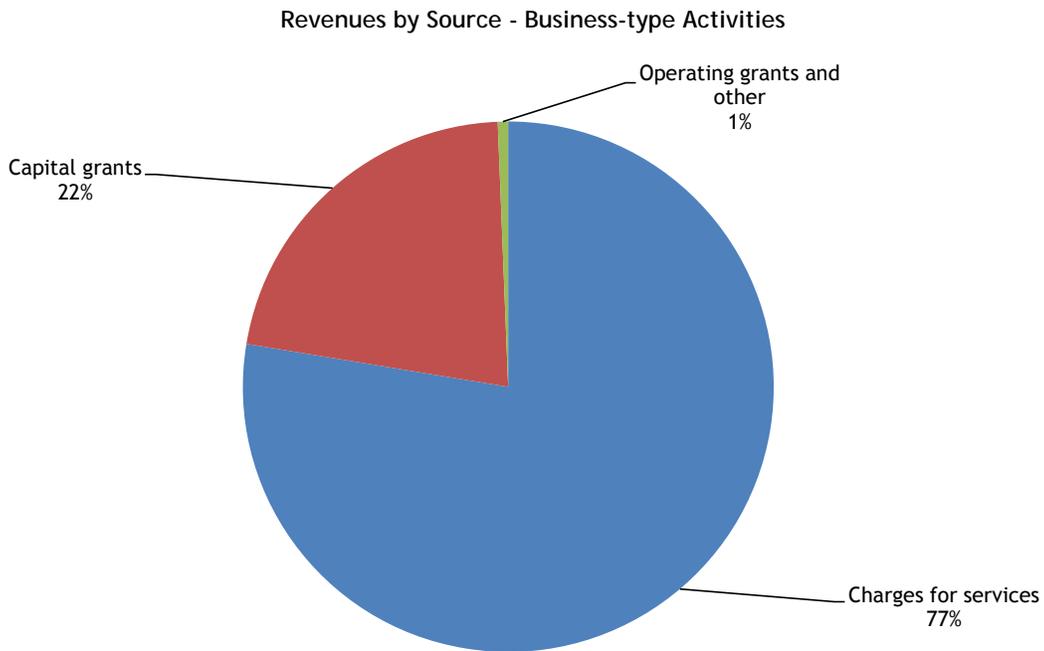
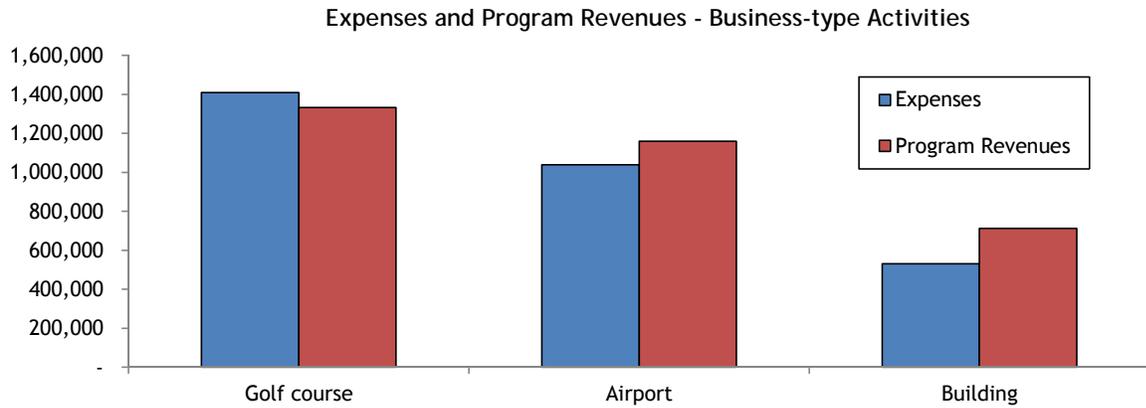


CITY OF SEBASTIAN, FLORIDA

Management's Discussion and Analysis

Business-type Activities. Business-type activities increased the City's net position by \$248,966. The key elements of this increase are as follows:

- An increase in expenses of \$75,346
- An increase in general revenues of \$24,486
- An increase in program revenues of \$520,952, due to grants.
- A change in transfers in of \$17,810



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 \$11,520,209, an increase of \$79,722 from the prior year. Of this amount, 45 percent (\$5,230,704) constitutes unassigned fund balance, which is available for spending at the City's discretion. The remainder of fund balance 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 \$5,289,322 while total fund balance amounted to \$5,652,594. 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 48 percent of total General Fund expenditures, while total fund balance represents 50 percent of that same amount.

The fund balance of the City's General Fund decreased by \$80,738 during the current fiscal year, as compared to the \$263,874 increase reported in the prior fiscal year. Key factors in this change are as follows:

- Property tax revenues increased by \$321,737 due to millage increase and additions to taxable property values.
- Charges for services decreased by \$54,171
- Intergovernmental increased by \$151,872
- Public utility taxes increased by \$57,284
- Franchise fees increased by \$51,282
- All other revenues increased by \$27,022
- Transfers in from other funds were increased by \$37,556
- Transfers out from other funds were increased by \$349,590
- Expenditures increased by \$587,604

The General Fund budgeted for no change in fund balance. The actual decrease in fund balance was \$80,738. Significant changes in budgetary variances are as follows:

- Property tax revenues had a positive budgetary variance of \$2,440, with 96% of the tax roll being collected. 96% of the tax roll is budgeted as being collected, based on experience. No less than 95% must be budgeted 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.
- General Fund expenditures had an overall positive budgetary variance of \$185,508. Unanticipated capital purchases were necessary in several departments, however these were usually covered by savings from operating accounts or by additional appropriations from reserves.

CITY OF SEBASTIAN, FLORIDA

Management's Discussion and Analysis

The Discretionary Sales Tax revenue special revenue fund has a total fund balance \$2,413,576, a decrease from the \$2,996,414 total fund balance of the prior year. Funds are intentionally being earmarked for projects that are planned in future years.

The Riverfront Redevelopment Fund ended the year with \$446,728 in fund balance, as a result of the transfers out for pending construction projects being less than budgeted.

The Capital Improvements Fund has a negative total fund balance of \$44,010, resulting from payments owed to contractors that were not yet billed for grant reimbursement.

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 \$86,800, while the unrestricted net position (deficit) amounted to (\$264,941). Compared to the prior year in the same category, net position declined from the prior year and the unrestricted net position (deficit) increased by \$27,632 from the prior year. This is mainly due to the operating loss recorded for the fiscal year.

The total net position of the airport fund at the end of the fiscal year amounted to \$9,492,496, while the unrestricted net position (deficit) amounted to (\$642,333). Compared to the prior year in the same category, net position has increased by \$271,224 while the unrestricted net position (deficit) has improved by \$99,978. The improvement in the unrestricted net position (deficit) is mainly due to an increase in amounts invested in capital assets resulting from capital contributions.

The total net position of the building fund at the end of the fiscal year amounted to \$1,006,358. This is an increase of \$53,299 from the prior year, which was primarily due to the continuation of healthy levels of operating income.

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

Over the course of the fiscal year, the City Council formally approved revisions to the City budget four times. These budget adjustments fell into two major categories. The first includes amendments to allocate additional funds for grants, new projects or equipment repairs/replacements that were not originally budgeted. The second includes transfers to address budget shortages in operating budget accounts resulting from properly classifying charges or for unanticipated expenditures. The third includes project transfers to close out capital projects or reallocate funds between them to address budget shortages due to higher bids than anticipated and/or other unanticipated expenditures. The main components of the increases are as follows:

Amendments

- \$456,057 to replace a VAC Truck and Bucket Truck that required excessive repairs.
- \$30,215 to repair pedestrian bridges that needed to be immediately addressed.
- \$28,152 for sinkhole, ditch/dredge work that needed to be done without delay.
- \$61,762 for the purchase of permitting, licensing and compliant tracking software.
- \$29,382 to use auction proceeds to replace a public works pickup truck.

CITY OF SEBASTIAN, FLORIDA

Management's Discussion and Analysis

- \$14,980 for pipe repairs needed on Coolidge/Indian River Drive.
- \$200,000 to proceed with CAV CORP parking lot project.
- \$18,000 to settle the Fisherman's Landing law suit.
- \$50,000 for engineering assessment of seawalls to determine the City's responsibilities.
- \$1,300,000 to proceed with a contract to replace the Golf Course irrigation system.
- \$29,983 to outfit the Police Department's communications console.
- \$72,977 to widen Main Street in addition to the scheduled repaving project.
- \$156,000 to accept grant and provide matching funds for the purchase of an excavator.
- \$16,881 for purchasing equipment from the Law Enforcement Forfeitures Fund.
- \$13,281 for emergency repairs to the City Hall & Community Center air conditioner units.
- \$11,000 for requested improvements to the Veteran's Memorial.
- \$112,670 to cover changes resulting from reorganizations after departing employees.
- \$100,000 to accept FDOT Highway Beautification Grants for median improvements.
- \$20,000 to set up budgets from donations received from the Arden Greer Trust Fund.
- \$11,567 to apply site plan review fee revenues to expenditures needed for the reviews.
- \$41,306 to budget for an excavator purchase.
- \$293,487 to use the Stormwater debt service budget for necessary ditch cleaning work.
- \$20,634 to adjust between the Presidential Streets and Coolidge Drive projects.
- -\$60,000 to close the Yacht Club Pier decking reconstruction project.
- \$145,700 to budget receipt of State Police Pension monies and Trust Fund contribution.
- \$22,150 to use the Golf Capital Account for Starter Shack/Cart Barn repairs.
- \$20,754 to cover added expense for contracting out janitorial services.
- \$11,804 to buy tactical vests for the Police Department.
- \$20,000 to cover the purchase of Stormwater pipe and equipment rental.
- \$20,000 to cover the Police Department tuition reimbursement account.
- \$10,252 for replacement of a Parks mower that requires extensive repairs.
- \$10,000 to add Waterfront Museum Grant proceeds and corresponding expenditures.
- \$54,186 for all other amendments during the fiscal year.

Operating Budget Transfers

- \$10,992 to cover additional charges for the Golf Course maintenance contract.
- \$16,098 to reclassify the costs of Police Department vests to the proper account code.
- \$118,505 for all other operating budget transfers during the fiscal year.

Project Budget Transfers

- \$15,000 to purchase a walk-in cooler for the Crabby Bills restaurant.
- \$11,266 to purchase an ice maker for the Crabby Bills restaurant.
- \$13,500 to use project funding for the City Council Chambers to purchase a server and monitors.
- \$16,916 closed completed projects-Tennis Wall, Veteran's Memorial and Gateway Enhancement.
- -\$22,213 to close the completed City Hall Roof Repair project.
- -\$18,000 to cancel the Disc Golf project.
- -\$35,353 to close the completed Skate Park and Fleming Street projects.
- \$127,023 to use the Tulip Street project for the Fleming Street project.
- \$182,440 to apply Quarter-Round project to debt service on the Stormwater Bank Notes.
- \$7,990 for all other project budget transfers during the fiscal year.

During the fiscal year, total General Fund actual expenditures were less than final amended budgetary estimates. Although an overall variance on revenues and expenditures resulted in a decrease to existing fund balances, \$241,231 of those expenditures was allocated from fund balance to address unbudgeted repairs and replacements that had been deferred during years of the economic downturn.

CITY OF SEBASTIAN, FLORIDA

Management's Discussion and Analysis

Capital Asset and Debt Administration

Capital Assets. At the end of fiscal year 2015, the City had \$51,992,003 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 increase (including additions and deductions) of \$88,423, or (0.2%), over last year. The following table illustrates the changes in capital assets. Additional information regarding the City's capital assets can be found in Footnote 7 of the of the Notes to the Financial Statements section of the CAFR.

	Capital Assets (Net of Depreciation)					
	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
Land	\$ 8,319,588	\$ 8,319,588	\$ 19,436	\$ 9,060	\$ 8,339,024	\$ 8,328,648
Buildings	7,602,031	7,892,766	4,763,414	4,931,028	12,365,445	12,823,794
Improvements	3,231,519	3,403,336	789,680	858,289	4,021,199	4,261,625
Equipment	2,040,362	1,487,763	372,574	24,493	2,412,936	1,512,256
Infrastructure	19,595,982	20,065,904	4,441,103	4,566,559	24,037,085	24,632,463
Construction in progress	472,375	82,169	343,939	262,625	816,314	344,794
Total capital assets, net	\$41,261,857	\$41,251,526	\$ 10,730,146	\$10,652,054	\$51,992,003	\$51,903,580

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

- A decrease in buildings mainly due to the amount of depreciation.
- A decrease in improvements mainly due to the amount of depreciation
- An increase in equipment mainly due to purchases of equipment needed for stormwater system maintenance.
- 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 land due to purchasing a residential property to resolve code violations.
- An increase in equipment due to large purchases made in the airport fund.
- A decrease in other categories mainly due to the amount of depreciation.

Long-Term Liabilities. At the end of the current fiscal year, the City had total long-term liabilities outstanding of \$7,996,028. Of this amount, \$6,253,250 consist of notes pledging specific revenues to the repayment of the debt. More detailed information regarding these activities and funds can be found in Footnote 8 of the of the Notes to the Financial Statements section of the CAFR.

	Total Long-Term Liabilities					
	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
Notes payable	\$ 6,041,000	\$ 7,608,000	\$ 212,250	\$ 284,704	\$ 6,253,250	\$ 7,892,704
Compensated absences	1,465,409	1,405,482	186,169	196,157	1,651,578	1,601,639
Termination benefits	-	3,427	-	-	-	3,427
Pollution remediation	91,200	91,200	-	-	91,200	91,200
Total	\$ 7,597,609	\$ 9,108,109	\$ 398,419	\$ 480,861	\$ 7,996,028	\$ 9,588,970

CITY OF SEBASTIAN, FLORIDA

Management's Discussion and Analysis

The City's total debt decreased by \$1,592,942 (16.6%) during the current fiscal year. The net decrease was primarily attributable to annual principal payments that occurred during the year.

The City's debt is primarily bank notes which are not rated by AAA rated insurance agencies. 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 2015 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 2015 was 6.1 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.

The City experienced a 9.6% overall increase in property values for 2016. The same millage of 3.8556 was levied in order to continue allocating funds to improve the Indian River Lagoon, resurface roadways and minimize the impact of proposed additional railroad traffic.

The Golf Course reported less revenues from fees in 2015. It was able to allocate some funds to postpone repair and maintenance needs but it was not able to repay the temporary loans from the General Fund made in prior year. It is expected that with a reasonably good level of revenues in the coming year, those loans can be repaid.

The General Fund also made temporary interfund loans to the Airport in order to provide sufficient cash flow. Some of these were repaid in 2015. Sizable operating losses are primarily the result of depreciation on capital assets.

With a good level of revenues from building permit fees, the Building Enterprise Fund continued to report a positive change in net position. There are signs of steady 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

CITY OF SEBASTIAN, FLORIDA

Statement of Net Position

September 30, 2015

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Assets			
Cash and cash equivalents	\$ 5,409,478	\$ 399,437	\$ 5,808,915
Temporarily restricted cash and cash equivalents	1,624,621	-	1,624,621
Investments	2,752,879	716,676	3,469,555
Permanently restricted investments	74,000	-	74,000
Receivables, net	1,081,996	655,340	1,737,336
Internal balances	1,325,087	(1,325,087)	-
Prepaid items	122,125	14,625	136,750
Inventories	43,911	25,583	69,494
Deposits held in escrow	12,207	1,602	13,809
Capital assets not being depreciated	8,791,963	363,375	9,155,338
Capital assets being depreciated, net	32,469,894	10,366,771	42,836,665
Total assets	53,708,161	11,218,322	64,926,483
Deferred outflows of resources			
Deferred pension amounts	905,733	-	905,733
Liabilities			
Accounts payable and other current liabilities	863,283	154,303	1,017,586
Accrued interest payable	37,285	545	37,830
Unearned revenues	62,812	78,389	141,201
Long-term liabilities:			
Due within one year	1,666,590	49,861	1,716,451
Due in more than one year	5,931,019	348,558	6,279,577
Net other postemployment benefits liability	24,726	992	25,718
Net pension liability	2,150,078	-	2,150,078
Total liabilities	10,735,793	632,648	11,368,441
Deferred inflows of resources			
Deferred pension amounts	192,506	-	192,506
Net position			
Net investment in capital assets	35,220,857	10,517,895	45,738,752
Restricted for:			
Debt service	682,280	-	682,280
Perpetual care:			
Nonexpendable	928,758	-	928,758
Special revenue uses:			
Infrastructure improvements	2,814,446	-	2,814,446
Redevelopment expenses	449,802	-	449,802
Stormwater expenses	90,729	-	90,729
Law enforcement events	31,709	-	31,709
Unrestricted	3,467,014	67,779	3,534,793
Total net position	\$ 43,685,595	\$ 10,585,674	\$ 54,271,269

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, 2015

Functions / Programs	Expenses	Program Revenues			Net (Expense) Revenue
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary government					
Governmental activities:					
General government	\$ 3,015,536	\$ 372,255	\$ 162,269	\$ -	\$ (2,481,012)
Public safety	5,164,197	80,763	173,618	-	(4,909,816)
Physical environment	2,759,461	1,087,642	-	-	(1,671,819)
Transportation	2,024,814	-	10,050	633,096	(1,381,668)
Economic environment	194,630	-	-	-	(194,630)
Cultural and recreation	1,293,246	67,940	-	361,450	(863,856)
Interest and fiscal charges	100,468	-	-	-	(100,468)
Total governmental activities	<u>14,552,352</u>	<u>1,608,600</u>	<u>345,937</u>	<u>994,546</u>	<u>(11,603,269)</u>
Business-type activities:					
Golf course	1,409,829	1,333,189	-	-	(76,640)
Airport	1,038,361	457,318	-	702,154	121,111
Building	531,087	712,620	-	-	181,533
Total business-type activities	<u>2,979,277</u>	<u>2,503,127</u>	<u>-</u>	<u>702,154</u>	<u>226,004</u>
Total primary government	<u>\$ 17,531,629</u>	<u>\$ 4,111,727</u>	<u>\$ 345,937</u>	<u>\$ 1,696,700</u>	<u>\$ (11,377,265)</u>

continued...

CITY OF SEBASTIAN, FLORIDA

Statement of Activities

For the Year Ended September 30, 2015

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Changes in net position			
Net revenue (expense)	\$ (11,603,269)	\$ 226,004	\$ (11,377,265)
General revenues:			
Property taxes, levied for general purposes	3,594,210	-	3,594,210
Sales and use taxes	5,555,270	-	5,555,270
Franchise fees	1,241,515	-	1,241,515
State shared revenues not restricted to specific programs	2,365,137	-	2,365,137
Interest earnings	65,256	5,368	70,624
Miscellaneous	240,179	20,602	260,781
Transfers	2,988	(2,988)	-
Total general revenues and transfers	13,064,555	22,982	13,087,537
Change in net position	1,461,286	248,986	1,710,272
Net position, beginning of year	43,656,553	10,336,688	53,993,241
Implementation of GASB 68 (Note 17)	(1,432,244)	-	(1,432,244)
Net position, end of year	\$ 43,685,595	\$ 10,585,674	\$ 54,271,269

concluded

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

CITY OF SEBASTIAN, FLORIDA

Balance Sheet

Governmental Funds
September 30, 2015

	General	Discretionary Sales Tax	Riverfront Redevelopment	Capital Improvements
Assets				
Cash and cash equivalents	\$ 3,211,046	\$ 752,202	\$ 358,515	\$ 82,108
Investments	1,571,269	841,618	96,706	-
Accounts receivable, net	298,066	-	-	-
Due from other funds	623,800	-	-	-
Due from other governments	244,777	268,469	-	123,050
Deposits held in escrow	12,207	-	-	-
Inventories	43,911	-	-	-
Prepaid items	122,125	-	-	-
Advance to other funds	150,000	551,287	-	-
Total assets	\$ 6,277,201	\$ 2,413,576	\$ 455,221	\$ 205,158
Liabilities				
Negative equity in pooled cash	\$ -	\$ -	\$ -	\$ -
Accounts payable and accrued liabilities	410,997	-	8,493	249,168
Due to other governments	150,798	-	-	-
Unearned revenue	62,812	-	-	-
Total liabilities	624,607	-	8,493	249,168
Fund balances (deficit)				
Nonspendable	316,036	-	-	-
Restricted	38,544	2,413,576	446,728	-
Committed	-	-	-	-
Assigned	8,692	-	-	-
Unassigned	5,289,322	-	-	(44,010)
Total fund balances (deficit)	5,652,594	2,413,576	446,728	(44,010)
Total liabilities and fund balances	\$ 6,277,201	\$ 2,413,576	\$ 455,221	\$ 205,158

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



Nonmajor Governmental Funds	Total Governmental Funds
\$ 2,724,753	\$ 7,128,624
317,286	2,826,879
-	298,066
-	623,800
147,634	783,930
-	12,207
-	43,911
-	122,125
-	701,287
<u>\$ 3,189,673</u>	<u>\$ 12,540,829</u>
\$ 94,525	\$ 94,525
43,827	712,485
-	150,798
-	62,812
<u>138,352</u>	<u>1,020,620</u>
928,758	1,244,794
1,321,483	4,220,331
815,688	815,688
-	8,692
(14,608)	5,230,704
<u>3,051,321</u>	<u>11,520,209</u>
<u>\$ 3,189,673</u>	<u>\$ 12,540,829</u>

CITY OF SEBASTIAN, FLORIDA

Reconciliation

Fund Balances for Governmental Funds
to Net Position of Governmental Activities
September 30, 2015

Fund balances - total governmental funds	\$ 11,520,209
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	8,791,963
Capital assets being depreciated, net	32,469,894
Certain liabilities, such as notes payable, are not due and payable in the current period, and therefore are not reported in the funds.	
Notes payable	(6,041,000)
Compensated absences	(1,465,409)
Net other postemployment benefits liability	(24,726)
Contamination liability	(91,200)
Accrued interest on long-term debt	(37,285)
Certain pension-related amounts, such as the net pension liability and deferred amounts are not due and payable in the current period or do not represent current financial resources and therefore are not reported in the funds.	
Net pension liability	(2,150,078)
Deferred inflows related to the net pension liability	905,733
Deferred outflows related to the net pension liability	(192,506)
Net position of governmental activities	<u>\$ 43,685,595</u>

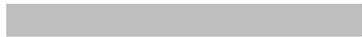
The accompanying notes are an integral part of these basic financial statements.

CITY OF SEBASTIAN, FLORIDA

Statement of Revenues, Expenditures and Changes in Fund Balances
 Governmental Funds
 For the Year Ended September 30, 2015

	General	Discretionary Sales Tax	Riverfront Redevelopment	Capital Improvements
Revenues				
Taxes:				
Property	\$ 3,297,790	\$ -	\$ 296,420	\$ -
Public utility	2,638,711	-	-	-
Sales	-	2,916,092	-	-
Motor fuel	-	-	-	-
Franchise fees	1,241,515	-	-	-
Licenses and permits	147,219	-	-	-
Intergovernmental	2,515,809	-	-	137,091
Impact fees	-	-	-	-
Charges for services	320,955	-	-	-
Fines	60,685	-	-	-
Investment earnings	25,110	29,240	1,890	-
Contributions and donations	48,124	-	-	-
Other revenues	184,449	-	36,000	-
Total revenues	10,480,367	2,945,332	334,310	137,091
Expenditures				
Current:				
General government	2,714,481	-	2,568	-
Public safety	4,649,075	-	-	-
Physical environment	1,355,491	-	-	-
Transportation	929,412	-	-	-
Economic environment	-	-	161,545	-
Culture and recreation	885,194	-	-	-
Debt service:				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Capital outlay	346,168	-	26,096	484,782
Total expenditures	10,879,821	-	190,209	484,782
Revenues (under) over expenditures	(399,454)	2,945,332	144,101	(347,691)
Other financing sources (uses)				
Transfers in	668,306	-	-	336,508
Transfers out	(349,590)	(3,528,170)	(77,427)	-
Total other financing sources (uses)	318,716	(3,528,170)	(77,427)	336,508
Net changes in fund balances	(80,738)	(582,838)	66,674	(11,183)
Fund balances (deficits), beginning of year	5,733,332	2,996,414	380,054	(32,827)
Fund balances (deficits), end of year	\$ 5,652,594	\$ 2,413,576	\$ 446,728	\$ (44,010)

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



Nonmajor Governmental Funds	Total Governmental Funds
-----------------------------------	--------------------------------

\$ -	\$ 3,594,210
-	2,638,711
-	2,916,092
633,096	633,096
-	1,241,515
-	147,219
90,050	2,742,950
281,450	281,450
1,076,440	1,397,395
2,350	63,035
9,016	65,256
-	48,124
21,148	241,597
<u>2,113,550</u>	<u>16,010,650</u>

-	2,717,049
17,268	4,666,343
143,215	1,498,706
258,459	1,187,871
-	161,545
8,200	893,394
1,567,000	1,567,000
108,678	108,678
2,276,284	3,133,330
<u>4,379,104</u>	<u>15,933,916</u>
<u>(2,265,554)</u>	<u>76,734</u>

3,984,912	4,989,726
<u>(1,031,551)</u>	<u>(4,986,738)</u>
<u>2,953,361</u>	<u>2,988</u>
687,807	79,722
<u>2,363,514</u>	<u>11,440,487</u>
<u>\$ 3,051,321</u>	<u>\$ 11,520,209</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, 2015

Net change in fund balances - total governmental funds	\$ 79,722
Amounts reported for <i>governmental activities</i> 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	3,133,330
Depreciation expense	(3,054,155)
Loss on the sale of capital assets	(68,844)
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	1,567,000
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	8,210
Change in the accrual for compensated absences	(59,927)
Change in the accrual for other postemployment benefits	(4,515)
Change in the accrual for termination benefits	3,427
Change in the net pension liability and related deferred amounts	(142,962)
Change in net position of governmental activities	<u>\$ 1,461,286</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 - General Fund
For the Year Ended September 30, 2015

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Taxes:				
Property	\$ 3,295,350	\$ 3,295,350	\$ 3,297,790	\$ 2,440
Public utility	2,673,000	2,673,000	2,638,711	(34,289)
Franchise fees	1,201,400	1,201,400	1,241,515	40,115
Licenses and permits	143,800	143,800	147,219	3,419
Intergovernmental	2,240,709	2,389,809	2,515,809	126,000
Charges for services	325,929	330,955	320,955	(10,000)
Fines	67,100	67,100	60,685	(6,415)
Investment earnings	25,500	25,500	25,110	(390)
Contributions and donations	12,500	32,500	48,124	15,624
Other revenues	161,675	205,104	184,449	(20,655)
Total revenues	10,146,963	10,364,518	10,480,367	115,849
Expenditures				
Current:				
General government	2,778,720	2,734,632	2,714,481	(20,151)
Public safety	4,540,791	4,703,357	4,649,075	(54,282)
Physical environment	1,252,991	1,408,506	1,355,491	(53,015)
Transportation	957,812	967,820	929,412	(38,408)
Culture and recreation	917,755	918,942	885,194	(33,748)
Capital outlay	110,200	332,072	346,168	14,096
Total expenditures	10,558,269	11,065,329	10,879,821	(185,508)
Revenues over (under) expenditures	(411,306)	(700,811)	(399,454)	301,357
Other financing sources				
Transfers in	718,306	1,059,752	668,306	(391,446)
Transfers out	(307,000)	(358,941)	(349,590)	9,351
Total other financing sources	411,306	700,811	318,716	(382,095)
Net changes in fund balances	-	-	(80,738)	(80,738)
Fund balance, beginning of year	5,733,332	5,733,332	5,733,332	-
Fund balance, end of year	\$ 5,733,332	\$ 5,733,332	\$ 5,652,594	\$ (80,738)

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, 2015

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Taxes:				
Sales	\$ 2,766,832	\$ 2,766,832	\$ 2,916,092	\$ 149,260
Investment earnings	26,095	26,095	29,240	3,145
Total revenues	<u>2,792,927</u>	<u>2,792,927</u>	<u>2,945,332</u>	<u>152,405</u>
Other financing sources (uses)				
Transfers in	410,997	1,274,995	-	(1,274,995)
Transfers out	(3,203,924)	(4,067,922)	(3,528,170)	539,752
Total other financing uses	<u>(2,792,927)</u>	<u>(2,792,927)</u>	<u>(3,528,170)</u>	<u>(735,243)</u>
Net changes in fund balance	-	-	(582,838)	(582,838)
Fund balance, beginning of year	2,996,414	2,996,414	2,996,414	-
Fund balance, end of year	<u>\$ 2,996,414</u>	<u>\$ 2,996,414</u>	<u>\$ 2,413,576</u>	<u>\$ (582,838)</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, 2015

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Taxes:				
Property	\$ 287,844	\$ 287,844	\$ 296,420	\$ 8,576
Investment earnings	718	718	1,890	1,172
Other revenues	36,000	36,000	36,000	-
Total revenues	324,562	324,562	334,310	9,748
Expenditures				
Current:				
General government	2,500	2,500	2,568	68
Economic environment	268,135	274,869	161,545	(113,324)
Capital outlay	-	26,266	26,096	(170)
Total expenditures	270,635	303,635	190,209	(113,426)
Revenues over (under) expenditures	53,927	20,927	144,101	123,174
Other financing uses				
Transfers out	(160,000)	(338,774)	(77,427)	261,347
Net changes in fund balance	(106,073)	(317,847)	66,674	384,521
Fund balance, beginning of year	380,054	380,054	380,054	-
Fund balance, end of year	\$ 273,981	\$ 62,207	\$ 446,728	\$ 384,521

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

CITY OF SEBASTIAN, FLORIDA

Statement of Net Position

Proprietary Funds
September 30, 2015

	Business-type Activities - Enterprise Funds			
	Golf Course	Airport	Nonmajor - Building	Total
Assets				
Current assets:				
Cash and cash equivalents	\$ 5,925	\$ 17,014	\$ 376,498	\$ 399,437
Investments	6,649	-	710,027	716,676
Accounts receivable	-	5,335	-	5,335
Due from other governments	-	650,005	-	650,005
Inventories	12,837	12,746	-	25,583
Deposits held in escrow	493	616	493	1,602
Prepaid items	3,661	7,642	3,322	14,625
Total current assets	29,565	693,358	1,090,340	1,813,263
Noncurrent assets:				
Capital assets:				
Land	-	9,060	10,376	19,436
Buildings	332,748	6,009,116	-	6,341,864
Improvements other than buildings	245,510	1,644,127	-	1,889,637
Machinery and equipment	385,833	741,099	79,538	1,206,470
Infrastructure	1,100,951	7,340,638	-	8,441,589
Construction in process	281	343,658	-	343,939
Less accumulated depreciation	(1,501,331)	(5,952,869)	(58,589)	(7,512,789)
Total noncurrent assets	563,992	10,134,829	31,325	10,730,146
Total assets	593,557	10,828,187	1,121,665	12,543,409
Liabilities				
Current liabilities:				
Accounts payable and accrued liabilities	22,601	104,386	16,204	143,191
Due to other funds	133,800	490,000	-	623,800
Due to other governments	5,188	891	5,578	11,657
Unearned revenues	60,645	9,392	8,352	78,389
Current portion of notes payable	49,861	-	-	49,861
Total current liabilities	272,095	604,669	30,134	906,898
Non-current liabilities:				
Compensated absences, net of current portion	71,965	29,574	84,629	186,168
Advance from other fund	-	701,287	-	701,287
Notes payable	162,390	-	-	162,390
Net other postemployment benefit obligation	301	158	533	992
Total non-current liabilities	234,656	731,019	85,162	1,050,837
Total liabilities	506,751	1,335,688	115,296	1,957,735
Net position				
Net investment in capital assets	351,741	10,134,829	31,325	10,517,895
Unrestricted (deficit)	(264,935)	(642,330)	975,044	67,779
Total net position	\$ 86,806	\$ 9,492,499	\$ 1,006,369	\$ 10,585,674

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, 2015

	Business-type Activities - Enterprise Funds			
	Golf Course	Airport	Nonmajor - Building	Total
Operating revenues				
Charges for fees and rents:				
Building permit fees	\$ -	\$ -	\$ 712,620	\$ 712,620
Golf course fees	1,292,575	-	-	1,292,575
Rents	29,139	313,975	-	343,114
Other revenues	11,475	143,343	-	154,818
Total operating revenues	1,333,189	457,318	712,620	2,503,127
Operating expenses:				
Salaries, wages and employee benefits	344,887	117,121	428,455	890,463
Contractual services, materials and supplies	929,593	239,113	100,487	1,269,193
Depreciation	126,275	662,726	2,145	791,146
Total operating expenses	1,400,755	1,018,960	531,087	2,950,802
Operating income (loss)	(67,566)	(561,642)	181,533	(447,675)
Nonoperating revenues (expenses)				
Investment (expense) income	948	(230)	4,650	5,368
Interest expense	(9,298)	(19,401)	-	(28,699)
Gain on disposal of capital assets	224	20,602	-	20,826
Total nonoperating revenues (expenses)	(8,126)	971	4,650	(2,505)
Income (loss) before capital contributions and transfers	(75,692)	(560,671)	186,183	(450,180)
Capital contributions	-	702,154	-	702,154
Transfers in	141	129,744	-	129,885
Transfers out	-	-	(132,873)	(132,873)
Change in net position	(75,551)	271,227	53,310	248,986
Net position, beginning of year	162,357	9,221,272	953,059	10,336,688
Net position, end of year	\$ 86,806	\$ 9,492,499	\$ 1,006,369	\$ 10,585,674

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, 2015

	Business-type Activities - Enterprise Funds			
	Golf Course	Airport	Nonmajor - Building	Total
Cash flows from operating activities				
Cash received from customers and users	\$ 1,355,607	\$ (69,999)	\$ 712,508	\$ 1,998,116
Cash payments to suppliers	(934,915)	(181,971)	(97,708)	(1,214,594)
Cash payments for employee services	(334,444)	(116,257)	(449,570)	(900,271)
Net cash provided (used) by operating activities	86,248	(368,227)	165,230	(116,749)
Cash flows from noncapital financing activities				
Interest paid on advance from other fund	(9,298)	(19,401)	-	(28,699)
Cash payments to other funds	-	-	(132,873)	(132,873)
Cash receipts from other funds	-	492,120	-	492,120
Net cash provided (used) by noncapital financing activities	(9,298)	472,719	(132,873)	330,548
Cash flows from capital and related financing activities				
Repayment of long term debt	(72,453)	-	-	(72,453)
Acquisition and construction of capital assets	(5,899)	(833,972)	(29,369)	(869,240)
Proceeds from sale of capital assets	224	20,602	-	20,826
Receipts from capital contributions	-	702,154	-	702,154
Net cash used by capital and related financing activities	(78,128)	(111,216)	(29,369)	(218,713)
Cash flows from investing activities				
Sale (purchase) of investments	88,960	-	(342,405)	(253,445)
Investment income (expense)	948	(230)	4,650	5,368
Net cash provided by (used in) investing activities	89,908	(230)	(337,755)	(248,077)
Net increase (decrease) in cash and cash equivalents	88,730	(6,954)	(334,767)	(252,991)
Cash and cash equivalents, beginning of year	(82,805)	23,968	711,265	652,428
Cash and cash equivalents, end of year	\$ 5,925	\$ 17,014	\$ 376,498	\$ 399,437

continued...

CITY OF SEBASTIAN, FLORIDA

Statement of Cash Flows

Proprietary Funds

For the Year Ended September 30, 2015

	Business-type Activities - Enterprise Funds			
	Golf Course	Airport	Nonmajor - Building	Total
Cash flow from operating activities:				
Operating income (loss)	\$ (67,566)	\$ (561,642)	\$ 181,533	\$ (447,675)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:				
Depreciation expense	126,275	662,726	2,145	791,146
Change in:				
Accounts receivable	24,345	74	225	24,644
Inventories	(10,448)	19,200	-	8,752
Due from other governments	-	(530,335)	-	(530,335)
Prepaid items	4	155	(124)	35
Accounts payable	5,122	37,787	2,903	45,812
Due to other governments	(570)	(1,034)	346	(1,258)
Unearned revenues	(1,357)	3,978	(683)	1,938
Accrued compensated absences	10,388	835	(21,212)	(9,989)
Net other postemployment benefit obligation	55	29	97	181
Total adjustments	153,814	193,415	(16,303)	330,926
Net cash provided (used) by operating activities	\$ 86,248	\$ (368,227)	\$ 165,230	\$ (116,749)

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, 2015

	Pension Trust	Agency
	Police Officers' Pension	Performance Deposits
Assets		
Cash and cash equivalents	\$ 61,512	\$ 32,841
Receivables:		
Interest and dividends	29,986	-
Investments, at fair value:		
Local government surplus trust funds investment pools	-	73,750
Money market funds	290,970	
United States treasuries	511,954	-
United States agencies	197,102	-
Mortgage obligations	14,750	-
Municipal obligations	142,597	
Domestic corporate bonds	2,662,169	-
Domestic corporate equities	7,183,933	-
Foreign corporate equities	197,483	-
Total investments	11,200,958	73,750
Total assets	11,292,456	106,591
Liabilities		
Prepaid City contribution	8,429	-
Refunds payable	-	106,591
Total liabilities	\$ 8,429	\$ 106,591
Net position		
Held in trust for pension benefits	<u>\$ 11,284,027</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, 2015

	Police Officers' Pension
Additions	
Contributions:	
Employer	\$ 320,179
Plan members	161,270
State	145,700
Total contributions	<u>627,149</u>
Investment income:	
Net decrease in fair value of investments	(221,098)
Interest and dividends	254,062
Total investment income	<u>32,964</u>
Investment expenses	<u>(93,290)</u>
Net investment earnings	<u>(60,326)</u>
Total additions	<u>566,823</u>
Deductions	
Benefits	489,100
Refunded contributions	7,263
Administrative expenses	39,673
Total deductions	<u>536,036</u>
Change in net position	30,787
Net position, beginning of year	<u>11,253,240</u>
Net position, end of year	<u>\$ 11,284,027</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 22,622 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

Blended component units are a legally separate entity from the City but is so intertwined with the City that it is, in substance, the same as the City. Discretely presented component units are entities that are legally separate from the City but for which the City is financially accountable, or their relationship with the City is such that exclusion would cause the City's financial statements to be misleading or incomplete. The City has two 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 and/or there is a financial benefit/burden relationship between the primary government and the component unit.

Community Redevelopment Agency (CRA) - The governing body of the CRA is identical to the Sebastian City Council and there is a benefit/burden relationship to the City. The CRA is accounted for in a special revenue fund entitled "Riverfront Redevelopment." 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".

CITY OF SEBASTIAN, FLORIDA

Notes to Financial Statements

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.

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.

CITY OF SEBASTIAN, FLORIDA

Notes to Financial Statements

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.

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

The *Capital Improvements Fund* accounts for financial resources that are restricted, committed or assigned to 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. 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 accordance with the regulations of 2a-7 like pools, the City's share of investments held at the State Board of Administration 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 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. 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 General Fund and restricted fund balance in other applicable governmental funds to indicate they are not available for appropriation and are not expendable available financial resources.

CITY OF SEBASTIAN, FLORIDA

Notes to Financial Statements

Restricted Assets

Certain amounts reported as cash and cash equivalents are classified as restricted assets. These include balances in the debt service funds that are set aside to meet bonded debt requirements, balances in the capital projects funds to be used for the payment of project costs and balances in the Cemetery Fund that are either not permitted to be spent or can only be spent for items incidental to cemetery expansions. The amount of the Cemetery Fund investments is also classified as restricted assets and reported as 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. As of September 30, 2015, the City 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 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 building	10-40
Machinery, equipment and other	5-15
Airport runways	20

Deferred Outflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to future periods and so will not be recognized as an outflow of resources until then. The City reports deferred outflows of resources related to the net pension liability. A portion of these costs represent contributions to the plan subsequent to the plan measurement date. More detailed information can be found in Note 13.

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.

Deferred Inflows of Resources

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to future periods and so will not be recognized as an inflow of resources until that time. The governmental funds report unavailable revenues, which arises only under the modified accrual basis of accounting, from three sources: property taxes, loans receivable and pension. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

CITY OF SEBASTIAN, FLORIDA

Notes to Financial Statements

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.

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. 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.

CITY OF SEBASTIAN, FLORIDA

Notes to Financial Statements

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.

3. DEPOSITS AND INVESTMENTS

Following is a reconciliation of deposit and investment balances as of September 30, 2015:

Statement of Net Position

Cash and cash equivalents	\$ 5,808,915
Temporarily restricted cash and cash equivalents	1,624,621
Investments	3,469,555
Permanently restricted investments	74,000

Statement of Fiduciary Net Position

Police Officers' Pension:	
Cash and cash equivalents	61,512
Investments	11,200,958
Agency funds:	
Cash and cash equivalents	32,841
Investments	73,750

Total \$ 22,346,152

Deposits and investments

Bank deposits:	
Checking and savings accounts	\$ 7,525,459
Investments:	
Investments, at fair value	3,617,305
Police officers' pension fund investments	11,200,958
Cash on hand	2,430

Total \$ 22,346,152

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, 2015, the carrying amount of the City of Sebastian's deposits with banks was \$7,525,459 and the bank balance was \$7,561,322. 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, 2015, 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
General investments					
Local government surplus funds trust fund ("SBA")	\$ 3,617,305	\$ 3,617,305	\$ -	\$ -	\$ -
Police officers' pension fund investments					
Money market	\$ 290,970	\$ 290,970	\$ -	\$ -	\$ -
United States treasuries	511,954	-	220,927	145,610	145,417
United States agencies	197,102	-	24,478	19,367	153,257
Mortgage obligations	14,750	-	-	-	14,750
Municipal obligations	142,597	51,711	-	-	90,886
Domestic corporate bonds	2,662,169	-	700,853	808,948	1,152,368
Domestic corporate equities	7,183,933	7,183,933	-	-	-
Foreign corporate equities	197,483	197,483	-	-	-
	<u>\$ 11,200,958</u>	<u>\$ 7,724,097</u>	<u>\$ 946,258</u>	<u>\$ 973,925</u>	<u>\$ 1,556,678</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 investments in the following securities, which are limited to credit quality ratings from nationally recognized agencies as follows:

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

As of September 30, 2015, 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, 2015, the City had \$3,617,305 invested in the State Board of Administration's Local Government Surplus Trust Funds Investment Pool, which consist of accounts in Pool A. Pool A had a rating by Standard and Poor's Rating Services as "AAAM" on September 30, 2015 and amounts may be withdrawn without penalty.

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 Poo's. 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.

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.

CITY OF SEBASTIAN, FLORIDA

Notes to Financial Statements

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 60% of available funds may be invested in equity securities.

As of September 30, 2015, 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")	\$ 3,617,305	100.00%	\$ -	0.00%
Money market	-	0.00%	290,970	2.60%
United States treasuries	-	0.00%	511,954	4.57%
United States agencies	-	0.00%	197,102	1.76%
Mortgage obligations	-	0.00%	14,750	0.13%
Municipal obligations	-	0.00%	142,597	1.27%
Domestic corporate bonds	-	0.00%	2,662,169	23.77%
Domestic corporate equities	-	0.00%	7,183,933	64.14%
Foreign corporate equities	-	0.00%	197,483	1.76%
Total	\$ 3,617,305	100.00%	\$ 11,200,958	100.00%

CITY OF SEBASTIAN, FLORIDA

Notes to Financial Statements

4. RECEIVABLES

Receivables are comprised of the following at year-end:

	Governmental Activities	Business-type Activities	Total
Accounts receivable	\$ 298,066	\$ 5,335	\$ 303,401
Due from other governments	783,930	650,005	1,433,935
	<u>\$ 1,081,996</u>	<u>\$ 655,340</u>	<u>\$ 1,737,336</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	Total
Accounts payable	\$ 490,159	\$ 120,249	\$ 610,408
Accrued liabilities	222,326	22,397	244,723
Due to other governments	150,798	11,657	162,455
	<u>\$ 863,283</u>	<u>\$ 154,303</u>	<u>\$ 1,017,586</u>

6. INTERFUND RECEIVABLES AND PAYABLES AND TRANSFERS

The composition of interfund balances as of September 30, 2015, was as follows:

Due to and from primary government funds

	Due from Other Funds	Due to Other Funds
General Fund	\$ 623,800	\$ -
Law Enforcement Forfeiture	-	490,000
Golf Course	-	133,800
Airport	-	-
	<u>\$ 623,800</u>	<u>\$ 623,800</u>

Advances to and from primary government funds

	Advance from Other Funds	Advance to Other Funds
General Fund	\$ -	\$ 150,000
Discretionary Sales Tax	-	551,287
Airport	701,287	-
	<u>\$ 701,287</u>	<u>\$ 701,287</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 \$551,287 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, \$23,713 has been repaid as of September 30, 2015. The balance of \$150,000 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, 2015, interfund transfers consisted of the following:

Transfers In	Transfers out					Totals
	General Fund	Discretionary Sales Tax Fund	Riverfront Redevelopment Fund	Nonmajor Governmental Funds	Building Fund	
General Fund	\$ -	\$ -	\$ 60,000	\$ 503,012	\$ 105,294	\$ 668,306
Capital Improvements Fund	-	233,849	900	101,759	-	336,508
Nonmajor Governmental Funds	349,449	3,164,577	16,527	426,780	27,579	3,984,912
Airport Fund	-	129,744	-	-	-	129,744
Golf Course	141	-	-	-	-	141
	<u>\$ 349,590</u>	<u>\$ 3,528,170</u>	<u>\$ 77,427</u>	<u>\$ 1,031,551</u>	<u>\$ 132,873</u>	<u>\$ 5,119,611</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 debt 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, 2015, was as follows:

	Beginning Balance	Additions	Disposals	Ending Balance
Governmental activities				
Capital assets, not being depreciated:				
Land	\$ 8,319,588	\$ -	\$ -	\$ 8,319,588
Construction in progress	82,169	390,206	-	472,375
	<u>8,401,757</u>	<u>390,206</u>	<u>-</u>	<u>8,791,963</u>
Capital assets, being depreciated:				
Buildings	12,545,658	64,150	-	12,609,808
Non-building improvements	6,730,855	210,346	(107,955)	6,833,246
Machinery and equipment	7,911,956	1,138,425	(358,877)	8,691,504
Infrastructure	37,856,694	1,330,203	-	39,186,897
	<u>65,045,163</u>	<u>2,743,124</u>	<u>(466,832)</u>	<u>67,321,455</u>
Less accumulated depreciation for:				
Buildings	(4,652,892)	(354,885)	-	(5,007,777)
Non-building improvements	(3,327,519)	(314,193)	39,985	(3,601,727)
Machinery and equipment	(6,424,193)	(584,952)	358,003	(6,651,142)
Infrastructure	(17,790,790)	(1,800,125)	-	(19,590,915)
	<u>(32,195,394)</u>	<u>(3,054,155)</u>	<u>397,988</u>	<u>(34,851,561)</u>
Total capital assets being depreciated, net	<u>32,849,769</u>	<u>(311,031)</u>	<u>(68,844)</u>	<u>32,469,894</u>
Governmental activities capital assets, net	<u>\$ 41,251,526</u>	<u>\$ 79,175</u>	<u>\$ (68,844)</u>	<u>\$ 41,261,857</u>

At September 30, 2015, the City's governmental activities had outstanding commitments for construction contracts of approximately \$300,235 for the Fish House improvements (\$128,390) and the Street Paving improvements (\$171,845).

CITY OF SEBASTIAN, FLORIDA

Notes to Financial Statements

	Beginning Balance	Additions	Disposals	Ending Balance
Business-type activities				
Capital assets, not being depreciated:				
Land	\$ 9,060	\$ 10,376	\$ -	\$ 19,436
Construction in progress	262,625	81,314	-	343,939
	<u>271,685</u>	<u>91,690</u>	<u>-</u>	<u>363,375</u>
Capital assets, being depreciated:				
Buildings	6,341,864	-	-	6,341,864
Non-building improvements	1,889,637	-	-	1,889,637
Machinery and equipment	1,235,263	26,689	(55,481)	1,206,471
Infrastructure	7,690,727	750,861	-	8,441,588
	<u>17,157,491</u>	<u>777,550</u>	<u>(55,481)</u>	<u>17,879,560</u>
Less accumulated depreciation for:				
Buildings	(1,409,316)	(169,134)	-	(1,578,450)
Non-building improvements	(982,742)	(117,215)	-	(1,099,957)
Machinery and equipment	(782,307)	(107,071)	55,481	(833,897)
Infrastructure	(3,602,759)	(397,726)	-	(4,000,485)
	<u>(6,777,124)</u>	<u>(791,146)</u>	<u>55,481</u>	<u>(7,512,789)</u>
Total capital assets being depreciated, net	<u>10,380,367</u>	<u>(13,596)</u>	<u>-</u>	<u>10,366,771</u>
Business-type activities capital assets, net	<u>\$ 10,652,052</u>	<u>\$ 78,094</u>	<u>\$ -</u>	<u>\$ 10,730,146</u>

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

Depreciation of governmental activities by function	
General government	\$ 301,467
Public safety	297,523
Transportation	837,364
Physical environment	1,181,604
Economic environment	33,085
Cultural and recreation	403,112
	<u>3,054,155</u>
Total governmental activities	<u>\$ 3,054,155</u>
Depreciation of business-type activities by function	
Golf course	\$ 126,275
Airport	662,726
Building	2,145
	<u>791,146</u>
Total business-type activities	<u>\$ 791,146</u>

CITY OF SEBASTIAN, FLORIDA

Notes to Financial Statements

8. LONG-TERM DEBT

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

- 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 four (4) year, \$2,893,000 Infrastructure Sales Surtax Refunding Revenue Note, Series 2013 in December 2013. The City has pledged Infrastructure Sales Surtax revenues for repayment of principal and interest. These proceeds and other Infrastructure Sales Surtax revenues were used to totally refund or advance refund all of the outstanding Infrastructure Sales Surtax Bonds prior to September 30, 2014.
- The City issued a nine (9) year, \$3,096,000 Stormwater Utility Refunding Revenue Note, Series 2013 in December 2013. The City has pledged Stormwater Fee Revenues for repayment of principal and interest. These proceeds and other Stormwater Fee revenues were used to totally advance refund all of the outstanding Stormwater Utility Revenue Bonds prior to September 30, 2014.
- The City entered into a four (4) year loan agreement in 2013 with a local bank for \$299,050 to provide financing to purchase equipment for the Golf Course. Repayment of principal and interest will be made from Golf Course revenues.
- As of September 30, 2015, there was no outstanding in-substance defeased debt.

The following is a summary of governmental activities long-term debt transactions for the year ended September 30, 2015:

	Beginning Balance	Additions	Deductions	Ending Balance	Due Within One Year
Governmental activities					
Notes payable	\$ 7,608,000	\$ -	\$ (1,567,000)	\$ 6,041,000	\$ 1,582,000
Compensated absences	1,405,482	530,408	(470,481)	1,465,409	84,590
Termination benefits	3,427	-	(3,427)	-	-
Pollution remediation	91,200	-	-	91,200	-
Totals governmental activities	\$ 9,108,109	\$ 530,408	\$ (2,040,908)	\$ 7,597,609	\$ 1,666,590

Notes payable

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

\$ 1,689,000

2013 Infrastructure Sales Surtax Refunding Revenue Note, Series 2013, due in annual installments of \$353,000 to \$508,000 plus interest at 0.86% through 2017.

1,722,000

2013 Stormwater Utility Refunding Revenue Note, Series 2013, due in annual installments of \$352,000 to \$395,000 plus interest at 1.73% through 2022.

2,630,000

\$ 6,041,000

CITY OF SEBASTIAN, FLORIDA

Notes to Financial Statements

The following is a summary of business-type activities long-term debt transactions for the year ended September 30, 2015:

	Beginning Balance	Additions	Deductions	Ending Balance	Due Within One Year
Business-type activities					
Notes payable	\$ 284,704	\$ -	\$ (72,454)	\$ 212,250	\$ 49,861
Compensated absences	196,157	-	(9,988)	186,169	-
Totals business-type activities	\$ 480,861	\$ -	\$ (82,442)	\$ 398,419	\$ 49,861

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
2016	\$ 1,582,000	\$ 89,872	\$ 49,950	\$ 7,126
2017	1,284,000	71,547	51,956	5,120
2018	590,000	56,523	110,344	341
2019	601,000	45,836	-	-
2020-2024	1,984,000	72,617	-	-
	\$ 6,041,000	\$ 336,395	\$ 212,250	\$ 12,587

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.

CITY OF SEBASTIAN, FLORIDA

Notes to Financial Statements

9. LEASES

Operating Leases - Lessee

The City is obligated under a lease for land accounted for as an operating lease. Operating leases do not give rise to property rights or lease obligations. Total costs for the lease was \$100,000 for the fiscal year ended September 30, 2015. This is for the Airport Fund's lease obligation for the property used as the City's golf course. The following is a schedule by years for future minimum rental payments required under the operating lease that has initial or remaining noncancelable lease terms in excess of one year at September 30, 2015:

Year Ended September 30,	Airport
2016	\$ 100,000
2017	100,000
2018	100,000
2019	100,000
2020	100,000
2021-2025	500,000
2026-2030	500,000
2031-2035	500,000
2036-2040	500,000
2041-2045	500,000
Total	<u>\$ 3,000,000</u>

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
2016	\$ 244,298
2017	237,742
2018	233,013
2019	222,152
2020	224,569
2021-2025	1,045,986
2026-2030	956,718
2031-2035	1,060,550
2036-2040	1,193,069
2041-2045	1,362,199
2046-2050	1,078,058
2051-2055	1,353,554
Total	<u>\$ 9,211,909</u>

CITY OF SEBASTIAN, FLORIDA

Notes to Financial Statements

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 \$100,000 through 2045. 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
2016	\$ 207,863
2017	203,607
2018	195,317
2019	161,257
2020	161,257
2021-2025	730,099
2026-2030	548,510
2031-2035	<u>341,098</u>
Total	<u>\$ 2,549,008</u>

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, 2015, was 3.8556 mills. Total tax collections were approximately 96.35% 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.

CITY OF SEBASTIAN, FLORIDA

Notes to Financial Statements

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.

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, 2015 to determine the required contribution for the fiscal year ending September 30, 2015. Although the Police Officers' Pension Plan provides separate reporting, which may be obtained in the Finance department, it is also a component unit (reporting as a Pension Trust Fund) of the City's financial reporting entity.

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

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.

Investment Policy. The plan's policy in regard to the allocation of invested assets is established and may be amended by the Board of Trustees. The investment policy has been formulated based on consideration of a wide range of policies and describes the prudent investment process that the Board deems appropriate. The Plan's asset allocation policy is shown on the following pages.

Concentrations. At September 30, 2015, the Plan held certain investments (other than those issued or explicitly guaranteed by the U.S. government, mutual funds, external investment pools, or other pooled investments) in certain organizations that represent 5 percent or more of the Plan's fiduciary net position. Please see Note 3 for details of these concentrations.

CITY OF SEBASTIAN, FLORIDA

Notes to Financial Statements

Plan Membership. As of September 30, 2014, employee membership data was as follows:

Inactive plan members or beneficiaries currently receiving benefits	11
Inactive plan members entitled to but not yet receiving benefits	6
Active plan members	<u>35</u>
Total membership	<u><u>52</u></u>

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

Contributions. Contributions to the plan are based upon the hire date of the members. Members hired prior to October 1, 2011 contribute 8% of their salary, effective October 1, 2012 (5% of salary prior to that date). Members hired after September 30, 2011 contribute 5% of their salary. City and state contributions consist of the remaining amount required in order to pay current costs and amortize unfunded past service cost, if any, over a period not exceeding 30 years.

The schedule of employer contributions, presented as required supplementary information (RSI) following the notes to the financial statements, presents trend information about the amounts contributed to the plan by the City in comparison to the actuarial required contribution, an amount that is actuarially determined in accordance with the parameters of GASB Statement No 50. The required contribution represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost for each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

Rate of Return. For the year ended September 30, 2015, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was -0.45 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Net Pension Liability of the City. The components of the net pension liability of the City at September 30, 2015, were as follows:

Total pension liability	\$ 13,434,105
Less: Plan fiduciary net position	<u>11,284,027</u>
City's net pension liability	<u><u>\$ 2,150,078</u></u>
Plan fiduciary net position as percentage of total pension liability	84.00%

CITY OF SEBASTIAN, FLORIDA

Notes to Financial Statements

Actuarial Assumptions. The total pension liability was determined by an actuarial valuation as of October 1, 2014 updated to September 30, 2015 using the following actuarial assumptions applied to all measurement periods.

Inflation	3.00%
Salary increases	3.80% - 16.00%
Discount rate	7.60%
Investment rate of return	7.60%

Mortality is based on the RP-2000 Table with no projection. Disabled lives are set forward 5 years. The City feels this assumption sufficiently accommodates future mortality improvements.

The actuarial assumptions used in the October 1, 2014 valuation were based on the results of an actuarial experience study performed on September 16, 2013, for the period 1999-2012.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce a long term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of September 30, 2015 are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return	Money-Weighted Rate of Return
Domestic equity	50.00%	7.45%	3.73%
International equity	10.00%	7.55%	0.76%
Fixed income	40.00%	2.05%	0.82%
Total	100.00%		5.31%
Inflation			3.00%
Risk adjustments			-1.71%
Investment rate of return			6.60%

Discount Rate. The discount rate used to measure the total pension liability was 7.60 percent. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that sponsor contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all period of projected benefit payments to determine the total pension liability.

CITY OF SEBASTIAN, FLORIDA

Notes to Financial Statements

Changes in Assumptions. The City revised certain actuarial assumptions in the September 30, 2015 valuation that had a significant impact on the total pension liability from the prior measurement date. The most significant change was a decrease in the expected investment rate of return from 7.75% to 7.60%.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate. The following presents the net pension liability of the City, calculated using the discount rate of 7.60 percent, as well as what the City's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.60 percent) or one percentage point higher (8.60 percent) than the current rate.

	One Percent Decrease 6.60%	Current Discount Rate 7.60%	One Percent Increase 8.60%
Net Pension Liability	\$ 3,795,845	\$ 2,150,078	\$ 759,289

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

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at September 30, 2014	<u>\$ 12,547,129</u>	<u>\$ 11,253,240</u>	<u>\$ 1,293,889</u>
Changes for the year:			
Service cost	403,611	-	403,611
Interest on total pension liability	979,259	-	979,259
Change in excess state money	22,218	-	22,218
Changes of benefit terms	(4,316)	-	(4,316)
Differences between expected and actual experience	(240,633)	-	(240,633)
Assumption changes	223,200	-	223,200
Benefit payments, including refunds of employee contributions	(496,363)	(496,363)	-
Employer contributions	-	320,179	(320,179)
State contributions	-	145,700	(145,700)
Employee contributions	-	161,270	(161,270)
Pension plan net investment income (loss)	-	(60,326)	60,326
Administrative expense	-	(39,673)	39,673
Net changes	<u>886,976</u>	<u>30,787</u>	<u>856,189</u>
Balances at September 30, 2015	<u>\$ 13,434,105</u>	<u>\$ 11,284,027</u>	<u>\$ 2,150,078</u>

CITY OF SEBASTIAN, FLORIDA

Notes to Financial Statements

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. For the year ended September 30, 2015, the City recognized pension expense of \$600,414. At September 30, 2015, the City reported pension-related deferred outflows of resources and deferred inflows of resources from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Outflows of Resources
Difference between expected and actual experience	\$ -	\$ 192,506	\$ (192,506)
Changes in assumptions	178,560	-	178,560
Net difference between projected and actual earnings on pension plan investments	727,173	-	727,173
Employers contribution subsequent to the measurement date	-	-	-
	<u>\$ 905,733</u>	<u>\$ 192,506</u>	<u>\$ 713,227</u>

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

Year Ended September 30,	Amount
2016	\$ 178,306
2017	178,306
2018	178,306
2019	<u>178,309</u>
Total	<u>\$ 713,227</u>

Payable to the Pension Plan. At September 30, 2015, the City reported \$8,429 payable to the police officers pension plan.

Coastal Florida Public Employees Association

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 cost-sharing, defined benefit plan. The Plan is available to any Coastal Florida Public Employees Association bargaining unit member and benefits are portable from one contributing employer to another. The Plan is not a state or local governmental plan, is used to provide defined benefit pensions both to employees of state or local governmental employers and to employees of employers that are not state or local governmental employers, has no predominant state or local governmental employer and issues audited financials following FASB guidelines, which can be obtained at <http://www.cwaitu.com>. The City of Sebastian approved the Plan by Resolution No. R-01-36, effective April 29, 2001. There is currently no expiration date of the collective-bargaining agreement requiring contributions to the pension plan. The total number of governmental employees covered as of September 30, 2015, was 60. The City has chosen to early implement the GASB 78 disclosure requirements.

CITY OF SEBASTIAN, FLORIDA

Notes to Financial Statements

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

Early Pension. Minimum age 62: 20 years of Service Credit 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 three calendar years preceding the entitlement date to Social Security Disability Pension. An application must be filed with the Plan within 6 months of the Social Security Notice of Award date to receive pension retroactive to the Social Security entitlement date.

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

Death Benefit. If the employee dies before becoming a pensioner and has at least \$250 contributed on the 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, 2013, which is negotiated every 3 years, and approved by City Council.

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

Funding Policy. 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 2014-2015 fiscal year. Employees do not contribute to this plan. Contributions to the CWA Pension Plan for the fiscal years ended September 30, 2013, 2014 and 2015 were \$202,612, \$204,361 and \$217,915 respectively, which are equal to 100% of the required contribution for each year.

CITY OF SEBASTIAN, FLORIDA

Notes to Financial Statements

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.

Plan Participation. As of September 30, 2015, there were a total of 19 employees participating in the plan.

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

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

Lump Sum. Retirement benefits can be paid either partially or by total distribution of the 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 2013-14 fiscal year. Employees do not contribute to this Plan. Contributions to the 401 Defined Contribution Plan for the fiscal years ended September 30, 2013, 2014 and 2015 were \$110,184, \$113,098 and \$130,719 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.

CITY OF SEBASTIAN, FLORIDA

Notes to Financial Statements

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 2014. The actuary's 2015 estimate, using the Entry Age Normal (level percentage of pay) Method, produced an unfunded obligation of \$50,901 and an annual required contribution of \$4,515. The City elected to fund the OPEB obligation on a pay-as-you-go basis. The enterprise fund portion \$402 was also recognized in the enterprise fund financial statements. The entire unfunded obligation was recognized in the government-wide financial statements. As such, a separate audited GAAP basis postemployment benefit plan report is not available.

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, 2015, the amount actually contributed to the plan, and changes in the City's net OPEB obligation:

Annual required contribution	\$ 5,024
Interest on net OPEB obligation	841
Adjustment to annual required contribution	<u>(1,169)</u>
Net OPEB cost	4,696
Contributions made	<u>-</u>
Increase in net OPEB obligation	4,696
Net OPEB obligation, beginning of year	<u>21,022</u>
Net OPEB obligation, end of year	<u><u>\$ 25,718</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 2015 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	
2013	\$ 3,674	352.5%	\$ 25,273	
2014	4,207	201.0%	21,022	
2015	4,696	201.0%	25,718	

Funded Status and Funding Progress. As of October 1, 2015, 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 \$6,213,151, and the ratio of the UAAL to the covered payroll was 0.9 percent.

CITY OF SEBASTIAN, FLORIDA

Notes to Financial Statements

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.

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, 2015 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 2014. 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, 2015 was 29 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, 2015, no retiring employees made this election, and \$0 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	Capital Improvements	Nonmajor Funds	Total
Nonspendable:						
Inventory	\$ 43,911	\$ -	\$ -	\$ -	\$ -	\$ 43,911
Prepays	122,125	-	-	-	-	122,125
Long-term advances	150,000	-	-	-	-	150,000
Permanent fund corpus	-	-	-	-	928,758	928,758
Total nonspendable	316,036	-	-	-	928,758	1,244,794
Restricted for:						
Debt service	-	-	-	-	682,280	682,280
Infrastructure	-	2,413,576	-	-	407,195	2,820,771
Redevelopment	-	-	446,728	-	-	446,728
Stormwater	-	-	-	-	200,299	200,299
Law enforcement	38,544	-	-	-	31,709	70,253
Total restricted	38,544	2,413,576	446,728	-	1,321,483	4,220,331
Committed for:						
Recreational system development	-	-	-	-	769,139	769,139
Development of public parking	-	-	-	-	46,549	46,549
Total committed	-	-	-	-	815,688	815,688
Assigned for:						
General employee events	1,086	-	-	-	-	1,086
Law enforcement events	7,606	-	-	-	-	7,606
Total assigned	8,692	-	-	-	-	8,692
Unassigned	5,289,322	-	-	(44,010)	(14,608)	5,230,704
Total fund balances, governmental funds	\$ 5,652,594	\$ 2,413,576	\$ 446,728	\$ (44,010)	\$ 3,051,321	\$ 11,520,209

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, 2015, was as follows:

	Governmental Activities	Business-type Activities	Total
Capital assets:			
Capital assets not being depreciated	\$ 8,791,963	\$ 363,375	\$ 9,155,338
Capital assets being depreciated, net	32,469,894	10,366,771	42,836,665
	<u>41,261,857</u>	<u>10,730,146</u>	<u>51,992,003</u>
Related debt:			
Total notes payable	<u>6,041,000</u>	<u>212,250</u>	<u>6,253,250</u>
Net investment in capital assets	<u>\$ 35,220,857</u>	<u>\$ 10,517,895</u>	<u>\$ 45,738,753</u>

17. RESTATEMENT

The City adopted the provisions of GASB Statement No. 68, Accounting and Financial Reporting for Pensions, in the current year. As a result of this change, beginning net position of governmental activities was decreased by \$1,432,244.



REQUIRED SUPPLEMENTARY INFORMATION

CITY OF SEBASTIAN, FLORIDA

Required Supplementary Information
Single-employer Pension Trust Fund

Schedule of Changes in Net Pension Liability and Related Ratios

	Fiscal Year Ending September 30, 2015	Fiscal Year Ending September 30, 2014	Fiscal Year Ending September 30, 2013
Total pension liability			
Service cost	\$ 403,611	\$ 396,146	\$ 367,653
Interest on total pension liability	979,259	914,243	853,018
Change in excess state money	22,218	24,386	-
Changes of benefit terms	(4,316)	-	-
Differences between expected and actual experience	(240,633)	-	-
Changes of assumptions	223,200	-	-
Benefit payments, including refunds of employee contributions	(496,363)	(452,892)	(465,435)
Net change in total pension liability	886,976	881,883	755,236
Total pension liability, beginning of year	12,547,129	11,665,246	10,910,010
Total pension liability, end of year	<u>\$ 13,434,105</u>	<u>\$ 12,547,129</u>	<u>\$ 11,665,246</u>
Plan fiduciary net position			
Employer contributions	\$ 320,179	\$ 401,103	\$ 396,603
State contributions	145,700	147,868	145,961
Employee contributions	161,270	160,494	154,683
Pension plan net investment income (loss)	(60,326)	951,910	1,029,818
Benefit payments	(496,363)	(452,892)	(465,435)
Administrative expense	(39,673)	(27,815)	(32,153)
Net change in plan fiduciary net position	30,787	1,180,668	1,229,477
Plan fiduciary net position, beginning of year	11,253,240	10,072,572	8,843,096
Plan fiduciary net position, end of year	<u>\$ 11,284,027</u>	<u>\$ 11,253,240</u>	<u>\$ 10,072,573</u>
Net pension liability	<u>\$ 2,150,078</u>	<u>\$ 1,293,889</u>	<u>\$ 1,592,673</u>
Plan fiduciary net position as a percentage of total pension liability	84.00%	89.69%	86.35%
Covered employee payroll	\$ 2,154,612	\$ 2,106,767	\$ 2,131,399
Net pension liability as a percentage of covered employee payroll	99.79%	61.42%	74.72%

Note: GASB 67 was implemented in fiscal year 2014. This schedule is being built prospectively. Ultimately, 10 years of data will be presented.

CITY OF SEBASTIAN, FLORIDA

Required Supplementary Information

Single-employer Pension Trust Fund

Schedule of the Net Pension Liability

Fiscal Year Ending September 30,	Total Pension Liability	Plan Net Position	Net Pension Liability	Plan Net Position as a Percentage of Total Pension Liability	Covered Payroll	Net Pension Liability as a Percentage of Covered Payroll
2013	\$ 11,665,246	\$ 10,072,573	\$ 1,592,673	86.35%	\$ 2,131,399	74.72%
2014	12,547,129	11,253,240	1,293,889	89.69%	2,106,767	61.42%
2015	13,434,105	11,284,027	2,150,078	84.00%	2,154,612	99.79%

Note: GASB 67 was implemented in fiscal year 2014. This schedule is being built prospectively. Ultimately, 10 years of data will be presented.

Schedule of Investment Returns

Fiscal Year Ending September 30,	Annual Return ⁽¹⁾
2013	11.51%
2014	9.42%
2015	-0.45%

⁽¹⁾ Annual money-weighted rate of return, net of investment expenses

Note: GASB 67 was implemented in fiscal year 2014. This schedule is being built prospectively. Ultimately, 10 years of data will be presented.

CITY OF SEBASTIAN, FLORIDA

Required Supplementary Information
Single-employer Pension Trust Fund

Schedule of Contributions

Fiscal Year Ending September 30,	Actuarially Determined Contribution	City Contribution	State Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as Percentage of Covered Payroll
2013	\$ 506,560	\$ 396,603	\$ 145,961	\$ (36,004)	\$ 2,131,399	25.46%
2014	524,585	401,103	147,868	(24,386)	2,106,767	26.06%
2015	596,502	320,179	145,700	130,623	2,154,612	21.62%

Notes to Schedule of Contributions

Valuation date October 1, 2013
 Notes Actuarially determined contribution amounts are calculated as of October 1, two years prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Funding method Frozen initial liability cost method
 Amortization method Level percentage-of-payroll, closed
 Remaining amortization period 27 Years (as of October 1, 2013)
 Mortality RP-2000 Table with no projection. Based on a study of over 650 public safety funds, this table reflects a 1.0% margin for future mortality improvements. (Disabled lives set forward 5 years).
 Interest rate 7.75% per year compounded
 Inflation 3.00% per year
 Retirement age Earlier of: 1) age 55 and 10 years of credited service, or 2) age 52 and 25 years of credited service, regardless of age. Also, any member who has reached Normal Retirement is assumed to continue employment for one additional year.
 Early retirement Commencing at the assumed Early Retirement Age (50), members are assumed to retire with an immediate subsidized benefit at the rate of 5% per year.
 Disability rates Age based rates with increasing probability of disablement at higher ages. A sample of rates are shown below:

Age	Assumption
30	0.12%
40	0.21%
50	0.54%
60	2.70%

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

Termination rates	Credited Service	Assumption
	First two years	14.00%
	Years 3-9	5.70%
	Years 10-14	2.80%
	15 years and Greater	0.00%

Salary increases	Credited Service	Assumption
	First year	16.00%
	Years 2-14	7.40%
	15 years and Greater	3.80%

Final salary load The projected salary at retirement is increased 20% to account for lump sum payments.

Payroll growth 3% for amortization of all UAAL bases
 Actuarial asset method Market Value, net of investment-related expenses

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	-	\$ 6,424,614	2%
9/30/2011	-	67,500	67,500	-	6,426,614	1%
9/30/2012	-	50,901	50,901	-	5,933,331	1%
9/30/2013	-	50,901	50,901	-	5,693,181	1%
9/30/2014	-	50,901	50,901	-	6,044,900	1%
9/30/2015	-	50,901	50,901	-	6,213,151	1%

Schedule of Employer Contributions
Other Postemployment Benefits Plan

Fiscal Year Ending 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%
9/30/2013	3,674	353%
9/30/2014	4,207	201%
9/30/2015	5,024	201%

CITY OF SEBASTIAN, FLORIDA

Required Supplementary Information

Coastal Florida Public Employees Association Pension Plan

Schedule of Employer Contributions
Coastal Florida Public Employees Association Pension Plan

Fiscal Year Ending September 30,	Annual Required Contributions
9/30/2006	\$ 229,159
9/30/2007	254,909
9/30/2008	241,718
9/30/2009	254,997
9/30/2010	234,219
9/30/2011	223,113
9/30/2012	210,258
9/30/2013	202,612
9/30/2014	204,361
9/30/2015	217,916

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

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

The Plan's actuary has certified that for the 2014 Plan year, the Plan was in critical status because the Plan has a deficit in the minimum funding standard account. The Board of Trustees adopted a rehabilitation plan on March 8, 2010, that for new pensions: eliminates the 60 month minimum guarantee in the Life/5 pension option; increases the minimum age for Early Pension from age 60 to 62 (with 20 years of service credit); removes the Early Pension subsidy by increasing the reduction factors; discontinues the offering of retroactive pension payments; and required 5 years of service credit to vest for participants reaching normal retirement age before a break in service. A mandatory increase in contributions is not required under the Rehabilitation Plan, but decreases in contribution rates or the exclusion of covered employees are not permitted. A copy of the rehabilitation plan may be obtained by contacting the Coastal Pension Plan office.

**COMBINING AND INDIVIDUAL FUND
STATEMENTS AND SCHEDULES**

CITY OF SEBASTIAN, FLORIDA

Combining Balance Sheet
 Nonmajor Governmental Funds
 September 30, 2015

	Special Revenue Funds				
	Local Option Gas Tax	Parking In-Lieu-of	Recreation Impact Fee	Stormwater Utility	Law Enforcement Forfeiture
Assets					
Cash and cash equivalents	\$ 352,188	\$ -	\$ 606,240	\$ 123,488	\$ 5,799
Investments	-	46,549	162,899	-	33,838
Due from other governments	55,684	-	-	11,950	-
Total assets	\$ 407,872	\$ 46,549	\$ 769,139	\$ 135,438	\$ 39,637
Liabilities					
Negative equity in pooled cash	-	-	-	-	-
Accounts payable and accrued liabilities	677	-	-	35,139	7,928
Total liabilities	677	-	-	35,139	7,928
Fund balances:					
Nonspendable	-	-	-	-	-
Restricted	407,195	-	-	100,299	31,709
Committed	-	46,549	769,139	-	-
Unassigned	-	-	-	-	-
Total fund balances	407,195	46,549	769,139	100,299	31,709
Total liabilities and fund balances	\$ 407,872	\$ 46,549	\$ 769,139	\$ 135,438	\$ 39,637

Debt Service		Capital Projects Funds			Permanent	Total Nonmajor Governmental Funds
Discretionary Sales Surtax Revenue Note 2013	Stormwater Utility Revenue Bonds 2003	Transportation Improvements	General Capital Projects	Stormwater Utility Improvements	Cemetery	
\$ 515,405	\$ 166,875	\$ -	\$ -	\$ 100,000	\$ 854,758	\$ 2,724,753
-	-	-	-	-	74,000	317,286
-	-	80,000	-	-	-	147,634
<u>\$ 515,405</u>	<u>\$ 166,875</u>	<u>\$ 80,000</u>	<u>\$ -</u>	<u>\$ 100,000</u>	<u>\$ 928,758</u>	<u>\$ 3,189,673</u>
-	-	94,525	-	-	-	94,525
-	-	83	-	-	-	43,827
-	-	94,608	-	-	-	138,352
-	-	-	-	-	928,758	928,758
515,405	166,875	-	-	100,000	-	1,321,483
-	-	-	-	-	-	815,688
-	-	(14,608)	-	-	-	(14,608)
<u>515,405</u>	<u>166,875</u>	<u>(14,608)</u>	<u>-</u>	<u>100,000</u>	<u>928,758</u>	<u>3,051,321</u>
<u>\$ 515,405</u>	<u>\$ 166,875</u>	<u>\$ 80,000</u>	<u>\$ -</u>	<u>\$ 100,000</u>	<u>\$ 928,758</u>	<u>\$ 3,189,673</u>

CITY OF SEBASTIAN, FLORIDA

Combining Statement of Revenues, Expenditures
 and Changes in Fund Balances - Nonmajor Governmental Funds
 For the Year Ended September 30, 2015

	Special Revenue Funds				
	Local Option Gas Tax	Parking In-Lieu-of	Recreation Impact Fee	Stormwater Utility	Law Enforcement Forfeiture
Revenues					
Taxes:					
Motor fuel	\$ 633,096	\$ -	\$ -	\$ -	\$ -
Intergovernmental	10,050	-	-	-	-
Impact fees	-	-	281,450	-	-
Charges for services	-	-	-	987,440	-
Fines	-	-	-	-	2,350
Investment earnings	239	284	1,976	1,197	247
Other revenues	-	19,730	-	-	-
Total revenues	643,385	20,014	283,426	988,637	2,597
Expenditures					
Current:					
Public safety	-	-	-	-	17,268
Physical environment	-	-	-	143,215	-
Transportation	220,333	-	-	-	-
Culture and recreation	-	-	8,200	-	-
Debt Service:					
Principal	207,000	-	-	-	-
Interest and fiscal charges	35,783	-	-	-	-
Capital outlay	-	2,800	-	-	-
Total expenditures	463,116	2,800	8,200	143,215	17,268
Revenues over (under) expenditures	180,269	17,214	275,226	845,422	(14,671)
Other financing sources (uses)					
Transfers in	207,000	-	-	-	-
Transfers out	(136,742)	-	(101,759)	(790,038)	-
Total other financing sources (uses)	70,258	-	(101,759)	(790,038)	-
Net change in fund balances	250,527	17,214	173,467	55,384	(14,671)
Fund balances, beginning of year	156,668	29,335	595,672	44,915	46,380
Fund balances, end of year	\$ 407,195	\$ 46,549	\$ 769,139	\$ 100,299	\$ 31,709

Debt Service		Capital Projects Funds			Permanent	Total Nonmajor Governmental Funds
Discretionary Sales Surtax Revenue Note 2013	Stormwater Utility Revenue Bonds 2003	Transportation Improvements	General Capital Projects	Stormwater Utility Improvements	Cemetery	
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 633,096
-	-	80,000	-	-	-	90,050
-	-	-	-	-	-	281,450
-	-	-	-	-	89,000	1,076,440
-	-	-	-	-	-	2,350
823	557	-	-	-	3,693	9,016
-	-	-	-	-	1,418	21,148
<u>823</u>	<u>557</u>	<u>80,000</u>	<u>-</u>	<u>-</u>	<u>94,111</u>	<u>2,113,550</u>
-	-	-	-	-	-	17,268
-	-	-	-	-	-	143,215
-	-	38,126	-	-	-	258,459
-	-	-	-	-	-	8,200
1,008,000	352,000	-	-	-	-	1,567,000
21,307	51,588	-	-	-	-	108,678
-	-	1,128,794	884,196	260,494	-	2,276,284
<u>1,029,307</u>	<u>403,588</u>	<u>1,166,920</u>	<u>884,196</u>	<u>260,494</u>	<u>-</u>	<u>4,379,104</u>
<u>(1,028,484)</u>	<u>(403,031)</u>	<u>(1,086,920)</u>	<u>(884,196)</u>	<u>(260,494)</u>	<u>94,111</u>	<u>(2,265,554)</u>
1,027,125	401,737	1,104,360	884,196	360,494	-	3,984,912
-	-	-	-	-	(3,012)	(1,031,551)
<u>1,027,125</u>	<u>401,737</u>	<u>1,104,360</u>	<u>884,196</u>	<u>360,494</u>	<u>(3,012)</u>	<u>2,953,361</u>
(1,359)	(1,294)	17,440	-	100,000	91,099	687,807
<u>516,764</u>	<u>168,169</u>	<u>(32,048)</u>	<u>-</u>	<u>-</u>	<u>837,659</u>	<u>2,363,514</u>
<u>\$ 515,405</u>	<u>\$ 166,875</u>	<u>\$ (14,608)</u>	<u>\$ -</u>	<u>\$ 100,000</u>	<u>\$ 928,758</u>	<u>\$ 3,051,321</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, 2015

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Taxes:				
Motor fuel	\$ 553,152	\$ 553,152	\$ 633,096	\$ 79,944
Intergovernmental	10,050	10,050	10,050	-
Investment earnings	106	106	239	133
Total revenues	563,308	563,308	643,385	80,077
Expenditures				
Current:				
Transportation	320,103	320,103	220,333	(99,770)
Debt service:				
Principal	207,000	207,000	207,000	-
Interest and fiscal charges	35,783	35,783	35,783	-
Total expenditures	562,886	562,886	463,116	(99,770)
Revenues over (under) expenditures	422	422	180,269	179,847
Other financing sources				
Transfers in	207,000	207,000	207,000	-
Transfers out	(157,000)	(157,000)	(136,742)	20,258
Net changes in fund balance	50,422	50,422	250,527	200,105
Fund balance, beginning of year	156,668	156,668	156,668	-
Fund balance, end of year	\$ 207,090	\$ 207,090	\$ 407,195	\$ 200,105

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, 2015

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Investment earnings	\$ 129	\$ 129	\$ 284	\$ 155
Other revenues	13,776	13,776	19,730	5,954
Total revenues	13,905	13,905	20,014	6,109
Expenditures				
Capital outlay	-	-	2,800	2,800
Net change in fund balance	13,905	13,905	17,214	3,309
Fund balance, beginning of year	29,335	29,335	29,335	-
Fund balance, end of year	\$ 43,240	\$ 43,240	\$ 46,549	\$ 3,309

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, 2015

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Impact fees	\$ 246,250	\$ 246,250	\$ 281,450	\$ 35,200
Investment earnings	4,023	4,023	1,976	(2,047)
Total revenues	250,273	250,273	283,426	33,153
Expenditures				
Current:				
Culture and recreation	-	8,200	8,200	-
Revenue over (under) expenditures	250,273	242,073	275,226	33,153
Other financing sources (uses)				
Transfers out	(175,000)	(115,014)	(101,759)	13,255
Net change in fund balances	75,273	127,059	173,467	46,408
Fund balance, beginning of year	595,672	595,672	595,672	-
Fund balance, end of year	\$ 670,945	\$ 722,731	\$ 769,139	\$ 46,408

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, 2015

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Charges for services	\$ 1,000,000	\$ 1,000,000	\$ 987,440	\$ (12,560)
Investment earnings	2,705	2,705	1,197	(1,508)
Total revenues	1,002,705	1,002,705	988,637	(14,068)
Expenditures				
Current:				
Physical environment	40,100	222,540	143,215	(79,325)
Revenues over (under) expenditures	962,605	780,165	845,422	65,257
Other financing uses				
Transfers out	(1,104,136)	(1,104,136)	(790,038)	314,098
Net change in fund balance	(141,531)	(323,971)	55,384	379,355
Fund balance, beginning of year	44,915	44,915	44,915	-
Fund balance, end of year	\$ (96,616)	\$ (279,056)	\$ 100,299	\$ 379,355

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, 2015

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Fines	\$ 1,000	\$ 1,000	\$ 2,350	\$ 1,350
Investment earnings	150	150	247	97
Contributions	-	-	-	-
Total revenues	<u>1,150</u>	<u>1,150</u>	<u>2,597</u>	<u>1,447</u>
Expenditures				
Current:				
Public safety	-	16,881	17,268	387
Capital outlay	-	-	-	-
Total expenditures	<u>-</u>	<u>16,881</u>	<u>17,268</u>	<u>387</u>
Net change in fund balance	1,150	(15,731)	(14,671)	1,060
Fund balance, beginning of year	<u>46,380</u>	<u>46,380</u>	<u>46,380</u>	<u>-</u>
Fund balance, end of year	<u>\$ 47,530</u>	<u>\$ 30,649</u>	<u>\$ 31,709</u>	<u>\$ 1,060</u>

CITY OF SEBASTIAN, FLORIDA

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual Discretionary Sales Surtax Revenue Note 2013 Debt Service Fund For the Year Ended September 30, 2015

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Miscellaneous revenue	\$ -	\$ -	\$ -	\$ -
Investment earnings	2,086	2,086	823	(1,263)
Total expenditures	2,086	2,086	823	(1,263)
Expenditures				
Debt service:				
Principal	1,008,000	1,008,000	1,008,000	-
Interest and fiscal charges	21,307	21,307	21,307	-
Total expenditures	1,029,307	1,029,307	1,029,307	-
Revenues over (under) expenditures	(1,027,221)	(1,027,221)	(1,028,484)	(1,263)
Other financing sources				
Transfers in	1,025,887	1,025,887	1,027,125	1,238
Net change in fund balance	(1,334)	(1,334)	(1,359)	(25)
Fund balance, beginning of year	516,764	516,764	516,764	-
Fund balance, end of year	\$ 515,430	\$ 515,430	\$ 515,405	\$ (25)

CITY OF SEBASTIAN, FLORIDA

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual Stormwater Utility Revenue Note Debt Service Fund For the Year Ended September 30, 2015

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Miscellaneous revenue	\$ -	\$ -	\$ -	\$ -
Investment earnings	165	165	557	392
Total expenditures	165	165	557	392
Expenditures				
Debt service:				
Principal	352,000	352,000	352,000	-
Interest and fiscal charges	51,588	51,588	51,588	-
Total expenditures	403,588	403,588	403,588	-
Revenues over (under) expenditures	(403,423)	(403,423)	(403,031)	392
Other financing sources				
Transfers in	403,423	403,423	401,737	(1,686)
Net change in fund balance	-	-	(1,294)	(1,294)
Fund balance, beginning of year	168,169	168,169	168,169	-
Fund balance, end of year	\$ 168,169	\$ 168,169	\$ 166,875	\$ (1,294)

AGENCY FUND

CITY OF SEBASTIAN, FLORIDA

Combining Statement of Changes in Assets and Liabilities

Agency Fund

For the Year Ended September 30, 2015

	Balance October 1, 2014	Additions	Deletions	Balance September 30, 2015
<i>Performance Deposits</i>				
Assets				
Cash and cash equivalents	\$ 11,930	\$ 20,911	\$ -	\$ 32,841
Investments, at fair value	220,000	-	(146,250)	73,750
Total assets	<u>\$ 231,930</u>	<u>\$ 20,911</u>	<u>\$ (146,250)</u>	<u>\$ 106,591</u>
Liabilities				
Performance deposits held in escrow	\$ 231,930	\$ -	\$ (125,339)	\$ 106,591

CAPITAL ASSETS

CITY OF SEBASTIAN, FLORIDA

Comparative Schedule by Source

Capital Assets Used in the Operation of Governmental Funds

September 30, 2015

	2015	2014
Governmental funds capital assets		
Land	\$ 8,319,588	\$ 8,319,588
Buildings and structures	12,609,808	12,545,658
Non-building improvements	6,833,246	6,730,855
Machinery and equipment	8,691,504	7,911,956
Infrastructure	39,186,897	37,856,694
Construction in progress	472,375	82,169
	<hr/>	<hr/>
Total governmental funds capital assets	<u>\$ 76,113,418</u>	<u>\$ 73,446,920</u>
Investment in governmental funds capital assets (by sources)		
Federal grants	\$ 5,605,250	\$ 5,330,341
State grants	2,575,775	2,376,907
County grants	720,500	717,371
General Fund	11,125,600	10,435,535
Law enforcement trust fund	67,980	66,288
Recreational impact fee	2,114,695	2,115,679
Stormwater utility fee	6,602,058	6,507,746
Riverfront redevelopment	2,110,000	2,094,387
Cemetery trust fund	525,710	539,509
Donations	2,695,000	2,678,221
Sales taxes	20,120,225	19,530,001
Motor fuel taxes	7,350,000	6,920,764
Revenue bond debt	13,995,750	14,022,676
Parking in Lieu of Fee	32,500	29,326
Capital projects	472,375	82,169
	<hr/>	<hr/>
Total investment in governmental funds capital assets	<u>\$ 76,113,418</u>	<u>\$ 73,446,920</u>

CITY OF SEBASTIAN, FLORIDA

Schedule by Function and Activity

Capital Assets Used in the Operation of Governmental Funds
September 30, 2015

Functions / Programs	Land	Buildings	Non-Building Improvements	Machinery and Equipment	Infrastructure	Total
General government:						
Legislative	\$ -	\$ -	\$ -	\$ 784	\$ -	\$ 784
City manager	-	-	-	24,443	-	24,443
City clerk	-	-	-	236,886	-	236,886
Finance	-	-	1,100	49,261	-	50,361
MIS	-	5,841	53,131	732,991	-	791,963
Facilities maintenance	-	195,717	21,187	157,100	-	374,004
Growth management	-	85,555	-	50,736	-	136,291
Non-departmental	3,646,929	6,184,990	126,636	204,374	52,699	10,215,628
Total general government	3,646,929	6,472,103	202,054	1,456,575	52,699	11,830,360
Public safety:						
Special operations	-	-	-	69,843	-	69,843
Administration	9,560	3,347,154	89,322	327,841	-	3,773,877
School resource	-	-	-	44,077	-	44,077
Road patrol	-	-	-	2,667,234	-	2,667,234
Community policing	-	-	-	13,863	-	13,863
Code enforcement	-	-	-	82,183	-	82,183
Investigations	-	-	1,700	237,184	-	238,884
Support services	-	-	-	50,516	-	50,516
Communications	-	-	16,404	211,286	-	227,690
Building department	-	-	-	38,430	-	38,430
Total public safety	9,560	3,347,154	107,426	3,742,457	-	7,206,597
Transportation:						
Central garage	-	130,489	115,232	176,428	674	422,823
Roads and drainage	47,125	166,907	1,083,234	874,860	17,651,822	19,823,948
Total transportation	47,125	297,396	1,198,466	1,051,288	17,652,496	20,246,771
Economic environment:						
Non-departmental	2,308,392	1,040,589	6,562	-	-	3,355,543
Physical environment:						
Stormwater	-	-	1,850	1,733,072	19,668,793	21,403,715
Cemetery	572,181	82,019	78,354	64,253	22,717	819,524
Total physical environment	572,181	82,019	80,204	1,797,325	19,691,510	22,223,239
Culture/recreation:						
Parks and recreation	1,735,401	1,370,547	5,238,534	643,859	1,790,192	10,778,533
Total	\$ 8,319,588	\$ 12,609,808	\$ 6,833,246	\$ 8,691,504	\$ 39,186,897	75,641,043
Construction in progress						472,375
Total						\$ 76,113,418

CITY OF SEBASTIAN, FLORIDA

Schedule of Changes by Function and Activity
 Capital Assets Used in the Operation of Governmental Funds
 September 30, 2015

Functions / Programs	Capital Assets October 1, 2014	Additions	Disposals	Transfers In	Transfers Out	Capital Assets September 30, 2015
General government:						
Judicial	\$ 784	\$ -	\$ -	\$ -	\$ -	\$ 784
City manager	3,690	-	1,612	22,365	-	24,443
City clerk	222,288	14,598	-	-	-	236,886
Administrative services	53,135	-	2,774	-	-	50,361
MIS	727,613	65,478	1,128	-	-	791,963
Facilities maintenance	288,203	101,177	15,376	-	-	374,004
Growth management	142,422	-	6,131	-	-	136,291
Non-departmental	10,215,628	-	-	-	-	10,215,628
Total general government	11,653,763	181,253	27,021	22,365	-	11,830,360
Public safety:						
Special operations	54,625	15,218	-	-	-	69,843
Administration	3,744,094	29,783	-	-	-	3,773,877
School resource	44,077	-	-	-	-	44,077
Road patrol	2,551,708	230,051	70,412	-	44,113	2,667,234
Community policing	13,863	-	-	-	-	13,863
Code enforcement	53,779	28,404	-	-	-	82,183
Investigations	213,177	39,269	-	13,795	27,357	238,884
Support services	51,110	-	594	-	-	50,516
Communications	203,408	29,983	5,701	-	-	227,690
Building department	38,430	-	-	-	-	38,430
Total public safety	6,968,271	372,708	76,707	13,795	71,470	7,206,597
Transportation:						
Central garage	370,440	35,599	6,798	23,582	-	422,823
Roads and drainage	18,692,920	1,265,917	97,511	-	37,378	19,823,948
Total transportation	19,063,360	1,301,516	104,309	23,582	37,378	20,246,771
Economic environment:						
Non-departmental	3,355,543	-	-	-	-	3,355,543
Physical environment:						
Stormwater	20,816,873	723,887	137,045	-	-	21,403,715
Cemetery	825,974	-	6,450	-	-	819,524
Total physical environment	21,642,847	723,887	143,495	-	-	22,223,239
Culture/recreation:						
Parks and recreation	10,680,966	163,761	115,299	49,105	-	10,778,533
Total	74,791,624	2,743,125	466,831	108,847	108,848	75,641,043
Construction in progress	82,169	411,752	21,546	-	-	472,375
Total	\$ 74,835,220	\$ 3,154,877	\$ 488,377	\$ 108,847	\$ 108,848	\$ 76,113,418

INTERNAL CONTROL AND COMPLIANCE

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

March 10, 2016

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, 2015, 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 26, 2016.

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 black ink that reads "Lehmann Johnson LLC". The signature is written in a cursive, flowing style.

**INDEPENDENT AUDITORS'
MANAGEMENT LETTER**

March 10, 2016

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

Report on the Financial Statements

We have audited the financial statements of the *City of Sebastian, Florida* as of and for the fiscal year ended September 30, 2015 and have issued our report thereon dated February 26, 2016.

Auditor's Responsibility

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 Chapter 10.550, *Rules of the Auditor General*.

Other Reports and Schedule

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards; and Independent Accountant's Report on an examination conducted in accordance with AICPA Professional Standards, Section 601, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports and schedule, which are dated March 13, 2015, should be considered in conjunction with this management letter.

Prior Audit Findings

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

Official Title and Legal Authority

Section 10.554(1)(i)4., *Rules of the Auditor General*, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. The legal authority 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.

Financial Condition

Section 10.554(1)(i)5.a., *Rules of the Auditor General*, requires that we report the results of our determination as to whether or not the City of Sebastian, Florida has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specified condition(s) met. In connection with our audit, we determined that the City of Sebastian, Florida did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

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

Annual Financial Report

Section 10.554(1)(i)5.b., *Rules of the Auditor General*, requires that we report the results of our determination as to whether the annual financial report for the City of Sebastian, Florida for the fiscal year ended September 30, 2015, filed with the Florida Department of Financial Services pursuant to Section 218.32(1)(a), Florida Statutes, is in agreement with the annual financial audit report for the fiscal year ended September 30, 2015. In connection with our audit, we determined that these two reports were in agreement.

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.

Special District Component Units

Section 10.554(1)(i)5.d. *Rules of the Auditor General*, requires that we determine whether or not a special district that is a component unit of a county, municipality, or special district, provided the financial information necessary for proper reporting of the component unit, within the audited financial statements of the county, municipality, or special district in accordance with Section 218.39(3)(b), Florida Statutes. In connection with our audit, we determined that all special district component units provided the necessary information for proper reporting in accordance with Section 218.39(3)(b), Florida Statutes.

Other Matters

Section 10.554(1)(i)2., Rules of the Auditor General, requires that we address in the management letter any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

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

Purpose of this Letter

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and Florida House of Representatives, the Florida Auditor General, Federal and other granting agencies, the City Council, and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.

Rehmann Lobson LLC

INDEPENDENT ACCOUNTANTS' REPORT

March 10, 2016

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

We have examined the compliance of the City of Sebastian, Florida (the "City") with Sections 218.415, 28.35 and 28.36, Florida Statutes, during the year ended September 30, 2015. Management is responsible for compliance with those requirements. Our responsibility is to express an opinion on the City's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, include examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the City's compliance with specified requirements.

In our opinion, the City complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2015.

Our management letter is intended solely for the information and use of management, the City Council and the Florida Auditor General, and is not intended to be and should not be used by anyone other than these specified parties.



STATISTICAL SECTION

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>
Financial Trends	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.	109
Revenue Capacity	These schedules contain information to help the reader assess the City's ability to generate its most significant local revenue source, the property tax.	119
Debt Capacity	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.	127
Demographic and Economic Information	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.	133
Operating Information	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.	138

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				
	2015	2014	2013	2012	2011
Governmental activities					
Net investment in capital assets	\$ 35,220,857	\$ 35,210,526	\$ 32,038,749	\$ 31,500,173	\$ 31,541,953
Restricted	4,997,724	5,115,627	5,839,440	6,192,777	5,668,155
Unrestricted	3,467,014	3,330,400	4,577,440	3,607,228	4,052,751
Total governmental activities net position	\$ 43,685,595	\$ 43,656,553	\$ 42,455,629	\$ 41,300,178	\$ 41,262,859
Business-type activities					
Net investment in capital assets	\$ 10,517,895	\$ 10,439,804	\$ 10,846,501	\$ 11,181,823	\$ 11,850,561
Restricted	-	-	-	-	-
Unrestricted	67,779	(103,116)	(306,497)	(490,298)	(644,620)
Total business-type activities net position	\$ 10,585,674	\$ 10,336,688	\$ 10,540,004	\$ 10,691,525	\$ 11,205,941
Primary Government					
Net investment in capital assets	\$ 45,738,752	\$ 45,650,330	\$ 42,885,250	\$ 42,681,996	\$ 43,392,514
Restricted	4,997,724	5,115,627	5,839,440	6,192,777	5,668,155
Unrestricted	3,534,793	3,227,284	4,270,943	3,116,930	3,408,131
Total primary government net position	\$ 54,271,269	\$ 53,993,241	\$ 52,995,633	\$ 51,991,703	\$ 52,468,800

Table 1 - Unaudited

Fiscal Year				
2010	2009	2008	2007	2006
\$ 28,938,587	\$ 26,744,896	\$ 24,133,550	\$ 21,469,456	\$ 17,579,683
8,757,043	8,197,018	9,215,801	9,419,129	5,068,583
3,889,011	4,502,440	5,035,184	5,249,998	11,293,877
<u>\$ 41,584,641</u>	<u>\$ 39,444,354</u>	<u>\$ 38,384,535</u>	<u>\$ 36,138,583</u>	<u>\$ 33,942,143</u>
\$ 11,389,704	\$ 10,725,676	\$ 9,111,251	\$ 8,895,501	\$ 8,798,612
-	98,320	570,149	570,890	560,581
(342,340)	86,517	753,076	1,303,886	1,896,539
<u>\$ 11,047,364</u>	<u>\$ 10,910,513</u>	<u>\$ 10,434,476</u>	<u>\$ 10,770,277</u>	<u>\$ 11,255,732</u>
\$ 40,328,291	\$ 37,470,572	\$ 33,244,801	\$ 30,364,957	\$ 26,378,295
8,757,043	8,295,338	9,785,950	9,990,019	5,629,164
3,546,671	4,588,957	5,788,260	6,553,884	13,190,416
<u>\$ 52,632,005</u>	<u>\$ 50,354,867</u>	<u>\$ 48,819,011</u>	<u>\$ 46,908,860</u>	<u>\$ 45,197,875</u>

CITY OF SEBASTIAN, FLORIDA

Changes in Net Position Last Ten Fiscal Years

	Fiscal Year				
	2015	2014	2013	2012	2011
Expenses					
Governmental activities:					
General government	\$ 3,015,536	\$ 2,923,398	\$ 2,784,485	\$ 2,640,677	\$ 2,766,575
Public safety	5,164,197	4,908,374	4,928,203	5,025,274	5,546,632
Physical environment	2,759,461	2,310,539	2,039,380	2,007,902	1,558,974
Transportation	2,024,814	1,828,569	1,845,429	1,800,432	2,263,367
Economic environment	194,630	247,891	155,214	170,960	208,518
Culture and recreation	1,293,246	1,229,369	1,232,345	1,239,512	1,227,198
Interest on debt	100,468	235,071	368,432	562,496	546,103
Total governmental activities expenses	14,552,352	13,683,211	13,353,488	13,447,253	14,117,367
Business-type activities:					
Golf Course	1,409,829	1,406,770	1,377,039	1,394,731	1,355,266
Airport	1,038,361	1,031,464	1,146,905	1,166,588	1,188,788
Building ¹	531,087	465,717	417,887	397,295	470,406
Total business-type activities expenses	2,979,277	2,903,951	2,941,831	2,958,614	3,014,460
Total primary government expenses	\$ 17,531,629	\$ 16,587,162	\$ 16,295,319	\$ 16,405,867	\$ 17,131,827
Program Revenue					
Governmental activities:					
Charges for services:					
General government	\$ 372,255	\$ 407,068	\$ 314,158	\$ 214,488	\$ 197,945
Public safety	80,763	76,132	67,297	66,474	92,350
Physical environment	1,087,642	1,073,015	1,101,864	876,693	868,059
Culture and recreation	67,940	67,371	70,982	66,954	61,353
Operating grants and contributions	345,937	186,295	332,627	187,333	196,534
Capital grants and contributions	994,546	739,785	770,123	791,265	838,242
Total governmental activities program revenue	2,949,083	2,549,666	2,657,051	2,203,207	2,254,483
Business-type activities:					
Charges for services:					
Golf Course	1,333,189	1,277,660	1,302,441	1,394,844	1,382,421
Airport	457,318	470,703	481,759	491,367	485,229
Building ¹	712,620	700,751	706,964	419,705	401,021
Operating grants and contributions	-	-	-	-	-
Capital grants and contributions	702,154	235,215	230,868	150,083	900,340
Total business-type activities program revenue	3,205,281	2,684,329	2,722,032	2,455,999	3,169,011
Total primary government program revenue	\$ 6,154,364	\$ 5,233,995	\$ 5,379,083	\$ 4,659,206	\$ 5,423,494
Net (expense) revenue					
Governmental activities	\$ (11,603,269)	\$ (11,133,545)	\$ (10,696,437)	\$ (11,244,046)	\$ (11,862,884)
Business-type activities	226,004	(219,622)	(219,799)	(502,615)	154,551
Total primary government net (expense) revenue	\$ (11,377,265)	\$ (11,353,167)	\$ (10,916,236)	\$ (11,746,661)	\$ (11,708,333)

Table 2 - Unaudited

Fiscal Year				
2010	2009	2008	2007	2006
\$ 3,309,381	\$ 3,169,851	\$ 3,375,178	\$ 3,083,609	\$ 3,129,723
5,720,933	5,420,585	5,226,512	5,377,107	4,191,295
1,947,605	1,347,771	1,805,755	1,695,066	2,193,589
1,863,551	3,437,724	2,111,360	2,276,497	2,173,071
135,885	167,470	113,101	605,510	98,661
1,240,383	1,073,249	1,420,734	1,237,398	1,208,288
566,410	730,100	634,891	667,950	706,303
<u>14,784,148</u>	<u>15,346,750</u>	<u>14,687,531</u>	<u>14,943,137</u>	<u>13,700,930</u>
1,388,158	1,477,299	1,488,472	1,533,900	1,558,338
1,067,525	1,079,869	1,099,653	1,046,994	801,967
496,800	533,641	605,422	905,452	936,793
<u>2,952,483</u>	<u>3,090,809</u>	<u>3,193,547</u>	<u>3,486,346</u>	<u>3,297,098</u>
<u>\$ 17,736,631</u>	<u>\$ 18,437,559</u>	<u>\$ 17,881,078</u>	<u>\$ 18,429,483</u>	<u>\$ 16,998,028</u>
\$ 203,915	\$ 220,073	\$ 353,836	\$ 422,897	\$ 533,482
118,368	95,606	85,009	92,853	140,545
881,338	908,829	903,285	891,021	887,819
62,046	66,540	83,378	85,945	72,472
210,050	228,002	786,016	192,676	407,898
3,178,618	1,865,174	835,607	1,014,481	1,301,438
<u>4,654,335</u>	<u>3,384,224</u>	<u>3,047,131</u>	<u>2,699,873</u>	<u>3,343,654</u>
1,335,647	1,406,956	1,438,233	1,652,288	1,580,407
468,698	438,485	523,989	344,813	375,768
356,264	358,947	347,189	408,875	1,220,823
-	-	-	-	6,998
904,853	1,356,914	494,098	500,428	1,056,562
<u>3,065,462</u>	<u>3,561,302</u>	<u>2,803,509</u>	<u>2,906,404</u>	<u>4,240,558</u>
<u>\$ 7,719,797</u>	<u>\$ 6,945,526</u>	<u>\$ 5,850,640</u>	<u>\$ 5,606,277</u>	<u>\$ 7,584,212</u>
\$ (10,129,813)	\$ (11,962,526)	\$ (11,640,400)	\$ (12,243,264)	\$ (10,357,276)
112,979	470,493	(390,038)	(579,942)	943,460
<u>\$ (10,016,834)</u>	<u>\$ (11,492,033)</u>	<u>\$ (12,030,438)</u>	<u>\$ (12,823,206)</u>	<u>\$ (9,413,816)</u>

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CITY OF SEBASTIAN, FLORIDA

Changes in Net Position

Last Ten Fiscal Years

	Fiscal Year				
	2015	2014	2013	2012	2011
General revenue and other changes in net position					
Governmental Activities:					
Property taxes, levied for general purposes	\$ 3,594,210	\$ 3,248,113	\$ 3,221,304	\$ 3,063,495	\$ 3,453,778
Sales and use taxes	5,555,270	5,320,051	5,123,046	4,852,413	4,751,021
Franchise fees	1,241,515	1,190,233	1,118,886	1,124,568	1,184,686
State shared revenues not restricted to specific programs	2,365,137	2,208,700	2,063,450	1,934,733	1,868,555
Investment earnings	65,256	43,293	74,650	82,129	111,943
Miscellaneous	240,179	338,901	315,296	201,538	171,119
Transfers	2,988	(14,822)	(37,734)	22,489	-
Total governmental activities	13,064,555	12,334,469	11,878,898	11,281,365	11,541,102
Business-type activities:					
Investment earnings	5,368	1,484	4,391	6,563	4,026
Miscellaneous	20,602	-	274	4,125	-
Transfers	(2,988)	14,822	37,734	(22,489)	-
Total business-type activities	22,982	16,306	42,399	(11,801)	4,026
Total primary government general revenue	\$ 13,087,537	\$ 12,350,775	\$ 11,921,297	\$ 11,269,564	\$ 11,545,128
Change in net position					
Governmental activities	\$ 1,461,286	\$ 1,200,924	\$ 1,182,461	\$ 37,319	\$ (321,782)
Business-type activities	248,986	(203,316)	(177,400)	(514,416)	158,577
Total primary government change in net position	\$ 1,710,272	\$ 997,608	\$ 1,005,061	\$ (477,097)	\$ (163,205)

Fiscal Year				
2010	2009	2008	2007	2006
\$ 4,164,128	\$ 4,801,924	\$ 5,149,047	\$ 5,089,841	\$ 4,645,050
4,765,200	4,670,106	4,753,718	4,776,691	4,907,906
1,228,692	1,327,253	1,199,762	1,106,698	1,253,749
1,825,215	1,821,347	1,989,606	2,083,523	2,242,292
144,432	261,203	634,919	1,147,931	827,224
149,453	140,512	159,300	192,300	256,780
(7,020)	-	-	42,720	(1,414,205)
<u>12,270,100</u>	<u>13,022,345</u>	<u>13,886,352</u>	<u>14,439,704</u>	<u>12,718,796</u>
15,658	5,544	54,237	137,207	125,498
1,194	-	-	-	-
7,020	-	-	(42,720)	1,414,205
<u>23,872</u>	<u>5,544</u>	<u>54,237</u>	<u>94,487</u>	<u>1,539,703</u>
<u>\$ 12,293,972</u>	<u>\$ 13,027,889</u>	<u>\$ 13,940,589</u>	<u>\$ 14,534,191</u>	<u>\$ 14,258,499</u>
\$ 2,140,287	\$ 1,059,819	\$ 2,245,952	\$ 2,196,440	\$ 2,361,520
136,851	476,037	(335,801)	(485,455)	2,483,163
<u>\$ 2,277,138</u>	<u>\$ 1,535,856</u>	<u>\$ 1,910,151</u>	<u>\$ 1,710,985</u>	<u>\$ 4,844,683</u>

concluded

CITY OF SEBASTIAN, FLORIDA

Fund Balances, Governmental Funds					
Last Ten Fiscal Years					
	Fiscal Year				
	2015	2014	2013	2012	2011
Governmental funds					
General Fund:					
Nonspendable	\$ 316,036	\$ 369,329	\$ 368,564	\$ 370,450	\$ 346,995
Restricted	38,544	7,969	28,632	-	-
Committed	-	-	-	2,861,708	2,949,139
Assigned	8,692	7,129	7,020	35,707	21,911
Unassigned	5,289,322	5,348,905	5,065,242	1,734,307	1,784,413 ²
Total General Fund	<u>5,652,594</u>	<u>5,733,332</u>	<u>5,469,458</u>	<u>5,002,172</u>	<u>5,102,458</u>
All other governmental funds:					
Nonspendable	928,758	1,390,073	1,323,838	1,289,693	1,494,779
Restricted	4,181,787	3,756,950	4,647,950	4,371,826	4,748,376
Committed	815,688	625,007	589,364	719,686	-
Assigned	-	-	-	-	-
Unassigned	(58,618)	(64,875)	-	-	-
Total all other governmental funds	<u>5,867,615</u>	<u>5,707,155</u>	<u>6,561,152</u>	<u>6,381,205</u>	<u>6,243,155</u>
Total governmental funds	<u>\$ 11,520,209</u>	<u>\$ 11,440,487</u>	<u>\$ 12,030,610</u>	<u>\$ 11,383,377</u>	<u>\$ 11,345,613</u>

¹ 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.

² Reduction in unassigned fund balance to fund operations

Table 3 - Unaudited

Fiscal Year				
2010	2009	2008	2007	2006
\$ 352,248	\$ 357,696	\$ 381,528	\$ 368,609	\$ 106,192
-	-	-	-	-
3,063,585	3,083,463	3,502,560	3,742,617	4,844,674
31,656	1,983	33,453	19,055	9,856
<u>2,164,910</u>	<u>2,324,972</u>	<u>2,390,641</u>	<u>2,260,507</u>	<u>1,518,350</u>
<u>5,612,399</u>	<u>5,768,114</u>	<u>6,308,182</u>	<u>6,390,788</u>	<u>6,479,072</u>
859,463	830,029	771,927	694,506	656,160
7,897,580	8,557,389 ¹	12,446,260	12,926,545	14,783,299
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>8,757,043</u>	<u>9,387,418</u>	<u>13,218,187</u>	<u>13,621,051</u>	<u>15,439,459</u>
<u>\$ 14,369,442</u>	<u>\$ 15,155,532</u>	<u>\$ 19,526,369</u>	<u>\$ 20,011,839</u>	<u>\$ 21,918,531</u>

CITY OF SEBASTIAN, FLORIDA

Changes in Fund Balances For Governmental Funds
For the Last Ten Fiscal Years

	Fiscal Year				
	2015	2014	2013	2012	2011
Revenues					
Taxes	\$ 9,782,109	\$ 9,123,879	\$ 8,894,880	\$ 8,465,990	\$ 8,762,729
Franchise fees	1,241,515	1,190,233	1,118,886	1,124,568	1,184,686
Charges for services	147,219	138,564	45,500	22,431	1,121,967
Licenses, fees and permits	2,742,950	2,373,695	2,411,395	2,088,038	23,646
Fines and penalties	281,450	168,350	169,000	58,500	81,534
Intergovernmental	1,397,395	1,431,101	1,462,522	1,158,075	2,249,447
Impact fees	63,035	54,140	60,190	57,575	42,250
Special assessments	65,256	43,293	78,411	86,516	-
Investment earnings	48,124	36,801	22,406	216,091	103,795
Other revenues	241,597	338,901	315,296	201,888	224,823
Total revenues	16,010,650	14,898,957	14,578,486	13,479,672	13,794,877
Expenditures					
Current:					
General government	2,717,049	2,575,605	2,447,893	2,410,345	2,539,211
Public safety	4,666,343	4,623,060	4,425,000	4,523,802	5,030,708
Physical environment	1,498,706	1,110,788	1,075,162	1,042,349	1,166,309
Transportation	1,187,871	1,165,004	1,158,945	1,208,411	1,217,521
Economic environment	161,545	144,612	122,730	138,531	188,918
Culture and recreation	893,394	888,795	847,781	876,502	903,836
Debt service:					
Principal	1,567,000	2,306,000	1,307,000	3,321,000	1,203,000
Interest	108,678	413,995	393,447	472,399	521,152
Capital outlay	3,133,330	2,246,399	2,115,561	1,767,058	4,048,051
Total expenditures	15,933,916	15,474,258	13,893,519	15,760,397	16,818,706
Revenues over (under) expenditures	76,734	(575,301)	684,967	(2,280,725)	(3,023,829)
Other Financing Sources (Uses)					
Issuance of long-term debt	-	-	-	2,296,000	-
Transfers in	4,989,726	3,903,204	3,598,949	3,694,765	5,376,658
Transfers out	(4,986,738)	(3,918,026)	(3,636,683)	(3,672,276)	(5,376,658)
Total other financing sources (uses)	2,988	(14,822)	(37,734)	2,318,489	-
Net change in fund balances	\$ 79,722	\$ (590,123)	\$ 647,233	\$ 37,764	\$ (3,023,829)
Debt service as a percentage of noncapital expenditures (1)	11.8%	19.8%	14.0%	27.1%	13.5%

⁽¹⁾ To calculate the ratio, divide the total debt service expenditures (principal plus interest) by total noncapital expenditures (the difference between the total expenditures and capitalized capital outlay expenditure).

Table 4 - Unaudited

		Fiscal Year				
		2010	2009	2008	2007	2006
\$	9,525,074	\$ 10,065,806	\$ 10,504,155	\$ 10,554,617	\$ 10,269,451	
	1,228,692	1,327,253	1,199,762	1,106,698	1,253,749	
	1,154,739	1,186,161	1,209,617	1,271,102	517,605	
	33,182	29,151	163,471	186,875	244,370	
	90,948	88,938	65,246	71,314	77,776	
	4,572,550	3,270,854	2,674,761	2,463,628	2,852,293	
	26,000	13,975	32,825	56,875	337,675	
	-	3,849	-	-	819,286	
	228,216	250,914	647,312	1,062,043	827,224	
	169,039	176,430	461,553	244,629	294,695	
	<u>17,028,440</u>	<u>16,413,331</u>	<u>16,958,702</u>	<u>17,017,781</u>	<u>17,494,124</u>	
	2,699,289	2,976,896	3,087,789	2,999,652	2,494,863	
	4,938,147	4,926,714	4,677,618	4,700,447	3,813,908	
	1,210,823	1,448,067	1,368,593	1,301,719	1,850,642	
	1,405,310	1,696,254	1,545,045	1,733,697	1,672,983	
	129,352	167,470	113,101	80,279	98,661	
	977,780	1,148,408	1,079,379	975,087	926,846	
	2,142,190	1,218,995	1,326,182	1,284,418	1,248,378	
	577,593	706,093	611,554	643,305	678,682	
	6,189,026	6,495,271	3,634,910	5,242,590	1,451,060	
	<u>20,269,510</u>	<u>20,784,168</u>	<u>17,444,171</u>	<u>18,961,194</u>	<u>14,236,023</u>	
	<u>(3,241,070)</u>	<u>(4,370,837)</u>	<u>(485,469)</u>	<u>(1,943,413)</u>	<u>3,258,101</u>	
	2,462,000	-	-	-	-	
	4,486,626	5,196,376	5,679,896	5,158,296	3,785,981	
	<u>(4,493,646)</u>	<u>(5,196,376)</u>	<u>(5,679,896)</u>	<u>(5,115,576)</u>	<u>(5,200,186)</u>	
	<u>2,454,980</u>	<u>-</u>	<u>-</u>	<u>42,720</u>	<u>(1,414,205)</u>	
\$	<u>(786,090)</u>	<u>\$ (4,370,837)</u>	<u>\$ (485,469)</u>	<u>\$ (1,900,693)</u>	<u>\$ 1,843,896</u>	
	19.3%	13.5%	14.0%	14.1%	15.1%	

CITY OF SEBASTIAN, FLORIDA

Program Revenues by Function/Program Last Ten Fiscal Years

	Fiscal Year				
	2015	2014	2013	2012	2011
Program Revenues					
Governmental activities:					
General government	\$ 534,524	\$ 413,727	\$ 471,299	\$ 230,550	\$ 243,039
Public safety	254,381	246,010	233,309	228,392	234,437
Physical environment	1,087,642	1,073,015	1,101,864	876,693	930,018
Transportation	643,146	565,692	560,713	560,055	743,383
Economic environment	-	15,501	-	13,998	-
Culture and recreation	429,390	235,721	289,866	293,519	103,606
Total governmental activities	2,949,083	2,549,666	2,657,051	2,203,207	2,254,483
Business-type activities:					
Charges for services:					
Golf Course	1,333,189	1,277,660	1,302,441	1,394,892	1,382,421
Airport	1,159,472	705,918	712,627	641,455	1,385,569
Building ¹	712,620	700,751	706,964	426,215	401,021
Total business-type activities	3,205,281	2,684,329	2,722,032	2,462,562	3,169,011
Total primary government	\$ 6,154,364	\$ 5,233,995	\$ 5,379,083	\$ 4,665,769	\$ 5,423,494

¹ 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 5 - Unaudited

Fiscal Year				
2010	2009	2008	2007	2006
\$ 209,144	\$ 226,003	\$ 377,305	\$ 450,267	\$ 579,591
304,630	299,119	515,997	249,756	306,702
881,338	1,408,829	1,256,277	891,021	890,092
614,305	612,335	619,949	721,103	900,365
2,556,872	6,000	-	-	30,059
88,046	831,938	277,603	387,726	636,845
<u>4,654,335</u>	<u>3,384,224</u>	<u>3,047,131</u>	<u>2,699,873</u>	<u>3,343,654</u>
1,335,647	1,406,955	1,438,233	1,652,288	1,587,405
1,373,551	1,795,399 ¹	1,018,087	845,241	1,432,330
356,264	358,948	347,189	408,875	1,220,823
<u>3,065,462</u>	<u>3,561,302</u>	<u>2,803,509</u>	<u>2,906,404</u>	<u>4,240,558</u>
<u>\$ 7,719,797</u>	<u>\$ 6,945,526</u>	<u>\$ 5,850,640</u>	<u>\$ 5,606,277</u>	<u>\$ 7,584,212</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
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
2013	2014	3,248,113	2,581,427	2,738,405	555,934	9,123,879	3.7166
2014	2015	3,594,210	2,638,711	2,916,092	633,096	9,782,109	3.8556

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 ¹	County School Board			Other ²
						Basic Rate	Debt Service	Total	
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
2013	2014	3.7166	0.0000	3.7166	5.6207	8.1160	-	8.1160	1.71280
2014	2015	3.8556	0.0000	3.8556	5.6868	7.9950	-	7.9950	1.71260

¹ 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.

² 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
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
2013	2014	1,267,035,970	1,583,794,963	53,045,209	53,045,209
2014	2015	1,363,105,220	1,703,881,525	55,646,868	55,646,868

Source: Indian River County Property Appraiser

Ratio of Taxable to Actual Value

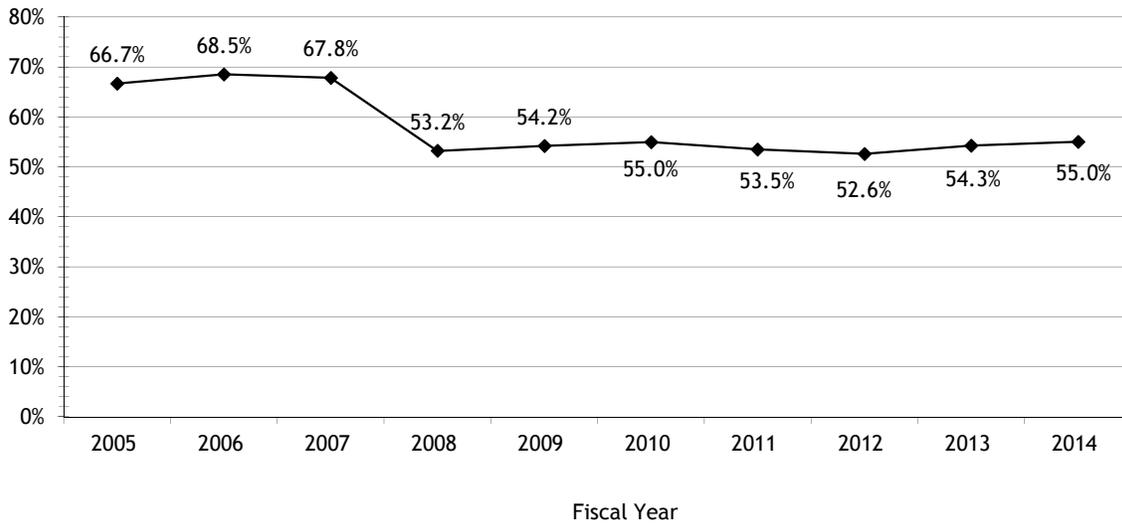


Table 8 - Unaudited



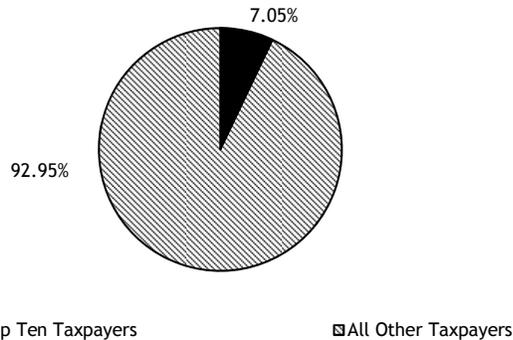
Less: Tax-Exempt Property	Total Taxable Value	Total Estimated Actual Value	Ratio of Taxable to Actual Value
\$ 271,466,364	\$ 1,307,284,666	\$ 1,960,481,882	66.7%
322,318,753	1,858,210,615	2,711,683,286	68.5%
334,302,515	1,785,005,482	2,632,910,011	67.8%
676,808,522	1,319,602,616	2,479,894,796	53.2%
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%
435,071,311	885,009,868	1,631,207,528	54.3%
451,939,888	966,812,200	1,756,926,734	55.0%

Principal Property Tax Payers
Current Year and Nine Years Ago

Taxpayer	2015 Fiscal Year			2006 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)	\$ 17,335,289	1	1.79 %	\$ 16,484,295	1	1.45 %
Wal-Mart Stores, Inc. (Retail)	8,599,800	2	0.89	12,293,340	3	1.08
Comcast of Florida, Inc. (Communications)	7,406,973	3	0.77	-	-	-
Park Place Community, LLC (Rental/Retail)	6,883,417	4	0.71	5,897,160	10	0.52
BW US 1, Inc. (Commercial)	6,219,100	5	0.64	6,863,460	9	0.61
CR512 Shopping Center (Commercial)	5,984,530	6	0.62	7,368,920	7	0.65
Hartwell Groves, Inc. (Agriculture)	4,396,180	7	0.45	-	-	-
Bellsouth Communications (Utility/Telephone)	4,105,105	8	0.42	7,344,000	8	0.65
Sebastian Inlet Marina & Trading Co, Inc. (Restaurant/Hotel)	3,665,330	9	0.38	-	-	-
Sebastian Medical Suites LLC (Commercial)	3,563,630	10	0.37	-	-	-
Chance Holding LLC (Development)	-	-	-	12,308,330	2	1.09
KB Homes Treasure Coast LLC (Construction)	-	-	-	11,865,150	4	1.05
Maronda Homes, Inc. (Construction)	-	-	-	8,979,100	5	0.79
Adams Homes of Northwest FL (Construction)	-	-	-	8,312,010	6	0.73
	<u>\$ 68,159,354</u>		<u>7.05 %</u>	<u>\$ 97,715,765</u>		<u>8.62 %</u>
Total Taxable Value	<u>\$ 966,812,200</u>			<u>\$ 1,133,374,977</u>		

Source: Indian River County Property Appraiser

Concentration of 2015 Taxpayers

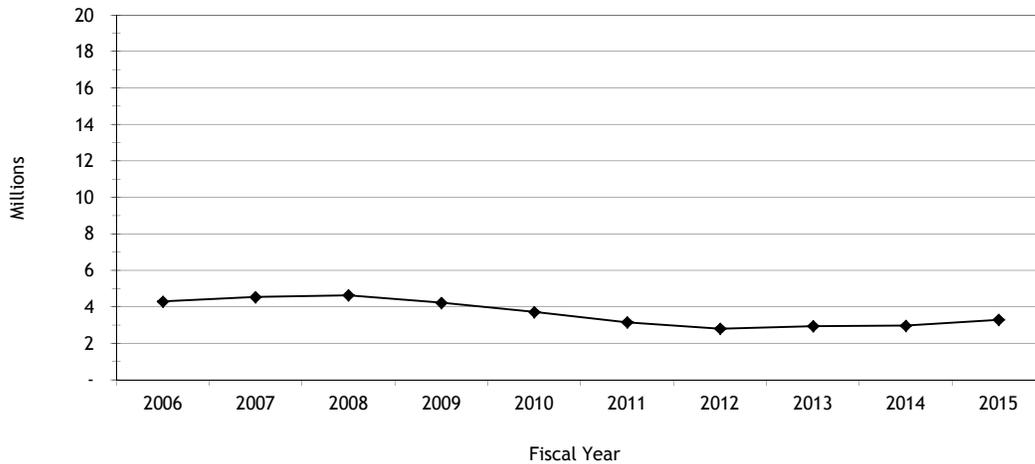


Property Tax Levies and Collections
For the Last Ten Fiscal Years

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
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
2013	2014	3,074,729	2,975,299	96.77	754	2,976,053	96.79
2014	2015	3,422,716	3,295,549	96.28	2,241	3,297,790	96.35

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

Total Tax Collections

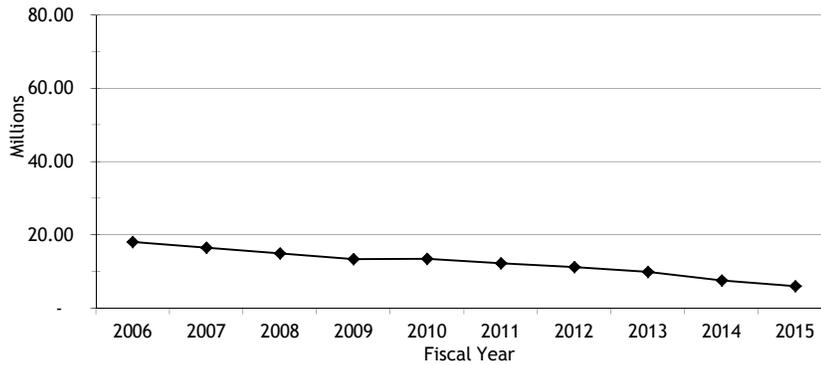


Ratios of Outstanding Debt By Type
For the Last Ten Fiscal Years

Fiscal Year	Roadway Improvement Notes	Infrastructure Sales Tax Bonds/Notes 1	Heavy Equipment Lease	Stormwater Utility Revenue Bonds/Notes 1	Business-Type Activities	Total Primary Government 2	Percentage of Personal Income	Per Capita
					Golf Course Revenue Bonds			
2006	\$ 1,790,544	\$ 9,825,000	\$ 288,251	\$ 5,055,000	\$ 1,140,000	\$ 18,098,795	25%	835
2007	1,566,839	9,145,000	147,538	4,815,000	870,000	16,544,377	22%	738
2008	1,333,197	8,445,000	-	4,570,000	590,000	14,938,197	19%	652
2009	1,089,203	7,725,000	-	4,315,000	300,000	13,429,203	21%	591
2010	2,414,000	6,980,000	-	4,055,000	-	13,449,000	20%	587
2011	2,246,000	6,215,000	-	3,785,000	-	12,246,000	17%	558
2012	2,296,000	5,420,000	-	3,505,000	-	11,221,000	15%	510
2013	2,099,000	4,600,000	-	3,215,000	-	9,914,000	13%	447
2014	1,896,000	2,730,000	-	2,982,000	-	7,608,000	8%	341
2015	1,689,000	1,722,000	-	2,630,000	-	6,041,000	(3)	267

1. The Infrastructure Sales Tax and Stormwater Utility Revenue Bonds were refunded in 2014 with Bank Notes.
2. A bank note was issued in 2014 for the purchase of golf carts.
3. Information net yet available.

Primary Government Debt



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		
2006	\$ 65,364,233	\$ 16,958,795	\$ 48,405,438	25.95%	\$ 2,234
2007	92,910,531	15,674,377	77,236,154	16.87%	3,444
2008	89,250,574	14,348,197	74,902,377	16.08%	3,267
2009	65,980,131	13,129,203	52,850,928	19.90%	2,326
2010	57,457,057	13,449,000	44,008,057	23.41%	1,920
2011	49,337,437	12,246,000	37,091,437	24.82%	1,691
2012	43,872,903	11,221,000	32,651,903	25.58%	1,485
2013	41,034,956	9,914,000	31,120,956	24.16%	1,403
2014	44,250,493	7,608,000	36,642,493	17.19%	1,643
2015	48,340,610	6,041,000	42,299,610	12.50%	1,870

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				
	2015	2014	2013	2012	2011
Debt limit	\$ 48,340,610	\$ 44,250,493	\$ 41,034,956	\$ 43,872,903	\$ 49,337,437
Total net debt applicable to limit	<u>6,041,000</u>	<u>7,608,000</u>	<u>9,914,000</u>	<u>11,221,000</u>	<u>12,246,000</u>
Legal debt margin	<u>\$ 42,299,610</u>	<u>\$ 36,642,493</u>	<u>\$ 31,120,956</u>	<u>\$ 32,651,903</u>	<u>\$ 37,091,437</u>
Total net debt applicable to the limit as a percentage of debt limit	12.50%	17.19%	24.16%	25.58%	24.82%

Legal Debt Margin Calculation for Fiscal Year 2015

Assessed value	\$1,418,752,088
Less: Exempt property	<u>(451,939,888)</u>
	966,812,200
Debt limit (5% of assessed value)	48,340,610
Debt applicable to limit:	
General obligation bonds	-
Revenue bonds/notes	<u>6,041,000</u>
Total net debt applicable to limit	<u>6,041,000</u>
Legal debt margin	<u>\$ 42,299,610</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, 2015.

Table 13 - Unaudited



Fiscal Year				
2010	2009	2008	2007	2006
\$ 57,457,057	\$ 65,980,131	\$ 89,250,274	\$ 92,910,531	\$ 65,364,233
<u>13,449,000</u>	<u>13,129,203</u>	<u>14,348,197</u>	<u>15,674,377</u>	<u>16,958,795</u>
<u>\$ 44,008,057</u>	<u>\$ 52,850,928</u>	<u>\$ 74,902,077</u>	<u>\$ 77,236,154</u>	<u>\$ 48,405,438</u>
23.41%	19.90%	16.08%	16.87%	25.95%

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 ¹	Less: Operating Expenses ²	Net Available Revenue	Debt Service			Coverage ³
				Principal	Interest	Total	
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	-	-	-	-	-	-	-
2014	-	-	-	-	-	-	-
2015	-	-	-	-	-	-	-

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

¹ Total revenues including charges for services, rents and interest.

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

³ Required coverage was 1.25. Final payment was made on September 30, 2010.

⁴ Total revenues consist of stormwater utility fees and interest.

⁵ Required coverage is 1.35.

Table 14 - Unaudited

Stormwater Utility Revenue Bonds, Series 2003				
Gross Revenues ⁴	Debt Service			Coverage ⁵
	Principal	Interest	Total	
\$ 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
-	-	-	-	-
-	-	-	-	-

CITY OF SEBASTIAN, FLORIDA

Demographic and Economic Statistics

For the Last Ten Calendar Years

Year	Population	Personal Income (thousands of dollars) ¹	Per Capita Personal Income ¹	Median Household Income ¹	School Enrollment ²	Unemployment Rate ¹	State Unemployment Rate
2006	21,666	\$ 7,320,877	\$ 56,383	\$ 45,034	5,604	4.9	3.6
2007	22,426	7,552,059	56,852	47,563	5,117	7.0	4.4
2008	22,924	7,976,086	58,528	48,267 ⁵	4,710	9.8	7.1
2009	22,722	6,534,146	47,689	43,685 ⁵	3,751	14.5	11.2
2010	22,922	6,737,286	48,276	47,525	5,167	14.5	11.3
2011	21,929	7,080,348	50,977	42,053	5,228	13.4	10.6
2012	21,995	7,429,653	52,855	42,638	5,208	11.8	8.6
2013	22,188	7,731,263	54,448	44,326	6,739	8.8	6.9
2014	22,296	9,139,902	63,140	47,548	6,034	6.5	5.6
2015	22,622	⁴	⁴	⁴	5,930	6.1	4.8

Sources:

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

² Indian River County School Board

³ Indian River County Property Appraiser

⁴ Information not yet available.

⁵ 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, Storm Grove Middle School and Sebastian Charter Junior High School.

Table 15 - Unaudited



Property Taxes Per Capita	Total Taxable Property Value ³
214.39	1,307,284,666
226.96	1,858,210,615
224.61	1,785,005,482
211.33	1,319,602,616
181.67	1,149,141,140
157.50	986,748,734
139.28	877,458,060
145.18	820,699,121
145.68	885,009,868
158.88	966,812,200

Principal Employers

Current Year and Nine Years Ago

Employer	2015			2006		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
School District of Indian River County (Government)	2,123	1	3.50 %	2,106	1	3.72 %
Indian River Medical Center (Healthcare)	1,753	2	2.89	1,549	2	2.73
Indian River County (Government)	1,328	3	2.19	1,528	3	2.70
Publix Supermarkets (Food/Beverage)	1,250	4	2.06	950	5	1.68
Piper Aircraft, Inc. (Manufacturer)	850	5	1.40	974	4	1.72
Wal-Mart (Retail)	693	6	1.14	500	9	0.88
Sebastian River Medical Center (Healthcare)	569	7	0.94	525	8	0.93
John's Island (Residential/Resort)	526	8	0.87	475	10	0.84
City of Vero Beach (Government)	424	9	0.70	600	7	1.06
Medical Data Systems (Collection Agency)	400	10	0.66	-	-	-
Visiting Nurse Association (Healthcare)	399	11	0.66	300	13	0.53
Indian River Estates (Retirement/Life care)	350	12	0.58	400	11	0.71
Disney Vero Beach (Resort Hotel)	300	13	0.49	400	11	0.71
Grand Harbor Management (Developer)	281	14	0.46	300	13	0.53
CVS Warehouse/Distribution (Distribution)	260	15	0.43	-	-	-
Sun Ag, Inc. (Agricultural)	210	16	0.35	120	17	0.21
City of Sebastian (Government)	179	17	0.30	212	15	0.37
Flight Safety International (Education)	163	18	0.27	199	16	0.35
Saint Edward's School (Education)	115	19	0.19	237	14	0.42
Gracewood Fruit Packing (Agricultural)				330	12	0.58
Hale Indian River Groves (Agricultural)				650	6	1.15
	<u>12,173</u>		<u>20.06 %</u>	<u>12,355</u>		<u>21.81 %</u>
Total Average County Employees	<u>60,674</u>			<u>56,664</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 September 30					
	2015	2014	2013	2012	2011	2010
General government						
City council	2.5	2.5	2.5	2.5	2.5	2.5
City manager	2.0	2.0	2.0	2.0	2.0	2.5
City clerk	5.0	5.0	3.0	3.0	3.0	3.0
City attorney	-	-	-	-	-	-
Administrative	5.5	5.5	5.0	5.0	5.0	5.0
Finance	-	-	-	-	-	-
Management information	2.0	2.0	3.0	3.0	4.0	3.0
Human resources	-	-	-	-	-	-
Facilities maintenance	5.0	5.0	4.0	3.0	2.0	2.0
Community development	4.0	4.0	3.0	3.0	4.0	5.0
Public safety						
Police	57.0	57.0	55.5	55.0	58.0	58.0
Building	5.0	5.0	5.0	4.0	5.0	5.0
Code enforcement	3.0	3.0	3.0	3.0	3.0	2.5
Transportation						
Roads and drainage	10.0	10.0	10.0	10.0	12.0	12.0
Fleet management	3.5	3.5	3.5	3.5	2.5	3.5
Airport	1.0	1.0	2.0	3.0	3.0	3.0
Physical environment						
Cemetery	2.0	2.0	2.0	1.0	1.0	2.0
Engineering	-	-	-	-	-	-
Stormwater utility	9.0	9.0	9.0	9.0	12.0	12.0
Culture and recreation						
Parks and recreation	20.0	20.0	20.0	20.0	21.0	23.0
Golf course	10.0	10.0	10.0	10.0	10.5	10.5
Total	146.5	146.5	142.5	140.0	150.5	154.5

Source: City of Sebastian, Florida 2006-2015 Annual Budgets

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

Table 17 - Unaudited

Full-time Equivalent Employees as of September 30			
2009	2008	2007	2006
2.5	2.5	2.5	2.5
2.5	2.5	2.0	2.0
3.0	3.0	4.0	4.5
2.0	2.0	2.0	2.0
-	-	-	-
5.0	5.0	5.0	6.0
3.0	3.0	3.0	3.0
2.0	3.0	3.0	3.0
2.0	2.0	2.0	2.0
5.0	5.0	5.0	4.0
59.0	58.0	57.0	58.0
5.0	6.0	11.0	11.0
2.5	2.5	3.0	3.0
10.0	10.0	11.5	12.5
3.5	2.5	3.5	3.5
3.0	3.0	3.0	3.5
2.0	2.0	2.0	2.0
7.0	7.0	9.0	8.0
11.0	13.0	13.0	13.0
23.5	23.5	23.5	24.5
9.0	9.0	12.5	12.5
162.5	164.5	177.5	180.5

CITY OF SEBASTIAN, FLORIDA

Operating Indicators By Function/Program For the Last Ten Fiscal Years

Function	Fiscal Year				
	2015	2014	2013	2012	2011
General government					
Number of annexations approved	-	-	2	-	-
Acres of annexed property	-	-	4.00	-	-
Purchase orders issued	254	242	233	201	228
Public Safety					
Police					
Physical arrests	287	347	440	441	500
Traffic violations	3,725	4,587	4,491	4,319	5,941
Parking violations	60	29	80	167	242
Building					
Construction permits issued ¹	142	175	170	66	51
Estimated value of construction (in millions)	\$ 40.6	\$ 40.0	\$ 35.9	\$ 14.7	\$ 10.2
Transportation					
Road maintenance (man hours)	200	200	300	500	700
Asphalt for road maintenance (tons)	10	20	30	50	50
Concrete for road maintenance (yards) ²	-	-	-	-	-
Physical environment					
Cemetery					
Cemetery internments	71	67	65	65	54
Grave deeds sold	43	47	38	38	34
Stormwater					
Swales maintained (miles)	300	280	280	280	280
Ditches maintained (miles)	75	50	50	50	50
Road crossings maintained	68	68	50	50	40
Culture and recreation					
Program participants	7,647	7,571	8,113	9,713	8,649
Number of discount cards	653	653	710	786	735
Number of golf course memberships	93	84	86	88	94
Average daily golf revenue	\$ 3,653	\$ 3,500	\$ 3,569	\$ 3,822	\$ 3,787

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

¹ New commercial and residential only.

² All road maintenance utilized asphalt, no concrete curbing was installed.

Table 18 - Unaudited

Fiscal Year				
2010	2009	2008	2007	2006
1	3	-	1	1
5.90	26.00	-	3.87	3.30
216	288	254	284	293
487	543	662	697	744
4,083	4,849	4,418	7,221	6,291
87	50	208	289	880
36	23	55	104	506
\$ 6.6	\$ 5.1	\$ 13.3	\$ 22.5	\$ 88.3
1,264	600	538	888	512
103	328	358	210	127
-	-	-	-	300
66	74	68	69	76
33	39	46	49	56
280	280	280	280	280
50	50	50	50	50
40	30	30	30	30
11,701	13,465	12,910	14,177	8,004
844	879	950	1,004	2,690
96	95	97	108	119
\$ 3,673	\$ 4,000	\$ 3,988	\$ 4,661	\$ 4,441

CITY OF SEBASTIAN, FLORIDA

Capital Asset Statistics By Function/Program For the Last Ten Fiscal Years

Function	Fiscal Year				
	2015	2014	2013	2012	2011
General Government					
Square footage occupied	21,500	21,500	21,500	21,500	21,500
Departmental vehicles	5	5	6	1	3
Public safety					
Police stations	1	1	1	1	1
Police department Square footage	25,600	25,600	25,600	25,600	25,600
Building department Square footage	2,500	2,500	2,500	2,500	2,500
Police vehicles	66	62	61	66	67
Building inspector vehicles	4	3	3	3	3
Transportation					
Streets (miles)	156	156	156	156	156
Streetlights ¹	1,085	1,085	1,080	1,228	1,236
Airport	3	1	1	1	1
Public service vehicles	12	15	17	17	19
Physical environment					
Public service vehicles	17	10	10	9	9
Culture and recreation					
Parks	18	18	18	18	18
Recreation centers	2	2	2	2	2
Park acreage	315.01	315.01	315.01	315.01	315.01
Recreation center square footage	4,859	4,859	4,859	4,859	4,859
Park maintenance vehicles	12	9	12	13	14
Golf course	-	1	1	1	1

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

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

Table 19 - Unaudited

Fiscal Year				
2010	2009	2008	2007	2006
21,500	21,500	21,500	21,500	21,500
3	3	3	3	3
1	1	1	1	1
25,600	25,600	25,600	25,600	25,600
2,500	2,500	2,500	2,500	2,500
63	63	62	57	53
3	4	4	5	6
156	156	156	156	156
1,230	1,240	1,229	1,309	3,808
1	1	1	1	1
22	18	23	21	19
15	7	11	10	12
18	18	15	14	14
2	2	2	2	2
315.01	233.79	233.79	229.37	229.37
4,859	4,859	4,859	4,859	4,859
13	13	13	12	11
1	1	1	1	1