CITY OF SEBRING, FLORIDA

FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

YEAR ENDED SEPTEMBER 30, 2025

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INDEPENDENT AUDITORS' REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Sebring, Florida (the City), as of and for the year ended September 30, 2025, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City, as of September 30, 2025, and the respective changes in financial position, and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund and Infrastructure Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Emphasis of Matter – Change in Accounting Principle

As discussed in Note 18 to the financial statements, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences*, effective for the fiscal year ended September 30, 2025. GASB 101 requires liabilities to be recognized for leave attributable to services already rendered, that accumulates and is more likely than not to be used or otherwise paid or settled. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, information on other postemployment benefits, and information on pension benefits be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual fund financial statements and schedules and the schedule of expenditures of state financial assistance as required by Chapter 10.550, *Local Governmental Entity Audits*, Rules of the Auditor General of the State of Florida, 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 combining and individual fund financial statements and schedules and the schedule of expenditures of state financial assistance 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 June 29, 2026, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Lakeland, Florida
June 29, 2026

CITY OF SEBRING, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2025

The City of Sebring's (the City) discussion and analysis is designed to (a) assist the reader in focusing on significant financial issues, (b) provide an overview of the City's financial activity, (c) identify changes in the City's financial position (its ability to address the next and subsequent year challenges), (d) identify any material deviations from the financial plan (the approved budget), and (e) identify individual fund issues or concerns.

FINANCIAL HIGHLIGHTS

- At the close of fiscal year 2025, the City of Sebring's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources by $83,374,826 (total net position). Of this amount, $51,864,606 represents the City's net investment in capital assets, $9,051,024 is restricted by laws or capital projects and the remaining $22,459,196 (unrestricted net position) may be used to meet the City's ongoing obligations to citizens and creditors.

- The City's total net position increased $11,464,749 from its current year activity. Governmental activities increased $6,413,641 and Business-type activities increased $5,051,108.

- The City's total assets increased $8,329,054 (8.37%) during the current fiscal year, due to increases in cash and cash equivalents, receivables and capital assets.

- The City's total liabilities decreased $5,257,483 (17.56%) during the current fiscal year. The governmental activities total liabilities decreased $4,545,795. The decrease was primarily due to a decrease in net pension liability of $5,750,510 based on actuarial valuations. Business-type activities total liabilities decreased $711,688, primarily due to a decrease in net pension liability of $707,658.

- The City's governmental activities reported a total net position of $25,795,372, which is an increase of $6,413,641, or 33.09%, in comparison to the prior year. Approximately (0.63%) of the total, or $(162,198) is unrestricted and available for spending at the City's discretion.

- The City's business-type activities reported a total net position of $57,579,454 which is an increase of $5,051,108, or 9.62%, in comparison to the prior year. Approximately 39.29% of the total, or $22,621,394 is unrestricted and available for spending at the City's discretion.

- As of September 30, 2025, the City's governmental funds reported combined ending fund balances of $19,269,349, an increase of $240,110 (1.26%) from the prior year. The General Fund reported Fund Balance of $10,405,339, of which $66,425 was nonspendable due to prepaid items, $59,014 was restricted for law enforcement purposes, $1,234,806 was assigned for cemetery care, and $1,168,900 was assigned to support the subsequent year's budget. The remaining $7,876,194 in unassigned fund balance was available for spending at the City's discretion.

OVERVIEW OF THE FINANCIAL STATEMENTS

The financial statement's focus is on both the City as a whole (government-wide) and on the major individual funds. Both perspectives (government-wide and major funds) allow the user to address relevant questions, broaden a basis for comparison (year to year or government to government) and enhance the City's accountability. This discussion and analysis are intended to serve as an introduction to the City of Sebring's basic financial statements, which are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements.

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business. The focus is on "activities," rather than the previous model's "fund types." All information is presented utilizing the economic resource measurement focus and the accrual basis of accounting. This method matches revenues and expenses to the period in which the revenue is earned, and the expense incurred.

The *Statement of Net Position* presents information on all of the City's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference reported as net position. The unrestricted portion of net position is designed to be similar to bottom line results for private sector companies. This statement combines and consolidates governmental fund current resources (short-term spendable resources) with capital assets and long-term obligations.

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

Each of these government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government, public safety (law enforcement, fire control, and building, zoning and planning), physical environment, transportation, economic environment, and culture and recreation. The statement of net position for governmental activities also includes the assets, deferred outflows, liabilities, deferred inflows, and net position of the internal service funds. The business-type activities of the City consist of a water and wastewater system operation, a solid waste collection operation, and a golf course.

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

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

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over the resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds. Traditional users of governmental financial statements will find the fund financial statements presentation most familiar.

Governmental Funds: Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the governmentwide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the City's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the City's near-term financing decisions. Both the governmental fund *Balance Sheet* and the governmental fund *Statement of Revenues, Expenditures and Changes in Fund Balances* provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains three individual governmental funds. Information is presented separately in the governmental funds *Balance Sheet* and in the governmental funds *Statement of Revenues, Expenditures and Changes in Fund Balances* for the General Fund and Infrastructure Fund. The General Fund and Infrastructure funds are considered major funds and the Truist Memorial Park fund is considered a nonmajor fund.

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

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

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

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

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

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

Fiduciary Funds: Fiduciary funds are used to account for resources held for the benefit of parties outside the City. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. The accounting used for pension trust fund types and private purpose trust fund types is much like that used for proprietary funds. Individual fund data for the pension trust funds is provided in Note 14 to the Notes to Basic Financial Statements.

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

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

Statement of Net Position

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. For the current year, the City's assets and deferred outflows exceeded liabilities and deferred inflows by $83,374,826.

The following table reflects a condensed Statement of Net Position for the current year as compared to the prior year. For more detailed information, see the Statement of Net Position on page 16.

Statement of Net Position (Summary)
September 30, 2025 and 2024

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2025	2024	2025	2024	2025	2024
Assets:						
Current and Other Assets	$ 22,738,332	$ 21,761,071	$ 29,800,931	$ 26,104,415	$ 52,539,263	$ 47,865,486
Capital Assets, Net	19,069,691	16,500,323	36,233,705	35,147,796	55,303,396	51,648,119
Total Assets	41,808,023	38,261,394	66,034,636	61,252,211	107,842,659	99,513,605
Deferred Outflows of Resources	3,173,543	5,061,582	882,900	1,093,824	4,056,443	6,155,406
Liabilities:						
Long-Term Liabilities	13,847,497	19,264,177	4,641,686	5,335,191	18,489,183	24,599,368
Current and Other Liabilities	2,107,676	1,236,791	4,092,958	4,111,141	6,200,634	5,347,932
Total Liabilities	15,955,173	20,500,968	8,734,644	9,446,332	24,689,817	29,947,300
Deferred Inflows of Resources	3,231,021	3,440,277	603,438	371,357	3,834,459	3,811,634
Net Position:						
Net Investment in Capital Assets	17,004,709	15,255,370	34,859,897	33,896,371	51,864,606	49,151,741
Restricted	8,952,861	7,878,906	98,163	75,875	9,051,024	7,954,781
Unrestricted	(162,198)	(3,752,545)	22,621,394	18,556,100	22,459,196	14,803,555
Total Net Position	$ 25,795,372	$ 19,381,731	$ 57,579,454	$ 52,528,346	$ 83,374,826	$ 71,910,077

By far the largest portion of the City's net position, $51,864,606 (62.21%) reflects its investment in capital assets (e.g., land, buildings, improvements, infrastructure, and vehicles and equipment) less any related outstanding debt used to acquire those assets. The City uses these assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate and pay for these liabilities.

An additional portion of the City's net position in the amount of $9,051,024 (10.86%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of $22,459,196 (26.94%) is unrestricted and may be used to meet the City's ongoing obligations to citizens and creditors.

At September 30, 2025, the City is able to report positive balances in all three categories of net position, for the City as a whole. The same situation held true for the prior fiscal year.

Current and other assets increased by $8,329,054, which was due primarily to an increase in cash and cash equivalents of $4,349,497, an increase in due from other governments of $549,170 and an increase in capital assets of $3,655,277.

Overall, total net position increased $11,464,749 and net investment in capital assets increased $2,712,765, restricted for law enforcement, debt service reserve and infrastructure increased $1,096,243 and unrestricted increased $7,655,641.

CITY OF SEBRING, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2025

Statement of Activities

The following table reflects a condensed Statement of Activities for the current year as compared to the prior year. For more detailed information, see the Statement of Activities on page 17.

Changes in Net Position (Summary)
Years Ended September 30, 2025 and 2024

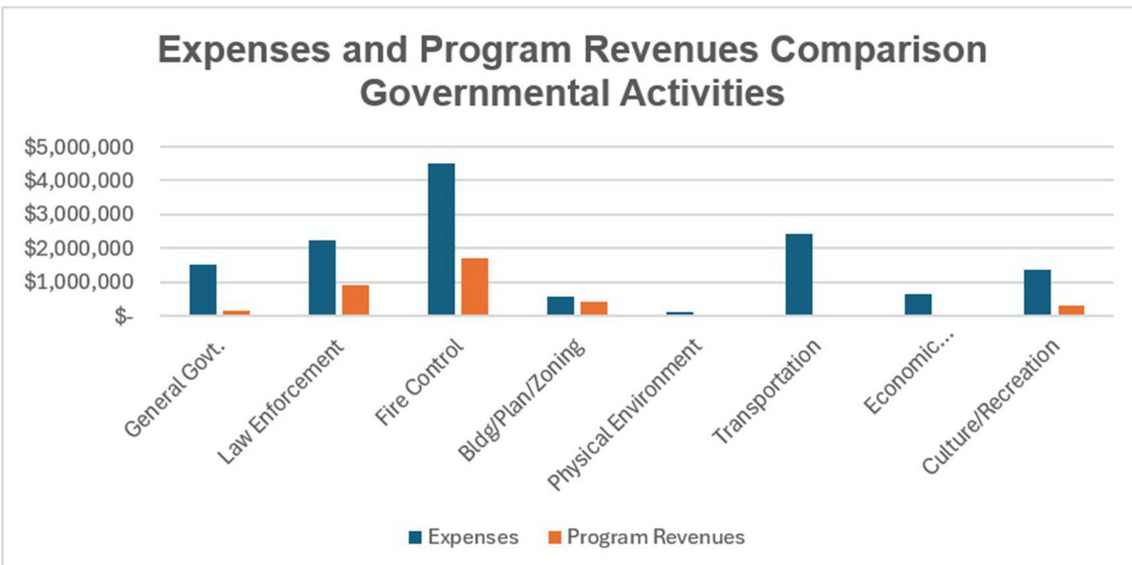
	Governmental Activities		Business-Type Activities		Total Primary Government	
	2025	2024	2025	2024	2025	2024
Revenues:						
Program Revenues:						
Charges for Services	$ 2,786,734	$ 2,645,201	$ 17,966,735	$ 16,967,008	$ 20,753,469	$ 19,612,209
Operating Grants and Contributions	474,755	760,349	696,727	149,163	1,171,482	909,512
Capital Grants and Contributions	431,918	54,223	1,210,368	829,987	1,642,286	884,210
General Revenues:						
Property Taxes	6,498,925	5,985,522	-	-	6,498,925	5,985,522
Other Taxes	5,055,126	4,178,099	-	-	5,055,126	4,178,099
Other	3,792,459	3,954,516	1,082,605	1,084,452	4,875,064	5,038,968
Total Revenues	19,039,917	17,577,910	20,956,435	19,030,610	39,996,352	36,608,520
Expenses:						
General Government	1,542,270	1,484,599	-	-	1,542,270	1,484,599
Public Safety	7,318,062	9,028,846	-	-	7,318,062	9,028,846
Physical Environment	110,709	153,756	-	-	110,709	153,756
Transportation	2,425,403	2,387,462	-	-	2,425,403	2,387,462
Economic Environment	639,921	587,844	-	-	639,921	587,844
Culture and Recreation	1,372,291	1,057,538	-	-	1,372,291	1,057,538
Water	-	-	6,209,778	5,154,707	6,209,778	5,154,707
Wastewater	-	-	4,709,906	4,665,480	4,709,906	4,665,480
Solid Waste	-	-	2,782,160	2,488,274	2,782,160	2,488,274
Golf Course	-	-	1,275,267	1,142,015	1,275,267	1,142,015
Total Expenses	13,408,656	14,700,045	14,977,111	13,450,476	28,385,767	28,150,521
Change in Net Position Before Transfers	5,631,261	2,877,865	5,979,324	5,580,134	11,610,585	8,457,999
Transfers	883,269	(506,076)	(883,269)	506,076	-	-
Change in Net Position After Transfers	6,514,530	2,371,789	5,096,055	6,086,210	11,610,585	8,457,999
Net Position - Beginning, as Previously Reported	19,381,731	17,009,942	52,528,346	46,442,136	71,910,077	63,452,078
Prior Period Adjustment (See Note 17)	(100,889)	-	(44,947)	-	(145,836)	-
Net Position - Beginning of Year	19,280,842	17,009,942	52,483,399	46,442,136	71,764,241	63,452,078
Net Position – End of Year	$ 25,795,372	$ 19,381,731	$ 57,579,454	$ 52,528,346	$ 83,374,826	$ 71,910,077

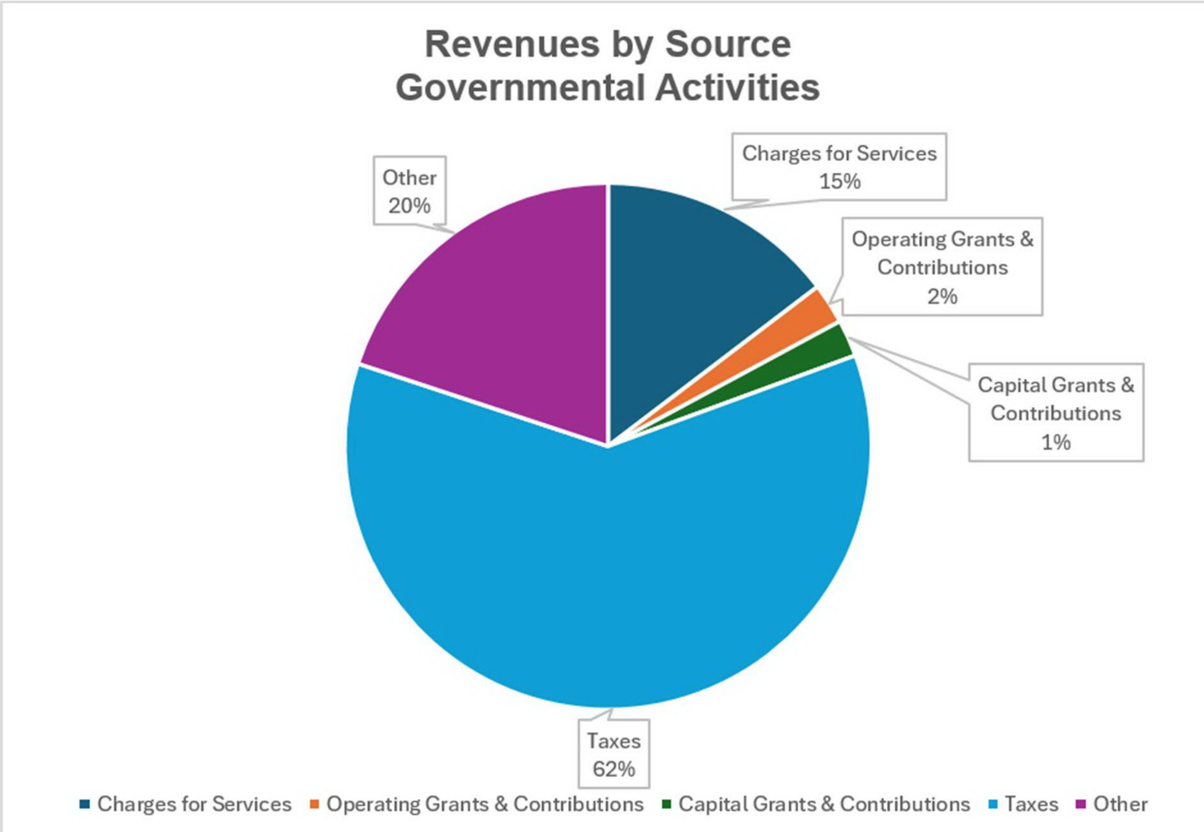
Governmental Activities

Total program revenues increased $233,634 from the prior year for a total of $3,693,407. The most significant revenue in program services is from charges for services of $2,786,734, operating grants and contributions of $474,755, and then capital grants and contributions of $431,918. Charges for services include $174,066 in general government, $2,483,050 in public safety charges, $31,350 in physical environment, $65,103 in transportation, and $33,165 in culture/recreation. Operating grants and contributions decreased $285,594 to $474,755 from $760,349 primarily due to an decrease in funding received for recreation improvements.

Governmental activities expenses decreased $1,291,389 from prior year for a total of $13,408,656. The most significant governmental activity expense is public safety which includes law enforcement $2,228,918, fire control $4,514,215, and building, zoning and planning $574,929.

Overall, governmental activities increased the City's net position by $6,514,530.





Business-Type Activities

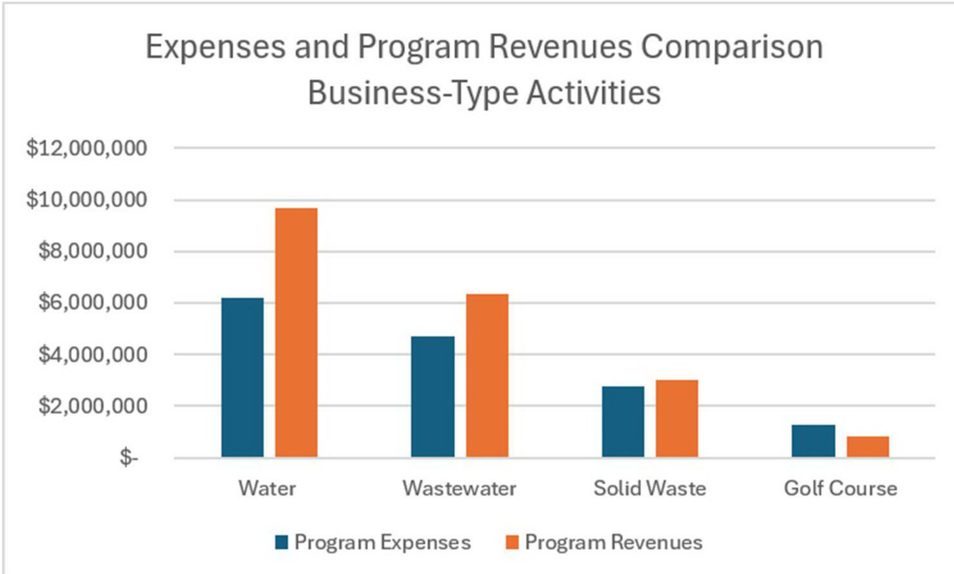
Total program revenues of the City's business-type activities were $19,873,830 an increase of $1,927,672 or 11% from the prior year. The increase is primarily due to an increase in the number of customers serviced by the City and rate increases. Total expenses were $14,977,111, a increase of $1,526,635 or 11% from the prior year.

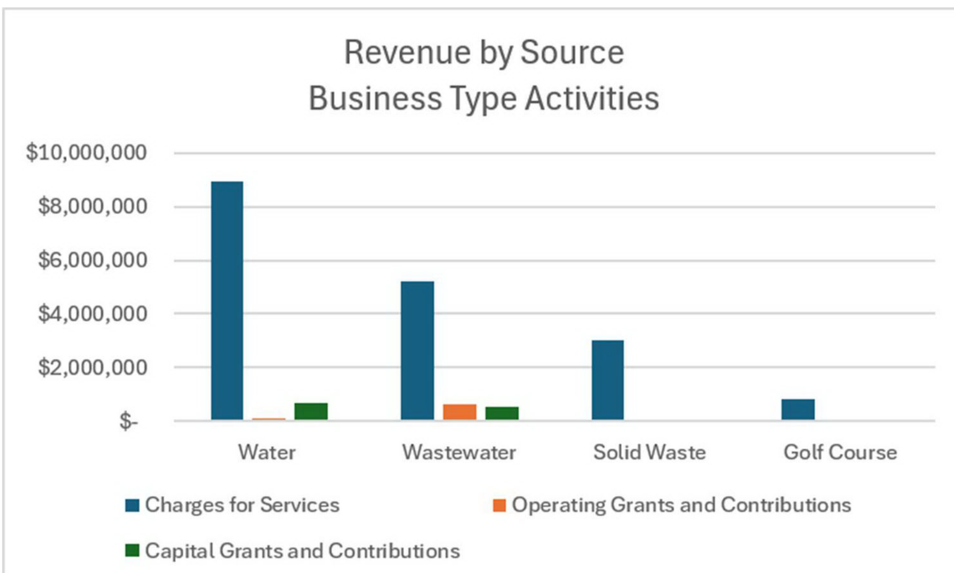
The Water and Wastewater Fund reflected an operating income of $3,364,840, which was an decrease from the prior year of $280,366. After including nonoperating revenues and expenses and transfers in/out, the change in net position was $5,107,109.

The Solid Waste Fund reflected an operating income of $213,856 which was an decrease from the prior year of $188,499. After including nonoperating revenues and expenses and transfers in, the solid waste operation reflected a total increase in net position of $357,469.

The Golf Course Fund reflected an operating loss of $433,913, which was a decrease from the prior year of $33,642. After including other nonoperating items and transfers in, the golf course operation reflected a total decrease in net position of $323,373.

Overall, business-type activities increased the City's net position by $5,141,205, which was an decrease of $773,355 when compared to the prior year.


Expenses and Program Revenues Comparison
Business-Type Activities
$12,000,000
$10,000,000
$8,000,000
$6,000,000
$4,000,000
$2,000,000
$-
Water
Wastewater
Solid Waste
Golf Course
Program Expenses
Program Revenues


Revenue by Source
Business Type Activities
$10,000,000
$8,000,000
$6,000,000
$4,000,000
$2,000,000
$-
Water
Wastewater
Solid Waste
Golf Course
Charges for Services
Operating Grants and Contributions
Capital Grants and Contributions

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds: The focus of the City's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of September 30, 2025, the City's governmental funds reported combined ending fund balances of $19,269,349, an increase of $240,110 in comparison with the prior year. Approximately 41% of this total amount, $7,876,194, constitutes unassigned fund balance, which is available for spending at the City's discretion. The remainder of fund balance, $11,180,879 is nonspendable, restricted, or assigned to indicate that it is not available for new spending.

The General Fund is the chief operating fund of the City. On September 30, 2025, the unassigned fund balance of the General Fund was $7,876,194, while the total fund balance was $10,405,339. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 42.7% of total General Fund expenditures, while total fund balance represents 56% of that same amount.

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

The total enterprise fund's net investment in capital assets increased by $963,526. This increase was primarily due to additions within the current year.

The total enterprise fund's unrestricted net position increased $4,065,294, and the net position increased $5,051,108.

GENERAL FUND BUDGETARY HIGHLIGHTS

The change between the original and final budgetary appropriations for expenditures amounted to an increase of $1,836,158. The change was primarily due to appropriating funds for the purchase of land, a building, and fire and police equipment.

Revenue budget to actual in the General Fund resulted in a $1,460,990 negative variance, primarily due as a result of budgeted grant funds not being received by fiscal year end and a conservative approach to budgeting tax revenues.

Budget to actual expenditures show a $3,569,285 positive variance (actual less than budget). This decrease was uniform through all departments and reflects the continuation of a cost containment effort throughout the City, position vacancies and capital projects that were not completed by year end.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets: The City's investment in capital assets for its governmental and business-type activities as of September 30, 2025 amounts to $55,303,396 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, infrastructure, vehicles and equipment, water system and sewer system.

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

- Perc Pond at Cemetery Wastewater Treatment Plant
- Water Line Improvements and Extensions
- Water Plant Improvements
- Sewer Line Improvements and Extensions
- Vehicles – Police, Fire, Public Works, Water, and Sewer
- Road Resurfacing
- Radio replacements for Police and Fire
- ALS Fire Equipment
- Playground Shade Structure at Charlie Brown Park
- Playground Equipment at Rotary Park
- Equipment – Golf Course, Utilities, and Public Works
- Utility Meter System
- Lift Station Improvements
- Drainage Infrastructure Improvements
- Wastewater Treatment Plant Improvements

City of Sebring's Capital Assets
(Net of Depreciation)
September 30, 2025 and 2024

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

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2025	2024	2025	2024	2025	2024
Land	$ 3,052,141	$ 1,991,566	$ 577,877	$ 577,877	$ 3,630,018	$ 2,569,443
Buildings	3,300,745	2,534,981	1,550,984	1,133,799	4,851,729	3,668,780
Improvements Other than Building	736,855	785,256	-	-	736,855	785,256
Infrastructure	6,822,992	7,306,245	-	-	6,822,992	7,306,245
Equipment	3,340,397	2,449,007	3,279,526	3,041,081	6,619,923	5,490,088
Golf Course Improvements	-	-	477,921	528,528	477,921	528,528
Water System	-	-	16,079,427	16,554,340	16,079,427	16,554,340
Wastewater System	-	-	12,421,721	11,647,880	12,421,721	11,647,880
Construction in Progress	1,804,638	1,416,971	1,665,148	1,416,971	3,469,786	2,833,942
Right-to-Use Leased Asset	568	-	181,101	249,855	181,669	249,855
Subscription Based Information Technology Arrangements	11,355	14,944	-	-	11,355	14,944
Total Capital Assets	$ 19,069,691	$ 16,498,970	$ 36,233,705	$ 35,150,331	$ 55,303,396	$ 51,649,301

Long-Term Liabilities: At the end of the current fiscal year, the City had total long-term liabilities of $2,335,481, which represents an increase of $240,504 compared to the prior year. This increase is primarily due to loans obtained for the septic to sewer project offset by principal payments made during the year.

City of Sebring's Long-Term Liabilities
Years Ended September 30, 2025 and 2024

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2025	2024	2025	2024	2025	2024
Direct Borrowings	$ 1,464,351	$ 1,223,294	$ 685,192	$ 620,769	$ 2,149,543	$ 1,844,063
Leases	445	1,266	185,493	249,648	185,938	250,914
Total	$ 1,464,796	$ 1,224,560	$ 870,685	$ 870,417	$ 2,335,481	$ 2,094,977

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

Next Year's Budgets

In the 2026 fiscal year, the City has budgeted a transfer in for the General Fund of $1,250,000 from the Water and Wastewater Fund. This transfer allows the City's General Fund to share in the profits of its Water and Wastewater Fund. In addition, the City's General Fund has budgeted a transfer of $329,862 to the Golf Course Fund for the purpose of providing needed working capital for operations that are not covered by budgeted revenues.

Requests for Information

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

CITY OF SEBRING, FLORIDA
STATEMENT OF NET POSITION
SEPTEMBER 30, 2025

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Community Redevelopment Agency
ASSETS				
Cash and Cash Equivalents	$ 20,800,177	$ 24,746,819	$ 45,546,996	$ 4,293,600
Investments	-	-	-	784,192
Receivables, Net	499,989	945,367	1,445,356	4,277
Lease Receivable	407,457	42,578	450,035	-
Internal Balances	(251,327)	251,327	-	-
Due from Other Governments	1,215,611	366,155	1,581,766	-
Inventory	-	515,229	515,229	-
Prepaid Items	66,425	4,054	70,479	395
Assets Available for Sale	-	-	-	3,249,654
Intangible Asset	-	166,964	166,964	-
Restricted Asset - Cash and Cash Equivalents	-	2,762,438	2,762,438	-
Capital Assets:				
Nondepreciable	4,856,779	2,243,025	7,099,804	-
Depreciable, Net	14,212,912	33,990,680	48,203,592	-
Total Assets	41,808,023	66,034,636	107,842,659	8,332,118
DEFERRED OUTFLOWS OF RESOURCES				
Deferred Outflows Related to Pensions	3,173,543	882,900	4,056,443	-
Deferred Outflows Related to OPEB	-	-	-	-
Total Deferred Outflows of Resources	3,173,543	882,900	4,056,443	-
LIABILITIES				
Accounts Payable	1,671,440	925,261	2,596,701	177,990
Accrued Expenses	200,371	87,870	288,241	5,271
Unearned Revenues	167,728	273,623	441,351	-
Other Postemployment Benefits - Current	68,137	40,482	108,619	-
Current Liabilities Payable from Restricted Assets:				
Accrued Interest Payable	-	3,284	3,284	-
Customer Deposits	-	2,762,438	2,762,438	-
Noncurrent Liabilities:				
Net Pension Liability	11,228,216	2,750,279	13,978,495	-
Other Postemployment Benefits	584,293	101,451	685,744	-
Due Within One Year	480,761	250,086	730,847	232,320
Due in More Than One Year	1,554,227	1,539,870	3,094,097	5,183,022
Total Liabilities	15,955,173	8,734,644	24,689,817	5,598,603
DEFERRED INFLOWS OF RESOURCES				
Deferred Inflows Related to Pensions	2,811,292	544,319	3,355,611	-
Deferred Inflows Related to OPEB	50,832	19,144	69,976	-
Deferred Inflows Related to Leases	368,897	39,975	408,872	-
Total Deferred Inflows of Resources	3,231,021	603,438	3,834,459	-
NET POSITION				
Net Investment in Capital Assets	17,004,709	34,859,897	51,864,606	-
Restricted for:				
Law Enforcement	59,014	-	59,014	-
Debt Service	-	98,163	98,163	
Truist Memorial Park	212,276	-	212,276	-
Infrastructure	8,681,571	-	8,681,571	-
Community Redevelopment	-	-	-	2,733,515
Unrestricted	(162,198)	22,621,394	22,459,196	-
Total Net Position	$ 25,795,372	$ 57,579,454	$ 83,374,826	$ 2,733,515

See accompanying Notes to Financial Statements.

CITY OF SEBRING, FLORIDA
STATEMENT OF ACTIVITIES
YEAR ENDED SEPTEMBER 30, 2025

		Program Revenues			Net Revenue (Expense) and Changes in Net Position			
					Primary Government			Component Unit
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total	Community Redevelopment Agency
PRIMARY GOVERNMENT								
Governmental Activities:								
General Government	$ 1,542,270	$ 174,066	$ 9,608	$ -	$ (1,358,596)	$ -	$ (1,358,596)	$ -
Public Safety:								
Law Enforcement	2,228,918	350,067	309,502	274,005	(1,295,344)	-	(1,295,344)	-
Fire Control	4,514,215	1,712,851	15,820	-	(2,785,544)	-	(2,785,544)	-
Building, Zoning, and Planning	574,929	420,132	-	-	(154,797)	-	(154,797)	-
Physical Environment	110,709	31,350	-	-	(79,359)	-	(79,359)	-
Transportation	2,425,403	65,103	-	31	(2,360,269)	-	(2,360,269)	-
Economic Environment	639,921	-	-	-	(639,921)	-	(639,921)	-
Culture and Recreation	1,372,291	33,165	139,825	157,882	(1,041,419)	-	(1,041,419)	-
Total Governmental Activities	13,408,656	2,786,734	474,755	431,918	(9,715,249)	-	(9,715,249)	-
Business-Type Activities:								
Water	6,209,778	8,933,944	92,221	672,105	-	3,488,492	3,488,492	-
Wastewater	4,709,906	5,213,210	604,506	538,263	-	1,646,073	1,646,073	-
Solid Waste	2,782,160	2,996,016	-	-	-	213,856	213,856	-
Golf Course	1,275,267	823,565	-	-	-	(451,702)	(451,702)	-
Total Business-Type Activities	14,977,111	17,966,735	696,727	1,210,368	-	4,896,719	4,896,719	-
Total Primary Government	$ 28,385,767	$ 20,753,469	$ 1,171,482	$ 1,642,286	(9,715,249)	4,896,719	(4,818,530)	-
COMPONENT UNIT								
Community Redevelopment Agency	$ 851,959	$ -	$ -	$ -				(851,959)
GENERAL REVENUES								
Taxes:								
Ad-Valorem Taxes					6,498,925	-	6,498,925	-
Tax Increment from City/County					-	-	-	1,419,500
Fuel Taxes					461,447	-	461,447	-
Infrastructure Surtax					1,862,417	-	1,862,417	-
Utility and Communication Services					2,675,071	-	2,675,071	-
Other Taxes					56,191	-	56,191	-
Franchise Fees					1,345,373	-	1,345,373	-
Intergovernmental - Unrestricted					1,394,930	-	1,394,930	-
Investment Earnings					957,417	1,022,924	1,980,341	198,325
Miscellaneous					41,384	59,681	101,065	232
Gain on Sale of Capital Assets					53,355	-	53,355	-
Total General Revenues					15,346,510	1,082,605	16,429,115	1,618,057
TRANSFERS					883,269	(883,269)	-	-
CHANGES IN NET POSITION					6,514,530	5,096,055	11,610,585	766,098
Net Position - Beginning, as Previously Reported					19,381,731	52,528,346	71,910,077	1,970,996
Prior Period Adjustment (See Note 18)					(100,889)	(44,947)	(145,836)	(3,579)
Net Position - Beginning of Year					19,280,842	52,483,399	71,764,241	1,967,417
NET POSITION - END OF YEAR					$ 25,795,372	$ 57,579,454	$ 83,374,826	$ 2,733,515

See accompanying Notes to Financial Statements.

CITY OF SEBRING, FLORIDA
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2025

	General Fund	Infrastructure Fund	Truist Memorial Park (Nonmajor)	Total Governmental Funds
ASSETS				
Cash and Cash Equivalents	$ 10,628,807	$ 8,375,647	$ 212,765	$ 19,217,219
Receivables, Net	468,639	-	-	468,639
Lease Receivable	407,457	-	-	407,457
Due from Other Funds	7,048	-	-	7,048
Due from Other Governments	899,132	316,479	-	1,215,611
Prepaid Items	66,425	-	-	66,425
Total Assets	$ 12,477,508	$ 8,692,126	$ 212,765	$ 21,382,399
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
LIABILITIES				
Accounts Payable	$ 1,156,203	$ 40,392	$ 489	1,197,084
Accrued Expenditures	195,099	-	-	195,099
Unearned Revenues	164,418	-	-	164,418
Total Liabilities	1,515,720	40,392	489	1,556,601
DEFERRED INFLOWS OF RESOURCES				
Deferred Inflows Related to Leases	368,897	-	-	368,897
Unavailable Revenue	187,552	-	-	187,552
Total Deferred Inflows of Resources	556,449	-	-	556,449
FUND BALANCES				
Nonspendable:				
Prepaid Items	66,425	-	-	66,425
Restricted:				
Law Enforcement	59,014	-	-	59,014
Infrastructure	-	8,651,734	-	8,651,734
Truist Memorial Park	-	-	212,276	212,276
Assigned:				
Cemetery Care	1,234,806	-	-	1,234,806
Subsequent Years Budget	1,168,900	-	-	1,168,900
Unassigned	7,876,194	-	-	7,876,194
Total Fund Balances	10,405,339	8,651,734	212,276	19,269,349
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	$ 12,477,508	$ 8,692,126	$ 212,765	$ 21,382,399

See accompanying Notes to Financial Statements.

CITY OF SEBRING, FLORIDA
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2025

RECONCILIATION TO THE STATEMENT OF NET POSITION

Total Fund Balance as Shown on Previous Page	$ 19,269,349
Amounts reported for governmental activities in the statement of net position are different because:	
Deferred outflows and inflows of resources related to pensions and OPEB are applicable to future reporting periods and, therefore, are not reported in the funds:	
Deferred Outflows Related to Pensions	3,173,543
Deferred Inflows Related to Pensions	(2,811,292)
The assets and liabilities of the internal service funds, used by management to charge the costs of certain activities to individual funds, are included in governmental activities in the statement of net position.	862,711
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:	
Capital Assets, Nondepreciable	4,856,779
Capital Assets, Depreciable - Net	14,212,912
Certain receivables are not available to pay current period expenditures and, therefore, are reported as deferred inflows of resources in the funds.	187,552
Long-term assets and liabilities are not due and payable in the current period and, therefore, are not reported in the funds:	
Net Pension Liability	(11,228,216)
Total OPEB Liability	(652,430)
Compensated Absences	(553,314)
Direct Borrowing, Leases, and SBITA	(1,471,390)
Net Position of Governmental Activities as Reported on the Statement of Net Position	$ 25,795,372

See accompanying Notes to Financial Statements.

CITY OF SEBRING, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
YEAR ENDED SEPTEMBER 30, 2025

	General Fund	Infrastructure Fund	Truist Memorial Park (Nonmajor)	Total Governmental Funds
REVENUES				
Taxes	$ 9,691,634	$ 1,862,417	$ -	$ 11,554,051
Permits, Fees, and Special Assessments	3,391,866	-	-	3,391,866
Intergovernmental	2,095,873	-	-	2,095,873
Charges for Services	371,014	-	-	371,014
Fines and Forfeitures	157,945	-	-	157,945
Investment Earnings	569,340	366,030	10,365	945,735
Miscellaneous	381,907	11	24	381,942
Total Revenues	16,659,579	2,228,458	10,389	18,898,426
EXPENDITURES				
Current:				
General Government	1,315,840	-	33,065	1,348,905
Public Safety:				
Law Enforcement	6,028,782	-	-	6,028,782
Fire Control	3,950,176	-	-	3,950,176
Building, Zoning, and Planning	572,169	-	-	572,169
Physical Environment	2,419	-	-	2,419
Transportation	1,627,541	319,818	-	1,947,359
Economic Environment	644,397	-	-	644,397
Culture and Recreation	1,191,963	-	-	1,191,963
Capital Outlay	2,922,350	1,202,360	-	4,124,710
Debt Service:				
Principal	161,461	-	-	161,461
Interest	22,513	-	-	22,513
Total Expenditures	18,439,611	1,522,178	33,065	19,994,854
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(1,780,032)	706,280	(22,676)	(1,096,428)
OTHER FINANCING SOURCES (USES)				
Issuance of Debt	-	399,914	-	399,914
Sale of Capital Assets	53,355	-	-	53,355
Transfers In	1,000,000	-	-	1,000,000
Transfers Out	(116,731)	-	-	(116,731)
Total Other Financing Sources (Uses)	936,624	399,914	-	1,336,538
CHANGE IN FUND BALANCES	(843,408)	1,106,194	(22,676)	240,110
Fund Balances – Beginning of Year	11,248,747	7,545,540	234,952	19,029,239
FUND BALANCES – END OF YEAR	$ 10,405,339	$ 8,651,734	$ 212,276	$ 19,269,349

See accompanying Notes to Financial Statements.

CITY OF SEBRING, FLORIDA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF THE GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED SEPTEMBER 30, 2025

RECONCILIATION TO THE STATEMENT OF ACTIVITIES

Net Change in Fund Balances as Shown on Previous Page	$ 240,110
Amounts reported for governmental activities in the statement of activities are different because:	
Revenues that will not be collected within sixty days after the City's fiscal year-end are not considered "available" revenues, and are not recognized in the governmental funds:	
Deferred Inflows Recognized in Prior Years in the Statement of Activities	(188,097)
Deferred Inflows Recognized in the Current Year in the Statement of Activities	187,552
Internal service funds are used by management to charge the costs of insurance to individual funds. The net cost of certain activities of internal service funds is reported with governmental activities.	(44,503)
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.	
Expenditures for Capital Assets that were Capitalized	4,119,619
Depreciation Expense	(1,550,251)
Changes in net pension liability and the related deferred inflows and deferred outflows of resources reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.	4,028,967
Changes in the OPEB liability and the related deferred inflows and deferred outflows of resources reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.	20,128
Certain transactions reported in the statement of activities do not require the use of current financial resources. Therefore, the following are not recognized in governmental funds.	
Net Increase in Compensated Absences	(60,542)
Payments on Debt	161,461
Debt Issued	(399,914)
Change in Net Position of Governmental Activities as Reported in the Statement of Activities	$ 6,514,530

See accompanying Notes to Financial Statements.

CITY OF SEBRING, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – GENERAL FUND
YEAR ENDED SEPTEMBER 30, 2025

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
REVENUES				
Taxes	$ 9,202,146	$ 9,202,146	$ 9,691,634	$ 489,488
Permits, Fees, and Special Assessments	3,156,490	3,156,490	3,391,866	235,376
Intergovernmental	3,572,869	4,135,939	2,095,873	(2,040,066)
Charges for Services	345,286	345,286	371,014	25,728
Fines and Forfeitures	109,000	109,000	157,945	48,945
Investment Earnings	452,000	452,000	569,340	117,340
Miscellaneous	398,708	719,708	381,907	(337,801)
Total Revenues	17,236,499	18,120,569	16,659,579	(1,460,990)
EXPENDITURES				
Current:				
General Government	1,650,329	1,530,417	1,315,840	214,577
Public Safety:				
Law Enforcement	6,262,805	6,369,605	6,028,782	340,823
Fire Control	3,918,712	4,146,349	3,950,176	196,173
Building, Zoning, and Planning	743,439	743,439	572,169	171,270
Physical Environment	9,281	9,281	2,419	6,862
Transportation	1,845,326	1,814,971	1,627,541	187,430
Economic Environment	644,397	644,397	644,397	-
Culture and Recreation	1,058,214	1,321,688	1,191,963	129,725
Capital Outlay	2,968,782	5,241,366	2,922,350	2,319,016
Debt Service:				
Principal	161,070	161,070	161,461	(391)
Interest	26,313	26,313	22,513	3,800
Total Expenditures	19,288,668	22,008,896	18,439,611	3,569,285
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(2,052,169)	(3,888,327)	(1,780,032)	2,108,295
OTHER FINANCING SOURCES (USES)				
Sale of Capital Assets	-	-	53,355	53,355
Transfers In	1,000,000	1,000,000	1,000,000	-
Transfer Out	(116,731)	(116,731)	(116,731)	-
Total Other Financing Sources	883,269	883,269	936,624	53,355
CHANGE IN FUND BALANCE	(1,168,900)	(3,005,058)	(843,408)	2,161,650
Fund Balance – Beginning of Year	7,652,156	3,945,401	11,248,747	7,303,346
FUND BALANCE – END OF YEAR	$ 6,483,256	$ 940,343	$ 10,405,339	$ 9,464,996

See accompanying Notes to Financial Statements.

CITY OF SEBRING, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – INFRASTRUCTURE FUND
YEAR ENDED SEPTEMBER 30, 2025

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
REVENUES				
Taxes	$ 1,772,089	$ 1,772,089	$ 1,862,417	$ 90,328
Investment Earnings	250,000	250,000	366,030	116,030
Miscellaneous	-	-	11	11
Total Revenues	2,022,089	2,022,089	2,228,458	206,369
EXPENDITURES				
Current:				
Transportation	400,000	606,878	319,818	287,060
Capital Outlay	6,622,089	7,386,604	1,202,360	6,184,244
Total Expenditures	7,022,089	7,993,482	1,522,178	6,471,304
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(5,000,000)	(5,971,393)	706,280	6,677,673
OTHER FINANCING SOURCES (USES)				
Issuance of Debt	5,000,000	5,000,000	399,914	(4,600,086)
Total Other Financing Sources (Uses)	5,000,000	5,000,000	399,914	(4,600,086)
CHANGE IN FUND BALANCE	-	(971,393)	1,106,194	2,077,587
Fund Balance – Beginning of Year	6,325,505	5,097,122	7,545,540	2,448,418
FUND BALANCE – END OF YEAR	$ 6,325,505	$ 4,125,729	$ 8,651,734	$ 4,526,005

See accompanying Notes to Financial Statements.

CITY OF SEBRING, FLORIDA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
SEPTEMBER 30, 2025

	Business-Type Activities – Enterprise Funds				Internal
	Water and Wastewater	Solid Waste	Nonmajor (Golf Course)	Total	Service Funds
ASSETS					
Current Assets:					
Cash and Cash Equivalents	$ 21,790,542	$ 2,909,354	$ 46,923	$ 24,746,819	$ 1,582,958
Receivables, Net	882,727	62,640	-	945,367	31,350
Lease Receivable	42,578	-	-	42,578	-
Due from Other Funds	2,433	133	394	2,960	-
Due from Other Governments	365,586	569	-	366,155	-
Inventory	498,462	-	16,767	515,229	-
Prepaid Items	4,054	-	-	4,054	-
Intangible Asset	166,964	-	-	166,964	-
Total Current Assets	23,753,346	2,972,696	64,084	26,790,126	1,614,308
Noncurrent Assets:					
Restricted Assets:					
Cash and Cash Equivalents	2,762,438	-	-	2,762,438	-
Capital Assets, Net	33,526,342	1,325,281	1,382,082	36,233,705	-
Total Noncurrent Assets	36,288,780	1,325,281	1,382,082	38,996,143	-
Total Assets	60,042,126	4,297,977	1,446,166	65,786,269	1,614,308
DEFERRED OUTFLOWS OF RESOURCES					
Deferred Outflows Related to Pensions	578,306	188,164	116,430	882,900	-
Deferred Outflows Related to OPEB	-	-	-	-	-
Deferred Cost on Refunding	-	-	-	-	-
Total Deferred Outflows of Resources	578,306	188,164	116,430	882,900	-
LIABILITIES					
Current Liabilities:					
Accounts Payable	805,387	94,230	25,644	925,261	474,356
Accrued Expenses	60,311	15,871	11,688	87,870	5,272
Accrued Interest Payable	-	-	-	-	-
Unearned Revenue	220,979	2,655	49,989	273,623	3,310
Due to Other Funds	-	-	-	-	10,008
Current Portion of Compensated Absences Payable	35,485	11,886	10,127	57,498	10,284
Current Portion of Other Postemployment Benefits	28,091	7,647	4,744	40,482	-
Current Portion of Long-Term Debt	88,280	-	36,153	124,433	-
Current Portion of Lease Liability	835	-	67,320	68,155	-
Current Liabilities Payable from:					
Accrued Interest	2,859	-	425	3,284	-
Customer Deposits	2,762,438	-	-	2,762,438	-
Total Current Liabilities	4,004,665	132,289	206,090	4,343,044	503,230
Noncurrent Liabilities:					
Compensated Absences Payable	95,306	29,811	5,656	130,773	
Net Pension Liability	1,808,543	582,981	358,755	2,750,279	-
Other Postemployment Benefits	69,803	17,316	14,332	101,451	-
Landfill Closure	-	731,000	-	731,000	-
Long-Term Debt	560,760	-	-	560,760	-
Lease Liability	2,033	-	115,304	117,337	-
Total Noncurrent Liabilities	2,536,445	1,361,108	494,047	4,391,600	-
Total Liabilities	6,541,110	1,493,397	700,137	8,734,644	503,230
DEFERRED INFLOWS OF RESOURCES					
Deferred Inflows Related to Pensions	357,731	114,803	71,785	544,319	-
Deferred Inflows Related to OPEB	13,027	3,230	2,887	19,144	-
Deferred Inflows Related to Leases	39,975	-	-	39,975	-
Total Deferred Inflows of Resources	410,733	118,033	74,672	603,438	-
NET POSITION					
Net Investment in Capital Assets	32,371,311	1,325,281	1,163,305	34,859,897	-
Restricted for Debt Service	98,163	-	-	98,163	-
Unrestricted	21,199,115	1,549,430	(375,518)	22,373,027	1,111,078
Total Net Position	$ 53,668,589	$ 2,874,711	$ 787,787	57,331,087	$ 1,111,078
Some amounts reported for business-type activities in the statement of net position are different because of unallocated overcharges by the Internal Service Funds.				248,367	
Net Position of Business-Type Activities				$ 57,579,454	

See accompanying Notes to Financial Statements.

CITY OF SEBRING, FLORIDA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
YEAR ENDED SEPTEMBER 30, 2025

	Business-Type Activities – Enterprise Funds				Internal
	Water and Wastewater	Solid Waste	Nonmajor (Golf Course)	Total	Service Funds
OPERATING REVENUES					
Charges for Services	$ 13,591,672	$ 2,974,685	$ 725,118	$ 17,291,475	$ 5,500,709
Miscellaneous Revenue	644,268	21,331	98,447	764,046	33,957
Total Operating Revenues	14,235,940	2,996,016	823,565	18,055,521	5,534,666
OPERATING EXPENSES					
Employee Compensation and Benefits	2,966,490	1,003,575	625,450	4,595,515	255,120
General and Administrative	831,059	223,897	174,594	1,229,550	328,131
Professional	221,999	5,283	5,076	232,358	-
Landfill Fees	-	551,280	-	551,280	-
Insurance	595,932	36,460	34,043	666,435	2,012,519
Repairs, Maintenance, and Supplies	2,889,201	478,176	203,882	3,571,259	480,154
Claims Expense	-	-	-	-	2,768,184
Utilities	697,759	9,098	38,641	745,498	-
Depreciation	2,668,660	474,391	175,792	3,318,843	-
Total Operating Expenses	10,871,100	2,782,160	1,257,478	14,910,738	5,844,108
OPERATING INCOME (LOSS)	3,364,840	213,856	(433,913)	3,144,783	(309,442)
NONOPERATING REVENUES (EXPENSES)					
Investment Earnings	882,314	132,008	8,602	1,022,924	88,681
Connection Fees	1,210,368	-	-	1,210,368	-
Operating Grants	696,727	-	-	696,727	-
Gain (Loss) on Disposal of Capital Assets	-	11,605	-	11,605	-
Insurance Proceeds	-	-	-	-	131,108
Interest Expense	(47,140)	-	(14,793)	(61,933)	-
Total Nonoperating Revenues (Expenses)	2,742,269	143,613	(6,191)	2,879,691	219,789
INCOME (LOSS) BEFORE TRANSFERS	6,107,109	357,469	(440,104)	6,024,474	(89,653)
CAPITAL CONTRIBUTIONS AND TRANSFERS					
Transfers In	-	-	116,731	116,731	-
Transfers Out	(1,000,000)	-	-	(1,000,000)	-
Total Transfers	(1,000,000)	-	116,731	(883,269)	-
CHANGE IN NET POSITION	5,107,109	357,469	(323,373)	5,141,205	(89,653)
Net Position - Beginning of Year	48,591,905	2,528,768	1,114,156	52,234,829	1,200,731
Restatement (See Note 18)	(30,425)	(11,526)	(2,996)	(44,947)	-
Net Position - Beginning of Year, as Restated	48,561,480	2,517,242	1,111,160	52,189,882	1,200,731
NET POSITION - END OF YEAR	$ 53,668,589	$ 2,874,711	$ 787,787	$ 57,331,087	$ 1,111,078

Change in Net Position - Enterprise Funds:	$ 5,141,205
Some amounts reported for business-type activities in the statement of activities are different because of unallocated overcharges by the Internal Service Funds.	(45,150)
Change in Net Position of Business-Type Activities	$ 5,096,055

See accompanying Notes to Financial Statements.

CITY OF SEBRING, FLORIDA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED SEPTEMBER 30, 2025

	Business-Type Activities – Enterprise Funds				Internal
	Water and Wastewater	Solid Waste	Nonmajor (Golf Course)	Total	Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash Received from Customers and Users	$ 14,612,877	$ 3,003,086	$ 856,027	$ 18,471,990	$ 5,791,486
Cash Payments to Suppliers and Claims	(5,133,830)	(1,287,381)	(455,093)	(6,876,304)	(5,467,957)
Cash Payments for Employee Services	(3,193,095)	(1,027,787)	(649,747)	(4,870,629)	(251,274)
Net Cash Provided (Used) by Operating Activities	6,285,952	687,918	(248,813)	6,725,057	72,255
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Cash Received from Operating Grants	696,727	-	-	696,727	-
Transfer to Other Funds	(987,422)	(124)	-	(987,546)	(48,836)
Transfer from Other Funds	-	460	197,802	198,262	-
Net Cash Provided (Used) by Noncapital Financing Activities	(290,695)	336	197,802	(92,557)	(48,836)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Acquisition and Construction of Capital Assets	(3,957,563)	(418,049)	(79,451)	(4,455,063)	-
Proceeds from Sale of Capital Asset	32,569	11,605	-	44,174	-
Proceeds from Capital Debt	140,509	-	-	140,509	-
Principal Paid on Long-Term Debt	(41,903)	-	(98,338)	(140,241)	-
Cash Received from Insurance	-	-	-	-	131,108
Interest Paid	(8,572)	-	(15,203)	(23,775)	-
Capital Grants and Contributions	621,638	-	-	621,638	-
Net Cash Provided (Used) by Capital and Related Financing Activities	(3,213,322)	(406,444)	(192,992)	(3,812,758)	131,108
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest on Investments	882,314	132,008	8,602	1,022,924	88,681
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	3,664,249	413,818	(235,401)	3,842,666	243,208
Cash and Cash Equivalents – Beginning of Year	20,888,731	2,495,536	282,324	23,666,591	1,339,750
CASH AND CASH EQUIVALENTS – END OF YEAR	$ 24,552,980	$ 2,909,354	$ 46,923	$ 27,509,257	$ 1,582,958
RECONCILIATION OF CASH AND CASH EQUIVALENTS					
Cash and Cash Equivalents	$ 21,790,542	$ 2,909,354	$ 46,923	$ 24,746,819	$ 1,582,958
Restricted Assets - Cash and Cash Equivalents	2,762,438	-	-	2,762,438	-
Cash and Cash Equivalents - End of Year	$ 24,552,980	$ 2,909,354	$ 46,923	$ 27,509,257	$ 1,582,958

See accompanying Notes to Financial Statements.

CITY OF SEBRING, FLORIDA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2025

	Business-Type Activities – Enterprise Funds				Internal
	Water and Wastewater	Solid Waste	Nonmajor (Golf Course)	Total	Service Funds
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES					
Operating Income (Loss)	$ 3,364,840	$ 213,856	$ (433,913)	$ 3,144,783	$ (309,442)
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:					
Depreciation Expense	2,668,660	474,391	175,792	3,318,843	-
(Increase) Decrease in Assets:					
Accounts Receivable	120,736	6,276	-	127,012	262,139
Lease Receivable	1,195	-	-	1,195	
Inventory	57,729	-	3,670	61,399	-
Prepaid Items	(4,054)	-	-	(4,054)	-
Due from Other Government	-	794	-	794	-
Deferred Outflows Related to Pensions	162,371	26,730	19,935	209,036	-
Deferred Outflows Related to OPEB	863	1,025	2,640	4,528	-
Increase (Decrease) in Liabilities:					
Accounts Payable	48,445	16,813	938	66,196	119,477
Accrued Expenses	12,545	(439)	205	12,311	1,554
Unearned Revenue	-	-	28,792	28,792	(5,319)
Compensated Absences	12,497	(4,054)	(1,245)	7,198	3,846
Customer Deposits	255,006	-	-	255,006	-
OPEB Liability	(21,135)	(6,473)	(4,016)	(31,624)	-
Net Pension Liability	(541,084)	(94,805)	(71,769)	(707,658)	-
Landfill Closure	-	-	-	-	-
Deferred Inflows Related to Pensions	134,311	50,574	30,158	215,043	-
Deferred Inflows Related to OPEB	13,027	3,230	-	16,257	
Net Cash Provided (Used) by Operating Activities	$ 6,285,952	$ 687,918	$ (248,813)	$ 6,725,057	$ 72,255
SUPPLEMENTAL DISCLOSURE OF NONCASH FINANCING ACTIVITIES					
Capital Additions Funded by Accounts Payable	$ 378,624	$ -	$ -	$ 378,624	$ -
Capital Additions Acquired by Lease	$ -	$ -	$ -	$ -	$ -

See accompanying Notes to Financial Statements.

CITY OF SEBRING, FLORIDA
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
SEPTEMBER 30, 2025

	Pension Trust Fund
ASSETS	
Cash and Cash Equivalents	$ 736,244
Receivables:	
Interest and Dividends	88,644
Partnership Distribution	29,181
Total Receivables	117,825
Investments, at Fair Value:	
U.S. Government Obligations	5,679,772
Mortgage Backed Securities	6,452,272
Municipal Obligations	34,754
Corporate Bonds	2,730,345
Common Stock	5,892,167
Mutual Funds - Equities	18,419,530
Real Estate Partnership	1,968,432
Total Investments	41,177,272
Total Assets	42,031,341
LIABILITIES	
Accounts Payable	55,457
Total Liabilities	55,457
NET POSITION RESTRICTED FOR PENSIONS	$ 41,975,884

See accompanying Notes to Financial Statements.

CITY OF SEBRING, FLORIDA
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
YEAR ENDED SEPTEMBER 30, 2025

	Pension Trust Fund
ADDITIONS	
Contributions:	
City	$ 844,972
Plan Members	36,332
Total Contributions	881,304
Investment Income:	
Net Depreciation in Fair Value of Investments	2,540,470
Interest and Dividends	1,202,682
Other	(5,244)
Total Investment Income	3,737,908
Less: Investment Expenses	(141,930)
Net Investment Income	3,595,978
Total Additions	4,477,282
DEDUCTIONS	
Payments to Retirees and Participants	2,102,604
Administration Expenses	89,257
Total Deductions	2,191,861
NET INCREASE IN NET POSITION	2,285,421
NET POSITION RESTRICTED FOR PENSIONS	
Beginning of Year	39,690,463
End of Year	$ 41,975,884

See accompanying Notes to Financial Statements.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

A. Reporting Entity

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

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

Discretely Presented Component Unit

The Community Redevelopment Agency (the CRA) was created by City Ordinance Number 654 pursuant to Part III of chapter 163, Florida Statutes. The CRA is legally separate and is responsible for the redevelopment of defined areas within the city limits. The CRA is governed by a seven-member board, which is appointed by the City Council. The City and County are obligated to pay the CRA any tax revenues relating to an increase in the assessed value of property within the redevelopment areas. During the current year, the City and County paid the CRA $644,397 and $775,103, respectively which represents the portion of the incremental increase in ad valorem taxes. The CRA is presented in a separate column in the government-wide statements to emphasize it is legally separate from the primary government. Separate financial statements for the CRA may be obtained by writing to the City of Sebring Community Redevelopment Agency, 309 Circle Park Drive, Sebring, Florida 33870.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Related Organizations

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

C. Basis of Presentation

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

Government-Wide Financial Statements

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

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

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Presentation (Continued)

Fund Financial Statement Presentation

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

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

Governmental Major Funds

General Fund

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

Infrastructure Fund

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

Truist Memorial Park Fund

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

Proprietary Major Funds

Water and Wastewater Fund

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Presentation (Continued)

Fund Financial Statement Presentation (Continued)

Proprietary Nonmajor Fund

Solid Waste Fund

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

Golf Course Fund

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

Internal Service Funds

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

Fiduciary Funds

Pension Trust Funds

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

D. Measurement Focus and Basis of Accounting

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. All assets and liabilities of the City are recorded in these financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

Intergovernmental revenues collected and held by other governments are also recognized as revenue. Other receipts and taxes become measurable and available when cash is received by the City and are recognized as revenue at that time.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Measurement Focus and Basis of Accounting (Continued)

Expenditures are recognized in the accounting period in which the fund liability is incurred except for un-matured interest on general long-term debt which is recognized when due.

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

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

E. Budgetary Information

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

The statement of revenues, expenditures, and changes in fund balances – budget and actual – general fund shown in the basic financial statements, present comparisons of the legally adopted budget, as amended, with actual results for the General Fund. The originally adopted budget is presented for purposes of comparison to the final, amended budget. The City Council amended the budget of the General Fund by resolution. These amendments provided for additional budgetary appropriations in the amount of $2,720,228. Of this amount, $1,836,158 was financed by transfers and fund balance reserves, with the remaining $884,070 financed by additional budgeted revenues.

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

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

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Budgetary Information (Continued)

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration in the General, Special Revenue, and Enterprise Funds. Encumbrances are not the equivalent of expenditures and lapse at year-end. However, since the City intends to honor contracts in progress at year-end, the encumbrances are reappropriated as a reduction against the following year's budget.

F. Cash and Cash Equivalents

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

G. Investments

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

H. Receivables

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

I. Inventories

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

J. Prepaid Items

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

K. Intangible Assets

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

The total unamortized balance for this intangible asset at September 30, 2025, is $166,964.

L. Capital Assets

Capital assets include land, buildings, plants, equipment, and infrastructure assets (e.g., streets, sidewalks, and similar subsystems), and are carried at historical cost. Capital assets are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Contributed assets are recorded at acquisition value as of the date received. The City defines capital assets as assets with an initial, individual cost of more than $5,000 and an estimated useful life in excess of one year. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

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

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

M. Deferred Outflows/ Deferred Inflows of Resources

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

The City also has items which arise only under a modified accrual basis of accounting that qualify for reporting as deferred inflows of resources in the governmental funds balance sheet. The governmental funds report unavailable revenues for revenue collected after the period of availability. The amounts are deferred and recognized as an inflow of resources in the period in which the amounts become available. In the governmental funds, a deferred inflow of resources is reported for unavailable revenues that were not received within 60 days of year-end.

N. Unearned Revenues

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

O. Interfund Transactions and Loans

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

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

Transfers are reported in the “Other Financing Sources (Uses)” section in the statement of revenues, expenditures, and changes in fund balances and in the “Transfers” section in the statement of net position.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

O. Interfund Transactions and Loans (Continued)

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

P. Compensated Absences

The City permits full-time employees to accumulate limited vacation and sick leave. Upon separation, employees are paid for all unused vacation leave; however, no sick leave is paid, and therefore no related liability is recorded. In accordance with GASB Statement No. 101, a liability is recognized for compensated absences when leave has been earned and it is more likely than not that it will be used or paid upon separation. The liability is measured using current pay rates, including applicable salary-related payments. These liabilities are liquidated in the fund where the related payroll costs are recorded.

Q. Pension Plans

Single Employer

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

Cost-Sharing Employer

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

R. Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

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

S. Fund Balance Policy

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

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

T. Property Taxes

Ad valorem taxes for the current fiscal year (beginning October 1, 2024) are assessed on July 1, 2024, based on property values as of January 1, 2024. The taxes are levied in the month of November 2024, by the Highlands County Tax Collector who remits collected taxes to the City monthly. Taxes are due and payable November 1, 2024, and become delinquent April 1, 2025. Tax certificates are sold for delinquent taxes by June 1, 2025. Generally, the City collects substantially all of its current year property taxes during the year in which they are due. No accrual for the property tax levy becoming due in November 2025 is included in the accompanying financial statements since such taxes are collected to finance expenditures of the next fiscal year.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

U. Government -Wide and Proprietary Fund Net Position

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

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

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

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

V. Government Fund Balances

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

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

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

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

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

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

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

W. Use of Estimates

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

NOTE 2 CASH AND INVESTMENTS

Cash

At September 30, 2025, the bank balances of the City's deposits consisted of $4,940,550 in demand deposits and $784,192 in certificates of deposit.

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

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

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

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

NOTE 2 CASH AND INVESTMENTS (CONTINUED)

Cash (Continued)

Cash and cash equivalents at September 30, 2025, including restricted amounts, consist of:

	Governmental Activities	Business-Type Activities	Fiduciary Funds	Component Unit
Petty Cash and Change Funds	$ 700	$ 2,600	$ -	$ -
Demand and Brokerage Deposits	427,998	3,155,534	-	3,346,224
Cash with Fiscal Agent	90,000	-	-	-
Money Market Mutual Funds	-	-	736,244	-
Florida PRIME	20,281,479	24,351,123	-	947,376
Total Cash and Cash Equivalents	$ 20,800,177	$ 27,509,257	$ 736,244	$ 4,293,600

Investments

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

Florida PRIME

Florida PRIME is an investment pool administered by the State Board of Administration (SBA), under the regulatory oversight of the State of Florida. Investments in Florida PRIME are made pursuant to Chapter 125.31, Florida Statutes. The investments are not categorized because they are not evidenced by securities that exist in physical or book entry form. Throughout the year and as of September 30, 2025, Florida PRIME contained certain floating and adjustable rate. These investments represented 18.20% of the Florida PRIME's portfolio at September 30, 2025.

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.

NOTE 2 CASH AND INVESTMENTS (CONTINUED)

Investments (Continued)

Florida PRIME (Continued)

The dollar weighted average days to maturity (WAM) of Florida PRIME as of September 30, 2025, was 47 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, 2025, was 73 days.

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

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

As of September 30, 2025, there were no redemption fees or maximum transaction amounts, or any other requirements that serve to limit a participant’s daily access to 100% of their account value.

NOTE 2 CASH AND INVESTMENTS (CONTINUED)

Credit Risk

The City has no policy on credit risk. Fiduciary fund investments at fair value and corresponding credit risk rating as of September 30, 2025, are as follows:

Investment Type	Fiduciary Funds	Credit Rating
U.S. Government Obligations	$ 4,434,002	A A 1
U.S. Government Obligations	1,245,770	AA+
Mortgage Backed Securities	10,559	BBB
Mortgage Backed Securities	161,683	A A A
Mortgage Backed Securities	4,101,387	Aa1
Mortgage Backed Securities	2,178,643	Not Applicable
Municipal Obligations	34,754	AA-
Corporate Bonds	434,512	A
Corporate Bonds	725,960	A-
Corporate Bonds	220,191	A+
Corporate Bonds	120,824	AA
Corporate Bonds	34,018	AA-
Corporate Bonds	731,587	BBB+
Corporate Bonds	364,392	BBB
Corporate Bonds	98,861	BBB-
Common Stock	5,892,167	Not Applicable
Mutual Funds - Equities	18,419,530	Not Applicable
Real Estate Partnership	1,968,432	Not Applicable
Total Investments	$ 41,177,272	

The fiduciary funds have two money market mutual funds, one that has $7,502,129 that is rated by Standard and Poor's with a credit risk rating of AAAm and a weighted average maturity of 50.47 days, and a second money market mutual fund that has $10,917,401 that is rated by Standard and Poor's with a credit risk rating of AAAm and a weighted average maturity of 46 days at September 30, 2025.

At September 30, 2025, Florida PRIME has a credit rating of AAAm.

Concentration of Credit Risk

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

Fair Value

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

NOTE 2 CASH AND INVESTMENTS (CONTINUED)

Fair Value (Continued)

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

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

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

	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Real Estate Fund	$ 1,968,432	$ -	Quarterly	Daily

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

The City had the following fair value measurements as of September 30, 2025:

	Total	Level 1	Level 2	Level 3
Investments at Fair Value Level:				
U.S. Government Obligations	$ 5,679,772	$ 271,402	$ 5,408,370	$ -
Mortgage Backed Securities	6,452,272	-	6,452,272	-
Municipal Obligations	34,754	-	34,754	-
Corporate Bonds	2,730,345	-	2,730,345	-
Common Stock	5,892,167	5,892,167	-	-
Mutual Funds - Equities	18,419,530	18,419,530	-	-
Total Investments Measured at Fair Value	39,208,840	$ 24,583,099	$ 14,625,741	$ -
Investments Measured at Amortized Cost or NAV:				
Real Estate Partnership	1,968,432			
Florida PRIME	44,632,602			
Short-Term Money Market Funds	736,244			
Total Investments	$ 86,546,118			

NOTE 2 CASH AND INVESTMENTS (CONTINUED)

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The City has no policy on interest rate risk. Investments and related level of risk at September 30, 2025, are as follows:

		Investment Maturities (in Years)			
Investment Type	Fair Value	Less Than 1	1 to 5	6 to 10	More Than 10
Fiduciary Funds:					
U.S. Government Obligations	$ 5,679,772	$ -	$ 378,183	$ 3,352,505	$ 1,949,084
Mortgage Backed Securities	6,452,272	-	100,589	83,404	6,268,279
Municipal Obligations	34,754	-	-	-	34,754
Corporate Bonds	2,730,345	-	1,109,589	722,946	897,810
Total	$ 14,897,143	$ -	$ 1,588,361	$ 4,158,855	$ 9,149,927

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

NOTE 3 RECEIVABLES

Receivables as of September 30, 2025, for the City's individual major funds and internal service fund, including applicable allowances for uncollectible balances, are as follows:

	Governmental Activities		
	General	Internal Service	Total
Utility and Franchise Taxes	$ 345,403	$ -	$ 345,403
Customer Charges	3,512	-	3,512
Miscellaneous	119,724	31,350	151,074
Gross Receivables	468,639	31,350	499,989
Allowance for Doubtful Accounts	-	-	-
Total	$ 468,639	$ 31,350	$ 499,989

	Business-Type Activities		
	Water and Wastewater	Solid Waste	Total
Utility and Franchise Taxes	$ -	$ 1,996	$ 1,996
Customer Charges	488,207	60,644	548,851
Customer Charges - Unbilled	400,198	-	400,198
Gross Receivables	888,405	62,640	951,045
Allowance for Doubtful Accounts	(5,678)	-	(5,678)
Total	$ 882,727	$ 62,640	$ 945,367

NOTE 4 INTERFUND BALANCES AND TRANSFERS

Amounts due to and from other funds arise from timing differences as a result of transactions and cash transfers for operating purposes. Interfund balances at September 30, 2025, were as follows:

	Due From Other Funds	Due To Other Funds
General Fund	$ 7,048	$ -
Water and Wastewater Fund	2,433	-
Solid Waste Fund	133	-
Golf Course Fund	394	-
Computer Services Fund	-	10,008
Total	$ 10,008	$ 10,008

Interfund transfers for the year ending September 30, 2025, were as follows:

	General Fund	Golf Course Fund	Total
Transfer Out Fund:			
General Fund	$ -	$ 116,731	$ 116,731
Infrastructure	-	-	-
Water and Wastewater Fund	1,000,000	-	1,000,000
Risk Insurance Fund	-	-	-
Component Unit	-	-	-
Total	$ 1,000,000	$ 116,731	$ 1,116,731

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

NOTE 5 RESTRICTED ASSETS

Restricted assets in the Enterprise Funds consist of the following:

Other Restricted Assets:	
Customer Utility Deposits	$ 2,762,438
Total Restricted Assets	$ 2,762,438

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

NOTE 6 CAPITAL ASSETS

Changes in Capital Assets

Capital asset activity for the year ended September 30, 2025, was as follows:

	Balance Beginning of Year	Additions	Deletions	Transfers	Balance End of Year
Governmental Activities:					
Capital Assets, Not Being Depreciated:					
Land	$ 1,991,566	$ 1,060,575	$ -	$ -	$ 3,052,141
Construction-in-Progress	1,416,971	583,930	-	(196,263)	1,804,638
Total Capital Assets, Not Being Depreciated	3,408,537	1,644,505	-	(196,263)	4,856,779
Capital Assets, Being Depreciated and Amortized:					
Buildings	6,142,125	959,897	-	-	7,102,022
Improvements Other Than Buildings	4,680,063	159,137	-	-	4,839,200
Equipment	7,744,312	1,356,080	(240,736)	196,263	9,055,919
Infrastructure	14,456,449	-	-	-	14,456,449
Total Capital Assets, Being Depreciated	33,022,949	2,475,114	(240,736)	196,263	35,453,590
Less: Accumulated Depreciation and Amortization:					
Buildings	3,607,144	194,133	-	-	3,801,277
Improvements Other Than Buildings	3,894,807	207,538	-	-	4,102,345
Equipment	5,295,305	660,953	(240,736)	-	5,715,522
Infrastructure	7,150,204	483,253	-	-	7,633,457
Total Accumulated Depreciation and Amortization	19,947,460	1,545,877	(240,736)	-	21,252,601
Total Capital Assets, Being Depreciated and Amortized, Net	13,075,489	929,237	-	196,263	14,200,989
Right-to-Use Lease Assets:					
Equipment	3,545	-	-	-	3,545
Less Accumulated Amortization:					
Equipment	2,192	785	-	-	2,977
Total Right-to-Use Lease Assets, Net	1,353	(785)	-	-	568
Subscription Based Information Technology Arrangement Assets					
Subscription Based Information Technology Arrangements	17,945	-	-	-	17,945
Less Accumulated Amortization:					
Subscription Based Information Technology Arrangements	3,001	3,589	-	-	6,590
Total Subscription Based Information Technology Arrangement Assets, Net	14,944	(3,589)	-	-	11,355
Total Governmental Activities Capital Assets, Net	$ 16,500,323	$ 2,569,368	$ -	$ -	$ 19,069,691

NOTE 6 CAPITAL ASSETS (CONTINUED)

Changes in Capital Assets (Continued)

	Balance Beginning of Year	Additions	Deletions	Transfers	Balance End of Year
Business-Type Activities:					
Capital Assets, Not Being Depreciated:					
Land	$ 577,877	$ -	$ -	$ -	$ 577,877
Construction-in-Progress	1,414,436	2,104,419	-	(1,853,707)	1,665,148
Total Capital Assets, Not Being Depreciated	1,992,313	2,104,419	-	(1,853,707)	2,243,025
Capital Assets, Being Depreciated:					
Buildings	2,484,914	485,300	-	-	2,970,214
Equipment	10,671,205	1,166,465	(267,337)	-	11,570,333
Golf Course Improvements	1,685,658	-	-	-	1,685,658
Water Systems	44,476,413	647,412	-	174,332	45,298,157
Wastewater Systems	34,063,276	33,727	-	1,679,375	35,776,378
Total Capital Assets, Being Depreciated	93,381,466	2,332,904	(267,337)	1,853,707	97,300,740
Less: Accumulated Depreciation:					
Buildings	1,351,115	68,115	-	-	1,419,230
Equipment	7,630,124	895,450	(234,767)	-	8,290,807
Golf Course Improvements	1,157,130	50,607	-	-	1,207,737
Water Systems	27,922,073	1,296,657	-	-	29,218,730
Wastewater Systems	22,415,396	939,261	-	-	23,354,657
Total Accumulated Depreciation	60,475,838	3,250,090	(234,767)	-	63,491,161
Total Capital Assets, Being Depreciated, Net	32,905,628	(917,186)	(32,570)	1,853,707	33,809,579
Right-to-Use Lease Assets:					
Equipment	276,138	-	-	-	276,138
Less Accumulated Amortization:					
Equipment	26,284	68,753	-	-	95,037
Total Right-to-Use Lease Assets, Net	249,854	(68,753)	-	-	181,101
Total Business-Type Activities Capital Assets, Net	$ 35,147,795	$ 1,118,480	$ (32,570)	$ -	$ 36,233,705

NOTE 6 CAPITAL ASSETS (CONTINUED)

Changes in Capital Assets (Continued)

Depreciation expense was charged to governmental functions as follows:

Governmental Activities:	
General Government	$ 193,687
Law Enforcement	297,316
Fire Control	308,695
Building and Zoning	-
Physical Environment	85,777
Transportation	469,946
Culture and Recreation	194,830
Total Depreciation Expense, Governmental Activities	$ 1,550,251

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

Business-Type Activities:	
Water	$ 1,548,660
Wastewater	1,120,000
Solid Waste	474,391
Golf Course	175,792
Total Depreciation Expense, Business-Type Activities	$ 3,318,843

The City owns a well and related equipment currently not in use. This idle property was purchased in 2001 for $192,060 and has a carrying value of $89,243 at September 30, 2025.

NOTE 7 COMMITMENTS

Encumbrances

Significant commitments include encumbrances outstanding as shown below:

General Fund	$ 166,869
Truist Memorial Park Fund	330
Infrastructure Fund	259,475
Water and Wastewater Fund	1,019,801
Solid Waste Fund	7,022
Total	$ 1,453,497

NOTE 7 COMMITMENTS (CONTINUED)

Construction Commitments

The following is a summary of the projects in process and other commitments remaining at September 30, 2025:

	Commitment Authorized	Expended to September 30, 2025	Remaining Commitment
General Fund:			
Fire Station Sprinkler System Building Improvements	$ 22,875	-	$ 22,875
Alum Treatment Plant System Upgrade	22,373	-	22,373
Fire Station 14 Hardening Improvements	157,435	75,395	82,040
Fire Station 15 Hardening Improvements	43,830	33,830	10,000
Police Station Hardening Improvements	62,500	34,775	27,725
W Center City Hall Improvements	9,900	-	9,900
Infrastructure Fund:			
West Lake Jackson Infrastructure Improvements	1,246,339	1,239,925	6,414
Public Works & Utilities Complex	17,802	4,551	13,252
Gabe White Playground Improvements	14,700	10,500	4,200
Mary Toney Playground Improvements	14,700	10,500	4,200
Rotary Restroom Parking	33,497	5,861	27,636
Water and Wastewater Fund:			
Memorial Drive Water Line Relocation	58,360	28,890	29,470
Sunny Pines & Highlands Mobile Homes Fire Hydrants	15,900	14,900	1,000
Water Line Extension at US Hwy 98	139,000	15,500	123,500
Martha Estates Water Line Extension	13,000	9,000	4,000
Country Club Ground Water Storage Tank	69,000	61,500	7,500
Mini Ranch to Haywood Taylor Water Line Extension	65,000	22,500	42,500
Highlands Homes Hardening Water Line Upgrades	509,201	-	509,201
Snyder Rd to Moon Ranch Rd Water Line Extension	24,500	23,000	1,500
Vet's Beach Hardening Water Plant Generator Replacement	30,230	20,230	10,000
Park Street Hardening Water Plant Generator Replacement	29,921	19,921	10,000
Airport Rd Hardening Water Plant Generator Replacement	49,300	34,300	15,000
Firemen's Field Hardening Water Plant Generator Replacement	27,770	17,770	10,000
Cemetery WWTP Percolation Pond	75,252	72,752	2,500
Country Club Sewer Interconnection	59,695	-	59,695
Western Wastewater Treatment Plant & Line Improvements	193,065	192,224	841
West Lake Jackson Infrastructure Improvements	426,034	423,780	2,254
Wastewater Septic to Sewer Line Extension	1,406,000	673,121	732,879
Liftstation Improvements	95,108	43,550	51,558
Highlands Ridge Pro Shop Lift Station Repairs	56,221	43,550	12,671
Scenic Highway Lift Station Repairs	38,887	-	38,887
Manhole Improvements	8,573	-	8,573
Interconnect Country Club WWTP to Western WWTP	165,370	35,370	130,000
Youth Care Lane to SHS Force Main Extension	56,275	45,275	11,000
Cemetery WWTP Splitter	110,000	53,000	57,000
Wastewater Collections Hardening Improvements	469,700	72,500	397,200
	$ 5,837,313	$ 3,337,970	$ 2,499,342

NOTE 8 PLEDGED REVENUES

The City has pledged future revenues derived from the operation of the water and wastewater systems and public service taxes, net of operating and maintenance expenses, to repay four loans amounting to $649,040. The loan descriptions and maturities are included in Note 9 and are payable solely from the net earnings of the water and wastewater systems. The total principal and interest remaining to be paid on the loans is $310,951. Principal paid and interest expense for the current year was $49,523 and net system revenues were $10,297,213. Scheduled principal and interest for pledged loans for fiscal year 2026 is $49,527. Annual payments of debt service are expected to require 0.9% of available net revenues.

The City has pledged future revenue derived from the infrastructure sales surtax to repay a loan amounting to $1,435,981. The loan description and maturities are included in Note 9. There were no payments on the loan in the current year. Scheduled principal and interest for fiscal year 2026 is $177,184.

NOTE 9 LONG-TERM DEBT

Long-term liability activity of the City for the year ended September 30, 2025, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year	Long-Term Portion
Governmental Activities:						
Direct Borrowings	$ 1,223,294	$ 399,914	$ 158,857	$ 1,464,351	$ 298,488	$ 1,165,863
Leases	1,266	-	821	445	445	-
SBITAs	8,377	-	1,783	6,594	1,980	4,614
Compensated Absences	499,210	64,388	-	563,598	179,848	383,750
Total Governmental Activities Long-Term Liabilities	$ 1,732,147	$ 464,302	$ 161,461	$ 2,034,988	$ 480,761	$ 1,554,227
Business-Type Activities:						
Direct Borrowings	$ 620,769	$ 140,509	$ 76,086	$ 685,192	$ 124,429	$ 560,763
Leases	249,648	-	64,155	185,493	68,156	117,337
Compensated Absences	181,073	7,198	-	188,271	57,501	130,770
Landfill Closure	731,000	-	-	731,000	-	731,000
Total Business-Type Activities Long-Term Liabilities	$ 1,782,490	$ 147,707	$ 140,241	$ 1,789,956	$ 250,086	$ 1,539,870

The change in compensated absences is reported as a net change.

NOTE 9 LONG-TERM DEBT (CONTINUED)

The annual requirements to amortize the debt outstanding as of September 30, 2025, are as follows:

	Governmental Activities		
	Direct Borrowings		
Year Ending September 30,	Principal	Interest	Total
2026	$ 298,488	$ 19,944	$ 318,432
2027	295,116	13,327	308,443
2028	190,472	6,783	197,255
2029	131,116	-	131,116
2030	131,116	-	131,116
2031-2035	418,043	-	418,043
Total	$ 1,464,351	$ 40,054	$ 1,504,405

	Business-Type Activities		
	Direct Borrowings		
Year Ending September 30,	Principal	Interest	Total
2026	$ 124,429	$ 8,520	$ 132,949
2027	89,414	6,177	95,591
2028	90,579	5,011	95,590
2029	91,776	3,815	95,591
2030	93,004	2,587	95,591
2031-2035	195,990	1,578	197,568
Total	$ 685,192	$ 27,688	$ 712,880

Direct Borrowing – State Revolving Fund Loans

The City has four State Revolving Fund loans with a total balance of $1,720,453. The loans will be used for water and wastewater projects. The loans are secured by pledged revenues of the water and sewer system.

State Revolving Fund Loan – Sparta Road

Description	Outstanding at September 30, 2025
$165,859 loan payable at 2.71% from the State of Florida, Department of Environmental Protection; semi-annual payment of $5,476, including interest, beginning June 15, 2011 through December 15, 2030; secured by a pledge of net revenues of the water and wastewater system.	$ 55,616

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

NOTE 9 LONG-TERM DEBT (CONTINUED)

Direct Borrowing – State Revolving Fund Loans (Continued)

State Revolving Fund Loan – Airport Road

Description	Outstanding at September 30, 2025
$69,227 loan payable at 2.66% from the State of Florida, Department of Environmental Protection; semi-annual payment of $2,140, including interest, beginning September 15, 2012 through March 15, 2032; secured by a pledge of net revenues of the water and wastewater system.	$ 25,396

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

State Revolving Fund Loan – State Road 17

Description	Outstanding at September 30, 2025
$517,413 loan payable at 2.66% from the State of Florida, Department of Environmental Protection; semi-annual payment of $17,145, including interest, beginning September 15, 2012 through March 15, 2032; secured by a pledge of net revenues of the water and wastewater system.	$ 203,460

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

State Revolving Fund Loan – West Lake Jackson

Description	Outstanding at September 30, 2025
$1,435,981loan payable at 0% from the State of Florida, Department of Environmental Protection; semi-annual payment of $11,475, including interest, beginning February 15, 2022 through August 15, 2032; secured by a pledge of infrastructure surtax revenue.	
Governmental Activities	$ 1,071,410
Business-Type Activities	364,571
Total	$ 1,435,981

NOTE 9 LONG-TERM DEBT (CONTINUED)

Direct Borrowing – State Revolving Fund Loans (Continued)

State Revolving Fund Loan – West Lake Jackson (Continued)

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

Total State Revolving Funds Payable	$ 1,720,453

Direct Borrowing – Financed Purchase Obligations

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

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

Truist Bank for the purchase of the Fire Pumper truck is dated June 22, 2023, for $787,000 at a 3.99% interest rate, due in annual installments ranging from $61,723 to $173,216 through August 1, 2028.

NOTE 10 LEASES

Lessee Arrangement

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

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

	Governmental Activities		Business-Type Activities		
Year Ending September 30,	Principal	Interest	Principal	Interest	Total
2026	$ 445	$ 3	$ 68,156	$ 8,979	$ 77,583
2027	-	-	72,406	4,728	77,134
2028	-	-	44,694	697	45,391
2028	-	-	237	1	238
2028	-	-	-	-	-
Total Minimum Lease Payments	$ 445	$ 3	$ 185,493	$ 14,405	$ 200,346

Lessor Arrangement

The City, acting as lessor, leases cell towers and property under long-term, noncancelable lease agreements. The leases expire at various dates and provide for renewal options. During the year ended September 30, 2025, the City recognized $83,222 and $20,408 in lease revenue and interest revenue, respectively, pursuant to these contracts.

NOTE 10 LEASES (CONTINUED)

Lessor Arrangement (Continued)

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

	Governmental Activities		Business-Type Activities		
Year Ending September 30,	Principal	Interest	Principal	Interest	Total
2026	$ 84,988	$ 15,146	$ 1,246	$ 1,805	$ 103,185
2027	74,711	11,576	1,299	1,754	89,340
2028	31,101	9,669	1,355	1,645	43,770
2029	32,433	8,337	1,413	1,645	43,828
2030	33,822	6,949	1,474	1,587	43,832
2031-2035	150,402	12,679	8,370	6,974	178,425
2036-2040	-	-	10,322	5,102	15,424
2041-2045	-	-	12,729	2,793	15,522
2046-2047	-	-	4,370	367	4,737
Total Minimum Lease Payments	$ 407,457	$ 64,356	$ 42,578	$ 23,672	$ 538,063

NOTE 11 SUBSCRIPTION BASED INFORMATION TECHNOLOGY ARRANGEMENTS

Subscription-Based Information Technology Arrangements

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

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

	Governmental Activities		
Year Ending September 30,	Principal	Interest	Total
2026	$ 1,980	$ 225	$ 2,205
2027	2,193	122	2,315
2028	2,421	10	2,431
Total	$ 6,594	$ 357	$ 6,951

NOTE 12 LANDFILL CLOSURE LIABILITY

The City owns and operates a landfill for yard trash as part of its solid waste operation. The solid waste operation of the City is accounted for as a business-type activity in the Solid Waste Fund. In September 2012, the Florida Department of Environmental Protection approved a change to the City's landfill permit. The landfill permit in effect until September 21, 2012, was a general landfill permit, which required a restriction on funds to cover 30 years of post-closure maintenance. The new permit is a yard waste facility permit, which requires no funding of the closure and post-closure maintenance. At September 30, 2025, the City has maintained a $731,000 liability to cover the estimated landfill closure requirements of the Florida Department of Environmental Protection.

NOTE 13 RISK MANAGEMENT

Risk Pool

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

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

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

Risk Retention

The City self-insures the health benefits it provides to its employees. The City's plan retains the risk of loss for the medical claims up to $65,000, and paid by December 31, 2025, per individual per year with an overall additional deductible of $130,000. The City uses specific reinsurance with a deductible of $130,000 to reduce its exposure for medical claims, excluding vision, dental, and drug benefits, incurred and paid by September 30, 2024, that exceed a $65,000 limit per individual. The City also utilizes an aggregate policy to reduce its exposure for total medical claims. The City's aggregate policy provides coverage of $1,000,000 on an overall basis when covered medical claims exceed $2,150,686 during the current fiscal year. The City also purchases commercial insurance for its exposure related to life benefits provided to employees. For insured programs, there have been no significant reductions in insurance coverage. Settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

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

The liability at September 30, 2025, is $322,009. The following is a summary of changes in the liability balance:

Fiscal Year	Liability Beginning of Fiscal Year	Current Year Claims and and Changes in Estimate of Liability	Net Claim Payments	Liability End of Fiscal Year
2023-2024	$ 199,753	$ 2,173,731	$ 2,057,446	$ 316,038
2024-2025	316,038	2,636,058	2,630,087	322,009

NOTE 14 PENSION PLANS

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

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

	Police Officers' Retirement Trust Fund	Municipal Firefighters' Pension Plan	Total
ASSETS			
Cash and Cash Equivalents	$ 342,091	$ 394,153	$ 736,244
Receivables:			
Interest and Dividends	40,043	48,601	88,644
Partnership Distribution	7,003	22,178	29,181
Total Receivables	47,046	70,779	117,825
Investments, at Fair Value:			
U.S. Government Obligations	4,434,002	1,245,770	5,679,772
Mortgage Backed Securities	4,101,387	2,350,885	6,452,272
Municipal Obligations	-	34,754	34,754
Corporate Bonds	652,398	2,077,947	2,730,345
Common Stock	4,096,592	1,795,575	5,892,167
Mutual Funds - Equities	10,917,401	7,502,129	18,419,530
Real Estate Partnership	970,675	997,757	1,968,432
Total Investments	25,172,455	16,004,817	41,177,272
Total Assets	25,561,592	16,469,749	42,031,341
LIABILITIES			
Accounts Payable	34,871	20,586	55,457
Total Liabilities	34,871	20,586	55,457
NET POSITION RESTRICTED FOR PENSIONS	$ 25,526,721	$ 16,449,163	$ 41,975,884

NOTE 14 PENSION PLANS (CONTINUED)

	Police Officers' Retirement Trust Fund	Municipal Firefighters' Pension Plan	Total
ADDITIONS			
Contributions:			
City	$ 540,342	$ 304,630	$ 844,972
Plan Members	30,153	6,179	36,332
Total Contributions	570,495	310,809	881,304
Investment Income:			
Net Appreciation in Fair Value of Investments	1,819,574	720,896	2,540,470
Interest and Dividends	454,984	747,698	1,202,682
Other	35,321	(40,565)	(5,244)
Subtotal	2,309,879	1,428,029	3,737,908
Less: Investment Expenses	(75,168)	(66,762)	(141,930)
Net Investment Income	2,234,711	1,361,267	3,595,978
Total Additions	2,805,206	1,672,076	4,477,282
DEDUCTIONS			
Payments to Retirees and Participants	978,873	1,123,731	2,102,604
Administration Expenses	46,596	42,661	89,257
Total Deductions	1,025,469	1,166,392	2,191,861
NET DECREASE IN NET POSITION	1,779,737	505,684	2,285,421
NET POSITION RESTRICTED FOR PENSION			
Beginning of Year	23,746,984	15,943,479	39,690,463
End of Year	$ 25,526,721	$ 16,449,163	$ 41,975,884

Police Officers' Retirement Trust Fund (PORTF)

Plan Description

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

NOTE 14 PENSION PLANS (CONTINUED)

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

Plan Membership

As of September 30, 2024, the members of the plan were as follows:

Inactive Plan Members or Beneficiaries Receiving Benefits	34
Active Plan Members	8
Total	42

Benefits Provided

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

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

Funding Policy

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

The required City contributions to the Plan for the year ended September 30, 2025, was 92.25% of payroll. Actual contributions for the year totaled $540,342, or 100% of the required contribution. Contribution requirements for the Plan are established and may be amended by state law and city ordinance.

NOTE 14 PENSION PLANS (CONTINUED)

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

Deferred Retirement Option Program (DROP)

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

The DROP balance as of September 30, 2024, the most recently available information, is $758,713.

Net Pension Liability of the City

The measurement date for the City's net pension liability is September 30, 2024. The total pension liability used to calculate the net pension liability was determined as of that date. The components of the net pension liability of the City at the measurement date were as follows:

Total Pension Liability	$ 25,163,311
Plan Fiduciary Net Position	(23,746,984)
Net Pension Liability	$ 1,416,327
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	94.37%

Changes in net pension liability were as follows:

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a)-(b)
Balances - September 30, 2024	$ 24,581,661	$ 20,475,437	$ 4,106,224
Changes for the Year:			
Service Cost	203,215	-	203,215
Interest	1,652,520	-	1,652,520
Difference Between Actual and Expected Experience	94,774	-	94,774
Assumption Changes	301,759	-	301,759
Contributions - City	-	419,086	(419,086)
Contributions - Employee	-	31,686	(31,686)
Net Investment Income	-	4,538,059	(4,538,059)
Benefit Payments, Including Refunds of Employee Contributions	(1,670,618)	(1,670,618)	-
Administrative Expense	-	(46,666)	46,666
Net Changes	581,650	3,271,547	(2,689,897)
Balances - September 30, 2025	$ 25,163,311	$ 23,746,984	$ 1,416,327

NOTE 14 PENSION PLANS (CONTINUED)

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

Net Pension Liability of the City (Continued)

For the year ended September 30, 2025, the City recognized pension expense of $829,220 for the plan. At September 30, 2025, the City reported deferred outflows of resources and deferred inflows related to its pension plan from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Net Difference Between Projected and Actual Earnings on Plan Investments	$ -	$ 906,447
City Contributions Subsequent to the Measurement Date	540,342	-
Total	$ 540,342	$ 906,447

The deferred outflows of resources related to the Pension Plan, totaling $540,342 resulting from City contributions to the plan subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the fiscal year ending September 30, 2026. Other amounts reported as deferred outflows and inflows of resources related to the Plan will be recognized in pension expense as follows:

Year Ending September 30,	Amount
2026	$ 848
2027	435,149
2028	(707,534)
2029	(634,910)
Total	$ (906,447)

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

Actuarial Assumptions. The total pension liability was determined by an actuarial valuation as of October 1, 2023, with update procedures performed by the actuary to roll forward to the total pension liability measured as of September 30, 2024, using the following actuarial assumptions applied to all periods included in the measurement:

Actuarial Cost Method	Entry Age Normal
Inflation	2.50%
Salary Increases	5.00%
Investment Rate of Return	6.60%

NOTE 14 PENSION PLANS (CONTINUED)

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

Net Pension Liability of the City (Continued)

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

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

Discount Rate. The discount rate used to measure the total pension liability for the Plan was 6.80%, which is 0.1% lower than prior year.

The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that the City's contributions will be made at rates equal to the difference between the total actuarially determined contribution rates and the plan member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments of 6.8% was applied to all periods of projected benefit payments to determine the total pension liability.

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

NOTE 14 PENSION PLANS (CONTINUED)

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

Net Pension Liability of the City (Continued)

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

	1% Decrease (5.8%)	Current Discount Rate (6.8%)	1% Increase (7.8%)
City's Net Pension Liability as of the Measurement Date	$ 4,839,320	$ 1,416,327	$ (1,328,526)

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

The components of the net pension liability of the City as it pertains to the Plan at September 30, 2025, were as follows:

Total Pension Liability	$ 26,450,198
Plan Fiduciary Net Position	(25,526,721)
Net Pension Liability	$ 923,477
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	96.51%

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

Actuarial Assumptions. The total pension liability was determined by an actuarial valuation as of October 1, 2024, with update procedures performed by the actuary to roll forward to the total pension liability measured as of September 30, 2025, using the following actuarial assumptions applied to all periods included in the measurement:

Inflation	2.50%
Salary Increases	5.00%
Investment Rate of Return	6.60%

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

NOTE 14 PENSION PLANS (CONTINUED)

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

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

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

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

Discount Rate. The discount rate used to measure the total pension liability for the Plan was 6.8%, the same as prior year.

The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that the City's contributions will be made at rates equal to the difference between the total actuarially determined contribution rates and the plan member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments of 6.8% was applied to all periods of projected benefit payments to determine the total pension liability.

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

	1% Decrease (5.8%)	Current Discount Rate (6.8%)	1% Increase (7.8%)
City's Net Pension Liability as of the Measurement Date	$ 8,015,010	$ 923,477	$ 1,851,009

NOTE 14 PENSION PLANS (CONTINUED)

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

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

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revision as results are compared to past expectations and new estimates are made about the future. Actuarial calculations reflect a long-term perspective. Calculations are based on the substantive plan in effect as of September 30, 2025, and the current sharing pattern of costs between employer and employee.

Municipal Firefighters' Pension Plan (MFPP)

Plan Description

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

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

Plan Membership

As of October 1, 2024, the members of the plan were as follows:

Inactive Plan Members or Beneficiaries Receiving Benefits	24
Inactive Plan Members Entitled to But Not Receiving Benefits	2
Active Plan Members	1
Total	27

NOTE 14 PENSION PLANS (CONTINUED)

Municipal Firefighters' Pension Plan (MFPP) (Continued)

Benefits Provided

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

Funding Policy

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

The required City contributions to the Plan for the year ended September 30, 2025, was 312.57% of payroll. Actual contributions for the year totaled $304,630 or 100% of the required contribution. Contribution requirements for the Plan are established and may be amended by state law and city ordinance.

Deferred Retirement Option Program (DROP)

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

As of September 30, 2025, there were outstanding DROP balances totaling $223,894.

Net Pension Liability of the City

The measurement date for the City's net pension liability is September 30, 2024. The total pension liability used to calculate the net pension liability was determined as of that date. The components of the net pension liability of the City at the measurement date were as follows:

Total Pension Liability	$ 18,167,020
Plan Fiduciary Net Position	(15,942,328)
Net Pension Liability	$ 2,224,692
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	87.75%

NOTE 14 PENSION PLANS (CONTINUED)

Municipal Firefighters' Pension Plan (MFPP) (Continued)

Net Pension Liability of the City (Continued)

Changes in net pension liability were as follows:

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balances - September 30, 2024	$ 17,971,658	$ 13,911,163	$ 4,060,495
Changes for the Year:			
Service Cost	42,172	-	42,172
Interest	1,222,841	-	1,222,841
Difference Between Actual and Expected Experience	19,698	-	19,698
Assumption Changes	-	-	-
Changes in Benefit Terms	-	-	-
Contributions - City	-	249,223	(249,223)
Contributions - Employee	-	5,782	(5,782)
Net Investment Income	-	2,904,338	(2,904,338)
Benefit Payments, Including Refunds of Employee Contributions	(1,089,349)	(1,089,349)	-
Administrative Expense	-	(38,829)	38,829
Net Changes	195,362	2,031,165	(1,835,803)
Balances - September 30, 2025	$ 18,167,020	$ 15,942,328	$ 2,224,692

For the year ended September 30, 2025, the City recognized pension expense of $315,716 for the plan. At September 30, 2025, the City reported deferred outflows of resources and deferred inflows related to its pension plan from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Net Difference Between Projected and Actual Earnings on Plan Investments	$ -	$ 516,489
Total	$ -	$ 516,489

NOTE 14 PENSION PLANS (CONTINUED)

Municipal Firefighters' Pension Plan (MFPP) (Continued)

Net Pension Liability of the City (Continued)

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

Year Ending September 30,	Amount
2026	$ (9,281)
2027	327,643
2028	(442,627)
2029	(392,224)
Total	$ (516,489)

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

Actuarial Assumptions. The total pension liability was determined by an actuarial valuation as of October 1, 2024, with update procedures performed by the actuary to roll forward to the total pension liability measured as of September 30, 2025, using the following actuarial assumptions applied to all periods included in the measurement:

Inflation	2.50%
Salary Increases	7.00%
Investment Rate of Return	7.00%

Long-Term Expected Rate of Return. The long-term expected rate of return on pension plan investments was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of September 30, 2025, are summarized in the following table:

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

NOTE 14 PENSION PLANS (CONTINUED)

Municipal Firefighters' Pension Plan (MFPP) (Continued)

Net Pension Liability of the City (Continued)

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

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

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

	1% Decrease (6.0%)	Current Discount Rate (7.0%)	1% Increase (8.0%)
City's Net Pension Liability (Asset) as of the Measurement Date	$ 4,349,511	$ 2,224,692	$ 467,441

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revision as results are compared to past expectations and new estimates are made about the future. Actuarial calculations reflect a long-term perspective. Calculations are based on the substantive plan in effect as of September 30, 2025. and the current sharing pattern of costs between employer and employee.

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

The components of the net pension liability of the City as it pertains to the Plan at September 30, 2025, were as follows:

Total Pension Liability	$ 18,804,248
Plan Fiduciary Net Position	(16,449,163)
Net Pension Liability	$ 2,355,085
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	87.48%

NOTE 14 PENSION PLANS (CONTINUED)

Municipal Firefighters' Pension Plan (MFPP) (Continued)

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

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

Actuarial Assumptions. The total pension liability was determined by an actuarial valuation as of October 1, 2024, with update procedures performed by the actuary to roll forward to the total pension liability measured as of September 30, 2025, using the following actuarial assumptions applied to all periods included in the measurement:

Inflation	2.50%
Salary Increases	7.00%
Investment Rate of Return	7.00%

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

Long-Term Expected Rate of Return. The long-term expected rate of return on pension plan investments was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of September 30, 2025, are summarized in the following table:

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

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

NOTE 14 PENSION PLANS (CONTINUED)

Municipal Firefighters' Pension Plan (MFPP) (Continued)

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

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

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

	1% Decrease (5.9%)	Current Discount Rate (6.9%)	1% Increase (7.9%)
City's Net Pension Liability as of the Measurement Date	$ 4,506,670	$ 2,355,085	$ 574,396

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revision as results are compared to past expectations and new estimates are made about the future. Actuarial calculations reflect a long-term perspective. Calculations are based on the substantive plan in effect as of September 30, 2025, and the current sharing pattern of costs between employer and employee.

Florida Retirement System (FRS)

Background

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

NOTE 14 PENSION PLANS (CONTINUED)

Florida Retirement System (FRS) (Continued)

Background (Continued)

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

Plan Description

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

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

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

NOTE 14 PENSION PLANS (CONTINUED)

Florida Retirement System (FRS) (Continued)

Plan Description (Continued)

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

Benefits Provided

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

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

NOTE 14 PENSION PLANS (CONTINUED)

Florida Retirement System (FRS) (Continued)

Benefits Provided (Continued)

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

Contributions

The Florida Legislature establishes contribution rates for participating employers and employees. Effective July 1, 2011, all FRS Plan members (except those in DROP) are required to make 3% employee contributions on a pretax basis. The contribution rates attributable to the City, effective July 1, 2024, were applied to employee salaries as follows: regular employees 13.63%, special risk 32.79%, city elected officials 58.68%, senior management 34.52%, and DROP participants 21.13%. The City's contributions to the FRS Plan were $1,259,566 for the year ended September 30, 2025.

Pension Costs

At September 30, 2025, the City reported a liability of $7,902,756 for its proportionate share of the FRS Plan's net pension liability. The net pension liability was measured as of June 30, 2025, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2025. The City's proportion of the net pension liability was based on the City's contributions received by FRS during the measurement period for employer payroll paid dates from July 1, 2024, through June 30, 2025, relative to the total employer contributions received from all of FRS's participating employers. At June 30, 2025, the City's proportion was 0.025463903% which was an increase 0.000850040% from its proportion measured as of June 30, 2024.

NOTE 14 PENSION PLANS (CONTINUED)

FRS Pension Plan (Continued)

Pension Costs (Continued)

For the fiscal year ended September 30, 2025, the City recognized pension expense of $1,137,363 for its proportionate share of FRS's pension expense. In addition, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience Experience	$ 844,098	$ -
Changes in Assumptions	917,715	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	1,319,445
Changes in Proportion and Differences Between City's Pension Plan Contributions and Proportionate Share of Contributions	959,191	58,372
City Contributions Subsequent to the Measurement Date	443,494	-
Total	$ 3,164,498	$ 1,377,817

The deferred outflows of resources related to the pension plan, totaling $443,494 resulting from City contributions to the plan subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the fiscal year ended September 30, 2026. 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
2026	$ 1,581,275
2027	106,699
2028	(142,709)
2029	(202,078)
Total	$ 1,343,187

Actuarial Assumptions

The total pension liability in the July 1, 2025, actuarial valuation was determined using the following actuarial assumption, applied to all periods included in the measurement:

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

NOTE 14 PENSION PLANS (CONTINUED)

FRS Pension Plan (Continued)

Actuarial Assumptions (Continued)

Mortality rates were based on the PUB-2010 base table, varies by member category and sex, projected generationally with Scale MP-2021. The actuarial assumptions used in the July 1, 2025, valuation were based on the results of an actuarial experience study for the period July 1, 2018, through June 30, 2023.

Long-Term Expected Rate of Return

The long-term expected rate of return assumption of 6.70% used in GASB discount rate calculations consists of two building block components: 1) a long-term average annual inflation assumption of 2.40% as adopted in October 2024 by the FRS Actuarial Assumption Conference; and 2) an inferred real (in excess of inflation) return of 4.20%. Geometrically combining those building blocks using the formula (1 + .024) x (1 + .042) - 1 generates an expected nominal return of 6.70%. In the opinion of the FRS consulting actuary, both building block 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.

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

Asset Class	Target Allocation	Annual Arithmetic Return	Compound Annual (Geometric) Return	Standard Deviation
Cash	1.0 %	3.2 %	3.2 %	1.1 %
Fixed Income	29.0	5.5	5.4	4.0
Global Equity	45.0	8.5	6.9	18.3
Real Estate (Property)	12.0	8.4	7.1	16.8
Private Equity	11.0	12.4	8.8	28.4
Strategic Investments	2.0	6.5	6.1	8.7
Total	100.0 %			
Assumed Inflation - Mean			2.4 %	1.5 %

NOTE 14 PENSION PLANS (CONTINUED)

FRS Pension Plan (Continued)

Discount Rate

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

Pension Liability Sensitivity

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

	1% Decrease (5.70%)	Current Discount Rate (6.70%)	1% Increase (7.70%)
City's Proportionate Share of the Net Pension Liability	$ 15,509,039	$ 7,902,756	$ 1,525,760

Pension Plan Fiduciary Net Position

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

HIS Plan

Plan Description

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

Benefits Provided

For the plan fiscal year ended June 30, 2025, eligible retirees and beneficiaries received a monthly HIS payment of $5 for each year of creditable service completed at the time of retirement, with a minimum HIS payment of $45 and a maximum HIS payment of $225 per month, pursuant to Section I 12.363, Florida Statutes. To be eligible to receive these benefits, a retiree under a State administered retirement system must provide proof of health insurance coverage, which may include Medicare.

NOTE 14 PENSION PLANS (CONTINUED)

HIS Plan (Continued)

Contributions

The HIS Plan is funded by required contributions from FRS participating employers as set by the Florida Legislature. Employer contributions are a percentage of gross compensation for all active FRS members. For the fiscal year ended June 30, 2025, the contribution rate was 2.0% of payroll pursuant to section 112.363, Florida Statues. The City contributed 100% of its statutorily required contributions for the current and preceding three years. HIS Plan contributions are deposited in a separate trust fund from which payments are authorized. HIS Plan benefits are not guaranteed and are subject to annual legislative appropriation. In the event the legislative appropriation or available funds fail to provide full subsidy benefits to all participants, benefits may be reduced or canceled. The City's contributions to the HIS Plan were $173,466 for the year ended September 30, 2025.

Pension Costs

At September 30, 2025, the City reported a liability of $2,434,720 for its proportionate share of the HIS plan's net pension liability. The net pension liability was measured as of June 30, 2025, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2025. The City's proportion of the net pension liability was based on the City's contributions received during the measurement period for employer payroll paid dates from July 1, 2024 through June 30, 2025, relative to the total employer contributions received from all participating employers. At June 30, 2025, the City's proportion was 0.018995359% which was an increase of 0.000675594% from its proportion measured as of June 30, 2024.

For the fiscal year ended June 30, 2025, the City recognized pension expense of $122,202 for its proportionate share of HIS's pension expense. In addition, the City reported its proportionate share of HIS's deferred outflows of resources and deferred in flows of resources related to pensions from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	$ 14,534	$ 3,862
Changes in Assumptions	21,550	588,896
Net Difference Between Projected and Actual Earnings on HIS Plan Investments	-	2,026
Changes in Proportion and Differences Between City's HIS Plan Contributions and Proportionate Share of Contributions	269,175	10,906
City HIS Plan Contributions Subsequent to the Measurement Date	46,344	-
Total	$ 351,603	$ 605,690

NOTE 14 PENSION PLANS (CONTINUED)

HIS Plan (Continued)

Pension Costs (Continued)

The deferred outflows of resources related to the HIS plan, totaling $46,344 resulting from City contributions to the HIS Plan subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the fiscal year ended September 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the HIS plan will be recognized as an increase (decrease) in pension expense as follows:

Year Ending September 30,	Amount
2026	$ (58,652)
2027	(77,815)
2028	(56,375)
2029	(61,150)
2030	(46,439)
Total	$ (300,431)

Actuarial Assumptions

The total pension liability in the July 1, 2025, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

Mortality rates were based on the Generational PUB-2010 with Projection Scale MP-2021. The actuarial assumptions used in the July 1, 2025, 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 5.20% in the current year and 3.93% in the prior year for the HIS Plan. In general, the discount rate for calculating the total pension liability is equal to the single rate equivalent to discounting at the long-term expected rate of return for benefit payments prior to the projected depletion date. Because the HIS benefit is essentially funded on a pay-as-you-go basis, the depletion date is considered to be immediate, and the single equivalent discount rate is equal to the municipal bond rate selected by the FRS Actuarial Assumption Conference. The Bond Buyer General Obligation 20-Bond Municipal Bond Index was adopted as the applicable municipal bond index.

NOTE 14 PENSION PLANS (CONTINUED)

HIS Plan (Continued)

Pension Liability Sensitivity

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

	1% Decrease 4.20	Current Discount Rate 5.20	1% Increase 6.20
City's Proportionate Share of the Net Pension Liability	$ 2,745,538	$ 2,434,720	$ 2,174,041

Pension Plan Fiduciary Net Position

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

Summary

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

Description	Police Officers' Retirement Trust Fund	Municipal Firefighters' Pension Plan	FRS Plan	HIS Plan	Total
Net Pension Liability	$ 1,416,327	$ 2,224,692	$ 7,902,756	$ 2,434,720	$ 13,978,495
Deferred Outflows of Resources Related to Pensions	540,342	-	3,164,498	351,603	4,056,443
Deferred Inflows of Resources Related to Pensions	906,447	516,489	1,377,817	605,690	3,406,443
Pension Expense	829,220	315,716	1,137,363	122,202	2,404,501

FRS Investment Plan

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

NOTE 14 PENSION PLANS (CONTINUED)

FRS Investment Plan (Continued)

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

For all membership classes, employees are immediately vested in their own contributions and are vested after one year of service for employer contributions and investment earnings. If an accumulated benefit obligation for service credit originally earned under the FRS Pension Plan is transferred to the Investment Plan, the member must have the years of service required for FRS Pension Plan vesting (including the service credit represented by the transferred funds) to be vested for these funds and the earnings on the funds. Nonvested employer contributions are placed in a suspense account for up to five years. If the employee returns to FRS-covered employment within the five-year period, the employee will regain control over their account. If the employee does not return within the five-year period, the employee will forfeit the accumulated account balance. For the fiscal year ended June 30, 2025, the information for the amount of forfeitures was unavailable from the SBA; however, management believes that these amounts, if any, would be immaterial to the City.

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

The City's Investment Plan pension expense totaled $ 190,756 for the year ended September 30, 2025. Employee contributions to the Investment Plan totaled $40,014 for the year ended September 30, 2025.

NOTE 15 POSTEMPLOYMENT BENEFITS

Plan Description

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

Funding Policy

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

Employees Covered by Benefit Terms

Inactive Employees or Beneficiaries Currently Receiving Benefits	20
Active Employees	160
Total	180

Total OPEB Liability

The City's total OPEB liability was measured as of September 30, 2025, and was determined by an actuarial valuation as of October 1, 2023, rolled forward to the measurement date of September 30, 2025. The following table shows the City's total OPEB liability for the year ended September 30, 2025.

	Total OPEB Liability
Balance - September 30, 2024	$ 884,717
Changes Recognized for the Fiscal Year:	
Service Cost	8,581
Interest on the Total OPEB Liability	37,161
Changes in Assumptions	(29,349)
Benefit Payments	(106,747)
Net Changes	(90,354)
Balance - September 30, 2025	$ 794,363

NOTE 15 POSTEMPLOYMENT BENEFITS (CONTINUED)

Discount Rate Sensitivity

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

	1% Decrease 3.47%	Current Discount Rate 4.47%	1% Increase 5.47%
Total OPEB Liability	$ 848,076	$ 794,363	$ 746,273

Healthcare Trend Rate Sensitivity

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

	1% Decrease in Healthcare Cost Trend Rate 6.00%	Healthcare Cost Trend Rate 7.00%	1% Increase in Healthcare Cost Trend Rate 8.00%
Total OPEB Liability	$ 725,297	$ 794,363	$ 877,315

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

For the year ended September 30, 2025, the City recognized OPEB expense of $51,486. In addition, the City reported deferred outflows and inflows of resources from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of Assumptions	$ (69,976)	$ -

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

Year Ending September 30,	Amount
2026	$ 23,944
2027	(13,637)
2028	(32,436)
2029	(32,205)
2030	(32,205)
Thereafter	16,563
Total	$ (69,976)

NOTE 15 POSTEMPLOYMENT BENEFITS (CONTINUED)

Actuarial Assumptions

The total OPEB liability in the October 1, 2024 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Actuarial Cost Method	Entry Age Normal as a Level Percentage of Payroll
Discount Rate	4.47%
20-Year Municipal Bond Rate	4.50%
Salary Increases	3.50%
Mortality Rates	Pub-2010 Public Retirement Plans Healthy Male and Female Total Dataset Headcount-Weighted Mortality Tables Based on Employee and Healthy Annuitant Table for both pre- and post-Retirement
Healthcare Cost Trend Rate	7.0%

Changes to the Total OPEB Liability

The selected discount rate is based on the prescribed discount interest rate methodology under GASB No. 75 based on an average of two 20-year municipal bond indices (e.g., S&P Municipal Bond 20 Year High Grade Rate Index and Fidelity GA AA 20 Years) as of September 30, 2025. The current rate is 4.47%, which is a change from the prior year's discount rate of 3.97%.

NOTE 16 RELATED PARTY TRANSACTIONS

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

The Mayor of the City is the President of the Central Florida market area for First Southern Bank. At September 30, 2025, the City had $5,637,112 of deposits in accounts at First Southern Bank.

NOTE 17 CONTINGENCIES

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

NOTE 18 CHANGE IN ACCOUNTING PRINCIPLE

Effective October 1, 2024, the City implemented GASB Statement No. 101, *Compensated Absences*. This statement updated the recognition and measurement guidance for compensated absences and associated salary-related payments and amended certain previously required disclosures. As a result of the implementation of this standard, the compensated absences liability as of October 1, 2024 was restated by $100,889 in the governmental activities and $44,947 in the business-type activities.

The effect of the implementation of this standard is shown in the table below.

	October 1, 2024, As Previously Reported	Change in Accounting Principle	October 1, 2024, As Adjusted or Restated
Government-Wide:			
Governmental Activities	$ 19,381,731	$ (100,889)	$ 19,280,842
Business-Type Activities	52,528,346	(44,947)	52,483,399
Total Primary Government	$ 71,910,077	$ (145,836)	$ 71,764,241
Proprietary Funds:			
Water and Sewer	$ 48,591,905	$ (30,425)	$ 48,561,480
Solid Waste	2,528,768	(11,526)	2,517,242
Golf Course	1,114,156	(2,996)	1,111,160
Total Proprietary Funds	$ 52,234,829	$ (44,947)	$ 52,189,882

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

Plan Reporting Period End	9/30/2025	9/30/2024	9/30/2023	9/30/2022	9/30/2021	9/30/2020	9/30/2019	9/30/2018	9/30/2017	9/30/2016
Employer Measurement Date	9/30/2026	9/30/2025	9/30/2024	9/30/2023	9/30/2022	9/30/2021	9/30/2020	9/30/2019	9/30/2018	9/30/2017
Total Pension Liability:										
Service Cost	$ 203,891	$ 203,215	$ 247,161	$ 260,813	$ 305,103	$ 403,117	$ 380,644	$ 363,014	$ 335,631	$ 347,080
Interest on Total Pension Liability	1,679,357	1,652,520	1,624,275	1,526,671	1,490,304	1,406,362	1,302,386	1,248,993	1,252,158	1,215,355
Differences Between Expected and Actual Experience	427,469	94,774	(162,351)	349,409	175,932	99,215	333,428	164,104	(95,597)	(223,168)
Benefit Payments, Including Refunds of Member Contributions	(1,339,035)	(1,670,618)	(738,029)	(719,742)	(625,425)	(596,051)	(579,496)	(1,525,856)	(1,424,417)	(249,816)
Changes of Assumptions	317,708	301,759	284,817		(435,090)	257,450	240,751	221,555	138,404	-
Refunds	(2,503)	-	-	-	-	-	-	-	-	-
Net Change in Total Pension Liability	1,286,887	581,650	1,255,873	1,417,151	910,824	1,570,093	1,677,713	471,810	206,179	1,089,451
Total Pension Liability - Beginning of Year	25,163,311	24,581,661	23,325,788	21,908,637	20,997,813	19,427,720	17,750,007	17,278,197	17,072,018	15,982,567
Total Pension Liability - End of Year	26,450,198	25,163,311	24,581,661	23,325,788	21,908,637	20,997,813	19,427,720	17,750,007	17,278,197	17,072,018
Plan Fiduciary Net Position:										
Contributions - City	540,342	419,086	339,263	468,005	880,703	662,293	486,016	374,381	421,046	509,592
Contributions - Member	30,153	31,686	35,151	35,518	41,818	50,658	58,476	57,129	55,039	52,066
Net Investment Income	2,234,711	4,538,059	1,685,643	(4,059,411)	3,588,966	1,676,248	709,111	1,278,042	1,836,151	1,053,029
Benefit Payments, Including Refunds of Member Contributions	(978,873)	(1,670,618)	(738,029)	(719,742)	(625,425)	(596,051)	(579,496)	(1,525,856)	(1,424,417)	(249,816)
Refunds	-	-	-	-	-	-	-	-	-	-
Administrative expense	(46,596)	(46,666)	(52,248)	(42,834)	(44,974)	(47,170)	(45,006)	(32,400)	(31,475)	(28,658)
Net Change in Plan Fiduciary Net Position	1,779,737	3,271,547	1,269,780	(4,318,464)	3,841,088	1,745,978	629,101	151,296	856,344	1,336,213
Plan Fiduciary Net Position - Beginning of Year	23,746,984	20,475,437	19,205,657	23,524,121	19,683,033	17,937,055	17,307,954	17,156,658	16,300,314	14,964,101
Plan Fiduciary Net Position - End of Year	25,526,721	23,746,984	20,475,437	19,205,657	23,524,121	19,683,033	17,937,055	17,307,954	17,156,658	16,300,314
City's Net Pension (Asset) Liability	$ 923,477	$ 1,416,327	$ 4,106,224	$ 4,120,131	$ (1,615,484)	$ 1,314,780	$ 1,490,665	$ 442,053	$ 121,539	$ 771,704
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	96.51%	94.37%	83.30%	82.34%	107.37%	93.74%	92.33%	97.51%	99.30%	95.48%
Covered Payroll	$ 591,849	$ 728,108	$ 710,351	$ 863,363	$ 1,047,520	$ 1,169,514	$ 1,142,576	$ 1,100,788	$ 1,041,328	$ 1,128,134
City's Net Pension Liability as a Percentage of Covered Payroll	156.03%	194.52%	578.06%	477.22%	-154.22%	112.42%	130.47%	40.16%	11.67%	68.41%

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

Notes to the Schedule

Changes of Benefit Terms:
There have been no changes in benefit terms.

Changes of Assumptions:
For the plan reporting period September 30, 2025, the discount rate was consisted at 6.8%.

For the plan reporting period September 30, 2024, the discount rate was lowered from 6.9% to 6.8%.

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

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

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

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

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

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Actuarially Determined Contribution	$ 540,342	$ 419,086	$ 339,263	$ 468,005	$ 880,703	$ 660,575	$ 486,016	$ 374,381	$ 421,046	$ 509,592
Contributions in Relation to the Actuarially Determined Contribution	540,342	419,086	339,263	468,005	880,703	660,575	486,016	374,381	421,046	509,592
Contribution Excess (Deficiency)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered Payroll	$ 591,849	$ 728,108	$ 710,351	$ 863,363	$ 1,047,520	$ 1,169,514	$ 1,142,576	$ 1,100,788	$ 1,041,328	$ 1,128,134
Contributions as a Percentage of Covered Payroll	91.30%	57.56%	47.76%	54.21%	84.08%	56.48%	42.54%	34.01%	40.43%	45.17%

Notes to Schedule:

Valuation Date October 1, 2023

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

Methods and Assumptions Used to Determine Contribution Amounts:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Dollar, Closed
Remaining Amortization Period	10 Years
Asset Valuation Method	5-Year Smoothed Market
Inflation	2.50% Per Year
Salary Increases, Including Inflation	5.00%
Investment Rate of Return	6.90%
Retirement Age	Experience-base table of rates that are specific to the type of eligibility condition
Mortality	Same version of PUB-2010 Headcount-Weighted Mortality Tables as used by the Florida Retirement System (FRS) for Special Risk in Employees in their July 1, 2021 actuarial valuation. Mortality Improvements projected for healthy lives to all future years after 2010 using Scale MP-2018
Cost-of-Living Adjustments	3.0% effective each October 1 for service retirees who retire after 9/1/98.

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

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Annual Money-Weighted Rate of Return, Net of Investment Expenses	9.39%	3.83%	3.79%	9.68%	7.56%	6.12%	7.41%	7.26%	8.67%	7.72%

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

Plan Reporting Period End	9/30/2025	9/30/2024	9/30/2023	9/30/2022	9/30/2021	9/30/2020	9/30/2019	9/30/2018	9/30/2017	9/30/2016
Employer Measurement Date	9/30/2026	9/30/2025	9/30/2024	9/30/2023	9/30/2022	9/30/2021	9/30/2020	9/30/2019	9/30/2018	9/30/2017
Total Pension Liability:										
Service Cost	$ 51,478	$ 41,021	$ 40,107	$ 149,516	$ 126,940	$ 117,662	$ 110,766	$ 105,733	$ 133,362	$ 124,309
Interest on Total Pension Liability	1,235,435	1,216,438	1,253,626	1,240,177	1,236,401	1,234,848	1,232,343	1,193,050	1,163,405	1,089,417
Differences Between Expected and Actual Experience	176,569	19,698	(571,237)	135,569	12,582	11,806	(45,675)	24,883	164,277	(142,772)
Benefit Payments, Including Refunds of Member Contributions	(1,123,731)	-	-	-	937,724	(971,578)	(1,066,313)	(935,564)	(1,172,459)	(854,991)
Changes of Assumptions	305,031	(1,089,349)	(1,239,338)	(1,208,121)	(1,001,388)	(149,769)	163,355	176,094	189,466	866,110
Net Change in Total Pension Liability	644,782	187,808	(516,842)	317,141	1,312,259	242,969	394,476	564,196	478,051	1,082,073
Total Pension Liability - Beginning of Year	18,159,466	17,971,658	18,488,500	18,171,359	16,859,100	16,616,131	16,221,764	15,657,568	15,179,515	14,097,442
Total Pension Liability - End of Year	18,804,248	18,159,466	17,971,658	18,488,500	18,171,359	16,859,100	16,616,240	16,221,764	15,657,566	15,179,515
Plan Fiduciary Net Position:										
Contributions - City	304,630	249,223	328,394	759,550	759,823	689,652	626,330	620,151	419,641	480,905
Contributions - Member	6,179	5,782	5,799	13,021	18,097	18,604	17,583	17,129	17,940	22,149
Net Investment Income	1,361,267	2,898,735	1,176,546	(2,668,215)	2,751,320	1,254,809	569,452	912,482	1,242,879	895,002
Benefit Payments, Including Refunds of Member Contributions	(1,123,731)	(1,089,349)	(1,240,489)	(1,208,121)	(1,001,388)	(971,578)	(1,066,313)	(935,564)	(1,172,457)	(854,991)
Administrative Expense	(33,956)	(39,629)	(40,845)	(57,442)	(40,940)	(38,906)	(36,287)	(44,288)	(55,704)	(36,940)
Net Change in Plan Fiduciary Net Position	514,389	2,024,762	229,405	(3,161,207)	2,486,912	952,581	110,765	569,910	452,299	506,125
Plan Fiduciary Net Position - Beginning of Year	15,934,774	13,910,012	13,680,607	16,841,814	14,354,902	13,402,321	13,291,556	12,721,646	12,269,347	11,763,222
Plan Fiduciary Net Position - End of Year	16,449,163	15,934,774	13,910,012	13,680,607	16,841,814	14,354,902	13,402,321	13,291,556	12,721,646	12,269,347
City's Net Pension (Asset) Liability	$ 2,355,085	$ 2,224,692	$ 4,061,646	$ 4,807,893	$ 1,329,545	$ 2,504,198	$ 3,213,919	$ 2,930,208	$ 2,935,920	$ 2,910,168
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	87.48%	87.75%	77.40%	74.00%	92.68%	85.15%	80.66%	81.94%	81.25%	80.83%
Covered Payroll	$ 88,960	$ 89,214	$ 200,328	$ 278,413	$ 286,212	$ 270,508	$ 263,521	$ 290,195	$ 340,746	$ 334,708
City's Net Pension Liability as a Percentage of Covered Payroll	2647.35%	2493.66%	2027.50%	1726.89%	464.53%	925.74%	1219.61%	1009.74%	861.62%	869.46%

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

Notes to the Schedule

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

Changes of Assumptions:
Changes in investment rate of return are as follows:

Plan Reporting Period End	9/30/2025	9/30/2024	9/30/2023	9/30/2022	9/30/2021	9/30/2020	9/30/2019	9/30/2018	9/30/2017	9/30/2016
Investment Rate of Return	7.00%	7.0%	7.0%	7.0%	7.5%	7.6%	7.7%	7.8%	7.9%	8.0%
Change in Rate	0.0%	0.0%	0.0%	-0.5%	-0.1%	-0.1%	-0.1%	-0.1%	-0.1%	0.0%

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

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

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

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

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Actuarially Determined Contribution	$ 304,630	$ 249,223	$ 328,394	$ 759,550	$ 759,823	$ 689,652	$ 626,330	$ 620,151	$ 419,641	$ 480,905
Contributions in Relation to the Actuarially Determined Contribution	304,630	249,223	328,394	759,550	759,823	689,652	626,330	620,151	419,641	480,905
Contribution Excess (Deficiency)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered Payroll	$ 88,960	$ 89,214	$ 200,328	$ 278,413	$ 286,212	$ 270,508	$ 263,521	$ 290,195	$ 340,746	$ 334,708
Contributions as a Percentage of Covered Payroll	342.43%	279.35%	163.93%	272.81%	265.48%	254.95%	237.68%	213.70%	123.15%	143.68%

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

Notes to the Schedule

Valuation Date	October 1, 2023

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

Methods and Assumptions Used to Determine Contribution Amounts:

Funding Method	Frozen Entry Age Actuarial Cost Method. The following loads are utilized for determination of the total required contribution: Interest - None, assuming a lump-sum City deposit at the beginning of each fiscal year. Salary - a full-year, based on the current 7.0% assumptions.
Amortization Method	Level % of Pay, Closed
Remaining Amortization Period	24 Years as of 10/1/2018 Valuation
Actuarial Asset Method	All assets are valued at market value with an adjustment to uniformly spread actuarial investment gains and losses (as measured by actual market value investment return against expected market value investment return) over a five-year period.
Interest Rate	7.0% per year compounded annually, net of investment related expenses.
Salary Increases	7.0% per year to the assumed retirement age. Projected salary at retirement is increased based on pensionable lump sums provided by the City as of May 7, 2013 to account for non-regular payments.
Payroll Growth	None
Cost-of-Living Adjustments	Hired before 6/30/71 - 4% per year following commencement of benefits. Hired after 6/30/7l -3% per year following commencement of benefits.
Retirement Age	Earlier of age 55 and 10 years of service or 25 years of service regardless of age.
Early Retirement	Commencing at the member's eligibility for Early Retirement (age 45).
Termination Rates	See table below.
Disability Rates	See table below.
Mortality	Healthy Active Lives: Male: PubS.H-2010 (Below Median) for Employees, set forward one year Female: PubS.H-2010 for Employees, set forward one year Healthy Inactive Lives: Male: PubS.H-2010 for Healthy Retirees, set forward one year Female: PubS.H-2010 for Healthy Retirees, set forward one year Disabled Lives: 80% PubG.H-2010 for Disabled Retirees / 20% PubS.H-2010 for Disabled Retirees
Other Information	Termination and Disability Rate Table

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

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

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Annual Money-Weighted Rate of Return, Net of Investment Expenses	8.67%	21.29%	8.77%	-15.88%	18.85%	18.85%	4.72%	7.12%	10.32%	7.61%

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

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
City of Sebring's Proportion of the Net Pension Liability	0.025463903%	0.024613863%	0.023082850%	0.020105071%	0.019114114%	0.020634843%	0.019911948%	0.018879800%	0.014722800%	0.008164600%
City of Sebring's Proportionate Share of the Net Pension Liability	$ 7,902,756	$ 9,521,800	$ 9,197,771	$ 1,525,760	$ 1,443,946	$ 8,943,445	$ 6,857,200	$ 5,686,695	$ 4,354,915	$ 2,061,574
City of Sebring's Covered Payroll	$ 8,493,296	$ 7,755,636	$ 7,133,998	$ 5,773,441	$ 5,494,186	$ 5,446,588	$ 5,123,628	$ 5,123,628	$ 4,372,065	$ 3,458,477
City of Sebring's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	93.05%	122.77%	128.93%	26.43%	26.28%	164.20%	133.83%	110.99%	99.61%	59.61%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	87.26%	83.70%	82.38%	82.89%	96.40%	78.85%	82.61%	84.26%	83.89%	84.88%

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

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

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Contractually Required Contribution	$ 1,577,469	$ 1,425,337	$ 1,189,424	$ 928,671	$ 742,457	$ 725,370	$ 633,113	$ 551,916	$ 448,924	$ 195,367
Contributions in Relation to the Contractually Required Contribution	1,577,469	1,425,337	1,189,424	928,671	742,457	725,370	633,113	551,916	448,924	195,367
Contribution Excess (Deficiency)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
City's Covered Payroll	$ 8,688,711	$ 7,902,842	$ 7,329,765	$ 6,126,576	$ 5,498,969	$ 5,634,213	$ 5,431,331	$ 5,146,259	$ 4,734,451	$ 3,403,190
Contributions as a Percentage of Covered Payroll	18.16%	18.04%	16.23%	15.16%	13.50%	12.87%	11.66%	10.72%	9.48%	5.74%

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

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

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
City of Sebring's Proportion of the Net Pension Liability	0.018995359%	0.018319765%	0.018020740%	0.015906117%	0.015509733%	0.015692987%	0.016055584%	0.015687000%	0.013713900%	0.011196000%
City of Sebring's Proportionate Share of the Net Pension Liability	$ 2,434,720	$ 2,748,144	$ 2,861,934	$ 2,174,041	$ 1,902,502	$ 1,916,088	$ 1,796,458	$ 1,660,326	$ 1,466,356	$ 1,304,843
City of Sebring's Covered Payroll	$ 8,493,296	$ 7,755,636	$ 7,133,998	$ 5,773,441	$ 5,494,186	$ 5,446,588	$ 5,123,628	$ 5,123,628	$ 4,372,065	$ 3,458,477
City of Sebring's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	28.67%	35.43%	40.12%	37.66%	34.63%	35.18%	35.06%	32.41%	33.54%	37.73%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	6.36%	4.80%	4.12%	4.81%	3.56%	3.00%	2.63%	2.15%	1.64%	0.97%

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

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

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Contractually Required Contribution	$ 173,466	$ 158,135	$ 128,425	$ 102,252	$ 91,135	$ 93,595	$ 90,160	$ 85,428	$ 78,596	$ 56,493
Contributions in Relation to the Contractually Required Contribution	173,466	158,135	128,425	102,252	91,135	93,595	90,160	85,428	78,596	56,493
Contribution Excess (Deficiency)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
City's Covered Payroll	$ 8,688,711	$ 7,902,842	$ 7,329,765	$ 6,126,576	$ 5,498,959	$ 5,634,213	$ 5,431,325	$ 5,146,259	$ 4,734,451	$ 3,403,190
Contributions as a Percentage of Covered Payroll	2.00%	2.00%	1.75%	1.67%	1.66%	1.66%	1.66%	1.66%	1.66%	1.66%

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

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

	2025	2024	2023	2022	2021	2020	2019	2018
Total OPEB Liability:								
Service Cost	$ 8,581	$ 9,184	$ 7,211	$ 7,122	$ 18,430	$ 17,789	$ 13,287	$ 12,659
Interest on the Total OPEB Liability	37,161	30,081	37,760	53,722	27,534	28,113	27,979	34,551
Changes in Assumptions	(29,349)	132,359	(10,883)	(379,604)	(4,723)	392,736	70,113	-
Benefit Payments	(106,747)	(89,248)	(53,401)	(60,008)	(86,314)	(88,699)	(96,487)	(104,919)
Net Change in Total OPEB Liability	(90,354)	82,376	(19,313)	(378,768)	(45,073)	349,939	14,892	(57,709)
Total OPEB Liability - Beginning of Year	884,717	802,341	821,654	1,200,422	1,245,495	895,556	880,664	938,373
total OPEB Liability - End of Year	$ 794,363	$ 884,717	$ 802,341	$ 821,654	$ 1,200,422	$ 1,245,495	$ 895,556	$ 880,664
Covered Employee Payroll	$ 8,770,766	$ 8,770,766	$ 7,660,714	$ 7,660,714	$ 6,649,500	$ 6,649,500	$ 6,007,527	$ 6,007,527
Total OPEB Liability as a Percentage of Covered Employee Payroll	9.06%	10.09%	10.47%	10.73%	18.05%	18.73%	14.91%	14.66%

* The amounts presented for each fiscal year were determined as of September 30.
Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

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

Notes to the Schedule

The OPEB plan is not administered through a trust.

Changes of Benefit Terms:
There have been no substantive plan provision changes since the last full valuation.

Changes of Assumptions:
For September 30, 2024, the discount rate was changed to 3.97%.
For September 30, 2023, the discount rate was changed to 4.75%.
For September 30, 2022, the discount rate was changed to 4.59%.
For September 30, 2021, the discount rate was changed to 2.29%.
For September 30, 2020, the liability increase is due to changes in the discount rate from 3.10% to 2.26%, plus changes in mortality table and mortality improvement scale assumptions to more current table/scale (table Pub-2010 from RP-2014 and improvement scale MP-2019 from improvement scale AA). This liability increase is partially offset by an update in healthcare cost inflation (trend) rates as compared to the prior valuation. The rate decreased from 9.00% to 7.00%.

CITY OF SEBRING, FLORIDA
BUDGET TO ACTUAL
TRUIST MEMORIAL PARK FUND
YEAR ENDED SEPTEMBER 30, 2025

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
REVENUES				
Investment Earnings	$ 9,600	$ 9,600	$ 10,365	$ 765
Miscellaneous	-	-	24	24
Total Revenues	9,600	9,600	10,389	789
EXPENDITURES				
Current:				
General Government	31,326	42,326	33,065	9,261
Total Expenditures	31,326	42,326	33,065	9,261
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(21,726)	(32,726)	(22,676)	10,050
CHANGE IN FUND BALANCE	(21,726)	(32,726)	(22,676)	10,050
Fund Balance – Beginning of Year	-	225,000	234,952	9,952
FUND BALANCE – END OF YEAR	$ (21,726)	$ 192,274	$ 212,276	$ 20,002

CITY OF SEBRING, FLORIDA
COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
SEPTEMBER 30, 2025

	Internal Service Funds			
	Health Insurance	Risk Insurance	Computer Service	Total
ASSETS				
Current Assets:				
Cash and Cash Equivalents	$ 580,607	$ 917,734	$ 84,617	$ 1,582,958
Receivables, Net	22	-	31,328	31,350
Total Assets	580,629	917,734	115,945	1,614,308
LIABILITIES				
Current Liabilities:				
Accounts Payable	322,009	89,140	63,207	474,356
Accrued Expenses	-	-	5,272	5,272
Due to Other Funds	-	-	10,008	10,008
Compensated Absences Payable	-	-	10,284	10,284
Unearned Revenues	3,310	-	-	3,310
Total Liabilities	325,319	89,140	88,771	503,230
NET POSITION				
Unrestricted	$ 255,310	$ 828,594	$ 27,174	$ 1,111,078

CITY OF SEBRING, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
INTERNAL SERVICE FUNDS
YEAR ENDED SEPTEMBER 30, 2025

	Internal Service Funds			
	Health Insurance	Risk Insurance	Computer Service	Total
OPERATING REVENUES				
Charges for Services	$ 3,312,094	$ 1,381,517	$ 807,098	$ 5,500,709
Miscellaneous Revenue	289	-	33,668	33,957
Total Operating Revenues	3,312,383	1,381,517	840,766	5,534,666
OPERATING EXPENSES				
Employee Compensation and Benefits	-	-	255,120	255,120
General and Administrative	202,648	-	125,483	328,131
Repairs, Maintenance, and Supplies	-	-	480,154	480,154
Insurance	727,977	1,284,542	-	2,012,519
Claims Expense	2,636,058	132,126	-	2,768,184
Total Operating Expenses	3,566,683	1,416,668	860,757	5,844,108
OPERATING INCOME (LOSS)	(254,300)	(35,151)	(19,991)	(309,442)
NONOPERATING REVENUES				
Investment Earnings	29,215	39,475	19,991	88,681
Insurance Proceeds	-	131,108	-	131,108
Total Nonoperating Revenues	29,215	170,583	19,991	219,789
CHANGE IN NET POSITION	(225,085)	135,432	-	(89,653)
Total Net Position - Beginning of Year	480,395	693,162	27,174	1,200,731
TOTAL NET POSITION - END OF YEAR	$ 255,310	$ 828,594	$ 27,174	$ 1,111,078

CITY OF SEBRING, FLORIDA
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
YEAR ENDED SEPTEMBER 30, 2025

	Internal Service Funds			
	Health Insurance	Risk Insurance	Computer Service	Total
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash Received from Customers and Users	$ 3,307,042	$ 1,652,098	$ 832,346	$ 5,791,486
Cash Payments for Supplies and Claims	(3,560,712)	(1,355,372)	(551,873)	(5,467,957)
Cash Payments for Employee Services	-	-	(251,274)	(251,274)
Net Cash Provided (Used) by Operating Activities	(253,670)	296,726	29,199	72,255
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfer to/from Other Funds	-	-	(48,836)	(48,836)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Cash Received from Insurance	-	131,108	-	131,108
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest on Investments	29,215	39,475	19,991	88,681
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(224,455)	467,309	354	243,208
Cash and Cash Equivalents – Beginning of Year	805,062	450,425	84,263	1,339,750
CASH AND CASH EQUIVALENTS – END OF YEAR	$ 580,607	$ 917,734	$ 84,617	$ 1,582,958
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES				
Operating Income (Loss)	$ (254,300)	$ (35,151)	$ (19,991)	$ (309,442)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
(Increase) Decrease in Assets:				
Accounts Receivable	(22)	270,581	(8,420)	262,139
Increase (Decrease) in Liabilities:				
Accounts Payable	5,971	61,296	52,210	119,477
Accrued Expenses	-	-	1,554	1,554
Compensated Absences	-	-	3,846	3,846
Unearned Revenue	(5,319)	-	-	(5,319)
Net Cash Provided (Used) by Operating Activities	$ (253,670)	$ 296,726	$ 29,199	$ 72,255

CITY OF SEBRING, FLORIDA
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
YEAR ENDED SEPTEMBER 30, 2025

Grantor Program/Project Title	Contract #	CSFA #	Funds Expended
STATE FINANCIAL ASSISTANCE			
Florida Department of Environmental Protection			
Clean Water SRF Planning Loan	WW280340	37.077	$ 540,423
South Service Area Septic to Sewer Project	WG106	37.039	471,754
Total Florida Department of Environmental Protection			1,012,177
Florida Department of Management Services			
Local Government Cybersecurity Grant Program	DMS-24/25-078	72.016	31,474
Local Government Cybersecurity Grant Program	DMS-25/26-183	72.016	1,677
			33,151
Sebring PD Portable Radios Project	DMS-25/26-014	72.025	310,000
Total Florida Department of Management Services			343,151
Florida Department of Financial Services			
Fire Decontamination Equipment Grant Program	FM985	43.013	4,454
Total Florida Department of Financial Services			4,454
Total Expenditures of State Financial Assistance			$ 1,359,782

See accompanying Notes to Schedule of Expenditures of State Financial Assistance.

CITY OF SEBRING, FLORIDA
NOTES TO SCHEDULE OF EXPENDITURES OF
STATE FINANCIAL ASSISTANCE
YEAR ENDED SEPTEMBER 30, 2025

NOTE 1 BASIS OF PRESENTATION

The accompanying schedule of expenditures of state financial assistance (the Schedule) includes the state financial assistance activity of the City of Sebring (the City) under programs of the state government for the year ended September 30, 2025. The information in this Schedule is presented in accordance with the requirements of Chapter 691-5, Rules of the Florida Department of Financial Services. Because the Schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the City.

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 Chapter 691-5, Rules of the Florida Department of Financial Services, 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 LOANS OUTSTANDING

The City has the following loan balance outstanding at September 30, 2025.

Program Tittle	CSFA Number	Amount Outstanding
Florida Department of Environmental Protection		
Clean Water SRF Planning Loan	37.077	$ 1,435,981

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Sebring, Florida (City), as of and for the year ended September 30, 2025, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated June 29, 2026.

Report on Internal Control Over Financial Reporting

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

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

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

Honorable Mayor and City Council
City of Sebring, Florida

Report on Compliance and Other Matters

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

Purpose of this Report

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

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Lakeland, Florida
June 29, 2026

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

Board of Directors
City of Sebring, Florida
Sebring, Florida

Report on Compliance for Each Major State Project

Opinion on Each Major State Project

We have audited City of Sebring, Florida's (the City), compliance with the types of compliance requirements identified as subject to audit in the Florida Department of Financial Service's *State Projects Compliance Supplement* that could have a direct and material effect on each of the City's major state projects for the year ended September 30, 2025. The City's major state projects are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the City 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 state project for the year ended September 30, 2025.

Basis for Opinion on Each Major State Project

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 Chapter 10.550, Rules of the Auditor General for *Local Governmental Entity Audits*. Our responsibilities under those standards and Chapter 10.550 are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City 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 state project. Our audit does not provide a legal determination of the City'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 City's state projects.

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 City'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 Chapter 10.550 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 City's compliance with the requirements of each major state project as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and Chapter 10.550, Rules of the Auditor General, 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 City'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 City'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 Chapter 10.550, Rules of the Auditor General, but not for the purpose of expressing an opinion on the effectiveness of the City'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.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with Chapter 10.550, Rules of the Auditor General for Local Governmental Entity Audits, and which are described in the accompanying schedule of findings and questioned costs as item 2025-001. Our opinion on each major state program is not modified with respect to these matters.

Government Auditing Standards requires the auditor to perform limited procedures on the City's response to the noncompliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. City's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Board of Directors
City of Sebring, Florida

Report on Internal Control Over Compliance

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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

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. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 20205-001, to be a significant deficiency.

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.

Government Auditing Standards requires the auditor to perform limited procedures on the City's response to the internal control over compliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Lakeland, Florida
June 29, 2026

CITY OF SEBRING, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED SEPTEMBER 30, 2025

Section I – Summary of Auditors' Results

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

State Financial Assistance

1. Internal control over state projects:

   - Material weakness(es) identified? ____ yes __x__ no
   - Significant deficiency(ies) identified? __x__ yes ____ none reported

2. Type of auditors' report issued on compliance for state projects: Unmodified

3. Any audit findings disclosed that are required to be reported in accordance with Chapter 10.550, Rules of the Auditor General? __x__ yes ____ no

Identification of Major State Projects

CSFA Number(s)	Name of State Project
37.039	South Service Area Septic to Sewer Project
37.077	Clean Water SRF Planning Loan

Dollar threshold used to distinguish between Type A and Type B programs: $ 407,935

Section II – Financial Statement Findings

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

Section III – Findings and Questioned Costs – Major State Projects

2025-001 – Reporting

State agency: Florida Department of Environmental Protection

State program title: South Service Area Septic to Sewer

CSFA Number: 37.039

Award Period: July 1, 2022 to October 31, 2028

Type of Finding:

- Significant Deficiency in Internal Control over Compliance
- Other Matters

Criteria or specific requirement: The City shall provide quarterly status reports to the State no later than twenty days following the competition of the quarterly reporting period.

Condition: The quarterly status reports were submitted after the required deadline.

Questioned costs: None.

Context: All of the quarterly status reports submitted during the year were tested as part of the audit.

Cause: The City was not aware of the reporting requirement and associated deadlines outlined in the grant agreement, resulting in the absence of procedures to ensure timely preparation, review, and submission of quarterly status reports.

Effect: As a result, quarterly status reports were not submitted within the required timeframe, resulting in noncompliance with grant reporting requirements and increasing the risk of potential funding delays or other administrative consequences.

Repeat Finding: No.

Recommendation: We recommend establishing procedures to ensure the reports are completed and submitted timely to the state.

Views of responsible officials: There is no disagreement with the audit finding.

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MANAGEMENT LETTER

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

Report on the Financial Statements

We have audited the financial statements of the City of Sebring, Florida (City), as of and for the fiscal year ended September 30, 2025, and have issued our report thereon dated June 29, 2026.

Auditors' Responsibility

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

Other Reporting Requirements

We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*; and Independent Accountants' Report on an examination conducted in accordance with *AICPA Professional Standards,* AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports and schedule, which are dated June 29, 2026, should be considered in conjunction with this management letter.

Prior Audit Findings

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

Official Title, and Legal Authority

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

Financial Condition and Management

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

Honorable Mayor and City Council
City of Sebring, Florida

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

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

Property Assessed Clean Energy (PACE) Programs

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 in the County's geographical boundaries. PACE program did operate within the County's geographical boundaries during the fiscal year under audit.

The Program Administrators and Third Party Administrators contact information is included in Appendix A.

Special District Component Units

Section 10.554(1)(i)5.c., Rules of the Auditor General, requires, if appropriate, that we communicate the failure of a special district that is a component unit of a county, municipality, or special district, to provide the financial information necessary for proper reporting of the component unit with the audited financial statements of the county, municipality, or special district in accordance with Section 218.39(3)(b), Florida Statutes. In connection with our audit, we did not note any special district component units that failed to provide the necessary information for proper reporting in accordance with Section 218.39(3)(b), Florida Statutes. As required by Section 218.39(3)(c), Florida Statutes, and Section 10.554(1)(i)7, Rules of the Auditor General, the City of Sebring Community Redevelopment Agency reported their required information in their audit report.

Additional Matters

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

Purpose of this Letter

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

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Lakeland, Florida
June 29, 2026

Appendix A
Listing of PACE Programs
September 30, 2025
(Unaudited)

Program	Program Administrator	Third Party Administrator
Florida Green Finance Authority	Florida Green Finance Authority	Renew Financial Group LLC
James Candela	Special District Services, Inc	555 12 ST Suite 1650
Assistant District Finance Director	2501 A Burns Road	Oakland, CA 94607
Special District Services, Inc	Palm Beach Gardens, FL 33410	Attn: David Crichton, Chief Operating Officer
2501 A Burns Road	Attn: Todd Wodraska, Manager and Secretary	Phone: (844) 736-3934
Palm Beach Gardens, FL 33410	Phone: (561) 630-4922	
www.sdsinc.org		

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INDEPENDENT ACCOUNTANTS' REPORT

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

We have examined the City of Sebring, Florida's (City) compliance with Section 218.415, Florida Statutes, regarding the investment of public funds during the fiscal year ended September 30, 2025. Management of the City is responsible for the City's compliance with the specified requirements. Our responsibility is to express an opinion on the City's compliance with the specified requirements based on our examination.

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

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

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

In our opinion, the City complied, in all material respects, with Section 218.415, Florida Statutes, regarding the investment of public funds during the year ended September 30, 2025.

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

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Lakeland, Florida
June 29, 2026