

**CITY OF SEBRING, FLORIDA**  
**FINANCIAL STATEMENTS AND**  
**SUPPLEMENTARY INFORMATION**  
**YEAR ENDED SEPTEMBER 30, 2024**



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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, 2024, 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, 2024, 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.

#### ***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.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated July 31, 2025, 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  
July 31, 2025

CITY OF SEBRING, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2024

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 2024, the City of Sebring's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources by \$71,910,077 (total net position). Of this amount, \$49,151,741 represents the City's net investment in capital assets, \$7,954,781 is restricted by laws or capital projects and the remaining \$14,803,555 (unrestricted net position) may be used to meet the City's ongoing obligations to citizens and creditors.
- The City's total net position increased \$8,457,999 from its current year activity. Governmental activities increased \$2,371,789 and Business-type activities increased \$6,086,210.
- The City's total assets increased \$8,817,209 (9.72%) during the current fiscal year, due to increases in cash and cash equivalents, receivables and capital assets.
- The City's total liabilities increased \$744,912 (2.55%) during the current fiscal year. The governmental activities total liabilities decreased \$235,595. The decrease was primarily due to a decrease in net pension liability of \$548,308 based on actuarial valuations. Business-type activities total liabilities increased \$980,507, primarily a net result of an increase in accounts payable of \$273,821, an increase of \$468,680 in unearned revenues due to new water and sewer service connections that have not been installed, and an increase in noncurrent liabilities due in more than one year of \$264,962 due to a lease and loan.
- The City's governmental activities reported a total net position of \$19,381,731, which is an increase of \$2,371,789, or 13.94%, in comparison to the prior year. Approximately (19.36%) of the total, or \$(3,752,545) is unrestricted and available for spending at the City's discretion.
- The City's business-type activities reported a total net position of \$52,528,346 which is an increase of \$6,086,210, or 13.10%, in comparison to the prior year. Approximately 35.33% of the total, or \$18,556,100 is unrestricted and available for spending at the City's discretion.
- As of September 30, 2024, the City's governmental funds reported combined ending fund balances of \$19,029,239, an increase of \$1,036,792 (5.77%) from the prior year. The General Fund reported Fund Balance of \$11,248,747, of which \$3,556 was nonspendable due to prepaid items, \$56,398 was restricted for law enforcement purposes, \$1,180,048 was assigned for cemetery care, and \$1,168,900 was assigned to support the subsequent year's budget. The remaining \$8,839,845 in unassigned fund balance was available for spending at the City's discretion.

CITY OF SEBRING, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2024

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 are 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 subsidies 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, 2024

**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 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 and Infrastructure Fund. The General Fund and Infrastructure funds are considered major funds and the Truist Memorial Park fund is considered a nonmajor fund.

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, 2024

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 14 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.

**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 \$71,910,077.

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 on page 16.

**CITY OF SEBRING, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2024**

**Statement of Net Position (Summary)  
September 30, 2024 and 2023**

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2024	2023	2024	2023	2024	2023
<b>Assets:</b>						
Current and Other Assets	\$ 2,176,1071	\$ 2,136,1526	\$ 26,104,415	\$ 18,447,185	\$ 47,865,486	\$ 39,808,711
Capital Assets, Net	16,500,323	15,192,044	35,147,796	35,695,641	51,648,119	50,887,685
Total Assets	38,261,394	36,553,570	61,252,211	54,142,826	99,513,605	90,696,396
<b>Deferred Outflows of Resources</b>	5,061,582	5,373,176	1,093,824	1,005,905	6,155,406	6,379,081
<b>Liabilities:</b>						
Long-Term Liabilities	19,264,177	19,517,717	5,335,191	5,221,354	24,599,368	24,739,071
Current and Other Liabilities	1,236,791	12,884,6	4,111,411	3,244,471	5,347,932	4,463,317
Total Liabilities	20,500,968	20,736,563	9,446,332	8,465,825	29,947,300	29,202,388
<b>Deferred Inflows of Resources</b>	3,440,277	4,180,241	371,357	240,770	3,811,634	4,421,011
<b>Net Position:</b>						
Net Investment in Capital Assets	15,255,370	14,888,501	33,896,371	34,891,447	49,151,741	49,779,948
Restricted	7,878,906	6,976,028	75,875	75,875	7,954,781	7,051,903
Unrestricted	(3,752,545)	(4,854,587)	18,556,100	11,474,814	14,803,555	6,620,227
Total Net Position	\$ 19,381,731	\$ 17,009,942	\$ 52,528,346	\$ 46,442,136	\$ 71,910,077	\$ 63,452,078

By far the largest portion of the City's net position, \$49,151,741 (68.35%) 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 \$7,954,781 (11.06%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$14,803,555 (20.59%) is unrestricted and may be used to meet the City's ongoing obligations to citizens and creditors.

At September 30, 2024, the City is able to report positive balances in all three categories of net position, both for the City as a whole, as well as for its separate governmental and business-type activities. The same situation held true for the prior fiscal year.

Current and other assets increased by \$8,056,775, which was due primarily to an increase in cash and cash equivalents of \$8,098,123, an increase in receivables of \$335,218, and a decrease in due from other governments of \$400,609.

Overall, total net position increased \$8,457,999 and net investment in capital assets decreased \$628,207, restricted for law enforcement, debt service reserve and infrastructure increased \$902,878 and unrestricted increased \$8,183,328.

**CITY OF SEBRING, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2024**

**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 on page 17.

**Changes in Net Position (Summary)  
Years Ended September 30, 2024 and 2023**

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2024	2023	2024	2023	2024	2023
<b>Revenues:</b>						
Program Revenues:						
Charges for Services	\$ 2,645,201	\$ 1,996,542	\$ 16,967,008	\$ 15,781,760	\$ 19,612,209	\$ 17,778,302
Operating Grants and Contributions	760,349	249,094	149,163	8,903	909,512	257,997
Capital Grants and Contributions	54,223	52,493	829,987	1,081,519	884,210	1,134,012
General Revenues:						
Property Taxes	5,985,522	4,851,721	-	-	5,985,522	4,851,721
Other Taxes	4,178,099	5,143,037	-	-	4,178,099	5,143,037
Other	3,954,516	3,803,821	1,084,452	759,603	5,038,968	4,563,424
<b>Total Revenues</b>	<b>17,577,910</b>	<b>16,096,708</b>	<b>19,030,610</b>	<b>17,631,785</b>	<b>36,608,520</b>	<b>33,728,493</b>
<b>Expenses:</b>						
General Government	1,484,599	1,587,716	-	-	1,484,599	1,587,716
Public Safety	9,028,846	18,248,357	-	-	9,028,846	18,248,357
Physical Environment	153,756	229,484	-	-	153,756	229,484
Transportation	2,387,462	2,145,671	-	-	2,387,462	2,145,671
Economic Environment	587,844	501,000	-	-	587,844	501,000
Culture and Recreation	1,057,538	1,005,434	-	-	1,057,538	1,005,434
Water	-	-	5,154,707	5,463,769	5,154,707	5,463,769
Wastewater	-	-	4,665,480	4,229,562	4,665,480	4,229,562
Solid Waste	-	-	2,488,274	2,705,459	2,488,274	2,705,459
Golf Course	-	-	1,142,015	1,307,946	1,142,015	1,307,946
<b>Total Expenses</b>	<b>14,700,045</b>	<b>23,717,662</b>	<b>13,450,476</b>	<b>13,706,736</b>	<b>28,150,521</b>	<b>37,424,398</b>
<b>Change in Net Position Before Transfers</b>	<b>2,877,865</b>	<b>(7,620,954)</b>	<b>5,580,134</b>	<b>3,925,049</b>	<b>8,457,999</b>	<b>(3,695,905)</b>
Transfers	(506,076)	571,539	506,076	(571,539)	-	-
<b>Change in Net Position After Transfers</b>	<b>2,371,789</b>	<b>(7,049,415)</b>	<b>6,086,210</b>	<b>3,353,510</b>	<b>8,457,999</b>	<b>(3,695,905)</b>
Net Position – Beginning of Year	17,009,942	24,059,357	46,442,136	43,088,626	63,452,078	67,147,983
<b>Net Position – End of Year</b>	<b>\$ 19,381,731</b>	<b>\$ 17,009,942</b>	<b>\$ 52,528,346</b>	<b>\$ 46,442,136</b>	<b>\$ 71,910,077</b>	<b>\$ 63,452,078</b>

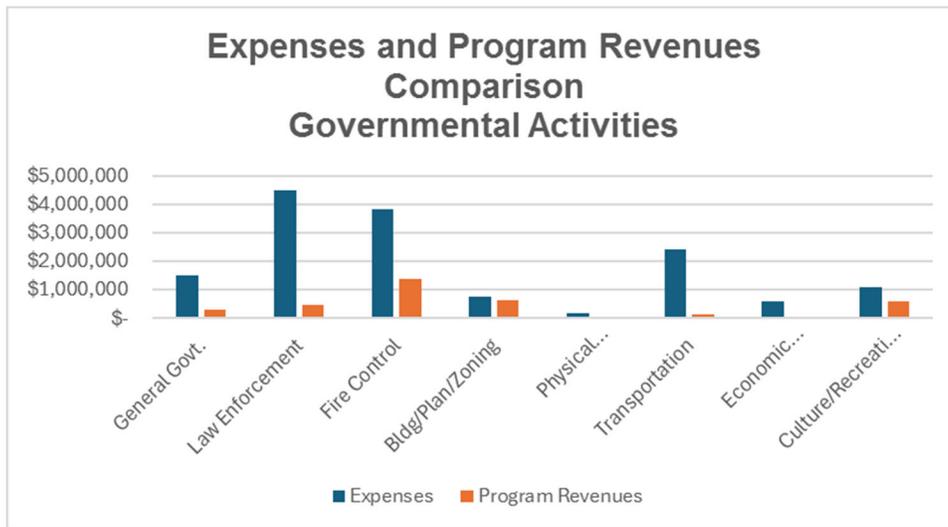
**CITY OF SEBRING, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2024**

**Governmental Activities**

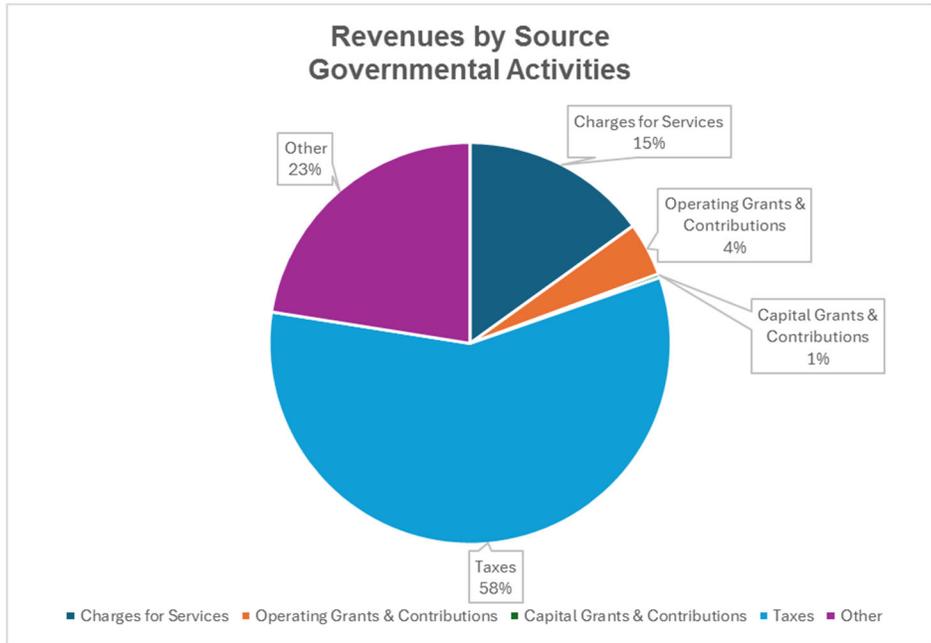
Total program revenues increased \$1,161,644 from the prior year for a total of \$3,459,773. The most significant revenue in program services is from charges for services of \$2,645,201, operating grants and contributions of \$760,349, and then capital grants and contributions of \$54,223. Charges for services include \$169,576 in general government, \$2,287,980 in public safety charges, \$39,050 in physical environment, \$116,110 in transportation, and \$32,485 in culture/recreation. Operating grants and contributions increased \$511,255 to \$760,349 from \$249,094 primarily due to an increase in funding received for recreation improvements.

Governmental activities expenses decreased \$9,017,617 from prior year for a total of \$14,700,045. The most significant governmental activity expense is public safety which includes law enforcement \$4,466,314, fire control \$3,801,818, and building, zoning and planning \$760,714.

Overall, governmental activities increased the City's net position by \$2,371,789.



CITY OF SEBRING, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2024



**Business-Type Activities**

Total program revenues of the City's business-type activities were \$17,946,158, an increase of \$1,073,976 or 6.37% 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 \$13,450,476, a decrease of \$256,260 or 1.87% from the prior year.

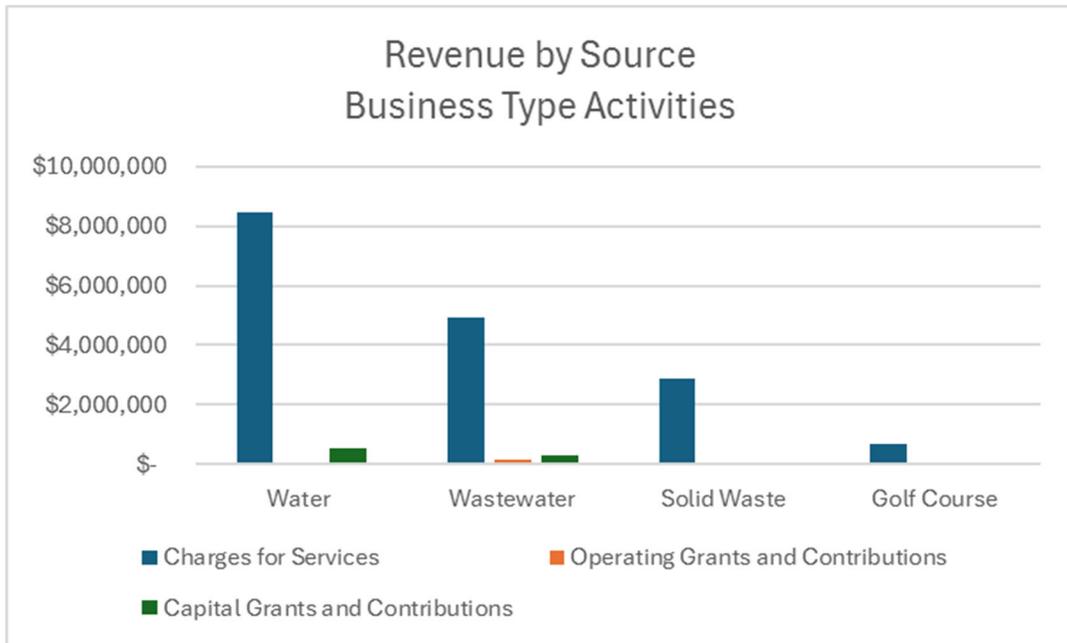
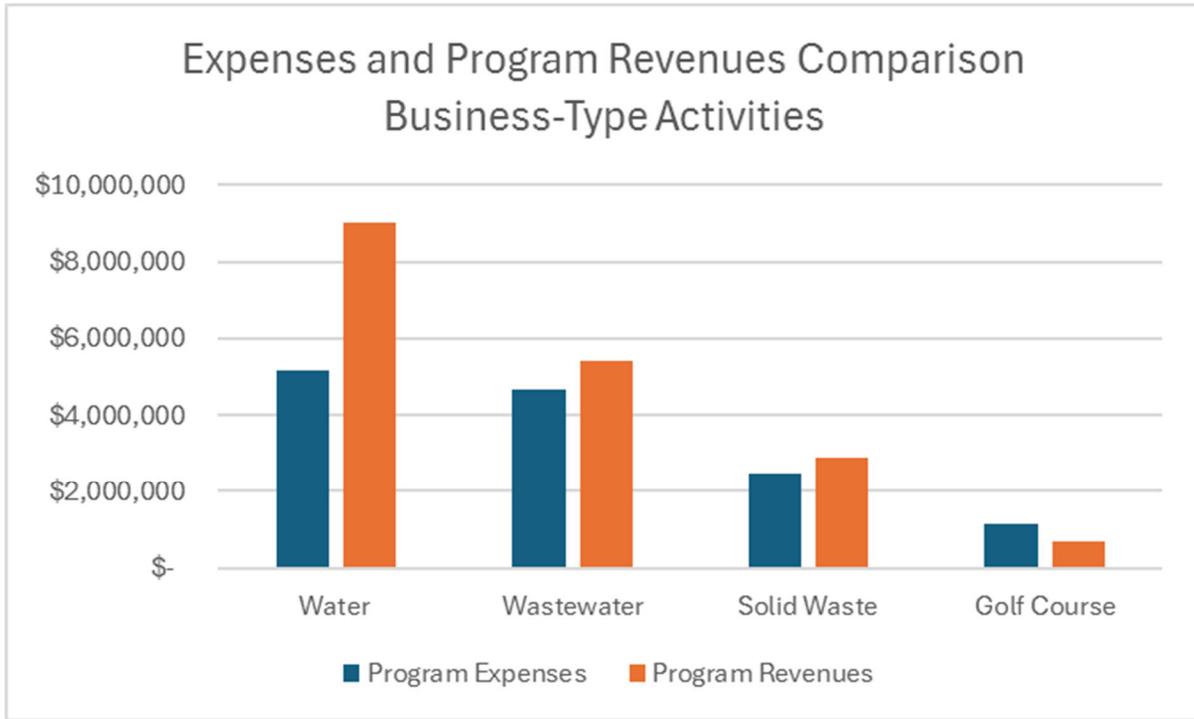
The Water and Wastewater Fund reflected an operating income of \$3,645,206, which was an increase from the prior year of \$814,415. After including nonoperating revenues and expenses and transfers in/out, the change in net position was \$4,858,986.

The Solid Waste Fund reflected an operating income of \$402,355 which was an increase from the prior year of \$532,229. After including nonoperating revenues and expenses and transfers in, the solid waste operation reflected a total increase in net position of \$870,675.

The Golf Course Fund reflected an operating loss of \$467,555, which was a decrease from the prior year of \$47,882. After including other nonoperating items and transfers in, the golf course operation reflected a total increase in net position of \$184,899.

Overall, business-type activities increased the City's net position by \$6,086,210, which was an increase of \$2,732,700 when compared to the prior year.

CITY OF SEBRING, FLORIDA  
 MANAGEMENT'S DISCUSSION AND ANALYSIS  
 SEPTEMBER 30, 2024



CITY OF SEBRING, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2024

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, 2024, the City's governmental funds reported combined ending fund balances of \$19,029,239, an increase of \$1,036,792 in comparison with the prior year. Approximately 46% of this total amount, \$8,839,845, constitutes unassigned fund balance, which is available for spending at the City's discretion. The remainder of fund balance, \$10,189,394, 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. On September 30, 2024, the unassigned fund balance of the General Fund was \$8,839,845, while the total fund balance was \$11,248,747. 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 55.18% of total General Fund expenditures, while total fund balance represents 70.21% 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 decreased by \$995,076. This decrease was primarily from the disposal of capital assets that had met their useful life.

The total enterprise fund's unrestricted net position increased \$7,081,286, and the net position increased \$6,086,210, an increase of \$2,732,700 from the prior year.

GENERAL FUND BUDGETARY HIGHLIGHTS

The change between the original and final budgetary appropriations for expenditures amounted to an increase of \$2,096,852. The change was primarily due to appropriating funds for police vehicle purchases, recreation improvements at Max Long, golf course improvements (additional transfer to golf course), and fire apparatus purchase.

Revenue budget to actual in the General Fund resulted in a \$540,449 positive variance, primarily due to a conservative approach to budgeting tax revenues.

Budget to actual expenditures show a \$1,755,350 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, 2024**

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, 2024 amounts to \$51,648,119 (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
- Vehicles – Police, Fire, Public Works, Water, and Sewer
- Garbage truck
- Fire Apparatus
- Equipment – Golf Course, Utilities, and Public Works
- Utility Meter System
- Recreation Improvements – Max Long
- Golf Course Renovation
- Lift Station Improvements
- Drainage Infrastructure
- Wastewater Treatment Plant Improvements

**City of Sebring's Capital Assets  
(Net of Depreciation)  
September 30, 2024 and 2023**

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.

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2024	2023	2024	2023	2024	2023
Land	\$ 1,991,566	\$ 1,891,466	\$ 577,877	\$ 577,877	\$ 2,569,443	\$ 2,469,343
Buildings	2,534,981	2,699,630	1,133,799	1,210,026	3,668,780	3,909,656
Improvements Other than Building	785,256	684,355	-	-	785,256	684,355
Infrastructure	7,306,245	7,756,613	-	-	7,306,245	7,756,613
Equipment	2,449,007	1,416,117	3,041,081	2,969,560	5,490,088	4,385,677
Golf Course Improvements	-	-	528,528	305,881	528,528	305,881
Water System	-	-	16,554,340	17,298,598	16,554,340	17,298,598
Wastewater System	-	-	11,647,880	12,348,310	11,647,880	12,348,310
Construction in Progress	1,416,971	741,888	1,416,971	976,620	2,833,942	1,718,508
Right-to-Use Leased Asset	-	1,975	249,855	8,769	249,855	10,744
Subscription Based Information Technology Arrangements	14,944	-	-	-	14,944	-
<b>Total Capital Assets</b>	<b>\$ 16,498,970</b>	<b>\$ 15,192,044</b>	<b>\$ 35,150,331</b>	<b>\$ 35,695,641</b>	<b>\$ 51,649,301</b>	<b>\$ 50,887,685</b>

**CITY OF SEBRING, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2024**

**Long-Term Liabilities:** At the end of the current fiscal year, the City had total long-term liabilities of \$2,094,977, which represents an increase of \$350,119 compared to the prior year. This increase is primarily due to loans obtained for the purchase of a fire apparatus and road/stormwater project.

**City of Sebring's Long-Term Liabilities  
Years Ended September 30, 2024 and 2023**

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2024	2023	2024	2023	2024	2023
Direct Borrowings	\$ 1,223,294	\$ 977,414	\$ 620,769	\$ 756,203	\$ 1,844,063	\$ 1,733,617
Leases	1,266	2,058	249,648	9,183	250,914	11,241
Total	<u>\$ 1,224,560</u>	<u>\$ 979,472</u>	<u>\$ 870,417</u>	<u>\$ 765,386</u>	<u>\$ 2,094,977</u>	<u>\$ 1,744,858</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 2025 fiscal year, the City has budgeted a transfer in for the General Fund of \$1,000,000 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 \$116,731 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, 2024**

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 20,038,340	\$ 21,159,159	\$ 41,197,499	\$ 1,852,731
Investments	-	-	-	2,716,203
Receivables, Net	740,298	1,072,379	1,812,677	6,504
Lease Receivable	487,259	43,773	531,032	-
Internal Balances	(390,462)	390,462	-	-
Due from Other Governments	882,080	150,516	1,032,596	-
Inventory	-	576,628	576,628	-
Prepaid Items	3,556	-	3,556	-
Assets Available for Sale	-	-	-	3,134,673
Intangible Asset	-	204,066	204,066	-
Restricted Asset - Cash and Cash Equivalents	-	2,507,432	2,507,432	-
Capital Assets:				
Nondepreciable	3,408,537	1,992,313	5,400,850	-
Depreciable, Net	13,091,786	33,155,483	46,247,269	-
Total Assets	<u>38,261,394</u>	<u>61,252,211</u>	<u>99,513,605</u>	<u>7,710,111</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred Outflows Related to Pensions	5,061,582	1,091,936	6,153,518	-
Deferred Outflows Related to OPEB	-	1,888	1,888	-
Total Deferred Outflows of Resources	<u>5,061,582</u>	<u>1,093,824</u>	<u>6,155,406</u>	<u>-</u>
<b>LIABILITIES</b>				
Accounts Payable	843,184	874,948	1,718,132	80,112
Accrued Expenses	163,945	75,559	239,504	4,317
Due to the City of Sebring	-	-	-	22,908
Unearned Revenues	172,695	617,128	789,823	-
Other Postemployment Benefits - Current	56,967	33,846	90,813	-
Current Liabilities Payable from Restricted Assets:				
Accrued Interest Payable	-	2,228	2,228	-
Customer Deposits	-	2,507,432	2,507,432	-
Noncurrent Liabilities:				
Net Pension Liability	16,978,726	3,457,937	20,436,663	-
Other Postemployment Benefits	654,193	139,711	793,904	-
Due Within One Year	627,557	299,405	926,962	233,778
Due in More Than One Year	1,003,701	1,438,138	2,441,839	5,398,000
Total Liabilities	<u>20,500,968</u>	<u>9,446,332</u>	<u>29,947,300</u>	<u>5,739,115</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred Inflows Related to Pensions	2,990,018	329,276	3,319,294	-
Deferred Inflows Related to OPEB	-	247	247	-
Deferred Inflows Related to Leases	450,259	41,834	492,093	-
Total Deferred Inflows of Resources	<u>3,440,277</u>	<u>371,357</u>	<u>3,811,634</u>	<u>-</u>
<b>NET POSITION</b>				
Net Investment in Capital Assets	15,255,370	33,896,371	49,151,741	-
Restricted for:				
Law Enforcement	86,398	-	86,398	-
Debt Service	-	75,875	75,875	-
Trist Memorial Park	234,952	-	234,952	-
Infrastructure	7,557,556	-	7,557,556	-
Community Redevelopment	-	-	-	1,970,996
Unrestricted	<u>(3,752,545)</u>	<u>18,556,100</u>	<u>14,803,555</u>	<u>-</u>
Total Net Position	<u>\$ 19,381,731</u>	<u>\$ 52,528,346</u>	<u>\$ 71,910,077</u>	<u>\$ 1,970,996</u>

See accompanying Notes to Financial Statements.

**CITY OF SEBRING, FLORIDA  
STATEMENT OF ACTIVITIES  
YEAR ENDED SEPTEMBER 30, 2024**

Functions/Programs	Program Revenues				Net Revenue (Expense) and Changes in Net Position			Component Unit Community Redevelopment Agency
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total	
					Governmental Activities	Business-Type Activities		
<b>PRIMARY GOVERNMENT</b>								
Governmental Activities:								
General Government	\$ 1,484,599	\$ 169,576	\$ 109,274	\$ -	\$ (1,205,749)	\$ -	\$ (1,205,749)	\$ -
Public Safety:								
Law Enforcement	4,466,314	351,429	104,058	3,499	(4,007,328)	-	(4,007,328)	-
Fire Control	3,801,818	1,346,527	4,320	-	(2,450,971)	-	(2,450,971)	-
Building, Zoning, and Planning	760,714	590,024	35,000	-	(135,690)	-	(135,690)	-
Physical Environment	153,756	39,050	-	-	(114,706)	-	(114,706)	-
Transportation	2,387,462	116,110	-	5	(2,271,347)	-	(2,271,347)	-
Economic Environment	587,844	-	-	-	(587,844)	-	(587,844)	-
Culture and Recreation	1,057,538	32,485	507,697	50,719	(466,637)	-	(466,637)	-
Total Governmental Activities	<u>14,700,045</u>	<u>2,645,201</u>	<u>760,349</u>	<u>54,223</u>	<u>(11,240,272)</u>	<u>-</u>	<u>(11,240,272)</u>	<u>-</u>
Business-Type Activities:								
Water	5,154,707	8,472,602	5,000	523,525	-	3,846,420	3,846,420	-
Wastewater	4,665,480	4,948,383	144,163	306,462	-	733,528	733,528	-
Solid Waste	2,488,274	2,872,595	-	-	-	384,321	384,321	-
Golf Course	1,142,015	673,428	-	-	-	(468,587)	(468,587)	-
Total Business-Type Activities	<u>13,450,476</u>	<u>16,967,008</u>	<u>149,163</u>	<u>829,987</u>	<u>-</u>	<u>4,495,682</u>	<u>4,495,682</u>	<u>-</u>
Total Primary Government	<u>\$ 28,150,521</u>	<u>\$ 19,612,209</u>	<u>\$ 909,512</u>	<u>\$ 884,210</u>	<u>(11,240,272)</u>	<u>4,495,682</u>	<u>(6,744,590)</u>	<u>-</u>
<b>COMPONENT UNIT</b>								
Community Redevelopment Agency	<u>\$ 2,110,328</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>				<u>(2,110,328)</u>
<b>GENERAL REVENUES</b>								
Taxes:								
Ad-Valorem Taxes					5,985,522	-	5,985,522	-
Tax Increment from City/County					-	-	-	1,311,743
Fuel Taxes					446,081	-	446,081	-
Infrastructure Surtax					1,276,762	-	1,276,762	-
Utility and Communication Services					2,403,415	-	2,403,415	-
Other Taxes					51,841	-	51,841	-
Franchise Fees					1,323,655	-	1,323,655	-
Intergovernmental - Unrestricted					1,341,920	-	1,341,920	-
Investment Earnings					1,198,440	956,307	2,154,747	214,831
Miscellaneous					63,850	121,560	185,410	224
Gain on Sale of Capital Assets					26,651	6,585	33,236	-
Total General Revenues					<u>14,118,137</u>	<u>1,084,452</u>	<u>15,202,589</u>	<u>1,526,798</u>
<b>TRANSFERS</b>					<u>(506,076)</u>	<u>506,076</u>	<u>-</u>	<u>-</u>
<b>CHANGES IN NET POSITION</b>					<u>2,371,789</u>	<u>6,086,210</u>	<u>8,457,999</u>	<u>(583,530)</u>
Net Position - Beginning of Year					<u>17,009,942</u>	<u>46,442,136</u>	<u>63,452,078</u>	<u>2,554,526</u>
<b>NET POSITION - END OF YEAR</b>					<u>\$ 19,381,731</u>	<u>\$ 52,528,346</u>	<u>\$ 71,910,077</u>	<u>\$ 1,970,996</u>

See accompanying Notes to Financial Statements.

**CITY OF SEBRING, FLORIDA  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2024**

	General Fund	Infrastructure Fund	Truist Memorial Park (Nonmajor)	Total Governmental Funds
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 11,192,235	\$ 7,262,196	\$ 244,159	\$ 18,698,590
Receivables, Net	446,809	-	-	446,809
Lease Receivable	487,259	-	-	487,259
Due from Other Funds	41,350	-	-	41,350
Due from Other Governments	575,866	306,214	-	882,080
Prepaid Items	3,556	-	-	3,556
	<u>12,747,075</u>	<u>7,568,410</u>	<u>244,159</u>	<u>20,559,644</u>
Total Assets	<u>\$ 12,747,075</u>	<u>\$ 7,568,410</u>	<u>\$ 244,159</u>	<u>\$ 20,559,644</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Accounts Payable	\$ 456,228	\$ 22,870	\$ 9,207	488,305
Accrued Expenditures	160,227	-	-	160,227
Due to Other Funds	79,451	-	-	79,451
Unearned Revenues	164,066	-	-	164,066
Total Liabilities	<u>859,972</u>	<u>22,870</u>	<u>9,207</u>	<u>892,049</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred in Inflows Related to Leases	450,259	-	-	450,259
Unavailable Revenue	188,097	-	-	188,097
Total Deferred Inflows of Resources	<u>638,356</u>	<u>-</u>	<u>-</u>	<u>638,356</u>
<b>FUND BALANCES</b>				
Nonspendable:				
Prepaid Items	3,556	-	-	3,556
Restricted:				
Law Enforcement	56,398	-	-	56,398
Infrastructure	-	7,545,540	-	7,545,540
Truist Memorial Park	-	-	234,952	234,952
Assigned:				
Cemetery Care	1,180,048	-	-	1,180,048
Subsequent Years Budget	1,168,900	-	-	1,168,900
Unassigned	8,839,845	-	-	8,839,845
Total Fund Balances	<u>11,248,747</u>	<u>7,545,540</u>	<u>234,952</u>	<u>19,029,239</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 12,747,075</u>	<u>\$ 7,568,410</u>	<u>\$ 244,159</u>	<u>\$ 20,559,644</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, 2024**

**RECONCILIATION TO THE STATEMENT OF NET POSITION**

Total Fund Balance as Shown on Previous Page \$ 19,029,239

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	5,061,582
Deferred Inflows Related to Pensions	(2,990,018)

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.

907,214

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

Capital Assets, Nondepreciable	3,408,537
Capital Assets, Depreciable - Net	13,091,786

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

188,097

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	(16,978,726)
Total OPEB Liability	(711,160)
Compensated Absences	(391,883)
Direct Borrowing, Leases, and SBITA	<u>(1,232,937)</u>

Net Position of Governmental Activities as Reported on the Statement of Net Position

\$ 19,381,731

**CITY OF SEBRING, FLORIDA**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**GOVERNMENTAL FUNDS**  
**YEAR ENDED SEPTEMBER 30, 2024**

	General Fund	Infrastructure Fund	Truist Memorial Park (Nonmajor)	Total Governmental Funds
<b>REVENUES</b>				
Taxes	\$ 8,886,859	\$ 1,785,062	\$ -	\$ 10,671,921
Permits, Fees, and Special Assessments	3,208,421	-	-	3,208,421
Intergovernmental	1,815,165	-	-	1,815,165
Charges for Services	390,932	-	-	390,932
Fines and Forfeitures	158,037	-	-	158,037
Investment Earnings	705,507	373,366	11,316	1,090,189
Miscellaneous	262,571	15	250,000	512,586
Total Revenues	<u>15,427,492</u>	<u>2,158,443</u>	<u>261,316</u>	<u>17,847,251</u>
<b>EXPENDITURES</b>				
Current:				
General Government	1,198,714	-	26,364	1,225,078
Public Safety:				
Law Enforcement	5,301,072	-	-	5,301,072
Fire Control	3,483,070	-	-	3,483,070
Building, Zoning, and Planning	753,607	-	-	753,607
Physical Environment	27,493	-	-	27,493
Transportation	1,482,925	462,319	-	1,945,244
Economic Environment	584,972	-	-	584,972
Culture and Recreation	930,921	-	-	930,921
Capital Outlay	1,945,644	724,189	-	2,669,833
Debt Service:				
Principal	272,780	-	-	272,780
Interest	40,389	-	-	40,389
Total Expenditures	<u>16,021,587</u>	<u>1,186,508</u>	<u>26,364</u>	<u>17,234,459</u>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	(594,095)	971,935	234,952	612,792
<b>OTHER FINANCING SOURCES (USES)</b>				
Issuance of Debt	-	508,300	-	508,300
SBITA	17,945	-	-	17,945
Sale of Capital Assets	26,651	-	-	26,651
Transfers In	500,000	-	-	500,000
Transfers Out	(368,896)	(260,000)	-	(628,896)
Total Other Financing Sources (Uses)	<u>175,700</u>	<u>248,300</u>	<u>-</u>	<u>424,000</u>
<b>CHANGE IN FUND BALANCES</b>	(418,395)	1,220,235	234,952	1,036,792
Fund Balances – Beginning of Year	<u>11,667,142</u>	<u>6,325,305</u>	<u>-</u>	<u>17,992,447</u>
<b>FUND BALANCES – END OF YEAR</b>	<u>\$ 11,248,747</u>	<u>\$ 7,545,540</u>	<u>\$ 234,952</u>	<u>\$ 19,029,239</u>

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, 2024**

**RECONCILIATION TO THE STATEMENT OF ACTIVITIES**

Net Change in Fund Balances as Shown on Previous Page \$ 1,036,792

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	(592,340)
Deferred Inflows Recognized in the Current Year in the Statement of Activities	188,097

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.	(149,761)
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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	2,666,441
Remaining Net Book Value of Capital Assets on Disposition	(9,310)
Depreciation Expense	(1,348,852)

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.	830,460
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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.	11,311
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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	(7,584)
Payments on Debt	272,780
Debt Issued	(526,245)

Change in Net Position of Governmental Activities as Reported in the Statement of Activities	<u>\$ 2,371,789</u>
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**CITY OF SEBRING, FLORIDA**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL – GENERAL FUND**  
**YEAR ENDED SEPTEMBER 30, 2024**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Taxes	\$ 8,620,866	\$ 8,620,866	\$ 8,886,859	\$ 265,993
Permits, Fees, and Special Assessments	2,664,675	2,974,675	3,208,421	233,746
Intergovernmental	1,779,695	2,245,544	1,815,165	(430,379)
Charges for Services	318,481	318,481	390,932	72,451
Fines and Forfeitures	107,250	107,250	158,037	50,787
Investment Earnings	454,750	454,750	705,507	250,757
Miscellaneous	144,970	165,477	262,571	97,094
Total Revenues	<u>14,090,687</u>	<u>14,887,043</u>	<u>15,427,492</u>	<u>540,449</u>
<b>EXPENDITURES</b>				
Current:				
General Government	1,440,413	1,288,057	1,198,714	89,343
Public Safety:				
Law Enforcement	5,762,614	5,807,099	5,301,072	506,027
Fire Control	3,691,201	3,672,101	3,483,070	189,031
Building, Zoning, and Planning	604,269	914,269	753,607	160,662
Physical Environment	28,008	32,708	27,493	5,215
Transportation	1,610,770	1,626,064	1,482,925	143,139
Economic Environment	584,972	584,972	584,972	-
Culture and Recreation	1,007,684	1,084,368	930,921	153,447
Capital Outlay	711,404	2,464,549	1,945,644	518,905
Debt Service:				
Principal	198,035	262,035	272,780	(10,745)
Interest	40,715	40,715	40,389	326
Total Expenditures	<u>15,680,085</u>	<u>17,776,937</u>	<u>16,021,587</u>	<u>1,755,350</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	(1,589,398)	(2,889,894)	(594,095)	2,295,799
<b>OTHER FINANCING SOURCES (USES)</b>				
SBITA	-	-	17,945	17,945
Sale of Capital Assets	-	-	26,651	26,651
Transfers In	500,000	500,000	500,000	-
Transfer Out	(249,705)	(368,896)	(368,896)	-
Total Other Financing Sources	<u>250,295</u>	<u>131,104</u>	<u>175,700</u>	<u>44,596</u>
<b>CHANGE IN FUND BALANCE</b>	(1,339,103)	(2,758,790)	(418,395)	2,340,395
Fund Balance – Beginning of Year	<u>8,991,259</u>	<u>6,704,191</u>	<u>11,667,142</u>	<u>4,962,951</u>
<b>FUND BALANCE – END OF YEAR</b>	<u>\$ 7,652,156</u>	<u>\$ 3,945,401</u>	<u>\$ 11,248,747</u>	<u>\$ 7,303,346</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, 2024**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Taxes	\$ 1,842,260	\$ 1,842,260	\$ 1,785,062	\$ (57,198)
Investment Earnings	257,740	257,740	373,366	115,626
Miscellaneous	-	-	15	15
Total Revenues	<u>2,100,000</u>	<u>2,100,000</u>	<u>2,158,443</u>	<u>58,443</u>
<b>EXPENDITURES</b>				
Current:				
Transportation	600,000	679,611	462,319	217,292
Capital Outlay	1,500,000	2,388,572	724,189	1,664,383
Total Expenditures	<u>2,100,000</u>	<u>3,068,183</u>	<u>1,186,508</u>	<u>1,881,675</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	-	(968,183)	971,935	1,940,118
<b>OTHER FINANCING SOURCES (USES)</b>				
Issuance of Debt	-	-	508,300	508,300
Transfer Out	-	(260,000)	(260,000)	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>(260,000)</u>	<u>248,300</u>	<u>508,300</u>
<b>CHANGE IN FUND BALANCE</b>	-	(1,228,183)	1,220,235	2,448,418
Fund Balance – Beginning of Year	<u>6,325,305</u>	<u>6,325,305</u>	<u>6,325,305</u>	<u>-</u>
<b>FUND BALANCE – END OF YEAR</b>	<u>\$ 6,325,305</u>	<u>\$ 5,097,122</u>	<u>\$ 7,545,540</u>	<u>\$ 2,448,418</u>

See accompanying Notes to Financial Statements.

**CITY OF SEBRING, FLORIDA  
STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
SEPTEMBER 30, 2024**

	Business-Type Activities – Enterprise Funds				Internal Service Funds
	Water and Wastewater	Solid Waste	Nonmajor (Golf Course)	Total	
<b>ASSETS</b>					
Current Assets:					
Cash and Cash Equivalents	\$ 18,381,299	\$ 2,495,536	\$ 282,324	\$ 21,159,159	\$ 1,339,750
Receivables, Net	1,003,463	68,916	-	1,072,379	293,489
Lease Receivable	43,773	-	-	43,773	-
Due from Other Funds	15,011	593	81,465	97,069	-
Due from Other Governments	149,153	1,363	-	150,516	-
Inventory	556,191	-	20,437	576,628	-
Prepaid Items	-	-	-	-	-
Intangible Asset	204,066	-	-	204,066	-
Total Current Assets	<u>20,352,956</u>	<u>2,566,408</u>	<u>384,226</u>	<u>23,303,590</u>	<u>1,633,239</u>
Noncurrent Assets:					
Restricted Assets:					
Cash and Cash Equivalents	2,507,432	-	-	2,507,432	-
Capital Assets, Net	32,237,250	1,381,623	1,528,923	35,147,796	-
Total Noncurrent Assets	<u>34,744,682</u>	<u>1,381,623</u>	<u>1,528,923</u>	<u>37,655,228</u>	<u>-</u>
Total Assets	<u>55,097,638</u>	<u>3,948,031</u>	<u>1,913,149</u>	<u>60,958,818</u>	<u>1,633,239</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Deferred Outflows Related to Pensions	740,677	214,894	136,365	1,091,936	-
Deferred Outflows Related to OPEB	863	1,025	-	1,888	-
Deferred Cost on Refunding	-	-	-	-	-
Total Deferred Outflows of Resources	<u>741,540</u>	<u>215,919</u>	<u>136,365</u>	<u>1,093,824</u>	<u>-</u>
<b>LIABILITIES</b>					
Current Liabilities:					
Accounts Payable	722,325	77,417	75,206	874,948	354,879
Accrued Expenses	47,766	16,310	11,483	75,559	3,718
Accrued Interest Payable	-	-	-	-	-
Unearned Revenue	593,276	2,655	21,197	617,128	8,629
Due to Other Funds	-	124	-	124	58,844
Compensated Absences Payable	87,869	34,225	14,032	136,126	6,438
Current Portion of Other Postemployment Benefits	23,486	6,393	3,967	33,846	-
Current Portion of Long-Term Debt	64,141	-	34,983	99,124	-
Current Portion of Lease Liability	796	-	63,359	64,155	-
Current Liabilities Payable from:					
Accrued Interest	1,393	-	835	2,228	-
Customer Deposits	2,507,432	-	-	2,507,432	-
Total Current Liabilities	<u>4,048,484</u>	<u>137,124</u>	<u>225,062</u>	<u>4,410,670</u>	<u>432,508</u>
Noncurrent Liabilities:					
Net Pension Liability	2,349,627	677,786	430,524	3,457,937	-
Other Postemployment Benefits	95,543	25,043	19,125	139,711	-
Landfill Closure	-	731,000	-	731,000	-
Long-Term Debt	485,497	-	36,149	521,646	-
Lease Liability	2,868	-	182,624	185,492	-
Total Noncurrent Liabilities	<u>2,933,535</u>	<u>1,433,829</u>	<u>668,422</u>	<u>5,035,786</u>	<u>-</u>
Total Liabilities	<u>6,982,019</u>	<u>1,570,953</u>	<u>893,484</u>	<u>9,446,456</u>	<u>432,508</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Deferred Inflows Related to Pensions	223,420	64,229	41,627	329,276	-
Deferred Inflows Related to OPEB	-	-	247	247	-
Deferred Inflows Related to Leases	41,834	-	-	41,834	-
Total Deferred Inflows of Resources	<u>265,254</u>	<u>64,229</u>	<u>41,874</u>	<u>371,357</u>	<u>-</u>
<b>NET POSITION</b>					
Net Investment in Capital Assets	31,353,440	1,381,623	1,161,308	33,896,371	-
Restricted for Debt Service	75,875	-	-	75,875	-
Unrestricted	17,162,590	1,147,145	(47,152)	18,262,583	1,200,731
Total Net Position	<u>\$ 48,591,905</u>	<u>\$ 2,528,768</u>	<u>\$ 1,114,156</u>	<u>52,234,829</u>	<u>\$ 1,200,731</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.

	293,517
Net Position of Business-Type Activities	<u>\$ 52,528,346</u>

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, 2024**

	Business-Type Activities – Enterprise Funds				Internal Service Funds
	Water and Wastewater	Solid Waste	Nonmajor (Golf Course)	Total	
<b>OPERATING REVENUES</b>					
Charges for Services	\$ 13,064,745	\$ 2,849,794	\$ 597,542	\$ 16,512,081	\$ 4,745,264
Miscellaneous Revenue	432,997	22,801	75,867	531,665	71,760
Total Operating Revenues	<u>13,497,742</u>	<u>2,872,595</u>	<u>673,409</u>	<u>17,043,746</u>	<u>4,817,024</u>
<b>OPERATING EXPENSES</b>					
Employee Compensation and Benefits	2,944,224	944,249	595,417	4,483,890	180,848
General and Administrative	867,539	216,783	116,773	1,201,095	274,824
Professional	139,436	6,672	11,514	157,622	-
Landfill Fees	-	520,250	-	520,250	-
Insurance	556,299	33,074	31,813	621,186	1,936,114
Repairs, Maintenance, and Supplies	2,045,819	324,911	211,071	2,581,801	343,951
Claims Expense	-	-	-	-	2,300,176
Utilities	677,262	7,161	35,541	719,964	-
Depreciation	2,621,957	417,140	138,835	3,177,932	-
Total Operating Expenses	<u>9,852,536</u>	<u>2,470,240</u>	<u>1,140,964</u>	<u>13,463,740</u>	<u>5,035,913</u>
<b>OPERATING INCOME (LOSS)</b>	3,645,206	402,355	(467,555)	3,580,006	(218,889)
<b>NONOPERATING REVENUES (EXPENSES)</b>					
Investment Earnings	803,753	126,598	25,956	956,307	108,251
Connection Fees	829,987	-	-	829,987	-
Operating Grants	149,163	-	-	149,163	-
Gain (Loss) on Disposal of Capital Assets	(21,545)	(30,739)	6,585	(45,699)	-
Insurance Proceeds	-	-	-	-	509,707
Interest Expense	(47,578)	(4,719)	(8,983)	(61,280)	-
Total Nonoperating Revenues (Expenses)	<u>1,713,780</u>	<u>91,140</u>	<u>23,558</u>	<u>1,828,478</u>	<u>617,958</u>
<b>INCOME (LOSS) BEFORE TRANSFERS</b>	5,358,986	493,495	(443,997)	5,408,484	399,069
<b>CAPITAL CONTRIBUTIONS AND TRANSFERS</b>					
Transfers In	-	377,180	628,896	1,006,076	-
Transfers Out	(500,000)	-	-	(500,000)	(377,180)
Total Transfers	<u>(500,000)</u>	<u>377,180</u>	<u>628,896</u>	<u>506,076</u>	<u>(377,180)</u>
<b>CHANGE IN NET POSITION</b>	4,858,986	870,675	184,899	5,914,560	21,889
Net Position - Beginning 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>
<b>NET POSITION - END OF YEAR</b>	<u>\$ 48,591,905</u>	<u>\$ 2,528,768</u>	<u>\$ 1,114,156</u>	<u>\$ 52,234,829</u>	<u>\$ 1,200,731</u>
Change in Net Position - Enterprise Funds:				\$ 5,914,560	
Some amounts reported for business-type activities in the statement of activities are different because of unallocated overcharges by the Internal Service Funds.				<u>171,650</u>	
Change in Net Position of Business-Type Activities				<u>\$ 6,086,210</u>	

See accompanying Notes to Financial Statements.

**CITY OF SEBRING, FLORIDA  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
YEAR ENDED SEPTEMBER 30, 2024**

	Business-Type Activities – Enterprise Funds			Total	Internal Service Funds
	Water and Wastewater	Solid Waste	Nonmajor (Golf Course)		
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Cash Received from Customers and Users	\$ 13,639,563	\$ 2,874,254	\$ 702,406	\$ 17,216,223	\$ 4,534,122
Cash Payments to Suppliers and Claims	(4,495,798)	(1,157,268)	(372,668)	(6,025,734)	(4,742,551)
Cash Payments for Employee Services	(2,869,169)	(899,432)	(630,303)	(4,398,904)	(177,447)
Net Cash Provided (Used) by Operating Activities	6,274,596	817,554	(300,565)	6,791,585	(385,876)
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>					
Cash Received from Operating Grants	149,163	-	-	149,163	-
Transfer to Other Funds	(502,008)	(45)	(79,678)	(581,731)	(371,188)
Transfer from Other Funds	-	377,180	628,896	1,006,076	-
Net Cash Provided (Used) by Noncapital Financing Activities	(352,845)	377,135	549,218	573,508	(371,188)
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>					
Acquisition and Construction of Capital Assets	(1,260,875)	(422,571)	(353,519)	(2,036,965)	-
Proceeds from Capital Debt	178,592	-	-	178,592	-
Principal Paid on Long-Term Debt	(94,650)	(190,615)	(68,670)	(353,935)	-
Cash Received from Insurance	-	-	-	-	509,707
Interest Paid	(9,986)	(6,291)	(9,383)	(25,660)	-
Connection Fees and Capital Grants and Contributions	1,350,856	-	-	1,350,856	-
Net Cash Provided (Used) by Capital and Related Financing Activities	163,937	(591,790)	(425,060)	(852,913)	509,707
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Interest on Investments	803,753	126,598	25,956	956,307	108,251
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>					
	6,889,441	729,497	(150,451)	7,468,487	(139,106)
Cash and Cash Equivalents – Beginning of Year	13,999,290	1,766,039	432,775	16,198,104	1,478,856
<b>CASH AND CASH EQUIVALENTS – END OF YEAR</b>	<u>\$ 20,888,731</u>	<u>\$ 2,495,536</u>	<u>\$ 282,324</u>	<u>\$ 23,666,591</u>	<u>\$ 1,339,750</u>
<b>RECONCILIATION OF CASH AND CASH EQUIVALENTS</b>					
Cash and Cash Equivalents	\$ 18,381,299	\$ 2,495,536	\$ 282,324	\$ 21,159,159	\$ 1,339,750
Restricted Assets - Cash and Cash Equivalents	2,507,432	-	-	2,507,432	-
Cash and Cash Equivalents - End of Year	<u>\$ 20,888,731</u>	<u>\$ 2,495,536</u>	<u>\$ 282,324</u>	<u>\$ 23,666,591</u>	<u>\$ 1,339,750</u>

See accompanying Notes to Financial Statements.

**CITY OF SEBRING, FLORIDA  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS (CONTINUED)  
YEAR ENDED SEPTEMBER 30, 2024**

	Business-Type Activities – Enterprise Funds				Internal Service Funds
	Water and Wastewater	Solid Waste	Nonmajor (Golf Course)	Total	
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>					
Operating Income (Loss)	\$ 3,645,206	\$ 402,355	\$ (467,555)	\$ 3,580,006	\$ (218,889)
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:					
Depreciation Expense	2,621,957	417,140	138,835	3,177,932	-
(Increase) Decrease in Assets:					
Accounts Receivable	50,566	1,268	-	51,834	(285,318)
Lease Receivable	1,145	-	-	1,145	-
Inventory	(165,269)	-	(15,202)	(180,471)	-
Prepaid Items	-	-	58,250	58,250	-
Due from Other Government	-	391	58,064	58,455	-
Deferred Outflows Related to Pensions	(67,610)	(26,357)	7,936	(86,031)	-
Deferred Outflows Related to OPEB	(23,339)	(7,147)	(4,434)	(34,920)	-
Increase (Decrease) in Liabilities:					
Accounts Payable	(44,174)	(48,417)	(28,095)	(120,686)	111,693
Accrued Expenses	11,263	6,203	3,889	21,355	821
Unearned Revenue	-	-	(13,865)	(13,865)	2,416
Compensated Absences	(10,606)	9,741	(2,149)	(3,014)	3,401
Customer Deposits	90,110	-	-	90,110	-
OPEB Liability	19,270	5,901	3,661	28,832	-
Net Pension Liability	31,570	23,411	(57,806)	(2,825)	-
Landfill Closure	-	-	-	-	-
Deferred Inflows Related to Pensions	114,507	33,065	17,906	165,478	-
Net Cash Provided (Used) by Operating Activities	<u>\$ 6,274,596</u>	<u>\$ 817,554</u>	<u>\$ (300,565)</u>	<u>\$ 6,791,585</u>	<u>\$ (385,876)</u>
<b>SUPPLEMENTAL DISCLOSURE OF NONCASH FINANCING ACTIVITIES</b>					
Capital Additions Funded by Accounts Payable	<u>\$ 344,007</u>	<u>\$ -</u>	<u>\$ 50,500</u>	<u>\$ 394,507</u>	<u>\$ -</u>
Capital Additions Acquired by Lease	<u>\$ 4,265</u>	<u>\$ -</u>	<u>\$ 271,874</u>	<u>\$ 276,139</u>	<u>\$ -</u>

See accompanying Notes to Financial Statements.

**CITY OF SEBRING, FLORIDA  
STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
SEPTEMBER 30, 2024**

	Pension Trust Fund
<b>ASSETS</b>	
Cash and Cash Equivalents	\$ 573,733
Receivables:	
Interest and Dividends	84,911
Partnership Distribution	19,922
Total Receivables	104,833
Investments, at Fair Value:	
U.S. Government Obligations	4,757,296
Mortgage Backed Securities	6,680,932
Municipal Obligations	35,629
Corporate Bonds	3,147,444
Common Stock	9,180,108
Mutual Funds - Equities	13,238,696
Real Estate Partnership	2,018,556
Total Investments	39,058,661
Total Assets	39,737,227
<b>LIABILITIES</b>	
Accounts Payable	46,764
Total Liabilities	46,764
<b>NET POSITION RESTRICTED FOR PENSIONS</b>	<b>\$ 39,690,463</b>

See accompanying Notes to Financial Statements.

**CITY OF SEBRING, FLORIDA  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
YEAR ENDED SEPTEMBER 30, 2024**

	Pension Trust Fund
<b>ADDITIONS</b>	
Contributions:	
City	\$ 668,309
Plan Members	37,468
Total Contributions	705,777
Investment Income:	
Net Depreciation in Fair Value of Investments	6,553,830
Interest and Dividends	1,019,874
Other	29,127
Total Investment Income	7,602,831
Less: Investment Expenses	(166,037)
Net Investment Income	7,436,794
Total Additions	8,142,571
<b>DEDUCTIONS</b>	
Payments to Retirees and Participants	2,759,967
Administration Expenses	86,295
Total Deductions	2,846,262
<b>NET INCREASE IN NET POSITION</b>	5,296,309
<b>NET POSITION RESTRICTED FOR PENSIONS</b>	
Beginning of Year	34,394,154
End of Year	\$ 39,690,463

See accompanying Notes to Financial Statements.

**CITY OF SEBRING, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2024**

**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 \$726,771 and \$584,972, 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, 2024**

**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, 2024**

**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.

**Truist Memorial Park Fund**

This special revenue fund accounts for and tracks revenue related to the Reflection Park donated by Truist Bank. The revenue can only be expended on the park.

**Proprietary Major Funds**

**Water and Wastewater Fund**

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

**CITY OF SEBRING, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2024**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**C. Basis of Presentation (Continued)**

**Fund Financial Statement Presentation (Continued)**

Proprietary Nonmajor Fund

**Solid Waste Fund**

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

**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.

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.

**CITY OF SEBRING, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2024**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**D. Measurement Focus and Basis of Accounting (Continued)**

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 \$2,096,852. Of this amount, \$1,300,496 was financed by transfers and fund balance reserves, with the remaining \$796,356 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, 2024**

**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, 2024**

**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, 2024, is \$204,066.

**L. Capital Assets**

Capital assets include land, buildings, plants, 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, 2024**

**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 60 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.

**CITY OF SEBRING, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2024**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**O. Interfund Transactions and Loans (Continued)**

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.

**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.

**CITY OF SEBRING, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2024**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**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.

**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, 2023) are assessed on July 1, 2023, based on property values as of January 1, 2023. The taxes are levied in the month of November 2023, by the Highlands County Tax Collector who remits collected taxes to the City monthly. Taxes are due and payable November 1, 2023, and become delinquent April 1, 2024. Tax certificates are sold for delinquent taxes by June 1, 2024. 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 2024 is included in the accompanying financial statements since such taxes are collected to finance expenditures of the next fiscal year.

**CITY OF SEBRING, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2024**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**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.

**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).

**CITY OF SEBRING, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2024**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**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.

**NOTE 2 CASH AND INVESTMENTS**

**Cash**

At September 30, 2024, the bank balances of the City's deposits consisted of \$ 5,492,562 in demand deposits and \$754,171 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.

**CITY OF SEBRING, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2024**

**NOTE 2 CASH AND INVESTMENTS (CONTINUED)**

**Cash (Continued)**

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, 2024, including restricted amounts, consist of:

	Governmental Activities	Business-Type Activities	Fiduciary Funds	Component Unit
Petty Cash and Change Funds	\$ 700	\$ 2,600	\$ -	\$ -
Demand and Brokerage Deposits	1,112,240	2,964,835	-	1,286,457
Cash with Fiscal Agent	90,000	-	-	-
Money Market Mutual Funds	-	-	573,733	-
Florida PRIME	18,835,400	20,699,156	-	566,274
Total Cash and Cash Equivalents	<u>\$ 20,038,340</u>	<u>\$ 23,666,591</u>	<u>\$ 573,733</u>	<u>\$ 1,852,731</u>

**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, 2024, Florida PRIME contained certain floating and adjustable rate. These investments represented 27.90% of the Florida PRIME's portfolio at September 30, 2024.

**CITY OF SEBRING, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2024**

**NOTE 2 CASH AND INVESTMENTS (CONTINUED)**

**Investments (Continued)**

Florida PRIME (Continued)

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, 2024, was 39 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, 2024, was 74 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."

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, 2024, 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.

**CITY OF SEBRING, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2024**

**NOTE 2 CASH AND INVESTMENTS (CONTINUED)**

**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, 2024, are as follows:

<u>Investment Type</u>	<u>Fiduciary Funds</u>	<u>Credit Rating</u>
U.S. Government Obligations	\$ 3,770,705	Aaa
U.S. Government Obligations	986,591	AA+
Mortgage Backed Securities	11,420	BBB
Mortgage Backed Securities	237,469	A A A
Mortgage Backed Securities	4,331,199	Aa1
Mortgage Backed Securities	2,100,844	Not Applicable
Municipal Obligations	35,629	AA-
Corporate Bonds	663,394	A
Corporate Bonds	666,481	A-
Corporate Bonds	224,200	A+
Corporate Bonds	120,795	AA
Corporate Bonds	44,824	AA-
Corporate Bonds	940,455	BBB+
Corporate Bonds	476,732	BBB
Corporate Bonds	10,563	BBB-
Common Stock	9,180,108	Not Applicable
Mutual Funds - Equities	13,238,696	Not Applicable
Real Estate Partnership	2,018,556	Not Applicable
Total Investments	<u>\$ 39,058,661</u>	

The fiduciary funds have two money market mutual funds, one that has \$7,147,333 that is rated by Standard and Poor's with a credit risk rating of AAAM and a weighted average maturity of 48.52 days, and a second money market mutual fund that has \$6,091,363 that is rated by Standard and Poor's with a credit risk rating of AAAM and a weighted average maturity of 32 days at September 30, 2024.

At September 30, 2024, 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.

**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.

**CITY OF SEBRING, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2024**

**NOTE 2 CASH AND INVESTMENTS (CONTINUED)**

**Fair Value (Continued)**

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	\$ 2,018,556	\$ -	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, 2024:

	Total	Level 1	Level 2	Level 3
Investments at Fair Value Level:				
U.S. Government Obligations	\$ 4,757,296	\$ 526,548	\$ 4,230,748	\$ -
Mortgage Backed Securities	6,680,932	-	6,680,932	-
Municipal Obligations	35,629	-	35,629	-
Corporate Bonds	3,147,444	-	3,147,444	-
Common Stock	9,180,108	9,180,108	-	-
Mutual Funds - Equities	13,238,696	13,238,696	-	-
Total Investments Measured at Fair Value	37,040,105	<u>\$ 22,945,352</u>	<u>\$ 14,094,753</u>	<u>\$ -</u>
Investments Measured at Amortized Cost or NAV				
Real Estate Partnership	2,018,556			
Florida PRIME	39,534,556			
Short-Term Money Market Funds	573,733			
Total Investments	<u>\$ 79,166,950</u>			

**CITY OF SEBRING, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2024**

**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, 2024, 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	\$ 4,757,296	\$ -	\$ 248,878	\$ 2,873,041	\$ 1,635,377
Mortgage Backed Securities	6,680,932	-	189,641	84,645	6,406,646
Municipal Obligations	35,629	-	-	-	35,629
Corporate Bonds	3,147,444	-	1,402,275	878,376	866,793
Total	<u>\$ 14,621,301</u>	<u>\$ -</u>	<u>\$ 1,840,794</u>	<u>\$ 3,836,062</u>	<u>\$ 8,944,445</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, 2024, for the City's individual major funds and internal service fund, including applicable allowances for uncollectible balances, are as follows:

	Governmental Activities		
	General	Internal Service	Total
	Utility and Franchise Taxes	\$ 287,912	\$ -
Customer Charges	4,380	-	4,380
Miscellaneous	154,517	293,489	448,006
Gross Receivables	446,809	293,489	740,298
Allowance for Doubtful Accounts	-	-	-
Total	<u>\$ 446,809</u>	<u>\$ 293,489</u>	<u>\$ 740,298</u>

	Business-Type Activities		
	Water and Wastewater	Solid Waste	Total
	Utility and Franchise Taxes	\$ -	\$ 2,262
Customer Charges	517,895	66,654	584,549
Customer Charges - Unbilled	491,723	-	491,723
Gross Receivables	1,009,618	68,916	1,078,534
Allowance for Doubtful Accounts	(6,155)	-	(6,155)
Total	<u>\$ 1,003,463</u>	<u>\$ 68,916</u>	<u>\$ 1,072,379</u>

**CITY OF SEBRING, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2024**

**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, 2024, were as follows:

	Due From Other Funds	Due To Other Funds
General Fund	\$ 41,350	\$ 79,451
Water and Wastewater Fund	15,011	-
Solid Waste Fund	593	124
Golf Course Fund	81,465	-
Computer Services Fund	-	58,844
Total	\$ 138,419	\$ 138,419

Interfund transfers for the year ending September 30, 2024, were as follows:

	Transfer In Fund			
	General Fund	Golf Course Fund	Solid Waste Fund	Total
Transfer Out Fund:				
General Fund	\$ -	\$ 368,896	\$ -	\$ 368,896
Infrastructure	-	260,000	-	260,000
Water and Wastewater Fund	500,000	-	-	500,000
Risk Insurance Fund	-	-	377,180	377,180
Total	\$ 500,000	\$ 628,896	\$ 377,180	\$ 1,506,076

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.

Other Restricted Assets:	
Customer Utility Deposits	\$ 2,507,432
Total Restricted Assets	\$ 2,507,432

**CITY OF SEBRING, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2024**

**NOTE 6 CAPITAL ASSETS**

**Changes in Capital Assets**

Capital asset activity for the year ended September 30, 2024, was as follows:

	Balance Beginning of Year	Additions	Deletions	Transfers	Balance End of Year
<b>Governmental Activities:</b>					
<b>Capital Assets, Not Being Depreciated:</b>					
Land	\$ 1,891,466	\$ 100,100	\$ -	\$ -	\$ 1,991,566
Construction-in-Progress	741,888	716,472	-	(41,389)	1,416,971
Total Capital Assets, Not Being Depreciated	2,633,354	816,572	-	(41,389)	3,408,537
<b>Capital Assets, Being Depreciated and Amortized:</b>					
Buildings	6,123,485	18,640	-	-	6,142,125
Improvements Other Than Buildings	4,556,008	310,908	(186,853)	-	4,680,063
Equipment	6,628,725	1,502,376	(428,178)	41,389	7,744,312
Infrastructure	14,456,449	-	-	-	14,456,449
Total Capital Assets, Being Depreciated	31,764,667	1,831,924	(615,031)	41,389	33,022,949
<b>Less: Accumulated Depreciation and Amortization:</b>					
Buildings	3,423,855	183,289	-	-	3,607,144
Improvements Other Than Buildings	3,871,653	210,007	(186,853)	-	3,894,807
Equipment	5,212,608	501,565	(418,868)	-	5,295,305
Infrastructure	6,699,836	450,368	-	-	7,150,204
Total Accumulated Depreciation and Amortization	19,207,952	1,345,229	(605,721)	-	19,947,460
Total Capital Assets, Being Depreciated and Amortized, Net	12,556,715	486,695	(9,310)	41,389	13,075,489
<b>Right-to-Use Lease Assets:</b>					
Equipment	3,545	-	-	-	3,545
<b>Less Accumulated Amortization:</b>					
Equipment	1,570	622	-	-	2,192
Total Right-to-Use Lease Assets, Net	1,975	(622)	-	-	1,353
<b>Subscription Based Information Technology Arrangement Assets</b>					
Subscription Based Information Technology Arrangements	-	17,945	-	-	17,945
<b>Less Accumulated Amortization:</b>					
Subscription Based Information Technology Arrangements	-	3,001	-	-	3,001
Total Subscription Based Information Technology Arrangement Assets, Net	-	14,944	-	-	14,944
Total Governmental Activities Capital Assets, Net	<u>\$ 15,192,044</u>	<u>\$ 1,317,589</u>	<u>\$ (9,310)</u>	<u>\$ -</u>	<u>\$ 16,500,323</u>

**CITY OF SEBRING, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2024**

**NOTE 6 CAPITAL ASSETS (CONTINUED)**

**Changes in Capital Assets (Continued)**

	Balance Beginning of Year	Additions	Deletions	Transfers	Balance End of Year
<b>Business-Type Activities:</b>					
<b>Capital Assets, Not Being Depreciated:</b>					
Land	\$ 577,877	\$ -	\$ -	\$ -	\$ 577,877
Construction-in-Progress	976,620	724,206	-	(286,390)	1,414,436
Total Capital Assets, Not Being Depreciated	<u>1,554,497</u>	<u>724,206</u>	<u>-</u>	<u>(286,390)</u>	<u>1,992,313</u>
<b>Capital Assets, Being Depreciated:</b>					
Buildings	2,490,764	-	(5,850)	-	2,484,914
Equipment	10,484,731	932,155	(745,681)	-	10,671,205
Golf Course Improvements	1,404,000	281,658	-	-	1,685,658
Water Systems	43,947,906	242,117	-	286,390	44,476,413
Wastewater Systems	33,809,337	255,667	(1,728)	-	34,063,276
Total Capital Assets, Being Depreciated	<u>92,136,738</u>	<u>1,711,597</u>	<u>(753,259)</u>	<u>286,390</u>	<u>93,381,466</u>
<b>Less: Accumulated Depreciation:</b>					
Buildings	1,281,553	72,055	(2,493)	-	1,351,115
Equipment	7,515,170	784,561	(669,607)	-	7,630,124
Golf Course Improvements	1,098,119	59,011	-	-	1,157,130
Water Systems	26,649,308	1,272,765	-	-	27,922,073
Wastewater Systems	21,461,027	954,487	(118)	-	22,415,396
Total Accumulated Depreciation	<u>58,005,177</u>	<u>3,142,879</u>	<u>(672,218)</u>	<u>-</u>	<u>60,475,838</u>
Total Capital Assets, Being Depreciated, Net	34,131,561	(1,431,282)	(81,041)	286,390	32,905,628
<b>Right-to-Use Lease Assets:</b>					
Equipment	113,281	276,139	(113,282)	-	276,138
<b>Less Accumulated Amortization:</b>					
Equipment	104,512	35,053	(113,282)	-	26,283
Total Right-to-Use Lease Assets, Net	<u>8,769</u>	<u>241,086</u>	<u>-</u>	<u>-</u>	<u>249,855</u>
Total Business-Type Activities Capital Assets, Net	<u>\$ 35,694,827</u>	<u>\$ (465,990)</u>	<u>\$ (81,041)</u>	<u>\$ -</u>	<u>\$ 35,147,796</u>

**CITY OF SEBRING, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2024**

**NOTE 6 CAPITAL ASSETS (CONTINUED)**

**Changes in Capital Assets (Continued)**

Depreciation expense was charged to governmental functions as follows:

Governmental Activities:	
General Government	\$ 187,591
Law Enforcement	224,446
Fire Control	248,714
Building and Zoning	785
Physical Environment	85,874
Transportation	437,104
Culture and Recreation	164,338
Total Depreciation Expense, Governmental Activities	<u>\$ 1,348,852</u>

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

Business-Type Activities:	
Water	\$ 1,476,868
Wastewater	1,145,089
Solid Waste	417,140
Golf Course	138,835
Total Depreciation Expense, Business-Type Activities	<u>\$ 3,177,932</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, 2024.

**NOTE 7 COMMITMENTS**

**Encumbrances**

Significant commitments include encumbrances outstanding as shown below:

General Fund	\$ 160,239
Truist Memorial Park Fund	437
Infrastructure Fund	104,425
Water and Wastewater Fund	703,431
Solid Waste Fund	80,308
Golf Course Fund	32,068
Computer Service Fund	683
Total	<u>\$ 1,081,591</u>

**CITY OF SEBRING, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2024**

**NOTE 7 COMMITMENTS (CONTINUED)**

**Construction Commitments**

The following is a summary of the projects in process and other commitments remaining at September 30, 2024:

	<u>Commitment Authorized</u>	<u>Expended to September 30, 2024</u>	<u>Remaining Commitment</u>
General Fund:			
Fire Station Sprinkler System Building Improvements	\$ 22,875	-	\$ 22,875
Charlie Brown Playground Shade Structure	113,590	-	113,590
Alum Treatment Plant System Upgrade	22,373	-	22,373
Infrastructure Fund:			
Sebring Parkway Capital Improvements	1,420,064	-	1,420,064
West Lake Jackson Infrastructure Improvements	1,246,339	1,071,409	174,930
Waterfront Drainage Project	89,845	89,808	38
Water and Wastewater Fund:			
Memorial Drive Water Line Relocation	28,500	20,690	7,810
Sunny Pines & Highlands Mobile Homes Fire Hydrants	15,900	14,900	1,000
Water Plant Tower Removal	8,930	8,478	452
Water Line Extension at US Hwy 98	139,000	15,500	123,500
Orange Blossom Water Line Extension	10,000	9,500	500
Martha Estates Water Line Extension	13,000	9,000	4,000
Country Club Ground Water Storage Tank	69,000	32,000	37,000
Mini Ranch to Haywood Taylor Water Line Extension	47,000	7,500	39,500
Jasmine Way Sewer Main Improvements	33,155	18,345	14,810
Cemetery WWTP Percolation Pond	75,252	61,252	14,000
Country Club Sewer Interconnection	50,335	-	50,335
Western Wastewater Treatment Plant & Line Improvements	193,065	87,798	105,267
West Lake Jackson Infrastructure Improvements	426,034	364,572	61,462
Wastewater Septic to Sewer Line Extension	1,406,000	162,333	1,243,667
Liftstation Improvements	50,339	30,879	19,460
Interconnect Country Club WWTP to Western WWTP	165,370	35,370	130,000
Cemetery Plant Perc Ponds	1,251,993	203,204	1,048,789
Youth Care Lane to SHS Force Main Extension	56,000	5,000	51,000
Cemetery WWTP Splitter	110,000	-	110,000
Total	<u>\$ 7,063,959</u>	<u>\$ 2,247,538</u>	<u>\$ 4,816,421</u>

**CITY OF SEBRING, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2024**

**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 three loans amounting to \$325,579. 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 \$330,196. Principal paid and interest expense for the current year was \$122,812 and net system revenues were \$9,708,516. Scheduled principal and interest for pledged loans for fiscal year 2025 is \$72,557. 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 \$895,558. The loan description and maturities are included in Note 9. As of September 30, 2024, the total principal and interest remaining to be paid on the loan is \$671,496. There were no payments on the loan in the current year. Scheduled principal and interest for fiscal year 2025 is \$88,592.

**NOTE 9 LONG-TERM DEBT**

Long-term liability activity of the City for the year ended September 30, 2024, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year	Long-Term Portion
<b>Governmental Activities:</b>						
Direct Borrowings	\$ 977,414	\$ 508,300	\$ 262,420	\$ 1,223,294	\$ 226,627	\$ 996,667
Leases	2,058	-	792	1,266	826	440
SBITAs	-	17,945	9,568	8,377	1,783	6,594
Compensated Absences	387,336	414,108	403,123	398,321	398,321	-
Total Governmental Activities Long-Term Liabilities	<u>\$ 1,366,808</u>	<u>\$ 940,353</u>	<u>\$ 675,903</u>	<u>\$ 1,631,258</u>	<u>\$ 627,557</u>	<u>\$ 1,003,701</u>
<b>Business-Type Activities:</b>						
Direct Borrowings	\$ 756,203	\$ 178,592	\$ 314,026	\$ 620,769	\$ 99,124	\$ 521,645
Leases	9,183	276,139	35,674	249,648	64,155	185,493
Compensated Absences	139,140	157,375	160,389	136,126	136,126	-
Landfill Closure	731,000	-	-	731,000	-	731,000
Total Business-Type Activities Long-Term Liabilities	<u>\$ 1,635,526</u>	<u>\$ 612,106</u>	<u>\$ 510,089</u>	<u>\$ 1,737,543</u>	<u>\$ 299,405</u>	<u>\$ 1,438,138</u>

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

**CITY OF SEBRING, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2024**

**NOTE 9 LONG-TERM DEBT (CONTINUED)**

The annual requirements to amortize the debt outstanding as of September 30, 2024, are as follows:

<u>Year Ending September 30,</u>	Governmental Activities		
	Direct Borrowings		
	Principal	Interest	Total
2025	\$ 226,627	\$ 26,312	\$ 252,939
2026	298,489	19,944	318,433
2027	295,116	13,327	308,443
2028	190,472	6,783	197,255
2029	131,116	-	131,116
2030-2034	81,474	-	81,474
Total	\$ 1,223,294	\$ 66,366	\$ 1,289,660

<u>Year Ending September 30,</u>	Business-Type Activities		
	Direct Borrowings		
	Principal	Interest	Total
2025	\$ 99,124	\$ 14,121	\$ 113,245
2026	124,431	8,520	132,951
2027	89,414	6,177	95,591
2028	90,579	5,011	95,590
2029	91,776	3,815	95,591
2030-2034	125,445	4,164	129,609
Total	\$ 620,769	\$ 41,808	\$ 662,577

**Direct Borrowing – State Revolving Fund Loans**

The City has four State Revolving Fund loans with a total balance of \$1,221,137. The loans will be used for water and wastewater projects. The loans are secured by pledged revenues of the water and sewer system.

**CITY OF SEBRING, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2024**

**NOTE 9 LONG-TERM DEBT (CONTINUED)**

**Direct Borrowing – State Revolving Fund Loans (Continued)**

State Revolving Fund Loan – Sparta Road

<u>Description</u>	<u>Outstanding at September 30, 2024</u>
<p>\$165,859 loan payable at 2.71% from the State of Florida, Department of Environmental Protection; semi-annual 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>\$ <u>64,873</u></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>	<u>Outstanding at September 30, 2024</u>
<p>\$69,227 loan payable at 2.66% from the State of Florida, Department of Environmental Protection; semi-annual 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>\$ <u>28,930</u></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>	<u>Outstanding at September 30, 2024</u>
<p>\$517,413 loan payable at 2.66% from the State of Florida, Department of Environmental Protection; semi-annual 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>\$ <u>231,776</u></p>

**CITY OF SEBRING, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2024**

**NOTE 9 LONG-TERM DEBT (CONTINUED)**

**Direct Borrowing – State Revolving Fund Loans (Continued)**

State Revolving Fund Loan – State Road 17 (Continued)

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 – West Lake Jackson

<u>Description</u>	<u>Outstanding at September 30, 2024</u>
<p>\$895,558 loan payable at 0% from the State of Florida, Department of Environmental Protection; semi-annual 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	\$ 671,496
Business-Type Activities	224,062
Total	<u><u>\$ 895,558</u></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 State Revolving Funds Payable	<u><u>\$ 1,221,137</u></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 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, 2024**

**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>	
2025	\$ 826	\$ 31	\$ 64,155	\$ 12,978	\$ 77,990
2026	440	3	68,156	8,978	77,577
2027	-	-	72,406	4,728	77,134
2028	-	-	44,694	697	45,391
2029	-	-	237	1	238
Total Minimum Lease Payments	<u>\$ 1,266</u>	<u>\$ 34</u>	<u>\$ 249,648</u>	<u>\$ 27,382</u>	<u>\$ 278,330</u>

**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, 2024, the City recognized \$83,222 and \$23,701 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>	
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	32,433	8,337	1,413	1,587	43,770
2030-2034	184,224	19,628	8,026	6,974	218,852
2035-2039	-	-	9,898	5,102	15,000
2040-2044	-	-	12,207	2,793	15,000
2045-2047	-	-	7,134	367	7,501
Total Minimum Lease Payments	<u>\$ 487,259</u>	<u>\$ 79,983</u>	<u>\$ 43,773</u>	<u>\$ 23,672</u>	<u>\$ 634,687</u>

**CITY OF SEBRING, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2024**

**NOTE 11 SUBSCRIPTION BASED INFORMATION TECHNOLOGY ARRANGEMENTS**

**Subscription-Based Information Technology Arrangements**

The City has entered into SBITAs which expire at various dates through 2028 and provide for renewal options.

Total future minimum subscription payments under SBITA agreements are as follows.

<u>Year Ending September 30,</u>	<u>Governmental Activities</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2025	\$ 1,783	\$ 317	\$ 2,100
2026	1,980	225	2,205
2027	2,193	122	2,315
2028	2,421	10	2,431
Total	<u>\$ 8,377</u>	<u>\$ 674</u>	<u>\$ 9,051</u>

**NOTE 12 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, 2024, the City has maintained a \$731,000 liability to cover the estimated landfill closure requirements of the Florida Department of Environmental Protection.

**NOTE 13 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.

**CITY OF SEBRING, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2024**

**NOTE 13 RISK MANAGEMENT (CONTINUED)**

**Risk Pool (Continued)**

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 \$2,150,686 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.

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, 2024, is \$316,038. The following is a summary of changes in the liability balance:

<u>Fiscal Year</u>	<u>Liability Beginning of Fiscal Year</u>	<u>Current Year Claims and and Changes in Estimate of Liability</u>	<u>Net Claim Payments</u>	<u>Liability End of Fiscal Year</u>
2022-2023	\$ 342,836	\$ 2,715,595	\$ 2,858,678	\$ 199,753
2023-2024	199,753	2,173,731	2,057,446	316,038

**NOTE 14 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, 2024**

**NOTE 14 PENSION PLANS (CONTINUED)**

	Police Officers' Retirement Trust Fund	Municipal Firefighters' Pension Plan	Total
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 270,841	\$ 302,892	\$ 573,733
Receivables:			
Interest and Dividends	39,030	45,881	84,911
Partnership Distribution	7,057	12,865	19,922
Total Receivables	46,087	58,746	104,833
Investments, at Fair Value:			
U.S. Government Obligations	3,770,705	986,591	4,757,296
Mortgage Backed Securities	4,331,199	2,349,733	6,680,932
Municipal Obligations	-	35,629	35,629
Corporate Bonds	901,470	2,245,974	3,147,444
Common Stock	7,400,374	1,779,734	9,180,108
Mutual Funds - Equities	6,091,363	7,147,333	13,238,696
Real Estate Partnership	966,980	1,051,576	2,018,556
Total Investments	23,462,091	15,596,570	39,058,661
 Total Assets	 23,779,019	 15,958,208	 39,737,227
<b>LIABILITIES</b>			
Accounts Payable	32,035	14,729	46,764
Total Liabilities	32,035	14,729	46,764
 <b>NET POSITION RESTRICTED FOR PENSIONS</b>			
	 \$ 23,746,984	 \$ 15,943,479	 \$ 39,690,463

**CITY OF SEBRING, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2024**

**NOTE 14 PENSION PLANS (CONTINUED)**

	Police Officers' Retirement Trust Fund	Municipal Firefighters' Pension Plan	Total
	<u>                    </u>	<u>                    </u>	<u>                    </u>
<b>ADDITIONS</b>			
Contributions:			
City	\$ 419,086	\$ 249,223	\$ 668,309
Plan Members	31,686	5,782	37,468
Total Contributions	<u>450,772</u>	<u>255,005</u>	<u>705,777</u>
Investment Income:			
Net Appreciation in Fair Value of Investments	4,142,161	2,411,669	6,553,830
Interest and Dividends	453,322	566,552	1,019,874
Other	33,966	(4,839)	29,127
Subtotal	<u>4,629,449</u>	<u>2,973,382</u>	<u>7,602,831</u>
Less: Investment Expenses	<u>(91,390)</u>	<u>(74,647)</u>	<u>(166,037)</u>
Net Investment Income	<u>4,538,059</u>	<u>2,898,735</u>	<u>7,436,794</u>
Total Additions	<u>4,988,831</u>	<u>3,153,740</u>	<u>8,142,571</u>
<b>DEDUCTIONS</b>			
Payments to Retirees and Participants	1,670,618	1,089,349	2,759,967
Administration Expenses	46,666	39,629	86,295
Total Deductions	<u>1,717,284</u>	<u>1,128,978</u>	<u>2,846,262</u>
<b>NET DECREASE IN NET POSITION</b>	3,271,547	2,024,762	5,296,309
<b>NET POSITION RESTRICTED FOR PENSION</b>			
Beginning of Year	<u>20,475,437</u>	<u>13,918,717</u>	<u>34,394,154</u>
End of Year	<u>\$ 23,746,984</u>	<u>\$ 15,943,479</u>	<u>\$ 39,690,463</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, 2024**

**NOTE 14 PENSION PLANS (CONTINUED)**

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

Plan Membership

As of September 30, 2022, the members of the plan were as follows:

Inactive Plan Members or Beneficiaries Receiving	
Benefits	32
Active Plan Members	10
Total	42

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 one 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, 2024, was 70.81% of payroll. Actual contributions for the year totaled \$419,086, 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, 2024**

**NOTE 14 PENSION PLANS (CONTINUED)**

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

Deferred Retired Option Program (DROP)

Plan members 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, 2023, the most recently available information, is \$1,179,031.

Net Pension Liability of the City

The measurement date for the City's net pension liability is September 30, 2023. 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	\$ 24,581,661
Plan Fiduciary Net Position	<u>(20,475,437)</u>
Net Pension Liability	<u>\$ 4,106,224</u>

Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	83.30%
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Changes in net pension liability were as follows:

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a)-(b)
Balances - September 30, 2023	\$ 23,325,788	\$ 19,205,657	\$ 4,120,131
Changes for the Year:			
Service Cost	247,161	-	247,161
Interest	1,624,275	-	1,624,275
Difference Between Actual and Expected Experience	(162,351)	-	(162,351)
Assumption Changes	284,817	-	284,817
Contributions - City	-	339,263	(339,263)
Contributions - Employee	-	35,121	(35,121)
Net Investment Income	-	1,685,675	(1,685,675)
Benefit Payments, Including Refunds of Employee Contributions	(738,029)	(738,029)	-
Administrative Expense	-	(52,250)	52,250
Net Changes	<u>1,255,873</u>	<u>1,269,780</u>	<u>(13,907)</u>
Balances - September 30, 2024	<u>\$ 24,581,661</u>	<u>\$ 20,475,437</u>	<u>\$ 4,106,224</u>

**CITY OF SEBRING, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2024**

**NOTE 14 PENSION PLANS (CONTINUED)**

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

Net Pension Liability of the City (Continued)

For the year ended September 30, 2024, the City recognized pension expense of \$1,359,216 for the plan. At September 30, 2024, the City reported deferred outflows of resources and deferred inflows related to its pension plan from the following sources:

<u>Description</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Net Difference Between Projected and Actual		
Earnings on Plan Investments	\$ -	\$ (2,193,584)
City Contributions Subsequent to the Measurement Date	419,086	-
Total	<u>\$ 419,086</u>	<u>\$ (2,193,584)</u>

The deferred outflows of resources related to the Pension Plan, totaling \$419,086 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, 2025. 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>
2025	\$ 560,397
2026	635,756
2027	1,070,055
2028	(72,624)
Total	<u>\$ 2,193,584</u>

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:

Actuarial Cost Method	Entry Age Normal
Inflation	2.50%
Salary Increases	5.00%
Investment Rate of Return	6.90%

**CITY OF SEBRING, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2024**

**NOTE 14 PENSION PLANS (CONTINUED)**

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

Net Pension Liability of the City (Continued)

**Long-Term Expected Rate of Return.** The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce 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:

Asset Class	Target Allocation	Long-Term Expected Rate of Return
Domestic Equity	40 %	7.5 %
International Equity	15	8.5
Domestic Bonds	40	2.5
Real Estate	5	4.5
Total	100 %	

**Discount Rate.** The discount rate used to measure the total pension liability for the Plan was 6.90%, which is 0.1% lower 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 6.9% 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.

**CITY OF SEBRING, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2024**

**NOTE 14 PENSION PLANS (CONTINUED)**

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

Net Pension Liability of the City (Continued)

**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>1% Decrease (8.9%)</u>	<u>Current Discount Rate (6.9%)</u>	<u>1% Increase (7.9%)</u>
City's Net Pension Liability as of the Measurement Date	<u>\$ 7,333,702</u>	<u>\$ 4,106,224</u>	<u>\$ 1,513,899</u>

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, 2024, were as follows:

Total Pension Liability	\$ 25,561,000
Plan Fiduciary Net Position	<u>(23,746,984)</u>
Net Pension Liability	<u>\$ 1,814,016</u>

Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	92.90%
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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, 2023, with update procedures performed by the actuary to roll forward to the total pension liability measured as of September 30, 2024, using the following actuarial assumptions applied to all periods included in the measurement:

Inflation	2.50%
Salary Increases	5.00%
Investment Rate of Return	6.80%

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, 2024**

**NOTE 14 PENSION PLANS (CONTINUED)**

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

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

**Long-Term Expected Rate of Return.** The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce 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:

Asset Class	Target Allocation	Long-Term Expected Rate of Return
Domestic Equity	40 %	7.5 %
International Equity	15	8.5
Domestic Bonds	40	2.5
Real Estate	5	4.5
Total	100 %	

**Discount Rate.** The discount rate used to measure the total pension liability for the Plan was 6.8%, 0.1% less than the prior year rate of 6.9%.

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 6.8% 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:

	1% Decrease (5.8%)	Current Discount Rate (6.8%)	1% Increase (7.8%)
City's Net Pension Liability as of the Measurement Date	\$ 8,015,010	\$ 1,814,016	\$ 1,851,009

**CITY OF SEBRING, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2024**

**NOTE 14 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, 2024, 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, 2023, 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

**CITY OF SEBRING, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2024**

**NOTE 14 PENSION PLANS (CONTINUED)**

**Municipal Firefighters' Pension Plan (MFPP) (Continued)**

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.

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, 2024, was 280.15% of payroll. Actual contributions for the year totaled \$249,223 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, 2024, there were outstanding DROP balances totaling \$143,645.

Net Pension Liability of the City

The measurement date for the City's net pension liability is September 30, 2023. 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	\$ 17,971,658
Plan Fiduciary Net Position	<u>(13,911,163)</u>
Net Pension Liability	<u>\$ 4,060,495</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	77.41%

**CITY OF SEBRING, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2024**

**NOTE 14 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, 2023	\$ 18,488,500	\$ 13,680,607	\$ 4,807,893
Changes for the Year:			
Service Cost	40,107	-	40,107
Interest	1,253,626	-	1,253,626
Difference Between Actual and Expected Experience	(571,237)	-	(571,237)
Assumption Changes	-	-	-
Changes in Benefit Terms	-	-	-
Contributions - City	-	328,394	(328,394)
Contributions - Employee	-	5,799	(5,799)
Net Investment Income	-	1,176,546	(1,176,546)
Benefit Payments, Including Refunds of Employee Contributions	(1,239,338)	(1,239,338)	-
Administrative Expense	-	(40,845)	40,845
Net Changes	<u>(516,842)</u>	<u>230,556</u>	<u>(747,398)</u>
Balances - September 30, 2024	<u>\$ 17,971,658</u>	<u>\$ 13,911,163</u>	<u>\$ 4,060,495</u>

For the year ended September 30, 2024, the City recognized pension expense of \$247,104 for the plan. At September 30, 2024, the City reported deferred outflows of resources and deferred inflows related to its pension plan from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Net Difference Between Projected and Actual Earnings on Plan Investments	\$ 1,385,807	\$ -
City Contributions Subsequent to the Measurement Date	249,223	-
Total	<u>\$ 1,635,030</u>	<u>\$ -</u>

The deferred outflows of resources related to the Pension Plan, totaling \$249,223 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, 2025.

**CITY OF SEBRING, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2024**

**NOTE 14 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>
2025	\$ 333,400
2026	382,943
2027	719,867
2028	(50,403)
Total	<u>\$ 1,385,807</u>

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, 2023, with update procedures performed by the actuary to roll forward to the total pension liability measured as of September 30, 2024, 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%

**Long-Term Expected Rate of Return.** The long-term expected rate of return on pension plan investments was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce 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, 2024, are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Rate of Return</u>
Domestic Equity	40 %	7.5 %
International Equity	15	8.5
Domestic Bonds	40	2.5
Real Estate	5	4.5
Total	<u>100 %</u>	

**CITY OF SEBRING, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2024**

**NOTE 14 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:

	1% Decrease (6.0%)	Current Discount Rate (7.0%)	1% Increase (8.0%)
City's Net Pension Liability (Asset) as of the Measurement Date	\$ 6,204,444	\$ 4,060,495	\$ 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, 2024, 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, 2024, were as follows:

Total Pension Liability	\$ 18,167,020
Plan Fiduciary Net Position	(15,943,479)
Net Pension Liability	\$ 2,223,541
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	87.76%

**CITY OF SEBRING, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2024**

**NOTE 14 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, 2023, with update procedures performed by the actuary to roll forward to the total pension liability measured as of September 30, 2024, 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 for Employees, set forward one year.

**Long-Term Expected Rate of Return.** The long-term expected rate of return on pension plan investments was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce 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, 2024, are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Rate of Return</u>
Domestic Equity	40 %	7.5 %
International Equity	15	8.5
Domestic Bonds	40	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, 2024**

**NOTE 14 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:

	1% Decrease (6.0%)	Current Discount Rate (7.0%)	1% Increase (8.0%)
City's Net Pension Liability as of the Measurement Date	\$ 4,349,511	\$ 2,223,541	\$ 467,441

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, 2024, 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, 2024**

**NOTE 14 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](http://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.

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.

**CITY OF SEBRING, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2024**

**NOTE 14 PENSION PLANS (CONTINUED)**

**Florida Retirement System (FRS) (Continued)**

Plan Description (Continued)

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 services, 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:

<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

**CITY OF SEBRING, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2024**

**NOTE 14 PENSION PLANS (CONTINUED)**

**Florida Retirement System (FRS) (Continued)**

Benefits Provided (Continued)

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 3% 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, 2023, were applied to employee salaries as follows: regular employees 13.57%, special risk 32.67%, city elected officials 58.68%, senior management 34.52%, and DROP participants 21.13%. The City's contributions to the FRS Plan were \$1,425,337 for the year ended September 30, 2024.

Pension Costs

At September 30, 2024, the City reported a liability of \$9,521,800 for its proportionate share of the FRS Plan's net pension liability. The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2024. 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, 2023, through June 30, 2024, relative to the total employer contributions received from all of FRS's participating employers. At June 30, 2024, the City's proportion was 0.024613863% which was an increase 0.001531013% from its proportion measured as of June 30, 2023.

**CITY OF SEBRING, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2024**

**NOTE 14 PENSION PLANS (CONTINUED)**

**FRS Pension Plan (Continued)**

Pension Costs (Continued)

For the fiscal year ended September 30, 2024, the City recognized pension expense of \$1,771,091 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		
Experience	\$ 961,957	\$ -
Changes in Assumptions	1,305,050	-
Net Difference Between Projected and Actual		
Earnings on Pension Plan Investments	-	632,868
Changes in Proportion and Differences Between		
City's Pension Plan Contributions and		
Proportionate Share of Contributions	1,086,846	141,762
City Contributions Subsequent to the Measurement		
Date	386,396	-
Total	<u>\$ 3,740,249</u>	<u>\$ 774,630</u>

The deferred outflows of resources related to the pension plan, totaling \$386,396 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, 2025. 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>
2025	\$ 113,957
2026	1,815,147
2027	390,919
2028	145,282
2029	113,918
Thereafter	-
Total	<u>\$ 2,579,223</u>

**Actuarial Assumptions**

The total pension liability in the July 1, 2024, actuarial valuation was determined using the following actuarial assumption, applied to all periods included in the measurement:

Inflation	2.40%
Salary Increases	3.50%, Average, Including Inflation
Investment Rate of Return	6.70%

**CITY OF SEBRING, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2024**

**NOTE 14 PENSION PLANS (CONTINUED)**

**FRS Pension Plan (Continued)**

Actuarial Assumptions (Continued)

Mortality rates were based on the PUB-2010 base table, varies by member category and sex, projected generationally with Scale MP-2021. The actuarial assumptions used in the July 1, 2024, valuation were based on the results of an actuarial experience study for the period July 1, 2018, through June 30, 2023.

Long-Term Expected Rate of Return

The long-term expected rate of return assumption of 6.70 percent used in GASB discount rate calculations consists of two building block components: 1) a long-term average annual inflation assumption of 2.40 percent as adopted in October 2024 by the FRS Actuarial Assumption Conference; and 2) an inferred real (in excess of inflation) return of 4.20 percent. Geometrically combining those building blocks using the formula  $(1 + .024) \times (1 + .042) - 1$  generates an expected nominal return of 6.70 percent. In the opinion of the FRS consulting actuary, both building block components and the overall 6.70 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 2023 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 %	3.3 %	3.3 %	1.1 %
Fixed Income	29.0	5.7	5.6	3.9
Global Equity	45.0	8.6	7.0	18.2
Real Estate (Property)	12.0	8.1	6.8	16.6
Private Equity	11.0	12.4	8.8	28.4
Strategic Investments	2.0	6.6	6.2	8.7
Total	<u>100.0 %</u>			
Assumed Inflation - Mean			2.4 %	1.5 %

**CITY OF SEBRING, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2024**

**NOTE 14 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:

	1% Decrease (5.70%)	Current Discount Rate (6.70%)	1% Increase (7.70%)
City's Proportionate Share of the Net Pension Liability	\$ 16,748,512	\$ 9,521,800	\$ 3,467,895

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 multiemployer 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.

Benefits Provided

For the plan fiscal year ended June 30, 2024, 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 I 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.

**CITY OF SEBRING, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2024**

**NOTE 14 PENSION PLANS (CONTINUED)**

**HIS Plan (Continued)**

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, 2024, the contribution rate was 2.0% 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 \$158,135 for the year ended September 30, 2024.

Pension Costs

At September 30, 2024, the City reported a liability of \$2,748,144 for its proportionate share of the HIS plan's net pension liability. The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2024. 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, 2023 through June 30, 2024, relative to the total employer contributions received from all participating employers. At June 30, 2024, the City's proportion was 0.018319765% which was an decrease of 0.000299026% from its proportion measured as of June 30, 2023.

For the fiscal year ended June 30, 2024, the City recognized pension expense of \$196,299 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:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 26,535	\$ 5,277
Changes in Assumptions	48,636	325,345
Net Difference Between Projected and Actual Earnings on HIS Plan Investments	-	994
Changes in Proportion and Differences Between City's HIS Plan Contributions and Proportionate Share of Contributions	241,330	19,464
City HIS Plan Contributions Subsequent to the Measurement Date	42,652	-
Total	<u>\$ 359,153</u>	<u>\$ 351,080</u>

**CITY OF SEBRING, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2024**

**NOTE 14 PENSION PLANS (CONTINUED)**

**HIS Plan (Continued)**

Pension Costs (Continued)

The deferred outflows of resources related to the HIS plan, totaling \$42,652 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, 2025. 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>
2025	\$ 13,692
2026	(5,839)
2027	(24,137)
2028	(3,527)
2029	(9,180)
Thereafter	(5,588)
Total	<u>\$ (34,579)</u>

Actuarial Assumptions

The total pension liability in the July 1, 2024, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.40%
Salary Increases	3.50%, Average, Including Inflation
Investment Rate of Return	3.93%

Mortality rates were based on the Generational PUB-2010 with Projection Scale MP-2021. The actuarial assumptions used in the July 1, 2024, valuation were based on the results of an actuarial experience study for the period July 1, 2018, through June 30, 2023.

Discount Rate

The discount rate used to measure the total pension liability was 3.93% 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.

**CITY OF SEBRING, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2024**

**NOTE 14 PENSION PLANS (CONTINUED)**

**HIS Plan (Continued)**

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:

	1% Decrease 2.93%	Current Discount Rate 3.93%	1% Increase 4.93%
City's Proportionate Share of the Net Pension Liability	\$ 3,128,408	\$ 2,748,144	\$ 2,432,463

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.

Description	Police Officers' Retirement Trust Fund	Municipal Firefighters' Pension Plan	FRS Plan	HIS Plan	Total
Net Pension Liability	\$ 4,106,224	\$ 4,060,495	\$ 9,521,800	\$ 2,748,144	\$ 20,436,663
Deferred Outflows of Resources					
Related to Pensions	419,086	1,635,030	3,740,249	359,153	6,153,518
Deferred Inflows of Resources					
Related to Pensions	2,193,584	-	774,630	351,080	3,319,294
Pension Expense	1,359,216	247,104	1,771,091	196,299	3,573,710

**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.

**CITY OF SEBRING, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2024**

**NOTE 14 PENSION PLANS (CONTINUED)**

**FRS Investment Plan (Continued)**

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, 2024, 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 \$122,378 for the year ended September 30, 2024. Employee contributions to the Investment Plan totaled \$31,847 for the year ended September 30, 2024.

**CITY OF SEBRING, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2024**

**NOTE 15 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	20
Active Employees	160
Total	180

**Total OPEB Liability**

The City’s total OPEB liability was measured as of September 30, 2024, and was determined by an actuarial valuation as of October 1, 2023, rolled forward to the measurement date of September 30, 2024. The following table shows the City’s total OPEB liability for the year ended September 30, 2024.

	Total OPEB Liability
Balance - September 30, 2023	\$ 802,341
Changes Recognized for the Fiscal Year:	
Service Cost	9,184
Interest on the Total OPEB Liability	30,081
Changes in Assumptions	132,359
Benefit Payments	(89,248)
Net Changes	82,376
Balance - September 30, 2024	\$ 884,717

**CITY OF SEBRING, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2024**

**NOTE 15 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:

	1% Decrease 2.97%	Current Discount Rate 3.97%	1% Increase 4.97%
Total OPEB Liability	\$ 945,893	\$ 884,717	\$ 830,060

**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:

	1% Decrease in Healthcare Cost Trend Rate 6.00%	Healthcare Cost Trend Rate 7.00%	1% Increase in Healthcare Cost Trend Rate 8.00%
Total OPEB Liability	\$ 815,097	\$ 884,717	\$ 968,370

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

For the year ended September 30, 2024, the City recognized OPEB expense of \$122,540. 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	\$ (10,590)	\$ -

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>
2025	\$ 32,588
2026	26,492
2027	(11,090)
2028	(29,889)
2029	(29,658)
Thereafter	967
Total	\$ (10,590)

**CITY OF SEBRING, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2024**

**NOTE 15 POSTEMPLOYMENT BENEFITS (CONTINUED)**

**Actuarial Assumptions**

The total OPEB liability in the October 1, 2023 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	3.97%
20-Year Municipal Bond Rate	4.06%
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, 2024. The current rate is 3.97%, which is a change from the prior year's discount rate of 4.75%.

**NOTE 16 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 \$7,500. 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, 2024, the City had \$6,187,343 of deposits in accounts at First Southern Bank.

**CITY OF SEBRING, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2024**

**NOTE 17 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	9/30/2024	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
Employer Measurement Date	9/30/2025	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
<b>Total Pension Liability:</b>										
Service Cost	\$ 203,215	\$ 247,161	\$ 260,813	\$ 305,103	\$ 403,117	\$ 380,644	\$ 363,014	\$ 335,631	\$ 347,080	\$ 368,970
Interest on Total Pension Liability	1,665,789	1,624,275	1,526,671	1,490,304	1,406,362	1,302,386	1,248,993	1,252,158	1,215,355	1,128,981
Differences Between Expected and Actual Experience	94,774	(162,351)	349,409	175,932	99,215	333,428	164,104	(95,597)	(223,168)	(73,552)
Benefit Payments, Including Refunds of Member Contributions	(1,283,361)	(738,029)	(719,742)	(625,425)	(596,051)	(579,496)	(1,525,856)	(1,424,417)	(249,816)	(251,865)
Changes of Assumptions	301,566	284,817	-	(435,090)	257,450	240,751	221,555	138,404	-	-
Refunds	(2,644)	-	-	-	-	-	-	-	-	-
<b>Net Change in Total Pension Liability</b>	<b>979,339</b>	<b>1,255,873</b>	<b>1,417,151</b>	<b>910,824</b>	<b>1,570,093</b>	<b>1,677,713</b>	<b>471,810</b>	<b>206,179</b>	<b>1,089,451</b>	<b>1,172,534</b>
<b>Total Pension Liability - Beginning of Year</b>	<b>24,581,661</b>	<b>23,325,788</b>	<b>21,908,637</b>	<b>20,997,813</b>	<b>19,427,720</b>	<b>17,750,007</b>	<b>17,278,197</b>	<b>17,072,018</b>	<b>15,982,567</b>	<b>14,810,033</b>
<b>Total Pension Liability - End of Year</b>	<b>25,561,000</b>	<b>24,581,661</b>	<b>23,325,788</b>	<b>21,908,637</b>	<b>20,997,813</b>	<b>19,427,720</b>	<b>17,750,007</b>	<b>17,278,197</b>	<b>17,072,018</b>	<b>15,982,567</b>
<b>Plan Fiduciary Net Position:</b>										
Contributions - City	419,086	339,263	468,005	880,703	662,293	486,016	374,381	421,046	509,592	575,679
Contributions - Member	31,686	35,151	35,518	41,818	50,658	58,476	57,129	55,039	52,066	56,311
Net Investment Income	4,538,059	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
Benefit Payments, Including Refunds of Member Contributions	(1,670,618)	(738,029)	(719,742)	(625,425)	(596,051)	(579,496)	(1,525,856)	(1,424,417)	(249,816)	(251,865)
Refunds	-	-	-	-	-	-	-	-	-	-
Administrative expense	(46,666)	(52,248)	(42,834)	(44,974)	(47,170)	(45,006)	(32,400)	(31,475)	(28,658)	(22,296)
<b>Net Change in Plan Fiduciary Net Position</b>	<b>3,271,547</b>	<b>1,269,780</b>	<b>(4,318,464)</b>	<b>3,841,088</b>	<b>1,745,978</b>	<b>629,101</b>	<b>151,296</b>	<b>856,344</b>	<b>1,336,213</b>	<b>425,518</b>
<b>Plan Fiduciary Net Position - Beginning of Year</b>	<b>20,475,437</b>	<b>19,205,657</b>	<b>23,524,121</b>	<b>19,683,033</b>	<b>17,937,055</b>	<b>17,307,954</b>	<b>17,156,658</b>	<b>16,300,314</b>	<b>14,964,101</b>	<b>14,538,583</b>
<b>Plan Fiduciary Net Position - End of Year</b>	<b>23,746,984</b>	<b>20,475,437</b>	<b>19,205,657</b>	<b>23,524,121</b>	<b>19,683,033</b>	<b>17,937,055</b>	<b>17,307,954</b>	<b>17,156,658</b>	<b>16,300,314</b>	<b>14,964,101</b>
<b>City's Net Pension (Asset) Liability</b>	<b>\$ 1,814,016</b>	<b>\$ 4,106,224</b>	<b>\$ 4,120,131</b>	<b>\$ (1,615,484)</b>	<b>\$ 1,314,780</b>	<b>\$ 1,490,665</b>	<b>\$ 442,053</b>	<b>\$ 121,539</b>	<b>\$ 771,704</b>	<b>\$ 1,018,466</b>
<b>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</b>	<b>92.90%</b>	<b>83.30%</b>	<b>82.34%</b>	<b>107.37%</b>	<b>93.74%</b>	<b>92.33%</b>	<b>97.51%</b>	<b>99.30%</b>	<b>95.48%</b>	<b>93.63%</b>
<b>Covered Payroll</b>	<b>\$ 591,849</b>	<b>\$ 728,108</b>	<b>\$ 761,360</b>	<b>\$ 836,363</b>	<b>\$ 1,198,747</b>	<b>\$ 1,169,514</b>	<b>\$ 1,142,576</b>	<b>\$ 1,100,788</b>	<b>\$ 1,041,328</b>	<b>\$ 1,128,134</b>
<b>City's Net Pension Liability as a Percentage of Covered Payroll</b>	<b>306.50%</b>	<b>563.96%</b>	<b>541.15%</b>	<b>-193.16%</b>	<b>109.68%</b>	<b>127.46%</b>	<b>38.69%</b>	<b>11.04%</b>	<b>74.11%</b>	<b>90.28%</b>

**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 30, 2024, the discount rate was lowered from 6.9% to 6.8%.

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**

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Actuarially Determined Contribution	\$ 419,086	\$ 339,263	\$ 468,005	\$ 880,703	\$ 660,575	\$ 486,016	\$ 374,381	\$ 421,046	\$ 509,592	\$ 602,818
Contributions in Relation to the Actuarially Determined Contribution	<u>419,086</u>	<u>339,263</u>	<u>468,005</u>	<u>880,703</u>	<u>660,575</u>	<u>486,016</u>	<u>374,381</u>	<u>421,046</u>	<u>509,592</u>	<u>575,679</u>
Contribution Excess (Deficiency)	<u>\$ -</u>	<u>\$ 27,139</u>								
Covered Payroll	\$ 591,849	\$ 728,108	\$ 710,351	\$ 863,363	\$ 1,047,520	\$ 1,169,514	\$ 1,142,576	\$ 1,100,788	\$ 1,041,328	\$ 1,128,134
Contributions as a Percentage of Covered Payroll	70.81%	46.60%	65.88%	102.01%	63.06%	41.56%	32.77%	38.25%	48.94%	51.03%

Notes to Schedule:

Valuation Date October 1, 2022  
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	6.90%
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**

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Annual Money-Weighted Rate of Return, Net of Investment Expenses	3.83%	3.79%	9.68%	7.56%	6.12%	7.41%	7.26%	8.67%	7.72%	0.24%

**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	9/30/2024	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
Employer Measurement Date	<u>9/30/2025</u>	<u>9/30/2024</u>	<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>
Total Pension Liability:										
Service Cost	\$ 41,021	\$ 40,107	\$ 149,516	\$ 126,940	\$ 117,662	\$ 110,766	\$ 105,733	\$ 133,362	\$ 124,309	\$ 122,248
Interest on Total Pension Liability	1,216,438	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
Change of Benefit Terms	-	-	-	-	-	(109)	-	-	-	-
Differences Between Expected and Actual Experience	19,698	(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)
Changes of Assumptions	(1,089,349)	(1,239,338)	(1,208,121)	(1,001,388)	(149,769)	163,355	176,094	189,466	866,110	-
Net Change in Total Pension Liability	<u>187,808</u>	<u>(516,842)</u>	<u>317,141</u>	<u>1,312,259</u>	<u>242,969</u>	<u>394,367</u>	<u>564,196</u>	<u>478,051</u>	<u>1,082,073</u>	<u>(3,034)</u>
Total Pension Liability - Beginning of Year	<u>17,971,658</u>	<u>18,488,500</u>	<u>18,171,359</u>	<u>16,859,100</u>	<u>16,616,131</u>	<u>16,221,764</u>	<u>15,657,568</u>	<u>15,179,515</u>	<u>14,097,442</u>	<u>14,100,476</u>
Total Pension Liability - End of Year	<u>18,159,466</u>	<u>17,971,658</u>	<u>18,488,500</u>	<u>18,171,359</u>	<u>16,859,100</u>	<u>16,616,131</u>	<u>16,221,764</u>	<u>15,657,566</u>	<u>15,179,515</u>	<u>14,097,442</u>
Plan Fiduciary Net Position:										
Contributions - City	249,223	328,394	759,550	759,823	689,652	626,330	620,151	419,641	480,905	599,209
Contributions - Member	5,782	5,799	13,021	18,097	18,604	17,583	17,129	17,940	22,149	21,222
Net Investment Income	2,898,735	1,176,546	(2,668,215)	2,751,320	1,254,809	569,452	912,482	1,242,879	895,002	42,513
Benefit Payments, Including Refunds of Member Contributions	(1,089,349)	(1,239,338)	(1,208,121)	(1,001,388)	(971,578)	(1,066,313)	(935,564)	(1,172,457)	(854,991)	(867,149)
Administrative Expense	(39,629)	(40,845)	(57,442)	(40,940)	(38,906)	(36,287)	(44,288)	(55,704)	(36,940)	(17,129)
Net Change in Plan Fiduciary Net Position	<u>2,024,762</u>	<u>230,556</u>	<u>(3,161,207)</u>	<u>2,486,912</u>	<u>952,581</u>	<u>110,765</u>	<u>569,910</u>	<u>452,299</u>	<u>506,125</u>	<u>(221,334)</u>
Plan Fiduciary Net Position - Beginning of Year	<u>13,911,163</u>	<u>13,680,607</u>	<u>16,841,814</u>	<u>14,354,902</u>	<u>13,402,321</u>	<u>13,291,556</u>	<u>12,721,646</u>	<u>12,269,347</u>	<u>11,763,222</u>	<u>11,984,556</u>
Plan Fiduciary Net Position - End of Year	<u>15,935,925</u>	<u>13,911,163</u>	<u>13,680,607</u>	<u>16,841,814</u>	<u>14,354,902</u>	<u>13,402,321</u>	<u>13,291,556</u>	<u>12,721,646</u>	<u>12,269,347</u>	<u>11,763,222</u>
City's Net Pension (Asset) Liability	<u>\$ 2,223,541</u>	<u>\$ 4,060,495</u>	<u>\$ 4,807,893</u>	<u>\$ 1,329,545</u>	<u>\$ 2,504,198</u>	<u>\$ 3,213,810</u>	<u>\$ 2,930,208</u>	<u>\$ 2,935,920</u>	<u>\$ 2,910,168</u>	<u>\$ 2,334,220</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	87.76%	77.41%	74.00%	92.68%	85.15%	80.66%	81.94%	81.25%	80.83%	83.44%
Covered Payroll	\$ 88,960	\$ 89,214	\$ 200,328	\$ 278,413	\$ 286,212	\$ 270,508	\$ 263,521	\$ 290,195	\$ 340,746	\$ 334,708
City's Net Pension Liability as a Percentage of Covered Payroll	2499.48%	4551.41%	2400.01%	477.54%	874.95%	1188.06%	1111.94%	1011.71%	854.06%	697.39%

**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>9/30/2024</u>	<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>
Investment Rate of Return	7.00%	7.0%	7.0%	7.0%	7.5%	7.6%	7.7%	7.8%	7.9%	8.0%
Change in Rate	0.0%	0.0%	0.0%	-0.5%	-0.1%	-0.1%	-0.1%	-0.1%	-0.1%	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**

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Actuarially Determined Contribution	\$ 249,223	\$ 328,394	\$ 759,550	\$ 759,823	\$ 689,652	\$ 626,330	\$ 620,151	\$ 419,641	\$ 480,905	\$ 599,209
Contributions in Relation to the Actuarially Determined Contribution	<u>249,223</u>	<u>328,394</u>	<u>759,550</u>	<u>759,823</u>	<u>689,652</u>	<u>626,330</u>	<u>620,151</u>	<u>419,641</u>	<u>480,905</u>	<u>599,209</u>
Contribution Excess (Deficiency)	<u>\$ -</u>									
Covered Payroll	\$ 88,960	\$ 89,214	\$ 200,328	\$ 278,413	\$ 286,212	\$ 270,508	\$ 263,521	\$ 290,195	\$ 340,746	\$ 334,708
Contributions as a Percentage of Covered Payroll	280.15%	368.10%	379.15%	272.91%	240.96%	231.54%	235.33%	144.61%	141.13%	179.02%

**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, 2022  
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 Terminating	Percent Becoming Disabled	Current Salary as a % of Salary at Age 55
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**

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Annual Money-Weighted Rate of Return, Net of Investment Expenses	21.29%	8.77%	-15.88%	18.85%	18.85%	4.72%	7.12%	10.32%	7.61%	0.35%

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

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
City of Sebring's Proportion of the Net Pension Liability	0.024613863%	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	\$ 9,521,800	\$ 9,197,771	\$ 9,521,800	\$ 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	\$ 7,755,636	\$ 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	122.77%	128.93%	164.92%	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	83.70%	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.

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

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually Required Contribution	\$ 1,425,337	\$ 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	<u>1,425,337</u>	<u>1,189,424</u>	<u>928,671</u>	<u>742,457</u>	<u>725,370</u>	<u>633,113</u>	<u>551,916</u>	<u>448,924</u>	<u>195,367</u>	<u>195,985</u>
Contribution Excess (Deficiency)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's Covered Payroll	\$ 7,902,842	\$ 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	18.04%	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.

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

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
City of Sebring's Proportion of the Net Pension Liability	0.018319765%	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	\$ 2,748,144	\$ 2,861,934	\$ 2,748,144	\$ 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	\$ 7,755,636	\$ 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	35.43%	40.12%	47.60%	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	4.80%	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.

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

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually Required Contribution	\$ 158,135	\$ 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	<u>158,135</u>	<u>128,425</u>	<u>102,252</u>	<u>91,135</u>	<u>93,595</u>	<u>90,160</u>	<u>85,428</u>	<u>78,596</u>	<u>56,493</u>	<u>39,010</u>
Contribution Excess (Deficiency)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's Covered Payroll	\$ 7,902,842	\$ 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	2.00%	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.

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

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB Liability:							
Service Cost	\$ 9,184	\$ 7,211	\$ 7,122	\$ 18,430	\$ 17,789	\$ 13,287	\$ 12,659
Interest on the Total OPEB Liability	30,081	37,760	53,722	27,534	28,113	27,979	34,551
Changes in Assumptions	132,359	(10,883)	(379,604)	(4,723)	392,736	70,113	-
Benefit Payments	<u>(89,248)</u>	<u>(53,401)</u>	<u>(60,008)</u>	<u>(86,314)</u>	<u>(88,699)</u>	<u>(96,487)</u>	<u>(104,919)</u>
Net Change in Total OPEB Liability	82,376	(19,313)	(378,768)	(45,073)	349,939	14,892	(57,709)
 Total OPEB Liability - Beginning 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>	 <u>938,373</u>
total OPEB Liability - End of Year	<u>\$ 884,717</u>	<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	 \$ 8,770,766	 \$ 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	 10.09%	 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  
OTHER EMPLOYMENT BENEFIT PLAN (OPEB)  
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, 2024, the discount rate was changed to 3.97%.

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  
BUDGET TO ACTUAL  
TRUIST MEMORIAL PARK FUND  
SEPTEMBER 30, 2024**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Taxes	\$ -	\$ -	\$ -	\$ -
Investment Earnings	-	10,800	11,316	516
Miscellaneous	-	250,000	250,000	-
Total Revenues	-	260,800	261,316	516
<b>EXPENDITURES</b>				
Current:				
General Government	-	35,800	26,364	9,436
Total Expenditures	-	35,800	26,364	9,436
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	-	225,000	234,952	9,952
<b>CHANGE IN FUND BALANCE</b>	-	225,000	234,952	9,952
Fund Balance – Beginning of Year	-	-	-	-
<b>FUND BALANCE – END OF YEAR</b>	<u>\$ -</u>	<u>\$ 225,000</u>	<u>\$ 234,952</u>	<u>\$ 9,952</u>

**CITY OF SEBRING, FLORIDA  
 COMBINING STATEMENT OF NET POSITION  
 INTERNAL SERVICE FUNDS  
 SEPTEMBER 30, 2024**

	Internal Service Funds			Total
	Health Insurance	Risk Insurance	Computer Service	
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 805,062	\$ 450,425	\$ 84,263	\$ 1,339,750
Receivables, Net	-	270,581	22,908	293,489
Total Assets	<u>805,062</u>	<u>721,006</u>	<u>107,171</u>	<u>1,633,239</u>
<b>LIABILITIES</b>				
Accounts Payable	316,038	27,844	10,997	354,879
Accrued Expenses	-	-	3,718	3,718
Due to Other Funds	-	-	58,844	58,844
Compensated Absences Payable	-	-	6,438	6,438
Unearned Revenues	8,629	-	-	8,629
Total Liabilities	<u>324,667</u>	<u>27,844</u>	<u>79,997</u>	<u>432,508</u>
<b>NET POSITION</b>				
Unrestricted	<u>\$ 480,395</u>	<u>\$ 693,162</u>	<u>\$ 27,174</u>	<u>\$ 1,200,731</u>

**CITY OF SEBRING, FLORIDA**  
**COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
**INTERNAL SERVICE FUNDS**  
**YEAR ENDED SEPTEMBER 30, 2024**

	Internal Service Funds			Total
	Health Insurance	Risk Insurance	Computer Service	
<b>OPERATING REVENUES</b>				
Charges for Services	\$ 2,933,006	\$ 1,261,860	\$ 550,398	\$ 4,745,264
Miscellaneous Revenue	-	-	71,760	71,760
Total Operating Revenues	<u>2,933,006</u>	<u>1,261,860</u>	<u>622,158</u>	<u>4,817,024</u>
<b>OPERATING EXPENSES</b>				
Employee Compensation and Benefits	-	-	180,848	180,848
General and Administrative	167,017	-	107,807	274,824
Repairs, Maintenance, and Supplies	-	-	343,951	343,951
Insurance	627,991	1,308,123	-	1,936,114
Claims Expense	2,173,731	126,445	-	2,300,176
Total Operating Expenses	<u>2,968,739</u>	<u>1,434,568</u>	<u>632,606</u>	<u>5,035,913</u>
<b>OPERATING INCOME (LOSS)</b>	(35,733)	(172,708)	(10,448)	(218,889)
<b>NONOPERATING REVENUES</b>				
Investment Earnings	44,362	53,442	10,447	108,251
Insurance Proceeds	-	509,707	-	509,707
Total Nonoperating Revenues	<u>44,362</u>	<u>563,149</u>	<u>10,447</u>	<u>617,958</u>
<b>INCOME BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS</b>	8,629	390,441	(1)	399,069
<b>TRANSFERS</b>				
Transfers Out	-	(377,180)	-	(377,180)
<b>CHANGE IN NET POSITION</b>	8,629	13,261	(1)	21,889
Total Net Position - Beginning of Year	<u>471,766</u>	<u>679,901</u>	<u>27,175</u>	<u>1,178,842</u>
<b>TOTAL NET POSITION - END OF YEAR</b>	<u>\$ 480,395</u>	<u>\$ 693,162</u>	<u>\$ 27,174</u>	<u>\$ 1,200,731</u>

**CITY OF SEBRING, FLORIDA  
COMBINING STATEMENT OF CASH FLOWS  
INTERNAL SERVICE FUNDS  
YEAR ENDED SEPTEMBER 30, 2024**

	Internal Service Funds			
	Health Insurance	Risk Insurance	Computer Service	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Cash Received from Customers and Users	\$ 2,935,444	\$ 999,428	\$ 599,250	\$ 4,534,122
Cash Received from Insurance	-	-	-	-
Cash Payments for Supplies and Claims	(2,852,454)	(1,431,778)	(458,319)	(4,742,551)
Cash Payments for Employee Services	-	-	(177,447)	(177,447)
Net Cash Provided (Used) by Operating Activities	82,990	(432,350)	(36,516)	(385,876)
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Transfer to/from Other Funds	-	(377,180)	5,992	(371,188)
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Cash Received from Insurance	-	509,707	-	509,707
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Interest on Investments	44,362	53,442	10,447	108,251
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	127,352	(246,381)	(20,077)	(139,106)
Cash and Cash Equivalents – Beginning of Year	677,710	696,806	104,340	1,478,856
<b>CASH AND CASH EQUIVALENTS – END OF YEAR</b>	<u>\$ 805,062</u>	<u>\$ 450,425</u>	<u>\$ 84,263</u>	<u>\$ 1,339,750</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>				
Operating Income (Loss)	\$ (35,733)	\$ (172,708)	\$ (10,448)	\$ (218,889)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
(Increase) Decrease in Assets:				
Accounts Receivable	22	(262,432)	(22,908)	(285,318)
Increase (Decrease) in Liabilities:				
Accounts Payable	116,285	2,790	(7,382)	111,693
Accrued Expenses	-	-	821	821
Compensated Absences	-	-	3,401	3,401
Unearned Revenue	2,416	-	-	2,416
Net Cash Provided (Used) by Operating Activities	<u>\$ 82,990</u>	<u>\$ (432,350)</u>	<u>\$ (36,516)</u>	<u>\$ (385,876)</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, 2024, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated July 31, 2025.

***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 and therefore, material weaknesses or significant deficiencies may exist that were not identified.

Honorable Mayor and City Council  
City of Sebring, Florida

We identified certain deficiencies in internal control, described in the accompanying schedule of findings and responses as item 2024-001 that we consider to be a material weakness.

***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 an instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in Finding 2024-001.

***City of Sebring, Florida’s Response to Findings***

*Government Auditing Standards* requires the auditor to perform limited procedures on the City’s response to the findings identified in our audit and described in the accompanying schedule of findings and responses. The City’s response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

***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  
July 31, 2025



## 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, 2024, and have issued our report thereon dated July 31, 2025.

### 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 July 31, 2025, 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. There were no findings and recommendations reported 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.

Honorable Mayor and City Council  
City of Sebring, Florida

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.

### **Property Assessed Clean Energy (PACE) Programs**

Section 10.554(1)(i)6.a., Rules of the Auditor General, requires a statement as to whether a PACE program authorized pursuant to Section 163.081 or Section 163.082, Florida Statutes, operated in the City's geographical boundaries. A PACE program did not operate within the City's geographical boundaries during the fiscal year under audit.

### **Special District Component Units**

Section 10.554(1)(i)5.c., Rules of the Auditor General, requires, if appropriate, that we communicate the failure of a special district that is a component unit of a county, municipality, or special district, to provide the financial information necessary for proper reporting of the component unit 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)7, 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 fraud, waste, or abuse, that has occurred, or is likely to have occurred, that has 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  
July 31, 2025



## 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, 2024. 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, 2024.

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  
July 31, 2025

**CITY OF SEBRING  
SCHEDULE OF FINDINGS AND RESPONSES  
YEAR ENDED SEPTEMBER 30, 2024**

**2024-001 – Material Adjustments**

**Type of Finding:** Material Weakness in Internal Control over Financial Reporting

**Condition:** A material error was detected in the City's account balances during our audit. As a result, a material adjustment was proposed to correct the account balances.

**Criteria or Specific Requirement:** Management is responsible for establishing and maintaining internal control over recording of the City's transactions to ensure balances are reported in accordance with GAAP.

**Effect:** Receivables and revenue were materially overstated in the Infrastructure Fund by \$399,914.

**Cause:** Loan proceeds for the West Lake Jackson State Revolving Funds received during September 30, 2025, were recorded within the Infrastructure and Water & Sewer Fund in the current fiscal year.

**Repeat Finding:** No

**Recommendation:** The year-end closing process should include procedures to review accruals to ensure revenue is recognized correctly.

**Views of Responsible Officials and Planned Corrective Actions:** Management agrees with the finding.



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