

CITY OF SEBRING, FLORIDA
FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION
YEAR ENDED SEPTEMBER 30, 2023



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INDEPENDENT AUDITORS' REPORT

Honorable Mayor and City Council
City of Sebring, Florida
Sebring, Florida

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Sebring, Florida (the City), as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City, as of September 30, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund and Infrastructure Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter – Change in Accounting Principle

As discussed in Note 1 to the financial statements, effective October 1, 2022, the City adopted new accounting guidance for subscription-based information technology arrangements (SBITA). The guidance requires SBITA users to recognize a right-to-use SBITA asset and corresponding SBITA liability for all SBITAs with terms greater than twelve months. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, information on other postemployment benefits, and information on pension benefits be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

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

Honorable Mayor and City Council
City of Sebring, Florida

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 14, 2024, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Sebring, Florida
June 14, 2024

**CITY OF SEBRING, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2023**

The City of Sebring'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 (its ability to address the next and subsequent year challenges), (d) identify any material deviations from the financial plan (the approved budget), and (e) identify individual fund issues or concerns.

FINANCIAL HIGHLIGHTS

- At the close of fiscal year 2023, the City of Sebring's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources by \$63,452,078 (total net position). Of this amount, \$49,779,948 represents the City's net investment in capital assets, \$7,051,903 is restricted by laws or capital projects and the remaining \$6,620,227 (unrestricted net position) may be used to meet the City's ongoing obligations to citizens and creditors.
- The City's total net position decreased \$3,695,905 from its current year activity. Governmental activities decreased \$7,049,415 and Business-type activities increased \$3,353,510.
- The City's total assets increased \$2,577,158 (2.92%) during the current fiscal year, due to increases in cash and cash equivalents and due from other governments.
- The City's total liabilities increased \$8,407,891 (40.43%) during the current fiscal year. The governmental activities total liabilities increased \$10,239,579. The increase was primarily a net result of an increase in net pension liability of \$10,492,837 based on actuarial valuations, an increase in debt obligations of \$800,438 and a decrease in accounts payable of \$198,167. Business-type activities total liabilities decreased \$1,831,688, primarily a net result of a \$2,469,936 reduction in outstanding debt, an increase in net pension liabilities of \$865,981 based on actuarial valuations, and a decrease of \$241,726 in unearned revenues with the installation of new water and sewer service connections.
- The City's governmental activities reported a total net position of \$17,009,942, which is a decrease of \$7,049,415, or 29.3%, in comparison to the prior year. Approximately (28.54%) of the total, or \$(4,854,587) is unrestricted and available for spending at the City's discretion.
- The City's business-type activities reported a total net position of \$46,442,136 which is an increase of \$3,353,510, or 7.78%, in comparison to the prior year. Approximately 24.71% of the total, or \$11,474,814 is unrestricted and available for spending at the City's discretion.
- As of September 30, 2023, the City's governmental funds reported combined ending fund balances of \$17,992,447, an increase of \$1,975,762 (12.34%) from the prior year. The General Fund reported Fund Balance of \$11,667,142, of which \$2,844 was nonspendable due to prepaid items, \$53,390 was restricted for law enforcement purposes, \$787,022 was restricted for fire control purposes, \$1,117,148 was assigned for cemetery care, and \$1,339,103 was assigned to support the subsequent year's budget. The remaining \$8,367,635 in unassigned fund balance was available for spending at the City's discretion.

**CITY OF SEBRING, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2023**

OVERVIEW OF THE FINANCIAL STATEMENTS

The financial statement's focus is on both the City as a whole (government-wide) and on the major individual funds. Both perspectives (government-wide and major funds) allow the user to address relevant questions, broaden a basis for comparison (year to year or government to government) and enhance the City's accountability. This discussion and analysis is intended to serve as an introduction to the City of Sebring's basic financial statements, which are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the 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 focus is on "activities," rather than the previous model's "fund types." All information is presented utilizing the economic resource measurement focus and the accrual basis of accounting. This method matches revenues and expenses to the period in which the revenue is earned and the expense incurred.

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 reported as net position. The unrestricted portion of net position is designed to be similar to bottom line results for private sector companies. This statement combines and consolidates governmental fund current resources (short-term spendable resources) with capital assets and long-term obligations.

The *Statement of Activities* presents information showing how the City's net position changed during the most recent fiscal year, focusing on both the gross and net costs of various activities, both governmental and business-type, that are supported by the government's general tax and other revenues. This is intended to summarize and simplify the user's analysis of the cost of various governmental services and/or subsidy to various business-type activities.

Each of these 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 (law enforcement, fire control, and building, zoning and planning), physical environment, transportation, economic environment, and culture and recreation. The statement of net position for governmental activities also includes the assets, deferred outflows, liabilities, deferred inflows, and net position of the internal service funds. The business-type activities of the City consist of a water and wastewater system operation, a solid waste collection operation, and a golf course.

Component units are other governmental units over which the City (the City Council, acting as a group) can exercise influence and/or may be obligated to provide financial subsidy. The Community Redevelopment Agency (CRA) is reported as a component unit in the government-wide financial statements. Additionally, financial information for the CRA can be found in separately issued financial statements.

The government-wide financial statements can be found by referencing the table of contents of this report.

**CITY OF SEBRING, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2023**

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over the 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. Traditional users of governmental financial statements will find the fund financial statements presentation most familiar.

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 governmentwide 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 the City'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 City'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 three 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, Infrastructure Fund and CDBG Fund. The General Fund and Infrastructure funds are considered major funds.

The City adopts an annual appropriated budget for its General Fund and Special Revenue Funds. Budgetary comparison statements are required only for the general fund and major special revenue funds. Budgetary comparison statements have been provided for the General Fund and Infrastructure Fund to demonstrate compliance with the budget.

The basic governmental fund financial statements can be found by referencing the table of contents of this report.

Proprietary Funds: The City has two proprietary fund types, enterprise funds and internal service funds. The 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 its Water and Wastewater Fund, Solid Waste Fund and Golf Course Fund. Internal service funds are an accounting device used to accumulate and allocate costs internally among a government's various functions. The City utilizes internal service funds to account for its self-insured health plan, property and casualty risk management insurance plan, and computer services.

Fees and charges are the primary revenue sources for the proprietary funds.

**CITY OF SEBRING, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2023**

The proprietary fund statements provide the same type of information as the government-wide financial statements, only in more detail.

The basic proprietary fund financial statements can be found on the table of contents of this report.

Fiduciary Funds: Fiduciary funds are used to account for resources held for the benefit of parties outside the City. 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 pension trust fund types and private purpose trust fund types is much like that used for proprietary funds. Individual fund data for the pension trust funds is provided in Note 13 to the Notes to Basic Financial Statements.

The basic fiduciary fund financial statements can be found by referencing the table of contents of this report.

Notes to the Financial Statements: The notes provide additional information that is essential to acquire a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found by referencing the table of contents of this report.

GOVERNMENT-WIDE FINANCIAL STATEMENT ANALYSIS

Statement of Net Position

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. For the current year, the City's assets and deferred outflows exceeded liabilities and deferred inflows by \$63,452,078.

The following table reflects a condensed Statement of Net Position for the current year as compared to the prior year. For more detailed information, see the Statement of Net Position.

**CITY OF SEBRING, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2023**

**Statement of Net Position (Summary)
September 30, 2023 and 2022**

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2023	2022	2023	2022	2023	2022
Current and Other Assets	\$ 21,361,526	\$ 20,561,744	\$ 18,447,185	\$ 16,194,004	\$ 39,808,711	\$ 36,755,748
Capital Assets, Net	15,192,044	14,746,782	35,695,641	36,616,708	50,887,685	51,363,490
Total Assets	36,553,570	35,308,526	54,142,826	52,810,712	90,696,396	88,119,238
Deferred Outflows of Resources	5,373,176	3,407,696	1,005,905	841,164	6,379,081	4,248,860
Long-Term Liabilities	19,517,717	9,134,538	5,221,354	6,851,850	24,739,071	15,986,388
Current and Other Liabilities	1,218,846	1,362,446	3,244,471	3,445,663	4,463,317	4,808,109
Total Liabilities	20,736,563	10,496,984	8,465,825	10,297,513	29,202,388	20,794,497
Deferred Inflows of Resources	4,180,241	4,159,881	240,770	265,737	4,421,011	4,425,618
Net Position:						
Net Investment in Capital Assets	14,888,501	14,433,040	34,891,447	32,926,531	49,779,948	47,359,571
Restricted	6,976,028	5,693,624	75,875	75,875	7,051,903	5,769,499
Unrestricted	(4,854,587)	3,932,693	11,474,814	10,086,220	6,620,227	14,018,913
Total Net Position	\$ 17,009,942	\$ 24,059,357	\$ 46,442,136	\$ 43,088,626	\$ 63,452,078	\$ 67,147,983

By far the largest portion of the City's net position, \$49,779,948 (78.45%) reflects its investment in capital assets (e.g., land, buildings, improvements, infrastructure, and vehicles and equipment) less any related outstanding debt used to acquire those assets. The City uses these 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 and pay for these liabilities.

An additional portion of the City's net position in the amount of \$7,051,903 (11.12%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$6,620,227 (10.43%) is unrestricted and may be used to meet the City's ongoing obligations to citizens and creditors.

At September 30, 2023, the City is able to report positive balances in all three categories of net position, for the City as a whole, but not as separate governmental and business-type activities. This was primarily due to the police pension liability of \$4,120,131 compared to a pension asset in the prior year.

Current and other assets increased by \$3,052,963, which was due primarily from an increase in cash and cash equivalents of \$4,539,055, an increase in due from other governments of \$862,918, and a decrease of \$1,385,917 in nondepreciable capital assets.

Overall, total net position decreased \$3,695,905 and net investment in capital assets increased \$2,420,377, restricted for law enforcement, debt service reserve and infrastructure increased \$1,282,404 and unrestricted decreased \$7,398,686.

**CITY OF SEBRING, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2023**

Statement of Activities

The following table reflects a condensed Statement of Activities for the current year as compared to the prior year. For more detailed information, see the Statement of Activities.

**Changes in Net Position (Summary)
Years Ended September 30, 2023 and 2022**

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2023	2022	2023	2022	2023	2022
Revenues:						
Program Revenues:						
Charges for Services	\$ 1,996,542	\$ 1,644,451	\$ 15,781,760	\$ 14,494,394	\$ 17,778,302	\$ 16,138,845
Operating Grants and Contributions	249,094	3,122,783	8,903	-	257,997	3,122,783
Capital Grants and Contributions	52,493	66,858	1,081,519	1,178,668	1,134,012	1,245,526
General Revenues:						
Property Taxes	4,851,721	4,327,202	-	-	4,851,721	4,327,202
Other Taxes	5,143,037	4,251,467	-	-	5,143,037	4,251,467
Other	3,803,821	2,699,739	759,603	139,987	4,563,424	2,839,726
Total Revenues	<u>16,096,708</u>	<u>16,112,500</u>	<u>17,631,785</u>	<u>15,813,049</u>	<u>33,728,493</u>	<u>31,925,549</u>
Expenses:						
General Government	1,587,716	1,254,617	-	-	1,587,716	1,254,617
Public Safety	18,248,357	8,462,365	-	-	18,248,357	8,462,365
Physical Environment	229,484	121,844	-	-	229,484	121,844
Transportation	2,145,671	1,931,550	-	-	2,145,671	1,931,550
Economic Environment	501,000	405,534	-	-	501,000	405,534
Culture and Recreation	1,005,434	861,577	-	-	1,005,434	861,577
Water	-	-	5,463,769	4,385,078	5,463,769	4,385,078
Wastewater	-	-	4,229,562	3,679,631	4,229,562	3,679,631
Solid Waste	-	-	2,705,459	2,160,735	2,705,459	2,160,735
Golf Course	-	-	1,307,946	1,010,625	1,307,946	1,010,625
Total Expenses	<u>23,717,662</u>	<u>13,037,487</u>	<u>13,706,736</u>	<u>11,236,069</u>	<u>37,424,398</u>	<u>24,273,556</u>
Change in Net Position Before Transfers	(7,620,954)	3,075,013	3,925,049	4,576,980	(3,695,905)	7,651,993
Transfers	571,539	647,857	(571,539)	(647,857)	-	-
Change in Net Position after Transfers	(7,049,415)	3,722,870	3,353,510	3,929,123	(3,695,905)	7,651,993
Net Position – Beginning	24,059,357	20,336,487	43,088,626	39,159,503	67,147,983	59,495,990
Net Position – Ending	<u>\$ 17,009,942</u>	<u>\$ 24,059,357</u>	<u>\$ 46,442,136</u>	<u>\$ 43,088,626</u>	<u>\$ 63,452,078</u>	<u>\$ 67,147,983</u>

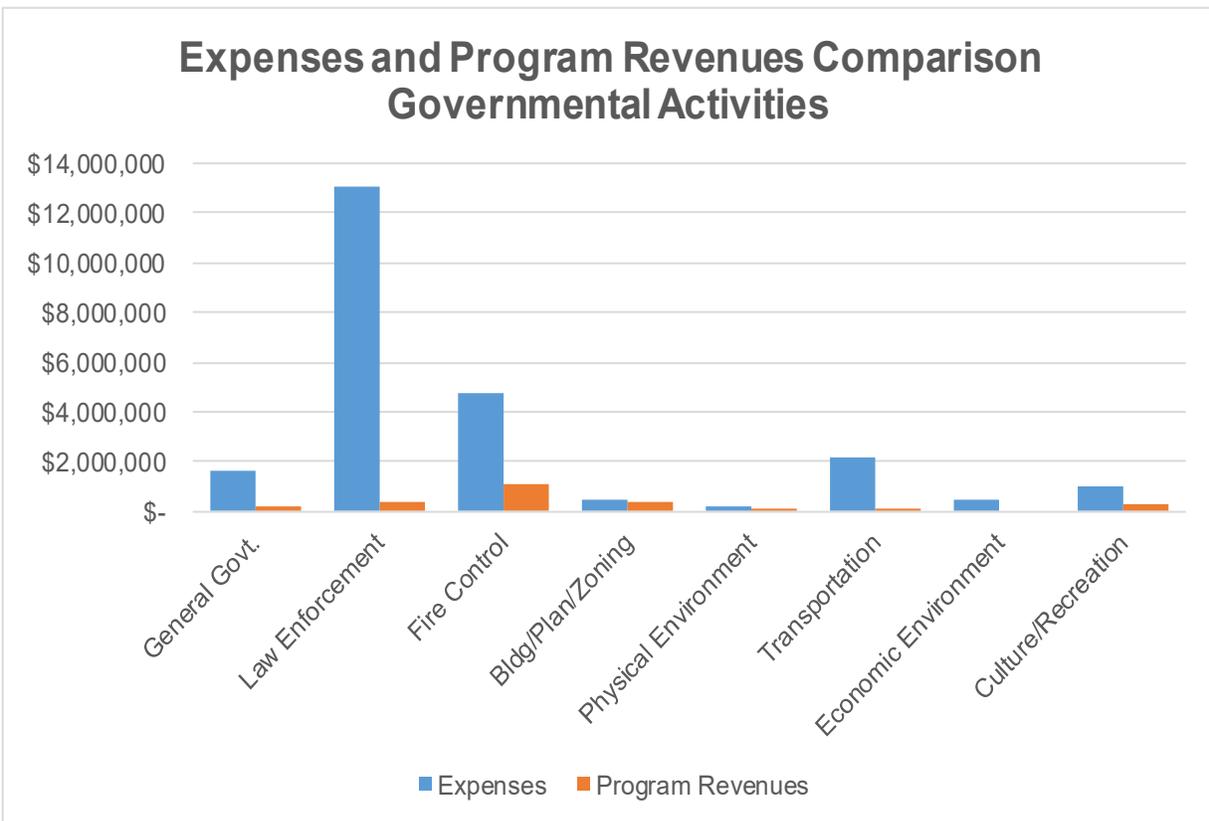
**CITY OF SEBRING, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2023**

Governmental Activities

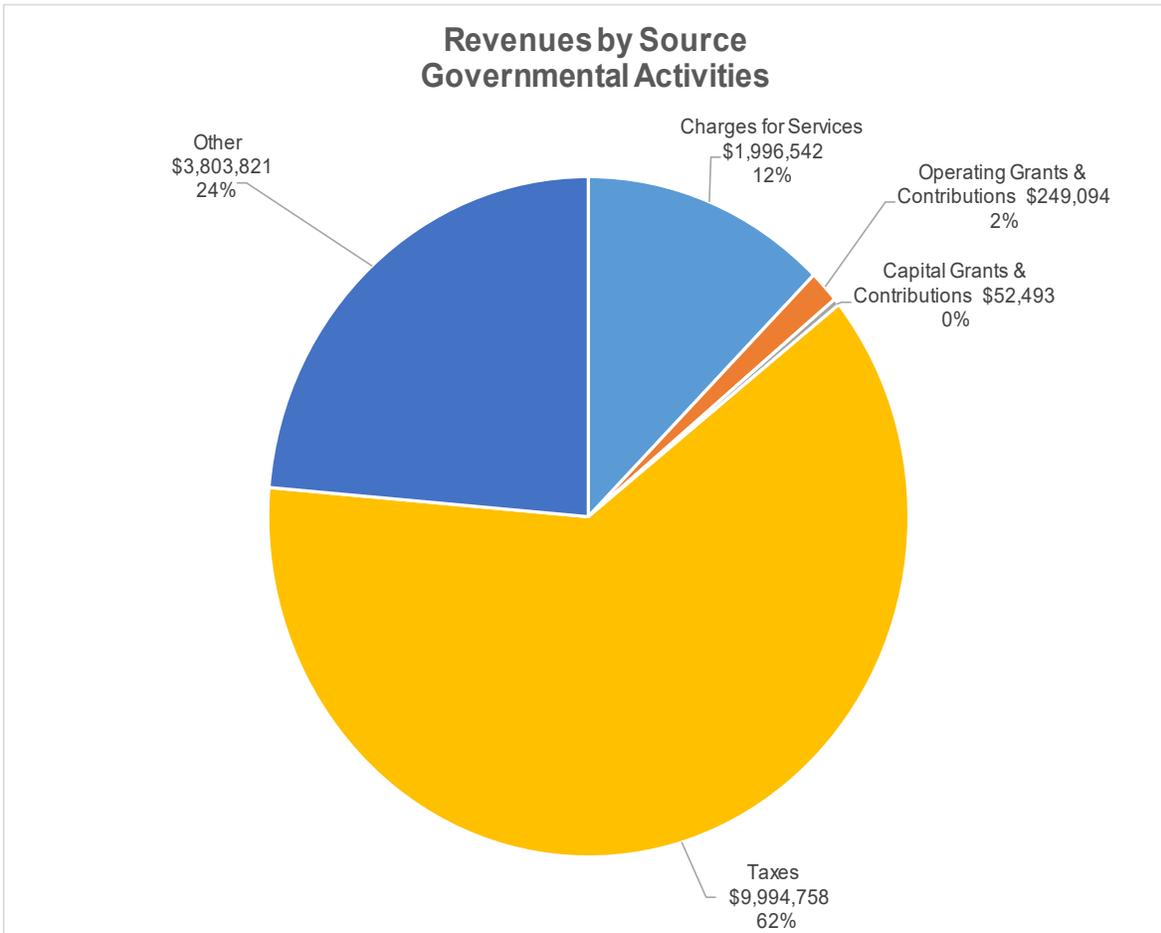
Total program revenues decreased \$2,535,963 from the prior year for a total of \$2,298,129. The most significant revenue in program services is from charges for services of \$1,996,542, then operating grants and contributions of \$249,094, and then capital grants and contributions of \$52,493. Charges for services include \$167,384 in general government, \$1,742,406 in public safety charges, \$50,875 in physical environment, \$3,002 in transportation, and \$32,875 in culture/recreation. Operating grants and contributions decreased from \$3,122,783 to \$249,094 primarily due to COVID-19 Coronavirus State and Local Fiscal Recovery Funds received from the Department of Treasury received in fiscal year 2022.

Governmental activities expenses increased \$10,680,175 from prior year for a total of \$23,717,662. The most significant governmental activity expense is public safety which includes law enforcement \$13,056,768, fire control \$4,727,253, and building, zoning and planning \$464,336.

Overall, governmental activities decreased the City's net position by \$7,049,415.



**CITY OF SEBRING, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2023**



Business-Type Activities

Total program revenues of the City's business-type activities were \$16,872,182, an increase of \$1,199,120 or 7.65% from the prior year. The increase is primarily due to an increase in the number of customers serviced by the City and rate increases. Total expenses were \$13,706,736, an increase of \$2,470,667 or 21.99% from the prior year.

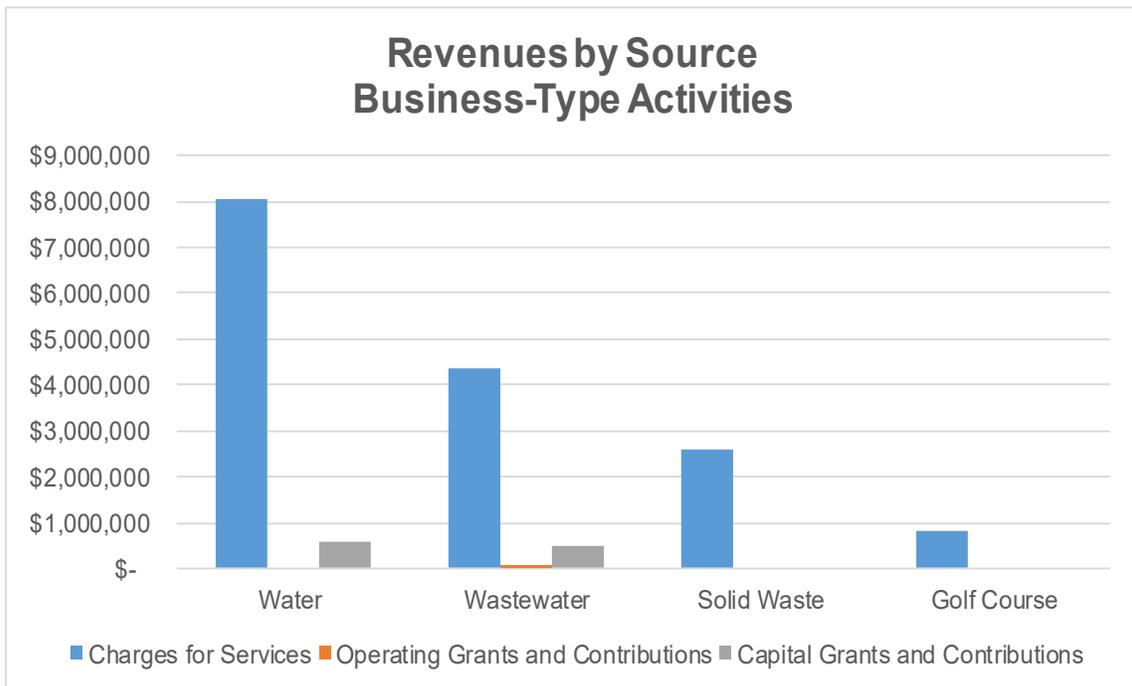
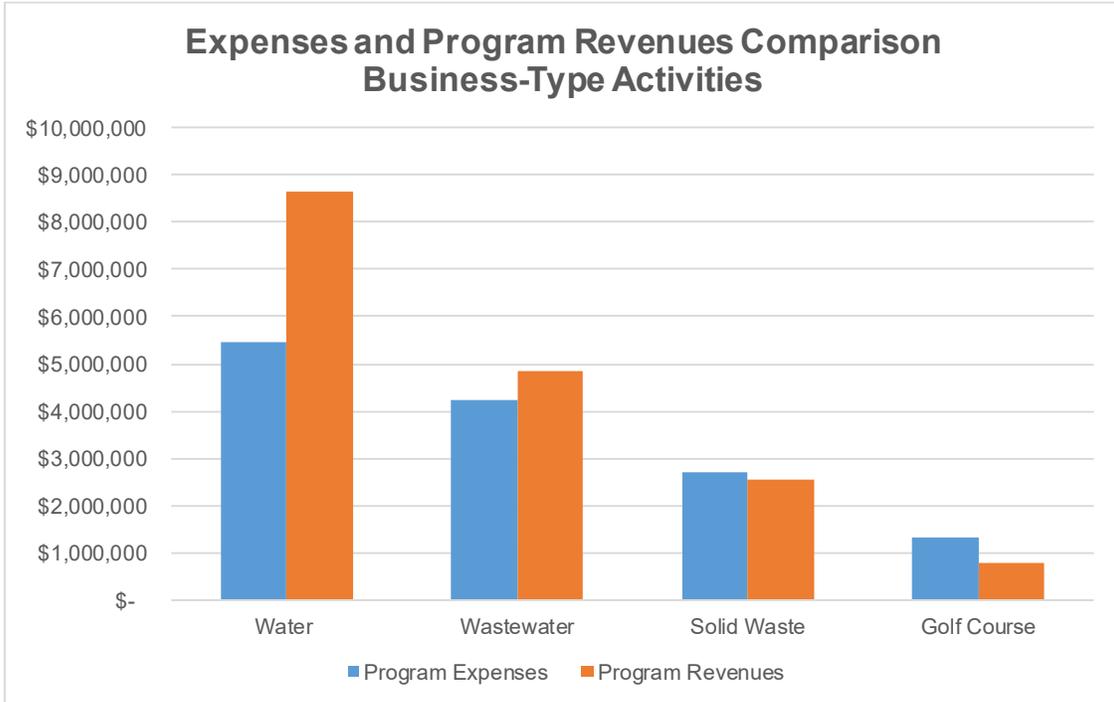
The Water and Wastewater Fund reflected an operating income of \$2,830,791, which was a decrease from the prior year of \$491,055. After including nonoperating revenues and expenses and transfers in/out, the change in net position was \$3,747,316.

The Solid Waste Fund reflected an operating loss of \$129,874 which was an increase from the prior year of \$465,934. After including nonoperating items, the solid waste operation reflected a total decrease in net position of \$130,541.

The Golf Course Fund reflected an operating loss of \$515,437, which was an increase from the prior year of \$416,884. After including other nonoperating items and transfers in, the golf course operation reflected a total decrease in net position of \$306,457.

**CITY OF SEBRING, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2023**

Overall, business-type activities increased the City's net position by \$3,310,318, which was a decrease of \$618,805 when compared to the prior year.



**CITY OF SEBRING, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2023**

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, unreserved 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 September 30, 2023, the City's governmental funds reported combined ending fund balances of \$17,992,447, an increase of \$1,975,762 in comparison with the prior year. Approximately 47% of this total amount, \$8,367,635, constitutes unassigned fund balance, which is available for spending at the City's discretion. The remainder of fund balance, \$9,624,812, is nonspendable, restricted, or assigned to indicate that it is not available for new spending.

The General Fund is the chief operating fund of the City. At September 30, 2023, the unassigned fund balance of the General Fund was \$8,367,635, while the total fund balance was \$11,667,142. 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 61.50% of total General Fund expenditures, while total fund balance represents 86% of that same amount.

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

The total enterprise fund's net investment in capital assets increased by \$1,964,916. This increase was primarily from the City's investment in water and sewer line connections, extensions and improvements, and wastewater lift station improvements.

The total enterprise fund's unrestricted net position increased \$1,388,594, and the net position increased \$3,353,510, a decrease of \$649,370 from the prior year.

GENERAL FUND BUDGETARY HIGHLIGHTS

The change between the original and final budgetary appropriations for expenditures amounted to an increase of \$2,047,870. The change was primarily due to appropriating funds for police vehicle purchases, cemetery improvements, golf course improvements (additional transfer to golf course), legal costs, fire vehicle purchases, fire engine purchase, solid waste truck purchase, and building improvements.

Revenue budget to actual in the General Fund resulted in a \$1,872,579 positive variance, primarily due to a conservative approach to budgeting tax revenues.

Budget to actual expenditures show a \$1,934,715 positive variance (actual less than budget). This decrease was uniform through all departments and reflects the continuation of a cost containment effort throughout the City, position vacancies and capital projects that were not completed by year end.

**CITY OF SEBRING, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2023**

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets: The City's investment in capital assets for its governmental and business-type activities as of September 30, 2023 amounts to \$ \$50,887,685 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, infrastructure, vehicles and equipment, water system and sewer system.

Major capital projects completed during the current fiscal year include the following:

- Waterline Extensions
- Sewer Line Improvements and Extensions
- Water Tank Rehabilitation
- Vehicles – Police, Fire, Public Works, Water, and Sewer
- Cemetery Improvements
- Garbage truck
- Excavator
- Lift Station Improvements
- Golf Course Improvements
- Golf Course Equipment
- Recreation Pickleball Courts
- Drainage Infrastructure
- Wastewater Treatment Plant Improvements

**City of Sebring's Capital Assets
(Net of Depreciation)
September 30, 2023 and 2022**

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2023	2022	2023	2022	2023	2022
Land	\$ 1,891,466	\$ 1,842,082	\$ 577,877	\$ 577,877	\$ 2,469,343	\$ 2,419,959
Buildings	2,699,630	2,763,682	1,210,026	1,144,259	3,909,656	3,907,941
Improvements Other than Building	684,355	1,359,051	-	-	684,355	1,359,051
Infrastructure	7,756,613	6,742,427	-	-	7,756,613	6,742,427
Equipment	1,416,117	1,519,134	2,969,560	2,820,758	4,385,677	4,339,892
Golf Course Improvements	-	-	305,881	248,338	305,881	248,338
Water System	-	-	17,298,598	17,047,978	17,298,598	17,047,978
Wastewater System	-	-	12,348,310	12,080,136	12,348,310	12,080,136
Construction in Progress	741,888	517,646	976,620	2,636,163	1,718,508	3,153,809
Right To Use Leased Asset	1,975	2,760	8,769	61,199	10,744	63,959
Total Capital Assets	\$ 15,192,044	\$ 14,746,782	\$ 35,695,641	\$ 36,616,708	\$ 50,887,685	\$ 51,363,490

Additional information on the City's capital assets and construction commitments can be found in Note 6 of the Notes to Financial Statements in this report.

**CITY OF SEBRING, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2023**

Long-Term Liabilities At the end of the current fiscal year, the City had total long-term liabilities of \$1,744,859, which represents a decrease of \$1,964,021 compared to the prior year. This decrease is primarily due to City principal debt service payments on loans payable.

**City of Sebring's Long-Term Liabilities
Years Ended September 30, 2023 and 2022**

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2023	2022	2023	2022	2023	2022
Direct Borrowings	\$ 977,414	\$ 198,906	\$ 756,203	\$ 1,289,393	\$ 1,733,617	\$ 1,488,299
Leases	2,058	2,817	9,183	62,624	11,241	65,441
Direct Placements	-	-	-	2,155,140	-	2,155,140
Total	<u>\$ 979,472</u>	<u>\$ 201,723</u>	<u>\$ 765,386</u>	<u>\$ 3,507,157</u>	<u>\$ 1,744,858</u>	<u>\$ 3,708,880</u>

Additional information on the City's long-term debt can be found in Note 9 of the Notes to the Financial Statements in this report.

Next Year's Budgets

In the 2024 fiscal year, the City has budgeted a transfer in for the General Fund of \$500,000 from the Water and Wastewater Fund. This transfer allows the City's General Fund to share in the profits of its Water and Wastewater Fund. In addition, the City's General Fund has budgeted a transfer of \$249,705 to the Golf Course Fund for the purpose of providing needed working capital for operations that are not covered by budgeted revenues.

Requests for Information

This financial report is designed to provide a general overview of the City of Sebring's finances for all those with an interest in the City's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Penny Robinson, Assistant City Administrator, City of Sebring, 368 S. Commerce Ave., Sebring, Florida 33870.

**CITY OF SEBRING, FLORIDA
STATEMENT OF NET POSITION
SEPTEMBER 30, 2023**

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	
ASSETS				
Cash and Cash Equivalents	\$ 19,394,469	\$ 13,704,907	\$ 33,099,376	\$ 707,731
Investments	-	-	-	6,071,034
Receivables, Net	353,246	1,124,213	1,477,459	6,373
Lease Receivable	562,138	44,918	607,056	-
Internal Balances	(137,081)	137,081	-	-
Due from Other Governments	1,185,910	247,295	1,433,205	-
Inventory	-	396,157	396,157	-
Prepaid Items	2,844	58,250	61,094	-
Assets Available for Sale	-	-	-	1,668,807
Intangible Asset	-	241,167	241,167	-
Restricted Asset - Cash and Cash Equivalents	-	2,493,197	2,493,197	-
Capital Assets:				
Nondepreciable	2,633,354	1,554,497	4,187,851	-
Depreciable, Net	12,558,690	34,141,144	46,699,834	-
Total Assets	<u>36,553,570</u>	<u>54,142,826</u>	<u>90,696,396</u>	<u>8,453,945</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred Outflows Related to Pensions	5,373,176	1,005,905	6,379,081	-
LIABILITIES				
Accounts Payable	879,130	601,127	1,480,257	50,681
Accrued Expenses	121,905	54,204	176,109	3,522
Unearned Revenues	184,070	148,448	332,518	-
Other Postemployment Benefits - Current	33,741	19,660	53,401	-
Current Liabilities Payable from Restricted Assets:				
Accrued Interest Payable	-	3,710	3,710	-
Customer Deposits	-	2,417,322	2,417,322	-
Noncurrent Liabilities:				
Net Pension Liability	17,527,034	3,460,762	20,987,796	-
Other Postemployment Benefits	623,875	125,065	748,940	-
Due Within One Year	539,904	462,351	1,002,255	228,216
Due in More Than One Year	826,904	1,173,176	2,000,080	5,617,000
Total Liabilities	<u>20,736,563</u>	<u>8,465,825</u>	<u>29,202,388</u>	<u>5,899,419</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred Inflows Related to Pensions	3,571,534	163,798	3,735,332	-
Deferred Inflows Related to OPEB	77,085	33,279	110,364	-
Deferred Inflows Related to Leases	531,622	43,693	575,315	-
Total Deferred Inflows of Resources	<u>4,180,241</u>	<u>240,770</u>	<u>4,421,011</u>	<u>-</u>
NET POSITION				
Net Investment in Capital Assets	14,888,501	34,891,447	49,779,948	-
Restricted for:				
Law Enforcement	53,390	-	53,390	-
Debt Service Reserve	-	75,875	75,875	-
Infrastructure	6,922,638	-	6,922,638	-
Community Redevelopment	-	-	-	2,554,526
Unrestricted	(4,854,587)	11,474,814	6,620,227	-
Total Net Position	<u>\$ 17,009,942</u>	<u>\$ 46,442,136</u>	<u>\$ 63,452,078</u>	<u>\$ 2,554,526</u>

See accompanying Notes to Financial Statements.

**CITY OF SEBRING, FLORIDA
STATEMENT OF ACTIVITIES
YEAR ENDED SEPTEMBER 30, 2023**

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating	Capital	Primary Government			Component Unit
			Grants and Contributions	Grants and Contributions	Governmental Activities	Business-Type Activities	Total	Community Redevelopment Agency
Governmental Activities:								
General Government	\$ 1,587,716	\$ 167,384	\$ -	\$ -	\$ (1,420,332)	\$ -	\$ (1,420,332)	\$ -
Public Safety:								
Law Enforcement	13,056,768	289,305	73,848	12,698	(12,680,917)	-	(12,680,917)	-
Fire Control	4,727,253	1,111,727	3,870	-	(3,611,656)	-	(3,611,656)	-
Building, Zoning, and Planning	464,336	341,374	-	-	(122,962)	-	(122,962)	-
Physical Environment	229,484	50,875	-	-	(178,609)	-	(178,609)	-
Transportation	2,145,671	3,002	-	-	(2,142,669)	-	(2,142,669)	-
Economic Environment	501,000	-	-	-	(501,000)	-	(501,000)	-
Culture/Recreation	1,005,434	32,875	171,376	39,795	(761,388)	-	(761,388)	-
Total Governmental Activities	<u>23,717,662</u>	<u>1,996,542</u>	<u>249,094</u>	<u>52,493</u>	<u>(21,419,533)</u>	<u>-</u>	<u>(21,419,533)</u>	<u>-</u>
Business-Type Activities:								
Water	5,463,769	8,048,245	-	598,095	-	3,182,571	3,182,571	-
Wastewater	4,229,562	4,372,091	8,903	483,424	-	634,856	634,856	-
Solid Waste	2,705,459	2,565,122	-	-	-	(140,337)	(140,337)	-
Golf Course	1,307,946	796,302	-	-	-	(511,644)	(511,644)	-
Total Business-Type Activities	<u>13,706,736</u>	<u>15,781,760</u>	<u>8,903</u>	<u>1,081,519</u>	<u>-</u>	<u>3,165,446</u>	<u>3,165,446</u>	<u>-</u>
Total Primary Government	<u>\$ 37,424,398</u>	<u>\$ 17,778,302</u>	<u>\$ 257,997</u>	<u>\$ 1,134,012</u>	<u>(21,419,533)</u>	<u>3,165,446</u>	<u>(18,254,087)</u>	<u>-</u>
Component Unit:								
Community Redevelopment Agency	<u>\$ 879,573</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>				<u>(879,573)</u>
GENERAL REVENUES								
Taxes:								
Ad-Valorem Taxes					4,851,721	-	4,851,721	-
Tax Increment from City/County					-	-	-	1,101,514
Fuel Taxes					461,259	-	461,259	-
Infrastructure Surtax					2,248,703	-	2,248,703	-
Utility and Communication Services					2,381,714	-	2,381,714	-
Other Taxes					51,361	-	51,361	-
Franchise Fees					1,436,413	-	1,436,413	-
Intergovernmental - Unrestricted					1,370,584	66,967	1,437,551	18,000
Investment Earnings					936,506	613,553	1,550,059	212,921
Miscellaneous					13,293	50,763	64,056	301
Gain on Sale of Capital Assets					47,025	28,320	75,345	-
Total General Revenues					<u>13,798,579</u>	<u>759,603</u>	<u>14,558,182</u>	<u>1,332,736</u>
TRANSFERS								
					<u>571,539</u>	<u>(571,539)</u>	<u>-</u>	<u>-</u>
CHANGE IN NET POSITION								
					<u>(7,049,415)</u>	<u>3,353,510</u>	<u>(3,695,905)</u>	<u>453,163</u>
Net Position - Beginning of Year								
					<u>24,059,357</u>	<u>43,088,626</u>	<u>67,147,983</u>	<u>2,101,363</u>
NET POSITION - END OF YEAR								
					<u>\$ 17,009,942</u>	<u>\$ 46,442,136</u>	<u>\$ 63,452,078</u>	<u>\$ 2,554,526</u>

See accompanying Notes to Financial Statements.

**CITY OF SEBRING, FLORIDA
BALANCE SHEET – GOVERNMENTAL FUNDS
SEPTEMBER 30, 2023**

	General Fund	Infrastructure Fund	Total Governmental Funds
ASSETS			
Cash and Cash Equivalents	\$ 11,747,274	\$ 6,168,339	\$ 17,915,613
Receivables, Net	345,075	-	345,075
Lease Receivable	562,138	-	562,138
Due from Other Funds	37,638	-	37,638
Due from Other Governments	379,471	806,439	1,185,910
Prepaid Items	2,844	-	2,844
Total Assets	<u>\$ 13,074,440</u>	<u>\$ 6,974,778</u>	<u>\$ 20,049,218</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
LIABILITIES			
Accounts Payable	\$ 494,771	\$ 141,173	\$ 635,944
Accrued Expenditures	119,008	-	119,008
Unearned Revenues	177,857	-	177,857
Total Liabilities	791,636	141,173	932,809
DEFERRED INFLOWS OF RESOURCES			
Deferred in Inflows Related to Leases	531,622	-	531,622
Unavailable Revenue	84,040	508,300	592,340
Total Deferred Inflows of Resources	615,662	508,300	1,123,962
FUND BALANCES			
Nonspendable:			
Prepaid Items	2,844	-	2,844
Restricted:			
Law Enforcement	53,390	-	53,390
Infrastructure	-	6,325,305	6,325,305
Fire Control	787,022	-	787,022
Assigned:			
Cemetery Care	1,117,148	-	1,117,148
Subsequent Years Budget	1,339,103	-	1,339,103
Unassigned	8,367,635	-	8,367,635
Total Fund Balances	11,667,142	6,325,305	17,992,447
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 13,074,440</u>	<u>\$ 6,974,778</u>	<u>\$ 20,049,218</u>

See accompanying Notes to Financial Statements.

**CITY OF SEBRING, FLORIDA
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL
FUNDS TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2023**

Total Fund Balance – Governmental Funds \$ 17,992,447

Amounts reported for governmental activities in the statement of net position are different because:

Deferred outflows and inflows of resources related to pensions and OPEB are applicable to future reporting periods and therefore are not reported in the funds:

Deferred Outflows Related to Pensions	5,373,176
Deferred Inflows Related to Pensions	(3,571,534)
Deferred Inflows Related to OPEB	(77,085)

The assets and liabilities of the internal service funds, used by management to charge the costs of certain activities to individual funds, are included in governmental activities in the statement of net position.

1,056,975

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:

Capital Assets, Nondepreciable	2,633,354
Capital Assets, Depreciable - Net	12,558,690

Certain receivables are not available to pay current period expenditures and, therefore, are reported as deferred inflows of resources in the funds.

592,340

Long-term assets and liabilities are not due and payable in the current period and, therefore, are not reported in the funds:

Net Pension Liability	(17,527,034)
Total OPEB Liability	(657,616)
Compensated Absences	(384,299)
Direct Borrowing	(979,472)

Net Position of Governmental Activities

\$ 17,009,942

See accompanying Notes to Financial Statements.

CITY OF SEBRING, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES –
GOVERNMENTAL FUNDS
YEAR ENDED SEPTEMBER 30, 2023

	General Fund	Infrastructure Fund	Total Governmental Funds
REVENUES			
Taxes	\$ 7,746,055	\$ 1,746,200	\$ 9,492,255
Permits, Fees, and Special Assessments	2,863,186	-	2,863,186
Intergovernmental	1,728,613	-	1,728,613
Charges for Services	271,149	-	271,149
Fines and Forfeitures	115,265	-	115,265
Investment Earnings	599,616	270,960	870,576
Miscellaneous	58,062	-	58,062
Total Revenues	13,381,946	2,017,160	15,399,106
EXPENDITURES			
Current:			
General Government	1,236,188	-	1,236,188
Public Safety:			
Law Enforcement	5,015,109	-	5,015,109
Fire Control	3,424,004	-	3,424,004
Building, Zoning, and Planning	416,563	-	416,563
Physical Environment	125,840	-	125,840
Transportation	1,379,325	179,861	1,559,186
Economic Environment	460,473	-	460,473
Culture and Recreation	853,690	-	853,690
Capital Outlay	671,542	1,051,319	1,722,861
Debt Service:			
Principal	9,246	-	9,246
Interest	5,748	-	5,748
Total Expenditures	13,597,728	1,231,180	14,828,908
EXCESS OF REVENUES OVER EXPENDITURES	(215,782)	785,980	570,198
OTHER FINANCING SOURCES (USES)			
Issuance of Debt	787,000	-	787,000
Sale of Capital Assets	47,025	-	47,025
Transfers In	700,000	-	700,000
Transfers Out	(128,461)	-	(128,461)
Total Other Financing Sources	1,405,564	-	1,405,564
CHANGE IN FUND BALANCES	1,189,782	785,980	1,975,762
Fund Balances – Beginning of Year	10,477,360	5,539,325	16,016,685
FUND BALANCES – END OF YEAR	\$ 11,667,142	\$ 6,325,305	\$ 17,992,447

See accompanying Notes to Financial Statements.

CITY OF SEBRING, FLORIDA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES OF THE GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED SEPTEMBER 30, 2023

Net Change in Fund Balance – Governmental Funds \$ 1,975,762

Amounts reported for governmental activities in the statement of activities are different because:

Revenues that will not be collected within sixty days after the City's fiscal year-end are not considered "available" revenues, and are not recognized in the governmental funds:

Deferred Inflows Recognized in Prior Years in the Statement of Activities	(18,232)
Deferred Inflows Recognized in the Current Year in the Statement of Activities	592,340

Internal service funds are used by management to charge the costs of insurance to individual funds. The net cost of certain activities of internal service funds is reported with governmental activities.

121,063

Capital assets donated into governmental activities do not provide a current financial resource and are not recognized as revenue in the governmental funds. However, these amounts are reported as a revenue on the statement of activities:

Capital Asset Improvements Paid by Component Unit	49,384
---	--------

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.

Expenditures for Capital Assets that were Capitalized	1,723,217
Remaining Net Book Value of Capital Assets on Disposition	(184)
Depreciation Expense	(1,327,156)

Changes in net pension liability and the related deferred inflows and deferred outflows of resources reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.

(9,357,994)

Changes in the OPEB liability and the related deferred inflows and deferred outflows of resources reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.

(8,156)

Certain transactions reported in the statement of activities do not require the use of current financial resources. Therefore, the following are not recognized in governmental funds.

Net Decrease in Compensated Absences	(21,710)
Payments on Debt	9,251
Debt Issued	(787,000)

Change in Net Position of Governmental Activities \$ (7,049,415)

See accompanying Notes to Financial Statements.

CITY OF SEBRING, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL – GENERAL FUND
YEAR ENDED SEPTEMBER 30, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes	\$ 7,147,819	\$ 7,147,819	\$ 7,746,055	\$ 598,236
Permits, Fees, and Special Assessments	2,278,773	2,278,773	2,863,186	584,413
Intergovernmental	1,430,457	1,593,125	1,728,613	135,488
Charges for Services	304,180	304,180	271,149	(33,031)
Fines and Forfeitures	103,000	103,000	115,265	12,265
Investment Earnings	25,000	25,000	599,616	574,616
Miscellaneous	57,470	57,470	58,062	592
Total Revenues	<u>11,346,699</u>	<u>11,509,367</u>	<u>13,381,946</u>	<u>1,872,579</u>
EXPENDITURES				
Current:				
General Government	1,207,475	1,325,504	1,236,188	89,316
Public Safety:				
Law Enforcement	4,817,376	5,264,759	5,015,109	249,650
Fire Control	3,279,702	3,601,271	3,424,004	177,267
Building, Zoning, and Planning	412,778	458,709	416,563	42,146
Physical Environment	31,776	136,110	125,840	10,270
Transportation	1,376,826	1,448,664	1,379,325	69,339
Economic Environment	460,474	460,474	460,473	1
Culture and Recreation	838,981	1,001,801	853,690	148,111
Capital Outlay	1,046,000	1,821,964	671,542	1,150,422
Debt Service:				
Principal	8,491	8,492	9,246	(754)
Interest	4,694	4,695	5,748	(1,053)
Total Expenditures	<u>13,484,573</u>	<u>15,532,443</u>	<u>13,597,728</u>	<u>1,934,715</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(2,137,874)	(4,023,076)	(215,782)	3,807,294
OTHER FINANCING SOURCES (USES)				
Insurance Recoveries	-	20,368	-	(20,368)
Issuance of Debt	-	-	787,000	787,000
Sale of Capital Assets	-	-	47,025	47,025
Transfers In	700,000	700,000	700,000	-
Transfer Out	(48,227)	(470,461)	(128,461)	342,000
Total Other Financing Sources	<u>651,773</u>	<u>249,907</u>	<u>1,405,564</u>	<u>1,155,657</u>
CHANGE IN FUND BALANCE	(1,486,101)	(3,773,169)	1,189,782	4,962,951
Fund Balance – Beginning of Year	<u>10,477,360</u>	<u>10,477,360</u>	<u>10,477,360</u>	<u>-</u>
FUND BALANCE – END OF YEAR	<u>\$ 8,991,259</u>	<u>\$ 6,704,191</u>	<u>\$ 11,667,142</u>	<u>\$ 4,962,951</u>

See accompanying Notes to Financial Statements.

CITY OF SEBRING, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL – INFRASTRUCTURE FUND
YEAR ENDED SEPTEMBER 30, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes	\$ 1,195,480	\$ 1,195,480	\$ 1,746,200	\$ 550,720
Investment Earnings	8,000	8,000	270,960	262,960
Total Revenues	<u>1,203,480</u>	<u>1,203,480</u>	<u>2,017,160</u>	<u>813,680</u>
EXPENDITURES				
Current:				
Transportation	793,480	727,642	179,861	547,781
Capital Outlay	410,000	1,932,404	1,051,319	881,085
Total Expenditures	<u>1,203,480</u>	<u>2,660,046</u>	<u>1,231,180</u>	<u>1,428,866</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	-	(1,456,566)	785,980	2,242,546
OTHER FINANCING SOURCES				
Issuance of Debt	-	1,062,826	-	(1,062,826)
CHANGE IN FUND BALANCE	-	(393,740)	785,980	1,179,720
Fund Balance – Beginning of Year	<u>5,539,325</u>	<u>5,539,325</u>	<u>5,539,325</u>	<u>-</u>
FUND BALANCE – END OF YEAR	<u><u>\$ 5,539,325</u></u>	<u><u>\$ 5,145,585</u></u>	<u><u>\$ 6,325,305</u></u>	<u><u>\$ 1,179,720</u></u>

See accompanying Notes to Financial Statements.

CITY OF SEBRING, FLORIDA
STATEMENT OF NET POSITION – PROPRIETARY FUNDS
SEPTEMBER 30, 2023

	Business-Type Activities – Enterprise Funds				Internal Service Funds
	Water and Wastewater	Solid Waste	Nonmajor (Golf Course)	Total	
ASSETS					
Current Assets:					
Cash and Cash Equivalents	\$ 11,506,093	\$ 1,766,039	\$ 432,775	\$ 13,704,907	\$ 1,478,856
Receivables, Net	1,054,029	70,184	-	1,124,213	8,171
Lease Receivable	44,918	-	-	44,918	-
Due from Other Funds	13,003	424	1,787	15,214	-
Due from Other Governments	187,477	1,754	58,064	247,295	-
Inventory	390,922	-	5,235	396,157	-
Prepaid Items	-	-	58,250	58,250	-
Intangible Asset	241,167	-	-	241,167	-
Total Current Assets	<u>13,437,609</u>	<u>1,838,401</u>	<u>556,111</u>	<u>15,832,121</u>	<u>1,487,027</u>
Noncurrent Assets:					
Restricted Assets:					
Cash and Cash Equivalents	2,493,197	-	-	2,493,197	-
Capital Assets, Net	<u>33,269,231</u>	<u>1,434,618</u>	<u>991,792</u>	<u>35,695,641</u>	<u>-</u>
Total Noncurrent Assets	<u>35,762,428</u>	<u>1,434,618</u>	<u>991,792</u>	<u>38,188,838</u>	<u>-</u>
Total Assets	<u>49,200,037</u>	<u>3,273,019</u>	<u>1,547,903</u>	<u>54,020,959</u>	<u>1,487,027</u>
DEFERRED OUTFLOWS OF RESOURCES					
Deferred Outflows Related to Pensions	673,067	188,537	144,301	1,005,905	-
LIABILITIES					
Current Liabilities:					
Accounts Payable	422,492	125,834	52,801	601,127	243,186
Accrued Expenses	36,503	10,107	7,594	54,204	2,897
Accrued Interest Payable	-	-	-	-	-
Unearned Revenue	110,731	2,655	35,062	148,448	6,213
Due to Other Funds	-	-	-	-	52,852
Compensated Absences Payable	98,475	24,484	16,181	139,140	3,037
Current Portion of Other Postemployment Benefits	13,350	3,576	2,734	19,660	-
Current Portion of Long-Term Debt	89,566	190,615	33,847	314,028	-
Current Portion of Lease Liability	246	-	8,937	9,183	-
Current Liabilities Payable from					
Accrued Interest	903	1,572	1,235	3,710	-
Customer Deposits	<u>2,417,322</u>	<u>-</u>	<u>-</u>	<u>2,417,322</u>	<u>-</u>
Total Current Liabilities	<u>3,189,588</u>	<u>358,843</u>	<u>158,391</u>	<u>3,706,822</u>	<u>308,185</u>
Noncurrent Liabilities:					
Net Pension Liability	2,318,057	654,375	488,330	3,460,762	-
Other Postemployment Benefits	86,409	21,959	16,697	125,065	-
Landfill Closure	-	731,000	-	731,000	-
Long-Term Debt	<u>371,049</u>	<u>-</u>	<u>71,127</u>	<u>442,176</u>	<u>-</u>
Total Noncurrent Liabilities	<u>2,775,515</u>	<u>1,407,334</u>	<u>576,154</u>	<u>4,759,003</u>	<u>-</u>
Total Liabilities	<u>5,965,103</u>	<u>1,766,177</u>	<u>734,545</u>	<u>8,465,825</u>	<u>308,185</u>
DEFERRED INFLOWS OF RESOURCES					
Deferred Inflows Related to Pensions	108,913	31,164	23,721	163,798	-
Deferred Inflows Related to OPEB	22,476	6,122	4,681	33,279	-
Deferred Inflows Related to Leases	<u>43,693</u>	<u>-</u>	<u>-</u>	<u>43,693</u>	<u>-</u>
Total Deferred Inflows of Resources	<u>175,082</u>	<u>37,286</u>	<u>28,402</u>	<u>240,770</u>	<u>-</u>
NET POSITION					
Net Investment in Capital Assets	32,769,435	1,244,131	877,881	34,891,447	-
Restricted for Debt Service	75,875	-	-	75,875	-
Unrestricted	<u>10,887,609</u>	<u>413,962</u>	<u>51,376</u>	<u>11,352,947</u>	<u>1,178,842</u>
Total Net Position	<u>\$ 43,732,919</u>	<u>\$ 1,658,093</u>	<u>\$ 929,257</u>	<u>46,320,269</u>	<u>\$ 1,178,842</u>

Some amounts reported for business-type activities in the statement of net position are different because of unallocated overcharges by the Internal Service Funds.

121,867

Net Position of Business-Type Activities

\$ 46,442,136

See accompanying Notes to Financial Statements.

CITY OF SEBRING, FLORIDA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION –
PROPRIETARY FUNDS
YEAR ENDED SEPTEMBER 30, 2023

	Business-Type Activities – Enterprise Funds				Internal Service Funds
	Water and Wastewater	Solid Waste	Nonmajor (Golf Course)	Total	
OPERATING REVENUES					
Charges for Services	\$ 11,733,329	\$ 2,546,886	\$ 722,678	\$ 15,002,893	\$ 4,986,192
Miscellaneous Revenue	737,770	18,236	73,624	829,630	20,264
Total Operating Revenues	<u>12,471,099</u>	<u>2,565,122</u>	<u>796,302</u>	<u>15,832,523</u>	<u>5,006,456</u>
OPERATING EXPENSES					
Employee Compensation and Benefits	3,196,438	905,079	743,449	4,844,966	165,902
General and Administrative	734,147	179,272	146,261	1,059,680	339,879
Professional	119,879	5,261	7,486	132,626	-
Landfill Fees	-	790,233	-	790,233	-
Insurance	461,441	24,888	26,341	512,670	1,509,690
Repairs, Maintenance, and Supplies	1,857,386	399,395	187,109	2,443,890	204,648
Claims Expense	-	-	-	-	2,940,122
Utilities	704,242	3,407	38,834	746,483	-
Depreciation	2,566,775	387,461	162,259	3,116,495	-
Total Operating Expenses	<u>9,640,308</u>	<u>2,694,996</u>	<u>1,311,739</u>	<u>13,647,043</u>	<u>5,160,241</u>
OPERATING INCOME (LOSS)	2,830,791	(129,874)	(515,437)	2,185,480	(153,785)
NONOPERATING REVENUES (EXPENSES)					
Investment Earnings	480,607	104,728	28,218	613,553	65,930
Connection Fees	931,695	-	-	931,695	-
Operating Grants	8,903	-	58,064	66,967	-
Gain (Loss) on Disposal of Capital Assets	18,190	10,130	-	28,320	-
Insurance Proceeds	2,125	-	-	2,125	252,110
Interest Expense	(74,819)	(15,525)	(5,763)	(96,107)	-
Total Nonoperating Revenues (Expenses)	<u>1,366,701</u>	<u>99,333</u>	<u>80,519</u>	<u>1,546,553</u>	<u>318,040</u>
INCOME (LOSS) BEFORE TRANSFERS	4,197,492	(30,541)	(434,918)	3,732,033	164,255
CAPITAL CONTRIBUTIONS AND TRANSFERS					
Capital Contributions	149,824	-	-	149,824	-
Transfers In	-	-	128,461	128,461	-
Transfers Out	(600,000)	(100,000)	-	(700,000)	-
Total Transfers	<u>(450,176)</u>	<u>(100,000)</u>	<u>128,461</u>	<u>(421,715)</u>	<u>-</u>
CHANGE IN NET POSITION	3,747,316	(130,541)	(306,457)	3,310,318	164,255
Total Net Position - Beginning of Year	<u>39,985,603</u>	<u>1,788,634</u>	<u>1,235,714</u>	<u>43,009,951</u>	<u>1,014,587</u>
TOTAL NET POSITION - END OF YEAR	<u>\$ 43,732,919</u>	<u>\$ 1,658,093</u>	<u>\$ 929,257</u>	<u>\$ 46,320,269</u>	<u>\$ 1,178,842</u>
CHANGE IN NET POSITION - ENTERPRISE FUNDS				\$ 3,310,318	
Some amounts reported for business-type activities in the statement of activities are different because of unallocated overcharges by the Internal Service Funds.				<u>43,192</u>	
CHANGE IN NET POSITION OF BUSINESS-TYPE ACTIVITIES				<u>\$ 3,353,510</u>	

See accompanying Notes to Financial Statements.

**CITY OF SEBRING, FLORIDA
STATEMENT OF CASH FLOWS –
PROPRIETARY FUNDS
YEAR ENDED SEPTEMBER 30, 2023**

	Business-Type Activities – Enterprise Funds				Internal Service Funds
	Water and Wastewater	Solid Waste	Nonmajor (Golf Course)	Total	
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash Received from Customers and Users	\$ 12,589,466	\$ 2,569,321	\$ 726,290	\$ 15,885,077	\$ 5,027,167
Cash Received from Insurance	-	-	-	-	86,627
Cash Payments to Suppliers and Claims	(3,986,443)	(1,108,376)	(292,690)	(5,387,509)	(5,291,404)
Cash Payments for Employee Services	(2,745,178)	(830,636)	(610,517)	(4,186,331)	3,037
Net Cash Provided (Used) by Operating Activities	5,857,845	630,309	(176,917)	6,311,237	(174,573)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Cash Received from Operating Grants	8,903	-	58,064	66,967	-
Transfer to Other Funds	(613,003)	(100,424)	(1,787)	(715,214)	-
Transfer from Other Funds	-	-	128,461	128,461	52,852
Net Cash Provided (Used) by Noncapital Financing Activities	(604,100)	(100,424)	184,738	(519,786)	52,852
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Acquisition and Construction of Capital Assets	(1,589,126)	(403,344)	(217,340)	(2,209,810)	-
Proceeds from Sale of Capital Asset	18,190	10,130	-	28,320	-
Principal Paid on Long-Term Debt	(2,292,988)	(363,846)	(84,936)	(2,741,770)	-
Receipts from Lease Activities	1,860	-	-	1,860	-
Cash Received from Insurance	2,125	-	-	2,125	252,110
Interest Paid	(36,259)	(19,167)	(6,144)	(61,570)	-
Connection Fees and Capital Grants and Contributions	666,357	-	-	666,357	-
Net Cash Provided (Used) by Capital and Related Financing Activities	(3,229,841)	(776,227)	(308,420)	(4,314,488)	252,110
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest on Investments	480,607	104,728	28,218	613,553	65,931
Net Cash Provided by Investing Activities	480,607	104,728	28,218	613,553	65,931
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	2,504,511	(141,614)	(272,381)	2,090,516	196,320
Cash and Cash Equivalents – Beginning of Year	11,494,779	1,907,653	705,156	14,107,588	1,282,536
CASH AND CASH EQUIVALENTS – END OF YEAR	<u>\$ 13,999,290</u>	<u>\$ 1,766,039</u>	<u>\$ 432,775</u>	<u>\$ 16,198,104</u>	<u>\$ 1,478,856</u>
RECONCILIATION OF CASH AND CASH EQUIVALENTS					
Cash and Cash Equivalents	\$ 11,506,093	\$ 1,766,039	\$ 432,775	\$ 13,704,907	\$ 1,478,856
Restricted Assets - Cash and Cash Equivalents	2,493,197	-	-	2,493,197	-
Cash and Cash Equivalents - End of Year	<u>\$ 13,999,290</u>	<u>\$ 1,766,039</u>	<u>\$ 432,775</u>	<u>\$ 16,198,104</u>	<u>\$ 1,478,856</u>

See accompanying Notes to Financial Statements.

**CITY OF SEBRING, FLORIDA
STATEMENT OF CASH FLOWS –
PROPRIETARY FUNDS (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2023**

	Business-Type Activities – Enterprise Funds				Internal Service Funds
	Water and Wastewater	Solid Waste	Nonmajor (Golf Course)	Total	
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES					
Operating Income (Loss)	\$ 2,830,791	\$ (129,874)	\$ (515,437)	\$ 2,185,480	\$ (153,785)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:					
Depreciation Expense	2,566,775	387,461	162,259	3,116,495	-
(Increase) Decrease in Assets:					
Accounts Receivable	26,756	5,189	74	32,019	101,125
Lease Receivable	(2,621)	-	-	(2,621)	-
Inventory	(29,405)	-	-	(29,405)	-
Prepaid Items	-	-	99,437	99,437	-
Due from Other Government	-	(990)	(58,064)	(59,054)	-
Deferred Outflows Related to Pensions	(122,194)	(12,049)	(44,214)	(178,457)	-
Deferred Outflows Related to OPEB	7,615	2,141	1,637	11,393	-
Increase (Decrease) in Liabilities:					
Accounts Payable	(79,943)	30,580	14,775	(34,588)	(134,060)
Accrued Expenses	(7,062)	(173)	(871)	(8,106)	2,897
Unearned Revenue	-	-	(12,022)	(12,022)	6,213
Compensated Absences	9,864	(943)	(587)	8,334	3,037
Customer Deposits	94,232	-	-	94,232	-
OPEB Liability	(4,599)	(1,293)	(989)	(6,881)	-
Net Pension Liability	588,692	98,053	179,236	865,981	-
Deferred Inflows Related to Pensions	(21,056)	(11,293)	(2,151)	(34,500)	-
Net Cash Provided (Used) by Operating Activities	<u>\$ 5,857,845</u>	<u>\$ 630,309</u>	<u>\$ (176,917)</u>	<u>\$ 6,311,237</u>	<u>\$ (174,573)</u>
SUPPLEMENTAL DISCLOSURE OF NONCASH FINANCING ACTIVITIES					
Capital Additions Funded by Accounts Payable	<u>\$ 20,273</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 20,273</u>	<u>\$ -</u>

See accompanying Notes to Financial Statements.

**CITY OF SEBRING, FLORIDA
STATEMENT OF FIDUCIARY NET POSITION –
FIDUCIARY FUNDS
SEPTEMBER 30, 2023**

	<u>Pension Trust Fund</u>
ASSETS	
Cash and Cash Equivalents	\$ 1,504,261
Receivables:	
Interest and Dividends	75,062
Partnership Distribution	23,833
Total Receivables	<u>98,895</u>
Investments, at Fair Value:	
U.S. Government Obligations	3,094,563
Mortgage Backed Securities	4,596,379
Municipal Obligations	16,973
Corporate Bonds	2,887,094
Common Stock	8,937,800
Mutual Funds - Equities	10,994,545
Real Estate Partnership	2,311,162
Total Investments	<u>32,838,516</u>
Total Assets	34,441,672
LIABILITIES	
Accounts Payable	<u>47,518</u>
Total Liabilities	<u>47,518</u>
NET POSITION RESTRICTED FOR PENSIONS	<u><u>\$ 34,394,154</u></u>

See accompanying Notes to Financial Statements.

**CITY OF SEBRING, FLORIDA
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION –
FIDUCIARY FUNDS
YEAR ENDED SEPTEMBER 30, 2023**

	Pension Trust Fund
ADDITIONS	
Contributions:	
City	\$ 667,657
Plan Members	40,920
Total Contributions	708,577
Investment Income:	
Net Depreciation in Fair Value of Investments	2,159,344
Interest and Dividends	795,102
Other	68,205
Total Investment Loss	3,022,651
Less: Investment Expenses	(150,524)
Net Investment Loss	2,872,127
Total Additions	3,580,704
DEDUCTIONS	
Payments to Retirees and Participants	1,977,367
Administration Expenses	95,971
Total Deductions	2,073,338
NET DECREASE IN NET POSITION	1,507,366
NET POSITION RESTRICTED FOR PENSIONS	
Beginning of Year	32,886,788
End of Year	\$ 34,394,154

See accompanying Notes to Financial Statements.

**CITY OF SEBRING, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and presentation of the financial report of the City of Sebring, Florida (the City) conforms to accounting principles generally accepted in the United States of America as applicable to local governments. This report, the accounting systems, and classification of accounts conform to standards of the Governmental Accounting Standards Board (GASB).

The following summary of the City's significant accounting policies is presented to assist the reader in interpreting the financial statements and other data in this report. The policies are considered essential and should be read in conjunction with the accompanying financial statements.

A. Reporting Entity

The City, a municipality of the state of Florida, is located in Highlands County, and was established by a special act of the state of Florida in 1925, Chapter 11158. The City is governed by both its charter, being the Laws of Florida 1929, Chapter 14311, as from time to time specifically amended by subsequent special acts and ordinances and other Florida Statutes that are applicable to municipalities. The 1929 Act was approved by a referendum held June 11, 1929. The City is approximately 16 square miles in area. The City provides public safety, public works, recreation, and general governmental services to approximately 11,200 residents. The City also provides water, wastewater, and sanitation services to its residents for a user charge. Additionally, the City operates and maintains a cemetery and a municipal golf course. The City Council is comprised of the Mayor and five City Council members.

As required by accounting principles generally accepted in the United States of America, these financial statements present the City and its component unit for which the government is considered financially accountable. The component unit discussed in the following paragraph is included in the City's reporting entity because of the significance of its operational and financial relationship with the City.

Discretely Presented Component Unit

The Community Redevelopment Agency (the CRA) was created by City Ordinance Number 654 pursuant to Part III of chapter 163, Florida Statutes. The CRA is legally separate and is responsible for the redevelopment of defined areas within the city limits. The CRA is governed by a seven-member board, which is appointed by the City Council. The City and County are obligated to pay the CRA any tax revenues relating to an increase in the assessed value of property within the redevelopment areas. During the current year, the City and County paid the CRA \$460,473 and \$641,041, respectively which represents the portion of the incremental increase in ad valorem taxes. The CRA is presented in a separate column in the government-wide statements to emphasize it is legally separate from the primary government. Separate financial statements for the CRA may be obtained by writing to the City of Sebring Community Redevelopment Agency, 309 Circle Park Drive, Sebring, Florida 33870.

**CITY OF SEBRING, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Related Organizations

The City Council is also responsible for appointing board members of the Sebring Airport Authority (the Authority) from individuals nominated to the board by the Authority, but the City's accountability for this organization does not extend beyond making the appointments and therefore, it is not a component unit.

C. Basis of Presentation

The City's basic financial statements consist of government-wide statements, including a statement of net position and a statement of activities, and fund financial statements, which provide a more detailed level of financial information.

Government-Wide Financial Statements

The statement of net position and the statement of activities display information about the City as a whole, except for its fiduciary activities. These statements include the financial activities of the primary government and the City's discretely presented component unit. For the most part, the effect of interfund activity has been removed from these statements. Exceptions to this general rule are charges incurred between the City's water, wastewater, and solid waste functions and various other functions of the City. Elimination of these charges would distort the direct costs and program revenues reported for the various functions. The statements distinguish between those activities of the City that are governmental and those that are considered business-type activities.

The statement of net position presents the financial condition of the governmental and business-type activities of the City at year-end. The statement of activities demonstrates the degree to which direct expenses of a given function or activity is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or activity. Program revenues include 1) charges to customers or individuals who purchase, use, or directly benefit from goods, services or privileges provided by a given function or activity and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or activity. Taxes and other items not included among program revenues are reported as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds. These fund financial statements are in addition to the government-wide financial statements.

**CITY OF SEBRING, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Presentation (Continued)

Fund Financial Statement Presentation

In the fund financial statements, financial transactions and accounts of the City are organized on the basis of funds; each of which is considered a separate accounting entity. Each fund is accounted for by a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund balances, revenues, and expenditures or expenses as appropriate. The individual funds account for the governmental resources allocated to them for the purpose of carrying on specific activities in accordance with laws, regulations, or other restrictions. Since the governmental fund statements are presented on a different measurement focus and basis of accounting than the government-wide statements' governmental column, a reconciliation is presented which briefly explains the adjustment necessary to reconcile the fund financial statements to the governmental column of the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

The City's fiduciary funds are presented in the fund financial statements by type. Since by definition these assets are being held for the benefit of a third party, pension participants, and cannot be used to address activities or obligations of the government, these funds are not incorporated into the government-wide statements. The following is a brief description of the specific funds used by the City.

Governmental Major Funds

General Fund – This fund is the City's primary operating fund and accounts for all financial resources except those required to be accounted for in another fund. Resources are generated primarily from local property and utilities service taxes, franchises, licenses and permits, intergovernmental revenue, and charges for services. Expenditures are incurred to provide public safety, general government, public works, recreation, and the operation of its cemetery.

Infrastructure Fund – This special revenue fund accounts for the voted one cent local option sales surtax. The proceeds for this surtax may only be expended on assets specified by statutes.

**CITY OF SEBRING, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Presentation (Continued)

Fund Financial Statement Presentation (Continued)

Proprietary Major Funds

Water and Wastewater Fund – This fund accounts for the operation of water and wastewater services to customers within the service area.

Solid Waste Fund – This fund accounts for the operations of the City's sanitation and landfill to customers within the city limits.

Proprietary Nonmajor Fund

Golf Course Fund – This fund accounts for the operations of the Sebring Municipal Golf Course.

Internal Service Funds – These funds account for the activities of the City's self-insured health insurance plan, property and casualty risk management insurance plan, and the City's computer services provided.

Fiduciary Funds

Pension Trust Funds – These funds account for financial activity of the pension plans for policemen and firemen of the City. The City's Pension Trust Funds are the Municipal Firefighters' Pension Plan and the Police Officers' Retirement Trust Fund. Each plan is administered by a board of trustees.

D. Measurement Focus and Basis of Accounting

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. All assets and liabilities of the City are recorded in these financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the 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.

The governmental funds use the flow of current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when susceptible to accrual (i.e., when they are both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The City considers revenues to be available if they are collected within 60 days after year-end. Property taxes, utility taxes, franchise fees, and interest earnings are susceptible to accrual.

**CITY OF SEBRING, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Measurement Focus and Basis of Accounting (Continued)

Intergovernmental revenues collected and held by other governments are also recognized as revenue. Other receipts and taxes become measurable and available when cash is received by the City and are recognized as revenue at that time. Expenditures are recognized in the accounting period in which the fund liability is incurred except for un-matured interest on general long-term debt which is recognized when due.

Proprietary funds are reported using the economic resources measurement focus and use the accrual basis of accounting. Operating revenues and expenses of the proprietary funds are defined revenues or expenses related to the provision of the applicable service. Nonoperating revenues and expenses include items unrelated to the provision of services.

Fiduciary funds are reported using the economic resources measurement focus and use the accrual basis of accounting. Under this method revenues and plan member contributions are recognized when due and there is a formal commitment to provide the contributions. Expenses are recognized when they are incurred. Benefits and refunds are recognized when due and payable in accordance with terms of each plan.

E. Budgetary Information

An annual budget was prepared for the General Fund and Infrastructure Fund on a basis consistent with the modified accrual basis of accounting.

The Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – General Fund shown in the basic financial statements, present comparisons of the legally adopted budget, as amended, with actual results for the General Fund. The originally adopted budget is presented for purposes of comparison to the final, amended budget. The City Council amended the budget of the General Fund by resolution. These amendments provided for additional budgetary appropriations in the amount of \$2,047,870. Of this amount, \$1,885,202 was financed by transfers and fund balance reserves, with the remaining \$162,668 financed by additional budgeted revenues.

The City also adopts an operating budget for its Enterprise Funds on a modified accrual basis which is not the same basis of accounting as that used to account for actual results of operations (accrual basis). The primary differences between the budgetary basis and the basis used to account for the results of operations are that the City budgets capital outlays and debt service transfers, which includes principal payments. Additionally, the City does not budget depreciation or amortization expense.

Budgets are prepared for the Pension Trust Funds by the board of trustees.

The level of budgetary control is at the department level due to City Council's required approval of budget transfers between departments.

**CITY OF SEBRING, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Budgetary Information (Continued)

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, and Enterprise Funds. Encumbrances are not the equivalent of expenditures and lapse at year-end. However, since the City intends to honor contracts in progress at year-end, the encumbrances are reappropriated as a reduction against the following year's budget.

F. Cash and Cash Equivalents

For the purposes of the statement of cash flows, the City considers cash and cash equivalents to be cash on hand, cash in banks, and short-term investments with maturities less than three months when acquired, including restricted assets.

G. Investments

Investments are stated at fair value, except for short-term investments, which are stated at amortized cost. Fair value is based on the price that would be received to sell an investment in an orderly transaction between market participants.

H. Receivables

Receivables are shown at their net realizable value and reduced by an allowance for those uncollectible accounts, where determined by management. Uncollectible accounts are those 120 days old and greater.

I. Inventories

Inventories are stated at cost, which is not in excess of market. Cost is determined on a weighted average method for the Water and Wastewater Fund, and a specific identification method for the Golf Course Fund.

J. Prepaid Items

Prepaid items are recorded using the consumption method of accounting. Under the consumption method, services paid for in advance are reported as an asset until the period in which the services are actually consumed.

**CITY OF SEBRING, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

K. Intangible Assets

On April 1, 1993, the City purchased its water system from Sebring Utilities Commission. The amount that the purchase price and liabilities assumed exceeded the fair market value of assets acquired was recorded as an intangible asset. This intangible asset at acquisition amounted to \$1,372,779 and is being amortized on a straight-line basis over a 37-year period, which approximates the acquired assets' remaining useful life.

The total unamortized balance for this intangible asset at September 30, 2023 is \$241,167.

L. Capital Assets

Capital assets include land, buildings, plant, equipment, and infrastructure assets (e.g., streets, sidewalks, and similar subsystems), and are carried at historical cost. Capital assets are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Contributed assets are recorded at acquisition value as of the date received. The City defines capital assets as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. 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.

Depreciation is provided and is computed on the straight-line method over the estimated useful lives of the assets which are as follows:

Buildings	40 Years
Plants and Improvements Other than Buildings	5 to 40 Years
Equipment	4 to 10 Years
Stormwater Systems/Retention Ponds	25 Years
Streets, Street Lights, Sidewalks, and Parking Lots	40 Years

M. Deferred Outflows/ Deferred Inflows of Resources

In addition to assets, the statement of net position includes a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has multiple items that qualify for reporting in this category including leases, the deferred charge on refunding, differences between expected and actual experience, changes in actuarial assumptions, and projected versus actual earnings on pension plan investments, and changes in actuarial assumptions related to the OPEB valuation. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The other amounts will be recognized as increases in pension expense and OPEB expense in future years.

CITY OF SEBRING, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

M. Deferred Outflows/ Deferred Inflows of Resources (Continued)

In addition to liabilities, the statement of net position includes a separate section for deferred inflows of resources. This separate statement element, deferred inflows of resources, represents an acquisition of net assets or fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until then. The City has multiple pension, OPEB, and leases related items that qualify for reporting in this category including changes in assumptions, projected versus actual earnings on pension plan investments, and differences between expected and actual experience, and present value of future lease payments.

The City also has items which arise only under a modified accrual basis of accounting that qualify for reporting as deferred inflows of resources in the governmental funds balance sheet. The governmental funds report unavailable revenues for revenue collected after the period of availability. The amounts are deferred and recognized as an inflow of resources in the period in which the amounts become available. In the governmental funds, a deferred inflow of resources is reported for unavailable revenues that were not received within sixty days of year-end.

N. Unearned Revenues

Unearned revenue arises only when the City receives resources before it has a legal claim to them. The unearned revenue will be recognized as revenues in the fiscal year in which they are earned.

O. Interfund Transactions and Loans

Transactions for services rendered are recorded as revenues in the receiving fund and as expenditures in or expenses (as appropriate) in the disbursing fund.

Transactions to reimburse a fund for expenditures made by it for the benefit of another fund are recorded as expenditures or expenses (as appropriate) in the disbursing fund and as a reduction of expenditures or expenses (as appropriate) in the receiving fund; and transactions to shift revenues from the fund budgeted to receive them to the fund budgeted to expend them are recorded as transfers in and out, respectively.

Transfers are reported in the "Other Financing Sources (Uses)" section in the statement of revenues, expenditures, and changes in fund balances and in the "Transfers" section in the statement of revenues, expenses, and changes in fund net pension.

During the course of operations, transactions occur between individual funds for certain operating expenses or services rendered that result in loans between funds. Short-term interfund loans are classified as "due to/from other funds." All short-term interfund receivables and payables are planned to be eliminated shortly after year-end. Long-term interfund loans are classified as "advances to/from other funds." Any balances outstanding between governmental activities and business-type activities are reported in the government-wide financial statements as internal balances.

CITY OF SEBRING, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

P. Compensated Absences

It is the City's policy to permit full-time employees to accumulate limited amounts of earned vacation leave and earned sick leave. Upon separation from service, employees receive payment for all unused vacation leave. No sick leave benefits of any kind are granted upon termination of employment and therefore no liability is recorded for unpaid accumulated sick leave. Vacation pay is reported as an expense and liability when earned by the employee in the government-wide and proprietary fund financial statements and is considered a current liability. The liability for compensated absences is liquidated in the fund in which an employee's payroll expense is normally recorded.

Q. Pension Plans

Single Employer: For purposes of measuring the net pension liability, deferred outflows of resources, and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Police Officers' Retirement Trust Fund (PORTF) and Municipal Firefighters' Pension Plan (MFPP) and additions to/deductions from the plans' fiduciary net position have been determined on the same basis as they are reported by the plans. For this purpose, defined benefit payments (including refund of employee contributions) are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value.

Cost Sharing Employer: In the government-wide and proprietary funds statements of net position, liabilities are recognized for the City's proportionate share of each pension plan's net pension liability. For purposes of measuring the net pension liability, deferred outflows of resources, and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Florida Retirement System (FRS) defined benefit plan and the Health Insurance Subsidy (HIS) and additions to/deductions from FRS's and the HIS's fiduciary net position have been determined on the same basis as they are reported by the FRS and the HIS plans. For this purpose, plan contributions are recognized as of the employer payroll paid dates and benefit payments and refunds of employee contributions are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

R. 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. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

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

**CITY OF SEBRING, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

S. Fund Balance Policy

The City's policy for fund balance of the General Fund is to maintain minimum fund balances equal to 25% of the current year operating expenditures budgeted. If prior committed or assigned fund balance causes the unassigned fund balance to fall below 25%, the City Administrator will present a strategic plan to City Council to take actions necessary to restore the unassigned fund balance to acceptable levels in subsequent fiscal year(s) until the balance is restored to the minimum level.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, and then unrestricted resources as they are needed. In the governmental funds, when an expenditure is incurred for which restricted, committed, assigned, or unassigned fund balances are available, the City considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the City Council has provided otherwise in its commitment or assignment actions.

T. Property Taxes

Ad valorem taxes for the current fiscal year (beginning October 1, 2022) are assessed on July 1, 2022, based on property values as of January 1, 2022. The taxes are levied in the month of November 2022, by the Highlands County Tax Collector who remits collected taxes to the City monthly. Taxes are due and payable November 1, 2022, and become delinquent April 1, 2023. Tax certificates are sold for delinquent taxes by June 1, 2023. Generally, the City collects substantially all of its current year property taxes during the year in which they are due. No accrual for the property tax levy becoming due in November 2023 is included in the accompanying financial statements since such taxes are collected to finance expenditures of the next fiscal year.

U. Government -Wide and Proprietary Fund Net Position

Government-wide and proprietary fund net position is divided into three categories:

Net Investment in Capital Assets – consists of the historical cost of capital assets less accumulated depreciation and less any debt that remains outstanding and was used to finance those assets.

Restricted Net Position – consists of amounts constrained to specific purposes by their providers (such as granters, bondholders, higher levels of government, and contributors), through constitutional provisions, by enabling legislation, or contributor restrictions.

Unrestricted – all other net position is reported in this category.

CITY OF SEBRING, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

V. Government Fund Balances

In the governmental fund financial statements, fund balances are classified as follows:

Nonspendable Fund Balance – amounts that are not in spendable form (such as prepaid expenses, advances, or long-term investments) or are required to be maintained intact.

Restricted Fund Balance – amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.

Committed Fund Balance – amounts constrained to specific purposes by the City itself, using its highest level of decision-making authority (i.e., City Council) and its highest level of action (i.e., Ordinance). To be reported as committed, amounts cannot be used for any other purpose unless the City takes the same highest-level action to remove or change the constraint.

Assigned Fund Balance – amounts the City intends to use for a specific purpose. Intent can be expressed by the City Council or the Finance Director.

Unassigned Fund Balance – amounts that are available for any purpose. Positive amounts are reported only in the General Fund.

The City Council establishes (and modifies or rescinds) fund balance commitments by passage of an ordinance. Assigned fund balance is established by the City Council through adoption or amendment of the budget as intended for specific purpose (such as the purchase of fixed assets, construction, debt service, or for other purposes).

W. Use of Estimates

The preparation of basic financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

X. Adoption of New Accounting Standards

In May 2020, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. This standard defines a subscription-based information technology arrangement (SBITA); establishes that a SBITA results in a right-to-use subscription asset (an intangible asset) and a corresponding subscription liability; provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and requires note disclosures regarding a SBITA.

The Entity adopted the requirements of the guidance effective October 1, 2022, and has elected to apply the provisions of this standard to the beginning of the period of adoption.

**CITY OF SEBRING, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

NOTE 2 CASH AND INVESTMENTS

Cash

At September 30, 2023, the bank balances of the City's deposits consisted of \$3,227,520 in demand deposits and \$2,051,833 in certificates of deposit.

Custodial Credit Risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The City's monies must be deposited in banks designated as qualified public depositories by the Chief Financial Officer, Florida Department of Financial Services. Therefore, the City's total deposits are insured by the Federal Depository Insurance Corporation and collateralized by the Bureau of Collateral Management, Division of Treasury, Florida Department of Financial Services. The law requires the Chief Financial Officer to ensure that funds are entirely collateralized throughout the fiscal year. Other than the preceding, the City has no policy on custodial credit risk.

Collateral is provided for demand deposits through the Florida Security for Public Deposits Act. This law establishes guidelines for qualification and participation by banks and savings associations, procedures for the administration of the collateral requirements and characteristics of eligible collateral. Under this law, the qualified public depository must pledge at least 25% of the average daily balance for each month of all public deposits in excess of any applicable deposit insurance.

Additional collateral, up to a maximum of 150%, may be required if deemed necessary under the conditions set forth in this law. Eligible collateral consists of obligations of the United States and its agencies and obligations of states and their local political subdivisions and unaffiliated corporations.

Obligations pledged to secure deposits must be delivered to the Department of Financial Services or, with the approval of the Chief Financial Officer, to a bank, savings association or trust company provided a power of attorney is delivered to the Chief Financial Officer. On a monthly basis, the Chief Financial Officer determines that the collateral has a fair value adequate to cover the deposits under the provisions of this law.

Cash and cash equivalents at September 30, 2023, including restricted amounts, consist of:

	Governmental Activities	Business-Type Activities	Fiduciary Funds	Component Unit
Petty Cash and Change Funds	\$ 700	\$ 2,600	\$ 822	\$ -
Demand and Brokerage Deposits	1,037,063	2,206,982	-	202,473
Cash with Fiscal Agent	153,000	-	-	-
Certificate of Deposit	-	-	-	2,051,833
Money Market Mutual Funds	-	-	1,503,439	-
Florida PRIME	18,203,706	13,988,522	-	505,258
Total Cash and Cash Equivalents	<u>\$ 19,394,469</u>	<u>\$ 16,198,104</u>	<u>\$ 1,504,261</u>	<u>\$ 2,759,564</u>

**CITY OF SEBRING, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

NOTE 2 CASH AND INVESTMENTS (CONTINUED)

Investments

The City has adopted an investment policy in accordance with Florida Statutes, which authorizes the City to invest in obligations of the U.S. Treasury, U.S. agencies, and Florida State Board of Administration (SBA) Local Government Surplus Funds Trust Fund (Florida PRIME). The Pension Trust Funds are also authorized to invest in corporate bonds, stocks or other evidences of indebtedness provided that they meet certain requirements listed in the ordinances of the City that govern the pension plans.

Florida PRIME

Florida PRIME is an investment pool administered by the State Board of Administration (SBA), under the regulatory oversight of the State of Florida. Investments in Florida PRIME are made pursuant to Chapter 125.31, Florida Statutes. The investments are not categorized because they are not evidenced by securities that exist in physical or book entry form. Throughout the year and as of September 30, 2023, Florida PRIME contained certain floating and adjustable rate. These investments represented 31.40% of the Florida PRIME's portfolio at September 30, 2023.

Florida PRIME meets all of the necessary criteria to elect to measure all of the investments in Florida PRIME at amortized cost, as a cash equivalent.

The dollar weighted average days to maturity (WAM) of Florida PRIME as of September 30, 2023 was 35 days. Next interest rate reset dates for floating securities are used in the calculation of the WAM. The weighted average life (WAL) of the Florida PRIME at September 30, 2023 was 75 days.

With regard to redemption gates, Chapter 218.409(8)(a), Florida Statutes, states, "The principal, and any part thereof, of each account constituting the trust fund is subject to payment at any time from the moneys in the trust fund. However, the executive director may, in good faith, on the occurrence of an event that has a material impact on liquidity or operations of the trust fund, for 48 hours limit contributions to or withdrawals from the trust fund to ensure that the board can invest moneys entrusted to it in exercising its fiduciary responsibility. Such action must be immediately disclosed to all participants, the trustees, the Joint Legislative Auditing Committee, and the Investment Advisory Council. The trustees shall convene an emergency meeting as soon as practicable from the time the executive director has instituted such measures and review the necessity of those measures. If the trustees are unable to convene an emergency meeting before the expiration of the 48-hour moratorium on contributions and withdrawals, the executive director may extend the moratorium until the trustees are able to meet to review the necessity for the moratorium. If the trustees agree with such measures, the trustees shall vote to continue the measures for up to an additional 15 days. The trustees must convene and vote to continue any such measures before the expiration of the time limit set, but in no case may the time limit set by the trustees exceed 15 days."

**CITY OF SEBRING, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

NOTE 2 CASH AND INVESTMENTS (CONTINUED)

Investments (Continued)

Florida PRIME (continued)

With regard to liquidity fees, Florida Statute 218.409(4) provides authority for the SBA to impose penalties for early withdrawal, subject to disclosure in the enrollment materials of the amount and purpose of such fees. At present, no such disclosure has been made.

As of September 30, 2023, there were no redemption fees or maximum transaction amounts, or any other requirements that serve to limit a participant's daily access to 100% of their account value.

Credit Risk

The City has no policy on credit risk. Fiduciary fund investments at fair value and corresponding credit risk rating as of September 30, 2023 are as follows:

<u>Investment Type</u>	<u>Fiduciary Funds</u>	<u>Credit Rating</u>
U.S. Government Obligations	\$ 2,561,460	Aaa
U.S. Government Obligations	533,103	AA+
Mortgage Backed Securities	4,192,758	Aaa
Mortgage Backed Securities	9,702	BBB
Mortgage Backed Securities	393,919	A A A
Municipal Obligations	16,973	AA-
Corporate Bonds	214,594	A
Corporate Bonds	1,284,919	A-
Corporate Bonds	52,787	A+
Corporate Bonds	116,752	AA-
Corporate Bonds	840,672	BBB+
Corporate Bonds	307,906	BBB
Corporate Bonds	69,464	BBB-
Common Stock	8,937,800	Not Applicable
Mutual Funds - Equities	10,994,545	Not Applicable
Real Estate Partnership	2,311,162	Not Applicable
Total Investments	<u>\$ 32,838,516</u>	

The fiduciary funds have two money market mutual funds, one that has \$173,624 that is rated by Standard and Poor's with a credit risk rating of AAAM and a weighted average maturity of 48.76 days, and a second money market mutual fund that has \$1,329,815 that is rated by Standard and Poor's with a credit risk rating of AAAM and a weighted average maturity of 51 days at September 30, 2023.

At September 30, 2023, Florida PRIME has a credit rating of AAAM.

Concentration of Credit Risk

Assets are to be diversified to control the risk of loss resulting from concentration of assets in a specific maturity, issue, instrument, deal, or bank through which the investments are bought and sold. No investments in any one issuer exceeds 5% of the total investments.

**CITY OF SEBRING, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

NOTE 2 CASH AND INVESTMENTS (CONTINUED)

Fair Value

The City categorizes its fair value measurements within the fair value hierarchy established by accounting principles generally accepted in the United States of America. Debt and equity securities classified as Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities.

Securities classified as Level 2 of the fair value hierarchy are valued using quoted prices for similar assets in active markets.

Investments classified as Level 3 of the fair value hierarchy reflect prices based upon unobservable inputs for an asset or liability. Fixed income classified as Level 3 are prices from the custodian bank's external pricing vendors or an alternative pricing source, utilizing inputs such as stale prices, cash flow models, broker bids, or cost.

Other information for investments measured at the NAV or its equivalent is as follows:

	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Real Estate Fund	\$ 2,311,162	\$ 36,975	Quarterly	Daily

Real Estate Fund – The American Core Realty Fund is an open-end diversified core real estate commingled fund whose primary objective is to provide returns that are attractive relative to other asset classes with stable income and the potential for market appreciation. The American Core Realty Fund invests primarily in core institutional quality industrial, multi-family, office and retail properties located throughout the United States, and is diversified by product type, geographic region, and economic exposure in order to mitigate investment risk.

The City had the following fair value measurements as of September 30, 2023:

	Total	Level 1	Level 2	Level 3
Investments at Fair Value Level:				
U.S. Government Obligations	\$ 3,094,563	\$ 125,285	\$ 2,969,278	\$ -
Mortgage Backed Securities	4,596,379	-	4,596,379	-
Municipal Obligations	16,973	-	16,973	-
Corporate Bonds	2,887,094	-	2,887,094	-
Common Stock	8,937,800	8,937,800	-	-
Mutual Funds - Equities	10,994,545	10,994,545	-	-
Total Investments Measured at Fair Value	30,527,354	<u>\$ 20,057,630</u>	<u>\$ 10,469,724</u>	<u>\$ -</u>
Investments Measured at Amortized Cost or NAV				
Real Estate Partnership	2,311,162			
Florida PRIME	32,192,228			
Short-Term Money Market Funds	1,503,439			
Total Investments	<u>\$ 66,534,183</u>			

**CITY OF SEBRING, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

NOTE 2 CASH AND INVESTMENTS (CONTINUED)

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The City has no policy on interest rate risk. Investments and related level of risk at September 30, 2023 are as follows:

Investment Type	Investment Maturities (in Years)				
	Fair Value	Less Than 1	1 to 5	6 to 10	More Than 10
Fiduciary Funds:					
U.S. Government Obligations	\$ 3,094,563	\$ -	\$ -	\$ 59,400	\$ 3,035,163
Mortgage Backed Securities	4,596,379	-	3,508	17,940	4,574,931
Municipal Obligations	16,973	-	-	-	16,973
Corporate Bonds	2,887,094	-	847,993	445,117	1,593,984
Total	<u>\$ 10,595,009</u>	<u>\$ -</u>	<u>\$ 851,501</u>	<u>\$ 522,457</u>	<u>\$ 9,221,051</u>

Mortgages included in these investments may be repaid sooner by individuals depending on interest rate changes.

NOTE 3 RECEIVABLES

Receivables as of September 30, 2023 for the City's individual major funds and internal service fund, including applicable allowances for uncollectible balances, are as follows:

	Governmental Activities		
	General	Internal	Total
		Service	
Utility and Franchise Taxes	\$ 308,068	\$ -	\$ 308,068
Customer Charges	3,595	-	3,595
Miscellaneous	35,081	8,171	43,252
Gross Receivables	346,744	8,171	354,915
Allowance for Doubtful Accounts	(1,669)	-	(1,669)
Total	<u>\$ 345,075</u>	<u>\$ 8,171</u>	<u>\$ 353,246</u>

	Business-Type Activities		
	Water and Wastewater	Solid	Total
		Waste	
Utility and Franchise Taxes	\$ -	\$ 1,232	\$ 1,232
Customer Charges	673,354	68,952	742,306
Customer Charges - Unbilled	386,058	-	386,058
Gross Receivables	1,059,412	70,184	1,129,596
Allowance for Doubtful Accounts	(5,383)	-	(5,383)
Total	<u>\$ 1,054,029</u>	<u>\$ 70,184</u>	<u>\$ 1,124,213</u>

**CITY OF SEBRING, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

NOTE 4 INTERFUND BALANCES AND TRANSFERS

Amounts due to and from other funds arise from timing differences as a result of transactions and cash transfers for operating purposes. Interfund balances at September 30, 2023 were as follows:

	Due From Other Funds	Due To Other Funds
General Fund	\$ 37,638	\$ -
Water and Wastewater Fund	13,003	-
Solid Waste Fund	424	-
Golf Course Fund	1,787	-
Computer Services Fund	-	52,852
Total	<u>\$ 52,852</u>	<u>\$ 52,852</u>

Interfund transfers for the year ending September 30, 2023 were as follows:

	Transfer In Fund		Total
	General Fund	Golf Course Fund	
Transfer Out Fund:			
General Fund	\$ -	\$ 128,461	\$ 128,461
Water and Wastewater Fund	600,000	-	600,000
Solid Waste Fund	100,000	-	100,000
Total	<u>\$ 700,000</u>	<u>\$ 128,461</u>	<u>\$ 828,461</u>

Transfers are used to: 1) use unrestricted fund revenues to finance activities which must be accounted for in another fund; and 2) to move revenues from the fund that state law requires to collect them to the fund that state law requires to expend them.

NOTE 5 RESTRICTED ASSETS

Restricted assets in the Enterprise Funds consist of the following:

Resolutions pertaining to outstanding loans payable require the segregation and restriction of assets, which are for designated purposes, and are shown below along with other restricted amounts.

Restricted Assets for Loan Payable:	
Sinking Fund	\$ 24,288
Reserve Fund	51,587
Total Restricted Assets for Loans Payable	<u>75,875</u>
Other Restricted Assets:	
Customer Utility Deposits	2,417,322
Total Restricted Assets	<u>\$ 2,493,197</u>

At September 30, 2023, the sinking fund balances are fully funded in accordance with loan requirements. The net position restricted for debt service of \$75,895 for business-type activities represents the Sinking and Reserve Funds assets established for the loans payable.

**CITY OF SEBRING, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

NOTE 6 CAPITAL ASSETS

Changes in Capital Assets

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

	Beginning Balance	Increases	Decreases	Transfers and Reclassifications	Ending Balance
Governmental Activities:					
Capital Assets not Being Depreciated:					
Land	\$ 1,842,082	\$ 49,384	\$ -	\$ -	\$ 1,891,466
Construction in Progress	517,646	916,367	-	(692,125)	741,888
Total Capital Assets not Being Depreciated	2,359,728	965,751	-	(692,125)	2,633,354
Capital Assets Being Depreciated:					
Buildings	6,007,770	115,715	-	-	6,123,485
Improvements Other Than Buildings	4,556,008	-	-	-	4,556,008
Equipment	6,770,928	369,073	511,276	-	6,628,725
Infrastructure	13,442,263	322,061	-	692,125	14,456,449
Right-to-Use Leased Asset	3,545	-	-	-	3,545
Total Capital Assets Being Depreciated	30,780,514	806,849	511,276	692,125	31,768,212
Less Accumulated Depreciation for:					
Buildings	3,244,088	179,767	-	-	3,423,855
Improvements Other Than Buildings	3,196,955	674,698	-	-	3,871,653
Equipment	5,251,794	471,906	511,092	-	5,212,608
Infrastructure	6,699,836	-	-	-	6,699,836
Right-to-Use Leased Asset	785	785	-	-	1,570
Total Accumulated Depreciation	18,393,458	1,327,156	511,092	-	19,209,522
Capital Assets Being Depreciated, Net	12,387,056	(520,307)	184	692,125	12,558,690
Governmental Activities Capital Assets, Net	<u>\$ 14,746,784</u>	<u>\$ 445,444</u>	<u>\$ 184</u>	<u>\$ -</u>	<u>\$ 15,192,044</u>

**CITY OF SEBRING, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

NOTE 6 CAPITAL ASSETS (CONTINUED)

Changes in Capital Assets (Continued)

	Beginning Balance	Increases	Decreases	Transfers and Reclassifications	Ending Balance
Business-Type Activities:					
Capital Assets not Being Depreciated:					
Land	\$ 577,877	\$ -	\$ -	\$ -	\$ 577,877
Construction in Progress	2,636,163	775,318	-	(2,434,861)	976,620
Total Capital Assets not Being Depreciated	3,214,040	775,318	-	(2,434,861)	1,554,497
Capital Assets Being Depreciated:					
Buildings	2,353,418	62,031	-	76,130	2,491,579
Equipment	9,858,569	873,405	247,244	-	10,484,730
Golf Course Improvements	1,293,380	110,620	-	-	1,404,000
Water System	42,433,426	76,232	-	1,438,248	43,947,906
Wastewater System	32,591,031	297,823	-	920,483	33,809,337
Right to Use Leased Asset	118,102	-	4,821	-	113,281
Total Capital Assets Being Depreciated	88,647,926	1,420,111	252,065	2,434,861	92,250,833
Less Accumulated Depreciation for:					
Buildings	1,209,159	72,394	-	-	1,281,553
Equipment	7,037,812	724,602	247,244	-	7,515,170
Golf Course Improvements	1,045,042	53,077	-	-	1,098,119
Water System	25,385,448	1,263,860	-	-	26,649,308
Wastewater System	20,510,895	950,132	-	-	21,461,027
Right to Use Leased Asset	56,903	52,430	4,821	-	104,512
Total Accumulated Depreciation	55,245,259	3,116,495	252,065	-	58,109,689
Capital Assets Being Depreciated, Net	33,402,667	(1,696,384)	-	2,434,861	34,141,144
Business-Type Activities Capital Assets, Net	<u>\$ 36,616,707</u>	<u>\$ (921,066)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 35,695,641</u>

Depreciation expense was charged to governmental functions as follows:

Governmental Activities:	
General Government	\$ 178,665
Law Enforcement	225,809
Fire Control	252,268
Building and Zoning	1,885
Physical Environment	87,362
Transportation	459,389
Culture and Recreation	121,778
Total Depreciation Expense, Governmental Activities	<u>\$ 1,327,156</u>

**CITY OF SEBRING, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

NOTE 6 CAPITAL ASSETS (CONTINUED)

Changes in Capital Assets (Continued)

Depreciation expense was charged to business-type functions as follows:

Business-Type Activities:	
Water	\$ 1,459,397
Wastewater	1,107,378
Solid Waste	387,461
Golf Course	<u>162,259</u>
Total Depreciation Expense, Business-Type Activities	<u><u>\$ 3,116,495</u></u>

The City owns a well and related equipment currently not in use. This idle property was purchased in 2001 for \$192,060 and has a carrying value of \$89,243 at September 30, 2023.

NOTE 7 COMMITMENTS

Encumbrances

Significant commitments include encumbrances outstanding as shown below:

General Fund	\$ 426,683
Infrastructure Fund	8,053
Water and Wastewater Fund	731,452
Solid Waste Fund	7,520
Golf Course Fund	2,530
Computer Service Fund	<u>27,136</u>
Total	<u><u>\$ 1,203,374</u></u>

**CITY OF SEBRING, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

NOTE 7 COMMITMENTS (CONTINUED)

Construction Commitments

The following is a summary of the projects in process and other commitments remaining at September 30, 2023:

	Commitment Authorized	Expended to September 30, 2023	Remaining Commitment
General Fund:			
Police Department Roof	\$ 42,770	\$ -	\$ 42,770
Pickleball Courts at Charlie Brown Park	105,914	96,716	9,198
Infrastructure Fund:			
Sebring Parkway Capital Improvements	1,338,590	-	1,338,590
Golfside Stormwater Improvements	472,844	161,163	311,681
West Lake Jackson Infrastructure Improvements	1,246,339	671,496	574,843
Tasechee Dr Road/Stormwater Improvements	189,160	-	189,160
Waterfront Drainage Project	89,845	14,223	75,623
Storm Drain Improvements at Vet's Beach Boat Ramp	17,795	-	17,795
Storm Drain Improvements at Medical Way	5,881	-	5,881
Lakeview Drive Road Improvements	55,937	-	55,937
Valencia & Summit Road Improvements	1,380	-	1,380
Pickleball Courts at Charlie Brown Park	154,512	129,334	25,178
Water and Wastewater Fund:			
Utilities Drive Thru Upgrade	15,491	7,746	7,746
Memorial Drive Water Line Relocation	28,500	-	28,500
Sunny Pines & Highlands Mobile Homes Fire Hydrants	15,900	-	15,900
Garden Avenue Water Line Extension	3,000	-	3,000
Smithtown Road Water Line Extension	3,000	-	3,000
Water Plant Tower Removal	8,930	8,229	701
Water Line Extension at US Hwy 98	139,000	15,500	123,500
Orange Blossom Water Line Extension	10,000	7,500	2,500
Martha Estates Water Line Extension	13,000	-	13,000
Country Club Ground Water Storage Tank	69,000	-	69,000
Cemetery WWTP Percolation Pond	67,550	37,550	30,000
Rehab Aeration Tank at Country Club Plant	99,750	-	99,750
Western Wastewater Treatment Plant & Line Improvements	116,065	86,255	29,810
West Lake Jackson Infrastructure Improvements	426,034	224,062	201,972
Manhole Improvements	130,806	67,145	63,661
Wastewater Septic to Sewer Line Extension	66,000	58,589	7,411
Wastewater Forcemain Improvements	45,000	37,500	7,500
Wastewater Forcemain Extension at KFC	260,000	241,338	18,662
Liftstation Improvements	50,339	-	50,339
Rehab Sewer Lines	28,417	-	28,417
Interconnect Country Club WWTP to Western WWTP	180,020	9,000	171,020
Total	<u>\$ 5,496,769</u>	<u>\$ 1,873,346</u>	<u>\$ 3,623,424</u>

**CITY OF SEBRING, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

NOTE 8 PLEDGED REVENUES

The City has pledged future revenues derived from the operation of the water and wastewater systems and public service taxes, net of operating and maintenance expenses, to repay five loans amounting to \$415,145. The loan descriptions and maturities are included in Note 9 and are payable solely from the net earnings of the water and wastewater systems. The total principal and interest remaining to be paid on the loans is \$415,145. Principal paid and interest expense for the current year was \$2,328,093 and net system revenues were \$8,717,034. Scheduled principal and interest for pledged loans for fiscal year 2024 is \$98,896. Annual payments of debt service are expected to require 1.2% of available net revenues.

The City has pledged future revenue derived from the infrastructure sales surtax to repay a loan amounting to \$208,665. The loan description and maturities are included in Note 9. As of September 30, 2023, the total principal and interest remaining to be paid on the loan is \$208,665. There were no payments on the loan in the current year. Scheduled principal and interest for fiscal year 2024 is \$22,950.

NOTE 9 LONG-TERM DEBT

Long-term liability activity of the City for the year ended September 30, 2023 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year	Long-Term Portion
Governmental Activities:						
Direct Borrowings	\$ 198,906	\$ 787,000	\$ 8,492	\$ 977,414	\$ 151,776	\$ 825,638
Leases	2,817	-	759	2,058	792	1,266
Compensated Absences	362,589	395,282	370,535	387,336	387,336	-
Total Governmental Activities Long-Term Liabilities	<u>\$ 564,312</u>	<u>\$ 1,182,282</u>	<u>\$ 379,786</u>	<u>\$ 1,366,808</u>	<u>\$ 539,904</u>	<u>\$ 826,904</u>
Business-Type Activities:						
Direct Borrowings	\$ 1,289,393	\$ -	\$ 533,190	\$ 756,203	\$ 314,028	\$ 442,176
Direct Placements	2,155,140	-	2,155,140	-	-	-
Leases	62,624	-	53,441	9,183	9,183	-
Compensated Absences	130,806	139,140	130,806	139,140	139,140	-
Landfill Closure	467,500	263,500	-	731,000	-	731,000
Total Business-Type Activities Long-Term Liabilities	<u>\$ 4,105,463</u>	<u>\$ 402,640</u>	<u>\$ 2,872,577</u>	<u>\$ 1,635,526</u>	<u>\$ 462,351</u>	<u>\$ 1,173,176</u>

For governmental activities, compensated absences are liquidated by the General Fund.

**CITY OF SEBRING, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

NOTE 9 LONG-TERM DEBT (CONTINUED)

The annual requirements to amortize the debt outstanding as of September 30, 2023 are as follows:

<u>Year Ending September 30,</u>	Governmental Activities		
	Direct Borrowings		
	Principal	Interest	Total
2024	\$ 151,776	\$ 35,713	\$ 187,489
2025	171,022	26,312	197,334
2026	185,817	19,944	205,761
2027	180,983	13,327	194,310
2028	186,983	6,783	193,766
2029-2033	84,915	-	84,915
2034-2038	15,918	-	15,918
Total	\$ 977,414	\$ 102,079	\$ 1,079,493

<u>Year Ending September 30,</u>	Business-Type Activities		
	Direct Borrowings and Direct Placements		
	Principal	Interest	Total
2024	\$ 314,028	\$ 19,784	\$ 333,812
2025	83,576	10,795	94,371
2026	88,834	8,520	97,354
2027	55,281	6,177	61,458
2028	179,991	12,991	192,982
2029-2033	29,835	-	29,835
2034-2038	4,658	-	4,658
Total	\$ 756,203	\$ 58,267	\$ 814,470

Direct Borrowing – State Revolving Fund Loans

The City also has five State Revolving Fund loans with a total balance of \$623,811. The loans will be used for water and wastewater projects. The loans are secured by pledged revenues of the water and sewer system.

State Revolving Fund Loan – Lake Jackson Shores

<u>Description</u>	<u>Outstanding at September 30, 2023</u>
\$1,649,519 loan payable (\$154,438 at 3.08% and \$1,495,081 at 1.87%); from the State of Florida, Department of Environmental Protection; semiannual payment of \$50,029, including interest, beginning August 15, 2004 through February 15, 2024; secured by a pledge of net revenues of the water and wastewater system.	\$ 49,535

In the event of default, the timing of repayment of outstanding balances may be accelerated, or the financing rate on the unpaid principal of the loans may be increased as much as 3.333 times the financing rate.

**CITY OF SEBRING, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

NOTE 9 LONG-TERM DEBT (CONTINUED)

Direct Borrowing – State Revolving Fund Loans (Continued)

State Revolving Fund Loan – Sparta Road

<u>Description</u>	Outstanding at September 30, 2023
<p>\$165,859 loan payable at 2.71% from the State of Florida, Department of Environmental Protection; semiannual payment of \$5,476, including interest, beginning June 15, 2011 through December 15, 2030; secured by a pledge of net revenues of the water and wastewater system.</p>	<p>\$ 73,884</p>

In the event of default, the timing of repayment of outstanding balances may be accelerated, or the financing rate on the unpaid principal of the loans may be increased as much as 1.667 times the financing rate.

State Revolving Fund Loan – Airport Road

<u>Description</u>	Outstanding at September 30, 2023
<p>\$69,227 loan payable at 2.66% from the State of Florida, Department of Environmental Protection; semiannual payment of \$2,140, including interest, beginning September 15, 2012 through March 15, 2032; secured by a pledge of net revenues of the water and wastewater system.</p>	<p>\$ 32,372</p>

In the event of default, the timing of repayment of outstanding balances may be accelerated, or the financing rate on the unpaid principal of the loans may be increased as much as 1.667 times the financing rate.

State Revolving Fund Loan – State Road 17

<u>Description</u>	Outstanding at September 30, 2023
<p>\$517,413 loan payable at 2.66% from the State of Florida, Department of Environmental Protection; semiannual payment of \$17,145, including interest, beginning September 15, 2012 through March 15, 2032; secured by a pledge of net revenues of the water and wastewater system.</p>	<p>\$ 259,354</p>

In the event of default, the timing of repayment of outstanding balances may be accelerated, or the financing rate on the unpaid principal of the loans may be increased as much as 1.667 times the financing rate.

**CITY OF SEBRING, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

NOTE 9 LONG-TERM DEBT (CONTINUED)

Direct Borrowing – State Revolving Fund Loans (Continued)

State Revolving Fund Loan – West Lake Jackson

<u>Description</u>	<u>Outstanding at September 30, 2023</u>
<p>\$225,500 loan payable at 0% from the State of Florida, Department of Environmental Protection; semiannual payment of \$11,475, including interest, beginning February 15, 2022 through August 15, 2032; secured by a pledge of infrastructure surtax revenue.</p>	
Governmental Activities	\$ 163,196
Business-Type Activities	45,470
Total	<u>\$ 208,666</u>

In the event of default, the timing of repayment of outstanding balances may be accelerated, or the financing rate on the unpaid principal of the loans may be increased as much as 1.667 times the financing rate.

Total Loans Payable	<u>\$ 623,811</u>
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Direct Borrowing – Financed Purchase Obligations

The City has entered into agreements for financing the acquisition of equipment for its general, solid waste, golf operations:

The Leasing 2, Inc. for the purchase of a Peterbilt Front Loader is dated December 15, 2021 for \$265,671 at a 3.30% interest rate, due in annual installments of \$92,967 through June 15, 2024.

The Leasing 2, Inc. for the purchase of a Crane Carrier is dated November 15, 2021 for \$295,386 at a 3.30% interest rate, due in annual installments of \$103,940 through July 15, 2024.

The Leasing 2, Inc. for the purchase of Golf Equipment is dated November 25, 2021 for \$216,833 at a 3.34% interest rate, due in annual installments of \$47,044 through May 25, 2026.

Truist Bank for the purchase of the Fire Pumper truck is dated June 22, 2023 for \$787,000 at a 3.99% interest rate, due in annual installments of \$143,000 through August 1, 2028.

**CITY OF SEBRING, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

NOTE 10 LEASES

Lessee Arrangement

The City leases equipment for various terms under long-term, noncancelable lease agreements. The leases expire at various dates through 2026.

Total future minimum lease payments under lease agreements are as follows:

<u>Year Ending September 30,</u>	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	
2024	\$ 792	\$ 98	\$ 9,183	\$ 17	\$ 10,090
2025	826	65	-	-	891
2026	440	3	-	-	443
Total Minimum Lease Payments	\$ 2,058	\$ 166	\$ 9,183	\$ 17	\$ 11,424

Right-to-use assets acquired through outstanding leases are shown below, by underlying asset class.

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Equipment	\$ 3,545	\$ 113,281
Less: Accumulated Amortization	(1,570)	(104,513)
Total	\$ 1,975	\$ 8,768

Lessor Arrangement

The City, acting as lessor, leases cell towers and property under long-term, noncancelable lease agreements. The leases expire at various dates and provide for renewal options. During the year ended September 30, 2023, the City recognized \$83,222 and \$26,792 in lease revenue and interest revenue, respectively, pursuant to these contracts.

Total future minimum lease payments to be received under lease agreements are as follows:

<u>Year Ending September 30,</u>	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	
2024	\$ 74,879	\$ 21,847	\$ 1,146	\$ 1,854	\$ 99,726
2025	79,802	18,603	1,195	1,805	101,405
2026	84,988	12,800	1,246	1,754	100,788
2027	74,711	10,946	1,299	1,645	88,601
2028	31,101	9,669	1,355	1,645	43,770
2029-2033	176,660	27,192	7,697	7,303	218,852
2034-2038	39,997	773	9,492	5,508	55,770
2039-2043	-	-	11,706	3,294	15,000
2044-2047	-	-	9,783	717	10,500
Total Minimum Lease Payments	\$ 562,138	\$ 101,830	\$ 44,919	\$ 25,525	\$ 734,412

CITY OF SEBRING, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

NOTE 11 LANDFILL CLOSURE LIABILITY

The City owns and operates a landfill for yard trash as part of its solid waste operation. The solid waste operation of the City is accounted for as a business-type activity in the Solid Waste Fund. In September 2012, the Florida Department of Environmental Protection approved a change to the City's landfill permit. The landfill permit in effect until September 21, 2012, was a general landfill permit, which required a restriction on funds to cover 30 years of post-closure maintenance. The new permit is a yard waste facility permit, which requires no funding of the closure and post-closure maintenance. At September 30, 2023, the City has maintained a \$731,000 liability to cover the estimated landfill closure requirements of the Florida Department of Environmental Protection.

NOTE 12 RISK MANAGEMENT

Risk Pool

The City, in October 1988, entered into an agreement with other political subdivisions to create a local government risk management pool called Public Risk Management of Florida (PRM). PRM was organized to develop and administer a Protected Self-Insured Retention Program for its member organizations. PRM provides the City with coverage from risks in the areas of property, automobile, general liability, police professional, workers' compensation, public officials' liability, and crime. The City has elected to retain the risk of loss of \$10,000 per occurrence.

PRM is a total risk and cost sharing pool for all losses the members have elected to not retain. PRM uses specific excess insurance to cover losses above predetermined self-insured retention levels and aggregate excess insurance to protect the loss fund in the event it becomes exhausted.

Premiums are paid by all funds to the City's Internal Service Fund for its self-insured property and casualty risk management insurance plan. Other than the risk of loss the City has retained the City does not have any claim liability in addition to premiums paid to PRM.

Risk Retention

The City self-insures the health benefits it provides to its employees. The City's plan retains the risk of loss for the medical claims up to \$65,000, and paid by December 31, 2023, per individual per year with an overall additional deductible of \$130,000. The City uses specific reinsurance with a deductible of \$130,000 to reduce its exposure for medical claims, excluding vision, dental and drug benefits, incurred and paid by September 30, 2023 that exceed a \$65,000 limit per individual. The City also utilizes an aggregate policy to reduce its exposure for total medical claims. The City's aggregate policy provides coverage of \$1,000,000 on an overall basis when covered medical claims exceed \$1,950,638 during the current fiscal year. The City also purchases commercial insurance for its exposure related to life benefits provided to employees. For insured programs, there have been no significant reductions in insurance coverage. Settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

**CITY OF SEBRING, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

NOTE 12 RISK MANAGEMENT (CONTINUED)

Risk Retention (Continued)

The City reports its risk management activities in the Internal Service Fund. Claims, expenditures, and liabilities are reported when it is probable that a loss has occurred, the amount of that loss can be reasonably estimated, and it will not be covered by reinsurers. These losses include an estimate of claims that have been incurred but not reported.

The liability at September 30, 2023 is \$199,753. The following is a summary of changes in the liability balance:

Fiscal Year	Liability Beginning of Fiscal Year	Current Year Claims and Changes in Estimate of Liability	Net Claim Payments	Liability End of Fiscal Year
2021-2022	\$ 387,343	\$ 1,796,122	\$ 1,840,629	\$ 342,836
2022-2023	342,836	2,715,595	2,858,678	199,753

The above current year claims and changes in estimate of liability is net of any amounts received from employees and reinsurance.

NOTE 13 PENSION PLANS

Substantially all full-time employees of the City of Sebring are covered by one of four pension plans.

The Police Officers' Retirement Trust Fund (PORTF) and Municipal Firefighters' Pension Plan (MFPP) financial statements are reported as pension trust funds in the fiduciary fund financial statements. These statements are prepared using the accrual basis of accounting. Employer contributions are recognized as revenues when due and when the employer has made a formal commitment to provide the contributions. State contributions to the PORTF and MFPP are recognized in the period payment is made from the State. Benefits and refunds are recognized when due and payable in accordance with the terms of each plan.

**CITY OF SEBRING, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

NOTE 13 PENSION PLANS (CONTINUED)

	Police Officers' Retirement Trust Fund	Municipal Firefighters' Pension Plan	Total
ASSETS			
Cash and Cash Equivalents	\$ 1,329,815	\$ 174,446	\$ 1,504,261
Receivables:			
Interest and Dividends	34,005	41,057	75,062
Partnership Distribution	8,274	15,559	23,833
Total Receivables	<u>42,279</u>	<u>56,616</u>	<u>98,895</u>
Investments, at Fair Value:			
U.S. Government Obligations	2,561,460	533,103	3,094,563
Mortgage Backed Securities	2,918,300	1,678,079	4,596,379
Municipal Obligations	-	16,973	16,973
Corporate Bonds	800,183	2,086,911	2,887,094
Common Stock	6,770,749	2,167,051	8,937,800
Mutual Funds - Equities	4,995,720	5,998,825	10,994,545
Real Estate Partnership	1,095,299	1,215,863	2,311,162
Total Investments	<u>19,141,711</u>	<u>13,696,805</u>	<u>32,838,516</u>
 Total Assets	 20,513,805	 13,927,867	 34,441,672
LIABILITIES			
Accounts Payable	38,368	9,150	47,518
Total Liabilities	<u>38,368</u>	<u>9,150</u>	<u>47,518</u>
 NET POSITION RESTRICTED FOR PENSIONS	 <u>\$ 20,475,437</u>	 <u>\$ 13,918,717</u>	 <u>\$ 34,394,154</u>

**CITY OF SEBRING, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

NOTE 13 PENSION PLANS (CONTINUED)

	Police Officers' Retirement Trust Fund	Municipal Firefighters' Pension Plan	Total
ADDITIONS			
Contributions:			
City	\$ 339,263	\$ 328,394	\$ 667,657
Plan Members	35,121	5,799	40,920
Total Contributions	<u>374,384</u>	<u>334,193</u>	<u>708,577</u>
Investment Income:			
Net Appreciation in Fair Value of Investments	1,299,983	859,361	2,159,344
Interest and Dividends	447,919	347,183	795,102
Other	32,067	36,138	68,205
Subtotal	<u>1,779,969</u>	<u>1,242,682</u>	<u>3,022,651</u>
Less: Investment Expenses	<u>(94,296)</u>	<u>(56,228)</u>	<u>(150,524)</u>
Net Investment Income	<u>1,685,673</u>	<u>1,186,454</u>	<u>2,872,127</u>
Total Additions	<u>2,060,057</u>	<u>1,520,647</u>	<u>3,580,704</u>
DEDUCTIONS			
Payments to Retirees and Participants	738,029	1,239,338	1,977,367
Administration Expenses	52,250	43,721	95,971
Total Deductions	<u>790,279</u>	<u>1,283,059</u>	<u>2,073,338</u>
NET DECREASE IN NET POSITION	1,269,778	237,588	1,507,366
NET POSITION RESTRICTED FOR PENSION			
Beginning of Year	<u>19,205,659</u>	<u>13,681,129</u>	<u>32,886,788</u>
End of Year	<u>\$ 20,475,437</u>	<u>\$ 13,918,717</u>	<u>\$ 34,394,154</u>

Police Officers' Retirement Trust Fund (PORTF)

Plan Description

All officers and policemen hired before January 1, 2013, who have been certified to permanent status, excluding civilian, clerical and other employees of the City's police department, participate in the PORTF, a single-employer, defined benefit pension plan that was established by a special act of the state of Florida in 1967, Chapter 2069 and is currently governed by city ordinance as amended from time to time and administered by the PORTF Board of Trustees. The plan is closed to new members. PORTF provides retirement, disability and death benefits to plan members and their beneficiaries. The PORTF also has a deferred retirement option plan. The City Council by ordinance maintains the authority to establish new and amend existing benefit provisions of the plan. The PORTF is reported in the City's fiduciary financial statement as a pension trust fund.

**CITY OF SEBRING, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

NOTE 13 PENSION PLANS (CONTINUED)

Police Officers' Retirement Trust Fund (PORTF) (Continued)

Plan Membership

As of September 30, 2021, the members of the plan were as follows:

Inactive Plan Members or Beneficiaries Receiving Benefits	31
Inactive Plan Members Entitled to but not Receiving Benefits	0
Active Plan Members	<u>11</u>
Total	<u><u>42</u></u>

Benefits Provided

All benefits are 100% vested after 10 years of credited service. Normal retirement is the earlier of 20 years of credited service regardless of age, or age 52 and 10 years of credited service (five years of credited services for members hired prior to October 1, 1998). Members who have attained age 45 and 10 years of credited service (five years of credited service for members hired prior to October 1, 1998) are eligible for early retirement at reduced benefits. Benefits at normal retirement are computed at 3% of the average final compensation (AFC), which is the highest three years out of the last 10 years of credited service immediately preceding termination or retirement times credited service. The maximum benefit is 90% of AFC. The plan provides for an annual 3% cost of living adjustment for the life of all retirees and certain beneficiaries who retire after September 1, 1998).

Cost of living adjustments (COLA) will be made on October 1 for service retirees who retire after September 1, 1998. The increase is prorated for those receiving benefits for less than 1 year. The COLA is not applied to the supplemental benefit.

Funding Policy

The City Council establishes and may amend the contribution requirements of plan members. The City is required by City ordinance and Florida Statutes to make additional contributions to fund the pension plan at an actuarially determined amount. The PORTF, beginning fiscal year 2014, no longer receives a portion of a 0.85% tax on all premiums collected on casualty insurance policies on property within the City because the City closed the plan. Administrative costs for each plan are financed through investment earnings. Covered employees contribute 5% of their salary.

The required City contributions to the Plan for the year ended September 30, 2023 was 46.6% of payroll. Actual contributions for the year totaled \$339,263, or 100% of the required contribution. Contribution requirements for the Plan are established and may be amended by state law and city ordinance.

**CITY OF SEBRING, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

NOTE 13 PENSION PLANS (CONTINUED)

Police Officers' Retirement Trust Fund (PORTF) (Continued)

Deferred Retired Option Program (DROP)

Plan member are eligible to participate in the DROP upon satisfaction of normal retirement requirements (20 years of credited service regardless of age, or age 52 and 10 years of credited service (five years of credited service for members hired prior to October 1, 1998), with participation not to exceed seven years. Members elect the rate of return to be credited to their DROP account as either the interest rate applicable to the Florida Retirement System DROP Plan for the immediately preceding calendar quarter, or the rate realized by the pension plan's trust fund.

The DROP balance as of September 30, 2022, the most recently available information, is \$764,362.

Net Pension Liability of the City

The measurement date for the City's net pension liability is September 30, 2022. The total pension liability used to calculate the net pension liability was determined as of that date. The components of the net pension liability of the City at the measurement date were as follows:

Total Pension Liability	\$ 23,325,788
Plan Fiduciary Net Position	<u>(19,205,657)</u>
Net Pension Liability	<u>\$ 4,120,131</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	82.34%

Changes in net pension liability were as follows:

	<u>Increase (Decrease)</u>		
	<u>Total Pension Liability (a)</u>	<u>Plan Fiduciary Net Position (b)</u>	<u>Net Pension Liability (Asset) (a)-(b)</u>
Balances - September 30, 2022	\$ 21,908,637	\$ 23,524,121	\$ (1,615,484)
Changes for the Year:			
Service Cost	260,813	-	260,813
Interest	1,526,671	1,654,002	(127,331)
Difference Between Actual and Expected Experience	349,409	-	349,409
Assumption Changes	-	-	-
Contributions - City	-	468,005	(468,005)
Contributions - Employee	-	35,518	(35,518)
Net Investment Income	-	(5,713,413)	5,713,413
Benefit Payments, Including Refunds of Employee Contributions	(719,742)	(719,742)	-
Administrative Expense	-	(42,834)	42,834
Net Changes	<u>1,417,151</u>	<u>(4,318,464)</u>	<u>5,735,615</u>
Balances - September 30, 2023	<u>\$ 23,325,788</u>	<u>\$ 19,205,657</u>	<u>\$ 4,120,131</u>

**CITY OF SEBRING, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

NOTE 13 PENSION PLANS (CONTINUED)

Police Officers' Retirement Trust Fund (PORTF) (Continued)

Net Pension Liability of the City (Continued)

For the year ended September 30, 2023, the City recognized pension expense of \$1,222,952 for the plan. At September 30, 2023, the City reported deferred outflows of resources and deferred inflows related to its pension plan from the following sources:

<u>Description</u>	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between Expected and Actual Experience	\$ -	\$ -
Changes in Assumptions	-	-
Net Difference Between Projected and Actual		
Earnings on Plan Investments	\$ -	\$ (3,227,444)
City Contributions Subsequent to the Measurement Date	339,263	-
Total	<u>\$ 339,263</u>	<u>\$ (3,227,444)</u>

The deferred outflows of resources related to the Pension Plan, totaling \$339,263 resulting from City contributions to the plan subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the fiscal year ending September 30, 2024. Other amounts reported as deferred outflows and inflows of resources related to the Plan will be recognized in pension expense as follows:

<u>Year Ending September 30,</u>	<u>Amount</u>
2024	\$ 743,358
2025	633,023
2026	708,382
2027	1,142,681

The required schedule of changes in the City's net pension liability and related ratios immediately following the notes to the financial statements presents multiyear trend information about whether the value of plan assets is increasing or decreasing over time relative to the total pension liability.

Actuarial assumptions. The total pension liability was determined by an actuarial valuation as of October 1, 2021, with update procedures performed by the actuary to roll forward to the total pension liability measured as of September 30, 2022, using the following actuarial assumptions applied to all periods included in the measurement:

Actuarial Cost Method	Entry Age Normal
Inflation	2.50 %
Salary Increases	5.00
Investment Rate of Return	7.00

**CITY OF SEBRING, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

NOTE 13 PENSION PLANS (CONTINUED)

Police Officers' Retirement Trust Fund (PORTF) (Continued)

Net Pension Liability of the City (Continued)

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 the long-term expected rate of return by weighting 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 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Rate of Return</u>
Domestic Equity	45%	7.5%
International Equity	15%	8.5%
Domestic Bonds	35%	2.5%
Real Estate	5%	4.5%
Total	<u>100%</u>	

Discount Rate: The discount rate used to measure the total pension liability for the Plan was 6.90%, which is 0.1% less than prior year.

The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that the City's contributions will be made at rates equal to the difference between the total actuarially determined contribution rates and the plan member rate. Based on these 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 of 7.0% was applied to all periods of projected benefit payments to determine the total pension liability.

Mortality rates were based on the PUB-2010 Headcount-Weighted Mortality Tables with mortality improvements projected for healthy lives to all future years after 2010 using Scale MP-2018.

Sensitivity of the net pension liability to changes in the discount rate. The following presents the net pension liabilities of the City, calculated using the discount rates noted above, as well as what the City's net pension liabilities would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

**CITY OF SEBRING, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

NOTE 13 PENSION PLANS (CONTINUED)

Police Officers' Retirement Trust Fund (PORTF) (Continued)

Net Pension Liability of the City (Continued)

	One Percent Decrease (6.0%)	Current Discount Rate (7.0%)	One Percent Increase (8.0%)
City's Net Pension Liability as of the Measurement Date	\$ 7,207,457	\$ 4,120,131	\$ 160,113

Net Pension Liability of the City on the Plan's Fiscal Year-End

The components of the net pension liability of the City as it pertains to the Plan at September 30, 2023 were as follows:

Total Pension Liability	\$ 24,073,973
Plan Fiduciary Net Position	(20,475,437)
Net Pension Liability	\$ 3,598,536

Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	85.05%
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The required schedule of changes in the net pension liability and related ratios immediately following the notes to the financial statements presents multiyear trend information about whether the value of plan assets is increasing or decreasing over time relative to the total pension liability.

Actuarial assumptions. The total pension liability was determined by an actuarial valuation as of October 1, 2022, with update procedures performed by the actuary to roll forward to the total pension liability measured as of September 30, 2023, using the following actuarial assumptions applied to all periods included in the measurement:

Inflation	2.50 %
Salary Increases	5.00
Investment Rate of Return	7.00

Mortality rates were based on the PUB-2010 Headcount-Weighted Mortality Tables with mortality improvements projected for healthy lives to all future years after 2010 using Scale MP-2018.

**CITY OF SEBRING, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

NOTE 13 PENSION PLANS (CONTINUED)

Police Officers' Retirement Trust Fund (PORTF) (Continued)

Net Pension Liability of the City on the Plan's Fiscal Year-End (Continued)

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 the long-term expected rate of return by weighting 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 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Rate of Return</u>
Domestic Equity	45%	7.5%
International Equity	15%	8.5%
Domestic Bonds	35%	2.5%
Real Estate	5%	4.5%
Total	<u>100%</u>	

Discount Rate: The discount rate used to measure the total pension liability for the Plan was 6.9%, 0.1% less than the prior year rate of 7.0%.

The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that the City's contributions will be made at rates equal to the difference between the total actuarially determined contribution rates and the plan member rate. Based on these 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 of 7.0% was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the net pension liability to changes in the discount rate. The following presents the net pension liabilities of the City, calculated using the discount rates noted above, as well as what the City's net pension liabilities would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	<u>One Percent Decrease (5.9%)</u>	<u>Current Discount Rate (6.9%)</u>	<u>One Percent Increase (7.9%)</u>
City's Net Pension Liability as of the Measurement Date	<u>\$ 7,689,321</u>	<u>\$ 3,598,536</u>	<u>\$ 1,864,611</u>

**CITY OF SEBRING, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

NOTE 13 PENSION PLANS (CONTINUED)

Police Officers' Retirement Trust Fund (PORTF) (Continued)

Net Pension Liability of the City on the Plan's Fiscal Year-End (Continued)

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revision as results are compared to past expectations and new estimates are made about the future. Actuarial calculations reflect a long-term perspective. Calculations are based on the substantive plan in effect as of September 30, 2023 and the current sharing pattern of costs between employer and employee.

Municipal Firefighters' Pension Plan (MFPP)

Plan Description

All actively employed firefighters of the City's fire department who had 10 years or more of credited service on or before August 26, 2013, participate in the MFPP, a single-employer, defined benefit pension plan that was established by a special act of the state of Florida in 1959, Chapter 1860 and is currently governed by city ordinance as amended from time to time. The plan is closed to new members. MFPP provides retirement, disability, death benefits, and cost of living adjustments to plan members and their beneficiaries. The MFPP also has a deferred retirement option plan. The City Council by ordinance maintains the authority to establish new and amend existing benefit provisions of the plan. The MFPP is reported in the City's fiduciary financial statement as a pension trust fund.

The MFPP is administered by a five-member board of trustees. The City Council appoints two of the members; two more members are elected by a majority of the other covered firefighters, and a fifth member is elected by the other four and appointed by the City Council.

Plan Membership

As of October 1, 2022, the members of the plan were as follows:

Inactive Plan Members or Beneficiaries Receiving Benefits	24
Inactive Plan Members Entitled to but not Receiving Benefits	2
Active Plan Members	1
Total	27

Benefits Provided

Normal retirement is age 55 and 10 years of service, or 25 years of service, regardless of age. Members who have attained age 45 and 10 years of credited service are eligible for early retirement at reduced benefits. Benefits at normal retirement are computed at 3% of average final compensation times credited service, to a maximum of 90% of average final compensation. The minimum benefit is 2% of average final compensation times credited service. Retired members who were employed prior to June 30, 1971, receive a 4% annual cost of living adjustment. Retired members who were employed after June 30, 1971, receive a 3% annual increase. Cost of living adjustments are made each year on the first of October.

CITY OF SEBRING, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

NOTE 13 PENSION PLANS (CONTINUED)

Municipal Firefighters' Pension Plan (MFPP) (Continued)

Funding Policy

The City Council establishes and may amend the contribution requirements of plan members. The City is required by City ordinance and Florida Statutes to make additional contributions to fund the pension plan at an actuarially determined amount. The MFPP, beginning fiscal year 2014, no longer receives a portion of a 1.85% tax on all premiums collected on property insurance policies covering property within the City because the City closed the plan. Administrative costs for each plan are financed through investment earnings. Plan members contribute 6.5% of their salary.

The required City contributions to the Plan for the year ended September 30, 2023 was 368.10% of payroll. Actual contributions for the year totaled \$328,394 or 100% of the required contribution. Contribution requirements for the Plan are established and may be amended by state law and city ordinance.

Deferred Retired Option Program (DROP)

Plan members are eligible to participate in the DROP upon satisfaction of normal retirement requirements (earlier of age 55 and 10 years of credited service, or 25 years of credited service, regardless of age) with participation not to exceed five years. The rate of return is the interest rate applicable to the Florida Retirement System DROP Plan for the immediately preceding calendar quarter.

As of September 30, 2023 there were outstanding DROP balances totaling \$68,568.

Net Pension Liability of the City

The measurement date for the City's net pension liability is September 30, 2022. The total pension liability used to calculate the net pension liability was determined as of that date. The components of the net pension liability of the City at the measurement date were as follows:

Total Pension Liability	\$ 18,488,500
Plan Fiduciary Net Position	<u>(13,680,607)</u>
Net Pension Liability	<u>\$ 4,807,893</u>
 Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	 74.00%

**CITY OF SEBRING, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

NOTE 13 PENSION PLANS (CONTINUED)

Municipal Firefighters' Pension Plan (MFPP) (Continued)

Net Pension Liability of the City (Continued)

Changes in net pension liability were as follows:

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balances - September 30, 2021	\$ 18,171,359	\$ 16,841,814	\$ 1,329,545
Changes for the Year:			
Service Cost	149,516	-	149,516
Interest	1,240,177	-	1,240,177
Difference Between Actual and Expected Experience	135,569	-	135,569
Assumption Changes	-	-	-
Contributions - City	-	759,550	(759,550)
Contributions - Employee	-	13,021	(13,021)
Net Investment Income	-	(2,688,954)	2,688,954
Benefit Payments, Including Refunds of Employee Contributions	(1,208,121)	(1,208,121)	-
Administrative Expense	-	(36,703)	36,703
Net Changes	<u>317,141</u>	<u>(3,161,207)</u>	<u>3,478,348</u>
Balances - September 30, 2022	<u>\$ 18,488,500</u>	<u>\$ 13,680,607</u>	<u>\$ 4,807,893</u>

For the year ended September 30, 2023, the City recognized pension expense of \$863,668 for the plan. At September 30, 2023, the City reported deferred outflows of resources and deferred inflows related to its pension plan from the following sources:

<u>Description</u>	Deferred Outflows of Resources	Deferred Inflows of Resources
Net Difference Between Projected and Actual Earnings on Plan Investments	\$ 2,051,915	\$ -
City Contributions Subsequent to the Measurement Date	328,394	-
Total	<u>\$ 2,380,309</u>	<u>\$ -</u>

The deferred outflows of resources related to the Pension Plan, totaling \$328,394 resulting from City contributions to the plan subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the fiscal year ending September 30, 2024.

**CITY OF SEBRING, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

NOTE 13 PENSION PLANS (CONTINUED)

Municipal Firefighters' Pension Plan (MFPP) (Continued)

Net Pension Liability of the City (Continued)

Other amounts reported as deferred outflows and inflows of resources related to the Plan will be recognized in pension expense as follows:

<u>Year Ending September 30,</u>	<u>Amount</u>
2024	\$ 464,496
2025	383,803
2026	433,346
2027	770,270

The required schedule of changes in the City's net pension liability and related ratios immediately following the notes to the financial statements presents multiyear trend information about whether the value of plan assets is increasing or decreasing over time relative to the total pension liability.

Actuarial assumptions. The total pension liability was determined by an actuarial valuation as of October 1, 2022, with update procedures performed by the actuary to roll forward to the total pension liability measured as of September 30, 2023, using the following actuarial assumptions applied to all periods included in the measurement:

Inflation	2.50 %
Salary Increases	7.00
Investment Rate of Return	7.00

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 the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of September 30, 2023, are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Rate of Return</u>
Domestic Equity	45%	7.5%
International Equity	15%	8.5%
Domestic Bonds	35%	2.5%
Real Estate	5%	4.5%
Total	<u>100%</u>	

**CITY OF SEBRING, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

NOTE 13 PENSION PLANS (CONTINUED)

Municipal Firefighters' Pension Plan (MFPP) (Continued)

Net Pension Liability of the City (Continued)

Discount Rate: The discount rate used to measure the total pension liability for the Plan was 7.00%, which remained consistent from prior year.

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 plans' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the net pension liability to changes in the discount rate. The following presents the net pension liabilities of the City, calculated using the discount rates noted above, as well as what the City's net pension liabilities would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	One Percent Decrease (6.0%)	Current Discount Rate (7.0%)	One Percent Increase (8.0%)
City's Net Pension Liability (Asset) as of the Measurement Date	\$ 6,980,790	\$ 4,807,893	\$ 3,008,114

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revision as results are compared to past expectations and new estimates are made about the future. Actuarial calculations reflect a long-term perspective. Calculations are based on the substantive plan in effect as of September 30, 2023 and the current sharing pattern of costs between employer and employee.

Net Pension Liability of the City on the Plan's Fiscal Year-End

The components of the net pension liability of the City as it pertains to the Plan at September 30, 2023 were as follows:

Total Pension Liability	\$ 17,971,658
Plan Fiduciary Net Position	(13,918,717)
Net Pension Liability	\$ 4,052,941

Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	77.45%
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**CITY OF SEBRING, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

NOTE 13 PENSION PLANS (CONTINUED)

Municipal Firefighters' Pension Plan (MFPP) (Continued)

Net Pension Liability of the City on the Plan's Fiscal Year-End (Continued)

The required schedule of changes in the net pension liability and related ratios immediately following the notes to the financial statements presents multiyear trend information about whether the value of plan assets is increasing or decreasing over time relative to the total pension liability.

Actuarial assumptions. The total pension liability was determined by an actuarial valuation as of October 1, 2022, with update procedures performed by the actuary to roll forward to the total pension liability measured as of September 30, 2023, using the following actuarial assumptions applied to all periods included in the measurement:

Inflation	2.50 %
Salary Increases	7.00
Investment Rate of Return	7.00

Mortality rates were based on the PubS.H-2010 (Below Median) for Employees, set forward one year.

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 the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of September 30, 2023 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Rate of Return
Domestic Equity	45%	7.5%
International Equity	15%	8.5%
Domestic Bonds	35%	2.5%
Real Estate	5%	4.5%
Total	<u>100%</u>	

Discount Rate: The discount rate used to measure the total pension liability for the Plan was 7.00%, the same as the prior year.

**CITY OF SEBRING, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

NOTE 13 PENSION PLANS (CONTINUED)

Municipal Firefighters' Pension Plan (MFPP) (Continued)

Net Pension Liability of the City on the Plan's Fiscal Year-End (Continued)

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 plans' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the net pension liability to changes in the discount rate. The following presents the net pension liabilities of the City, calculated using the discount rates noted above, as well as what the City's net pension liabilities would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	One Percent Decrease (6.0%)	Current Discount Rate (7.0%)	One Percent Increase (8.0%)
City's Net Pension Liability as of the Measurement Date	\$ 6,204,444	\$ 4,052,941	\$ 2,291,638

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revision as results are compared to past expectations and new estimates are made about the future. Actuarial calculations reflect a long-term perspective. Calculations are based on the substantive plan in effect as of September 30, 2023 and the current sharing pattern of costs between employer and employee.

Florida Retirement System (FRS)

Background

The Florida Retirement System (FRS) was created by Chapter 121, Florida Statutes, to provide a defined benefit pension plan for participating public employees. The FRS was amended in 1998 to add the Deferred Retirement Option Program under the defined benefit plan and amended in 2000 to provide a defined contribution plan alternative to the defined benefit plan for FRS members effective July 1, 2002. This integrated defined contribution pension plan is the FRS Investment Plan. Chapter 112, Florida Statutes, established the Retiree Health Insurance Subsidy (HIS) Program, a cost-sharing multiemployer defined benefit pension plan, to assist retired members of any State-administered retirement system in paying the costs of health insurance.

**CITY OF SEBRING, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

NOTE 13 PENSION PLANS (CONTINUED)

Florida Retirement System (FRS) (Continued)

Background (Continued)

Essentially all regular employees of the City are eligible to enroll as members of the State-administered FRS. Provisions relating to the FRS are established by Chapters 121 and 122, Florida Statutes; Chapter 112, Part IV, Florida Statutes; Chapter 238, Florida Statutes, and FRS Rules, Chapter 60S, Florida Administrative Code; wherein eligibility, contributions, and benefits are defined and described in detail. Such provisions may be amended at any time by further action from the Florida Legislature. The FRS is a single retirement system administered by the Florida Department of Management Services, Division of Retirement, and consists of the two cost-sharing, multiemployer defined benefit plans and other nonintegrated programs. A comprehensive annual financial report of the FRS, which includes its financial statements, required supplementary information, actuarial report, and other relevant information, is available from the Florida Department of Management Services' Web site (www.dms.myflorida.com).

Plan Description

The Florida Retirement System Pension Plan (FRS Plan) is a cost-sharing multiemployer defined benefit pension plan, with a Deferred Retirement Option Program (DROP) for eligible employees. The general classes of membership are as follows:

- Regular Class – Members of the FRS who do not qualify for membership in the other classes.
- Elected County Officers Class – Members who hold specified elective offices in local government.
- Senior Management Service Class (SMSC) – Members in senior management level positions.
- Special Risk Class – Members who are special risk employees, such as law enforcement officers, meet the criteria to qualify for this class.

**CITY OF SEBRING, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

NOTE 13 PENSION PLANS (CONTINUED)

Florida Retirement System (FRS) (Continued)

Plan Description (Continued)

Employees enrolled in the FRS Plan prior to July 1, 2011, vest at six years of creditable service and employees enrolled in the FRS Plan on or after July 1, 2011, vest at eight years of creditable service. All vested members, enrolled prior to July 1, 2011, are eligible for normal retirement benefits at age 62, or at any age after 30 years of service, except for members classified as special risk who are eligible for normal retirement benefits at age 55, if vested, or at any age after 25 years of service. All members enrolled in the FRS Plan on or after July 1, 2011, once vested, are eligible for normal retirement benefits at age 65 or any time after 33 years of creditable service, except for members classified as special risk who are eligible for normal retirement benefits at age 55, if vested, or at any age after 25 years of service. Employees enrolled in the FRS Plan may include up to four years of credit for military service toward creditable service. The FRS Plan also includes an early retirement provision; however, there is a benefit reduction for each year a member retires before his or her normal retirement date. The FRS Plan provides retirement, disability, death benefits, and annual cost-of-living adjustments to eligible participants.

DROP, subject to provisions of Section 121.091, Florida Statutes, permits employees eligible for normal retirement under FRS Plan to defer receipt of monthly benefit payments while continuing employment with an FRS participating employer. An employee may participate in DROP for a period not to exceed 60 months after electing to participate, except that certain instructional personnel may participate for up to 96 months. During the period of DROP participation, deferred monthly benefits are held in the FRS Trust Fund and accrue interest. The net pension liability does not include amounts for DROP participants, as these members are considered retired and are not accruing additional pension benefits.

Benefits Provided

Benefits under the FRS Plan are computed on the basis of age and/or years of service, average final compensation, and service credit. Credit for each year of service is expressed as a percentage of the average final compensation. For members initially enrolled before July 1, 2011, the average final compensation is the average of the five highest fiscal years' earnings; for members initially enrolled on or after July 1, 2011, the average final compensation is the average of the eight highest fiscal years' earnings. The total percentage value of the benefit received is determined by calculating the total value of all service, which is based on the retirement class to which the member belonged when the service credit was earned. Members are eligible for in-line-of-duty or regular disability and survivors' benefits. The following chart shows the percentage value for each year of service credit earned:

**CITY OF SEBRING, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

NOTE 13 PENSION PLANS (CONTINUED)

Florida Retirement System (FRS) (Continued)

Benefits Provided (Continued)

<u>Class, Initial Enrollment, and Retirement Age/Years of Service</u>	<u>Percent Value</u>
Regular Class Members Initially Enrolled before July 1, 2011	
Retirement up to Age 62 or up to 30 Years of Service	1.60%
Retirement at Age 63 or with 31 Years of Service	1.63%
Retirement at Age 64 or with 32 Years of Service	1.65%
Retirement at Age 65 or with 33 Years of Service	1.68%
Regular Class Members Initially Enrolled on or after July 1, 2011	
Retirement up to Age 65 or up to 33 Years of Service	1.60%
Retirement at Age 66 or with 34 Years of Service	1.63%
Retirement at Age 67 or with 35 Years of Service	1.65%
Retirement at Age 68 or with 36 Years of Service	1.68%
Elected City Officers	3.00%
Senior Management Service Class	2.00%
Special Risk Regular:	
Service from December 1, 1970, through September 30, 1974	2.00%
Service on and after October 1, 1974	3.00%

As provided in Section 121.101, Florida Statutes, if the member is initially enrolled in the pension plan before July 1, 2011, and all service credit was accrued before July 1, 2011, the annual cost-of-living adjustment is three percent per year. If the member is initially enrolled before July 1, 2011, and has service credit on or after July 1, 2011, there is an individually calculated cost-of-living adjustment. The annual cost-of-living adjustment is a proportion of 3% determined by dividing the sum of the pre-July 2011 service credit by the total service credit at retirement multiplied by 3%. Plan members initially enrolled on or after July 1, 2011, will not have a cost-of-living adjustment after retirement.

Contributions

The Florida Legislature establishes contribution rates for participating employers and employees. Effective July 1, 2011, all FRS Plan members (except those in DROP) are required to make 3% employee contributions on a pretax basis. The contribution rates attributable to the City, effective July 1, 2022, were applied to employee salaries as follows: regular employees 11.91%, special risk 27.83%, city elected officials 57.00%, senior management 31.57%, and DROP participants 18.60%. The City's contributions to the FRS Plan were \$1,189,424 for the year ended September 30, 2023.

**CITY OF SEBRING, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

NOTE 13 PENSION PLANS (CONTINUED)

FRS Pension Plan (Continued)

Pension Costs

At September 30, 2023, the City reported a liability of \$9,197,771 for its proportionate share of the FRS Plan's net pension liability. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2023. The City's proportion of the net pension liability was based on the City's contributions received by FRS during the measurement period for employer payroll paid dates from July 1, 2022, through June 30, 2023, relative to the total employer contributions received from all of FRS's participating employers. At June 30, 2023, the City's proportion was 0.023082850%, which was an increase 0.002977780% from its proportion measured as of June 30, 2022.

For the fiscal year ended September 30, 2023, the City recognized pension expense of \$3,454,620 for its proportionate share of FRS's pension expense. In addition, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<u>Description</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences Between Expected and Actual Experience	\$ 863,593	\$ -
Changes in Assumptions	599,588	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	384,122	-
Changes in Proportion and Differences Between City's Pension Plan Contributions and Proportionate Share of Contributions	1,014,590	225,153
City Contributions Subsequent to the Measurement Date	354,852	-
Total	<u>\$ 3,216,745</u>	<u>\$ 225,153</u>

The deferred outflows of resources related to the pension plan, totaling \$354,852 resulting from City contributions to the plan subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the fiscal year ended September 30, 2023. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized as an increase (decrease) in pension expense as follows:

<u>Year Ending September 30.</u>	<u>Amount</u>
2024	\$ 487,428
2025	66,973
2026	1,661,348
2027	327,801
2028	93,190
Thereafter	-

**CITY OF SEBRING, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

NOTE 13 PENSION PLANS (CONTINUED)

FRS Pension Plan (Continued)

Actuarial Assumptions

The total pension liability in the July 1, 2023 actuarial valuation was determined using the following actuarial assumption, applied to all periods included in the measurement:

Inflation	2.40%
Salary Increases	3.25%, Average, Including Inflation
Investment Rate of Return	6.70%

Mortality rates were based on the PUB-2010 base table, varies by member category and sex, projected generationally with Scale MP-2018. The actuarial assumptions used in the July 1, 2023, valuation were based on the results of an actuarial experience study for the period July 1, 2013 through June 30, 2018.

The long-term expected rate of return assumption of 6.70 percent consists of two building block components: 1) an inferred real (in excess of inflation) return of 4.2 percent, which is consistent with the 4.38 percent real return from the capital market outlook model developed by the FRS consulting actuary, Milliman; and 2) a long-term average annual inflation assumption of 2.40 percent as adopted in October 2021 by the FRS Actuarial Assumption Conference. In the opinion of the FRS consulting actuary both components and the overall 6.7 percent return assumption were determined to be reasonable and appropriate per Actuarial Standards of Practice. The 6.70 percent reported investment return assumption is the same as the investment return assumption chosen by the 2022 FRS Actuarial Assumption Conference for funding policy purposes.

The target allocation, as outlined in the FRS Plan's investment policy, and best estimates of arithmetic and geometric real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Annual Arithmetic Return</u>	<u>Compound Annual (Geometric) Return</u>	<u>Standard Deviation</u>
Cash	1.0%	2.9%	2.9%	1.1%
Fixed Income	19.8%	4.5%	4.4%	3.4%
Global Equity	54.0%	8.7%	7.1%	18.1%
Real Estate (Property)	10.3%	7.6%	6.6%	14.8%
Private Equity	11.1%	11.9%	8.8%	26.3%
Strategic Investments	3.8%	6.3%	6.1%	7.7%
Total	<u>100.0%</u>			
Assumed Inflation - Mean			2.4%	1.4%

**CITY OF SEBRING, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

NOTE 13 PENSION PLANS (CONTINUED)

FRS Pension Plan (Continued)

Discount Rate

The discount rate used to measure the total pension liability was 6.70% for the FRS Plan, the same as prior year. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rate specified in statute. Based on that assumption, each of the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Pension Liability Sensitivity

The following presents the City's proportionate share of the net pension liability for the FRS Plan, calculated using the discount rate disclosed in the preceding paragraph, as well as what the County's proportionate share of the net pension liability would be if it were calculated using a discount rate 1 percentage point lower or 1 percentage point higher than the current discount rate:

	One Percent Decrease (5.70%)	Current Discount Rate (6.70%)	One Percent Increase (7.70%)
City's Proportionate Share of the Net Pension Liability	\$ 15,711,690	\$ 9,197,771	\$ 3,748,124

Pension Plan Fiduciary Net Position

Detailed information regarding the pension plan's fiduciary net position is available in the separately issued FRS Pension Plan and Other State-Administered Systems Comprehensive Annual Financial Report. That report may be obtained through the Florida Department of Management Services website at <http://www.dms.myflorida.com>.

HIS Plan

Plan Description

The Retiree Health Insurance Subsidy Program (HIS Plan) is a cost-sharing multiple-employer defined benefit pension plan established under Section 112.363, Florida Statutes, and may be amended by the Florida Legislature at any time. The benefit is a monthly payment to assist retirees of State-administered retirement systems in paying their health insurance costs and is administered by the Florida Department of Management Services, Division of Retirement.

**CITY OF SEBRING, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

NOTE 13 PENSION PLANS (CONTINUED)

HIS Plan (Continued)

Benefits Provided

For the plan fiscal year ended June 30, 2023, eligible retirees and beneficiaries received a monthly HIS payment of \$5 for each year of creditable service completed at the time of retirement, with a minimum HIS payment of \$45 and a maximum HIS payment of \$225 per month, pursuant to Section 12.363, Florida Statutes. To be eligible to receive these benefits, a retiree under a State administered retirement system must provide proof of health insurance coverage, which may include Medicare.

Contributions

The HIS Plan is funded by required contributions from FRS participating employers as set by the Florida Legislature. Employer contributions are a percentage of gross compensation for all active FRS members. For the fiscal year ended June 30, 2023, the contribution rate was 1.66% of payroll pursuant to section 112.363, Florida Statutes. The City contributed 100% of its statutorily required contributions for the current and preceding three years. HIS Plan contributions are deposited in a separate trust fund from which payments are authorized. HIS Plan benefits are not guaranteed and are subject to annual legislative appropriation. In the event the legislative appropriation or available funds fail to provide full subsidy benefits to all participants, benefits may be reduced or canceled. The City's contributions to the HIS Plan were \$128,425 for the year ended September 30, 2023.

Pension Costs

At September 30, 2023, the City reported a liability of \$2,862,001 for its proportionate share of the HIS plan's net pension liability. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2022. The City's proportion of the net pension liability was based on the City's contributions received during the measurement period for employer payroll paid dates from July 1, 2022 through June 30, 2023, relative to the total employer contributions received from all participating employers. At June 30, 2023, the City's proportion was 0.018020740% which was an decrease of 0.002114622% from its proportion measured as of June 30, 2022.

For the fiscal year ended June 30, 2023, the City recognized pension expense of \$128,425 for its proportionate share of HIS's pension expense. In addition, the City reported its proportionate share of HIS's deferred outflows of resources and deferred in flows of resources related to pensions from the following sources:

**CITY OF SEBRING, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

NOTE 13 PENSION PLANS (CONTINUED)

HIS Plan (Continued)

Pension Costs (Continued)

<u>Description</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences Between Expected and Actual Experience	\$ 41,897	\$ 6,717
Changes in Assumptions	75,239	247,996
Net Difference Between Projected and Actual Earnings on HIS Plan Investments	1,478	-
Changes in Proportion and Differences Between City's HIS Plan Contributions and Proportionate Share of Contributions	284,532	28,022
City HIS Plan Contributions Subsequent to the Measurement Date	39,618	-
Total	<u>\$ 442,764</u>	<u>\$ 282,735</u>

The deferred outflows of resources related to the HIS plan, totaling \$39,618 resulting from City contributions to the HIS Plan subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the fiscal year ended September 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the HIS plan will be recognized as an increase (decrease) in pension expense as follows:

<u>Year Ending September 30,</u>	<u>Amount</u>
2024	\$ 52,715
2025	32,981
2026	13,609
2027	(4,306)
2028	15,937
Thereafter	9,475

Actuarial Assumptions

The total pension liability in the July 1, 2022, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.40%
Salary Increases	3.25%, Average, Including Inflation
Investment Rate of Return	3.65%

Mortality rates were based on the Generational PUB-2010 with Projection Scale MP-2018. The actuarial assumptions used in the July 1, 2022, valuation were based on the results of an actuarial experience study for the period July 1, 2013 through June 30, 2018.

**CITY OF SEBRING, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

NOTE 13 PENSION PLANS (CONTINUED)

HIS Plan (Continued)

Discount Rate

The discount rate used to measure the total pension liability was 3.65% in the current year and 3.54% in the prior year for the HIS Plan. In general, the discount rate for calculating the total pension liability is equal to the single rate equivalent to discounting at the long-term expected rate of return for benefit payments prior to the projected depletion date. Because the HIS benefit is essentially funded on a pay-as-you-go basis, the depletion date is considered to be immediate, and the single equivalent discount rate is equal to the municipal bond rate selected by the FRS Actuarial Assumption Conference. The Bond Buyer General Obligation 20-Bond Municipal Bond Index was adopted as the applicable municipal bond index.

Pension Liability Sensitivity

The following represents the City's proportionate share of the net pension liability for the HIS Plan, calculated using the discount rate disclosed in the preceding paragraph, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate 1 percentage point lower or 1 percentage point higher than the current discount rate:

	One Percent Decrease 2.65%	Current Discount Rate 3.65%	One Percent Increase 4.65%
City's Proportionate Share of the Net Pension Liability	\$ 3,265,020	\$ 2,862,001	\$ 2,527,803

Pension Plan Fiduciary Net Position

Detailed information regarding the HIS plan's fiduciary net position is available in the separately issued FRS Pension Plan and Other State-Administered Systems Comprehensive Annual Financial Report. That report may be obtained through the Florida Department of Management Services website at <http://www.dms.myflorida.com>.

Summary

The aggregate amount of net pension liability, deferred outflows of resources, deferred inflows of resources, and pension expense for the City's defined benefit pension plans are summarized below. These liabilities are typically liquidated by the individual activity in which the employee's costs are associated.

<u>Description</u>	Police Officers' Retirement Trust Fund	Municipal Firefighters' Pension Plan	FRS Plan	HIS Plan	Total
Net Pension Liability	\$ 4,120,131	\$ 4,807,893	\$ 9,197,771	\$ 2,862,001	\$ 20,987,796
Deferred Outflows of Resources Related to Pensions	339,263	2,380,309	3,216,745	442,764	6,379,081
Deferred Inflows of Resources Related to Pensions	3,227,444	-	225,153	282,735	3,735,332
Pension Expense	1,222,952	863,668	3,454,620	128,425	5,669,665

**CITY OF SEBRING, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

NOTE 13 PENSION PLANS (CONTINUED)

FRS Investment Plan

The Florida State Board of Administration (SBA) administers the defined contribution plan officially titled the FRS Investment Plan (Investment Plan). The Investment Plan is reported in the SBA's annual financial statements and in the State of Florida Comprehensive Annual Financial Report.

As provided in Section 121.4501, Florida Statutes, eligible FRS members may elect to participate in the Investment Plan in lieu of the FRS defined benefit plan. City employees participating in DROP are not eligible to participate in the Investment Plan. Employer and employee contributions, including amounts contributed to individual member's accounts, are defined by law, but the ultimate benefit depends in part on the performance of investment funds. Benefit terms, including contribution requirements, for the Investment Plan are established and may be amended by the Florida Legislature. The Investment Plan is funded with the same employer and employee contribution rates that are based on salary and membership class (Regular Class, Elected Officers, etc.), as the FRS defined benefit plan. Contributions are directed to individual member accounts, and the individual members allocate contributions and account balances among various approved investment choices. Costs of administering plan, including the FRS Financial Guidance Program, are funded through an employer contribution of 0.06% of payroll and by forfeited benefits of plan members.

For all membership classes, employees are immediately vested in their own contributions and are vested after one year of service for employer contributions and investment earnings. If an accumulated benefit obligation for service credit originally earned under the FRS Pension Plan is transferred to the Investment Plan, the member must have the years of service required for FRS Pension Plan vesting (including the service credit represented by the transferred funds) to be vested for these funds and the earnings on the funds. Nonvested employer contributions are placed in a suspense account for up to five years. If the employee returns to FRS-covered employment within the five-year period, the employee will regain control over their account. If the employee does not return within the five-year period, the employee will forfeit the accumulated account balance. For the fiscal year ended June 30, 2023, the information for the amount of forfeitures was unavailable from the SBA; however, management believes that these amounts, if any, would be immaterial to the City.

After termination and applying to receive benefits, the member may rollover vested funds to another qualified plan, structure a periodic payment under the Investment Plan, receive a lump-sum distribution, leave the funds invested for future distribution, or any combination of these options. Disability coverage is provided; the member may either transfer the account balance to the FRS Pension Plan when approved for disability retirement to receive guaranteed lifetime monthly benefits under the FRS Pension Plan or remain in the Investment Plan and rely upon that account balance for retirement income.

The City's Investment Plan pension expense totaled \$141,259 for the year ended September 30, 2023. Employee contributions to the Investment Plan totaled \$33,028 for the year ended September 30, 2023.

**CITY OF SEBRING, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

NOTE 14 POSTEMPLOYMENT BENEFITS

Plan Description

The City of Sebring Other Postemployment Benefits Plan (OPEB) is a single-employer defined benefit plan administered by the City. Pursuant to the provisions of Section 112.0801, Florida Statutes, former employees and eligible dependents who retire from the City may continue to participate in the City's medical, dental, and vision plan. The City subsidizes the premium rates paid by retirees by allowing them to participate in the Plan at blended group (implicitly subsidized) premium rates for both active and retired employees. These rates provide an implicit subsidy for retirees because, on an actuarial basis, their current and future claims are expected to result in higher cost to the plan on average than those of active employees. The City does not offer any explicit subsidies for retiree coverage. The plan does not issue a stand-alone report, and is not included in the report of a public employee retirement system (PERS) or another entity. The City Council has the authority to establish and amend benefit provisions of the plan.

Funding Policy

The contribution requirements of the City and plan members are established and may be amended through recommendations of the Insurance Committee and action from the City Council. The City has not advance funded or established a funding methodology for the annual OPEB costs or the net OPEB obligation, and the Plan is financed on a pay-as-you-go basis. Retirees are required to contribute 100% of the active premiums. In future years, contributions are assumed to increase at the same rate as premiums. The plan does not issue a separate financial report.

Employees Covered by Benefit Terms

Inactive Employees or Beneficiaries Currently Receiving Benefits	43
Active Employees	159
Total	<u>202</u>

Total OPEB Liability

The City's total OPEB liability was measured as of September 30, 2023 and was determined by an actuarial valuation as of October 1, 2021, rolled forward to the measurement date of September 30, 2023. The following table shows the City's total OPEB liability for the year ended September 30, 2023.

	<u>Total OPEB Liability</u>
Balance - September 30, 2022	\$ 821,654
Changes Recognized for the Fiscal Year:	
Service Cost	7,211
Interest on the Total OPEB Liability	37,760
Changes in Assumptions	(10,883)
Benefit Payments	<u>(53,401)</u>
Net Changes	<u>(19,313)</u>
Balance - September 30, 2023	<u>\$ 802,341</u>

**CITY OF SEBRING, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

NOTE 14 POSTEMPLOYMENT BENEFITS (CONTINUED)

Discount Rate Sensitivity

The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current discount rate:

	One Percent Decrease 3.75%	Current Discount Rate 4.75%	One Percent Increase 5.75%
Total OPEB Liability	\$ 867,180	\$ 802,341	\$ 745,877

Healthcare Trend Rate Sensitivity

The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower or 1 percentage point higher than the current healthcare cost trend rates:

	One Percent Decrease in Healthcare Cost Trend Rate 6.00%	Healthcare Cost Trend Rate 7.00%	One Percent Increase in Healthcare Cost Trend Rate 8.00%
Total OPEB Liability	\$ 726,296	\$ 802,341	\$ 890,583

Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended September 30, 2023, the City recognized OPEB expense of \$80,408. In addition, the City reported deferred outflows and inflows of resources from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of Assumptions	\$ (110,362)	\$ -

Amounts reported as deferred outflows and inflows of resources related to OPEB will be amortized over five years and will be recognized as follows:

<u>Year Ending September 30,</u>	<u>Amount</u>
2024	\$ 21,097
2025	21,098
2026	15,002
2027	(22,579)
2028	(41,378)
Thereafter	(103,602)

**CITY OF SEBRING, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

NOTE 14 POSTEMPLOYMENT BENEFITS (CONTINUED)

Actuarial Assumptions

The total OPEB liability in the October 1, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Actuarial Cost Method	Entry age normal as a level percentage of payroll
Discount Rate	4.75%
20-Year Municipal Bond Rate	4.87%
Salary Increases	3.50%
Mortality Rates	Pub-2010 Public Retirement Plans Healthy Male and Female Total Dataset Headcount-Weighted Mortality tables based on Employee and Healthy Annuitant Table for both pre and post-retirement
Healthcare Cost Trend Rate	7.0%

Changes to the Total OPEB Liability

The selected discount rate is based on the prescribed discount interest rate methodology under GASB No. 75 based on an average of two 20-year municipal bond indices (e.g., S&P Municipal Bond 20 Year High Grade Rate Index and Fidelity GA AA 20 Years) as of September 30, 2023. The current rate is 4.87%, which is a change from the prior year's discount rate of 4.59%.

NOTE 15 RELATED PARTY TRANSACTIONS

During the year, the City had the following related party transactions:

The City contracted with Central Florida Aquatics, Inc., a business owned by a City employee, for aquatic spraying and payments for the year amounted to \$7,306. These services were procured in compliance with the City's purchasing policies and before the employee was hired by the City.

The Mayor of the City is the President of the Central Florida market area for First Southern Bank. At September 30, 2023, the City had \$4,711,329 of deposits in accounts at First Southern Bank.

NOTE 16 CONTINGENCIES

During the ordinary course of its operations, the City is a party to various claims, legal actions, and complaints. In the opinion of the City's management, legal counsel, and special legal counsel, these matters are not anticipated to have a material financial impact on the City.

**CITY OF SEBRING, FLORIDA
POLICE OFFICERS' RETIREMENT TRUST FUND
SCHEDULE OF CHANGES IN THE CITY'S NET PENSION
LIABILITY AND RELATED RATIOS
LAST 10 FISCAL YEARS**

Plan Reporting Period End	9/30/2023	9/30/2022	9/30/2021	9/30/2020	9/30/2019	9/30/2018	9/30/2017	9/30/2016	9/30/2015	9/30/2014
Employer Measurement Date	9/30/2024	9/30/2023	9/30/2022	9/30/2021	9/30/2020	9/30/2019	9/30/2018	9/30/2017	9/30/2016	9/30/2015
Total Pension Liability										
Service Cost	\$ 247,161	\$ 260,813	\$ 305,103	\$ 403,117	\$ 380,644	\$ 363,014	\$ 335,631	\$ 347,080	\$ 368,970	\$ 363,710
Interest on Total Pension Liability	1,607,099	1,526,671	1,490,304	1,406,362	1,302,386	1,248,993	1,252,158	1,215,355	1,128,981	1,040,362
Differences Between Expected and Actual Experience	(162,352)	349,409	175,932	99,215	333,428	164,104	(95,597)	(223,168)	(73,552)	(8,567)
Benefit Payments, Including Refunds of Member Contributions	(1,228,786)	(719,742)	(625,425)	(596,051)	(579,496)	(1,525,856)	(1,424,417)	(249,816)	(251,865)	(231,806)
Changes of Assumptions	285,063		(435,090)	257,450	240,751	221,555	138,404	-	-	-
Net Change in Total Pension Liability	748,185	1,417,151	910,824	1,570,093	1,677,713	471,810	206,179	1,089,451	1,172,534	1,163,699
Total Pension Liability - Beginning of Year	23,325,788	21,908,637	20,997,813	19,427,720	17,750,007	17,278,197	17,072,018	15,982,567	14,810,033	13,646,334
Total Pension Liability - End of Year	\$ 24,073,973	\$ 23,325,788	\$ 21,908,637	\$ 20,997,813	\$ 19,427,720	\$ 17,750,007	\$ 17,278,197	\$ 17,072,018	\$ 15,982,567	\$ 14,810,033
Plan Fiduciary Net Position										
Contributions - City	\$ 339,263	\$ 468,005	\$ 880,703	\$ 662,293	\$ 486,016	\$ 374,381	\$ 421,046	\$ 509,592	\$ 575,679	\$ 632,015
Contributions - Member	35,151	35,518	41,818	50,658	58,476	57,129	55,039	52,066	56,311	56,214
Net Investment Income	1,685,643	(4,059,411)	3,588,966	1,676,248	709,111	1,278,042	1,836,151	1,053,029	67,689	1,414,767
Benefit Payments, Including Refunds of Member Contributions	(738,029)	(719,742)	(625,425)	(596,051)	(579,496)	(1,525,856)	(1,424,417)	(249,816)	(251,865)	(231,806)
Administrative expense	(52,250)	(42,834)	(44,974)	(47,170)	(45,006)	(32,400)	(31,475)	(28,658)	(22,296)	(16,786)
Net Change in Plan Fiduciary Net Position	1,269,778	(4,318,464)	3,841,088	1,745,978	629,101	151,296	856,344	1,336,213	425,518	1,854,404
Plan Fiduciary Net Position - Beginning of Year	19,205,657	23,524,121	19,683,033	17,937,055	17,307,954	17,156,658	16,300,314	14,964,101	14,538,583	12,684,179
Plan Fiduciary Net Position - End of Year	\$ 20,475,435	\$ 19,205,657	\$ 23,524,121	\$ 19,683,033	\$ 17,937,055	\$ 17,307,954	\$ 17,156,658	\$ 16,300,314	\$ 14,964,101	\$ 14,538,583
City's Net Pension (Asset) Liability	\$ 3,598,538	\$ 4,120,131	\$ (1,615,484)	\$ 1,314,780	\$ 1,490,665	\$ 442,053	\$ 121,539	\$ 771,704	\$ 1,018,466	\$ 271,450
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	85.05%	82.34%	107.37%	93.74%	92.33%	97.51%	99.30%	95.48%	93.63%	98.17%
Covered Payroll	\$ 728,108	\$ 761,360	\$ 836,363	\$ 1,198,747	\$ 1,169,514	\$ 1,142,576	\$ 1,100,788	\$ 1,041,328	\$ 1,128,134	\$ 1,123,880
City's Net Pension Liability as a Percentage of Covered Payroll	494.23%	541.15%	-193.16%	109.68%	127.46%	38.69%	11.04%	74.11%	90.28%	24.15%

**CITY OF SEBRING, FLORIDA
POLICE OFFICERS' RETIREMENT TRUST FUND
SCHEDULE OF CHANGES IN THE CITY'S NET PENSION
LIABILITY AND RELATED RATIOS (CONTINUED)
LAST 10 FISCAL YEARS**

Notes to the Schedule

Changes of Benefit Terms:

There have been no changes in benefit terms.

Changes of Assumptions:

For the plan reporting period September 20, 2022, the discount rate assumption was lowered from 7.0% to 6.9%.

For the plan reporting period September 30, 2020, the investment return assumption was lowered from 7.2% to 7.1% effective October 1, 2019. This assumption will be reduced by 0.1% next year when the target investment return assumption of 7.0% will be reached.

For the plan reporting periods prior to September 30, 2020, the investment return assumption was lowered from 7.5% to 7.4% effective October 1, 2016 and to 7.3% on October 1, 2017. This assumption will be reduced by 0.1% each future year until 7.0% is reached.

In addition, the mortality assumption was changed from the RP-2000 Combined Healthy Participant Mortality Table for males and females with mortality improvements projected to all future years after 2000 using Scale AA to the mortality assumption used by the Florida Retirement System (FRS) for Special Risk Class members in their actuarial valuation as of July 1, 2016. The current FRS mortality tables are the RP-2000 Combined Healthy Participant Mortality Table (for pre-retirement mortality) and the RP-2000 Mortality Table for Annuitants (for post-retirement mortality), with mortality improvements projected to all future years after 2000 using Scale BB.

**CITY OF SEBRING, FLORIDA
POLICE OFFICERS' RETIREMENT TRUST FUND
SCHEDULE OF CITY'S CONTRIBUTIONS
LAST 10 FISCAL YEARS**

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Actuarially Determined Contribution	\$ 339,263	\$ 468,005	\$ 880,703	\$ 660,575	\$ 486,016	\$ 374,381	\$ 421,046	\$ 509,592	\$ 602,818	\$ 604,876
Contributions in Relation to the Actuarially Determined Contribution	339,263	468,005	880,703	660,575	486,016	374,381	421,046	509,592	575,679	632,015
Contribution Excess (Deficiency)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 27,139	\$ (27,139)
Covered Payroll	\$ 728,108	\$ 710,351	\$ 863,363	\$ 1,047,520	\$ 1,169,514	\$ 1,142,576	\$ 1,100,788	\$ 1,041,328	\$ 1,128,134	\$ 1,123,880
Contributions as a Percentage of Covered Payroll	46.60%	65.88%	102.01%	63.06%	41.56%	32.77%	38.25%	48.94%	51.03%	56.24%

Notes to Schedule

Valuation date October 1, 2020
Actuarially determined contribution amounts are calculated as of October 1, which is two years prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution amounts:

Actuarial cost method	Entry Age Normal
Amortization method	Level Dollar, Closed
Remaining amortization period	10 Years
Asset valuation method	5-year smoothed market
Inflation	2.50% per year
Salary increases, including inflation	5.00%
Investment rate of return	7.00%
Retirement age	Experience-base table of rates that are specific to the type of eligibility condition
Mortality	Same version of PUB-2010 Headcount-Weighted Mortality Tables as used by the Florida Retirement System (FRS) for Special Risk in Employees in their July 1, 2021 actuarial valuation
Cost-of-living adjustments	Mortality Improvements projected for healthy lives to all future years after 2010 using Scale MP-2018 3.0% effective each October 1 for service retirees who retire after 9/1/98.

**CITY OF SEBRING, FLORIDA
POLICE OFFICERS' RETIREMENT TRUST FUND
SCHEDULE OF INVESTMENT RETURNS
LAST 10 FISCAL YEARS**

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Annual Money-Weighted Rate of Return, Net of Investment Expenses	3.79%	9.68%	7.56%	6.12%	7.41%	7.26%	8.67%	7.72%	0.24%	7.67%

**CITY OF SEBRING, FLORIDA
MUNICIPAL FIREFIGHTERS' PENSION PLAN
SCHEDULE OF CHANGES IN THE CITY'S NET PENSION
LIABILITY AND RELATED RATIOS
LAST 10 FISCAL YEARS**

Plan Reporting Period End	9/30/2023	9/30/2022	9/30/2021	9/30/2020	9/30/2019	9/30/2018	9/30/2017	9/30/2016	9/30/2015	9/30/2014
Employer Measurement Date	9/30/2024	9/30/2023	9/30/2022	9/30/2021	9/30/2020	9/30/2019	9/30/2018	9/30/2017	9/30/2016	9/30/2015
Total Pension Liability										
Service Cost	\$ 40,107	\$ 149,516	\$ 126,940	\$ 117,662	\$ 110,766	\$ 105,733	\$ 133,362	\$ 124,309	\$ 122,248	\$ 133,195
Interest on Total Pension Liability	1,253,626	1,240,177	1,236,401	1,234,848	1,232,343	1,193,050	1,163,405	1,089,417	1,089,014	1,070,745
Change of Benefit Terms	-	-	-	-	(109)	-	-	-	-	-
Differences Between Expected and Actual Experience	(571,237)	135,569	12,582	11,806	(45,675)	24,883	164,277	(142,772)	(347,147)	-
Benefit Payments, Including Refunds of Member Contributions	-	-	937,724	(971,578)	(1,066,313)	(935,564)	(1,172,459)	(854,991)	(867,149)	(1,011,803)
Changes of Assumptions	(1,239,338)	(1,208,121)	(1,001,388)	(149,769)	163,355	176,094	189,466	866,110	-	151,324
Net Change in Total Pension Liability	(516,842)	317,141	1,312,259	242,969	394,367	564,196	478,051	1,082,073	(3,034)	343,461
Total Pension Liability - Beginning of Year	18,488,500	18,171,359	16,859,100	16,616,131	16,221,764	15,657,568	15,179,515	14,097,442	14,100,476	13,757,015
Total Pension Liability - End of Year	\$ 17,971,658	\$ 18,488,500	\$ 18,171,359	\$ 16,859,100	\$ 16,616,131	\$ 16,221,764	\$ 15,657,566	\$ 15,179,515	\$ 14,097,442	\$ 14,100,476
Plan Fiduciary Net Position										
Contributions - City	\$ 328,394	\$ 759,550	\$ 759,823	\$ 689,652	\$ 626,330	\$ 620,151	\$ 419,641	\$ 480,905	\$ 599,209	\$ 681,199
Contributions - Member	5,799	13,021	18,097	18,604	17,583	17,129	17,940	22,149	21,222	20,518
Net Investment Income	1,186,976	(2,668,215)	2,751,320	1,254,809	569,452	912,482	1,242,879	895,002	42,513	856,594
Benefit Payments, Including Refunds of Member Contributions	(1,239,338)	(1,208,121)	(1,001,388)	(971,578)	(1,066,313)	(935,564)	(1,172,457)	(854,991)	(867,149)	(1,011,803)
Administrative Expense	(43,721)	(57,442)	(40,940)	(38,906)	(36,287)	(44,288)	(55,704)	(36,940)	(17,129)	(29,663)
Net Change in Plan Fiduciary Net Position	238,110	(3,161,207)	2,486,912	952,581	110,765	569,910	452,299	506,125	(221,334)	516,845
Plan Fiduciary Net Position - Beginning of Year	13,680,607	16,841,814	14,354,902	13,402,321	13,291,556	12,721,646	12,269,347	11,763,222	11,984,556	11,467,711
Plan Fiduciary Net Position - End of Year	\$ 13,918,717	\$ 13,680,607	\$ 16,841,814	\$ 14,354,902	\$ 13,402,321	\$ 13,291,556	\$ 12,721,646	\$ 12,269,347	\$ 11,763,222	\$ 11,984,556
City's Net Pension (Asset) Liability	\$ 4,052,941	\$ 4,807,893	\$ 1,329,545	\$ 2,504,198	\$ 3,213,810	\$ 2,930,208	\$ 2,935,920	\$ 2,910,168	\$ 2,334,220	\$ 2,115,920
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	77.45%	74.00%	92.68%	85.15%	80.66%	81.94%	81.25%	80.83%	83.44%	84.99%
Covered Payroll	\$ 89,214	\$ 200,328	\$ 278,413	\$ 286,212	\$ 270,508	\$ 263,521	\$ 290,195	\$ 340,746	\$ 334,708	\$ 315,662
City's Net Pension Liability as a Percentage of Covered Payroll	4542.94%	2400.01%	477.54%	874.95%	1188.06%	1111.94%	1011.71%	854.06%	697.39%	670.31%

**CITY OF SEBRING, FLORIDA
MUNICIPAL FIREFIGHTERS' PENSION PLAN
SCHEDULE OF CHANGES IN THE CITY'S NET PENSION
LIABILITY AND RELATED RATIOS (CONTINUED)
LAST 10 FISCAL YEARS**

Notes to the Schedule

Changes of Benefit Terms:

For measurement date September 30, 2019, amounts reported as changes of benefit terms resulted from the provisions of Chapter 112.1816, Florida Statutes. The Statutes state that, effective July 1, 2019, a death or disability (under the Plan's definition of total and permanent disability) for a Firefighter due to the diagnosis of cancer or circumstances that arise out of the treatment of cancer will be treated as duty-related.

Changes of Assumptions:

Changes in investment rate of return are as follows:

Plan Reporting Period End	<u>9/30/2023</u>	<u>9/30/2022</u>	<u>9/30/2021</u>	<u>9/30/2020</u>	<u>9/30/2019</u>	<u>9/30/2018</u>	<u>9/30/2017</u>	<u>9/30/2016</u>	<u>9/30/2015</u>	<u>9/30/2014</u>
Investment Rate of Return	7.0%	7.0%	7.0%	7.5%	7.6%	7.7%	7.8%	7.9%	8.0%	8.0%
Change in Rate	0.0%	0.0%	-0.5%	-0.1%	-0.1%	-0.1%	-0.1%	-0.1%	0.0%	0.0%

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

For measurement date September 30, 2017, as required by Chapter 2015-157, Laws of Florida, the assumed rates of mortality have been changed from those in the July 1, 2015 FRS valuation report to those used in the July 1, 2016 FRS valuation report.

For measurement date September 30, 2016, as a result of Chapter 2015-157, Laws of Florida, the assumed rates of mortality were changed to the assumptions used by the Florida Retirement System for special risk employees. The inflation assumption rate was lowered from 3.00% to 2.50%, matching the long-term inflation assumption utilized by the Plan's investment consultant.

**CITY OF SEBRING, FLORIDA
MUNICIPAL FIREFIGHTERS' PENSION PLAN
SCHEDULE OF CITY'S CONTRIBUTIONS
LAST 10 FISCAL YEARS**

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Actuarially Determined Contribution	\$ 328,394	\$ 759,550	\$ 759,823	\$ 689,652	\$ 626,330	\$ 620,151	\$ 419,641	\$ 480,905	\$ 599,209	\$ 681,199
Contributions in Relation to the Actuarially Determined Contribution	328,394	759,550	759,823	689,652	626,330	620,151	419,641	480,905	599,209	681,199
Contribution Excess (Deficiency)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered Payroll	\$ 89,214	\$ 200,328	\$ 278,413	\$ 286,212	\$ 270,508	\$ 263,521	\$ 290,195	\$ 340,746	\$ 334,708	\$ 315,662
Contributions as a Percentage of Covered Payroll	368.10%	379.15%	272.91%	240.96%	231.54%	235.33%	144.61%	141.13%	179.02%	215.80%

**CITY OF SEBRING, FLORIDA
MUNICIPAL FIREFIGHTERS' PENSION PLAN
SCHEDULE OF CITY'S CONTRIBUTIONS (CONTINUED)
LAST 10 FISCAL YEARS**

Notes to the Schedule

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

Methods and assumptions used to determine contribution amounts:

Funding method Frozen Entry Age Actuarial Cost Method. The following loads are utilized for determination of the total required contribution:
Interest - None, assuming a lump sum City deposit at the beginning of each fiscal year.
Salary - a full-year, based on the current 7.0% assumptions.

Amortization method Level % of pay, closed
Remaining amortization period 24 years as of 10/1/2018 valuation
Actuarial asset method All assets are valued at market value with an adjustment to uniformly spread actuarial investment gains and losses (as measured by actual market value investment return against expected market value investment return) over a five-year period.

Interest rate 7.0% per year compounded annually, net of investment related expenses.
Salary increases 7.0% per year to the assumed retirement age. Projected salary at retirement is increased based on pensionable lump sums provided by the City as of May 7, 2013 to account for non-regular payments..

Payroll growth None
Cost-of-living adjustments Hired before 6/30/71 - 4% per year following commencement of benefits.
Hired after 6/30/71 -3% per year following commencement of benefits.

Retirement Age Earlier of age 55 and 10 years of service or 25 years of service regardless of age.
Early Retirement Commencing at the member's eligibility for Early Retirement (age 45).
Termination Rates See table below.
Disability Rates See table below.
Mortality *Healthy Active Lives:*
Male: PubS.H-2010 (Below Median) for Employees, set forward one year
Female: PubS.H-2010 for Employees, set forward one year
Healthy Inactive Lives:
Male: PubS.H-2010 for Healthy Retirees, set forward one year
Female: PubS.H-2010 for Healthy Retirees, set forward one year
Disabled Lives:
80% PubG.H-2010 for Disabled Retirees / 20% PubS.H-2010 for Disabled Retirees

Other Information Termination and Disability Rate Table

Age	Percent		Current Salary as a % of Salary at age 55
	Terminating	Becoming Disabled	
20	3.0%	0.14%	9.40%
30	2.5%	0.18%	18.40%
40	1.3%	0.30%	36.20%
50	0.5%	1.00%	71.30%

**CITY OF SEBRING, FLORIDA
MUNICIPAL FIREFIGHTERS' PENSION PLAN
SCHEDULE OF INVESTMENT RETURNS
LAST 10 FISCAL YEARS**

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Annual Money-Weighted Rate of Return, Net of Investment Expenses	8.77	-15.88%	18.85%	18.85%	4.72%	7.12%	10.32%	7.61%	0.35%	7.63%

**CITY OF SEBRING, FLORIDA
SCHEDULE OF CITY'S PROPORTIONATE SHARE OF NET PENSION LIABILITY
FLORIDA RETIREMENT SYSTEM PENSION PLAN
LAST 10 FISCAL YEARS***

	2023	2022	2021	2020	2019	2018	2017	2016	2015
City of Sebring's Proportion of the Net Pension Liability	0.023082850%	0.020105071%	0.019114114%	0.020634843%	0.019911948%	0.188798000%	0.147228000%	0.008164600%	0.008038500%
City of Sebring's Proportionate Share of the Net Pension Liability	\$ 9,197,771	\$ 9,197,771	\$ 1,443,946	\$ 8,943,445	\$ 6,857,200	\$ 5,686,695	\$ 4,354,915	\$ 2,061,574	\$ 1,038,279
City of Sebring's Covered Payroll	\$ 7,133,998	\$ 5,773,441	\$ 5,494,186	\$ 5,446,588	\$ 5,123,628	\$ 5,123,628	\$ 4,372,065	\$ 3,458,477	\$ 3,096,064
City of Sebring's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	128.93%	159.31%	26.28%	164.20%	133.83%	110.99%	99.61%	59.61%	33.54%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	82.38%	82.89%	96.40%	78.85%	82.61%	84.26%	83.89%	84.88%	92.00%

* The amounts presented for each fiscal year were determined as of June 30.

* Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

**CITY OF SEBRING, FLORIDA
SCHEDULE OF CITY'S CONTRIBUTIONS
FLORIDA RETIREMENT SYSTEM PENSION PLAN
LAST 10 FISCAL YEARS***

	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually Required Contribution	\$ 1,189,424	\$ 928,671	\$ 742,457	\$ 725,370	\$ 633,113	\$ 551,916	\$ 448,924	\$ 195,367	\$ 195,985
Contributions in Relation to the Contractually Required Contribution	1,189,424	928,671	742,457	725,370	633,113	551,916	448,924	195,367	195,985
Contribution Excess (Deficiency)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
City's Covered Payroll	\$ 7,329,765	\$ 6,126,576	\$ 5,498,969	\$ 5,634,213	\$ 5,431,331	\$ 5,146,259	\$ 4,734,451	\$ 3,403,190	\$ 3,105,524
Contributions as a Percentage of Covered Payroll	16.23%	15.16%	13.50%	12.87%	11.66%	10.72%	9.48%	5.74%	6.31%

*The amounts presented for each fiscal year were determined as of September 30.

*Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

**CITY OF SEBRING, FLORIDA
SCHEDULE OF CITY'S PROPORTIONATE SHARE OF NET PENSION LIABILITY
HEALTH INSURANCE SUBSIDY PROGRAM
LAST 10 FISCAL YEARS***

	2023	2022	2021	2020	2019	2018	2017	2016	2015
City of Sebring's Proportion of the Net Pension Liability	0.018020740%	0.015906117%	0.015509733%	0.015692987%	0.016055584%	0.015687000%	0.013713900%	0.111960000%	0.010205100%
City of Sebring's Proportionate Share of the Net Pension Liability	\$ 2,861,934	\$ 2,862,001	\$ 1,902,502	\$ 1,916,088	\$ 1,796,458	\$ 1,660,326	\$ 1,466,356	\$ 1,304,843	\$ 1,040,764
City of Sebring's Covered Payroll	\$ 7,133,998	\$ 5,773,441	\$ 5,494,186	\$ 5,446,588	\$ 5,123,628	\$ 5,123,628	\$ 4,372,065	\$ 3,458,477	\$ 3,105,524
City of Sebring's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	40.12%	49.57%	34.63%	35.18%	35.06%	32.41%	33.54%	37.73%	33.51%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	4.12%	4.81%	3.56%	3.00%	2.63%	2.15%	1.64%	0.97%	50.00%

* The amounts presented for each fiscal year were determined as of June 30.

* Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

**CITY OF SEBRING, FLORIDA
 SCHEDULE OF CITY'S CONTRIBUTIONS
 HEALTH INSURANCE SUBSIDY PROGRAM
 LAST 10 FISCAL YEARS***

	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually Required Contribution	\$ 128,425	\$ 102,252	\$ 91,135	\$ 93,595	\$ 90,160	\$ 85,428	\$ 78,596	\$ 56,493	\$ 39,010
Contributions in Relation to the Contractually Required Contribution	128,425	102,252	91,135	93,595	90,160	85,428	78,596	56,493	39,010
Contribution Excess (Deficiency)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
City's Covered Payroll	\$ 7,329,765	\$ 6,126,576	\$ 5,498,959	\$ 5,634,213	\$ 5,431,325	\$ 5,146,259	\$ 4,734,451	\$ 3,403,190	\$ 3,105,524
Contributions as a Percentage of Covered Payroll	1.75%	1.67%	1.66%	1.66%	1.66%	1.66%	1.66%	1.66%	1.26%

*The amounts presented for each fiscal year were determined as of September 30.

*Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

**CITY OF SEBRING, FLORIDA
SCHEDULE OF CHANGES IN THE CITY'S TOTAL OPEB LIABILITY
AND RELATED RATIOS
LAST 10 FISCAL YEARS***

	2023	2022	2021	2020	2019	2018
TOTAL OPEB LIABILITY						
Service Cost	\$ 7,211	\$ 7,122	\$ 18,430	\$ 17,789	\$ 13,287	\$ 12,659
Interest on the Total OPEB Liability	37,760	53,722	27,534	28,113	27,979	34,551
Changes in Assumptions	(10,883)	(379,604)	(4,723)	392,736	70,113	-
Benefit Payments	(53,401)	(60,008)	(86,314)	(88,699)	(96,487)	(104,919)
NET CHANGE IN TOTAL OPEB LIABILITY	(19,313)	(378,768)	(45,073)	349,939	14,892	(57,709)
Total OPEB Liability - Beginning of Year, as Restated	821,654	1,200,422	1,245,495	895,556	880,664	938,373
TOTAL OPEB LIABILITY - END OF YEAR	<u>\$ 802,341</u>	<u>\$ 821,654</u>	<u>\$ 1,200,422</u>	<u>\$ 1,245,495</u>	<u>\$ 895,556</u>	<u>\$ 880,664</u>
Covered Employee Payroll	7,660,714	\$ 7,660,714	\$ 6,649,500	\$ 6,649,500	\$ 6,007,527	\$ 6,007,527
Total OPEB Liability as a Percentage of Covered Employee Payroll	10.47%	10.73%	18.05%	18.73%	14.91%	14.66%

* The amounts presented for each fiscal year were determined as of September 30.

* Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

**CITY OF SEBRING, FLORIDA
SCHEDULE OF CHANGES IN THE CITY'S TOTAL OPEB LIABILITY
AND RELATED RATIOS (CONTINUED)
LAST 10 FISCAL YEARS***

Notes to the Schedule

The OPEB plan is not administered through a trust.

Changes of Benefit Terms:

There have been no substantive plan provision changes since the last full valuation.

Changes of Assumptions:

For September 30, 2023, the discount rate was changed to 4.75%.

For September 30, 2022, the discount rate was changed to 4.59%.

For September 30, 2021, the discount rate was changed to 2.29%.

For September 30, 2020, the liability increase is due to changes in the discount rate from 3.10% to 2.26%, plus changes in mortality table and mortality improvement scale assumptions to more current table/scale (table Pub-2010 from RP-2014 and improvement scale MP-2019 from improvement scale AA). This liability increase is partially offset by an update in healthcare cost inflation (trend) rates as compared to the prior valuation. The rate decreased from 9.00% to 7.00%.

**CITY OF SEBRING, FLORIDA
COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
SEPTEMBER 30, 2023**

	Internal Service Funds			Total
	Health Insurance	Risk Insurance	Computer Service	
ASSETS				
Current Assets:				
Cash and Cash Equivalents	\$ 677,710	\$ 696,806	\$ 104,340	\$ 1,478,856
Receivables, Net	22	8,149	-	8,171
Total Assets	<u>677,732</u>	<u>704,955</u>	<u>104,340</u>	<u>1,487,027</u>
LIABILITIES				
Accounts Payable	199,753	25,054	18,379	243,186
Accrued Expenses	-	-	2,897	2,897
Due to Other Funds	-	-	52,852	52,852
Compensated Absences Payable	-	-	3,037	3,037
Unearned Revenues	6,213	-	-	6,213
Total Liabilities	<u>205,966</u>	<u>25,054</u>	<u>77,165</u>	<u>308,185</u>
NET POSITION				
Unrestricted	<u>\$ 471,766</u>	<u>\$ 679,901</u>	<u>\$ 27,175</u>	<u>\$ 1,178,842</u>

**CITY OF SEBRING, FLORIDA
 COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES
 IN NET POSITION
 INTERNAL SERVICE FUNDS
 YEAR ENDED SEPTEMBER 30, 2023**

	Internal Service Funds			
	Health Insurance	Risk Insurance	Computer Service	Total
OPERATING REVENUES				
Charges for Services	\$ 3,448,347	\$ 1,049,119	\$ 488,726	\$ 4,986,192
Miscellaneous Revenue	-	-	20,264	20,264
Total Operating Revenues	<u>3,448,347</u>	<u>1,049,119</u>	<u>508,990</u>	<u>5,006,456</u>
OPERATING EXPENSES				
Employee Compensation and Benefits	-	-	165,902	165,902
General and Administrative	228,614	-	111,265	339,879
Repairs, Maintenance, and Supplies	-	-	204,648	204,648
Insurance	468,850	1,040,840	-	1,509,690
Claims Expense	2,715,595	224,527	-	2,940,122
Total Operating Expenses	<u>3,413,059</u>	<u>1,265,367</u>	<u>481,815</u>	<u>5,160,241</u>
OPERATING INCOME (LOSS)	35,288	(216,248)	27,175	(153,785)
NONOPERATING REVENUES				
Investment Earnings	20,146	45,784	-	65,930
Insurance Proceeds	-	252,110	-	252,110
Total Nonoperating Revenues	<u>20,146</u>	<u>297,894</u>	<u>-</u>	<u>318,040</u>
CHANGE IN NET POSITION	55,434	81,646	27,175	164,255
Total Net Position - Beginning of Year	<u>416,332</u>	<u>598,255</u>	<u>-</u>	<u>1,014,587</u>
TOTAL NET POSITION - END OF YEAR	<u>\$ 471,766</u>	<u>\$ 679,901</u>	<u>\$ 27,175</u>	<u>\$ 1,178,842</u>

**CITY OF SEBRING, FLORIDA
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
YEAR ENDED SEPTEMBER 30, 2023**

	Internal Service Funds			
	Health Insurance	Risk Insurance	Computer Service	Total
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash Received from Customers and Users	\$ 3,469,928	\$ 1,048,249	\$ 508,990	\$ 5,027,167
Cash Received from Insurance	86,627	-	-	86,627
Cash Payments for Supplies and Claims	(3,552,274)	(1,278,591)	(460,539)	(5,291,404)
Cash Payments for Employee Services	-	-	3,037	3,037
Net Cash Provided (Used)				
by Operating Activities	4,281	(230,342)	51,488	(174,573)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfer from Other Funds	-	-	52,852	52,852
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Cash Received from Insurance	-	252,110	-	252,110
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest on Investments	20,146	45,785	-	65,931
NET INCREASE IN CASH AND CASH EQUIVALENTS	24,427	67,553	104,340	196,320
Cash and Cash Equivalents – Beginning of Year	653,283	629,253	-	1,282,536
CASH AND CASH EQUIVALENTS – END OF YEAR	<u>\$ 677,710</u>	<u>\$ 696,806</u>	<u>\$ 104,340</u>	<u>\$ 1,478,856</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES				
Operating Income (Loss)	\$ 35,288	\$ (216,248)	\$ 27,175	\$ (153,785)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
(Increase) Decrease in Assets:				
Accounts Receivable	101,995	(870)	-	101,125
Increase (Decrease) in Liabilities:				
Accounts Payable	(139,215)	(13,224)	18,379	(134,060)
Accrued Expenses	-	-	2,897	2,897
Compensated Absences	-	-	3,037	3,037
Unearned Revenue	6,213	-	-	6,213
Net Cash Provided (Used) by Operating Activities	<u>\$ 4,281</u>	<u>\$ (230,342)</u>	<u>\$ 51,488</u>	<u>\$ (174,573)</u>



**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***

Honorable Mayor and City Council
City of Sebring, Florida
Sebring, Florida

We have audited, 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, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Sebring, Florida (City), as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated June 14, 2024.

Report on Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or 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. 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 or significant deficiencies may exist that were not identified.

Honorable Mayor and City Council
City of Sebring, Florida

Report on 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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



CliftonLarsonAllen LLP

Sebring, Florida
June 14, 2024



MANAGEMENT LETTER

Honorable Mayor and City Council
City of Sebring, Florida
Sebring, Florida

Report on the Financial Statements

We have audited the financial statements of the City of Sebring, Florida (City), as of and for the fiscal year ended September 30, 2023, and have issued our report thereon dated June 14, 2024.

Auditors' Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and Chapter 10.550, Rules of the Auditor General.

Other Reporting Requirements

We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*; and Independent Accountants' Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports and schedule, which are dated June 14, 2024, should be considered in conjunction with this management letter.

Prior Audit Findings

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

Financial Condition and Management

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

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

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

Special District Component Units

Section 10.554(1)(i)5.c., Rules of the Auditor General, requires, if appropriate, that we communicate the failure of a special district that is a component unit of a county, municipality, or special district, to provide the financial information necessary for proper reporting of the component unit with the audited financial statements of the county, municipality, or special district in accordance with Section 218.39(3)(b), Florida Statutes. In connection with our audit, we did not note any special district component units that failed to provide the necessary information for proper reporting in accordance with Section 218.39(3)(b), Florida Statutes. As required by Section 218.39(3)(c), Florida Statutes, and Section 10.554(1)(i)6, Rules of the Auditor General, the City of Sebring Community Redevelopment Agency reported their required information in their audit report.

Additional Matters

Section 10.554(1)(i)3., Rules of the Auditor General, requires us to communicate noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but warrants the attention of those charged with governance. In connection with our audit, we did not note 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 the Florida House of Representatives, the Florida Auditor General, Federal and other granting agencies, and the audit committee, management, Members of the City Council, and City Clerk, and is not intended to be and should not be used by anyone other than these specified parties.



CliftonLarsonAllen LLP

Sebring, Florida
June 14, 2024



INDEPENDENT ACCOUNTANTS' REPORT

Honorable Mayor, City Council,
and the Florida Auditor General
City of Sebring, Florida
Sebring, Florida

We have examined the City of Sebring, Florida's (City) compliance with Section 218.415, Florida Statutes, regarding the investment of public funds during the fiscal year ended September 30, 2023. Management of the City is responsible for the City's compliance with the specified requirements. Our responsibility is to express an opinion on the City's compliance with the specified requirements based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the City complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the City complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgement including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

We are required to be independent and to meet our ethical responsibilities in accordance with relevant ethical requirements relating to the engagement.

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

In our opinion, the City complied, in all material respects, with Section 218.415, Florida Statutes, regarding the investment of public funds during the year ended September 30, 2023.

This report is intended solely for the information and use of the City and the Auditor General, State of Florida, and is not intended to be, and should not be, used by anyone other than these specified parties.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Sebring, Florida
June 14, 2024



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