SEBRING AIRPORT AUTHORITY

FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2019

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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, 2019, 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, 2019, 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 – 9 and information on other postemployment benefits and defined benefit pensions on pages 43 – 47 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 revenue, expenses, and changes in net position – CRA fund is presented for purposes of additional analysis and is not a required part of the basic financial statements. The schedule of expenditures of federal awards and state financial assistance as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and Chapter 10.550, *Local Governmental Entity Audits*, Rules of the Auditor General of the State of Florida, is also presented for purposes of additional analysis and is not a required part of the basic financial statements.

The schedule of revenue, expenses, and changes in net position - CRA fund and the schedule of expenditures of federal awards and state financial assistance are the responsibility of management and were derived from and relate 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 February 6, 2020, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Sebring Airport Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Sebring Airport Authority's internal control over financial reporting and compliance.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Sebring, Florida
February 6, 2020

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, 2019. We encourage readers to consider the information presented here in conjunction with the Authority's financial statements.

Financial Highlights

- The assets plus deferred outflows of resources of the Authority exceeded its liabilities plus deferred inflows of resources as of September 30, 2019 by $34,500,195 (net position).
- The Authority's total assets net of depreciation as of September 30, 2019 were $42,066,586.
- The Authority's total operating revenue was $5,150,719, primarily consisting of industrial rentals of $2,076,831 and Fixed Base Operations sales in the amount of $1,858,377.
- The Authority's total operating expenses came to $6,171,980. General operating expense (including insurance, supplies, utilities, repairs and maintenance, taxes) came to $2,573,317. Other primary expenses consisted of $1,042,642 in personnel costs, $913,292 in contractual and professional services, and $1,642,729 in depreciation. The net operating loss was $1,021,261.
- Total nonoperating revenue, (expenses), and capital grants were $6,856,017 resulting in an increase in net position of $5,834,756. The majority of the nonoperating revenue was $3,265,831 in grants and $3,619,025 in insurance recoveries.

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.

Overview of Financial Statements (Continued)

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

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

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

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

At September 30, 2019, total assets was $42,066,586. Total current assets was $5,343,196 including total restricted assets of $205,500, which consisted primarily of cash for repayment of tenant security deposits. Total noncurrent assets was $36,723,390.

In addition, total liabilities at September 30, 2019 was $7,792,485. Total current liabilities was $5,463,889 and liabilities payable from restricted assets (tenant deposits) and total long-term (noncurrent) liabilities was $2,328,596.

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.

Condensed Financial Information

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

	2019	2018
ASSETS		
Current Assets - Unrestricted	$ 5,137,696	$ 3,382,904
Current Assets - Restricted	205,500	202,478
Net Capital Assets	36,723,390	30,753,565
Total Assets	42,066,586	34,338,947
DEFERRED OUTFLOWS OF RESOURCES	300,440	320,055
LIABILITIES		
Current Liabilities	5,463,889	2,913,717
Noncurrent Liabilities	2,328,596	2,988,173
Total Liabilities	7,792,485	5,901,890
DEFERRED INFLOWS OF RESOURCES	74,346	91,673
NET POSITION		
Net Investment in Capital Assets	30,370,389	27,071,892
Restricted	14,455	5,455
Unrestricted	4,115,351	1,588,092
Total Net Position	$ 34,500,195	$ 28,665,439

Current assets increased $1,757,814 from the prior fiscal year due to increases in grants receivable. Of that amount, restricted cash increased $3,022 due to the increase in customer deposits.

Current liabilities increased $2,550,172 from the prior year primarily due to increases in accounts payable related to building repairs, terminal apron construction, and railroad rehabilitation construction projects.

At September 30, 2019, the Authority had $3,011,868 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 $748,576 in net pension liability related to the Authority's participation in the Florida Retirement System.

There was an increase in net position of $5,834,756 mainly due to nonoperating revenue after a net operating loss of ($1,021,261). Nonoperating revenue includes capital grants and contributions of $3,265,831 and insurance recoveries of $3,619,025. The decrease in net operating income was due largely to depreciation expense of $1,642,729.

Condensed Financial Information (Continued)

Revenues, Expenses, and Changes in Net Position

	2019	2018
OPERATING REVENUE		
Industrial and Test Track Rental Revenue	$ 2,394,872	$ 2,199,392
Fixed Based Operations	1,858,377	1,485,790
Other Revenue	897,470	853,864
Total Operating Revenue	5,150,719	4,539,046
OPERATING EXPENSES		
Personnel Services	1,042,642	906,813
Contractual Services	263,592	668,100
Professional Services	649,700	797,443
General Operating Expenses	2,573,317	2,295,672
Depreciation Expense	1,642,729	1,677,169
Total Operating Expenses	6,171,980	6,345,197
NET OPERATING LOSS	(1,021,261)	(1,806,151)
NONOPERATING REVENUES (EXPENSES)		
Interest Expense, Net	(101,282)	(136,652)
Capital Grants and Contributions	3,265,831	1,022,225
Other Nonoperating Revenue	3,691,468	775,780
Total Nonoperating Revenues (Expenses)	6,856,017	1,661,353
CHANGE IN NET POSITION	5,834,756	(144,798)
Net Position - Beginning of Year, as Previously Reported	28,665,439	28,844,025
Prior Period Adjustment	-	(33,788)
Net Position - Beginning of Year, as Restated	28,665,439	28,810,237
NET POSITION - END OF YEAR	$ 34,500,195	$ 28,665,439

Overall operating revenue increased by $611,673. Industrial and test track rental revenue increased $195,480 for the current year due to increased occupancy. Revenue from fixed based operations increased $372,587 for the current year due to increased military activity.

Operating expenses before depreciation decreased by $138,777. The decrease was due largely to decreases in contractual services related to Hurricane Irma repairs and general operating expenses in the prior year. The most significant operating costs are associated with the purchase of fuel.

In fiscal year 2019, total operating revenue was $5,150,719, while total operating expenses, including depreciation, was $6,171,980. This resulted in a $1,021,261 operating loss. Net nonoperating revenues, including capital grants, were $6,856,017 resulting in a positive change in net position of $5,834,756.

Economic Factors and Next Year's Budgets and Rates

The Sebring Airport Authority Annual Budget was approved by Resolution 19-17 on September 19, 2019. The Sebring Regional Airport and Industrial Park Community Redevelopment Agency (CRA) is reported as a blended component unit of Sebring Airport Authority. Its Annual Budget was approved by Resolution 19-05 on September 19, 2019. The detailed budgets are available for review upon request.

We spent much of last fiscal year and will spend a good portion of this fiscal year working on two major projects, apron reconstruction and rail spur reconstruction. The projects together total over $12,000,000 and are much needed in terms of infrastructure renewal and remaining competitive in our efforts to attract business and industry. Both projects will continue to completion in future phases that have been funded by Florida Department of Transportation.

Sebring International Raceway is again hosting World Endurance Championship (1000 miles of Sebring) the Friday before Mobil 1 Twelve Hours of Sebring. Doubleheader endurance race weekend brings together the world's two leading sports car racing championships at North America's oldest and most historic road racing facility. We are told that again this year advance purchase ticket sales are up dramatically.

Raceway continues working on a multi-million-dollar capital improvement campaign. Construction of a new 2-way bridge providing access to the interior of the racetrack is complete.

Significant economic factors affecting the Authority are as follows:

- Federal, state, and local funding of airport capital and planning projects. A few examples include:

  1. Federal Aviation Administration grant to reconstruct the Airport's WWII vintage apron. As noted above, the project is underway with future phases planned and funded.

  2. Florida Department of Transportation grant to reconstruct over 2 miles of rail spur. As noted above, the project is underway with future phases planned and funded.

  3. Federal Aviation Administration grant for new Airport Master Plan document is almost complete.

- We have also spent much time, effort and resources recovering from Hurricane Irma. I am pleased to report that this endeavor is almost complete. In order to do as much as possible to ensure this never happens again, all repairs and reconstruction were done in accordance with Miami-Dade Notice of Acceptance (NOA) construction methods.

- Military fuel sales may see a short-term decrease because of construction upgrades at Avon Park Airforce Bombing Range. In the long view, this should be positive for increased fuel sales. We are planning upgrades and additional fuel storage capacity to take advantage of wider use of Bombing Range by branches of military.

Air mobility is progressing along both manned and unmanned directions. By 2035 there will twice as many vertical take-off and landing vehicles (VTOL) that will be electric powered as legacy aircraft. These vehicles will operate out of vertiports and will not necessarily need airports. The Authority is deeply involved in this evolving aviation sector in terms of economic development.

Requests for Information

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

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

SEBRING AIRPORT AUTHORITY
STATEMENT OF NET POSITION
SEPTEMBER 30, 2019

ASSETS	
Current Assets:	
Cash and Cash Equivalents - Unrestricted	$ 2,748,744
Cash and Cash Equivalents - Restricted	205,500
Accounts Receivable - Trade	42,514
Grants Receivable	2,285,132
Prepaid Items	8,282
Inventory	53,024
Total Current Assets	5,343,196
Noncurrent Assets:	
Capital Assets Not Being Depreciated	8,405,273
Capital Assets - Net of Depreciation	28,318,117
Total Noncurrent Assets	36,723,390
Total Assets	42,066,586
DEFERRED OUTFLOWS OF RESOURCES	
Pension Related Items	300,440
LIABILITIES	
Current Liabilities:	
Accounts Payable	3,441,579
Accrued Expenses	35,057
Notes and Leases Payable - Current	1,715,245
Unearned Revenue	272,008
Total Current Liabilities	5,463,889
Noncurrrent Liabilities:	
Line of Credit	581,750
Notes and Leases Payable - Noncurrent	714,873
Compensated Absences	62,398
Net Pension Liability	748,576
Total OPEB Liability	15,499
Rent Deposits	205,500
Total Noncurrent Liabilities	2,328,596
Total Liabilities	7,792,485
DEFERRED INFLOWS OF RESOURCES	
Pension Related Items	74,346
NET POSITION	
Net Investment in Capital Assets	30,370,389
Restricted	14,455
Unrestricted	4,115,351
Total Net Position	$ 34,500,195

See accompanying Notes to Financial Statements.

SEBRING AIRPORT AUTHORITY
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
YEAR ENDED SEPTEMBER 30, 2019

OPERATING REVENUE	
Industrial Rentals	$ 2,076,831
Test Track Rentals	318,041
Fixed Base Operations	1,858,377
Fire Protection Fees	83,247
Aviation Expo Revenue	182,897
CRA Incremental Tax Revenue	412,123
Miscellaneous Revenue	219,203
Total Operating Revenue	5,150,719
OPERATING EXPENSES	
Personal Services	1,042,642
Contractual Services	263,592
Professional Services	649,700
General Operating	2,573,317
Total Operating Expenses	4,529,251
OPERATING INCOME BEFORE DEPRECIATION	621,468
Depreciation	(1,642,729)
NET OPERATING LOSS	(1,021,261)
NONOPERATING REVENUE (EXPENSE)	
Interest Income	10,067
Operating Grants	48,331
Interest Expense	(111,349)
Miscellaneous Revenue	26,257
Insurance Recoveries	3,619,025
Loss on Sale of Capital Assets	(2,145)
Total Nonoperating Revenue	3,590,186
INCOME BEFORE CAPITAL GRANTS AND CONTRIBUTIONS	2,568,925
Capital Grants and Contributions	3,265,831
CHANGE IN NET POSITION	5,834,756
Net Position - Beginning of Year	28,665,439
NET POSITION - END OF YEAR	$ 34,500,195

See accompanying Notes to Financial Statements.

SEBRING AIRPORT AUTHORITY
STATEMENT OF CASH FLOWS
YEAR ENDED SEPTEMBER 30, 2019

CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from Customers	$ 4,450,980
CRA Incremental Tax Receipts	412,123
Other Receipts	219,203
Payments to Suppliers	(5,129,382)
Payments to Employees	(922,900)
Net Cash Used by Operating Activities	(969,976)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Principal Payments on Line of Credit	(375,000)
Operating Grants	48,331
Net Cash Used by Noncapital Financing Activities	(326,669)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Acquisition and Construction of Capital Assets	(4,273,566)
Proceeds from Borrowings	1,453,183
Principal Payments on Borrowings	(834,670)
Interest Payments on Borrowings	(119,909)
Proceeds from Insurance Claims	3,619,025
Capital Grants Received	1,140,593
Net Cash Provided by Capital and Related Financing Activities	984,656
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest Earned on Operating Funds	10,067
NET DECREASE IN CASH AND CASH EQUIVALENTS	(301,922)
Cash and Cash Equivalents - Beginning of Year	3,256,166
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 2,954,244

See accompanying Notes to Financial Statements.

SEBRING AIRPORT AUTHORITY
STATEMENT OF CASH FLOWS (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2019

RECONCILIATION OF NET OPERATING LOSS TO CASH USED BY OPERATING ACTIVITIES	
Net Operating Loss	$ (1,021,261)
Adjustments to Reconcile Net Operating Loss to Net Cash Used by Operating Activities	
Depreciation	1,642,729
(Increase) Decrease in Assets and Deferred Outflows of Resources:	
Accounts Receivable - Trade	39,028
Prepaid Expenses	137
Inventory	26,337
Deferred Outflows Related to Pensions	19,615
Increase (Decrease) in Liabilities and Deferred Inflows of Resources:	
Accounts Payable	(1,669,569)
Accrued Expenses	(8,924)
Accrued Compensated Absences	3,858
Rent Deposits	3,022
Unearned Revenue	(110,463)
Net Pension Liability	116,715
Deferred Inflows Related to Pensions	(17,327)
Total OPEB Liability	6,127
Net Cash Used by Operating Activities	$ (969,976)

RECONCILIATION OF CASH AND CASH EQUIVALENTS TO STATEMENT OF NET POSITION	
Unrestricted Cash and Cash Equivalents	$ 2,748,744
Restricted Cash and Cash Equivalents	205,500
Total Cash and Cash Equivalents	$ 2,954,244

NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES	
Capital Related Accounts Payable	$ 3,341,133
Loss on Disposal of Capital Assets	$ (2,145)

See accompanying Notes to Financial Statements.

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.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Reporting Entity (Continued)

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

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. 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.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accounts Receivable

Management considers all receivables collectible as of September 30, 2019.

Prepaid Items

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

Inventory

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

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position 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, changes in assumptions, projected versus actual earnings, and changes in proportion and differences between the Authority's contributions and proportionate share of contributions, relating to the Florida Retirement System Pension Plan and the Retiree Health Insurance Subsidy Program. Those amounts will be recognized as reductions in pension expense in future years.

Capital Assets

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets (Continued)

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

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

Grants

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

Unearned Revenue

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. The amount of earned but unused PTO days estimated to be payable is accrued as a liability at year-end.

Other Postemployment Benefits (OPEB)

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

Pensions

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Estimates

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

NOTE 2 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, 2019 was as follows:

Unrestricted Cash	$	2,748,744
Restricted Cash: Lease Deposits		205,500
Total Cash and Cash Equivalents	$	2,954,244
Classified as:		
Petty Cash and Demand Deposits	$	2,925,137
Local Government Surplus Trust Funds		29,107
Total	$	2,954,244

Custodial Credit Risk is the risk that in the event of a bank failure the government's deposits may not be returned to it. Bank balances of the Authority's deposits at September 30, 2019 were $3,547,081. 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.

NOTE 2 DEPOSITS AND INVESTMENTS (CONTINUED)

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

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

Throughout the year and as of September 30, 2019, 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 36.7% of Florida PRIME's portfolio at September 30, 2019.

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, 2019 was 37 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, 2019 was 85 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, 2019, Standard and Poor's Ratings Services assigned the Florida PRIME an "AAAm" principal stability funding rating.

NOTE 2 DEPOSITS AND INVESTMENTS (CONTINUED)

Credit Risk (Continued)

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

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

As of September 30, 2019, there were no redemption fees, maximum transaction amounts, or any other requirements that serve to limit a participant's daily access to 100% of their account value.

NOTE 3 CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2019 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	3,283,799	7,407,417	(3,265,967)	7,425,249
Total Capital Assets Not Being Depreciated	4,263,823	7,407,417	(3,265,967)	8,405,273
Capital Assets Being Depreciated:				
Buildings and Infrastructure	51,362,078	3,269,958	-	54,632,036
Vehicles and Tractors	509,786	-	-	509,786
Machinery and Equipment	674,398	182,289	(3,478)	853,209
Office Furniture, Fixtures, and Equipment	465,875	21,002	(146,467)	340,410
Race Track Improvements	1,906,879	-	-	1,906,879
Total Capital Assets Being Depreciated	54,919,016	3,473,249	(149,945)	58,242,320
Less: Accumulated Depreciation	(28,429,274)	(1,642,729)	147,800	(29,924,203)
Total Capital Assets Being Depreciated, Net	26,489,742	1,830,520	(2,145)	28,318,117
Total Capital Assets, Net	$ 30,753,565	$ 9,237,937	$ (3,268,112)	$ 36,723,390

The Authority has entered into various contracts for design, construction, and other services as of September 30, 2019:

Project	Authorization	Commitment	Expended
Apron Construction	$ 7,900,540	$ 5,577,746	$ 2,322,794
Railroad Rehabilitation Construction	3,211,100	1,833,554	1,377,546
Building 33	424,000	35,838	388,162
Building 60	442,312	442,312	-
Building 103	1,622,998	1,162,526	460,472
Master Plan Update	338,810	50,242	288,568
Total	$ 13,939,760	$ 9,102,218	$ 4,837,542

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, 2019.

The following is a schedule by year(s) of minimum future rent revenues from noncancelable operating leases as of September 30, 2019:

Year Ending September 30,	Amount
2020	$ 1,752,595
2021	1,511,920
2022	1,241,475
2023	1,244,789
2024	932,614
2025-2029	3,993,108
2030-2034	2,357,107
2035-2039	1,868,171
2040-2044	1,658,683
2045-2049	1,483,319
2050-2054	1,485,210
2055-2059	1,306,074
2060-2064	1,294,680
2065-2069	1,294,680
2070-2074	1,294,680
2075-2079	1,294,680
2080-2081	215,780
Total Minimum Future Rentals	$ 26,229,565

NOTE 5 OTHER POSTEMPLOYMENT BENEFITS (OPEB)

Plan Description

The Authority is obligated to make available to qualified retired employees the option to maintain coverage with the group health, life, and dental insurance plans. The Sebring Airport Authority Plan (the Plan) is a single-employer defined benefit OPEB plan. The Plan is currently being funded on a pay as you go basis. No trust or agency fund has been established for the Plan, and there are no assets accumulated in trust for payment of benefits. The Plan does not issue a publicly available report.

Benefits Provided

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

NOTE 5 OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)

Employees Covered by Benefit Terms

At September 30, 2019, the following employees were covered by the benefit terms:

Inactive Plan Members or Beneficiaries Currently Receiving Benefits	-
Inactive Plan Members Entitled to But Not Yet Receiving Benefits	-
Active Plan Members	7
Total	7

Total OPEB Liability

The Authority's Total OPEB liability was measured as of September 30, 2019 and was determined by an actuarial valuation as of October 1, 2018. The following table shows the Authority's total OPEB liability for the year ended September 30, 2019.

	Total OPEB Liability
Balances - October 1, 2018	$ 9,372
Changes for the Year:	
Service Cost	2,778
Interest	504
Changes in Assumptions	416
Differences Between Expected and Actual Experience	2,429
Benefit Payments	-
Net Changes	6,127
Balances - September 30, 2018	$ 15,499

Discount Rate Sensitivity

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

Description	1% Decrease in Discount Rate	Discount Rate	1% Increase in Discount Rate
OPEB Plan Discount Rate	2.58 %	3.58 %	4.58 %
Total OPEB Liability	$ 16,275	$ 15,499	$ 14,783

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

Healthcare Trend Rate Sensitivity

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

Description	1% Decrease in Healthcare Cost Trend Rate	Healthcare Cost Trend Rate	1% Increase in Healthcare Cost Trend Rate
OPEB Plan Healthcare Cost Rate	7.50 %	8.50 %	9.50 %
Total OPEB Liability	$ 14,500	$ 15,499	$ 16,640

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

For the year ended September 30, 2019, the Authority recognized OPEB expense of $6,127. At September 30, 2019, the Authority reported no deferred outflows of resources and no deferred inflows of resources related to OPEB.

Actuarial Assumptions

The total OPEB liability in the September 30, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.6%
Salary Increases	3.25%, Average, Including Inflation
Healthcare Cost Trend Rates	8.5% for 2019, Decreasing 0.5% Per Year to an Ultimate Rate of 5% for 2026 and Later Years

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

Mortality rates were based on the RPH-2017 Total Dataset Mortality Table fully generational using Scale MP-2017.

The discount rate used to measure the total OPEB liability was 3.58%, based on yield for 20-year tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher (or equivalent quality on another rating scale).

Since the most recent GASB 45 valuation, the following changes have been made:

- The actuarial cost method has been updated from Projected Unit Credit with linear proration to decrement to Entry Age Normal Level Percentage of Salary. In conjunction with this change, the salary scale assumption has been updated from 3.0% per year to match that of the FRS actuarial valuation as of July 1, 2017.

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

Actuarial Assumptions (Continued)

- Discount rate as of the Measurement Date has been updated to be based on a yield for 20-year tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher (or equivalent quality on another rating scale) tax-exempt, high quality 20-year municipal bonds. The prior full valuation used a discount rate of 4.00%. The current full valuation uses a discount rate of 3.63% as of October 1, 2017 and 4.15% as of September 30, 2018.
- Mortality table has been updated from SOA RPH-2014 Total Dataset Mortality Table fully generational using Scale MP-2014 to SOA RPH-2017 Total Dataset Mortality Table fully generational using Scale MP-2017.
- Turnover assumptions have been updated to match the FRS actuarial valuation as of July 1, 2017.
- Health care trend rates have been reset to an initial rate of 9.0% decreasing by 0.5% annually to an ultimate rate of 5.0%.

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 $180,078 for both the FRS Pension Plan and HIS Plan for the fiscal year ended September 30, 2019.

NOTE 6 DEFINED BENEFIT PENSION PLANS (CONTINUED)

Florida Retirement System Pension Plan

Plan Description

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

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

Employees enrolled in the FRS Plan prior to July 1, 2011, vest at six years of creditable service and employees enrolled in the FRS Plan on or after July 1, 2011, vest at eight years of creditable service. All vested members, enrolled prior to July 1, 2011, are eligible for normal retirement benefits at age 62, or at any age after 30 years of service, except for members classified as special risk who are eligible for normal retirement benefits at age 55 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.

NOTE 6 DEFINED BENEFIT PENSION PLANS (CONTINUED)

Florida Retirement System Pension Plan (Continued)

Benefits Provided

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

Class, Initial Enrollment, and Retirement Age/Years of Service:	% Value
Regular Class Members Initially Enrolled before July 1, 2011	
Retirement Up to Age 62 or Up to 30 Years of Service	1.60
Retirement 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.

NOTE 6 DEFINED BENEFIT PENSION PLANS (CONTINUED)

Florida Retirement System Pension Plan (Continued)

Contributions

The Florida Legislature establishes contribution rates for participating employers and employees. Effective July 1, 2011, all FRS Plan members (except those in DROP) are required to make 3% employee contributions on a pretax basis. The contribution rates attributable to the Authority, effective July 1, 2018, were applied to employee salaries as follows: regular employees 8.26%, senior management 24.06%, and DROP participants 14.03%. The Authority's contributions to the FRS Plan were $53,479 for the year ended September 30, 2019.

Pension Costs

At September 30, 2019, the Authority reported a liability of $590,494 for its proportionate share of the FRS Plan's net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2019. 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, 2018 through June 30, 2019, relative to the total employer contributions received from all of FRS's participating employers. At June 30, 2019, the Authority's proportion was 0.001714629%, which was an increase of 0.000098055% from its proportion measured as of June 30, 2018.

For the year ended September 30, 2019, the Authority recognized pension expense of $164,508 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	$ 35,024	$ (366)
Changes of Actuarial Assumptions	151,664	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	(32,669)
Changes in Proportion and Differences Between Authority Contributions and Proportionate Share of Contributions	50,222	(24,323)
Authority Contributions Subsequent to the Measurement Date	16,264	-
Total	$ 253,174	$ (57,358)

NOTE 6 DEFINED BENEFIT PENSION PLANS (CONTINUED)

Florida Retirement System Pension Plan (Continued)

Pension Costs (Continued)

$16,264 reported as deferred inflows 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, 2020. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized as an increase (decrease) in pension expense as follows:

Year Ending September 30,		Amount
2020	$	67,416
2021		19,319
2022		41,281
2023		35,574
2024		12,763
Thereafter		3,199

Actuarial Assumptions

The total pension liability in the July 1, 2019, 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	6.90%

Mortality rates were based on the PUB-2010 base table, varies by member category and sex, projected generationally with Scale MP-2018. The actuarial assumptions used in the July 1, 2019, valuation were based on the results of an actuarial experience study for the period July 1, 2013 through June 30, 2018.

NOTE 6 DEFINED BENEFIT PENSION PLANS (CONTINUED)

Florida Retirement System Pension Plan (Continued)

Actuarial Assumptions (Continued)

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 %	3.3 %	3.3 %	1.2 %
Fixed Income	18.0	4.1	4.1	3.5
Global Equity	54.0	8.0	6.8	16.5
Real Estate	10.0	6.7	6.1	11.7
Private Equity	11.0	11.2	8.4	25.8
Strategic Investments	6.0	5.9	5.7	6.7
Totals	100.0 %			
Assumed Inflation - Mean			2.6 %	1.7 %

Discount Rate

The discount rate used to measure the total pension liability was 6.9% for the FRS Plan. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rate specified in statute. Based on that assumption, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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	5.90 %	6.90 %	7.90 %
Authority's Proportionate Share of the FRS Plan Net Pension Liability	$ 1,020,768	$ 590,494	$ 231,143

Pension Plan Fiduciary Net Position

Detailed information about the FRS Plan's fiduciary net position is available in a separately issued FRS Pension Plan and Other State-Administered Systems 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, 2019, 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.

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, 2019, 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 $7,596 for the year ended September 30, 2019.

Pension Costs

At September 30, 2019, the Authority reported a liability of $158,082 for its proportionate share of the HIS Plan's net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2018. 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, 2018, through June 30, 2019, relative to the total employer contributions received from all participating employers. At June 30, 2019, the Authority's proportion was 0.001412823%, which was an increase of 0.000043408% from its proportion measured as of June 30, 2018.

For the year ended September 30, 2019, the Authority recognized pension expense of $15,570 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	$ 1,920	$ (194)
Changes in Actuarial Assumptions	18,304	(12,920)
Net Difference Between Projected and Actual Earnings on HIS Program Investments	102	-
Changes in Proportion and Differences Between Authority Contributions and Proportionate Share of Contributions	24,931	(3,874)
Authority Contributions Subsequent to the Measurement Date	2,009	-
Total	$ 47,266	$ (16,988)

NOTE 6 DEFINED BENEFIT PENSION PLANS (CONTINUED)

Retiree Health Insurance Subsidy Program (Continued)

Pension Costs (Continued)

$2,009 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, 2020. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized as an increase (decrease) in pension expense as follows:

Year Ending September 30,	Amount
2020	$ 6,520
2021	6,266
2022	5,072
2023	3,067
2024	4,673
Thereafter	2,671

Actuarial Assumptions

The total pension liability in the July 1, 2018, 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	3.50%

Mortality rates were based on the Generational RP-2000 with Projection Scale BB. The actuarial assumptions used in the July 1, 2018, valuation were based on the results of an actuarial experience study for the period July 1, 2013 through June 30, 2018.

Discount Rate

The discount rate used to measure the total pension liability was 3.5% 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.

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	2.50 %	3.50 %	4.50 %
Authority's Proportionate Share of the HIS Plan Net Pension Liability	$ 180,457	$ 158,082	$ 139,444

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.

Summary

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

Description	FRS Plan	HIS Plan	Total
Net Pension Liability	$ 590,494	$ 158,082	$ 748,576
Deferred Outflows of Resources Related to Pensions	253,174	47,266	300,440
Deferred Inflows of Resources Related to Pensions	57,358	16,988	74,346
Pension Expense	164,508	15,570	180,078

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.

NOTE 7 DEFINED CONTRIBUTION PENSION PLAN (CONTINUED)

FRS Investment Plan (Continued)

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

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, 2019, 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 $50,269 for the year ended September 30, 2019. Employee contributions to the Investment Plan totaled $6,157 for the year ended September 30, 2019.

NOTE 8 LONG-TERM DEBT

The summary of changes in long-term debt for the fiscal year ended September 30, 2019 is as follows:

	Balance October 1, 2018	Additions	Reductions	Balance September 30, 2019	Due Within One Year
Notes Payable	$ 2,288,730	$ 196,390	$ (131,825)	$ 2,353,295	$ 1,693,657
Capital Leases	104,625	-	(27,802)	76,823	21,588
Total	$ 2,393,355	$ 196,390	$ (159,627)	$ 2,430,118	$ 1,715,245

Notes payable at September 30, 2019 consisted of the following:

Description	Amount
Note payable to a financial institution 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 at 5.5%. 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 to pay off the certificate by July 2023.	$ 383,377
Note payable to a financial institution for improvements to an industrial building, collateralized by assignment of rent revenues, due November 2023, $3,301 payable monthly, including interest at 5.5%.	146,864
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%.	1,626,664

NOTE 8 LONG-TERM DEBT (CONTINUED)

Description	Amount
Note payable to a financial institution for improvements to industrial buildings with a maximum draw down of $3,000,000 available, collateralized by assignment of rent revenues, with 12 months of interest only payments at 5.5% interest, followed by 48 monthly payments of principal and interest, beginning August 18, 2020 calculated on a 20-year amortization of the outstanding principal balance as of July 18, 2020 with an interest rate of 5.5% per annum. Beginning August 18, 2024, 60 monthly payments of principal and interest calculated on a 15-year amortization of the outstanding principal balance as of July 18, 2024 with interest based on the monthly average of the 5-year United States Treasury Bill index for July 18, 2024 plus 3.5%. Beginning August 18, 2029, 60 monthly payments of principal and interest calculated on a 10 year amortization of the outstanding principal balance as of July 18, 2029 with interest based on the monthly average of the 5-year United States Treasury Bill index for July 18, 2029 plus 3.5%. Beginning August 18, 2034, 60 monthly payments of principal and interest calculated on a five-year amortization of the outstanding principal balance as of July 18, 2034 with interest based on the 5-year United States Treasury Bill index for July 18, 2034 plus 3.5%	196,390
Total	2,353,295
Less: Current Portion	(1,693,657)
Long-Term Portion	$ 659,638

Annual debt service requirements as of September 30, 2019 are as follows:

Year Ending September 30,	Principal	Interest
2020	$ 1,693,657	$ 83,237
2021	76,935	34,854
2022	81,332	30,458
2023	317,643	23,537
2024	13,585	9,617
2025-2029	42,044	41,369
2030-2034	55,317	28,095
2035-2039	72,782	10,631
Total	$ 2,353,295	$ 261,798

NOTE 8 LONG-TERM DEBT (CONTINUED)

Capital Leases

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

On December 5, 2017, the Authority entered into a lease-purchase agreement with The Bancorp Bank dba: Mears Leasing for the purchase of a vehicle. Payments of $605, including interest at 5.59%, are due monthly.

On June 20, 2018, the Authority entered into a lease-purchase agreement with The Bancorp Bank dba: Mears Leasing for the purchase of a vehicle. Payments of $822, including interest at 5.92%, 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	$	117,665
Less: Accumulated Depreciation		(43,642)
Total	$	74,023

The future minimum lease obligations and the net present value of these minimum lease payments as of September 30, 2019 were as follows:

Year Ending September 30,		Amount
2020	$	25,376
2021		23,196
2022		17,132
2023		11,090
2024		9,043
Total Minimum Lease Payments		85,837
Less: Amount Representing Interest		(9,014)
Present Value of Minimum Lease Payments	$	76,823

NOTE 9 LINES OF CREDIT

The Authority has a $500,000 unsecured line of credit for operational needs with a commercial bank at Prime as published by the Wall Street Journal, with a minimum rate of 5%. The Authority also has a $2,000,000 line of credit to finance grant expenditures with a commercial bank at Prime, as published by the Wall Street Journal, with a minimum rate of 4.5%, secured by grant revenues.

Changes in the lines of credit for the fiscal year ended September 30, 2019 were as follows:

	Balance October 1, 2018	Additions	Reductions	Balance September 30, 2019
Line of Credit - Secured	$ -	$ 843,793	$ (262,043)	$ 581,750
Line of Credit - Unsecured	375,000	413,000	(788,000)	-
Total	$ 375,000	$ 1,256,793	$ (1,050,043)	$ 581,750

NOTE 10 MAJOR CUSTOMERS

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

Percentage of Total Rent Revenue	
Genpak	17.7 %
Sebring International Raceway, Inc.	12.5
Gulf Coast Supply & Manufacturing	12.0
Total	42.2 %

NOTE 11 CONDENSED COMBINING FINANCIAL INFORMATION

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

Condensed Combining Statement of Net Position

	Sebring Airport Authority	CRA	U.S. Sport Aviation Institute	Total
ASSETS				
Current Assets	$ 3,734,071	$ 1,594,670	$ 14,455	$ 5,343,196
Net Capital Assets	36,723,390	-	-	36,723,390
Total Assets	40,457,461	1,594,670	14,455	42,066,586
DEFERRED OUTFLOWS OF RESOURCES				
Pension Related Items	300,440	-	-	300,440
LIABILITIES				
Current Liabilities	5,460,057	3,832	-	5,463,889
Noncurrent Liabilities	2,328,596	-	-	2,328,596
Total Liabilities	7,788,653	3,832	-	7,792,485
DEFERRED INFLOWS OF RESOURCES				
Pension Related Items	74,346	-	-	74,346
NET POSITION				
Net Investment in Capital Assets	30,370,389	-	-	30,370,389
Restricted	-	-	14,455	14,455
Unrestricted	2,524,513	1,590,838	-	4,115,351
Total Net Position	$ 32,894,902	$ 1,590,838	$ 14,455	$ 34,500,195

NOTE 11 CONDENSED COMBINING FINANCIAL INFORMATION (CONTINUED)

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

	Sebring Airport Authority	CRA	U.S. Sport Aviation Institute	Total
OPERATING REVENUE				
Industrial Rentals	$ 2,076,831	$ -	$ -	$ 2,076,831
Test Track Rentals	318,041	-	-	318,041
Fixed Base Operations	1,858,377	-	-	1,858,377
Fire Protection Fees	83,247	-	-	83,247
Aviation Expo Revenue	182,897	-	-	182,897
CRA Incremental Tax Revenue	-	412,123	-	412,123
Miscellaneous Revenue	210,203	-	9,000	219,203
Total Operating Revenue	4,729,596	412,123	9,000	5,150,719
OPERATING EXPENSES				
Personal Services	1,042,642	-	-	1,042,642
Contractual Services	263,592	-	-	263,592
Professional Services	637,180	12,520	-	649,700
General Operating	2,571,558	1,759	-	2,573,317
Total Operating Expenses	4,514,972	14,279	-	4,529,251
OPERATING INCOME BEFORE DEPRECIATION	214,624	397,844	9,000	621,468
Depreciation	(1,642,729)	-	-	(1,642,729)
NET OPERATING INCOME (LOSS)	(1,428,105)	397,844	9,000	(1,021,261)
NONOPERATING REVENUE (EXPENSE)				
Interest Income	761	9,306	-	10,067
Operating Grants	48,331	-	-	48,331
Interest Expense	(111,349)	-	-	(111,349)
Miscellaneous Revenue	26,257	-	-	26,257
Insurance Recoveries	3,619,025	-	-	3,619,025
Loss on Sale of Capital Assets	(2,145)	-	-	(2,145)
Total Nonoperating Revenue (Expense)	3,580,880	9,306	-	3,590,186
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	2,152,775	407,150	9,000	2,568,925
Transfers In	330,000	-	-	330,000
Transfers Out	-	(330,000)	-	(330,000)
Capital Grants and Contributions	3,265,831	-	-	3,265,831
CHANGE IN NET POSITION	5,748,606	77,150	9,000	5,834,756
Net Position - Beginning of Year	27,146,296	1,513,688	5,455	28,665,439
NET POSITION - END OF YEAR	$ 32,894,902	$ 1,590,838	$ 14,455	$ 34,500,195

NOTE 11 CONDENSED COMBINING FINANCIAL INFORMATION (CONTINUED)

Condensed Combining Statement of Cash Flows

	Sebring Airport Authority	CRA	U.S. Sport Aviation Institute	Total
Net Cash Provided (Used) by Operating Activities	$ (1,371,652)	$ 401,676	$ -	$ (969,976)
Net Cash Used by Noncapital Financing Activities	(326,669)	-	-	(326,669)
Net Cash Provided (Used) by Capital and Related Financing Activities	1,314,656	(330,000)	-	984,656
Net Cash Provided by Investing Activities	761	9,306	-	10,067
Net Increase (Decrease) in Cash and Cash Equivalents	(382,904)	80,982	-	(301,922)
Cash and Cash Equivalents - Beginning of Year	1,737,023	1,513,688	5,455	3,256,166
Cash and Cash Equivalents - End of Year	$ 1,354,119	$ 1,594,670	$ 5,455	$ 2,954,244

NOTE 12 RISK MANAGEMENT

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

NOTE 13 SUBSEQUENT EVENT

On October 17, 2019, the Authority opened a $500,000 line of credit with a financial institution. The interest rate on the line of credit is 5.00% monthly, payable on the 17th of each month.

NOTE 14 RELATED PARTY TRANSACTIONS

A member of the Authority's board of directors is also a member of Heartland National Bank's board of directors. The Authority has debt held by Heartland National Bank in the amount of $1,308,382 as of September 30, 2019.

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, 2019

	2019	2018	2017	2016	2015
Authority's Proportion of the Net Pension Liability	0.001714629%	0.001616574%	0.001457265%	0.001724597%	0.001768396%
Authority's Proportionate Share of the Net Pension Liability	$ 590,494	$ 486,920	$ 431,049	$ 435,462	$ 228,412
Authority's Covered Payroll	$ 269,222	$ 220,760	$ 251,832	$ 233,802	$ 212,830
Authority's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	219.33 %	220.57 %	171.17 %	186.25 %	107.32 %
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	82.61 %	84.26 %	83.89 %	84.88 %	92.00 %

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

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

SEBRING AIRPORT AUTHORITY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE AUTHORITY'S CONTRIBUTIONS –
FLORIDA RETIREMENT SYSTEM PENSION PLAN [1]
YEAR ENDED SEPTEMBER 30, 2019

	2019	2018	2017	2016	2015
Contractually Required Contribution	$ 53,479	$ 73,499	$ 13,838	$ 44,618	$ 39,240
Contributions in Relation to the Contractually Required Contribution	(53,479)	(73,499)	(13,838)	(44,618)	(39,240)
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -
Authority's Covered Payroll	$ 244,310	$ 224,885	$ 264,705	$ 231,260	$ 210,394
Contributions as a Percentage of Covered Payroll	21.89 %	32.68 %	5.23 %	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, 2019

	2019	2018	2017	2016	2015
Authority's Proportion of the Net Pension Liability	0.001412823%	0.001369415%	0.001088064%	0.001120965%	0.001155592%
Authority's Proportionate Share of the Net Pension Liability	$ 158,082	$ 144,941	$ 116,341	$ 130,643	$ 117,852
Authority's Covered Payroll	$ 472,524	$ 419,435	$ 367,444	$ 346,048	$ 350,588
Authority's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	33.45 %	34.56 %	31.66 %	37.75 %	33.62 %
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	2.63 %	2.15 %	1.64 %	0.97 %	0.50 %

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

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

SEBRING AIRPORT AUTHORITY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE AUTHORITY'S CONTRIBUTIONS –
HEALTH INSURANCE SUBSIDY PLAN [1]
YEAR ENDED SEPTEMBER 30, 2019

	2019	2018	2017	2016	2015
Contractually Required Contribution	$ 7,596	$ 7,393	$ 6,632	$ 5,719	$ 4,508
Contributions in Relation to the Contractually Required Contribution	(7,596)	(7,393)	(6,632)	(5,719)	(4,508)
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -
Authority's Covered Payroll	$ 458,655	$ 445,306	$ 392,244	$ 344,392	$ 330,241
Contributions as a Percentage of Covered Payroll	1.66 %	1.66 %	1.69 %	1.66 %	1.37 %

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

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

SEBRING AIRPORT AUTHORITY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE AUTHORITY'S
TOTAL OPEB LIABILITY AND RELATED RATIOS [1]
YEAR ENDED SEPTEMBER 30, 2019

	2019	2018
Total OPEB Liability		
Service Cost	$ 2,778	$ 3,814
Interest	504	1,288
Changes of Benefit Terms	-	-
Difference Between Expected and Actual Experience	2,429	(25,286)
Changes of Assumptions	416	190
Benefit Payments	-	(4,548)
Net Change in Total OPEB Liability	6,127	(24,542)
Total OPEB Liability - Beginning	9,372	33,914
Total OPEB Liability - Ending	$ 15,499	$ 9,372
Covered Employee Payroll	$ 410,334	$ 397,418
Total OPEB Liability as a Percentage of the Covered Employee Payroll	3.78 %	2.36 %

Notes to Schedule:
Benefit changes: There have been no substantive plan provision changes since the last full valuation.
Changes of assumptions: The following assumptions have been updated in accordance with GASB 75.

- The actuarial cost method has been updated from Projected Unit Credit with linear proration to decrement to Entry Age Normal Level Percentage of Salary. In conjunction with this change, the salary assumption has been updated from 3.0% per year to match that of the FRS actuarial valuation as of July 1, 2017.
- Discount rate as of the measurement date has been updated from 3.63% as of October 1, 2017 to 4.15% as of September 30, 2018 and 3.58% as of September 30, 2019.

[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.

Community Redevelopment Agency

Following is a schedule of deposits and withdrawals as required by Section 163.387(8), Florida Statutes. This schedule provides a source for all deposits and a purpose for all withdrawals for the fiscal year ended September 30, 2019.

SEBRING AIRPORT AUTHORITY
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION – CRA FUND
YEAR ENDED SEPTEMBER 30, 2019

		CRA
REVENUES		
CRA Incremental Tax Revenue	$	412,123
Interest Income		9,306
Total Revenues		421,429
EXPENDITURES		
Professional Services		12,520
General Operating		331,759
Total Expenditures		344,279
NET CHANGE IN NET POSITION		77,150
Net Position - Beginning of year		1,513,688
NET POSITION - END OF YEAR	$	1,590,838

SEBRING AIRPORT AUTHORITY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
YEAR ENDED SEPTEMBER 30, 2019

Grantor / Program Title	CFDA/ CSFA Number	Grant Identification Number	Passed Through to Subrecipients	Grant Expenditures
FEDERAL AWARDS				
Federal Aviation Administration Direct Programs				
Airport Improvement Program	20.106	3-12-0072-023-2016	$ -	$ 66,306
Airport Improvement Program	20.106	3-12-0072-024-2017	-	31,328
Airport Improvement Program	20.106	3-12-0072-025-2018	-	1,899,268
Total Airport Improvement Program			-	1,996,902
Total Federal Aviation Administration Direct Programs			-	1,996,902
U.S. Department of Homeland Security Indirect Program				
Executive Office of the Governor - Florida Division of Emergency Management				
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	Z0129	-	42,009
Total U.S. Department of Homeland Security Indirect Program:			-	42,009
Total Expenditures of Federal Awards			$ -	$ 2,038,911
STATE FINANCIAL ASSISTANCE				
Florida Department of Transportation				
Aviation Grant Programs	55.004	G1183	$ -	$ 211,030
Aviation Grant Programs	55.004	AQD60	-	225,001
Aviation Grant Programs	55.004	G0E58	-	7,367
Aviation Grant Programs	55.004	G0O31	-	3,481
Total Aviation Grant Programs			-	446,879
Intermodal Access Development Program	55.014	G1227	-	759,917
Intermodal Access Development Program	55.014	G0O46	-	62,133
Total Intermodal Access Development Program			-	822,050
Total Florida Department of Transportation			-	1,268,929
Total Expenditures of State Financial Assistance			$ -	$ 1,268,929

See accompanying Notes to Schedule of Expenditures of Federal Awards and State Financial Assistance.

NOTE 1 GENERAL

The accompanying Schedule of Expenditures of Federal Awards and State Financial Assistance presents the activity of all federal awards and state financial assistance 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, 2019. All federal awards and state financial assistance received from federal and state agencies are included in the schedule. The Authority did not receive any noncash assistance during the year. There were no loans or guarantees outstanding.

NOTE 2 BASIS OF ACCOUNTING

The accompanying Schedule of Expenditures of Federal Awards and 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, 2019. Expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The Authority has not elected to use the 10% de minimis indirect cost rate as allowed under Uniform Guidance.

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 February 6, 2020, 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, 2019, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated February 6, 2020.

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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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*.

Purpose of this Report

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

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Sebring, Florida
February 6, 2020

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

Board of Directors
Sebring Airport Authority
Sebring, Florida

Report on Compliance for Each Major Federal Program and State Project

We have audited the Sebring Airport Authority's (Authority) compliance with the types of compliance requirements described in the *OMB Compliance Supplement,* and the 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 federal programs and state projects for the year ended September 30, 2019. The Authority's major federal programs and 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 federal and state statutes, regulations, and the terms and conditions of its federal awards and state projects applicable to its federal programs and state projects.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the Authority's major federal programs and 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; the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); and Chapter 10.550, Rules of the Auditor General for Local Governmental Entity Audits. Those standards, Uniform Guidance, 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 federal program or 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 federal program and state project. However, our audit does not provide a legal determination of the Authority's compliance.

Opinion on Each Major Federal Program and 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 federal programs and state projects for the year ended September 30, 2019.

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 federal program and 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 federal program and state project and to test and report on internal control over compliance in accordance with the Uniform Guidance and 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 federal program or 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 federal program or 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 federal program or 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 results of that testing based on the requirements of the Uniform Guidance and Chapter 10.550, Rules of the Auditor General. Accordingly, this report is not suitable for any other purpose.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Sebring, Florida
February 6, 2020

SEBRING AIRPORT AUTHORITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FEDERAL PROGRAMS AND STATE PROJECTS
YEAR ENDED SEPTEMBER 30, 2019

Section I – Summary of Auditors' Results

Financial Statements

1. Type of auditors' report issued: Unmodified

2. Internal control over financial reporting:

   - Material weakness(es) identified? ______ yes ___x___ no
   - Significant deficiency(ies) identified? ______ yes ___x___ none reported

3. Noncompliance material to financial statements noted? ______ yes ___x___ no

Federal Awards

1. Internal control over 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 major federal programs: Unmodified

3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? ______ yes ___x___ no

Identification of Major Federal Programs

CFDA Number(s)	Name of Federal Program or Cluster
20.106	Airport Improvement Program

Dollar threshold used to distinguish between Type A and Type B programs: $ 750,000

Section I – Summary of Auditors' Results (Continued)

Identification of Major Federal Programs (Continued)

Auditee qualified as low-risk auditee?	____ 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 10.557, Rules of the Auditor General? ____ yes x no

Identification of Major State Projects

CSFA Number(s)	Name of State Project
55.004	Aviation Grant Programs
55.014	Intermodal Access Development Program

Dollar threshold used to distinguish between Type A and Type B state projects: $ 380,679

Section II – Financial Statement Findings

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

Section III – Findings and Questioned Costs – Major Federal Programs

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

Section IV – Findings and Questioned Costs – Major State Projects

Our audit did not disclose any matters required to be reported in accordance with Chapter 10.557, Rules of the Auditor General.

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MANAGEMENT LETTER

Board of Directors
Sebring Airport Authority
Sebring, Florida

Report on the Financial Statements

We have audited the financial statements of the Sebring Airport Authority (Authority), as of and for the fiscal year ended September 30, 2019, and have issued our report thereon dated February 6, 2020.

Auditors' Responsibility

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

Other Reporting Requirements

We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards;* Independent Auditor's Report on Compliance for Each Major Federal Program and 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*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports, which are dated February 6, 2020, should be considered in conjunction with this management letter.

Prior Audit Findings

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

Official Title and Legal Authority

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

Financial Condition and Management

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

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

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

Special District Component Units

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

Additional Matters

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

Purpose of this Letter

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

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Sebring, Florida
February 6, 2020

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INDEPENDENT ACCOUNTANTS' REPORT

Sebring Airport Authority and the Florida Auditor General
Sebring, Florida

We have examined the Sebring Airport Authority's (Authority) compliance with Section 218.415, Florida Statutes, regarding the investment of public funds during the year ended September 30, 2019. Management of the Authority is responsible for the Authority's compliance with the specified requirements. Our responsibility is to express an opinion on the Authority's compliance with the specified requirements based on our examination.

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

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

In our opinion, the Authority complied, in all material respects, with Section 218.415, Florida Statutes, regarding the investment of public funds; during the year ended September 30, 2019.

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
February 6, 2020

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