

**SEBRING AIRPORT AUTHORITY**  
**FINANCIAL STATEMENTS AND**  
**SUPPLEMENTARY INFORMATION**  
**YEAR ENDED SEPTEMBER 30, 2024**



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**SEBRING AIRPORT AUTHORITY  
TABLE OF CONTENTS  
YEAR ENDED SEPTEMBER 30, 2024**

<b>INDEPENDENT AUDITORS' REPORT</b>	<b>1</b>
<b>MANAGEMENT'S DISCUSSION AND ANALYSIS</b>	<b>4</b>
<b>BASIC FINANCIAL STATEMENTS</b>	
<b>STATEMENT OF NET POSITION</b>	<b>12</b>
<b>STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION</b>	<b>13</b>
<b>STATEMENT OF CASH FLOWS</b>	<b>14</b>
<b>NOTES TO FINANCIAL STATEMENTS</b>	<b>16</b>
<b>REQUIRED SUPPLEMENTARY INFORMATION</b>	
<b>SCHEDULE OF THE AUTHORITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY – FLORIDA RETIREMENT SYSTEM PENSION PLAN</b>	<b>44</b>
<b>SCHEDULE OF THE AUTHORITY'S CONTRIBUTIONS – FLORIDA RETIREMENT SYSTEM PENSION PLAN</b>	<b>45</b>
<b>SCHEDULE OF THE AUTHORITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY – HEALTH INSURANCE SUBSIDY PLAN</b>	<b>46</b>
<b>SCHEDULE OF THE AUTHORITY'S CONTRIBUTIONS – HEALTH INSURANCE SUBSIDY PLAN</b>	<b>47</b>
<b>SCHEDULE OF CHANGES IN THE AUTHORITY'S TOTAL OPEB LIABILITY AND RELATED RATIOS</b>	<b>48</b>
<b>SUPPLEMENTARY INFORMATION</b>	
<b>SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION – CRA FUND</b>	<b>52</b>
<b>SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS</b>	<b>53</b>
<b>NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS</b>	<b>54</b>
<b>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 <i>GOVERNMENT AUDITING STANDARDS</i></b>	<b>55</b>

**SEBRING AIRPORT AUTHORITY  
TABLE OF CONTENTS  
YEAR ENDED SEPTEMBER 30, 2024**

<b>INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE <i>UNIFORM GUIDANCE</i></b>	<b>57</b>
<b>SCHEDULE OF FINDINGS AND QUESTIONED COSTS</b>	<b>60</b>
<b>MANAGEMENT LETTER</b>	<b>62</b>
<b>INDEPENDENT ACCOUNTANTS' REPORT</b>	<b>66</b>



## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Sebring Airport Authority  
Sebring, Florida

### **Report on the Audit of the Financial Statements**

#### ***Opinion***

We have audited the accompanying financial statements of the Sebring Airport Authority (the Authority), as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise the Authority'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 financial position of the Authority, as of September 30, 2024, and the changes in financial position and its cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinion***

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 Authority 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 Authority'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 opinion. 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 Authority'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 Authority'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**

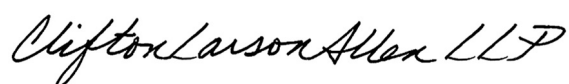
Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, information on other postemployment benefits, and information on defined benefit pensions be presented to supplement the basic financial statements. Such information is the 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 Authority's basic financial statements. The schedule of revenues, expenses, and changes in net position – CRA fund and the schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, 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 schedule of revenues, expenses, and changes in net position – CRA fund and the schedule of expenditures of federal awards are 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 April 18, 2025, on our consideration of the Authority'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 Authority'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 Authority's internal control over financial reporting and compliance.



**CliftonLarsonAllen LLP**

Sebring, Florida  
April 18, 2025

**SEBRING AIRPORT AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED SEPTEMBER 30, 2024**

As management of the Sebring Airport Authority (the Authority), we offer the readers of the Authority's basic financial statements this narrative overview and analysis of the financial activities of the Authority for the year ended September 30, 2024. We encourage readers to consider the information presented here in conjunction with the Authority's financial statements.

**Financial Highlights**

- The assets plus deferred outflows of resources of the Authority exceeded its liabilities plus deferred inflows of resources as of September 30, 2024 by \$48,674,487 (net position).
- The Authority's total assets net of depreciation as of September 30, 2024 were \$60,488,400.
- The Authority's total operating revenue was \$7,529,767 primarily consisting of industrial and test track rentals of \$3,019,108 and Fixed Base Operations sales in the amount of \$3,553,157.
- The Authority's total operating expenses came to \$7,209,942. General operating expense (including insurance, supplies, utilities, repairs and maintenance, taxes) came to \$4,219,167. Other primary expenses consisted of \$1,633,072 in personnel costs, \$378,148 in contractual services, \$979,555 in professional services, and \$2,932,410 in depreciation. The net operating loss was \$2,612,585.
- Total nonoperating revenue, (expenses), and capital grants were \$6,314,182 resulting in an increase in net position of \$3,701,597.

**Overview of Financial Statements**

The financial statements included in the annual report are those of a special-purpose government engaged in a business-type activity. The following statements are included:

- Statement of Net Position — reports the Authority's assets, deferred outflows of resources, liabilities, deferred inflows of resources and net position at the end of the fiscal year and provides information about the nature and amounts of investment of resources and obligations to creditors.
- Statement of Revenue, Expenses, and Changes in Net Position — reports the results of activity over the course of the fiscal year. It details the costs associated with operating the Authority and how those costs were funded. It also provides an explanation of the change in net position from the previous fiscal year-end to the current fiscal year-end.
- Statement of Cash Flows — reports the Authority's cash flows in and out from operating activities, noncapital financing activities, capital and related financing activities, and investing activities. It details the sources of the Authority's cash, what it was used for, and the change in cash over the course of the fiscal year.
- The basic financial statements also include notes that provide required disclosures and other information necessary to gather the full meaning of the material presented in the statements.

**SEBRING AIRPORT AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED SEPTEMBER 30, 2024**

**Overview of Financial Statements (Continued)**

The analysis of net position, revenue, and expenses are detailed and provide a comprehensive portrayal of financial conditions and related trends. The analysis includes all assets and liabilities using the accrual basis of accounting.

Accrual accounting is similar to the accounting used by most private sector companies. Accrual accounting recognizes revenue and expenses when earned regardless of when cash is received or paid.

Our analysis presents the Authority's net position, which can be thought of as the difference between what the Authority owns (assets) and what the Authority owes (liabilities). The net position analysis will allow the reader to measure the health or financial position of the Authority.

Over time, significant changes in the Authority's net position are an indicator of whether its financial health is improving or deteriorating. To fully assess the financial health of any Authority, the reader must also consider other nonfinancial factors such as fluctuations in the local economy, fluctuations in fuel prices, and the physical condition of the Authority's capital assets.

At September 30, 2024, total assets were \$60,488,400. Total current assets were \$5,513,495. Total noncurrent assets were \$54,974,905.

In addition, total liabilities at September 30, 2024 were \$7,060,760. Total current liabilities were \$906,790 and liabilities payable from restricted assets (tenant deposits) and total long-term (noncurrent) liabilities were \$6,153,970.

**Net Position**

The difference between an organization's assets and deferred outflows of resources and its liabilities and deferred inflows of resources equals its net position. The Authority's net position is classified as follows:

Net investment in capital assets — Capital assets, net of accumulated depreciation and reduced by debt attributable to the acquisition of those assets.

Restricted — Net position that can be spent only for specific purposes because of constraints imposed by external providers (such as grantors, bondholders, and higher levels of government), or imposed by constitutional provisions or enabling legislation.

Unrestricted — Net position that is not invested in capital assets or subject to restrictions.

**SEBRING AIRPORT AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED SEPTEMBER 30, 2024**

**Condensed Financial Information**

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position:

	2024	2023
<b>ASSETS</b>		
Current Assets - Unrestricted	\$ 5,030,941	\$ 4,025,187
Current Assets - Restricted	482,554	449,707
Net Capital Assets	50,764,593	46,443,012
Other Noncurrent Assets	4,210,312	4,051,729
Total Assets	60,488,400	54,969,635
 <b>DEFERRED OUTFLOWS OF RESOURCES</b>	 479,025	 390,527
 <b>LIABILITIES</b>		
Current Liabilities	906,790	2,576,095
Noncurrent Liabilities	6,153,970	3,302,908
Total Liabilities	7,060,760	5,879,003
 <b>DEFERRED INFLOWS OF RESOURCES</b>	 5,232,178	 4,508,269
 <b>NET POSITION</b>		
Net Investment in Capital Assets	46,045,249	42,834,126
Restricted	314,706	590,982
Unrestricted	2,314,532	1,547,782
Total Net Position	\$ 48,674,487	\$ 44,972,890

Current assets increased \$1,038,601 from the prior fiscal year. Net capital assets increased by \$4,321,581 primarily due to the EDA Stormwater Drainage Improvements and Terminal Apron Rehab Phase 2 projects in progress. Of the total increase in current assets, restricted cash increased \$32,847 due to the increase in customer deposits.

Current liabilities decreased \$1,669,305 from the prior year primarily due to a decrease in payables related to projects in process at year end.

At September 30, 2024, the Authority had \$2,916,055 in long-term debt related to capital assets and a \$1,519,686 secured line of credit balance. That debt finances the purchases of equipment as well as construction and improvement projects. The Authority also records \$1,260,145 in net pension liability related to the Authority's participation in the Florida Retirement System.

There was an increase in net position of \$3,701,597 mainly due to capital grants after a net operating loss of \$2,612,585. Nonoperating revenue includes capital grants and contributions of \$5,901,213. The net operating loss was largely due to general expense of \$4,219,167 and depreciation expense of \$2,932,410.

**SEBRING AIRPORT AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED SEPTEMBER 30, 2024**

**Condensed Financial Information (Continued)**

Revenues, Expenses, and Changes in Net Position

	<u>2024</u>	<u>2023</u>
<b>OPERATING REVENUE</b>		
Industrial and Test Track Rental Revenue	\$ 3,019,108	\$ 2,670,364
Fixed Based Operations	3,553,157	2,264,383
Other Revenue	<u>957,502</u>	<u>785,565</u>
Total Operating Revenue	7,529,767	5,720,312
<b>OPERATING EXPENSES</b>		
Personnel Services	1,633,072	1,534,480
Contractual Services	378,148	331,143
Professional Services	979,555	664,481
General Operating Expenses	4,219,167	2,826,795
Depreciation Expense	<u>2,932,410</u>	<u>2,679,938</u>
Total Operating Expenses	<u>10,142,352</u>	<u>8,036,837</u>
<b>NET OPERATING LOSS</b>	(2,612,585)	(2,316,525)
<b>NONOPERATING REVENUES (EXPENSES)</b>		
Interest Revenue (Expense), Net	322,996	271,339
Capital Grants and Contributions	5,901,213	2,773,905
Other Nonoperating Revenue	<u>89,973</u>	<u>298,470</u>
Total Nonoperating Revenues (Expenses)	<u>6,314,182</u>	<u>3,343,714</u>
<b>CHANGE IN NET POSITION</b>	3,701,597	1,027,189
Net Position - Beginning of Year	<u>44,972,890</u>	<u>43,945,701</u>
<b>NET POSITION - END OF YEAR</b>	<u>\$ 48,674,487</u>	<u>\$ 44,972,890</u>

Overall operating revenue increased by \$1,809,455. Industrial and test track rental revenue increased \$348,744 for the current year. Revenue from fixed based operations increased \$1,288,774 for the current year due to increased activity at the airport for military and general aviation activity.

Operating expenses before depreciation increased by \$1,853,043. The increase was due largely to increases in the cost of fuel related to increased fuel sales noted above.

In fiscal year 2024, total operating revenue was \$7,529,767 while total operating expenses, including depreciation, was \$10,142,352. This resulted in a \$2,612,585 operating loss. Net nonoperating revenues, including capital grants, were \$6,314,182 resulting in a positive change in net position of \$3,701,597.

**SEBRING AIRPORT AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED SEPTEMBER 30, 2024**

**Capital Assets**

The Authority's investment in capital assets as of September 30, 2024 amounted to \$50,764,593 (net of accumulated depreciation) compared to \$46,443,012 for the prior year. This investment in capital assets includes land, buildings, infrastructure, vehicles, machinery and equipment, furniture and fixtures, and construction in progress. Major capital asset events during the fiscal year include the following:

- Reconstruct Terminal Apron Rehab Phase 2
- Stormwater Drainage Improvements

Capital Assets (Net of Depreciation):

	2024	2023
Total Capital Assets Not Being Depreciated	\$ 1,089,088	\$ 5,679,044
Total Capital Assets Being Depreciated and Amortized	91,471,935	80,208,603
Accumulated Depreciation and Amortization	(41,796,430)	(39,444,635)
Total Capital Assets, Net	\$ 50,764,593	\$ 46,443,012

Additions information on the Authority's capital assets can be found in Note 3 to the financial statements.

**Long-Term Debt**

At September 30, 2024, the Authority had total debt outstanding of \$4,435,741 compared to \$3,136,383 in the prior year. The increase in total outstanding debt is attributable to the increase in the secured line of credit offset by payments on existing debt.

Long-Term Debt:

	2024	2023
Notes Payable - Direct Borrowing and Leases	\$ 2,916,055	\$ 3,136,383
Line of Credit - Secured	1,519,686	-
Total	\$ 4,435,741	\$ 3,136,383

Please refer to Notes 8 and 9 of the financial statements for a complete presentation of all long-term debt and line of credit liabilities. The above table does not present information for compensated absences, net pension liability, or other post-employment benefit liabilities.

**SEBRING AIRPORT AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED SEPTEMBER 30, 2024**

**Economic Factors and Next Year's Budgets and Rates**

The Sebring Airport Authority 2025 Annual Budget was approved by Resolution 24-10 on September 19, 2024. The Sebring Regional Airport and Industrial Park Community Redevelopment Agency (CRA) is reported as a blended component unit of Sebring Airport Authority. Its Annual Budget was approved by Resolution 24-04 on September 19, 2024. The detailed budgets are available for review upon request.

**Projects that are in the pipeline are as follows:**

- Apron Reconstruction Project Phase II was completed in March 2024. This project was funded by the FAA and FDOT in the amount of \$4,400,000. We have \$7,500,000 programed in the FDOT Work Program for FY27/28/29 for the third and final phase. Discussion with FDOT to consolidate the funding allocations to FY27/28 remains ongoing.
- Webster Turn full depth reconstruction is fully designed and permitted. The Interlocal Agreement with the County has been fully executed - necessary as the County is the recipient of FDOT grant funding totaling \$595,308 and has allocated \$750,000 in FY24/25 local project funds. The current estimate of probable construction cost is \$2.4 million. Solicitation for construction will commence in April 2025 while efforts to engage with Highlands County, FDOT, and others to secure necessary funding continue.
- An Economic Development Administration (EDA) grant totaling \$1,830,207 (80%) was received to replace critical sections of master stormwater drainage infrastructure from WWII. Project was awarded to Quality Enterprises USA, Inc. for \$2,125,623 and was completed in Fall 2024.
- Design plans and technical specifications for expanding our Fuel Farm system to replace our existing 1,000-gallon tank with a new 10,000-gallon tank that will accommodate a sustainable replacement for 100 Low Leaded octane aviation fuel are complete. Funding for this expansion will be applied in the Spring 2025 through the FAA via the Bipartisan Infrastructure Law (BIL) program allocations and FDOT.
- FAA Bipartisan Infrastructure Law (BIL) grant totaling \$256,500 and Florida Department of Transportation grant totaling \$28,500 was received to complete the design and permitting of Taxiway Delta. Design and permitting will be finalized in the Spring 2025, FAA Airport Improvement Program construction grant application for discretionary funding will be submitted in early Summer 2025. FDOT has allocated \$125,000 in grant funding for construction.
- The Florida Department of Transportation awarded a \$575,000 grant for the installation of six 70-foot High Mast lights across the terminal apron area. The terminal apron area lacks adequate lighting, with minimal coverage provided by lights from adjacent airside buildings. This poses significant security and operational concerns, as the area remains dark at night, including along the AOA fencing/gates and around stationary aircraft. The new lighting will enhance security and safety during nighttime operations. Construction began in February 2025.

**SEBRING AIRPORT AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED SEPTEMBER 30, 2024**

**Economic Factors and Next Year's Budgets and Rates (Continued)**

- Application has been submitted to the FAA for the design of Taxiway Alpha and will be funded by the FAA through the Bipartisan Infrastructure Law (BIL).
- We continue to collaborate with our tenant partners on their projects. They are briefly outlined as follows:
  - SAA advertised RFP 24-04 Aircraft Hangar Development with one (1) proposal was received from Corle Building Systems, Inc. Corle Building Systems, Inc. intends to construct all sitework and vertical construction which will consist of 8 box hangars measuring 70' x 70' and 4 box hangars measuring 100' x 100' with approximately 18 guest parking spaces within the project site. The Developer proposes to offer the hangars either for sale as a condominium unit or for lease. The project is located on the South Hangar Site situated on approximately 6.6 acres.
  - DUC Propellers is planning a new facility on Airport to manufacture and distribute helicopter rotor blades and propellers for Powered Lift (vertical takeoff and landing) aircraft.
  - The aerospace program at the Airport is expanding to meet high demand, increasing enrollment from 50 to 100-125 students and introducing a Diesel Maintenance Technology program. The new facility will include workshop labs, computer labs, and classrooms equipped with the latest technology. This workforce development expansion aims to prepare students for successful careers in aviation, engineering, and transportation-related industries.
  - Advanced Air Mobility (AAM) in the United States is rapidly evolving, with the FAA leading efforts to develop infrastructure and regulatory frameworks for this new aviation ecosystem. The Sebring Airport Authority has submitted a Pen and Ink update to its FAA approved Airport Layout Plan to incorporate AAM and vertiport facilities, including a takeoff/landing pad, parking areas for Powered Lift vehicles, and up to four (4) recharging stations. This plan is undergoing final FAA review and approval, marking a significant step towards establishing the Airport as a hub for AAM operations.

**Significant economic factors affecting the Authority are as follows:**

1. As in the past, we continue to feel optimistic about military fuel sales. We are moving forward with planning upgrades and replacing our existing 5,000-gallon fuel tank with a 12,000-gallon tank to take advantage of wider use of the Bombing Range by additional branches of military. Our 5,000-gallon refueler has been completely refurbished and is dedicated to the Range. We have leased another 5,000-gallon refueler in order to maintain service levels at the Airport.
2. SAA staff are working to bring all our leases up to the current market as they come due. An example is the new T-hangar and Commercial Hangar lease rates.

**SEBRING AIRPORT AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED SEPTEMBER 30, 2024**

**Requests for Information**

This financial report is designed to provide a general overview of the Authority's finances for all those with an interest. Questions concerning any of the information provided in this report or requests for additional information should be addressed as follows:

Colleen Plonsky  
Director of Finance  
Sebring Airport Authority  
128 Authority Lane  
Sebring, FL 33870

**SEBRING AIRPORT AUTHORITY  
STATEMENT OF NET POSITION  
SEPTEMBER 30, 2024**

**ASSETS**

Current Assets:

Cash and Cash Equivalents - Unrestricted	\$ 1,459,357
Cash and Cash Equivalents - Restricted	482,554
Accounts Receivable - Trade	174,428
Grants Receivable	1,965,324
Leases Receivable	1,332,856
Prepaid Items	18,164
Inventory	80,812
Total Current Assets	5,513,495

Noncurrent Assets:

Leases Receivable	4,210,312
Capital Assets Not Being Depreciated	1,089,088
Capital Assets - Net of Depreciation and Amortization	49,675,505
Total Noncurrent Assets	54,974,905

Total Assets	60,488,400
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**DEFERRED OUTFLOWS OF RESOURCES**

Pension Related Items	479,025
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**LIABILITIES**

Current Liabilities:

Accounts Payable	543,344
Accrued Expenses	106,850
Notes, Loans, and Leases Payable - Current	219,877
Unearned Revenue	36,719
Total Current Liabilities	906,790

Noncurrent Liabilities:

Notes, Loans, and Leases Payable - Noncurrent	2,696,178
Line of Credit	1,519,686
Compensated Absences	105,634
Net Pension Liability	1,260,145
Total OPEB Liability	89,773
Rent Deposits	482,554
Total Noncurrent Liabilities	6,153,970

Total Liabilities	7,060,760
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**DEFERRED INFLOWS OF RESOURCES**

Lease Related Items	5,089,228
Pension Related Items	142,950
Total Deferred Inflows of Resources	5,232,178

**NET POSITION**

Net Investment in Capital Assets	46,045,249
Restricted for Community Redevelopment	314,706
Unrestricted	2,314,532
Total Net Position	\$ 48,674,487

See accompanying Notes to Financial Statements.

**SEBRING AIRPORT AUTHORITY**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
**YEAR ENDED SEPTEMBER 30, 2024**

<b>OPERATING REVENUE</b>	
Industrial Rentals	\$ 2,527,544
Test Track Rentals	491,564
Fixed Base Operations	3,553,157
Fire Protection Fees	121,124
CRA Incremental Tax Revenue	441,001
Miscellaneous Revenue	<u>395,377</u>
Total Operating Revenue	<u>7,529,767</u>
<b>OPERATING EXPENSES</b>	
Personal Services	1,633,072
Contractual Services	378,148
Professional Services	979,555
General Operating	<u>4,219,167</u>
Total Operating Expenses	<u>7,209,942</u>
<b>OPERATING INCOME BEFORE DEPRECIATION</b>	319,825
Depreciation	<u>(2,932,410)</u>
<b>NET OPERATING LOSS</b>	(2,612,585)
<b>NONOPERATING REVENUE (EXPENSE)</b>	
Interest Income	508,747
Operating Grants	66,014
Interest Expense	(185,751)
Miscellaneous Revenue	26,257
Loss on Sale of Capital Assets	<u>(2,298)</u>
Total Nonoperating Revenue	<u>412,969</u>
<b>LOSS BEFORE CAPITAL GRANTS AND CONTRIBUTIONS</b>	(2,199,616)
Capital Grants and Contributions	<u>5,901,213</u>
<b>CHANGE IN NET POSITION</b>	3,701,597
Net Position - Beginning of Year	<u>44,972,890</u>
<b>NET POSITION - END OF YEAR</b>	<u><u>\$ 48,674,487</u></u>

See accompanying Notes to Financial Statements.

**SEBRING AIRPORT AUTHORITY  
STATEMENT OF CASH FLOWS  
YEAR ENDED SEPTEMBER 30, 2024**

**CASH FLOWS FROM OPERATING ACTIVITIES**

Receipts from Customers	\$ 4,762,510
CRA Incremental Tax Receipts	441,001
Other Receipts	395,377
Payments to Suppliers	(5,679,705)
Payments to Employees	(1,551,497)
Net Cash Used by Operating Activities	<u>(1,632,314)</u>

**CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES**

Operating Grants	66,014
Miscellaneous	26,257
Net Cash Provided by Noncapital Financing Activities	<u>92,271</u>

**CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES**

Acquisition and Construction of Capital Assets	(7,459,855)
Proceeds from Borrowings	4,308,987
Principal Payments on Borrowings	(3,004,364)
Principal Payments on Leases	(5,265)
Interest Payments on Borrowings	(185,467)
Receipts from Leasing Activities	1,676,381
Capital Grants Received	5,199,789
Net Cash Provided by Capital and Related Financing Activities	<u>530,206</u>

**CASH FLOWS FROM INVESTING ACTIVITIES**

Investment Income	<u>508,747</u>
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**NET DECREASE IN CASH AND CASH EQUIVALENTS**

(501,090)

Cash and Cash Equivalents - Beginning of Year

2,443,001

**CASH AND CASH EQUIVALENTS - END OF YEAR**

\$ 1,941,911

**RECONCILIATION OF NET OPERATING LOSS TO CASH  
USED BY OPERATING ACTIVITIES**

Net Operating Loss	\$ (2,612,585)
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See accompanying Notes to Financial Statements.

**SEBRING AIRPORT AUTHORITY  
STATEMENT OF CASH FLOWS (CONTINUED)  
YEAR ENDED SEPTEMBER 30, 2024**

**RECONCILIATION OF NET OPERATING LOSS TO CASH  
USED BY OPERATING ACTIVITIES**

Net Operating Loss	\$ (2,612,585)
Adjustments to Reconcile Net Operating Loss to Net Cash Used by Operating Activities	
Depreciation	2,932,410
(Increase) Decrease in Assets and Deferred Outflows of Resources:	
Accounts Receivable - Trade	(76,272)
Prepaid Items	(17,584)
Inventory	(25,099)
Deferred Outflows Related to Pensions	(88,498)
Increase (Decrease) in Liabilities and Deferred Inflows of Resources:	
Accounts Payable	(53,634)
Accrued Expenses	972
Compensated Absences	(13,566)
Rent Deposits	32,847
Unearned Revenue	359
Net Pension Liability	82,058
Deferred Inflows Related to Leases	(1,887,813)
Deferred Inflows Related to Pensions	57,446
Total OPEB Liability	<u>36,645</u>
 Net Cash Used by Operating Activities	 <u><u>\$ (1,632,314)</u></u>

**RECONCILIATION OF CASH AND CASH EQUIVALENTS TO  
STATEMENT OF NET POSITION**

Unrestricted Cash and Cash Equivalents	\$ 1,459,357
Restricted Cash and Cash Equivalents	<u>482,554</u>
 Total Cash and Cash Equivalents	 <u><u>\$ 1,941,911</u></u>

**SUPPLEMENTAL DISCLOSURE OF  
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES**

Capital Related Accounts Payable	\$ <u>283,676</u>
Loss on Disposal of Capital Assets	<u><u>\$ (2,298)</u></u>

See accompanying Notes to Financial Statements.

**SEBRING AIRPORT AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2024**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Reporting Entity**

Sebring Airport Authority (Authority) was created by the legislature of the state of Florida by Chapter 67-2070 (1967), for the purpose of planning, developing, and maintaining a comprehensive airport and industrial complex, and constitutes a public instrumentality. The Authority is governed by a board of seven members, and its operations consist of leasing industrial properties and airport operations.

The financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America, as applied to governmental units and present only the financial position of Sebring Airport Authority, a dependent special district of the City of Sebring, Florida (City), and not of the City as a whole. The Authority has been classified as a dependent special district of the City of Sebring, Florida, as determined by the Florida Department of Community Affairs effective October 1, 1990, for annual financial reporting purposes of Section 218.32, Florida Statutes.

As defined by accounting principles generally accepted in the United States of America established by the Governmental Accounting Standards Board (GASB), the financial reporting entity consists of the primary government, as well as all component units, which are legally separate organizations for which elected officials of the primary government are financially accountable. Financial accountability is defined as:

1. Appointment of a voting majority of the component unit's board, and either a) the ability to impose the will of the primary government, or b) the possibility that the component unit will provide a financial benefit to or impose a financial burden on the primary government; or
2. Fiscal dependency on the primary government.

Blended component units are separate legal entities that meet the component unit criteria described above and whose governing body is the same or substantially the same as the Authority Board and (1) there is a financial benefit or burden relationship between the primary government and the component unit, or (2) management of the primary government has operational responsibility for the component unit. A blended component unit provides services entirely, or almost entirely, to the primary government. The component units' funds are blended into those of the primary government by appropriate activity type to compose the primary government presentation.

The Sebring Regional Airport and Industrial Park Community Redevelopment Agency (CRA), established by County ordinance on December 17, 1996 is a legally separate entity, however, since the Authority's Board of Directors also serves as the CRA's Board, there is a financial benefit relationship and operational responsibility, and the CRA provides services entirely to the Authority, it is reported as a blended component unit.

**SEBRING AIRPORT AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2024**

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

**Fund Accounting and Measurement Focus**

The Authority operates as a single enterprise fund under the fund accounting framework of governmental accounting. Within this framework, an enterprise fund accounts for operations in a manner similar to private business enterprises where the intent of the governing body is that costs (expenses, including depreciation) of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges. The enterprise fund is accounted for on a cost of services or “capital maintenance” measurement focus. This means all assets and liabilities (whether current or noncurrent) associated with its activity are included on its statement of net position. Reported fund equity (total net position) is segregated into unrestricted, restricted, and net investment in capital assets components. The statement of revenues, expenses, and changes in net position presents increases and decreases in net position.

**Basis of Accounting**

Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. The Authority, an enterprise fund, is maintained on an accrual basis with revenues being recognized when earned and expenses recognized when incurred. Operating revenues are those revenues that are generated from the primary operations of the Authority. All other revenues are reported as nonoperating revenues. Operating expenses are those expenses that are essential to the primary operations of the Authority. All other expenses are reported as nonoperating expenses.

**Cash and Cash Equivalents**

For purposes of the statement of cash flows, the Authority considers all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents.

**Restricted Assets**

Certain assets are classified as restricted assets in the accompanying statement of net position when constraints are placed on their use by external parties or by law. Assets classified as restricted include cash and cash equivalents that represent customer deposits. When both restricted and unrestricted resources are available for use, it is the Authority’s policy to use restricted resources first, then unrestricted resources as they are needed.

**Inventory**

Inventory consists mainly of aviation fuel and is valued at the lower of cost or market determined on a first-in-first-out basis.

**SEBRING AIRPORT AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2024**

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

**Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until then. The Authority has deferred outflows for expected versus actual experience, changes in assumptions, projected versus actual earnings, changes in the proportion and differences between the Authority's contributions and proportionate share of contributions, and the Authority's contributions subsequent to the measurement date, relating to the Florida Retirement System Pension Plan and the Retiree Health Insurance Subsidy Program. Those amounts will be recognized as increases in pension expense in future years.

In addition to liabilities, the statement of net position includes a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Authority has multiple items that qualify for reporting in this category, including leases and differences between expected and actual experience, changes in assumptions, projected versus actual earnings, and changes in proportion and differences between the Authority's contributions and proportionate share of contributions, relating to the Florida Retirement System Pension Plan and the Retiree Health Insurance Subsidy Program. Those amounts will be recognized as reductions in pension expense in future years.

**Capital Assets**

Capital assets are defined by the Authority as having a minimum established cost of \$1,000 and an estimated useful life in excess of one year. Property and equipment purchased or acquired is carried at historical cost. Donated or contributed assets are recorded at estimated acquisition value. Additions, improvements, and capital outlays that significantly extend the useful life of an asset, and public domain (infrastructure) fixed assets consisting of roads and curbs, runways and wastewater systems are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred.

Right-to-use lease assets are initially measured at the present value of payments expected to be made during the lease term, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized in a systematic and rational manner over the shorter of the lease term or the useful life of the underlying asset.

**SEBRING AIRPORT AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2024**

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

**Capital Assets (Continued)**

Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Buildings	40 Years
Infrastructure	25 to 40 Years
Improvements	15 to 30 Years
Vehicles	5 to 15 Years
Equipment	3 to 10 Years

**Grants**

Grants which finance current operations and capital expenditures are recorded as nonoperating revenue and capital contributions, respectively, when earned.

**Unearned Revenue**

Unearned revenue has been recorded for rent received from tenants in advance.

**Compensated Absences**

On the employee's anniversary date, a maximum of 45 Paid-Time-Off (PTO) days may be carried over to the following 12 months; PTO days in excess of 45 days will be paid to the employee. Upon retirement or resignation with two weeks' notice, employees will receive payment for unused PTO. The amount of earned but unused PTO days estimated to be payable is accrued as a liability at year-end.

**Other Postemployment Benefits (OPEB)**

In the statement of net position, liabilities are recognized for the Authority's total OPEB liability as determined by an actuarial review of the healthcare coverage purchased by retirees to continue participation in the Authority's health plan. OPEB expense is recognized immediately for changes in the OPEB liability resulting from current year service cost, interest on the total OPEB liability, and changes of benefit terms or actuarial assumptions.

**Pensions**

In the statement of net position, liabilities are recognized for the Authority'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 Pension Plan (FRS) and the Health Insurance Subsidy (HIS) and additions to/deductions from FRS's and HIS's fiduciary net position have been determined on the same basis as they are reported by the FRS and HIS plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**SEBRING AIRPORT AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2024**

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

**Estimates**

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

**NOTE 2 CASH, CASH EQUIVALENTS, AND INVESTMENTS**

Cash and cash equivalents consist of unrestricted and restricted funds. Restricted funds represent: (1) funds received at the end of the year to cover payables related to various grant projects; and (2) lease deposits. Cash and cash equivalents as of September 30, 2024 was as follows:

Unrestricted Cash	\$ 1,459,357
Restricted Cash: Lease Deposits	482,554
Total Cash and Cash Equivalents	\$ 1,941,911
Classified as:	
Petty Cash and Demand Deposits	\$ 1,908,924
Local Government Surplus Trust Funds	32,987
Total	\$ 1,941,911

Custodial Credit Risk is the risk that in the event of a bank failure the government's deposits may not be returned to it. Bank balances of the Authority's deposits at September 30, 2024 were \$2,039,749. The Authority's monies must be deposited in banks designated as qualified public depositories by the chief financial officer, Florida Department of Financial Services. Therefore, the Authority'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 Authority 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.

**SEBRING AIRPORT AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2024**

**NOTE 2 DEPOSITS AND INVESTMENTS (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 market value adequate to cover the deposits under the provisions of this law.

The Authority invests funds throughout the year with Florida PRIME, an investment pool administered by the State Board of Administration, 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 securities which were indexed based on the prime rate and/or one and three-month London Interbank Offered Rate (LIBOR) rates. These investments represented 27.9% of Florida PRIME's portfolio at September 30, 2024.

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.

**Interest Rate Risk**

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment.

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.

**SEBRING AIRPORT AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2024**

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

**Credit Risk**

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Investments in Florida PRIME must carry an “AAAm” rating from Standard and Poor’s.

On September 30, 2024, Standard and Poor’s Ratings Services assigned the Florida PRIME an “AAAm” principal stability funding rating.

With regard to redemption gates, Chapter 218.409(8)(a), Florida Statutes, states that “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 moratorium may be extended by the executive director 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, maximum transaction amounts, or any other requirements that serve to limit a participant’s daily access to 100% of their account value.

**SEBRING AIRPORT AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2024**

**NOTE 3 CAPITAL ASSETS**

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

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Capital Assets Not Being Depreciated:</b>				
Land, Buildings, and Infrastructure	\$ 896,291	\$ -	\$ -	\$ 896,291
Construction in Progress	4,782,753	8,014,464	(12,604,420)	192,797
Total Capital Assets, Not Being Depreciated	<u>5,679,044</u>	<u>8,014,464</u>	<u>(12,604,420)</u>	<u>1,089,088</u>
<b>Capital Assets Being Depreciated:</b>				
Buildings and Infrastructure	75,758,819	11,703,042	(33,782)	87,428,079
Vehicles and Tractors	935,108	10,006	(16,695)	928,419
Machinery and Equipment	1,221,635	55,258	(308,165)	968,728
Office Furniture, Fixtures, and Equipment	361,722	77,940	(224,272)	215,390
Race Track Improvements	1,906,879	-	-	1,906,879
Total Capital Assets, Being Depreciated	<u>80,184,163</u>	<u>11,846,246</u>	<u>(582,914)</u>	<u>91,447,495</u>
<b>Less: Accumulated Depreciation</b>				
Buildings and Infrastructure	(35,812,577)	(2,751,248)	33,782	(38,530,043)
Vehicles and Tractors	(524,220)	(77,513)	15,377	(586,356)
Machinery and Equipment	(849,570)	(82,310)	307,184	(624,696)
Office Furniture, Fixtures, and Equipment	(341,126)	(16,090)	224,272	(132,944)
Race Track Improvements	(1,906,879)	-	-	(1,906,879)
Total Accumulated Depreciation	<u>(39,434,372)</u>	<u>(2,927,161)</u>	<u>580,615</u>	<u>(41,780,918)</u>
Total Capital Assets Being Depreciated, Net	40,749,791	8,919,085	(2,299)	49,666,577
<b>Right-to-Use Lease Assets:</b>				
Equipment	24,440	-	-	24,440
<b>Less: Accumulated Amortization</b>				
	(10,263)	(5,249)	-	(15,512)
Total Right-to-Use Lease Assets, Net	<u>14,177</u>	<u>(5,249)</u>	<u>-</u>	<u>8,928</u>
Total Capital Assets, Net	<u>\$ 46,443,012</u>	<u>\$ 16,928,300</u>	<u>\$ (12,606,719)</u>	<u>\$ 50,764,593</u>

The Authority has the following commitments for design, construction, or other services as of September 30, 2024:

Project	Authorization	Commitment	Expended
Reconstruct Terminal Apron Rehab Phase 2	\$ 3,793,321	\$ -	\$ 3,793,321
Stormwater Drainage Improvements	2,125,623	-	2,125,623
Terminal Apron High Mast Lighting	479,028	414,644	64,384
Wildlife Hazard Assess & Management Plan	35,958	-	35,958
Hurricane Ian Multiple Building Repairs	821,122	-	821,122
Partial Parallel Taxiway D Design	282,500	272,000	10,500
Total	<u>\$ 7,537,552</u>	<u>\$ 686,644</u>	<u>\$ 6,850,908</u>

**SEBRING AIRPORT AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2024**

**NOTE 4 LEASES RECEIVABLES**

The Authority, acting as lessor, leases industrial buildings and land under long-term, noncancelable lease agreements. The leases expire at various dates through 2054 and provide for renewal options ranging from one year to twenty years. During the year ended September 30, 2024, the Authority recognized \$1,373,024 and \$488,296 in lease revenue and interest revenue, respectively, pursuant to these contracts.

Certain leases provide for increases in future minimum annual rental payments based on defined increases in the Consumer Price Index, subject to certain minimum increases.

Future principal and interest payments to be received under lease agreements are as follows:

<u>Year Ending September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 1,332,856	\$ 408,109	\$ 1,740,965
2026	1,128,673	301,120	1,429,793
2027	639,325	232,667	871,992
2028	427,300	188,187	615,487
2029	329,782	153,005	482,787
2030 - 2034	782,572	524,364	1,306,936
2035 - 2039	425,929	274,439	700,368
2040 - 2044	230,844	140,959	371,803
2045 - 2049	89,319	83,352	172,671
2050 - 2054	156,568	32,744	189,312
Total Minimum Lease Payments	<u>\$ 5,543,168</u>	<u>\$ 2,338,946</u>	<u>\$ 7,882,114</u>

**NOTE 5 OTHER POSTEMPLOYMENT BENEFITS (OPEB)**

**Plan Description**

The Authority is obligated to make available to qualified retired employees the option to maintain coverage with the group health, life, and dental insurance plans. The Sebring Airport Authority Plan (the Plan) is a single-employer defined benefit OPEB plan. The Plan is currently being funded on a pay as you go basis. No trust fund has been established for the Plan, and there are no assets accumulated in trust for payment of benefits.

**Benefits Provided**

The Plan provides lifetime healthcare insurance for eligible employees and their spouses through the Authority's group insurance plan which covers both active and retired members. Benefit provisions are established and may be amended by the Authority's Board of Directors. The Plan provides for the retirees to contribute 100% of the cost of health insurance premiums for retirees and their spouses.

**SEBRING AIRPORT AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2024**

**NOTE 5 OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)**

**Employees Covered by Benefit Terms**

At September 30, 2024, the following employees were covered by the benefit terms:

Inactive Plan Members or Beneficiaries Currently Receiving Benefits	3
Active Plan Members	14
Total	<u>17</u>

**Total OPEB Liability**

The Authority's Total OPEB liability was measured as of September 30, 2024 and was determined by an actuarial valuation date of October 1, 2024 with no adjustments to get to the September 30, 2024 liability. The following table shows the Authority's changes in total OPEB liability for the year ended September 30, 2024.

	Total OPEB Liability
Balances - October 1, 2023	\$ 53,128
Changes for the Year:	
Service Cost	13,786
Interest	3,259
Changes in Assumptions	7,219
Differences Between Expected and Actual Experience	12,381
Net Changes	<u>36,645</u>
Balances - September 30, 2024	<u>\$ 89,773</u>

**Discount Rate Sensitivity**

The following presents the total OPEB liability of the Authority, as well as what the Authority'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:

Description	1% Decrease in Discount Rate	Discount Rate	1% Increase in Discount Rate
OPEB Plan Discount Rate	3.06 %	4.06 %	5.06 %
Total OPEB Liability	\$ 95,127	\$ 89,773	\$ 84,846

**SEBRING AIRPORT AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2024**

**NOTE 5 OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)**

**Healthcare Trend Rate Sensitivity**

The following presents the total OPEB liability of the Authority, as well as what the Authority'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:

<u>Description</u>	<u>1% Decrease in Healthcare Cost Trend Rate</u>	<u>Healthcare Cost Trend Rate</u>	<u>1% Increase in Healthcare Cost Trend Rate</u>
OPEB Plan Healthcare Cost Rate	7.00 %	8.00 %	9.00 %
Total OPEB Liability	\$ 84,021	\$ 89,773	\$ 96,136

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

For the year ended September 30, 2024, the Authority recognized OPEB expense of \$36,645. At September 30, 2024, the Authority reported no deferred outflows of resources and no deferred inflows of resources related to OPEB.

**Actuarial Assumptions**

The total OPEB liability in the September 30, 2024 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.60%
Salary Increases	3.25%, Average, Including Inflation
Healthcare Cost Trend Rates	8.00% for 2025, Decreasing to an Ultimate Rate of 4.50% for 2032 and Later Years

The actuarial cost method used was the Entry Age Normal Level Percent of Salary method.

Mortality rates were based on the SOA Pub-2010 General Headcount Weighted Mortality Table, fully generational, using Scale MP-2021 for general employees and retirees.

The discount rate used to measure the total OPEB liability was 4.06%, based on yield for 20-year tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher (or equivalent quality on another rating scale).

**SEBRING AIRPORT AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2024**

**NOTE 6 DEFINED BENEFIT PENSION PLANS**

**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 multiple-employer defined benefit pension plan, to assist retired members of any State-administered retirement system in paying the costs of health insurance.

Essentially all regular employees of the Authority 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. An annual comprehensive 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' website ([www.dms.myflorida.com](http://www.dms.myflorida.com)).

**Florida Retirement System Pension Plan**

**Plan Description**

The Florida Retirement System (FRS) Pension Plan is a cost-sharing multiple-employer 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 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.

**SEBRING AIRPORT AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2024**

**NOTE 6 DEFINED BENEFIT PENSION PLANS (CONTINUED)**

**Florida Retirement System Pension Plan (Continued)**

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

DROP, subject to provisions of Section 121.091, Florida Statutes, permits employees eligible for normal retirement under FRS Plan to defer receipt of monthly benefit payments while continuing employment with an FRS participating employer. An employee may participate in DROP for a period not to exceed 8 years after electing to participate, except that certain instructional personnel may participate for up to 10 years. During the period of DROP participation, deferred monthly benefits are held in the FRS Trust Fund and accrue interest. The net pension liability does not include amounts for DROP participants, as these members are considered retired and are not accruing additional pension benefits.

**Benefits Provided**

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

**SEBRING AIRPORT AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2024**

**NOTE 6 DEFINED BENEFIT PENSION PLANS (CONTINUED)**

**Florida Retirement System Pension Plan (Continued)**

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

As provided in Section 121.101, Florida Statutes, if the member is initially enrolled in the FRS 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%. FRS 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 Authority, effective July 1, 2023, were applied to employee salaries as follows: regular employees 11.51%, senior management 32.46%, and DROP participants 19.14%. The Authority's contributions to the FRS Plan were \$143,541 for the year ended September 30, 2024.

**SEBRING AIRPORT AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2024**

**NOTE 6 DEFINED BENEFIT PENSION PLANS (CONTINUED)**

**Florida Retirement System Pension Plan (Continued)**

**Pension Costs**

At September 30, 2024, the Authority reported a liability of \$913,075 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 Authority's proportion of the net pension liability was based on the Authority'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 Authority's proportion was 0.002360299%, which was an increase of 0.000271687% from its proportion measured as of June 30, 2023.

For the year ended September 30, 2024, the Authority recognized pension expense of \$178,794 or its proportionate share of FRS's pension expense. In addition, the Authority reported its proportionate share of FRS's deferred outflows of resources and deferred inflows of resources from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 92,245	\$ -
Changes in Actuarial Assumptions	125,145	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	(60,688)
Changes in Proportion and Differences Between Authority Contributions and Proportionate Share of Contributions	140,514	(35,194)
Authority Contributions Subsequent to the Measurement Date	36,638	-
Total	<u>\$ 394,542</u>	<u>\$ (95,882)</u>

\$36,638 reported as deferred outflows of resources related to pensions resulting from Authority contributions to the FRS Plan subsequent to the measurement date will be recognized as a reduction of the net pension liability in the 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:

Year Ending September 30,	Amount
2025	\$ 23,039
2026	184,764
2027	27,262
2028	13,783
2029	13,174
Thereafter	-

**SEBRING AIRPORT AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2024**

**NOTE 6 DEFINED BENEFIT PENSION PLANS (CONTINUED)**

**Florida Retirement System Pension Plan (Continued)**

**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% Per Year
Salary Increases	3.50%, Average, Including Inflation
Investment Rate of Return	6.70%

Mortality rates were based on the PUB-2010 base table, varies by member category and sex, projected generationally with Scale MP-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.

The long-term expected rate of return assumption of 6.70% consists of two building block components: 1) an inferred real (in excess of inflation) return of 4.20%; and 2) a long-term average annual inflation assumption of 2.40% as adopted in October 2024 by the FRS Actuarial Assumption Conference. In the opinion of the FRS consulting actuary both components and the overall 6.70% return assumption were determined to be reasonable and appropriate per Actuarial Standards of Practice. The 6.70% reported investment return assumption is the same as the investment return assumption chosen by the 2024 FRS Actuarial Assumption Conference for funding policy purposes.

For reference, the table below contains a summary of return assumptions for various asset classes based on the long-term target asset allocation. The six specific asset classes displayed are per system request and are summarized results of a more detailed market outlook model with additional asset classes. Each asset class assumption is based on a consistent set of underlying real return assumptions from Milliman's model combined with the FRS Actuarial Assumption Conference's 2.40% inflation assumption. The Milliman assumptions are not based on historical returns, but instead are based on a forward-looking capital market economic model.

<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	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 %

**SEBRING AIRPORT AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2024**

**NOTE 6 DEFINED BENEFIT PENSION PLANS (CONTINUED)**

**Florida Retirement System Pension Plan (Continued)**

**Discount Rate**

The discount rate used to measure the total pension liability was 6.7% for the FRS Plan. 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, 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 Authority'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 Authority's proportionate share of the net pension liability would be if it were calculated using a discount rate one percentage point lower or one percentage point higher than the current discount rate:

Description	1% Decrease	Current Discount Rate	1% Increase in Discount Rate
FRS Plan Discount Rate	5.70 %	6.70 %	7.70 %
Authority's Proportionate Share of the FRS Plan Net Pension Liability	\$ 1,606,066	\$ 913,075	\$ 332,547

**Pension Plan Fiduciary Net Position**

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

**Retiree Health Insurance Subsidy Program**

**Plan Description**

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

**SEBRING AIRPORT AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2024**

**NOTE 6 DEFINED BENEFIT PENSION PLANS (CONTINUED)**

**Retiree Health Insurance Subsidy Program (Continued)**

**Benefits Provided**

Eligible retirees and beneficiaries received a monthly HIS payment of \$7.50 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 112.363, Florida Statutes. To be eligible to receive a HIS Plan benefit, a retiree under a State-administered retirement system must provide proof of health insurance coverage, which may include Medicare.

**Contributions**

The HIS Plan is funded by required contributions from FRS participating employers as set by the Florida Legislature. Employer contributions are a percentage of gross compensation for all active FRS members. The contribution rate was 2% of payroll pursuant to Section 112.363, Florida Statutes. The Authority 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 Authority's contributions to the HIS Plan were \$20,387 for the year ended September 30, 2024.

**Pension Costs**

At September 30, 2024, the Authority reported a liability of \$347,071 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 Authority's proportion of the net pension liability was based on the Authority'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 Authority's proportion was 0.002313656%, which was an increase of 0.000135995% from its proportion measured as of June 30, 2023.

**SEBRING AIRPORT AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2024**

**NOTE 6 DEFINED BENEFIT PENSION PLANS (CONTINUED)**

**Retiree Health Insurance Subsidy Program (Continued)**

**Pension Costs (Continued)**

For the year ended September 30, 2024, the Authority recognized pension expense of \$36,137 for its proportionate share of HIS's pension expense. In addition, the Authority reported its proportionate share of HIS's deferred outflows of resources and deferred inflows of resources from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Economic Experience	\$ 3,351	\$ (666)
Changes in Actuarial Assumptions	6,142	(41,089)
Net Difference Between Projected and Actual Earnings on HIS Program Investments	-	(126)
Changes in Proportion and Differences Between Authority Contributions and Proportionate Share of Contributions	70,086	(5,187)
Authority Contributions Subsequent to the Measurement Date	4,904	-
Total	<u>\$ 84,483</u>	<u>\$ (47,068)</u>

\$4,904 reported as deferred outflows of resources related to pensions resulting from Authority contributions to the HIS Plan subsequent to the measurement date will be recognized as a reduction of the net pension liability in the 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:

Year Ending September 30,	Amount
2025	\$ 13,673
2026	11,152
2027	5,749
2028	1,480
2029	385
Thereafter	72

**SEBRING AIRPORT AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2024**

**NOTE 6 DEFINED BENEFIT PENSION PLANS (CONTINUED)**

**Retiree Health Insurance Subsidy Program (Continued)**

**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% Per Year
Salary Increases	3.50%, Average, Including Inflation
Municipal Bond Rate	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 3.65% 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 HIS Plan Sponsor. The Bond Buyer General Obligation 20-Bond Municipal Bond Index was adopted as the applicable municipal bond index.

**Pension Liability Sensitivity**

The following presents the Authority'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 Authority's proportionate share of the net pension liability would be if it were calculated using a discount rate one percentage point lower or one percentage point higher than the current discount rate:

Description	1% Decrease	Current Discount Rate	1% Increase in Discount Rate
HIS Plan Discount Rate	2.93 %	3.93 %	4.93 %
Authority's Proportionate Share of the HIS Plan Net Pension Liability	\$ 395,096	\$ 347,070	\$ 307,203

**Pension Plan Fiduciary Net Position**

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

**SEBRING AIRPORT AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2024**

**NOTE 6 DEFINED BENEFIT PENSION PLANS (CONTINUED)**

**Summary**

The aggregate amount of net pension liability, deferred outflows of resources, deferred inflows of resources, and pension expense for the Authority'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	FRS Plan	HIS Plan	Total
Net Pension Liability	\$ 913,075	\$ 347,070	\$ 1,260,145
Deferred Outflows of Resources			
Related to Pensions	394,542	84,483	479,025
Deferred Inflows of Resources			
Related to Pensions	95,882	47,068	142,950
Pension Expense	178,794	36,137	214,931

**NOTE 7 DEFINED CONTRIBUTION PENSION PLAN**

**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 Annual Comprehensive Financial Report.

As provided in Section 121.4501, Florida Statutes, eligible FRS members may elect to participate in the Investment Plan in lieu of the FRS defined benefit plan. Sebring Airport Authority 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.

**SEBRING AIRPORT AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2024**

**NOTE 7 DEFINED CONTRIBUTION PENSION PLAN (CONTINUED)**

**FRS Investment Plan (Continued)**

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 Sebring Airport Authority.

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 Authority's Investment Plan pension expense totaled \$109,929 for the year ended September 30, 2024. Employee contributions to the Investment Plan totaled \$13,685 for the year ended September 30, 2024.

**NOTE 8 LONG-TERM DEBT**

The summary of changes in long-term debt for the fiscal year ended September 30, 2024 is as follows:

	Balance October 1, 2023	Additions	Reductions	Balance September 30, 2024	Due Within One Year
Direct Borrowing -					
Notes Payable	\$ 3,121,494	\$ -	\$ (215,061)	\$ 2,906,433	\$ 214,304
Leases Payable	14,889	-	(5,267)	9,622	5,573
Total	<u>\$ 3,136,383</u>	<u>\$ -</u>	<u>\$ (220,328)</u>	<u>\$ 2,916,055</u>	<u>\$ 219,877</u>

**SEBRING AIRPORT AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2024**

**NOTE 8 LONG-TERM DEBT (CONTINUED)**

Notes payable at September 30, 2024 consisted of the following:

<u>Description</u>	<u>Amount</u>
<p>Direct borrowing from a financial institution for improvements to an industrial building, collateralized by assignment of rent revenues, due July 2028. Outstanding balance as of July 21, 2023 paid in monthly payments of \$4,892, including interest at 8.45%. If any event of default shall occur, all indebtedness will become immediately due and payable to the lender.</p>	<p>\$ 191,029</p>
<p>Direct borrowing from a financial institution for improvements to an industrial building, collateralized by assignment of rent revenues, with 12 months of interest only payments, followed by monthly payments of \$11,780 including interest at 4%, final payment due April 2035. If any event of default shall occur, all indebtedness will become immediately due and payable to the lender.</p>	<p>1,214,599</p>
<p>Direct borrowing from a financial institution for improvements to industrial buildings with a maximum draw down of \$3,000,000 available, collateralized by assignment of rent revenues. Beginning August 18, 2024, 60 monthly payments of principal and interest calculated on a 15-year amortization of the outstanding principal balance as of July 18, 2024 with interest based on the monthly average of the 5-year United States Treasury Bill index for July 18, 2024 plus 3.5%. Beginning August 18, 2029, 60 monthly payments of principal and interest calculated on a 10 year amortization of the outstanding principal balance as of July 18, 2029 with interest based on the monthly average of the 5-year United States Treasury Bill index for July 18, 2029 plus 3.5%.</p>	

**SEBRING AIRPORT AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2024**

**NOTE 8 LONG-TERM DEBT (CONTINUED)**

<u>Description (Continued)</u>	<u>Amount</u>
Beginning August 18, 2034, 60 monthly payments of principal and interest calculated on a five-year amortization of the outstanding principal balance as of July 18, 2034 with interest based on the 5-year United States Treasury Bill index for July 18, 2034 plus 3.5%. Upon default, the interest rate on this direct borrowing shall be increased to 18% per annum, and the entire unpaid balance and all accrued interest will be declared due to the lender.	\$ 1,413,514
Direct borrowing from a financial institution for purchase of a vehicle, with monthly payments of \$839, including interest at 7.24%, with a final payment due in January 2028.	29,129
Direct borrowing from a financial institution for purchase of a vehicle, with monthly payments of \$908, including interest at 7.24%, with a final payment due in February 2028.	32,247
Direct borrowing from a financial institution for purchase of a vehicle, with monthly payments of \$699, including interest at 7.24%, with a final payment due in April 2028.	<u>25,915</u>
Total	2,906,433
Less: Current Portion	<u>(214,304)</u>
Long-Term Portion	<u><u>\$ 2,692,129</u></u>

Annual debt service requirements as of September 30, 2024 for notes payable are as follows:

<u>Year Ending September 30,</u>	<u>Principal</u>	<u>Interest</u>
2025	\$ 214,304	\$ 170,605
2026	228,206	158,537
2027	243,930	145,616
2028	228,939	132,185
2029	1,285,958	105,461
2030 - 2034	623,877	82,950
2035 - 2039	81,219	1,101
Total	<u><u>\$ 2,906,433</u></u>	<u><u>\$ 796,455</u></u>

**SEBRING AIRPORT AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2024**

**NOTE 8 LONG-TERM DEBT (CONTINUED)**

**Lessee Arrangement**

The Entity leases equipment for various terms under long-term, noncancelable lease agreements. The leases expire at various dates through 2027.

Future principal and interest payments under lease agreements are as follows:

<u>Year Ending September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 5,573	\$ 382	\$ 5,955
2026	3,838	83	3,921
2027	211	2	213
Total Minimum Lease Payments	<u>\$ 9,622</u>	<u>\$ 467</u>	<u>\$ 10,089</u>

**NOTE 9 LINES OF CREDIT**

The Authority has a \$2,000,000 line of credit to finance grant expenditures with a commercial bank at Prime as published by the Wall Street Journal, with a minimum rate of 4.5%, secured by grant revenues. The Authority also has a \$500,000 line of credit, unsecured, for operating capital needs with a commercial bank at Prime as published by the Wall Street Journal, with a minimum rate of 5.0%.

Changes in the lines of credit for the fiscal year ended September 30, 2024 were as follows:

	<u>Balance October 1, 2023</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance September 30, 2024</u>
Line of Credit - Secured	\$ -	\$ 4,308,987	\$ (2,789,301)	\$ 1,519,686

**SEBRING AIRPORT AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2024**

**NOTE 10 CONDENSED COMBINING FINANCIAL INFORMATION**

The following condensed financial information is presented to provide additional information on the Sebring Regional Airport and Industrial Park Community Redevelopment Agency (CRA), and the U.S. Sport Aviation Institute, Inc. (Institute), blended component units of the Authority.

**Condensed Combining Statement of Net Position**

	Sebring Airport Authority	CRA	Total
<b>ASSETS</b>			
Current Assets	\$ 5,198,789	\$ 314,706	\$ 5,513,495
Net Capital Assets	50,764,593	-	50,764,593
Other Noncurrent Assets	4,210,312	-	4,210,312
Total Assets	<u>60,173,694</u>	<u>314,706</u>	<u>60,488,400</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Pension Related Items	479,025	-	479,025
<b>LIABILITIES</b>			
Current Liabilities	906,790	-	906,790
Noncurrent Liabilities	6,153,970	-	6,153,970
Total Liabilities	<u>7,060,760</u>	<u>-</u>	<u>7,060,760</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Lease Related Items	5,089,228	-	5,089,228
Pension Related Items	142,950	-	142,950
Total Deferred Inflows of Resources	<u>5,232,178</u>	<u>-</u>	<u>5,232,178</u>
<b>NET POSITION</b>			
Net Investment in Capital Assets	46,045,249	-	46,045,249
Restricted	-	314,706	314,706
Unrestricted	2,314,532	-	2,314,532
Total Net Position	<u>\$ 48,359,781</u>	<u>\$ 314,706</u>	<u>\$ 48,674,487</u>

**SEBRING AIRPORT AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2024**

**NOTE 10 CONDENSED COMBINING FINANCIAL INFORMATION (CONTINUED)**

**Condensed Combining Statement of Revenues, Expense, and Changes in Net Position**

	Sebring Airport Authority	CRA	Total
<b>OPERATING REVENUE</b>			
Industrial Rentals	\$ 2,527,544	\$ -	\$ 2,527,544
Test Track Rentals	491,564	-	491,564
Fixed Base Operations	3,553,157	-	3,553,157
Fire Protection Fees	121,124	-	121,124
CRA Incremental Tax Revenue	-	441,001	441,001
Miscellaneous Revenue	395,377	-	395,377
Total Operating Revenue	<u>7,088,766</u>	<u>441,001</u>	<u>7,529,767</u>
<b>OPERATING EXPENSES</b>			
Personal Services	1,633,072	-	1,633,072
Contractual Services	378,148	-	378,148
Professional Services	971,055	8,500	979,555
General Operating	4,216,913	2,254	4,219,167
Total Operating Expenses	<u>7,199,188</u>	<u>10,754</u>	<u>7,209,942</u>
<b>OPERATING INCOME BEFORE DEPRECIATION</b>	(110,422)	430,247	319,825
Depreciation	<u>(2,932,410)</u>	<u>-</u>	<u>(2,932,410)</u>
<b>NET OPERATING INCOME (LOSS)</b>	(3,042,832)	430,247	(2,612,585)
<b>NONOPERATING REVENUE (EXPENSE)</b>			
Interest Income	490,158	18,589	508,747
Operating Grants	66,014	-	66,014
Interest Expense	(185,751)	-	(185,751)
Miscellaneous Revenue	26,257	-	26,257
Gain on Sale of Capital Assets	(2,298)	-	(2,298)
Total Nonoperating Revenue (Expense)	<u>394,380</u>	<u>18,589</u>	<u>412,969</u>
<b>INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS</b>	(2,648,452)	448,836	(2,199,616)
Transfers In	725,112	-	725,112
Transfers Out	-	(725,112)	(725,112)
Capital Grants and Contributions	<u>5,901,213</u>	<u>-</u>	<u>5,901,213</u>
<b>CHANGE IN NET POSITION</b>	3,977,873	(276,276)	3,701,597
Net Position - Beginning of Year	<u>44,381,908</u>	<u>590,982</u>	<u>44,972,890</u>
<b>NET POSITION - END OF YEAR</b>	<u>\$ 48,359,781</u>	<u>\$ 314,706</u>	<u>\$ 48,674,487</u>

**SEBRING AIRPORT AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2024**

**NOTE 10 CONDENSED COMBINING FINANCIAL INFORMATION (CONTINUED)**

**Condensed Combining Statement of Cash Flows**

	Sebring Airport Authority	CRA	Total
Net Cash Provided (Used) by Operating Activities	\$ (2,062,561)	\$ 430,247	\$ (1,632,314)
Net Cash Provided by Noncapital Financing Activities	92,271	-	92,271
Net Cash Provided (Used) by Capital and Related Financing Activities	1,255,318	(725,112)	530,206
Net Cash Provided by Investing Activities	490,158	18,589	508,747
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	(224,814)	(276,276)	(501,090)
Cash and Cash Equivalents - Beginning of Year	1,852,019	590,982	2,443,001
<b>Cash and Cash Equivalents - End of Year</b>	<u>\$ 1,627,205</u>	<u>\$ 314,706</u>	<u>\$ 1,941,911</u>

**NOTE 11 RISK MANAGEMENT**

The Authority is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. To protect against this risk the Authority has engaged Public Risk Insurance Agency, a governmental insurance carrier, as its agent. This agency administers insurance activities relating to property, general liability, public official's and employment practices liability, automobile crime, and worker compensation. The Authority is liable for deductibles on certain coverage. Insurance settlements have not exceeded insurance coverage in any of the three prior fiscal years.

**NOTE 12 RELATED PARTY TRANSACTIONS**

A member of the Authority's Board of Directors is also a member of Heartland National Bank's Board of Directors. The Authority has deposits, a line of credit, and debt held by Heartland National Bank in the amounts of \$1,652,200, \$1,519,686, and \$1,604,543 respectively as of September 30, 2024.

**NOTE 13 COMMITMENTS, CONTINGENCIES, AND SUBSEQUENT EVENTS**

The Authority is party in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of legal counsel for the Authority, the resolution of these matters will not have a materially adverse effect on the financial condition of the Authority.

**SEBRING AIRPORT AUTHORITY  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF THE AUTHORITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY –  
FLORIDA RETIREMENT SYSTEM PENSION PLAN <sup>1</sup>  
LAST TEN MEASUREMENT PERIODS**

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Authority's Proportion of the Net Pension Liability	0.002360299%	0.002088612%	0.002279024%	0.001872208%	0.001675476%	0.001714629%	0.001616574%	0.001457265%	0.001724597%	0.001768396%
Authority's Proportionate Share of the Net Pension Liability	\$ 913,075	\$ 832,245	\$ 847,980	\$ 141,424	\$ 726,176	\$ 590,494	\$ 486,920	\$ 431,049	\$ 435,462	\$ 228,412
Authority's Covered Payroll	\$ 979,167	\$ 875,837	\$ 767,053	\$ 591,616	\$ 429,551	\$ 472,524	\$ 419,435	\$ 367,444	\$ 346,048	\$ 350,588
Authority's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	93.25 %	95.02 %	110.55 %	23.90 %	169.05 %	124.97 %	116.09 %	117.31 %	125.84 %	65.15 %
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	83.70 %	82.38 %	82.89 %	94.40 %	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.

**SEBRING AIRPORT AUTHORITY  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF THE AUTHORITY'S CONTRIBUTIONS –  
FLORIDA RETIREMENT SYSTEM PENSION PLAN <sup>1</sup>  
LAST TEN FISCAL YEARS**

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually Required Contribution	\$ 143,541	\$ 99,713	\$ 97,504	\$ 76,590	\$ 61,399	\$ 53,479	\$ 73,499	\$ 13,838	\$ 44,618	\$ 39,240
Contributions in Relation to the Contractually Required Contribution	(143,541)	(99,713)	97,504	(76,590)	(61,399)	(53,479)	(73,499)	(13,838)	(44,618)	(39,240)
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Authority's Covered Payroll	\$ 1,019,083	\$ 858,764	\$ 793,459	\$ 624,058	\$ 477,962	\$ 458,655	\$ 445,306	\$ 392,244	\$ 344,392	\$ 330,241
Contributions as a Percentage of Covered Payroll	14.09 %	11.61 %	12.29 %	12.27 %	12.85 %	11.66 %	16.51 %	3.53 %	12.96 %	11.88 %

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

**SEBRING AIRPORT AUTHORITY  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF THE AUTHORITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY –  
HEALTH INSURANCE SUBSIDY PLAN <sup>1</sup>  
LAST TEN MEASUREMENT PERIODS**

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Authority's Proportion of the Net Pension Liability	0.002313656%	0.002177661%	0.002105054%	0.001657490%	0.001253851%	0.001412823%	0.001369415%	0.001088064%	0.001120965%	0.001155592%
Liability	\$ 347,070	\$ 345,842	\$ 222,959	\$ 203,316	\$ 153,093	\$ 158,082	\$ 144,941	\$ 116,341	\$ 130,643	\$ 117,852
Authority's Covered Payroll	\$ 979,167	\$ 875,837	\$ 767,053	\$ 591,616	\$ 429,551	\$ 472,524	\$ 419,435	\$ 367,444	\$ 346,048	\$ 350,588
Liability (Asset) as a Percentage of its Covered Payroll	35.45 %	39.49 %	29.07 %	34.37 %	35.64 %	33.45 %	34.56 %	31.66 %	37.75 %	33.62 %
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 %	0.50 %

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

**SEBRING AIRPORT AUTHORITY  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF THE AUTHORITY'S CONTRIBUTIONS –  
HEALTH INSURANCE SUBSIDY PLAN <sup>1</sup>  
LAST TEN FISCAL YEARS**

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually Required Contribution	\$ 20,386	\$ 14,740	\$ 13,175	\$ 10,282	\$ 7,931	\$ 7,596	\$ 7,393	\$ 6,632	\$ 5,719	\$ 4,508
Contributions in Relation to the Contractually Required Contribution	<u>(20,386)</u>	<u>(14,740)</u>	<u>(13,175)</u>	<u>(10,282)</u>	<u>(7,931)</u>	<u>(7,596)</u>	<u>(7,393)</u>	<u>(6,632)</u>	<u>(5,719)</u>	<u>(4,508)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Authority's Covered Payroll	\$ 1,019,083	\$ 858,764	\$ 793,459	\$ 624,058	\$ 477,962	\$ 458,655	\$ 445,306	\$ 392,244	\$ 344,392	\$ 330,241
Contributions as a Percentage of Covered Payroll	2.00 %	1.72 %	1.66 %	1.65 %	1.66 %	1.66 %	1.66 %	1.69 %	1.66 %	1.37 %

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

**SEBRING AIRPORT AUTHORITY  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF CHANGES IN THE AUTHORITY'S  
TOTAL OPEB LIABILITY AND RELATED RATIOS <sup>1</sup>  
LAST TEN MEASUREMENT PERIODS**

	2024	2023	2022	2021	2020	2019	2018
Total OPEB Liability							
Service Cost	\$ 13,786	\$ 14,514	\$ 5,947	\$ 5,900	\$ 3,641	\$ 2,778	\$ 3,814
Interest	3,259	2,967	655	568	685	504	1,288
Changes of Benefit Terms	-	-	-	-	-	-	-
Difference Between Expected and Actual Experience	12,381	(278)	23,659	(3,104)	(2,739)	2,429	(25,286)
Changes of Assumptions	7,219	(11,758)	(3,580)	(18)	570	416	190
Benefit Payments	-	-	-	-	-	-	(4,548)
Net Change in Total OPEB Liability	36,645	5,445	26,681	3,346	2,157	6,127	(24,542)
Total OPEB Liability - Beginning	53,128	47,683	21,002	17,656	15,499	9,372	33,914
Total OPEB Liability - Ending	<u>\$ 89,773</u>	<u>\$ 53,128</u>	<u>\$ 47,683</u>	<u>\$ 21,002</u>	<u>\$ 17,656</u>	<u>\$ 15,499</u>	<u>\$ 9,372</u>
Covered Employee Payroll	\$ 962,875	\$ 809,057	\$ 740,242	\$ 562,365	\$ 512,432	\$ 410,334	\$ 397,418
Total OPEB Liability as a Percentage of the Covered Employee Payroll	9.32 %	6.57 %	6.44 %	3.73 %	3.45 %	3.78 %	2.36 %

<sup>1</sup> Information is required to be presented for 10 years. However, until a full 10-year trend is compiled, the Authority will present information for only those years for which information is available.

**SEBRING AIRPORT AUTHORITY  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF CHANGES IN THE AUTHORITY'S  
TOTAL OPEB LIABILITY AND RELATED RATIOS <sup>1</sup> (CONTINUED)  
YEAR ENDED SEPTEMBER 30, 2024**

**Notes to Schedule**

Benefit Changes

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

Changes of Assumptions

For the measurement date September 30, 2024, the following were updated:

- Discount rate as of the measurement date was updated to 4.06%.
- Health care trend rates have been reset to an initial rate of 8.0%, decreasing by 0.5% annually to an ultimate trend of 4.5%.
- Salary increase scales have been updated to match the FRS actuarial valuation as of July 1, 2023.

For the measurement date September 30, 2023, the following were updated:

- Discount rate as of the measurement date was updated to 4.87%.

For the measurement date September 30, 2022, the following were updated:

- Discount rate as of the measurement date was updated to 4.77%.
- Mortality table was updated from using improvement Scale MP-2020 to Scale MP-2021.
- Health care trend rates have been reset to an initial rate of 7.5%, decreasing by 0.5% annually to an ultimate trend of 4.5%.
- Salary increase scales have been updated to match the FRS actuarial valuation as of July 1, 2021.

For the measurement date September 30, 2021, the following were updated:

- Discount rate as of the measurement date was updated to 2.43%.

For the measurement date September 30, 2020, the following were updated:

- Discount rate as of the measurement date was updated to 2.41%.
- Mortality table was updated from SOA RPH-2017 Total Dataset Mortality Table fully generational using Scale MP-2017 to SOA PUB -201 General Headcount Weighted Mortality Table fully generational using Scale MP-2020.
- Turnover assumptions were updated to match the FRS actuarial valuation as of July 1, 2019.
- Health care trend rates have been reset to an initial rate of 8.0%, decreasing by 0.5% annually to an ultimate trend of 4.5%.
- Salary increase scales have been updated to match the FRS actuarial valuation as of July 1, 2019.

**SEBRING AIRPORT AUTHORITY  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF CHANGES IN THE AUTHORITY'S  
TOTAL OPEB LIABILITY AND RELATED RATIOS <sup>1</sup> (CONTINUED)  
YEAR ENDED SEPTEMBER 30, 2024**

Changes of Assumptions (Continued)

For the measurement date September 30, 2019, the following were updated:

- Discount rate as of the measurement date was updated to 3.58%.
- Actuarial cost method was updated from Projected Unit Credit with linear proration to decrement to Entry Age Normal Level Percentage of Salary.
- The salary assumption was updated from 3.0% per year to match that of the FRS actuarial valuation as of July 1, 2017.

## **COMMUNITY REDEVELOPMENT AGENCY**

Following is a schedule of deposits and withdrawals as required by Section 163.387(8), Florida Statutes. This schedule provides a source for all deposits and a purpose for all withdrawals for the fiscal year ended September 30, 2024.

**SEBRING AIRPORT AUTHORITY  
SCHEDULE OF REVENUES, EXPENSES,  
AND CHANGES IN NET POSITION – CRA FUND  
YEAR ENDED SEPTEMBER 30, 2024**

	CRA
<b>REVENUES</b>	
CRA Incremental Tax Revenue	\$ 441,001
Interest Income	18,589
Total Revenues	459,590
<b>EXPENSES</b>	
Professional Services	8,500
General Operating and Project Assistance	727,366
Total Expenses	735,866
<b>NET CHANGE IN NET POSITION</b>	(276,276)
Net Position - Beginning of Year	590,982
<b>NET POSITION - END OF YEAR</b>	\$ 314,706

**SEBRING AIRPORT AUTHORITY  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED SEPTEMBER 30, 2024**

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
<b>FEDERAL AWARDS</b>				
<b>Federal Aviation Administration</b>				
Airport Improvement Program	20.106		\$ -	\$ 10,220
Total Federal Aviation Administration			<u>-</u>	<u>10,220</u>
<b>Federal Emergency Management Agency</b>				
Passed Through Florida Division of Emergency Management Hurricane Ian Cat E	97.036	Z3444	-	63,638
Total Federal Emergency Management Agency			<u>-</u>	<u>63,638</u>
<b>Economic Development Administration</b>				
Stormwater Drainage Improvement Program	11.300		-	1,700,498
Total Economic Development Administration			<u>-</u>	<u>1,700,498</u>
Total Expenditures of Federal Awards			<u>\$ -</u>	<u>\$ 1,774,356</u>

See accompanying Notes to Schedule of Expenditures of Federal Awards.

**SEBRING AIRPORT AUTHORITY  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED SEPTEMBER 30, 2024**

**NOTE 1 BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Sebring Airport Authority (the Authority) under programs of the federal government for the year ended September 30, 2024. The information in this Schedule is presented in accordance with the requirements of 2 CFR Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*. Because the Schedule presents only a selected portion of the operations of the Authority, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Authority.

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

**NOTE 3 INDIRECT COST RATE**

The Authority has not elected to use the 10% de minimis indirect cost rate.



**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**

Board of Directors  
Sebring Airport Authority  
Sebring, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Sebring Airport Authority (the Authority), as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated April 18, 2025.

**Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Authority'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 Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

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

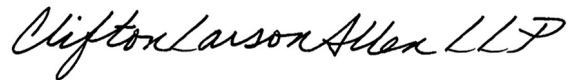
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

**Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Authority’s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

***Purpose of This Report***

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



**CliftonLarsonAllen LLP**

Sebring, Florida  
April 18, 2025



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR  
FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE  
REQUIRED BY THE UNIFORM GUIDANCE**

Board of Directors  
Sebring Airport Authority  
Sebring, Florida

**Report on Compliance for Each Major Federal Program**

***Opinion on Each Major Federal Program***

We have audited Sebring Airport Authority's (the Authority), compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the Authority's major federal programs for the year ended September 30, 2024. The Authority's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Authority complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2024.

***Basis for Opinion on Each Major Federal Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Authority and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Authority's compliance with the compliance requirements referred to above.

***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the Authority's federal programs.

### ***Auditors' Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Authority's compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Authority's compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Authority's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Authority's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

### **Report on Internal Control Over Compliance**

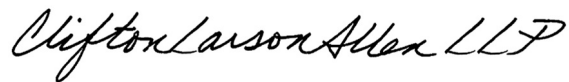
*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement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

Board of Directors  
Sebring Airport Authority

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



**CliftonLarsonAllen LLP**

Sebring, Florida  
April 18, 2025

**SEBRING AIRPORT AUTHORITY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED SEPTEMBER 30, 2024**

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**Section I – Summary of Auditors’ Results**

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**Financial Statements**

1. Type of auditors’ report issued: Unmodified
2. Internal control over financial reporting:
- Material weakness(es) identified? \_\_\_\_\_ yes        x   no
  - Significant deficiency(ies) identified? \_\_\_\_\_ yes        x   none reported
3. Noncompliance material to financial statements noted? \_\_\_\_\_ yes        x   no

**Federal Awards**

1. Internal control over major federal programs:
- Material weakness(es) identified? \_\_\_\_\_ yes        x   no
  - Significant deficiency(ies) identified? \_\_\_\_\_ yes        x   none reported
2. Type of auditors’ report issued on compliance for major federal programs: Unmodified
1. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? \_\_\_\_\_ yes        x   no

**Identification of Major Federal Programs**

**Assistance Listing Number**

11.300

**Name of Federal Program or Cluster**

Stormwater Drainage Improvements

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

\$   750,000  

Auditee qualified as low-risk auditee?

\_\_\_\_\_ Yes        x   No

**SEBRING AIRPORT AUTHORITY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
YEAR ENDED SEPTEMBER 30, 2024**

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***Section II – Financial Statement Findings***

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Our audit did not disclose any matters required to be reported in accordance with *Government Auditing Standards*.

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***Section III – Findings and Questioned Costs – Major Federal Programs***

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Our audit did not disclose any matters required to be reported in accordance with 2 CFR 200.516(a).



## MANAGEMENT LETTER

Board of Directors  
Sebring Airport Authority  
Sebring, Florida

### Report on the Financial Statements

We have audited the financial statements of the Sebring Airport Authority (the Authority), as of and for the fiscal year ended September 30, 2024, and have issued our report thereon dated April 18, 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; the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) 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 Financial Statements Performed in Accordance with *Government Auditing Standards*; Independent Auditor's Report on Compliance for Each Major Federal Program and Report on Internal Control over Compliance; Schedule of Findings and Questioned Costs; 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 April 18, 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 recommendations made in the preceding financial audit report.

### Official Title and Legal Authority

Section 10.554(1)(i)4., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. Information regarding the specific legal authority for the entity and each component unit is contained in 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 Authority has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and to identify the specific conditions(s) met. In connection with our audit, we determined that the Authority did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

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

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**

As required by 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 within the Authority's geographical boundaries during the fiscal year under audit. A PACE program was available in Highlands County but the Authority is not participating and are not aware of any tenants participating in the program.

### **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, within the audited financial statements of the county, municipality, or special district in accordance with Section 218.39(3)(b), Florida Statutes. In connection with our audit, we 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.

### Special District Specific Information

As required by Section 218.39(3)(c), Florida Statutes, and Section 10.554(1)(i)7, Rules of the Auditor General, the Authority reported:

- a. The total number of district employees compensated in the last pay period of the Authority's fiscal year as: 14.
- b. The total number of independent contractors to whom nonemployee compensation was paid in the last month of the Authority's fiscal year as 1.
- c. All compensation earned by or awarded to employees, whether paid or accrued, regardless of contingency as: \$1,049,981.
- d. All compensation earned by or awarded to nonemployee independent contractors, whether paid or accrued, regardless of contingency as \$9,580.
- e. Each construction project with a total cost of at least \$65,000 approved by the district that is scheduled to begin on or after October 1 of the fiscal year being reported, together with the total expenditures for such project as:
  - Terminal Apron Rehab Construction Phase II – Expenditures – \$3,793,321
  - Stormwater Drainage Improvements – Expenditures – \$2,125,623
  - CRA/SAA Interlocal Agreement – Hurricane Ian Multiple Building Repairs – Building 735 Roof – CRA Contribution \$395,000 – Expenditures – \$417,150
  - CRA/SAA Interlocal Agreement – Hurricane Ian Multiple Building Repairs – Building 727 Roof – CRA Contribution \$330,275 – Expenditures – \$343,267
- f. A budget variance based on the budget adopted under Section 189.016(4), Florida Statutes, before the beginning of the fiscal year being reported if the district amends a final adopted budget under Section 189.016(6), Florida Statutes, as: \$378,405.
  - Beginning Budgeted Reserves – \$313,087
  - Final Budgeted Reserves - \$691,492

### Additional Matters

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

Board of Directors  
Sebring Airport Authority

**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, the Authority's Board of Directors and applicable management, and is not intended to be, and should not be, used by anyone other than these specified parties.

*CliftonLarsonAllen LLP*

**CliftonLarsonAllen LLP**

Sebring, Florida  
April 18, 2025



## INDEPENDENT ACCOUNTANTS' REPORT

Sebring Airport Authority and  
the Florida Auditor General  
Sebring, Florida

We have examined the Sebring Airport Authority's (the Authority) compliance with Section 218.415, Florida Statutes, regarding the investment of public funds during the year ended September 30, 2024. Management of the Authority is responsible for the Authority's compliance with the specified requirements. Our responsibility is to express an opinion on the Authority'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 Authority complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the Authority complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgment, 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 other ethical responsibilities in accordance with relevant ethical requirements relating to the engagement.

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

In our opinion, the Authority 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 Authority 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  
April 18, 2025



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