

TRI-COUNTY AIRPORT AUTHORITY

BONIFAY, FLORIDA

FINANCIAL REPORT

SEPTEMBER 30, 2020

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INDEPENDENT AUDITOR'S REPORT

GRIMSLEY & ASSOCIATES

Professional Association

Certified Public Accountants

OWEN W. GRIMSLEY, C.P.A.

MEMBER
FLORIDA INSTITUTE AND
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Tri-County Airport Authority
Bonifay, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities and major fund of the Tri-County Airport Authority as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the Tri-County Airport Authority'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.

Auditor's Responsibility

Our responsibility is to express opinions 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 auditor's 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 opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the major fund of the Tri-County Airport Authority, as of September 30, 2020, and the respective changes in financial position, and, where applicable, cash flows thereof for the years 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 3-6 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 Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 11, 2021, on our consideration of the Tri-County Airport'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 Tri County 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 Tri-County Airport Authority's internal control over financial reporting and compliance.

Grimsley & Associates, PA

Marianna, Florida
June 11, 2021

Grimsley & Associates, P.A.
Certified Public Accountants

MANAGEMENT DISCUSSION AND ANALYSIS

MANAGEMENT DISCUSSION & ANALYSIS

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

Since the Management's Discussion and Analysis (MD&A) is designed to focus on current year's activities, resulting changes and currently known facts, please read it in conjunction with the *Authority's* financial statements.

Financial Highlights

The assets of the *Tri-County Airport Authority* exceeded its liabilities at September 30, 2020 by \$ 9,108,598 (net position). Of this amount \$ 163,832 (unrestricted net position) may be used to meet the *Authority's* ongoing obligations to creditors.

The *Authority's* total net position increased by \$134,714 during the year ended September 30, 2020.

Entity Highlights

In 2020, government grants were obtained for hanger construction and other airport expansion projects.

Using This Annual Report

The financial statement's focus is on both the *Authority* as a whole (government-wide) and on the major individual funds. Both perspectives (government-wide and major fund) allow the user to address relevant questions, broaden a basis for comparison (year to year or government to government) and enhance the *Authority's* accountability.

This discussion and analysis is intended to serve as an introduction to the *Authority's* basic financial statements, which are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements.

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the *Authority's* finances, in a manner similar to a private-sector business. The focus is on major funds, rather than fund types. The statement for the first time combines and consolidates governmental fund current resources (short-term spendable resources) with capital assets and long-term obligations. The statements include a Statement of Net Position and a Statement of Activities that are designed to provide consolidated financial information about the governmental activities of the *Authority* presented on the accrual basis of accounting.

The Statement of Net Position presents information on all of the *Authority's* assets and liabilities, with the difference between the two reported as net position. Over time, the increases or decreases in net position may serve as a useful indication of the whether the financial position of the *Authority* is improving or deteriorating.

The Statement of Activities presents information showing how the *Authority's* net position changed during the 2020 fiscal year. The focus is on both the gross and net costs of various activities that are supported by the *Authority's* revenues. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in the future fiscal periods. This statement is intended to summarize and simplify the user's analysis of cost of various governmental services. An increase or decrease in net position is an indication of whether the *Authority's* financial health is improving or deteriorating.

Both of the financial statements distinguish the functions of the *Authority* that are principally supported by intergovernmental revenues.

The government-wide financial statements can be found on pages 7-8 of the authority's annual financial report.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over the resources that have been segregated for specific activities or objectives. The *Authority*, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The *Authority* only reports a proprietary fund. Traditional uses of governmental financial statements will find the fund financial statements presentation more familiar.

Governmental Funds

The *Authority* does not maintain any governmental funds.

Proprietary Funds

The *Authority* maintains one proprietary fund type. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The *Authority* uses an enterprise fund to account for airport operations. The proprietary fund statement provides the same type of information as the government-wide financial statements, only in more detail.

The basic proprietary fund financial statements can be found on page 9-11 of the annual financial report

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. They can be found beginning on page 12 of the annual financial report.

Infrastructure Assets

The *Authority* has implemented the major model portions of GASB Statement 34. Historically, a government's largest group of assets (infrastructure – roads, traffic signals, underground pipes not associated with a utility, etc) have not been reported nor depreciated in governmental financial statements. This new statement requires that these assets be valued and reported within the governmental column of government-wide statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

This section is used to present condensed financial information from the government-wide statements that compare the current year to the prior year.

Statement of Net Position

The following schedule reflects the condensed Statement of Net Position.

STATEMENT OF NET POSITION As of September 30, 2020

	<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>
Current and other Assets	\$ 465,483	\$ 196,721	\$ 465,483	\$ 196,721
Capital Assets	<u>8,873,470</u>	<u>8,968,843</u>	<u>8,873,470</u>	<u>8,968,843</u>
Total Assets	<u>9,338,953</u>	<u>9,165,564</u>	<u>9,338,953</u>	<u>9,165,564</u>
Current Liabilities	362,889	56,966	362,889	56,966
Noncurrent Liabilities	<u>2,180</u>	-	<u>2,180</u>	-
Total Liabilities	<u>365,069</u>	<u>56,966</u>	<u>365,069</u>	<u>56,966</u>
NET POSITION				
Invested in capital assets, net of related debt	7,622,672	8,944,766	7,622,672	8,944,766
Unrestricted	<u>1,351,212</u>	<u>163,832</u>	<u>1,351,212</u>	<u>163,832</u>
Total Net Position	<u>\$ 8,973,884</u>	<u>\$ 9,108,598</u>	<u>\$ 8,973,884</u>	<u>\$ 9,108,598</u>

Statement of Activities

The following schedule compares the revenues and expenses for the current year.

STATEMENT OF ACTIVITIES
For the Fiscal Year Ended September 30, 2020

	Business-Type		Total	
	Activities			
	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>
REVENUES				
Program Revenues				
Charges for Services	262,610	259,984	262,610	259,984
Capital Grants and Contributions	<u>1,125,189</u>	<u>714,222</u>	<u>1,125,189</u>	<u>714,222</u>
Total Program Revenues	<u>1,387,799</u>	<u>974,206</u>	<u>1,387,799</u>	<u>974,206</u>
Total Revenues	<u>1,387,799</u>	<u>974,206</u>	<u>1,387,799</u>	<u>974,206</u>
EXPENSES				
Business-type Activities				
Airport	<u>853,458</u>	<u>839,492</u>	<u>853,458</u>	<u>839,492</u>
Total Expenses	<u>853,458</u>	<u>839,492</u>	<u>853,458</u>	<u>839,492</u>
Change in Net Position	<u>534,341</u>	<u>134,714</u>	<u>534,341</u>	<u>134,714</u>
Net Position - Beginning	<u>8,439,543</u>	<u>8,973,884</u>	<u>8,439,543</u>	<u>8,973,884</u>
Net Position - Ending	<u>8,973,884</u>	<u>9,108,598</u>	<u>8,973,884</u>	<u>9,108,598</u>

Proprietary Funds

The *Authority's* proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Total net position of the airport fund as of September 30, 2020, were \$9,108,598 of which \$163,832 was unrestricted.

Requests for information

If you have any questions about this report or need additional financial information, you may contact James A. Town at (850)773-8000 or email at treasurer@tricountyairportfl.com

FINANCIAL STATEMENTS

Tri-County Airport Authority
Statement of Net Position
September 30, 2020

Business-type <u>Activities</u>	<u>2020</u>
ASSETS	
Current Assets:	
Cash and Cash Equivalents	\$ 124,300
Accounts Receivable	33,483
Inventory	38,938
Total Current Assets	196,721
Capital Assets:	
Land and Construction in Process	1,709,645
Other Capital Assets, Net of Depreciation	7,259,198
Total Capital Assets	8,968,843
Total Assets	9,165,564
LIABILITIES	
Current Liabilities:	
Accounts Payable	30,962
Accrued Expenses	1,296
Customer Deposits	1,557
Notes Payable, Current	15,318
Total Current Liabilities	49,133
Total Liabilities	49,133
DEFERRED INFLOWS OF RESOURCES	
Unavailable Revenue	7,833
NET POSITION	
Invested in Capital Assets, Net of Related Debt	8,944,766
Unrestricted	163,832
Total Net Position	\$ 9,108,598

The notes to the financial statements are an integral part of this statement

Tri-County Airport Authority
Statement of Activities
September 30, 2020

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Charges for Services</u>	<u>Program Revenues Capital Grants and Contributions</u>	<u>Net (Expense) Revenue and Changes in Net Position Business-type Activities</u>
Business-type Activities:				
Airport	<u>\$ 839,492</u>	<u>\$ 259,984</u>	<u>\$ 714,222</u>	<u>\$ 134,714</u>
			Change in Net Position	134,714
			Net Position - beginning	8,973,884
			Net Position - ending	<u><u>\$ 9,108,598</u></u>

The notes to the financial statements are an integral part of this statement

Tri-County Airport Authority
Statement of Net Position – Proprietary Fund
September 30, 2020

	<u>2020</u>
ASSETS	
Current Assets:	
Cash and Cash Equivalents	\$ 124,300
Accounts Receivable	33,483
Inventory	38,938
Total Current Assets	<u>196,721</u>
Noncurrent Assets:	
Capital Assets:	
Land	56,990
Buildings and Improvements	3,656,864
Equipment and Machinery	709,706
Infrastructure	9,426,685
Construction in Process	1,652,655
Less Accumulated Depreciation	<u>(6,534,057)</u>
Total Noncurrent Assets	<u>8,968,843</u>
Total Assets	<u>9,165,564</u>
LIABILITIES	
Current Liabilities:	
Accounts Payable	30,962
Accrued Expenses	1,296
Customer Deposits	1,557
Notes Payable, Current	15,318
Total Current Liabilities	<u>49,133</u>
Total Liabilities	<u>49,133</u>
DEFERRED INFLOWS OF RESOURCES	
Unavailable Revenue	<u>7,833</u>
NET POSITION	
Invested in Capital Assets, Net of Related Debt	8,944,766
Unrestricted	163,832
Total Net Position	<u>\$ 9,108,598</u>

The notes to the financial statements are an integral part of this statement

Tri-County Airport Authority
Statement of Revenues, Expenses, and Changes
in Fund Net Position – Proprietary Fund
September 30, 2020

	<u>2020</u>
OPERATING REVENUES:	
Charges for Services	\$ 259,984
Total Operating Revenue	<u>259,984</u>
 OPERATING EXPENSES:	
Advertising	1,497
Insurance	17,147
Utility Service	21,031
Fuel	93,331
Salaries	30,775
Repair and Maintenance	17,035
Office Expense	10,153
Contract Labor	6,024
Professional Fees	23,040
Miscellaneous	148
Depreciation	618,252
Interest Expense	1,059
Total Operating Expenditures	<u>839,492</u>
 Operating Loss	 <u>(579,508)</u>
 (Loss) before Contributions	 (579,508)
 Capital Contributions	 <u>714,222</u>
 Change in Net Position	 134,714
Net Position, beginning of year	<u>8,973,884</u>
Net Position, end of year	<u><u>\$ 9,108,598</u></u>

The notes to the financial statements are an integral part of this statement

Tri-County Airport Authority
Statement of Cash Flows – Proprietary Fund
September 30, 2020

	<u>2020</u>
Cash Flows from Operating Activities:	
Charges for Services	\$ 235,846
Payments to Suppliers	(223,690)
Net Cash provided in Operating Activities	<u>12,156</u>
 Cash Flows from Capital and Related Financing Activities:	
Proceeds from Capital Debt	54,017
Capital Contributions	772,456
Purchases of Capital Assets	(713,625)
Principal Paid on Capital Debt	(120,023)
Interest Paid on Capital Debt	<u>(1,059)</u>
Net Cash Provided by Capital and Related Financing Activities	(8,234)
 Net Decrease in Cash and Cash Equivalents	 3,922
 Cash and Cash Equivalents, beginning of year	 <u>120,378</u>
Cash and Cash Equivalents, end of year	<u>\$ 124,300</u>
 Reconciliation of Operating Loss to Net Cash Used in Operating Activities:	
Operating Loss	\$ (579,508)
Adjustments to Reconcile Operating Loss to Net Cash Used in Operating Activities:	
Depreciation	618,252
Inventories	6,258
Prepays	(9,900)
Deposits	(1,865)
Customer Deposits	(298)
Accrued Expenses	1,189
Deferred Revenue	(26,796)
Increase/Decrease in Accounts Payable related to operations	<u>4,824</u>
 Net Cash provided in Operating Activities	 <u>\$ 12,156</u>

The notes to the financial statements are an integral part of this statement

Tri-County Airport Authority
Notes to the Financial Statements
September 30, 2020

NOTE 1 – REPORTING ENTITY

The Tri-County Airport Authority (the “Authority”), located in the adjacent corners of Holmes, Washington, and Jackson Counties, Florida, was established as an independent special district by the Florida Legislature, House Bill 2859, Chapter 69-534, in 1969. Its purpose is to accomplish the cooperative joint effort of the Boards of County Commissioners of Holmes, Jackson, and Washington Counties in the establishment and operation of an airport near their common geographical boundary point. The Authority is governed by a nine-member board of directors consisting of three members appointed by each county commission.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Government-wide and fund financial statements

The Tri-County Airport Authority has only one fund, which is a proprietary fund. There are no governmental funds, as such the Authority’s government-wide financial statements refer only to the proprietary fund. The financial statements have been prepared in accordance with generally accepted accounting principles in the United States of America (“GAAP”) applicable to state and local governments. The Governmental Accounting Standards Board (“GASB”) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The significant accounting and reporting policies and practices used by the Authority are described below.

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Other items not properly included among program revenues are reported instead as general revenues.

Measurement focus, basis of accounting, and financial statement presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Proprietary Fund Policies

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with a proprietary fund’s principal ongoing operations. Operating expenses for the proprietary funds include the cost of personal and contractual services, supplies and

Tri-County Airport Authority
Notes to the Financial Statements
September 30, 2020

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Grants and entitlements and interest associated with the current fiscal period are all considered susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered measurable and available only when the Authority receives cash.

Fund Accounting

The financial statements of the Authority include the funds and account groups required to account for those financial activities which are related to the Authority and are controlled by or dependent upon the Authority's legislative body. Control or dependence upon the Authority is determined on the basis of budget adoption, taxing authority, and outstanding debt secured by revenues or general obligation of the Authority, and the Authority's legal responsibility to fund any deficits that may occur. On this basis, all of the Authority's activities are reported in the Enterprise Fund.

The accounting policies of the Authority conform to generally accepted accounting principles as applicable to governmental entities, specifically Proprietary Fund types (Enterprise Funds).

All proprietary funds are accounted for using the economic resources measurement focus and the accrual basis of accounting. Revenue is recognized when earned and expenses are recorded when they are incurred.

When both the restricted and unrestricted resources are available for use, it is the Authority's policy to use restricted resources first, then unrestricted resources as needed.

Enterprise Funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

The Authority reports the following major proprietary fund:

Airport – accounts for the revenue and expense and capital improvements of the Airport Authority.

Cash and Cash Equivalents

Amounts shown as cash include cash in checking account and certificates of deposit.

Tri-County Airport Authority
Notes to the Financial Statements
September 30, 2020

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Capital Assets

Capital assets used in proprietary fund type operations are capitalized at cost when purchased and depreciation is recognized over the useful lives of the fixed assets using the straight line method as follows:

Building and Improvements	10-20 years
Infrastructure and improvement other than buildings	10-50 years
Equipment	5-10 years

Net Position

Net position presents the difference between assets and liabilities in the statement of net position. Net position invested in capital assets are reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets.

Budgets

Florida Statutes governs the preparation, adoption, and administration of the budget for the special district. The District adopted a Budget at its February 13, 2019, Board meeting for the remainder of the fiscal year until September 30, 2020, tracked budget to actual results monthly and the budget was posted to the District compliance website in February 2019. A budget was adopted in September 2020 for the fiscal year 2021, and is also posted at the website.

Financial Reporting Entity

The financial statements include the accounts of the Authority's various funds. The following criteria was used to determine that no other governmental units should be included in this report:

- Financial independency
- Selection of governing authority
- Designation of management
- Ability to significantly influence operations
- Accountability for fiscal matters

Risk Management and Insurance

The Authority insures itself against losses from casualty, accident and dishonesty by purchasing insurance. During the year ended September 30, 2020, the Authority received no significant refunds nor additional bills for prior year premiums. The Authority believes the level of insurance purchased is adequate to protect it from material loss. No significant changes in coverage or claims have been made in recent years.

Estimates

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

Tri-County Airport Authority
Notes to the Financial Statements
September 30, 2020

NOTE 3 - CASH AND DEPOSITS WITH FINANCIAL INSTITUTIONS

Tri-County Airport Authority, in accordance with state and local regulations, deposits its cash funds in approved financial institutions. The financial institutions are required to pledge U.S. Government Securities as collateral for such funds. Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a deposit policy for custodial credit risk or interest rate risk. The District has not formally adopted deposit and investment policies that limit the District's allowable deposits or investment and address the specific types of risk to which the District might be exposed. The Authority maintains cash balances at two banks in Chipley, Florida. At September 30, 2020, the carrying amount of the district's deposits was \$124,300 and the bank balance was covered by federal depository insurance.

NOTE 4 - ACCOUNTS RECEIVABLE

The Authority reported receivables in the amount of \$33,483 at September 30, 2020 from various grant projects. No allowance for uncollectible accounts is considered necessary.

NOTE 5 - CHANGES IN CAPITAL ASSETS

Additions and deletions of capital assets for the year ended September 30, 2020 were:

	Beginning Balance	Additions	Deletions	Ending Balance
Capital assets not being depreciated:				
Land	\$ 56,990	\$ -	\$ -	\$ 56,990
Construction in Process	<u>957,796</u>	<u>694,859</u>	<u>-</u>	<u>1,652,655</u>
Total capital assets not being depreciated:	<u>1,014,786</u>	<u>694,859</u>	<u>-</u>	<u>1,709,645</u>
Other capital assets:				
Buildings and Improvements	3,656,864	-	-	3,656,864
Machinery and equipment	705,940	3,766	-	709,706
Infrastructure	<u>9,411,685</u>	<u>15,000</u>	<u>-</u>	<u>9,426,685</u>
Total other capital assets:	<u>13,774,489</u>	<u>18,766</u>	<u>-</u>	<u>13,793,255</u>
Less Accumulated Depreciation	<u>(5,915,805)</u>	<u>(618,252)</u>	<u>-</u>	<u>(6,534,057)</u>
Net	<u>\$ 8,873,470</u>	<u>\$ 95,373</u>	<u>\$ -</u>	<u>\$ 8,968,843</u>

Tri-County Airport Authority
Notes to the Financial Statements
September 30, 2020

NOTE 6 – SHORT-TERM DEBT ACTIVITY

The Authority entered into a line of credit with One South Bank in May of 2017 to fund expenditures related to the Aviation Development Grants. The line was for a max credit amount of \$100,000 and has a 1-year term renewable upon notice of intent from the Authority. The draws and repayments on this line of credit are as below:

	<u>Beginning Balance</u>	<u>Increase</u>	<u>Decrease</u>	<u>Ending Balance</u>
<u>Governmental Activities</u>				
Line of Credit	\$ 74,301	\$ 54,017	\$ (114,668)	\$ 13,650

NOTE 7 - CAPITAL IMPROVEMENT GRANTS

During the year ended September 30, 2020, the Authority received capital improvement grant funds from the State of Florida in the form of Aviation Development Grants with the Florida Department of Transportation (FDOT) and from the Federal Aviation Administration.

The Authority received grant revenues from the following contracts during the year ended September 30, 2020:

<u>Project</u>	<u>Contract #</u>	<u>Amount Received</u>
Airport Master Plan Update, Stormwater Master Plan, DBE & Security Updates	GOU60	\$ 62,314
Construct a Four(4) Unit Box Hangar and Taxiway	GOE64	570,789
Assessment of Airfield Electrical System	G1682	36,767
Airport Master Plan w/ Airport Layout Plan Update	3-12-007-12-2018	24,989
CARES Act Funds	3-12-0007-014-2020	19,363
		\$ 714,222

NOTE 8 - NET WORKING CAPITAL

The net working capital of the Enterprise Funds current assets less current liabilities was \$139,755 as of September 30, 2020.

Tri-County Airport Authority
Notes to the Financial Statements
September 30, 2020

NOTE 9 – LONG TERM DEBT

Business-type activities
Loan payable One South Bank:

The Authority acquired a loan in January 2019 from One South Bank to improve and enhance the fuel terminals. The initial balance of the loan was \$12,695. The loan is payable in 24 monthly payments of \$556.95 including interest at 5.00%.

	\$ 1,668
Total business-type activities	\$ 1,668

The Following is the debt service requirements for the business type activities note payable at September 30, 2020:

Due Date	Principal	Interest	Totals
2021	1,668	14	1,682
	\$ 1,668	\$ 14	\$ 1,682

Long-term debt activity for the year ended September 30, 2020, was as follows:

	BEGINNING BALANCE	INCREASES	DECREASES	ENDING BALANCE	DUE WITHIN ONE YEAR
Business-type activities:					
Note Payable	8,082	-	6,414	1,668	1,668
Total Business-type Activities:	8,082	-	6,414	1,668	1,668
Total	\$ 16,164	\$ -	\$ 6,414	\$ 1,668	\$ 1,668

INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH
SECTION 218.415, FLORIDA STATUTES *LOCAL GOVERNMENT*
INVESTMENT POLICIES

GRIMSLEY & ASSOCIATES

Professional Association

Certified Public Accountants

OWEN W. GRIMSLEY, C.P.A.

MEMBER
FLORIDA INSTITUTE AND
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH SECTION 218.415, FLORIDA STATUTES LOCAL GOVERNMENT INVESTMENT POLICIES

Board of Directors
Tri-County Airport Authority
Bonifay, Florida

We have examined the compliance of Tri-County Airport Authority with Section 218.415, Florida Statutes for the year ended September 30, 2020. Management is responsible for the District's compliance with those requirements. Our responsibility is to express an opinion on the District's compliance 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 District complied with Section 218.415, Florida Statutes in all material respects. An examination involves performing procedures to obtain evidence about whether the District complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgement, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

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

In our opinion, Tri-County Airport Authority, complied, in all material respects, with the requirements of Section 218.415, Florida Statutes for the year ended September 30, 2020.

June 11, 2021
Marianna, Florida

Grimsley & Associates, PA
Grimsley & Associates, P.A.
Certified Public Accountants

INDEPENDENT AUDITOR'S 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

GRIMSLEY & ASSOCIATES

Professional Association

Certified Public Accountants

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MEMBER
FLORIDA INSTITUTE AND
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INDEPENDENT AUDITOR'S 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
Tri-County Airport Authority
Bonifay, Florida

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities and major fund of Tri-County Airport Authority, as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise Tri-County Airport Authority's basic financial statements and have issued our report thereon dated June 11, 2021.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Tri-County Airport 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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Tri-County Airport Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of Tri-County Airport Authority's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings as item 2007-001 that we consider to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Tri-County Airport 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*.

Tri-County Airport Authority Response to Findings

Tri-County Airport Authority's response to the findings identified in our audit is described in the accompanying schedule of findings. Tri-County Airport Authority's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

Grimsley & Associates, PA

Marianna, Florida
June 11, 2021

Grimsley & Associates, P.A
Certified Public Accountants

SCHEDULE OF FINDINGS

FINDINGS – FINANCIAL STATEMENT AUDIT

2007-001

Criteria – An entity’s system of internal control over financial reporting should include controls over the prevention, detection and correction of misstatements in the audited financial statements.

Condition – Tri-County Airport Authority relies on the external audit to assist with preparing and explaining financial statements in conformity with generally accepted accounting principles.

Effect – Since the auditor cannot be a part of an entity’s system of internal accounting control, Tri-County Airport Authority’s system of internal accounting control over the financial reporting is not sufficient by itself to prevent, detect or correct misstatements in the audited financial statement

Cause – Tri-County Airport Authority has a small accounting staff necessitated by the overall small size of the entity. They do not consider it cost effective to develop and maintain a system of internal accounting control sufficient by itself to prepare financial statements in accordance with generally accepted accounting principles, nor to maintain internal staff with sufficient knowledge to develop and maintain controls to prevent, detect or correct misstatements in audited financial statements

Recommendation – The entity should continue to consider the effects of the cost of developing and benefits of implementing such a system as compared with understanding that due to the size of their accounting department, they will continue to need external assistance with the preparation and understanding of financial statements in accordance with generally accepted accounting principles.

Response – The Board engaged a CPA firm and has hired a part time bookkeeper that assists the Authority in preparing financial Statements in accordance with GAAP. The Board continues to improve the accounting and internal controls in conjunction with the CPA firm, and the Board predicts it may be several more years before the “in-house” accounting capabilities can be funded that will fully meet standards to remove these findings.

INDEPENDENT AUDITOR'S REPORT TO MANAGEMENT

GRIMSLEY & ASSOCIATES

Professional Association

Certified Public Accountants

OWEN W. GRIMSLEY, C.P.A.

MEMBER
FLORIDA INSTITUTE AND
AMERICAN INSTITUTE OF
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INDEPENDENT AUDITOR'S REPORT TO MANAGEMENT

Board of Directors
Tri-County Airport Authority
Bonifay, Florida

Report on the Financial Statements

We have audited the financial statements of the Tri-County Airport Authority as of and for the fiscal year ended September 30, 2020, and have issued our report thereon dated June 11, 2021.

Auditor's Responsibility

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

Other Reporting Requirements

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*; Schedule of Findings; 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 and schedule, which are dated June 11, 2021, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding financial audit report. Corrective actions have been taken to address findings and recommendations made in the preceding financial audit report except as noted below under the heading Prior Year Findings and Recommendations.

The schedule of findings items are as follows:

Tabulation of Uncorrected Audit Findings		
Current Year Finding #	2017-18 FY Finding #	2016-17 FY Finding #
2007-001	2007-001	2007-001

Management Letter Items:

None

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. This information is disclosed in the notes to the financial statements.

Financial Condition and Management

Sections 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 Tri-County Airport Authority has met one or more of the conditions described in Section 218.503(1) Florida Statutes, and to identify the specific conditions met. In connection with our audit, we determined that the Tri-County Airport 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 Tri-County Airport Authority. It is management's responsibility to monitor the Tri-County Airport Authority's financial condition, and our financial condition assessment was based in part on representations made by management and review of financial information provided by same.

Section 10.554(1)(i)2., Rules of the Auditor General, requires that we communicate any recommendations to improve financial management. See items below under Prior Year Findings for our recommendations.

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 warrant 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 Mayor and City Council, and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.

Prior Year Findings

None

Current Year Findings

None

Marianna, Florida
June 11, 2021

Grimsley & Associates, PA

Grimsley & Associates, P.A.
Certified Public Accountants