

City of
Sebastian,
Florida



Year Ended
September 30,
2017

Florida Single
Audit Act
Compliance

CITY OF SEBASTIAN, FLORIDA

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INDEPENDENT AUDITORS' REPORT ON THE SCHEDULE OF EXPENDITURES OF
STATE FINANCIAL ASSISTANCE
REQUIRED BY CHAPTER 10.550, *RULES OF THE AUDITOR GENERAL*

March 20, 2018

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

We have audited 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, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated March 20, 2018, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of state financial assistance is presented for purposes of additional analysis as required by Chapter 10.550, *Rules of the Auditor General* and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of state financial assistance is fairly stated in all material respects in relation to the basic financial statements as a whole.



CITY OF SEBASTIAN, FLORIDA

Schedule of Expenditures of State Financial Assistance

For the Year Ended September 30, 2017

State Agency / Program Title	CSFA Number	Contract/Grant Number	Expenditures
STATE OF FLORIDA			
Florida Department of Transportation			
Direct Projects:			
Aviation Grant Programs			
Airport Hangar C Construction	55.004	425720-1-94-01	\$ 1,416,676
Main Street Access Road	55.004	429695-1-94-01	96,018
Building Renovations	55.004	441618-1-94-01	51,816
Airport Master Plan Update	55.004	439715-1-94-01	33,120
Taxiway Design	55.004	434633-1-94-01	10,976
AWOS III-T	55.004	439078-1-94-01	653
Subtotal CSFA - 55.004			<u>1,609,259</u>
Florida Highway Beautification Grant Program - Keep Florida Beautiful			
Lighting Maintenance and Compensation Agreement	55.003	405122-1-78-10	12,532
Total Florida Department of Transportation			<u><u>1,621,791</u></u>
Florida Department of Environmental Protection			
Direct Projects:			
Statewide Surface Water Restoration and Wastewater Projects			
Working Waterfront	37.039		36,334
Water Quality Best Management Practices			
Presidential Streets	37.080		11,500
Total Florida Department of Environmental Protection			<u><u>47,834</u></u>
Total Expenditures of State Financial Assistance			<u><u>\$ 1,669,625</u></u>

See notes to schedule of expenditures of state financial assistance.

CITY OF SEBASTIAN, FLORIDA

■ Notes to Schedule of Expenditures of State Financial Assistance

1. BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of State Financial Assistance (the “Schedule”) includes the state grant activity of the City of Sebastian, Florida (the “City”) under programs of the state government for the year ended September 30, 2017. The information in this Schedule is presented in accordance with the requirements of Chapter 10.550, *Rules of the Auditor General*. Because the Schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net position or cash flows of the City.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of measurements made, regardless of the measurement focus.

Expenditures reported on the Schedules are reported on the accrual basis of accounting, which is described in Note 1 to the City's financial statements. Such expenditures are recognized following the cost principles contained in Chapter 10.550, *Rules of the Auditor General*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through entity identifying numbers are presented where available.

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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR STATE PROJECT
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY
CHAPTER 10.550, *RULES OF THE AUDITOR GENERAL*

March 20, 2018

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

Report on Compliance for Each Major State Project

We have audited the compliance of the *City of Sebastian, Florida* (the "City") with the types of compliance requirements described in the *Department of Financial Services' State Projects Compliance Supplement*, that could have a direct and material effect on each of the City's major state projects for the year ended September 30, 2017. The City's major state projects are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with state statutes, regulations, and the terms and conditions of its state awards applicable to its state programs.

Independent Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the City's major state projects based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and Chapter 10.550, *Rules of the Auditor General*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state project occurred. An audit includes 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 audit provides a reasonable basis for our opinion on compliance for each major state project. However, our audit does not provide a legal determination of the City's compliance.

Opinion on Each Major State Project

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state projects for the year ended September 30, 2017.

Report on Internal Control Over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major state project to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major state project and to test and report on internal control over compliance in accordance with Chapter 10.550, *Rules of the Auditor General*, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Purpose of this Report

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



CITY OF SEBASTIAN, FLORIDA

Schedule of Findings and Questioned Costs For the Year Ended September 30, 2017

SECTION I - SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? yes X no

Significant deficiency(ies) identified? yes X none reported

Noncompliance material to financial statements noted? yes X no

State Projects

Internal control over major projects:

Material weakness(es) identified? yes X no

Significant deficiency(ies) identified? yes X none reported

Type of auditors' report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with Chapter 10.557 yes X no

Identification of major programs:

CSFA Number

55.004

Name of State Project

Aviation Grant Programs

Dollar threshold used to distinguish between Type A and Type B programs:

\$ 750,000

Auditee qualified as low-risk auditee?

N/A

CITY OF SEBASTIAN, FLORIDA

Schedule of Findings and Questioned Costs For the Year Ended September 30, 2017

SECTION II - FINANCIAL STATEMENT FINDINGS

None noted.

CITY OF SEBASTIAN, FLORIDA

Schedule of Findings and Questioned Costs For the Year Ended September 30, 2017

SECTION III - STATE PROJECT FINDINGS AND QUESTIONED COSTS

None noted.

CITY OF SEBASTIAN, FLORIDA

Summary Schedule of Prior Audit Findings
For the Year Ended September 30, 2017

None noted.

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