

**SEBRING AIRPORT AUTHORITY
FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2023**



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INDEPENDENT AUDITORS' REPORT

Board of Directors
Sebring Airport Authority
Sebring, Florida

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the Sebring Airport Authority (the Authority), as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the entity's basic financial statements, as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Authority, as of September 30, 2023, and the changes in financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Authority’s basic financial statements. The schedule of revenues, expenses, and changes in net position – CRA fund and the schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the schedule of revenues, expenses, and changes in net position – CRA fund and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 19, 2024, on our consideration of the Authority’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority’s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority’s internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Sebring, Florida
March 19, 2024

**SEBRING AIRPORT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED SEPTEMBER 30, 2023**

As management of the Sebring Airport Authority (the Authority), we offer the readers of the Authority's basic financial statements this narrative overview and analysis of the financial activities of the Authority for the year ended September 30, 2023. We encourage readers to consider the information presented here in conjunction with the Authority's financial statements.

Financial Highlights

- The assets plus deferred outflows of resources of the Authority exceeded its liabilities plus deferred inflows of resources as of September 30, 2023 by \$44,972,890 (net position).
- The Authority's total assets net of depreciation as of September 30, 2023 were \$54,969,635.
- The Authority's total operating revenue was \$5,720,312 primarily consisting of industrial and test track rentals of \$2,670,364 and Fixed Base Operations sales in the amount of \$2,264,383.
- The Authority's total operating expenses came to \$5,356,899. General operating expense (including insurance, supplies, utilities, repairs and maintenance, taxes) came to \$2,826,795. Other primary expenses consisted of \$1,534,480 in personnel costs, \$331,143 in contractual services, \$644,481 in professional services, and \$2,679,938 in depreciation. The net operating loss was \$2,316,525.
- Total nonoperating revenue, (expenses), and capital grants were \$3,343,714 resulting in an increase in net position of \$1,027,189.

Overview of Financial Statements

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

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

**SEBRING AIRPORT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED SEPTEMBER 30, 2023**

Overview of Financial Statements (Continued)

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

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

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

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

At September 30, 2023, total assets were \$54,969,635. Total current assets were \$4,474,894. Total noncurrent assets were \$50,494,741.

In addition, total liabilities at September 30, 2023 were \$5,879,003. Total current liabilities were \$2,576,095 and liabilities payable from restricted assets (tenant deposits) and total long-term (noncurrent) liabilities were \$3,302,908.

Net Position

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

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

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

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

**SEBRING AIRPORT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED SEPTEMBER 30, 2023**

Condensed Financial Information

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

	<u>2023</u>	<u>2022</u>
ASSETS		
Current Assets - Unrestricted	\$ 4,025,187	\$ 3,695,773
Current Assets - Restricted	449,707	438,786
Net Capital Assets	46,443,012	44,642,889
Other Noncurrent Assets	<u>4,051,729</u>	<u>4,050,508</u>
Total Assets	54,969,635	52,827,956
DEFERRED OUTFLOWS OF RESOURCES	390,527	481,203
LIABILITIES		
Current Liabilities	2,576,095	935,092
Noncurrent Liabilities	<u>3,302,908</u>	<u>4,431,646</u>
Total Liabilities	5,879,003	5,366,738
DEFERRED INFLOWS OF RESOURCES	<u>4,508,269</u>	<u>5,054,158</u>
NET POSITION		
Net Investment in Capital Assets	42,834,126	41,296,202
Restricted	590,982	1,583,743
Unrestricted	<u>1,547,782</u>	<u>1,065,756</u>
Total Net Position	<u>\$ 44,972,890</u>	<u>\$ 43,945,701</u>

Current assets increased \$340,335 from the prior fiscal year. Noncurrent assets increased \$1,801,344 primarily due to the Taxiway A4 Realignment project in progress. Of the total increase in current assets, restricted cash increased \$10,921 due to the increase in customer deposits.

Current liabilities increased \$1,641,003 from the prior year primarily due to an increase in payables related to projects in process at year end and more notes payable becoming due in next fiscal year .

At September 30, 2023, the Authority had \$3,136,383 in long-term debt related to capital assets. That debt finances the purchases of equipment as well as construction and improvement projects. The Authority also records \$1,178,087 in net pension liability related to the Authority's participation in the Florida Retirement System.

There was an increase in net position of \$1,027,189 mainly due to capital grants after a net operating loss of \$2,316,525. Nonoperating revenue includes capital grants and contributions of \$2,748,561. The net operating loss was largely due to depreciation expense of \$2,679,938.

**SEBRING AIRPORT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED SEPTEMBER 30, 2023**

Condensed Financial Information (Continued)

Revenues, Expenses, and Changes in Net Position

	2023	2022
OPERATING REVENUE		
Industrial and Test Track Rental Revenue	\$ 2,670,364	\$ 2,579,278
Fixed Based Operations	2,264,383	2,820,320
Other Revenue	785,565	739,540
Total Operating Revenue	5,720,312	6,139,138
OPERATING EXPENSES		
Personnel Services	1,534,480	1,297,887
Contractual Services	331,143	329,532
Professional Services	664,481	628,938
General Operating Expenses	2,826,795	3,279,638
Depreciation Expense	2,679,938	2,557,599
Total Operating Expenses	8,036,837	8,093,594
NET OPERATING LOSS	(2,316,525)	(1,954,456)
NONOPERATING REVENUES (EXPENSES)		
Interest Revenue (Expense), Net	271,339	334,041
Capital Grants and Contributions	2,748,561	1,965,557
Other Nonoperating Revenue	323,814	25,215
Total Nonoperating Revenues (Expenses)	3,343,714	2,324,813
CHANGE IN NET POSITION	1,027,189	370,357
Net Position - Beginning of Year	43,945,701	43,575,344
NET POSITION - END OF YEAR	\$ 44,972,890	\$ 43,945,701

Overall operating revenue decreased by \$418,826. Industrial and test track rental revenue increased \$91,086 for the current year. Revenue from fixed based operations decreased \$555,937 for the current year due to decreased activity at the airport for military and general aviation activity.

Operating expenses before depreciation decreased by \$56,757. The decrease was due largely to decreases in the cost of fuel related to decreased fuel sales noted above.

In fiscal year 2023, total operating revenue was \$5,720,312, while total operating expenses, including depreciation, was \$8,036,837. This resulted in a \$2,316,525 operating loss. Net nonoperating revenues, including capital grants, were \$3,343,714 resulting in a positive change in net position of \$1,027,189.

**SEBRING AIRPORT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED SEPTEMBER 30, 2023**

Capital Assets

The Authority's investment in capital assets as of September 30, 2023 amounted to \$46,443,012 (net of accumulated depreciation) compared to \$44,642,889 for the prior year. This investment in capital assets includes land, buildings, infrastructure, vehicles, machinery and equipment, furniture and fixtures, and construction in progress. Major capital asset events during the fiscal year include the following:

- Haywood Taylor Resurfacing Phase II
- Taxiway A4 Realignment

Capital Assets (Net of Depreciation):

	2023	2022
Total Capital Assets Not Being Depreciated	\$ 5,679,044	\$ 3,557,304
Total Capital Assets Being Depreciated and Amortized	80,208,603	77,886,421
Accumulated Depreciation and Amortization	(39,444,635)	(36,800,836)
Total Capital Assets, Net	\$ 46,443,012	\$ 44,642,889

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

Long-Term Debt

At September 30, 2023, the Authority had total debt outstanding of \$3,136,383 compared to \$3,226,796 in the prior year. The decrease in total outstanding debt is attributable to payments on existing debt.

Long-Term Debt:

	2023	2022
Notes Payable - Direct Borrowing and Leases	\$ 3,136,383	\$ 3,226,796

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

**SEBRING AIRPORT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED SEPTEMBER 30, 2023**

Economic Factors and Next Year's Budgets and Rates

The Sebring Airport Authority 2024 Annual Budget was approved by Resolution 23-10 on September 21, 2023. The Sebring Regional Airport and Industrial Park Community Redevelopment Agency (CRA) is reported as a blended component unit of Sebring Airport Authority. Its Annual Budget was approved by Resolution 23-10 on September 21, 2023. The detailed budgets are available for review upon request.

Projects that are in the pipeline are as follows:

- Apron Reconstruction Project Phase II will be complete by the end of March. This project was funded by the FAA and FDOT in the amount of \$4,400,000. We have \$7,500,000 programed in the FDOT Work Program for FY/26/27 for the third and final phase.
- Haywood Taylor repaving and drainage work is complete.
- Webster Turn full depth reconstruction is designed and permitted. The Interlocal Agreement with the County has been fully executed (necessary as the County is the recipient of FDOT funding). The most recent engineers estimate of project costs far exceed original projections of cost. We are working with Highlands County, FDOT and others to secure necessary funding.
- Taxiway Alpha 4 Realignment Construction is complete.
- Building 22 roof replacement and resilience enhancements are complete. Building has been brought up to Florida's high velocity wind code.
- Master drainage infrastructure is WWII vintage. In concert with Highlands County, we have applied and received an Economic Development Administration (EDA) grant of approximately \$2,300,000. We have completed plans and specifications, project procurement and have executed a contract with the low bidder.
- Plans for updating our Fuel Farm are progressing with the addition of a 12,000-gallon tank to accommodate a sustainable replacement for 100 octane aviation fuel. This project will be funded by the FAA through the Bipartisan Infrastructure Law (BIL).
- Application has been submitted to the FAA for the design of Taxiway Delta and will be funded by the FAA through the Bipartisan Infrastructure Law (BIL).
- We continue to collaborate with our tenant partners on their projects. They are briefly outlined as follows:
 - Hendricks Aviation is contemplating the construction of a common hangar for aircraft storage.
 - DUC Propellers is planning a new facility on Airport to manufacture helicopter rotor blades and propellers for vertical takeoff and landing aircraft. We just met with the CEO of DUC and we may improve their current leasehold as a first step.

**SEBRING AIRPORT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED SEPTEMBER 30, 2023**

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

- Sebring International Raceway: The World Endurance Championship (WEC) will not participate in this year's Mobil 1 Twelve Hours of Sebring, Presented by Cadillac. A new car will be competing in the GTP class that the cooperative agreement between IMSA and the WEC created. Lamborghini makes its GTP North American debut at the Mobil 1 Twelve Hours of Sebring, Presented by Cadillac. Porsche, Cadillac, BMW, Acura, and Lamborghini all will have GTP entries competing for overall victory at Sebring in March. Eight races will feature five different IMSA series at this year's event. The entertainment line-up will include classic rock legends, Jefferson Starship. 2023 Baseball Hall of Fame inductee Fred McGriff will serve as Grand Marshal.

Significant economic factors affecting the Authority are as follows:

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

As noted previously, air mobility is progressing along both manned and unmanned directions. By 2035 there will be twice as many vertical take-off and landing vehicles (VTOL) that will be electric powered as there are legacy aircraft. These vehicles will operate out of vertiports and will not necessarily need airports. The Authority is deeply involved in this evolving aviation sector in terms of economic development. We are in discussions with a major player in the eVTOL space concerning research and development at the Airport.

Requests for Information

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

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

**SEBRING AIRPORT AUTHORITY
STATEMENT OF NET POSITION
SEPTEMBER 30, 2023**

ASSETS

Current Assets:

Cash and Cash Equivalents - Unrestricted	\$ 1,993,294
Cash and Cash Equivalents - Restricted	449,707
Accounts Receivable - Trade	98,156
Grants Receivable	1,263,900
Leases Receivable	613,544
Prepaid Items	580
Inventory	55,713
Total Current Assets	4,474,894

Noncurrent Assets:

Leases Receivable	4,051,729
Capital Assets Not Being Depreciated	5,679,044
Capital Assets - Net of Depreciation and Amortization	40,763,968
Total Noncurrent Assets	50,494,741

Total Assets 54,969,635

DEFERRED OUTFLOWS OF RESOURCES

Pension Related Items 390,527

LIABILITIES

Current Liabilities:

Accounts Payable	800,544
Accrued Expenses	105,594
Notes, Loans, and Leases Payable - Current	1,633,597
Unearned Revenue	36,360
Total Current Liabilities	2,576,095

Noncurrent Liabilities:

Notes, Loans, and Leases Payable - Noncurrent	1,502,786
Compensated Absences	119,200
Net Pension Liability	1,178,087
Total OPEB Liability	53,128
Rent Deposits	449,707
Total Noncurrent Liabilities	3,302,908

Total Liabilities 5,879,003

DEFERRED INFLOWS OF RESOURCES

Lease Related Items	4,422,765
Pension Related Items	85,504
Total Deferred Inflows of Resources	4,508,269

NET POSITION

Net Investment in Capital Assets	42,834,126
Restricted for Community Redevelopment	590,982
Unrestricted	1,547,782
Total Net Position	\$ 44,972,890

See accompanying Notes to Financial Statements.

SEBRING AIRPORT AUTHORITY
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
YEAR ENDED SEPTEMBER 30, 2023

OPERATING REVENUE	
Industrial Rentals	\$ 2,237,710
Test Track Rentals	432,654
Fixed Base Operations	2,264,383
Fire Protection Fees	107,651
CRA Incremental Tax Revenue	413,799
Miscellaneous Revenue	264,115
Total Operating Revenue	5,720,312
OPERATING EXPENSES	
Personal Services	1,534,480
Contractual Services	331,143
Professional Services	664,481
General Operating	2,826,795
Total Operating Expenses	5,356,899
OPERATING INCOME BEFORE DEPRECIATION	363,413
Depreciation	(2,679,938)
NET OPERATING LOSS	(2,316,525)
NONOPERATING REVENUE (EXPENSE)	
Interest Income	436,129
Operating Grants	25,344
Interest Expense	(164,790)
Miscellaneous Revenue	26,257
Insurance Recoveries	31,490
Gain on Sale of Capital Assets	240,723
Total Nonoperating Revenue	595,153
LOSS BEFORE CAPITAL GRANTS AND CONTRIBUTIONS	(1,721,372)
Capital Grants and Contributions	2,748,561
CHANGE IN NET POSITION	1,027,189
Net Position - Beginning of Year	43,945,701
NET POSITION - END OF YEAR	\$ 44,972,890

See accompanying Notes to Financial Statements.

**SEBRING AIRPORT AUTHORITY
STATEMENT OF CASH FLOWS
YEAR ENDED SEPTEMBER 30, 2023**

CASH FLOWS FROM OPERATING ACTIVITIES

Receipts from Customers	\$ 3,366,848
CRA Incremental Tax Receipts	413,799
Other Receipts	264,115
Payments to Suppliers	(3,663,993)
Payments to Employees	(1,285,835)
Net Cash Used by Operating Activities	(905,066)

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES

Operating Grants	25,344
Miscellaneous	26,257
Net Cash Provided by Noncapital Financing Activities	51,601

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Acquisition and Construction of Capital Assets	(3,800,048)
Proceeds from Sale of Capital Assets	325,000
Principal Payments on Borrowings	(202,059)
Principal Payments on Leases	(11,172)
Interest Payments on Borrowings	(164,650)
Receipts from Leasing Activities	1,574,835
Capital Grants Received	1,209,764
Receipts from Insurance Recoveries	31,490
Net Cash Used by Capital and Related Financing Activities	(1,036,840)

CASH FLOWS FROM INVESTING ACTIVITIES

Investment Income	436,129
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NET DECREASE IN CASH AND CASH EQUIVALENTS (1,454,176)

Cash and Cash Equivalents - Beginning of Year	3,897,177
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CASH AND CASH EQUIVALENTS - END OF YEAR \$ 2,443,001

See accompanying Notes to Financial Statements.

**SEBRING AIRPORT AUTHORITY
STATEMENT OF CASH FLOWS (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2023**

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

Net Operating Loss	\$ (2,316,525)
Adjustments to Reconcile Net Operating Loss to Net Cash Used by Operating Activities	
Depreciation	2,679,938
(Increase) Decrease in Assets and Deferred Outflows of Resources:	
Accounts Receivable - Trade	(1,452)
Inventory	59,282
Deferred Outflows Related to Pensions	90,676
Increase (Decrease) in Liabilities and Deferred Inflows of Resources:	
Accounts Payable	96,405
Accrued Expenses	4,552
Compensated Absences	11,557
Rent Deposits	35,482
Unearned Revenue	477
Net Pension Liability	107,148
Deferred Inflows Related to Leases	(1,710,057)
Deferred Inflows Related to Pensions	32,006
Total OPEB Liability	5,445
Net Cash Used by Operating Activities	\$ (905,066)

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

Unrestricted Cash and Cash Equivalents	\$ 1,993,294
Restricted Cash and Cash Equivalents	449,707
Total Cash and Cash Equivalents	\$ 2,443,001

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

Capital Related Accounts Payable	\$ 487,424
Capital Assets Acquired with Notes Payable	\$ 122,818
Gain on Disposal of Capital Assets	\$ (120,416)

See accompanying Notes to Financial Statements.

**SEBRING AIRPORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

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

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

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

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

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

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

**SEBRING AIRPORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Reporting Entity (Continued)

The U.S. Sport Aviation Institute, Inc. (Institute), established by the Sebring Airport Authority on June 20, 2016, is a legally separate entity; however, since the Authority's Board of Directors also serves as the Institutes' Board, there is a financial benefit relationship and operational responsibility, and the Institute provides services entirely to the Authority, it is reported as a blended component unit. During the year all Institute funds were used, and responsibility for the corporation was transitioned to a group separate from the Authority.

Fund Accounting and Measurement Focus

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

Basis of Accounting

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

Cash and Cash Equivalents

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

Restricted Assets

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

**SEBRING AIRPORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Inventory

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

Deferred Outflows/Inflows of Resources

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

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

Capital Assets

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

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

**SEBRING AIRPORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets (Continued)

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

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

Grants

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

Unearned Revenue

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

Compensated Absences

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

Other Postemployment Benefits (OPEB)

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

Pensions

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

**SEBRING AIRPORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Estimates

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

Adoption of New Accounting Standards

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

The Authority adopted the requirements of the guidance effective October 1, 2022 and has applied the provisions of this standard to the beginning of the period of adoption. Implementation of this standard did not have an impact on the Authority's financial statements.

NOTE 2 DEPOSITS AND INVESTMENTS

Cash and cash equivalents consist of unrestricted and restricted funds. Restricted funds represent: (1) funds received at the end of the year to cover payables related to various grant projects; and (2) lease deposits. Cash and cash equivalents as of September 30, 2023 was as follows:

Unrestricted Cash	\$ 1,993,294
Restricted Cash: Lease Deposits	449,707
Total Cash and Cash Equivalents	\$ 2,443,001
Classified as:	
Petty Cash and Demand Deposits	\$ 2,411,788
Local Government Surplus Trust Funds	31,213
Total	\$ 2,443,001

Custodial Credit Risk is the risk that in the event of a bank failure the government's deposits may not be returned to it. Bank balances of the Authority's deposits at September 30, 2023 were \$2,564,055. The Authority's monies must be deposited in banks designated as qualified public depositories by the chief financial officer, Florida Department of Financial Services. Therefore, the Authority's total deposits are insured by the Federal Depository Insurance Corporation and collateralized by the Bureau of Collateral Management, Division of Treasury, Florida Department of Financial Services. The law requires the chief financial officer to ensure that funds are entirely collateralized throughout the fiscal year. Other than the preceding, the Authority has no policy on custodial credit risk.

**SEBRING AIRPORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

NOTE 2 DEPOSITS AND INVESTMENTS (CONTINUED)

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 market value adequate to cover the deposits under the provisions of this law.

The Authority invests funds throughout the year with Florida PRIME, an investment pool administered by the State Board of Administration, under the regulatory oversight of the state of Florida. Investments in Florida PRIME are made pursuant to Chapter 125.31, Florida Statutes. The investments are not categorized because they are not evidenced by securities that exist in physical or book entry form.

Throughout the year and as of September 30, 2023, Florida PRIME contained certain floating and adjustable rate securities which were indexed based on the prime rate and/or one and three-month London Interbank Offered Rate (LIBOR) rates. These investments represented 31.4% of Florida PRIME's portfolio at September 30, 2023.

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

Interest Rate Risk

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

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

**SEBRING AIRPORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

NOTE 2 DEPOSITS AND INVESTMENTS (CONTINUED)

Credit Risk

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

On September 30, 2023, Standard and Poor’s Ratings Services assigned the Florida PRIME an “AAAm” principal stability funding rating.

With regard to redemption gates, Chapter 218.409(8)(a), Florida Statutes, states that “The principal, and any part thereof, of each account constituting the trust fund is subject to payment at any time from the moneys in the trust fund. However, the executive director may, in good faith, on the occurrence of an event that has a material impact on liquidity or operations of the trust fund, for 48 hours limit contributions to or withdrawals from the trust fund to ensure that the Board can invest moneys entrusted to it in exercising its fiduciary responsibility. Such action must be immediately disclosed to all participants, the trustees, the Joint Legislative Auditing Committee, and the Investment Advisory Council.

The trustees shall convene an emergency meeting as soon as practicable from the time the executive director has instituted such measures and review the necessity of those measures. If the trustees are unable to convene an emergency meeting before the expiration of the 48-hour moratorium on contributions and withdrawals, the moratorium may be extended by the executive director until the trustees are able to meet to review the necessity for the moratorium. If the trustees agree with such measures, the trustees shall vote to continue the measures for up to an additional 15 days. The trustees must convene and vote to continue any such measures before the expiration of the time limit set, but in no case may the time limit set by the trustees exceed 15 days.”

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

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

SEBRING AIRPORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

NOTE 3 CAPITAL ASSETS

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

	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets Not Being Depreciated:				
Land, Buildings, and Infrastructure	\$ 980,024	\$ -	\$ (83,733)	\$ 896,291
Construction in Progress	2,577,280	3,963,600	(1,758,127)	4,782,753
Total Capital Assets, Not Being Depreciated	3,557,304	3,963,600	(1,841,860)	5,679,044
Capital Assets Being Depreciated:				
Buildings and Infrastructure	73,973,644	1,785,175	-	75,758,819
Vehicles and Tractors	512,289	422,819	-	935,108
Machinery and Equipment	1,081,624	147,304	(7,293)	1,221,635
Office Furniture, Fixtures, and Equipment	358,155	3,567	-	361,722
Race Track Improvements	1,906,879	-	-	1,906,879
Total Capital Assets, Being Depreciated	77,832,591	2,358,865	(7,293)	80,184,163
Less: Accumulated Depreciation				
Buildings and Infrastructure	(33,262,251)	(2,550,326)	-	(35,812,577)
Vehicles and Tractors	(481,293)	(42,927)	-	(524,220)
Machinery and Equipment	(790,242)	(66,077)	6,749	(849,570)
Office Furniture, Fixtures, and Equipment	(331,796)	(9,330)	-	(341,126)
Race Track Improvements	(1,906,879)	-	-	(1,906,879)
Total Accumulated Depreciation	(36,772,461)	(2,668,660)	6,749	(39,434,372)
Total Capital Assets Being Depreciated, Net	41,060,130	(309,795)	(544)	40,749,791
Right-to-Use Lease Assets:				
Equipment	53,830	-	(29,390)	24,440
Total Right-to-Use Lease Assets	53,830	-	(29,390)	24,440
Less: Accumulated Amortization	(28,375)	(11,278)	29,390	(10,263)
Total Right-to-Use Lease Assets, Net	25,455	(11,278)	-	14,177
Total Capital Assets, Net	<u>\$ 44,642,889</u>	<u>\$ 3,642,527</u>	<u>\$ (1,842,404)</u>	<u>\$ 46,443,012</u>

**SEBRING AIRPORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

NOTE 3 CAPITAL ASSETS (CONTINUED)

The Authority has the following commitments for design, construction, or other services as of September 30, 2023:

Project	Authorization	Commitment	Expended
Construct Taxiway A4 Realignment	\$ 2,198,380	\$ 2,160,921	\$ 2,149,566
Reconstruct Terminal Apron Rehab Phase 2	4,400,000	-	-
Stormwater Drainage Improvements	2,287,759	-	-
Terminal Apron High Mast Lighting	300,000	78,298	21,140
Wildlife Hazard Assess & Management Plan	36,000	35,598	-
Hurricane Ian Multiple Building Repairs	830,000	830,000	-
Total	<u>\$ 10,052,139</u>	<u>\$ 3,104,817</u>	<u>\$ 2,170,706</u>

NOTE 4 LEASES RECEIVABLES

The Authority, acting as lessor, leases industrial buildings and land under long-term, noncancelable lease agreements. The leases expire at various dates through 2057 and provide for renewal options ranging from one year to twenty years. During the year ended September 30, 2023, the Entity recognized \$1,262,490 and \$421,310 in lease revenue and interest revenue, respectively, pursuant to these contracts.

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

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

Year Ending September 30,	Principal	Interest	Total
2024	\$ 613,544	\$ 377,214	\$ 990,758
2025	609,772	323,333	933,105
2026	601,687	269,089	870,776
2027	531,192	219,126	750,318
2028	335,377	181,672	517,049
2029 - 2033	977,374	597,938	1,575,312
2034 - 2038	461,185	312,420	773,605
2039 - 2043	265,411	161,214	426,625
2044 - 2048	91,054	90,552	181,606
2049 - 2053	138,196	45,070	183,266
2054 - 2058	40,481	1,134	41,615
Total Minimum Lease Payments	<u>\$ 4,665,273</u>	<u>\$ 2,578,762</u>	<u>\$ 7,244,035</u>

**SEBRING AIRPORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

NOTE 5 OTHER POSTEMPLOYMENT BENEFITS (OPEB)

Plan Description

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

Benefits Provided

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

Employees Covered by Benefit Terms

At September 30, 2023, the following employees were covered by the benefit terms:

Inactive Plan Members or Beneficiaries Currently	
Receiving Benefits	2
Active Plan Members	13
Total	<u>15</u>

Total OPEB Liability

The Authority's Total OPEB liability was measured as of September 30, 2023 and was determined by an actuarial valuation as of September 30, 2022 projected to September 30, 2023. The following table shows the Authority's changes in total OPEB liability for the year ended September 30, 2023.

	Total OPEB Liability
Balances - October 1, 2022	<u>\$ 47,683</u>
Changes for the Year:	
Service Cost	14,514
Interest	2,967
Changes in Assumptions	(278)
Differences Between Expected and Actual Experience	<u>(11,758)</u>
Net Changes	5,445
Balances - September 30, 2023	<u>\$ 53,128</u>

Discount Rate Sensitivity

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

**SEBRING AIRPORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

NOTE 5 OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)

Discount Rate Sensitivity (Continued)

Description	1% Decrease in Discount Rate	Discount Rate	1% Increase in Discount Rate
OPEB Plan Discount Rate	3.87 %	4.87 %	5.87 %
Total OPEB Liability	\$ 56,028	\$ 53,128	\$ 50,502

Healthcare Trend Rate Sensitivity

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

Description	1% Decrease in Healthcare Cost Trend Rate	Healthcare Cost Trend Rate	1% Increase in Healthcare Cost Trend Rate
OPEB Plan Healthcare Cost Rate	6.00 %	7.00 %	8.00 %
Total OPEB Liability	\$ 49,167	\$ 53,128	\$ 57,796

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

For the year ended September 30, 2023, the Authority recognized OPEB expense of \$5,445. At September 30, 2023, the Authority reported no deferred outflows of resources and no deferred inflows of resources related to OPEB.

Actuarial Assumptions

The total OPEB liability in the September 30, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.60%
Salary Increases	3.25%, Average, Including Inflation
Healthcare Cost Trend Rates	7.00% for 2023, Decreasing to an Ultimate Rate of 4.50% for 2029 and Later Years

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

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

The discount rate used to measure the total OPEB liability was 4.87%, based on yield for 20-year tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher (or equivalent quality on another rating scale).

Since the most recent valuation, the following change was made:

- The discount rate was updated to 4.87% as of September 30, 2023. An increase from 0.10% as of September 30, 2022.

**SEBRING AIRPORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

NOTE 6 DEFINED BENEFIT PENSION PLANS

Background

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

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

**SEBRING AIRPORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

NOTE 6 DEFINED BENEFIT PENSION PLANS (CONTINUED)

Florida Retirement System Pension Plan

Plan Description

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

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

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

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

**SEBRING AIRPORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

NOTE 6 DEFINED BENEFIT PENSION PLANS (CONTINUED)

Florida Retirement System Pension Plan (Continued)

Benefits Provided

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

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

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

**SEBRING AIRPORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

NOTE 6 DEFINED BENEFIT PENSION PLANS (CONTINUED)

Florida Retirement System Pension Plan (Continued)

Contributions

The Florida Legislature establishes contribution rates for participating employers and employees. Effective July 1, 2011, all FRS Plan members (except those in DROP) are required to make 3% employee contributions on a pretax basis. The contribution rates attributable to the Authority, effective July 1, 2022, were applied to employee salaries as follows: regular employees 10.19%, senior management 29.85%, and DROP participants 16.88%. The Authority's contributions to the FRS Plan were \$99,713 for the year ended September 30, 2023.

Pension Costs

At September 30, 2023, the Authority reported a liability of \$832,245 for its proportionate share of the FRS Plan's net pension liability. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2023. The Authority's proportion of the net pension liability was based on the Authority's contributions received by FRS during the measurement period for employer payroll paid dates from July 1, 2022 through June 30, 2023, relative to the total employer contributions received from all of FRS's participating employers. At June 30, 2023, the Authority's proportion was 0.002088612%, which was a decrease of 0.000190412% from its proportion measured as of June 30, 2022.

For the year ended September 30, 2023, the Authority recognized pension expense of \$196,498 or its proportionate share of FRS's pension expense. In addition, the Authority reported its proportionate share of FRS's deferred outflows of resources and deferred inflows of resources from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 78,141	\$ -
Changes of Actuarial Assumptions	54,253	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	34,757	-
Changes in Proportion and Differences Between Authority Contributions and Proportionate Share of Contributions	106,271	(47,089)
Authority Contributions Subsequent to the Measurement Date	26,752	-
Total	<u>\$ 300,174</u>	<u>\$ (47,089)</u>

**SEBRING AIRPORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

NOTE 6 DEFINED BENEFIT PENSION PLANS (CONTINUED)

Florida Retirement System Pension Plan (Continued)

Pension Costs (Continued)

\$26,752 reported as deferred outflows of resources related to pensions resulting from Authority contributions to the FRS Plan subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended September 30, 2024. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized as an increase (decrease) in pension expense as follows:

<u>Year Ending September 30,</u>	<u>Amount</u>
2024	\$ 46,835
2025	11,571
2026	154,340
2027	12,931
2028	656
Thereafter	-

Actuarial Assumptions

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

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

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

The long-term expected rate of return assumption of 6.70% consists of two building block components: 1) an inferred real (in excess of inflation) return of 4.20 percent, which is consistent with the 4.48 percent real return from the capital market outlook model developed by the FRS consulting actuary, Milliman; and 2) a long-term average annual inflation assumption of 2.40 percent as adopted in October 2023 by the FRS Actuarial Assumption Conference. In the opinion of the FRS consulting actuary both components and the overall 6.70% return assumption were determined to be reasonable and appropriate per Actuarial Standards of Practice. The 6.70% reported investment return assumption is the same as the investment return assumption chosen by the 2022 FRS Actuarial Assumption Conference for funding policy purposes.

**SEBRING AIRPORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

NOTE 6 DEFINED BENEFIT PENSION PLANS (CONTINUED)

Florida Retirement System Pension Plan (Continued)

Actuarial Assumptions (Continued)

For reference, the table below contains a summary of Milliman’s assumptions for each of the asset classes in which the plan was invested at that time based on the long-term target asset allocation. Each asset class assumption is based on a consistent set of underlying assumptions and includes an adjustment for the inflation assumption. These assumptions are not based on historical returns, but instead are based on a forward-looking capital market economic model.

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

Discount Rate

The discount rate used to measure the total pension liability was 6.7% for the FRS Plan. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rate specified in statute. Based on that assumption, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Pension Liability Sensitivity

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

Description	1% Decrease	Current Discount Rate	1% Increase in Discount Rate
FRS Plan Discount Rate	5.70 %	6.70 %	7.70 %
Authority's Proportionate Share of the FRS Plan Net Pension Liability	\$ 1,421,645	\$ 832,245	\$ 339,143

**SEBRING AIRPORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

NOTE 6 DEFINED BENEFIT PENSION PLANS (CONTINUED)

Florida Retirement System Pension Plan (Continued)

Pension Plan Fiduciary Net Position

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

Retiree Health Insurance Subsidy Program

Plan Description

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

Benefits Provided

Eligible retirees and beneficiaries received a monthly HIS payment of \$7.50 for each year of creditable service completed at the time of retirement, with a minimum HIS payment of \$45 and a maximum HIS payment of \$225 per month, pursuant to Section 112.363, Florida Statutes. To be eligible to receive a HIS Plan benefit, a retiree under a State-administered retirement system must provide proof of health insurance coverage, which may include Medicare.

Contributions

The HIS Plan is funded by required contributions from FRS participating employers as set by the Florida Legislature. Employer contributions are a percentage of gross compensation for all active FRS members. The contribution rate was 2% of payroll pursuant to section 112.363, Florida Statutes. The Authority contributed 100% of its statutorily required contributions for the current and preceding three years. HIS Plan contributions are deposited in a separate trust fund from which payments are authorized. HIS Plan benefits are not guaranteed and are subject to annual legislative appropriation. In the event the legislative appropriation or available funds fail to provide full subsidy benefits to all participants, benefits may be reduced or canceled. The Authority's contributions to the HIS Plan were \$14,739 for the year ended September 30, 2023.

**SEBRING AIRPORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

NOTE 6 DEFINED BENEFIT PENSION PLANS (CONTINUED)

Retiree Health Insurance Subsidy Program (Continued)

Pension Costs

At September 30, 2023, the Authority reported a liability of \$345,842 for its proportionate share of the HIS Plan's net pension liability. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2022. The Authority's proportion of the net pension liability was based on the Authority's contributions received during the measurement period for employer payroll paid dates from July 1, 2022, through June 30, 2023, relative to the total employer contributions received from all participating employers. At June 30, 2023, the Authority's proportion was 0.002177661%, which was an increase of 0.000072607% from its proportion measured as of June 30, 2022.

For the year ended September 30, 2023, the Authority recognized pension expense of \$147,786 for its proportionate share of HIS's pension expense. In addition, the Authority reported its proportionate share of HIS's deferred outflows of resources and deferred inflows of resources from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual		
Economic Experience	\$ 5,063	\$ (812)
Changes in Actuarial Assumptions	9,092	(29,968)
Net Difference Between Projected and Actual Earnings on HIS Program Investments	179	-
Changes in Proportion and Differences Between Authority Contributions and Proportionate Share of Contributions	71,913	(7,635)
Authority Contributions Subsequent to the Measurement Date	4,106	-
Total	<u>\$ 90,353</u>	<u>\$ (38,415)</u>

\$4,106 reported as deferred outflows of resources related to pensions resulting from Authority contributions to the HIS Plan subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended September 30, 2024. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized as an increase (decrease) in pension expense as follows:

<u>Year Ending September 30,</u>	<u>Amount</u>
2024	\$ 15,539
2025	13,594
2026	11,145
2027	5,916
2028	1,480
Thereafter	158

**SEBRING AIRPORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

NOTE 6 DEFINED BENEFIT PENSION PLANS (CONTINUED)

Retiree Health Insurance Subsidy Program (Continued)

Actuarial Assumptions

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

Inflation	2.40% Per Year
Salary Increases	3.25%, Average, Including Inflation
Municipal Bond Rate	3.65%

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

Discount Rate

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

Pension Liability Sensitivity

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

Description	1% Decrease	Current Discount Rate	1% Increase in Discount Rate
HIS Plan Discount Rate	2.65 %	3.65 %	4.65 %
Authority's Proportionate Share of the HIS Plan Net Pension Liability	\$ 394,551	\$ 345,842	\$ 305,465

Pension Plan Fiduciary Net Position

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

**SEBRING AIRPORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

NOTE 6 DEFINED BENEFIT PENSION PLANS (CONTINUED)

Summary

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

<u>Description</u>	<u>FRS Plan</u>	<u>HIS Plan</u>	<u>Total</u>
Net Pension Liability	\$ 832,245	\$ 345,842	\$ 1,178,087
Deferred Outflows of Resources Related to Pensions	300,174	90,353	390,527
Deferred Inflows of Resources Related to Pensions	47,089	38,415	85,504
Pension Expense	196,498	147,786	344,284

NOTE 7 DEFINED CONTRIBUTION PENSION PLAN

FRS Investment Plan

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

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

**SEBRING AIRPORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

NOTE 7 DEFINED CONTRIBUTION PENSION PLAN (CONTINUED)

FRS Investment Plan (Continued)

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

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

The Authority's Investment Plan pension expense totaled \$126,526 for the year ended September 30, 2023. Employee contributions to the Investment Plan totaled \$18,335 for the year ended September 30, 2023.

NOTE 8 LONG-TERM DEBT

The summary of changes in long-term debt for the fiscal year ended September 30, 2023 is as follows:

	Balance October 1, 2022	Additions	Reductions	Balance September 30, 2023	Due Within One Year
Direct Borrowing -					
Notes Payable	\$ 3,200,735	\$ 122,818	\$ (202,059)	\$ 3,121,494	\$ 1,628,331
Leases Payable	26,061	-	(11,172)	14,889	5,266
Total	<u>\$ 3,226,796</u>	<u>\$ 122,818</u>	<u>\$ (213,231)</u>	<u>\$ 3,136,383</u>	<u>\$ 1,633,597</u>

**SEBRING AIRPORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

NOTE 8 LONG-TERM DEBT (CONTINUED)

Notes payable at September 30, 2023 consisted of the following:

<u>Description</u>	<u>Amount</u>
<p>Direct borrowing from a financial institution for improvements to an industrial building, collateralized by assignment of rent revenues, due July 2028. Outstanding balance as of July 21, 2023 paid in monthly payments of \$4,892, including interest at 8.45%. If any event of default shall occur, all indebtedness will become immediately due and payable to the lender.</p>	<p>\$ 231,481</p>
<p>Direct borrowing from a financial institution for improvements to an industrial building, collateralized by assignment of rent revenues, with 12 months of interest only payments, followed by monthly payments of \$11,780 including interest at 4%, final payment due April 2035. If any event of default shall occur, all indebtedness will become immediately due and payable to the lender.</p>	<p>1,304,612</p>
<p>Direct borrowing from a financial institution for improvements to industrial buildings with a maximum draw down of \$3,000,000 available, collateralized by assignment of rent revenues, with 12 months of interest only payments at 5.5% interest, followed by 48 monthly payments of principal and interest, beginning August 18, 2020 calculated on a 20-year amortization of the outstanding principal balance as of July 18, 2020 with an interest rate of 5.5% per annum. Beginning August 18, 2024, 60 monthly payments of principal and interest calculated on a 15-year amortization of the outstanding principal balance as of July 18, 2024 with interest based on the monthly average of the 5-year United States Treasury Bill index for July 18, 2024 plus 3.5%. Beginning August 18, 2029, 60 monthly payments of principal and interest calculated on a 10 year amortization of the outstanding principal balance as of July 18, 2029 with interest based on the monthly average of the 5-year United States Treasury Bill index for July 18, 2029 plus 3.5%.</p>	

**SEBRING AIRPORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

NOTE 8 LONG-TERM DEBT (CONTINUED)

<u>Description (Continued)</u>	<u>Amount</u>
Beginning August 18, 2034, 60 monthly payments of principal and interest calculated on a five-year amortization of the outstanding principal balance as of July 18, 2034 with interest based on the 5-year United States Treasury Bill index for July 18, 2034 plus 3.5%. Upon default, the interest rate on this direct borrowing shall be increased to 18% per annum, and the entire unpaid balance and all accrued interest will be declared due to the lender.	\$ 1,467,317
Direct borrowing from a financial institution for purchase of a vehicle, with monthly payments of \$822, including interest at 5.92%, with a final payment due in August 2024.	8,716
Direct borrowing from a financial institution for purchase of a vehicle, with monthly payments of \$839, including interest at 7.24%, with a final payment due in January 2028.	36,757
Direct borrowing from a financial institution for purchase of a vehicle, with monthly payments of \$908, including interest at 7.24%, with a final payment due in February 2028.	40,455
Direct borrowing from a financial institution for purchase of a vehicle, with monthly payments of \$699, including interest at 7.24%, with a final payment due in April 2028.	<u>32,156</u>
Total	3,121,494
Less: Current Portion	<u>(1,628,331)</u>
Long-Term Portion	<u><u>\$ 1,493,163</u></u>

**SEBRING AIRPORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

NOTE 8 LONG-TERM DEBT (CONTINUED)

Annual debt service requirements as of September 30, 2023 for notes payable are as follows:

<u>Year Ending September 30,</u>	<u>Principal</u>	<u>Interest</u>
2024	\$ 1,628,331	\$ 137,287
2025	161,514	62,204
2026	171,152	54,402
2027	182,264	46,092
2028	162,769	37,374
2029 - 2033	599,123	107,704
2034 - 2038	216,341	7,380
Total	<u>\$ 3,121,494</u>	<u>\$ 452,443</u>

Lessee Arrangement

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

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

<u>Year Ending September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 5,266	\$ 689	\$ 5,955
2025	5,575	382	5,957
2026	3,838	83	3,921
2027	210	2	212
Total Minimum Lease Payments	<u>\$ 14,889</u>	<u>\$ 1,156</u>	<u>\$ 16,045</u>

NOTE 9 LINES OF CREDIT

The Authority has a \$500,000 line of credit, unsecured, for operating capital needs with a commercial bank at Prime as published by the Wall Street Journal, with a minimum rate of 5%. The Authority also has a \$1,000,000 line of credit to finance grant expenditures with a commercial bank at Prime, as published by the Wall Street Journal, with a minimum rate of 4.5%, secured by grant revenues.

Changes in the lines of credit for the fiscal year ended September 30, 2023 were as follows:

	<u>October 1, 2022</u>	<u>Additions</u>	<u>Reductions</u>	<u>September 30, 2023</u>
Line of Credit - Secured	\$ -	\$ 377,494	\$ (377,494)	\$ -

**SEBRING AIRPORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

NOTE 10 CONDENSED COMBINING FINANCIAL INFORMATION

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

Condensed Combining Statement of Net Position

	Sebring Airport Authority	CRA	U.S. Sport Aviation Institute	Total
ASSETS				
Current Assets	\$ 3,883,912	\$ 590,982	\$ -	\$ 4,474,894
Net Capital Assets	46,443,012	-	-	46,443,012
Other Noncurrent Assets	4,051,729	-	-	4,051,729
Total Assets	<u>54,378,653</u>	<u>590,982</u>	<u>-</u>	<u>54,969,635</u>
DEFERRED OUTFLOWS OF RESOURCES				
Pension Related Items	390,527	-	-	390,527
LIABILITIES				
Current Liabilities	2,576,095	-	-	2,576,095
Noncurrent Liabilities	3,302,908	-	-	3,302,908
Total Liabilities	<u>5,879,003</u>	<u>-</u>	<u>-</u>	<u>5,879,003</u>
DEFERRED INFLOWS OF RESOURCES				
Lease Related Items	4,422,765	-	-	4,422,765
Pension Related Items	85,504	-	-	85,504
Total Deferred Inflows of Resources	<u>4,508,269</u>	<u>-</u>	<u>-</u>	<u>4,508,269</u>
NET POSITION				
Net Investment in Capital Assets	42,834,126	-	-	42,834,126
Restricted	-	590,982	-	590,982
Unrestricted	1,547,782	-	-	1,547,782
Total Net Position	<u>\$ 44,381,908</u>	<u>\$ 590,982</u>	<u>\$ -</u>	<u>\$ 44,972,890</u>

**SEBRING AIRPORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

NOTE 10 CONDENSED COMBINING FINANCIAL INFORMATION (CONTINUED)

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

	Sebring Airport Authority	CRA	U.S. Sport Aviation Institute	Total
OPERATING REVENUE				
Industrial Rentals	\$ 2,237,710	\$ -	\$ -	\$ 2,237,710
Test Track Rentals	432,654	-	-	432,654
Fixed Base Operations	2,264,383	-	-	2,264,383
Fire Protection Fees	107,651	-	-	107,651
CRA Incremental Tax Revenue	-	413,799	-	413,799
Miscellaneous Revenue	256,615	-	7,500	264,115
Total Operating Revenue	<u>5,299,013</u>	<u>413,799</u>	<u>7,500</u>	<u>5,720,312</u>
OPERATING EXPENSES				
Personal Services	1,534,480	-	-	1,534,480
Contractual Services	331,143	-	-	331,143
Professional Services	631,832	4,694	27,955	664,481
General Operating	2,824,850	1,945	-	2,826,795
Total Operating Expenses	<u>5,322,305</u>	<u>6,639</u>	<u>27,955</u>	<u>5,356,899</u>
OPERATING INCOME BEFORE DEPRECIATION	(23,292)	407,160	(20,455)	363,413
Depreciation	<u>(2,679,938)</u>	<u>-</u>	<u>-</u>	<u>(2,679,938)</u>
NET OPERATING INCOME (LOSS)	(2,703,230)	407,160	(20,455)	(2,316,525)
NONOPERATING REVENUE (EXPENSE)				
Interest Income	422,469	13,660	-	436,129
Operating Grants	25,344	-	-	25,344
Interest Expense	(164,790)	-	-	(164,790)
Miscellaneous Revenue	26,257	-	-	26,257
Insurance Recoveries	31,490	-	-	31,490
Gain on Sale of Capital Assets	240,723	-	-	240,723
Total Nonoperating Revenue (Expense)	<u>581,493</u>	<u>13,660</u>	<u>-</u>	<u>595,153</u>
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	(2,121,737)	420,820	(20,455)	(1,721,372)
Transfers In	1,393,126	-	-	1,393,126
Transfers Out	-	(1,393,126)	-	(1,393,126)
Capital Grants and Contributions	<u>2,748,561</u>	<u>-</u>	<u>-</u>	<u>2,748,561</u>
CHANGE IN NET POSITION	2,019,950	(972,306)	(20,455)	1,027,189
Net Position - Beginning of Year	<u>42,361,958</u>	<u>1,563,288</u>	<u>20,455</u>	<u>43,945,701</u>
NET POSITION - END OF YEAR	<u>\$ 44,381,908</u>	<u>\$ 590,982</u>	<u>\$ -</u>	<u>\$ 44,972,890</u>

**SEBRING AIRPORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

NOTE 10 CONDENSED COMBINING FINANCIAL INFORMATION (CONTINUED)

Condensed Combining Statement of Cash Flows

	Sebring Airport Authority	CRA	U.S. Sport Aviation Institute	Total
Net Cash Provided (Used) by Operating Activities	\$ (1,317,856)	\$ 433,245	\$ (20,455)	\$ (905,066)
Net Cash Provided by Noncapital Financing Activities	51,601	-	-	51,601
Net Cash Provided (Used) by Capital and Related Financing Activities	356,286	(1,393,126)	-	(1,036,840)
Net Cash Provided by Investing Activities	422,469	13,660	-	436,129
Net Increase (Decrease) in Cash and Cash Equivalents	(487,500)	(946,221)	(20,455)	(1,454,176)
Cash and Cash Equivalents - Beginning of Year	2,339,519	1,537,203	20,455	3,897,177
Cash and Cash Equivalents - End of Year	<u>\$ 1,852,019</u>	<u>\$ 590,982</u>	<u>\$ -</u>	<u>\$ 2,443,001</u>

NOTE 11 RISK MANAGEMENT

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

NOTE 12 RELATED PARTY TRANSACTIONS

A member of the Authority's Board of Directors is also a member of Heartland National Bank's Board of Directors. The Authority has deposits, a line of credit, and debt held by Heartland National Bank in the amount of \$3,853,945 as of September 30, 2023.

NOTE 13 COMMITMENTS, CONTINGENCIES, AND SUBSEQUENT EVENTS

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

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

	2023	2022	2021	2020	2019	2018	2017	2016	2015
Authority's Proportion of the Net Pension Liability	0.002088612%	0.002279024%	0.001872208%	0.001675476%	0.001714629%	0.001616574%	0.001457265%	0.001724597%	0.001768396%
Authority's Proportionate Share of the Net	\$ 832,245	\$ 847,980	\$ 141,424	\$ 726,176	\$ 590,494	\$ 486,920	\$ 431,049	\$ 435,462	\$ 228,412
Authority's Covered Payroll	\$ 875,837	\$ 767,053	\$ 591,616	\$ 429,551	\$ 472,524	\$ 419,435	\$ 367,444	\$ 346,048	\$ 350,588
Authority's Proportionate Share of the Net (Asset) as a Percentage of its Covered Payroll	95.02 %	110.55 %	23.90 %	169.05 %	124.97 %	116.09 %	117.31 %	125.84 %	65.15 %
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	82.38 %	82.89 %	94.40 %	78.85 %	82.61 %	84.26 %	83.89 %	84.88 %	92.00 %

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

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

**SEBRING AIRPORT AUTHORITY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE AUTHORITY'S CONTRIBUTIONS-
FLORIDA RETIREMENT SYSTEM PENSION PLAN ¹
LAST TEN FISCAL YEARS**

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

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

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

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

	2023	2022	2021	2020	2019	2018	2017	2016	2015
Authority's Proportion of the Net Pension Liability	0.002177661%	0.002105054%	0.001657490%	0.001253851%	0.001412823%	0.001369415%	0.001088064%	0.001120965%	0.001155592%
Liability	\$ 345,842	\$ 222,959	\$ 203,316	\$ 153,093	\$ 158,082	\$ 144,941	\$ 116,341	\$ 130,643	\$ 117,852
Authority's Covered Payroll	\$ 875,837	\$ 767,053	\$ 591,616	\$ 429,551	\$ 472,524	\$ 419,435	\$ 367,444	\$ 346,048	\$ 350,588
Liability (Asset) as a Percentage of its Covered Payroll	39.49 %	29.07 %	34.37 %	35.64 %	33.45 %	34.56 %	31.66 %	37.75 %	33.62 %
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	4.12 %	4.81 %	3.56 %	3.00 %	2.63 %	2.15 %	1.64 %	0.97 %	0.50 %

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

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

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

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

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

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

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

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

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

**SEBRING AIRPORT AUTHORITY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE AUTHORITY'S
TOTAL OPEB LIABILITY AND RELATED RATIOS ¹ (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2023**

Notes to Schedule

Benefit changes:

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

Changes of assumptions:

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

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

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

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

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

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

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

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

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

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

Community Redevelopment Agency

Following is a schedule of deposits and withdrawals as required by Section 163.387(8), Florida Statutes. This schedule provides a source for all deposits and a purpose for all withdrawals for the fiscal year ended September 30, 2023.

**SEBRING AIRPORT AUTHORITY
SCHEDULE OF REVENUES, EXPENSES,
AND CHANGES IN NET POSITION – CRA FUND
YEAR ENDED SEPTEMBER 30, 2023**

	CRA
REVENUES	
CRA Incremental Tax Revenue	\$ 413,799
Interest Income	13,660
Total Revenues	427,459
EXPENSES	
Professional Services	4,694
General Operating and Project Assistance	1,395,071
Total Expenses	1,399,765
NET CHANGE IN NET POSITION	(972,306)
Net Position - Beginning of Year	1,563,288
NET POSITION - END OF YEAR	\$ 590,982

**SEBRING AIRPORT AUTHORITY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED SEPTEMBER 30, 2023**

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
FEDERAL AWARDS				
Federal Aviation Administration				
Airport Improvement Program	20.106		\$ -	\$ 1,934,609
Total Federal Aviation Administration Direct Programs			-	1,934,609
Federal Emergency Management Agency				
Passed Through Florida Division of Emergency Management				
Hurricane Ian Cat G	97.036	Z3444	-	3,000
Hurricane Ian Cat E	97.036	Z3444	-	13,135
Hurricane Ian Cat B	97.036	Z3444	-	6,520
Total Federal Emergency Management Agency Direct Programs			-	22,655
Total Expenditures of Federal Awards			\$ -	\$ 1,957,264

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

SEBRING AIRPORT AUTHORITY
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED SEPTEMBER 30, 2023

NOTE 1 BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of Sebring Airport Authority (the Authority) under programs of the federal government for the year ended September 30, 2023. The information in this Schedule is presented in accordance with the requirements of 2 CFR Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*. Because the Schedule presents only a selected portion of the operations of the Authority, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Authority.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE 3 INDIRECT COST RATE

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



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

Board of Directors
Sebring Airport Authority
Sebring, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Sebring Airport Authority (Authority), as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated March 19, 2024.

Report on Internal Control Over Financial Reporting

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

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

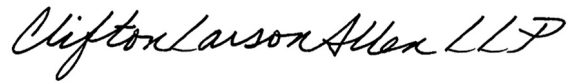
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

Report on Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority’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 Authority’s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



CliftonLarsonAllen LLP

Sebring, Florida
March 19, 2024



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

Board of Directors
Sebring Airport Authority
Sebring, Florida

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Authority's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the Authority's major federal programs for the year ended September 30, 2023. The Authority's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Authority complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2023.

Basis for Opinion on Each Major Federal Program

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

We are required to be independent of the Authority and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Authority's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

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

Auditors' Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control over Compliance

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

Board of Directors
Sebring Airport Authority

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

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

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



CliftonLarsonAllen LLP

Sebring, Florida
March 19, 2024

**SEBRING AIRPORT AUTHORITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED SEPTEMBER 30, 2023**

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

Federal Awards

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

Identification of Major Federal Programs

Assistance Listing Number(s)	Name of Federal Program or Cluster
20.106	Airport Improvement Program
Dollar threshold used to distinguish between Type A and Type B programs:	\$ <u> 750,000 </u>
Auditee qualified as low-risk auditee?	_____ Yes <u> X </u> No

**SEBRING AIRPORT AUTHORITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2023**

Section II – Financial Statement Findings

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

Section III – Findings and Questioned Costs – Major Federal Programs

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



MANAGEMENT LETTER

Board of Directors
Sebring Airport Authority
Sebring, Florida

Report on the Financial Statements

We have audited the financial statements of the Sebring Airport Authority (Authority), as of and for the fiscal year ended September 30, 2023, and have issued our report thereon dated March 19, 2024.

Auditors' Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); and Chapter 10.550, Rules of the Auditor General.

Other Reporting Requirements

We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*; Independent Auditor's Report on Compliance for Each Major Federal Program and Report on Internal Control over Compliance; Schedule of Findings and Questioned Costs; and Independent Accountants' Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports and schedule, which are dated March 19, 2024, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding financial audit report. There were no recommendations made in the preceding financial audit report.

Official Title and Legal Authority

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

Financial Condition and Management

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

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

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

Special District Component Units

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

Special District Specific Information

As required by Section 218.39(3)(c), Florida Statutes, and Section 10.554(1)(i)6, Rules of the Auditor General, the Authority reported:

- a. The total number of district employees compensated in the last pay period of the Authority's fiscal year as: 13.
- b. The total number of independent contractors to whom nonemployee compensation was paid in the last month of the Authority's fiscal year as 1.
- c. All compensation earned by or awarded to employees, whether paid or accrued, regardless of contingency as: \$870,322.
- d. All compensation earned by or awarded to nonemployee independent contractors, whether paid or accrued, regardless of contingency as \$8,675.
- e. Each construction project with a total cost of at least \$65,000 approved by the district that is scheduled to begin on or after October 1 of the fiscal year being reported, together with the total expenditures for such project as:
 - Construct Taxiway A4 Realignment- \$2,149,566

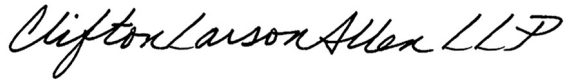
- f. A budget variance based on the budget adopted under Section 189.016(4), Florida Statutes, before the beginning of the fiscal year being reported if the district amends a final adopted budget under Section 189.016(6), Florida Statutes, as: \$1,818,257
- Beginning Budgeted Reserves - \$517,038 Final Budget Expenses \$2,335,295

Additional Matters

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

Purpose of this Letter

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, Federal and other granting agencies, the Authority's Board of Directors and applicable management, and is not intended to be, and should not be, used by anyone other than these specified parties.



CliftonLarsonAllen LLP

Sebring, Florida
March 19, 2024



INDEPENDENT ACCOUNTANTS' REPORT

Sebring Airport Authority
and the Florida Auditor General
Sebring, Florida

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

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

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

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

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

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

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Sebring, Florida
March 19, 2024