

SEBRING AIRPORT AUTHORITY
FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2016

**SEBRING AIRPORT AUTHORITY
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YEAR ENDED SEPTEMBER 30, 2016**

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Sebring Airport Authority
Sebring, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of the Sebring Airport Authority, as of and for the year ended September 30, 2016, and the related notes to the financial statements, which collectively comprise the entity's basic financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Sebring Airport Authority as of September 30, 2016, and the changes in its financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 – 8 and information on other postemployment benefits and defined benefit pensions on pages 39 – 43 be presented to supplement the basic financial statements. Such information, 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 auditing standards generally accepted in the United States of America, 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.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Sebring Airport Authority's basic financial statements. The schedule of expenditures of state financial assistance, as required by Chapter 10.550, *Local Government Entity Audits*, Rules of the Auditor General of the State of Florida, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The schedule of expenditures of and state financial assistance 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. Such 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 auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Board of Directors
Sebring Airport Authority

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 4, 2017, on our consideration of the Sebring Airport 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 to describe the scope of our testing of internal control over financial reporting and compliance and the result of that testing, and not to provide an opinion on 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 Sebring Airport Authority's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

CliftonLarsonAllen LLP

Sebring, Florida
April 4, 2017

**SEBRING AIRPORT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED SEPTEMBER 30, 2016**

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, 2016. We encourage readers to consider the information presented here in conjunction with the Authority's financial statements.

Financial Highlights

- The assets plus deferred inflows of resources of the Authority exceeded its liabilities plus deferred outflows of resources as of September 30, 2016 by \$30,027,619 (net position).
- The Authority's total assets net of depreciation as of September 30, 2016 was \$33,921,261.
- The Authority's total operating revenue was \$4,100,846, primarily consisting of industrial and test track rentals of \$2,098,182 and Fixed Base Operations sales in the amount of \$1,111,168.
- The Authority's total operating expenses came to \$5,083,864. General operating expense (including insurance, supplies, utilities, repairs and maintenance, taxes) came to \$1,821,872. Other primary expenses consisted of \$774,233 in personnel costs, \$742,627 in contractual and professional services and \$1,745,132 in depreciation. The net operating loss was \$983,018.
- Total nonoperating revenue, (expenses), and capital grants were \$712,734 resulting in a negative change in net position of \$270,284. The majority of the nonoperating revenue was \$830,831 in grants.

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, 2016**

Overview of Financial Statements (Continued)

The attached 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 non-financial 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, 2016, total assets was \$33,921,261. Total current assets was \$2,216,967 including total restricted assets of \$195,052, which consisted of cash for repayment of tenant security deposits and cash restricted for land improvements. Total noncurrent assets was \$31,704,294.

In addition, total liabilities at September 30, 2016 was \$4,160,943. Total current liabilities was \$940,221 and liabilities payable from restricted assets (tenant deposits) and total long-term (noncurrent) liabilities was \$3,220,722.

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, 2016**

Condensed Financial Information

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

	2016	2015
ASSETS		
Current Assets - Unrestricted	\$ 2,021,915	\$ 2,048,930
Current Assets - Restricted	195,052	542,242
Net Capital Assets	31,704,294	32,111,019
Other Noncurrent Assets	-	11,287
Total Assets	33,921,261	34,713,478
 DEFERRED OUTFLOWS OF RESOURCES	 281,546	 100,333
 LIABILITIES		
Current Liabilities	940,221	1,381,375
Noncurrent Liabilities	3,220,722	3,126,779
Total Liabilities	4,160,943	4,508,154
 DEFERRED INFLOWS OF RESOURCES	 14,245	 7,754
 NET POSITION		
Net Investment in Capital Assets	28,879,787	28,808,561
Restricted	40,696	400,360
Unrestricted	1,107,136	1,088,982
Total Net Position	\$ 30,027,619	\$ 30,297,903

Current assets decreased \$374,205 from the prior fiscal year. Of that amount, restricted cash decreased \$347,190 due to the spending of funds from an interlocal agreement to be used for land improvements.

Current liabilities decreased \$441,154 from the prior year primarily due to decreases in grant expenses payable at year-end.

At September 30, 2016, the Authority had \$2,675,549 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 \$566,105 in net pension liability related to the Authority's participation in the Florida Retirement System.

There was a decrease in net position of \$270,284 mainly due to a net operating loss of \$983,018. The net operating loss was due largely to \$1,745,132 in depreciation expense.

**SEBRING AIRPORT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED SEPTEMBER 30, 2016**

Condensed Financial Information (Continued)

Revenues, Expenses, and Changes in Net Position

	<u>2016</u>	<u>2015</u>
OPERATING REVENUE		
Industrial and Test Track Rental Revenue	\$ 2,098,182	\$ 2,036,661
Fixed Based Operations	1,111,168	1,277,823
Other Revenue	891,496	917,047
Total Operating Revenue	<u>4,100,846</u>	<u>4,231,531</u>
OPERATING EXPENSES		
Personnel Services	774,233	690,925
Contractual Services	248,776	285,107
Professional Services	493,851	458,058
General Operating Expenses	1,821,872	1,986,297
Depreciation Expense	1,745,132	1,766,217
Total Operating Expenses	<u>5,083,864</u>	<u>5,186,604</u>
NET OPERATING LOSS	(983,018)	(955,073)
NONOPERATING REVENUES (EXPENSES)		
Interest Expense, Net	(145,205)	(139,716)
Capital Grants and Contributions	830,831	896,286
Other Nonoperating Revenue	27,108	25,634
Total Nonoperating Revenues (Expenses)	<u>712,734</u>	<u>782,204</u>
CHANGE IN NET POSITION	(270,284)	(172,869)
Net Position - Beginning of Year, As Restated	<u>30,297,903</u>	<u>30,470,772</u>
NET POSITION - END OF YEAR	<u>\$ 30,027,619</u>	<u>\$ 30,297,903</u>

Overall operating revenue decreased by \$130,685. Industrial and test track rental revenue increased \$61,251 for the current year due to increased occupancy. Revenue from fixed based operations decreased \$166,655 for the current year due to market decreases in the cost of fuel.

Operating expenses before depreciation decreased by \$81,655. The decrease was due largely to decreases in general operating expenses, the most significant being costs associated with the purchase of fuel.

In fiscal year 2016, total operating revenue was \$4,100,846, while total operating expenses, including depreciation, was \$5,083,864. This resulted in a \$983,018 operating loss. Net nonoperating revenues, including capital grants, were \$712,734 resulting in a negative change in net position of \$270,284.

**SEBRING AIRPORT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED SEPTEMBER 30, 2016**

Economic Factors and Next Year's Budgets and Rates

The Sebring Airport Authority Annual Budget was approved by Resolution 16-13 on September 15, 2016. The Sebring Regional Airport and Industrial Park Community Redevelopment Agency (CRA) is reported as a blended component unit of the Sebring Airport Authority. Its Annual Budget was approved by Resolution C16-10 on September 15, 2016. The detailed budget is available at www.sebring-airport.com for review.

The Sebring Airport Authority leased a Commercial Hanger and a portion of the Apron to Global Engine Maintenance, a jet engine restoration company. CitraPac is specialty manufacturer of unique real -fruit frozen snack. They anticipate creating 240 new jobs and will add a capital investment of \$14 million to the region. CitraPac was granted their Certificate of Occupancy in July 2016 and is fully operational. ADS/Hancor, a manufacturer of Drainage Pipe, reopened their facility in April. They employ 38 and are looking to fill 21 positions.

Significant economic factors affecting the Authority are as follows:

- Federal, state and local funding of airport capital projects
- Fluctuations in fuel prices which affect revenues and cost of fuel sold
- Military environment affecting military fuel sales
- Inflationary pressure on utility rates, supplies and other costs

We hope to have the following projects under design in fiscal year 2017:

- Completion of Airfield Drainage Project

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:

Christine McGann
Director of Finance
Sebring Airport Authority
128 Authority Lane
Sebring, FL 33870

**SEBRING AIRPORT AUTHORITY
STATEMENT OF NET POSITION
SEPTEMBER 30, 2016**

ASSETS

Current Assets:

Cash and Cash Equivalents - Unrestricted	\$ 1,803,317
Cash and Cash Equivalents - Restricted	195,052
Accounts Receivable - Trade	51,549
Grants Receivable	109,380
Prepaid Items	2,125
Inventory	55,544
Total Current Assets	<u>2,216,967</u>

Noncurrent Assets:

Capital Assets Not Being Depreciated	3,495,490
Capital Assets - Net of Depreciation	<u>28,208,804</u>
Total Noncurrent Assets	<u>31,704,294</u>

Total Assets 33,921,261

DEFERRED OUTFLOWS OF RESOURCES

Pension Related Items 281,546

LIABILITIES

Current Liabilities:

Accounts Payable	155,698
Grant Expenses Payable	108,961
Accrued Expenses	43,903
Notes and Leases Payable - Current	175,288
Unearned Revenue	456,371
Total Current Liabilities	<u>940,221</u>

Noncurrent Liabilities:

Notes and Leases Payable - Noncurrent	2,500,261
Net Pension Liability	566,105
Rent Deposits	154,356
Total Noncurrent Liabilities	<u>3,220,722</u>

Total Liabilities 4,160,943

DEFERRED INFLOWS OF RESOURCES

Pension Related Items 14,245

NET POSITION

Net Investment in Capital Assets	28,879,787
Restricted	40,696
Unrestricted	1,107,136
Total Net Position	<u>\$ 30,027,619</u>

See accompanying Notes to Financial Statements.

SEBRING AIRPORT AUTHORITY
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
YEAR ENDED SEPTEMBER 30, 2016

OPERATING REVENUE	
Industrial Rentals	\$ 1,863,199
Test Track Rentals	234,983
Fixed Base Operations	1,111,168
Fire Protection Fees	74,373
Aviation Expo Revenue	219,685
CRA Incremental Tax Revenue	426,094
Miscellaneous Revenue	171,344
Total Operating Revenue	<u>4,100,846</u>
OPERATING EXPENSES	
Personal Services	774,233
Contractual Services	248,776
Professional Services	493,851
General Operating	1,821,872
Total Operating Expenses	<u>3,338,732</u>
OPERATING INCOME BEFORE DEPRECIATION	762,114
Depreciation	<u>(1,745,132)</u>
NET OPERATING LOSS	(983,018)
NONOPERATING REVENUE (EXPENSE)	
Interest Income	1,909
Interest Expense	(147,114)
Miscellaneous Revenue	26,257
Loss on Sale of Capital Assets	851
Total Nonoperating Revenue (Expense)	<u>(118,097)</u>
LOSS BEFORE CAPITAL CONTRIBUTIONS	(1,101,115)
Capital Grants and Contributions	<u>830,831</u>
CHANGE IN NET POSITION	(270,284)
Net Position - Beginning of Year	<u>30,297,903</u>
NET POSITION - END OF YEAR	<u><u>\$ 30,027,619</u></u>

See accompanying Notes to Financial Statements.

**SEBRING AIRPORT AUTHORITY
STATEMENT OF CASH FLOWS
YEAR ENDED SEPTEMBER 30, 2016**

CASH FLOWS FROM OPERATING ACTIVITIES

Receipts from Customers	\$ 3,464,876
CRA Incremental Tax Receipts	426,094
Other Receipts	171,344
Payments to Suppliers	(2,548,170)
Payments to Employees	(727,841)
Net Cash Provided by Operating Activities	<u>786,303</u>

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES

Proceeds from Borrowings	(43,641)
Principal Payments on Operating Loan	43,641
Net Cash Used by Noncapital Financing Activities	<u>-</u>

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Acquisition and Construction of Capital Assets	(1,737,826)
Proceeds from Borrowings	36,041
Principal Payments on Borrowings	(154,479)
Interest Payments on Borrowings	(144,933)
Capital Grants Received	1,160,197
Net Cash Used by Capital and Related Financing Activities	<u>(841,000)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Interest Earned on Operating Funds	<u>1,909</u>
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NET DECREASE IN CASH AND CASH EQUIVALENTS

(52,788)

Cash and Cash Equivalents - Beginning of Year

2,051,157

CASH AND CASH EQUIVALENTS - END OF YEAR

\$ 1,998,369

See accompanying Notes to Financial Statements.

**SEBRING AIRPORT AUTHORITY
STATEMENT OF CASH FLOWS (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2016**

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

Net Operating Loss	\$ (983,018)
Adjustments to Reconcile Net Operating Loss to Net Cash Provided by Operating Activities:	
Depreciation	1,745,132
Amortization of Pension Related Items	(174,722)
(Increase) Decrease in Assets:	
Accounts Receivable - Trade	(3,607)
Prepaid Expenses	2,435
Inventory	(6,777)
Other Assets	11,287
Increase (Decrease) in Liabilities:	
Accounts Payable	9,225
Accrued Expenses	1,432
Rent Deposits	12,474
Unearned Revenue	(47,399)
Net Pension Liability	219,841
Net Cash Provided by Operating Activities	<u>\$ 786,303</u>

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

Cash and Cash Equivalents	\$ 1,998,369
Less: Restricted Cash and Cash Equivalents	(195,052)
Total Unrestricted Cash and Cash Equivalents	<u>\$ 1,803,317</u>

See accompanying Notes to Financial Statements.

**SEBRING AIRPORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016**

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.

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 operation responsibility, and the Institute provides services entirely to the Authority, it is reported as a blended component unit.

**SEBRING AIRPORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Accounting and Measurement Focus

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

Basis of Accounting

Basis of accounting refers to when revenues and expenditures or 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 and proceeds from interlocal agreements. 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.

Accounts Receivable

Management considers all receivables collectible as of September 30, 2016.

Inventory

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

**SEBRING AIRPORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report 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 differences between expected and actual experience, projected versus actual earnings, 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 fair value or actual cost, if known. 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 waste/potable water systems are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred.

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

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

**SEBRING AIRPORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Grants

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

Unearned Revenue

The Authority leases a wastewater treatment facility to the City of Sebring. Unearned revenue has been recorded for the prepaid rent received from the City in the form of its liquidation of the Authority's debt on the facility. Revenue will be recognized over the lease term as the unearned revenue is amortized.

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. Employees will not be entitled to payment for unused PTO if they are discharged by the Authority. The amount of earned but unused PTO days estimated to be payable is accrued as a liability at year-end.

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.

Other Postemployment Benefits Obligations

Other postemployment benefits obligations are reported in conformity with GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. The basic premise of the statement is that Other Postemployment Benefits (OPEB) are earned by employees and should be recognized by the employer as the employee provides services. The OPEB plan currently covers certain eligible retirees of the Authority. Retirees participating in the group insurance plans offered by the Authority are required to contribute 100% of the active premiums. Accounting for OPEB under GASB Statement No. 45 results in the Authority reporting an actuarially-based liability for benefits.

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, 2016**

NOTE 2 DEPOSITS AND INVESTMENTS

Cash and cash equivalents consist of unrestricted and restricted funds. Restricted funds represent: (1) proceeds from interlocal agreements; (2) funds received at the end of the year to cover payables related to various grant projects; and (3) lease deposits. Cash and cash equivalents as of September 30, 2016 was as follows:

Unrestricted Cash	\$ 1,803,317
Restricted Cash: Lease Deposits and Interlocal Agreements	<u>195,052</u>
Total Cash and Cash Equivalents	<u><u>\$ 1,998,369</u></u>

Classified as:	
Petty Cash and Demand Deposits	\$ 1,970,819
Local Government Surplus Trust Funds	<u>27,550</u>
Total	<u><u>\$ 1,998,369</u></u>

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

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

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.

**SEBRING AIRPORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016**

NOTE 2 DEPOSITS AND INVESTMENTS (CONTINUED)

Throughout the year and as of September 30, 2016, Florida PRIME contained certain floating and adjustable rate securities which were indexed based on the prime rate and/or one and three-month LIBOR rates. These investments represented 27.6% of Florida PRIME's portfolio at September 30, 2016.

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 weighted average days to maturity (WAM) of Florida PRIME as of September 30, 2016 was 50 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, 2016 was 70 days.

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, 2016, 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, the Investment Advisory Council, and the Participant Local Government 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."

**SEBRING AIRPORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016**

NOTE 2 DEPOSITS AND INVESTMENTS (CONTINUED)

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

As of September 30, 2016, there were no redemption fees or maximum transaction amounts, or any other requirements that serve to limit a participant's daily access to 100% of their account value.

NOTE 3 CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2016 is summarized as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets Not Being Depreciated:				
Land, Buildings and Infrastructure	\$ 980,024	\$ -	\$ -	\$ 980,024
Construction in Progress	1,321,773	1,237,533	(43,840)	2,515,466
Total Capital Assets Not Being Depreciated	2,301,797	1,237,533	(43,840)	3,495,490
Capital Assets Being Depreciated:				
Buildings and Infrastructure	50,113,025	103,498	-	50,216,523
Vehicles and Tractors	417,015	36,041	(20,340)	432,716
Machinery and Equipment	656,811	3,700	-	660,511
Office Furniture, Fixtures and Equipment	478,002	1,625	(25,240)	454,387
Race Track Improvements	1,906,879	-	-	1,906,879
Total Capital Assets Being Depreciated	53,571,732	144,864	(45,580)	53,671,016
Less: Accumulated Depreciation	(23,762,510)	(1,745,132)	45,430	(25,462,212)
Total Capital Assets Being Depreciated, Net	29,809,222	(1,600,268)	(150)	28,208,804
Total Capital Assets, Net	<u>\$ 32,111,019</u>	<u>\$ (362,735)</u>	<u>\$ (43,990)</u>	<u>\$ 31,704,294</u>

Construction in progress is composed of the following significant projects:

Project	Authorization	Commitment	Expended
Land Acquisition	\$ 552,821	\$ -	\$ 552,821
18/36 Environment Assessment	424,084	71,354	352,730
Security Fencing Phase III	804,579	2,400	802,179
RIF - Carroll Shelby	445,074	37,338	407,736
CitraPac	400,000	-	400,000
Total	<u>\$ 2,626,558</u>	<u>\$ 111,092</u>	<u>\$ 2,515,466</u>

**SEBRING AIRPORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016**

NOTE 4 LEASES

The Authority is the lessor of various types of industrial buildings and land over periods ranging from month-to-month to 75 years. All of the Authority's leases are classified as operating leases. Substantially all of the Authority's investment in land, buildings, and racetrack improvements are either under lease or are held for lease at September 30, 2016.

The following is a schedule by year(s) of minimum future rent revenues from noncancelable operating leases as of September 30, 2016:

<u>Year Ending September 30,</u>	<u>Amount</u>
2017	\$ 1,333,353
2018	1,207,665
2019	967,764
2020	954,679
2021	873,220
2022-2026	3,088,230
2027-2031	2,833,990
2032-2036	1,944,094
2037-2041	1,539,277
2042-2046	1,450,252
2047-2051	1,422,502
2052-2056	1,381,402
2057-2061	1,290,852
2062-2066	1,290,852
2067-2071	1,290,852
2072-2076	1,290,852
2077-2081	989,653
Total Minimum Future Rentals	<u>\$ 25,149,488</u>

NOTE 5 OTHER POSTEMPLOYMENT BENEFITS PLAN

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 Health Plan (the Plan) is a single-employer defined benefit healthcare plan. 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. The Plan does not issue a publicly available report.

**SEBRING AIRPORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016**

NOTE 5 OTHER POSTEMPLOYMENT BENEFITS PLAN (CONTINUED)

Annual OPEB Cost and Net OPEB Obligation

The Authority's annual other postemployment benefits (OPEB) cost is calculated based on the annual required contribution (ARC). The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years. The following table shows the components of the Authority's annual OPEB cost for the year, the amount actually contributed to the Plan, and changes in the Authority's net OPEB obligation to the Plan:

ARC as of End of Year	\$ 9,131
Interest on Net OPEB Obligation (NOO) to End of Year	-
NOO Amortization Adjustment to the ARC	-
Annual OPEB Cost	<u>9,131</u>
Annual Employer Contribution for Pay-Go Cost	(9,005)
Annual Employer Contribution for Pre-Funding	-
Change in NOO	<u>126</u>
NOO as of Beginning of Year	-
NOO as of End of Year	<u><u>\$ 126</u></u>

The Authority's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the year ended September 30, 2016 is as follows:

<u>Fiscal Year Ending September 30,</u>	<u>Annual OPEB Cost</u>	<u>Percentage Contributed</u>	<u>Net OPEB Obligation</u>
2016	\$ 9,131	98.60%	\$ 126

Information for the preceding years is unavailable.

Funding Policy, Funded Status, and Funding Progress

The Authority does not contribute to the cost of current-year premiums for eligible retired Plan members and their spouses. For fiscal year 2016, the Authority contributed an estimated \$9,005 to the Plan, which represents benefits paid to retirees and administrative costs. Retired plan members receiving benefits contribute 100% of their premium costs. In fiscal year 2016, Plan member contributions totaled \$9,464.

As of October 1, 2014, the most recent valuation date, the actuarial accrued liability for benefits was \$46,411, all of which was unfunded. The covered payroll (annual payroll of active employees covered by the Plan) was \$297,515, and the ratio of the unfunded actuarial accrued liability (UAAL) to the covered payroll was 15.6%.

**SEBRING AIRPORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016**

NOTE 5 OTHER POSTEMPLOYMENT BENEFITS PLAN (CONTINUED)

Funding Policy, Funded Status, and Funding Progress (Continued)

The projection of future benefits for an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of future events far into the future. Amounts determined regarding the funded status of a plan and the employer's annual required contributions are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress presented as required supplementary information following the notes to the financial statements, presents multi-year trend information indicating whether the actuarial value of plan assets is increasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. The following simplifying assumptions were made:

Assumptions About Employees and Members

Based on the historical average retirement age of the covered group, active plan members of the regular class were assumed to retire at age 62 and 6 years of service or upon completion of 30 years of service, regardless of age. Special service class members are assumed to retire at age 55 and 6 years of service or upon completion of 25 years of special service, regardless of age. Marital status as of the calculation date was assumed to continue throughout retirement. Life expectancy was based on the SOA RPH-2014 Total Dataset Mortality Table fully generational with Scale MP-2014.

Assumptions About Healthcare Costs

The 2015 health insurance premiums for retirees were used to calculate the present value of total benefits to be paid. The expected rate of decrease in health insurance premiums initially used a rate of 9.0% in 2015, decreasing 0.5% each year until the ultimate rate of 5.0% in 2023.

Other Assumptions and Methods

The inflation rate was assumed to be 3.0%. Based on the historical and expected returns of the Authority's investments, the investment rate of return was assumed to be 4.0%. The projected unit credit cost method was used in the actuarial valuation. The UAAL is amortized over 10 years based on an open group. Payroll was assumed to grow over the long-term at 3.0%.

**SEBRING AIRPORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016**

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, multiple-employer defined benefit plans and other nonintegrated programs. A comprehensive annual financial report of the FRS, which includes its financial statements, required supplementary information, actuarial report, and other relevant information, is available from the Florida Department of Management Services' Web site (www.dms.myflorida.com).

The Authority's pension expense totaled \$95,454 for both the FRS Pension Plan and HIS Plan for the fiscal year ended September 30, 2016.

Florida Retirement System Pension Plan

Plan Description

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

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

**SEBRING AIRPORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016**

NOTE 6 DEFINED BENEFIT PENSION PLANS (CONTINUED)

Florida Retirement System Pension Plan (Continued)

Plan Description (Continued)

Employees enrolled in the FRS Plan prior to July 1, 2011, vest at six years of creditable service and employees enrolled in the FRS Plan on or after July 1, 2011, vest at eight years of creditable service. All vested members, enrolled prior to July 1, 2011, are eligible for normal retirement benefits at age 62 or at any age after 30 years of service, except for members classified as special risk who are eligible for normal retirement benefits at age 55 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 60 or at any age after 30 years of service. Employees enrolled in the FRS Plan may include up to four years of credit for military service toward creditable service. The FRS Plan also includes an early retirement provision; however, there is a benefit reduction for each year a member retires before his or her normal retirement date. The FRS Plan provides retirement, disability, death benefits, and annual cost-of-living adjustments to eligible participants.

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

Benefits Provided

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

**SEBRING AIRPORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016**

NOTE 6 DEFINED BENEFIT PENSION PLANS (CONTINUED)

Florida Retirement System Pension Plan (Continued)

Benefits Provided (Continued)

<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.

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, 2015, were applied to employee salaries as follows: regular employees 7.26%, senior management 21.43%, and DROP participants 12.88%. The Authority's contributions to the FRS Plan were \$44,618 for the year ended September 30, 2016.

**SEBRING AIRPORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016**

NOTE 6 DEFINED BENEFIT PENSION PLANS (CONTINUED)

Florida Retirement System Pension Plan (Continued)

Pension Costs

At September 30, 2016, the Authority reported a liability of \$435,462 for its proportionate share of the FRS Plan's net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2016. 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, 2015, through June 30, 2016, relative to the total employer contributions received from all of FRS's participating employers. At June 30, 2016, the Authority's proportion was 0.001724597%, which was a decrease of 0.000043799% from its proportion measured as of June 30, 2015.

For the year ended September 30, 2016, the Authority recognized pension expense of \$85,288 for 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	\$ 33,342	\$ (4,054)
Changes of Actuarial Assumptions	26,344	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	112,562	-
Changes in Proportion and Differences Between Authority Contributions and Proportionate Share of Contributions	73,588	(5,206)
Authority Contributions Subsequent to the Measurement Date	12,621	-
Total	<u>\$ 258,457</u>	<u>\$ (9,260)</u>

\$12,621 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, 2017. 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>
2017	\$ 42,058
2018	42,058
2019	85,942
2020	56,530
2021	8,206
Thereafter	1,782

**SEBRING AIRPORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016**

NOTE 6 DEFINED BENEFIT PENSION PLANS (CONTINUED)

Florida Retirement System Pension Plan (Continued)

Actuarial Assumptions

The total pension liability in the July 1, 2016, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.60% Per Year
Salary Increases	3.25%, Average, Including Inflation
Investment Rate of Return	7.60%

Mortality rates were based on the Generational RP-2000 with Projection Scale BB. The actuarial assumptions used in the July 1, 2016, valuation were based on the results of an actuarial experience study for the period July 1, 2008, through June 30, 2013.

The long-term expected rate of return on pension plan investments was not based on historical returns, but instead is based on a forward-looking capital market economic model. The allocation policy's description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions, and includes an adjustment for the inflation assumption. The target allocation, as outlined in the FRS Plan's investment policy, and best estimates of arithmetic and geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Annual Arithmetic Return	Compound Annual (Geometric) Return	Standard Deviation
Cash	1.0%	3.0%	3.0%	1.7%
Fixed Income	18.0%	4.7%	4.6%	4.6%
Global Equity	53.0%	8.1%	6.8%	17.2%
Real Estate (Property)	10.0%	6.4%	5.8%	12.0%
Private Equity	6.0%	11.5%	7.8%	30.0%
Strategic Investments	12.0%	6.1%	5.6%	11.1%
Totals	100.0%			

Assumed Inflation - Mean	2.6%	1.9%
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Discount Rate

The discount rate used to measure the total pension liability was 7.60% 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, each of the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**SEBRING AIRPORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016**

NOTE 6 DEFINED BENEFIT PENSION PLANS (CONTINUED)

Florida Retirement System Pension Plan (Continued)

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	6.60%	7.60%	8.60%
Authority's Proportionate Share of the FRS Plan Net Pension Liability	\$ 801,715	\$ 435,462	\$ 130,605

Pension Plan Fiduciary Net Position

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

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

For the fiscal year ended June 30, 2016, eligible retirees and beneficiaries received a monthly HIS payment of \$5 for each year of creditable service completed at the time of retirement, with a minimum HIS payment of \$30 and a maximum HIS payment of \$150 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.

**SEBRING AIRPORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016**

NOTE 6 DEFINED BENEFIT PENSION PLANS (CONTINUED)

Retiree Health Insurance Subsidy Program (Continued)

Contributions

The HIS Plan is funded by required contributions from FRS participating employers as set by the Florida Legislature. Employer contributions are a percentage of gross compensation for all active FRS members. For the fiscal year ended June 30, 2016, the contribution rate was 1.66% 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 \$5,719 for the year ended September 30, 2016.

Pension Costs

At September 30, 2016, the Authority reported a liability of \$130,643 for its proportionate share of the HIS Plan's net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2016. 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, 2015, through June 30, 2016, relative to the total employer contributions received from all participating employers. At June 30, 2016, the Authority's proportion was 0.001120965%, which was a decrease of 0.000034627% from its proportion measured as of June 30, 2015.

For the year ended September 30, 2016, the Authority recognized pension expense of \$10,166 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	\$ -	\$ (298)
Changes in Actuarial Assumptions	20,501	-
Net Difference Between Projected and Actual Earnings on HIS Program Investments	66	-
Changes in Proportion and Differences Between Authority Contributions and Proportionate Share of Contributions	1,106	(4,687)
Authority Contributions Subsequent to the Measurement Date	1,416	-
Total	<u>\$ 23,089</u>	<u>\$ (4,985)</u>

**SEBRING AIRPORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016**

NOTE 6 DEFINED BENEFIT PENSION PLANS (CONTINUED)

Retiree Health Insurance Subsidy Program (Continued)

Pension Costs (Continued)

\$1,416 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, 2017. 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>
2017	\$2,941
2018	2,941
2019	2,929
2020	2,923
2021	2,795
Thereafter	2,159

Actuarial Assumptions

The total pension liability in the July 1, 2016, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.60% Per Year
Salary Increases	3.25%, Average, Including Inflation
Municipal Bond Rate	2.85%

Mortality rates were based on the Generational RP-2000 with Projection Scale BB. The actuarial assumptions used in the July 1, 2016, valuation were based on the results of an actuarial experience study for the period July 1, 2008, through June 30, 2013.

Discount Rate

The discount rate used to measure the total pension liability was 2.85% 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.

**SEBRING AIRPORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016**

NOTE 6 DEFINED BENEFIT PENSION PLANS (CONTINUED)

Retiree Health Insurance Subsidy Program (Continued)

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	1.85%	2.85%	3.85%
Authority's Proportionate Share of the HIS Plan Net Pension Liability	\$ 149,878	\$ 130,644	\$ 114,680

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 Comprehensive Annual Financial Report. That report may be obtained through the Florida Department of Management Services website at <http://www.dms.myflorida.com>.

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 Comprehensive Annual Financial Report.

As provided in Section 121.4501, Florida Statutes, eligible FRS members may elect to participate in the Investment Plan in lieu of the FRS defined benefit plan. 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, 2016**

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, 2016, 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 \$24,054 for the year ended September 30, 2016. Employee contributions to the Investment Plan totaled \$3,367 for the year ended September 30, 2016.

NOTE 8 LONG-TERM DEBT

The summary of changes in long-term debt for the fiscal year ended September 30, 2016 is as follows:

	Balance October 1, 2015	Additions	Reductions	Balance September 30, 2016	Due Within One Year
Notes Payable	\$ 2,737,629	\$ -	\$ (140,165)	\$ 2,597,464	\$ 153,064
Capital Leases	56,358	36,041	(14,314)	78,085	22,224
Total	<u>\$ 2,793,987</u>	<u>\$ 36,041</u>	<u>\$ (154,479)</u>	<u>\$ 2,675,549</u>	<u>\$ 175,288</u>

**SEBRING AIRPORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016**

NOTE 8 LONG-TERM DEBT (CONTINUED)

Notes payable at September 30, 2016 consisted of the following:

<u>Description</u>	<u>Amount</u>
Note payable to the State of Florida, Office of Tourism, Trade and Economic Development for improvements to the industrial building, collateralized by assignment of rent revenues of Building #906, due October 2018, \$7,000 payable quarterly, including interest at 3%.	\$ 51,014
Revenue Certificate for improvements to an industrial building, collateralized by assignment of rent revenues, due July 2028. Monthly payments of \$4,575 through July 2018, including interest at 6%. Outstanding balance at July 21, 2018 paid in monthly payments of principal and interest, calculated on a 10-year amortization, with interest based on the monthly average of the 5-year United States Treasury Bill index for June 2018 plus 4.5%. Outstanding balance as of July 21, 2023 paid in monthly payments of principal and interest, calculated on a 5-year amortization, with interest based on the monthly average of the 5-year United States Treasury Bill index for June 2023 plus 4.5%. It is the Authority's intent pay off the certificate by July 2023.	472,778
Note payable to a financial institution for improvements to an industrial building, collateralized by assignment of rent revenues, due November 2018, \$3,082 payable monthly, including interest at 6%.	226,140
Note payable to 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 \$12,351 with a final payment of \$1,593,009, due April 2020, including interest at 4.75%.	1,822,362
Note payable to a financial institution for improvements to an industrial building, collateralized by assignment of rent revenues, due August 21, 2018, \$1,212 payable monthly, including interest at 6%.	<u>25,170</u>
Total	2,597,464
Less: Current Portion	<u>(153,064)</u>
Long-Term Portion	<u>\$ 2,444,400</u>

**SEBRING AIRPORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016**

NOTE 8 LONG-TERM DEBT (CONTINUED)

Annual debt service requirements as of September 30, 2016 are as follows:

<u>Year Ending September 30,</u>	<u>Principal</u>	<u>Interest</u>
2017	\$ 153,064	\$ 128,067
2018	167,897	120,130
2019	322,386	102,565
2020	1,703,417	61,890
2021	85,534	12,552
2021-2025	165,166	9,078
Total	<u>\$ 2,597,464</u>	<u>\$ 434,282</u>

Capital Leases

On July 1, 2012, the Authority entered into a lease-purchase agreement with World Fuel Services, Inc. for the purchase of a vehicle. Payments of \$750, including interest at 5.6%, are due monthly.

On May 12, 2014, the Authority entered into a lease-purchase agreement with The Bancorp Bank d/b/a Mears Leasing for the purchase of a vehicle. Payments of \$670, including interest at 4.17%, are due monthly.

On September 23, 2016, the Authority entered into a lease-purchase agreement with The Bancorp Bank d/b/a Mears Leasing for the purchase of a vehicle. Payments of \$687, including interest at 4.17%, are due monthly.

These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of their future minimum lease payments as of the inception date.

The assets acquired through capital leases are as follows:

Vehicles	\$ 121,261
Less: Accumulated Depreciation	(58,349)
Total	<u>\$ 62,912</u>

The future minimum lease obligations and the net present value of these minimum lease payments as of September 30, 2016 were as follows:

<u>Year Ending September 30,</u>	<u>Amount</u>
2017	\$ 25,280
2018	25,280
2019	19,727
2020	8,244
2021	6,085
Total Minimum Lease Payments	84,616
Less: Amount Representing Interest	(6,531)
Present Value of Minimum Lease Payments	<u>\$ 78,085</u>

**SEBRING AIRPORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016**

NOTE 9 LINES OF CREDIT

The Authority has a \$500,000 unsecured line of credit for operational needs with a commercial bank at 70% of the bank's prime commercial rate. The Authority also has a \$500,000 line of credit to finance grant expenditures with a commercial bank at 70% of that bank's prime commercial rate, secured by grant revenues. At September 30, 2016, the Authority's outstanding balance on both lines of credit was \$-0-.

Changes in the lines of credit for the fiscal year ended September 30, 2016 were as follows:

	Balance October 1, 2015	Additions	Reductions	Balance September 30, 2016
Line of Credit - Secured	\$ -	\$ -	\$ -	\$ -
Line of Credit - Unsecured	-	43,641	(43,641)	-
Total	<u>\$ -</u>	<u>\$ 43,641</u>	<u>\$ (43,641)</u>	<u>\$ -</u>

NOTE 10 MAJOR CUSTOMERS

A material part of the Authority's rent revenue is dependent upon four major customers and approximates total rents as follows:

Percentage of Total Rent Revenue	
Genpak	18.9 %
Sebring International Raceway, Inc.	14.0
Gulf Coast Supply & Manufacturing	12.6
Turf Care Supply Corp.	7.6
Total	<u>53.1 %</u>

NOTE 11 STATE FINANCIAL ASSISTANCE

The Authority received state assistance through direct programs which is reported in the Schedule of State Financial Assistance. Section 215.97, Florida Statutes, imposes audit requirements on recipients of state financial assistance expending in excess of \$750,000 in any fiscal year. The Authority met the threshold for a state single audit for 2016.

The aforementioned programs are subject to financial and compliance audits conducted by the grantors or their representatives. As of September 30, 2016, there were no material questioned or disallowed costs as a result of grant audits in process or completed.

**SEBRING AIRPORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016**

NOTE 12 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), a blended component unit of the Authority. There was no activity in the U.S. Sport Aviation Institute, Inc. during the current year.

Condensed Combining Statement of Net Position

	Sebring Airport Authority	CRA	Total
ASSETS			
Current Assets	\$ 1,394,855	\$ 822,112	\$ 2,216,967
Net Capital Assets	31,704,294	-	31,704,294
 Total Assets	 33,099,149	 822,112	 33,921,261
DEFERRED OUTFLOWS OF RESOURCES			
Pension Related Items	281,546	-	281,546
LIABILITIES			
Current Liabilities	940,221	-	940,221
Noncurrent Liabilities	3,220,722	-	3,220,722
Total Liabilities	4,160,943	-	4,160,943
DEFERRED INFLOWS OF RESOURCES			
Pension Related Items	14,245	-	14,245
NET POSITION			
Net Investment in Capital Assets	28,879,787	-	28,879,787
Restricted	40,696	-	40,696
Unrestricted	285,024	822,112	1,107,136
Total Net Position	<u>\$ 29,205,507</u>	<u>\$ 822,112</u>	<u>\$ 30,027,619</u>

**SEBRING AIRPORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016**

NOTE 12 CONDENSED COMBINING FINANCIAL INFORMATION (CONTINUED)

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

	Sebring Airport Authority	CRA	Total
OPERATING REVENUE			
Industrial Rentals	\$ 1,863,199	\$ -	\$ 1,863,199
Test Track Rentals	234,983	-	234,983
Fixed Base Operations	1,111,168	-	1,111,168
Fire Protection Fees	74,373	-	74,373
Aviation Expo Revenue	219,685	-	219,685
CRA Incremental Tax Revenue	-	426,094	426,094
Miscellaneous Revenue	171,344	-	171,344
Total Operating Revenue	<u>3,674,752</u>	<u>426,094</u>	<u>4,100,846</u>
OPERATING EXPENSES			
Personal Services	774,233	-	774,233
Contractual Services	248,776	-	248,776
Professional Services	477,561	16,290	493,851
General Operating	1,703,792	118,080	1,821,872
Total Operating Expenses	<u>3,204,362</u>	<u>134,370</u>	<u>3,338,732</u>
OPERATING INCOME BEFORE DEPRECIATION	470,390	291,724	762,114
Depreciation	<u>(1,745,132)</u>	<u>-</u>	<u>(1,745,132)</u>
NET OPERATING INCOME (LOSS)	(1,274,742)	291,724	(983,018)
NONOPERATING REVENUE (EXPENSE)			
Interest Income	434	1,475	1,909
Interest Expense	(147,114)	-	(147,114)
Miscellaneous Revenue	26,257	-	26,257
Gain on Sale of Capital Assets	851	-	851
Total Nonoperating Revenue (Expense)	<u>(119,572)</u>	<u>1,475</u>	<u>(118,097)</u>
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	(1,394,314)	293,199	(1,101,115)
Transfers In	226,620	-	226,620
Transfers Out	-	(226,620)	(226,620)
Capital Grants and Contributions	830,831	-	830,831
CHANGE IN NET POSITION	(336,863)	66,579	(270,284)
Net Position - Beginning of Year	<u>29,542,370</u>	<u>755,533</u>	<u>30,297,903</u>
NET POSITION - END OF YEAR	<u>\$ 29,205,507</u>	<u>\$ 822,112</u>	<u>\$ 30,027,619</u>

**SEBRING AIRPORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016**

NOTE 12 CONDENSED COMBINING FINANCIAL INFORMATION (CONTINUED)

Condensed Combining Statement of Cash Flows

	<u>Sebring Airport Authority</u>	<u>CRA</u>	<u>Total</u>
Net Cash Provided by Operating Activities	\$ 510,338	\$ 275,965	\$ 786,303
Net Cash Used by Noncapital Financing Activities	-	-	-
Net Cash Used by Capital and Related Financing Activities	(614,380)	(226,620)	(841,000)
Net Cash Provided by Investing Activities	<u>434</u>	<u>1,475</u>	<u>1,909</u>
Net Increase in Cash and Cash Equivalents	(103,608)	50,820	(52,788)
Cash and Cash Equivalents - Beginning of Year	<u>1,279,865</u>	<u>771,292</u>	<u>2,051,157</u>
Cash and Cash Equivalents - End of Year	<u><u>\$ 1,176,257</u></u>	<u><u>\$ 822,112</u></u>	<u><u>\$ 1,998,369</u></u>

NOTE 13 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 (Brown and Brown), 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.

**SEBRING AIRPORT AUTHORITY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS
YEAR ENDED SEPTEMBER 30, 2016**

Schedule of Funding Progress-Other Postemployment Benefits Plan

Actuarial Valuation Date	Actuarial Accrued Liability (A)	Actuarial Value of Assets (B)	Unfunded AAL UAAL (C=A-B)	Funded Ratio (D=B/A)	Covered Payroll (E)	UAAL as a % of Covered Payroll (F=C/E)
10/1/2014	\$ 46,411	\$ -	\$ 46,411	0%	\$ 297,515	15.6%

Actuarial valuations for dates prior to October 1, 2014 are unavailable.

**SEBRING AIRPORT AUTHORITY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE AUTHORITY'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY –
FLORIDA RETIREMENT SYSTEM PENSION PLAN ¹
YEAR ENDED SEPTEMBER 30, 2016**

	<u>2016</u>	<u>2015</u>
Authority's Proportion of the Net Pension Liability	0.001724597%	0.001768396%
Authority's Proportionate Share of the Net Pension Liability	\$ 435,462	\$ 228,412
Authority's Covered-Employee Payroll	\$ 233,802	\$ 212,830
Authority's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	186.25%	107.32%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	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
YEAR ENDED SEPTEMBER 30, 2016**

	2016	2015
Contractually Required Contribution	\$ 44,618	\$ 39,240
Contributions in Relation to the Contractually Required Contribution	(44,618)	(39,240)
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>
Authority's Covered-Employee Payroll	\$ 231,260	\$ 210,394
Contributions as a Percentage of Covered Employee Payroll	19.29%	18.65%

*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
YEAR ENDED SEPTEMBER 30, 2016**

	<u>2016</u>	<u>2015</u>
Authority's Proportion of the Net Pension Liability	0.001120965%	0.001155592%
Authority's Proportionate Share of the Net Pension Liability	\$ 130,643	\$ 117,852
Authority's Covered-Employee Payroll	\$ 346,048	\$ 350,588
Authority's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	37.75%	33.62%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	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
YEAR ENDED SEPTEMBER 30, 2016**

	2016	2015
Contractually Required Contribution	\$ 5,719	\$ 4,508
Contributions in Relation to the Contractually Required Contribution	(5,719)	(4,508)
Contribution Deficiency (Excess)	\$ -	\$ -
Authority's Covered-Employee Payroll	\$ 344,392	\$ 330,241
Contributions as a Percentage of Covered Employee Payroll	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
SUPPLEMENTARY INFORMATION
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
YEAR ENDED SEPTEMBER 30, 2016**

Grantor / Program Title	CSFA Number	Grant Identification Number	<u>RECOGNIZED DURING THE CURRENT YEAR</u>			
			Beginning Receivable (Deferred)	Cash Receipts	Grant Expenditures	Ending Receivable (Deferred)
STATE AWARDS						
State of Florida, Department of Economic Opportunity						
Rural Infrastructure Fund Grants:						
Carroll Shelby	40.013	D0076	\$ 45,936	\$ 370,535	\$ 360,665	\$ 36,066
Total Rural Infrastructure Fund Grants			<u>45,936</u>	<u>370,535</u>	<u>360,665</u>	<u>36,066</u>
State of Florida, Department of Transportation						
Aviation Development Grants:						
Storm Water Facility	55.004	AQD60	24,355	119,365	98,088	3,078
Security Fencing Phase III	55.004	AR501	368,455	665,136	372,078	75,397
Total Aviation Development Grants			<u>392,810</u>	<u>784,501</u>	<u>470,166</u>	<u>78,475</u>
Total State Awards			<u>\$ 438,746</u>	<u>\$ 1,155,036</u>	<u>\$ 830,831</u>	<u>\$ 114,541</u>

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

**SEBRING AIRPORT AUTHORITY
SUPPLEMENTARY INFORMATION
NOTES TO SCHEDULE OF EXPENDITURES OF
STATE FINANCIAL ASSISTANCE
YEAR ENDED SEPTEMBER 30, 2016**

NOTE 1 GENERAL

The accompanying Schedule of Expenditures of State Financial Assistance presents the activity of all state financial award programs of Sebring Airport Authority (Authority). The Authority reporting entity is defined in Note 1 to the Authority's basic financial statements for the year ended September 30, 2016. All state financial assistance received directly from state agencies, as well as state financial assistance passed through other government agencies, are included in the schedule.

NOTE 2 BASIS OF ACCOUNTING

The accompanying Schedule of Expenditures of State Financial Assistance is presented using the accrual basis of accounting which is described in Note 1 to the Authority's financial statements for the year ended September 30, 2016.

NOTE 3 CONTINGENCIES

Grant monies received and disbursed by the Authority are for specific purposes and are subject to review by the grantor agencies. Such audits may result in request for reimbursement due to disallowed expenditures. Based upon prior experience, the Authority does not believe that such disallowances, if any, would have a material effect on the financial position of the Authority. As of April 4, 2017, there were no material questioned or disallowed costs as a result of grant audits in process or completed.



**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, 2016, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated April 4, 2017.

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) to determine the 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as findings 2016-001 and 2016-002, that we consider to be material weaknesses.

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 determination of financial statement amounts. 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*.

Sebring Airport Authority’s Response to Finding

The Authority’s response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The Authority’s response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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



CliftonLarsonAllen LLP

Sebring, Florida
April 4, 2017

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

Board of Directors
Sebring Airport Authority
Sebring, Florida

Report on Compliance for Each Major State Project

We have audited the Sebring Airport Authority's (Authority) compliance with the types of compliance requirements described in the Florida Department of Financial Services' *State Projects Compliance Supplement* that could have a direct and material effect on each of the Authority's major state projects for the year ended September 30, 2016. The Authority's major state projects are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with state statutes, regulations, and the terms and conditions of its state projects applicable to its state projects.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the Authority's major state projects based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Chapter 10.550, Rules of the Auditor General. Those standards and Chapter 10.550, Rules of the Auditor General, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state project occurred. An audit includes examining, on a test basis, evidence about the Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major state project. However, our audit does not provide a legal determination of the Authority's compliance.

Opinion on Each Major State Project

In our opinion, the Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state projects for the year ended September 30, 2016.

Report on Internal Control over Compliance

Management of the Authority is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Authority's internal control over compliance with the types of requirements that could have a direct and material effect on each major state project to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major state project and to test and report on internal control over compliance in accordance with Chapter 10.550, Rules of the Auditor General, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Authority's 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 state project on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or 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 state project 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 state project that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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 result of that testing based on the requirements of Chapter 10.550. Accordingly, this report is not suitable for any other purpose.



CliftonLarsonAllen LLP

Sebring, Florida
April 4, 2017

**SEBRING AIRPORT AUTHORITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
STATE PROJECTS
YEAR ENDED SEPTEMBER 30, 2016**

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? x yes no
 - Significant deficiency(ies) identified? yes x none reported
3. Noncompliance material to financial statements noted? yes x no

State Financial Assistance

1. Internal control over state projects:
- Material weakness(es) identified? yes x no
 - Significant deficiency(ies) identified? yes x none reported
2. Type of auditors’ report issued on compliance for state projects: Unmodified
3. Any audit findings disclosed that are required to be reported in accordance with Chapter 10.550, Rules of the Auditor General? yes x no

Identification of Major State Projects

CSFA Number(s)	Name of State Project
40.013	Rural Infrastructure Fund
55.004	Aviation Development Grants

Dollar threshold used to distinguish between Type A and Type B state projects: \$ 249,249

**SEBRING AIRPORT AUTHORITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
STATE PROJECTS (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2016**

Section II – Financial Statement Findings

2016–001 – Internal Control Over Payroll

Type of Finding:

- Material Weakness in Internal Control over Financial Reporting

Condition: There is a lack of segregation of duties over payroll processing. The finance director is able to perform all payroll duties, some of which are incompatible. Controls are not in place to review transactions performed by the finance director to detect fraud or error.

Criteria or specific requirement: The Authority’s management is responsible for establishing and maintaining internal controls to prevent, or detect and correct, fraud or errors.

Context: Unusual payroll transactions were noted during our audit procedures.

Effect: The former finance director was able to process unauthorized payroll disbursements.

Cause: The Authority’s accounting staff consists of two employees – a bookkeeper and the finance director. Because of the limited number of employees, the finance director is able to perform all payroll duties. There is no review of payroll transactions outside of the accounting department.

Recommendation: Reports received from the payroll processing company should be opened by a staff member outside of the accounting department. A member of management, outside of the accounting department, should review and approve payroll journals each pay period. The payroll journal should be returned to the accounting department only after it has been reviewed and approved by a member of management.

Views of responsible officials and planned corrective actions: We concur with the finding and are implementing a procedural change that will allow an outside consultant to review and approve payroll.

**SEBRING AIRPORT AUTHORITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
STATE PROJECTS (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2016**

2016-002 – Revenue Recognition

Type of Finding:

- Material Weakness in Internal Control over Financial Reporting

Condition: As part of the audit, we identified the following errors in the Authority's financial statements:

- Intergovernmental revenue and receivables were overstated because revenue and receivables of \$360,000 were recorded in the current year for amounts that were received and recorded as revenue in 2015.
- Intergovernmental revenue and receivables were understated by \$108,960 in the current year because the amounts for retainage payable that are reimbursable under state projects were not recorded in the current year when revenue recognition criteria was met.

Criteria or specific requirement: The Authority's management is responsible for establishing and maintaining internal controls to ensure that transactions are properly reported in the financial statements in accordance with accounting principles generally accepted in the United States of America (GAAP).

Context: Testing of the revenue account balances detected the errors.

Effect: Amounts recorded as revenue and receivable were materially misstated.

Cause: Internal controls did not detect that and receivables were improperly recorded.

Recommendation: The Authority should continue to evaluate grants and other revenue sources to ensure revenue is recognized in accordance with GAAP.

Views of responsible officials and planned corrective actions: In response to the finding, a review of the procedure for recording grant revenue has been performed allowing staff to better understand the importance of revenue recognition in the proper year.

**SEBRING AIRPORT AUTHORITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
STATE PROJECTS (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2016**

Section III – Findings and Questioned Costs – Major State Projects

Our audit did not disclose any matters required to be reported in accordance with Chapter 10.550, Rules of the Auditor General.



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, as of and for the fiscal year ended September 30, 2016, and have issued our report thereon dated April 4, 2017.

Auditors' Responsibility

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

Other Reports and Schedule

We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and 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 State Project and Report on Internal Control over Compliance; Schedule of Findings and Questioned Costs; and Independent Accountant's Report on an examination conducted in accordance with *AICPA Professional Standards*, Section 601, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports, which are dated April 4, 2017, 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 annual financial audit report. There were no recommendations made in the preceding 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 its component unit is contained in note 1 to the financial statements.

Financial Condition

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

Financial Condition (Continued)

Pursuant to Sections 10.554(1)(i)5.c. and 10.556(8), Rules of the Auditor General, we applied financial condition assessment procedures. It is management’s responsibility to monitor the Sebring Airport 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.

Annual Financial Report

Section 10.554(1)(i)5.b. and 10.556(7), Rules of the Auditor General, require that we apply appropriate procedures and report the results of our determination as to whether the annual financial report for the Sebring Airport Authority for the fiscal year ended September 30, 2016, filed with the Florida Department of Financial Services pursuant to Section 218.32(1)(a), Florida statutes, is in agreement with the annual financial audit report for the fiscal year ended September 30, 2016. In connection with our audit, we determined that these two reports were in agreement.

Special District Component Units

Section 10.554(1)(i)5.d., Rules of the Auditor General, requires that we determine whether or not a special district that is a component unit of a county, municipality, or special district, provided 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 determined that all special district component units provided the necessary information for proper reporting in accordance with Section 218.39(3)(b), Florida Statutes.

Other Matters

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

Section 10.554(1)(i)3., Rules of the Auditor General, requires that we address 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 have 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 Sebring Airport Authority 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
April 4, 2017

INDEPENDENT ACCOUNTANTS' REPORT

Board of Directors
Sebring Airport Authority
Sebring, Florida

We have examined Sebring Airport Authority's (Authority) compliance with Section 218.415, Florida Statutes, regarding the investment of public funds, during the year ended September 30, 2016. Management is responsible for the Authority's compliance with those requirements. Our responsibility is to express an opinion on the Authority's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence about the Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. 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 the aforementioned requirements for the year ended September 30, 2016.

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

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Sebring, Florida
April 4, 2017