SEBRING AIRPORT AUTHORITY

FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2022

SEBRING AIRPORT AUTHORITY
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YEAR ENDED SEPTEMBER 30, 2022

CliftonLarsonAllen LLP
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INDEPENDENT AUDITORS' REPORT

Board of Directors
Sebring Airport Authority
Sebring, Florida

Report on the Financial Statements

Opinion

We have audited the accompanying financial statements of the Sebring Airport Authority (the Authority), as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the entity's basic financial statements, as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Authority, as of September 30, 2022, and the changes in financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Emphasis of Matter – Change in Accounting Principle

As discussed in Note 1 to the financial statements, effective October 1, 2021, the Authority adopted new accounting guidance for leases. The guidance requires lessees to recognize a right-to-use lease asset and corresponding lease liability and lessors to recognize a lease receivable and a corresponding deferred inflow of resources for all leases with lease terms greater than twelve months. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

Board of Directors
Sebring Airport Authority

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

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

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

Board of Directors
Sebring Airport Authority

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Authority's basic financial statements. The schedule of revenues, expenses, and changes in net position – CRA fund and the schedule of expenditures of state financial assistance, as required by Chapter 10.550, *Local Governmental Entity Audits*, Rules of the Auditor General of the State of Florida, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the schedule of revenues, expenses, and changes in net position – CRA fund and the schedule of expenditures of state financial assistance are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 21, 2023, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Sebring, Florida
March 21, 2023

As management of the Sebring Airport Authority (the Authority), we offer the readers of the Authority's basic financial statements this narrative overview and analysis of the financial activities of the Authority for the year ended September 30, 2022. 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, 2022 by $43,945,701 (net position).
- The Authority's total assets net of depreciation as of September 30, 2022 were $53,885,394.
- The Authority's total operating revenue was $6,139,138 primarily consisting of industrial rentals of $2,210,519 and Fixed Base Operations sales in the amount of $2,820,320.
- The Authority's total operating expenses came to $5,535,995. General operating expense (including insurance, supplies, utilities, repairs and maintenance, taxes) came to $3,279,638. Other primary expenses consisted of $1,297,887 in personnel costs, $329,532 in contractual services, $628,938 in professional services, and $2,557,599 in depreciation. The net operating loss was $1,954,456.
- Total nonoperating revenue, (expenses), and capital grants were $2,324,813 resulting in an increase in net position of $370,357.

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, 2022, total assets were $53,885,394. Total current assets were $5,191,997. Total noncurrent assets were $48,693,397.

In addition, total liabilities at September 30, 2022 were $5,366,738. Total current liabilities were $935,092 and liabilities payable from restricted assets (tenant deposits) and total long-term (noncurrent) liabilities were $4,431,646.

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:

	2022	2021
ASSETS		
Current Assets - Unrestricted	$ 4,753,211	$ 4,122,960
Current Assets - Restricted	438,786	417,470
Net Capital Assets	44,642,889	44,777,711
Other Noncurrent Assets	4,050,508	-
Total Assets	53,885,394	49,318,141
DEFERRED OUTFLOWS OF RESOURCES	481,203	299,530
LIABILITIES		
Current Liabilities	935,092	1,438,857
Noncurrent Liabilities	4,431,646	4,071,781
Total Liabilities	5,366,738	5,510,638
DEFERRED INFLOWS OF RESOURCES	5,054,158	531,689
NET POSITION		
Net Investment in Capital Assets	41,296,202	40,627,662
Restricted	1,583,743	2,050,716
Unrestricted	1,065,756	896,966
Total Net Position	$ 43,945,701	$ 43,575,344

Current assets increased $651,567 from the prior fiscal year due to increases in lease receivables from the implementation of GASB 87, *Leases*. Noncurrent assets increased $4,050,508 due to implementation of GASB 87. Of the total increase in current assets, restricted cash increased $21,316 due to the increase in customer deposits.

Current liabilities decreased $503,765 from the prior year primarily due to a decrease in payables related to projects in process at year end.

At September 30, 2022, the Authority had $3,226,796 in long-term debt related to capital assets. That debt finances the purchases of equipment as well as construction and improvement projects. The Authority also records $1,070,939 in net pension liability related to the Authority's participation in the Florida Retirement System.

There was an increase in net position of $370,357 mainly due to capital grants after a net operating loss of $1,954,456. Nonoperating revenue includes capital grants and contributions of $1,876,142. The net operating loss was largely due to depreciation expense of $2,557,599.

Condensed Financial Information (Continued)

Revenues, Expenses, and Changes in Net Position

	2022	2021
OPERATING REVENUE		
Industrial and Test Track Rental Revenue	$ 2,579,278	$ 2,703,758
Fixed Based Operations	2,820,320	1,699,407
Other Revenue	739,540	707,453
Total Operating Revenue	6,139,138	5,110,618
OPERATING EXPENSES		
Personnel Services	1,297,887	921,389
Contractual Services	329,532	359,489
Professional Services	628,938	422,735
General Operating Expenses	3,279,638	2,055,324
Depreciation Expense	2,557,599	2,421,197
Total Operating Expenses	8,093,594	6,180,134
NET OPERATING LOSS	(1,954,456)	(1,069,516)
NONOPERATING REVENUES (EXPENSES)		
Interest Revenue (Expense), Net	334,041	(181,232)
Capital Grants and Contributions	1,876,142	2,507,124
Other Nonoperating Revenue	114,630	26,258
Total Nonoperating Revenues (Expenses)	2,324,813	2,352,150
CHANGE IN NET POSITION	370,357	1,282,634
Net Position - Beginning of Year	43,575,344	42,292,710
NET POSITION - END OF YEAR	$ 43,945,701	$ 43,575,344

Overall operating revenue increased by $1,028,520. Industrial and test track rental revenue decreased $124,480 for the current year. Revenue from fixed based operations increased $1,120,913 for the current year due to increased activity at the airport for military and general aviation activity.

Operating expenses before depreciation increased by $1,913,460. The increase was due largely to increases in the cost of fuel related to increased fuel sales noted above.

In fiscal year 2022, total operating revenue was $6,139,138, while total operating expenses, including depreciation, was $8,093,594. This resulted in a $1,954,456 operating loss. Net nonoperating revenues, including capital grants, were $2,324,813 resulting in a positive change in net position of $370,357.

Capital Assets
The Authority's investment in capital assets as of September 30, 2022 amounted to $44,642,889 (net of accumulated depreciation) compared to $44,777,711 for the prior year. This investment in capital assets includes land, buildings, infrastructure, vehicles, machinery and equipment, furniture and fixtures, and construction in progress. Major capital asset events during the fiscal year include the following:

- Railroad Rehab
- Building 22 roof replacement

Capital Assets (Net of Depreciation):

	2022	2021
Total Capital Assets Not Being Depreciated	$ 3,557,304	$ 5,288,168
Total Capital Assets Being Depreciated and Amortized	77,886,421	73,745,052
Accumulated Depreciation and Amortization	(36,800,836)	(34,255,509)
Total Capital Assets, Net	$ 44,642,889	$ 44,777,711

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

Long-Term Debt
At September 30, 2022, the Authority had total debt outstanding of $3,226,796 compared to $3,441,060 in the prior year. The decrease in total outstanding debt is attributable to payments on existing debt.

Long-Term Debt:

	2022	2021
Notes Payable - Direct Borrowing and Leases	$ 3,226,796	$ 3,441,060

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

Economic Factors and Next Year's Budgets and Rates

The Sebring Airport Authority 2023 Annual Budget was approved by Resolution 22-08 on September 22, 2022. 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 22-02 on September 22, 2022. The detailed budgets are available for review upon request.

Final inspection of the Rail Spur Reconstruction Project occurred February 3, 2022. This completes over two miles of full depth rail replacement, with a project cost nearly $8,000,000. Repackaging of plans and specifications for procurement of Apron Reconstruction Phase II is complete. We should hear on FDOT/FAA funding soon. These projects are much needed in terms of infrastructure renewal and remaining competitive in our efforts to attract business and industry. Other projects that are in the pipeline are as follows:

- Haywood Taylor repaving and drainage work is substantially complete. Project completion will be in the next 30 days. This is a CRA funded project.

- Webster Turn full depth reconstruction is in final design and permitting. We hope to have the project advertised in fiscal year 2023. Project has been delayed as an Interlocal Agreement with the County is necessary as the County is the recipient of FDOT funding. Project cost will be approximately $1,250,000 and funded by CRA, FDOT, Highlands County.

- Taxiway Alpha 4 Realignment Construction Notice to Proceed as been issued. Project costs are estimated at $2,198,300 and will be funded by FAA and FDOT.

- Building 22 roof replacement and resilience enhancements are almost complete. Building has been brought up to Florida's high velocity wind code. This is a SAA and CRA funded project.

- Master drainage infrastructure is WWII vintage. In concert with Highlands County, we have applied and received an Economic Development Administration (EDA) grant of approximately $2,300,000. We are now working on plans and specifications. We hope to have this project advertised within the next 120 days. This will require a 20% grant match if not waved by EDA.

- We continue to work with our tenant partners on their projects. They are briefly outlined as follows:

    - ADS has completed the project mentioned in the last update. We are now working on a lease of approximately 10 acres for a finished goods storage yard.

    - DUC Propellers is planning a new facility on Airport to manufacture helicopter rotor blades and propellers for vertical takeoff and landing aircraft.

    - Sebring International Raceway: For the past five, perhaps seven years, IMSA and the world sports car governing authorities have worked to build a common car with comparable rules so that cars that compete for overall victories in the Mobil 1 Twelve Hours of Sebring and the Rolex 24 at Daytona also can compete for the overall victory at the 24 Hours of Le Mans.

Economic Factors and Next Year's Budgets and Rates Continued

Those years of cooperation have brought us to 2023 where Cadillac and Porsche will compete at sports car racing's highest levels both in Europe and the U.S. in what IMSA calls GTP and the World Endurance Championship calls Hypercar. Acura and BMW also are introducing GTP cars. Ferrari, Peugeot, Toyota and at least two privateers will compete against Cadillac and Porsche at Sebring. To see all these new cars in one place, there is only one place in the world all will be on track in 2023: Sebring in March for the WEC 1000 Miles of Sebring and the IMSA Mobil 1 Twelve Hours of Sebring.

Significant economic factors affecting the Authority are as follows:

1. As in the past, we continue to feel bullish toward military fuel sales. We are moving forward planning upgrades and additional fuel storage capacity to take advantage of wider use of Bombing Range by branches of military. Our 5,000-gallon refueler has been completely refurbished and is dedicated to the Range.
2. SAA staff is working to bring all our leases up to current market as they come due.

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

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, 2022

ASSETS	
Current Assets:	
Cash and Cash Equivalents - Unrestricted	$ 3,458,391
Cash and Cash Equivalents - Restricted	438,786
Accounts Receivable - Trade	96,704
Grants Receivable	25,103
Leases Receivable	1,057,438
Prepaid Items	580
Inventory	114,995
Total Current Assets	5,191,997
Noncurrent Assets:	
Leases Receivable	4,050,508
Capital Assets Not Being Depreciated	3,557,304
Capital Assets - Net of Depreciation and Amortization	41,085,585
Total Noncurrent Assets	48,693,397
Total Assets	53,885,394
DEFERRED OUTFLOWS OF RESOURCES	
Pension Related Items	481,203
LIABILITIES	
Current Liabilities:	
Accounts Payable	362,667
Accrued Expenses	100,902
Notes and Loans Payable - Current	435,640
Unearned Revenue	35,883
Total Current Liabilities	935,092
Noncurrent Liabilities:	
Notes and Loans Payable - Noncurrent	2,791,156
Compensated Absences	107,643
Net Pension Liability	1,070,939
Total OPEB Liability	47,683
Rent Deposits	414,225
Total Noncurrent Liabilities	4,431,646
Total Liabilities	5,366,738
DEFERRED INFLOWS OF RESOURCES	
Lease Related Items	5,000,660
Pension Related Items	53,498
Total Deferred Inflows of Resources	5,054,158
NET POSITION	
Net Investment in Capital Assets	41,296,202
Restricted for Community Redevelopment	1,583,743
Unrestricted	1,065,756
Total Net Position	$ 43,945,701

See accompanying Notes to Financial Statements.

SEBRING AIRPORT AUTHORITY
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
YEAR ENDED SEPTEMBER 30, 2022

OPERATING REVENUE	
Industrial Rentals	$ 2,210,519
Test Track Rentals	368,759
Fixed Base Operations	2,820,320
Fire Protection Fees	103,209
CRA Incremental Tax Revenue	390,155
Miscellaneous Revenue	246,176
Total Operating Revenue	6,139,138
OPERATING EXPENSES	
Personal Services	1,297,887
Contractual Services	329,532
Professional Services	628,938
General Operating	3,279,638
Total Operating Expenses	5,535,995
OPERATING INCOME BEFORE DEPRECIATION	603,143
Depreciation	(2,557,599)
NET OPERATING LOSS	(1,954,456)
NONOPERATING REVENUE (EXPENSE)	
Interest Income	502,868
Operating Grants	89,415
Interest Expense	(168,827)
Miscellaneous Revenue	26,257
Loss on Sale of Capital Assets	(1,042)
Total Nonoperating Revenue	448,671
LOSS BEFORE CAPITAL GRANTS AND CONTRIBUTIONS	(1,505,785)
Capital Grants and Contributions	1,876,142
CHANGE IN NET POSITION	370,357
Net Position - Beginning of Year	43,575,344
NET POSITION - END OF YEAR	$ 43,945,701

See accompanying Notes to Financial Statements.

SEBRING AIRPORT AUTHORITY
STATEMENT OF CASH FLOWS
YEAR ENDED SEPTEMBER 30, 2022

CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from Customers	$ 4,111,748
CRA Incremental Tax Receipts	390,155
Other Receipts	246,176
Payments to Suppliers	(5,005,309)
Payments to Employees	(1,173,289)
Net Cash Used by Operating Activities	(1,430,519)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Operating Grants	89,415
Miscellaneous	26,257
Net Cash Provided by Noncapital Financing Activities	115,672
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Acquisition and Construction of Capital Assets	(2,234,121)
Proceeds from Sale of Capital Assets	850
Proceeds from Borrowings	620,744
Principal Payments on Borrowings	(807,238)
Principal Payments on Leases	(27,770)
Interest Payments on Borrowings	(168,349)
Receipts from Leasing Activities	1,083,052
Capital Grants Received	2,308,969
Net Cash Provided by Capital and Related Financing Activities	776,137
CASH FLOWS FROM INVESTING ACTIVITIES	
Investment Income	502,868
NET DECREASE IN CASH AND CASH EQUIVALENTS	(35,842)
Cash and Cash Equivalents - Beginning of Year	3,933,019
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 3,897,177

See accompanying Notes to Financial Statements.

SEBRING AIRPORT AUTHORITY
STATEMENT OF CASH FLOWS (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2022

RECONCILIATION OF NET OPERATING LOSS TO CASH USED BY OPERATING ACTIVITIES	
Net Operating Loss	$ (1,954,456)
Adjustments to Reconcile Net Operating Loss to Net Cash Used by Operating Activities	
Depreciation	2,557,599
(Increase) Decrease in Assets and Deferred Outflows of Resources:	
Accounts Receivable - Trade	(13,761)
Inventory	(49,037)
Deferred Outflows Related to Pensions	(181,673)
Increase (Decrease) in Liabilities and Deferred Inflows of Resources:	
Accounts Payable	(716,841)
Accrued Expenses	9,980
Compensated Absences	20,279
Rent Deposits	(3,245)
Unearned Revenue	86
Net Pension Liability	726,199
Deferred Inflows Related to Leases	(1,374,139)
Deferred Inflows Related to Pensions	(478,191)
Total OPEB Liability	26,681
Net Cash Used by Operating Activities	$ (1,430,519)
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO STATEMENT OF NET POSITION	
Unrestricted Cash and Cash Equivalents	$ 3,458,391
Restricted Cash and Cash Equivalents	438,786
Total Cash and Cash Equivalents	$ 3,897,177
SUPPLEMENTAL DISCLOSURE OF NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES	
Capital Related Accounts Payable	$ 145,952
Loss on Disposal of Capital Assets	$ (1,892)

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 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, 2022.

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

Capital Assets

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets (Continued)

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

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

Grants

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

Unearned Revenue

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

Compensated Absences

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

Other Postemployment Benefits (OPEB)

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

Pensions

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases

Lessee Arrangements

The Authority determines if an arrangement is a lease at inception. Leases are included in lease assets and lease liabilities in the statements of net position.

Lease assets represent the Authority's control of the right to use an underlying asset for the lease term, as specified in the contract, in an exchange or exchange-like transaction. Lease assets are recognized at the commencement date based on the initial measurement of the lease liability, plus any payments made to the lessor at or before the commencement of the lease term and certain direct costs. Lease assets are amortized in a systematic and rational manner over the shorter of the lease term or the useful life of the underlying asset.

Lease liabilities represent the Authority's obligation to make lease payments arising from the lease. Lease liabilities are recognized at the commencement date based on the present value of expected lease payments over the lease term, less any lease incentives. Interest expense is recognized ratably over the contract term.

The lease term may include options to extend or terminate the lease when it is reasonably certain that the Authority will exercise that option.

The Authority has elected to recognize payments for short-term leases with a lease term of 12 months or less as expenses as incurred, and these leases are not included as lease liabilities or right-to-use lease assets on the statements of net position.

Significant lease terms are disclosed in Note 8.

The Authority accounts for contracts containing both lease and non-lease components as separate contracts when possible. In cases where the contract does not provide separate price information for lease and non-lease components, and it is impractical to estimate the price of such components, the Authority treats the components as a single lease unit.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases (Continued)

Lessor Arrangements

The Authority determines if an arrangement is a lease at inception. Leases are included in lease receivables and deferred inflows of resources in the statements of net position and fund financial statements.

Lease receivables represent the Authority's claim to receive lease payments over the lease term, as specified in the contract, in an exchange or exchange-like transaction. Lease receivables are recognized at commencement date based on the present value of expected lease payments over the lease term, reduced by any provision for estimated uncollectible amounts. Interest revenue is recognized ratably over the contract term.

Deferred inflows of resources related to leases are recognized at the commencement date based on the initial measurement of the lease receivable, plus any payments received from the lessee at or before the commencement of the lease term that relate to future periods, less any lease incentives paid to, or on behalf of, the lessee at or before the commencement of the lease term. The deferred inflows related to leases are recognized as lease revenue in a systematic and rational manner over the lease term.

Amounts to be received under residual value guarantees that are not fixed in substance are recognized as a receivable and an inflow of resources if (a) a guarantee payment is required and (b) the amount can be reasonably estimated. Amounts received for the exercise price of a purchase option or penalty for lease termination are recognized as a receivable and an inflow of resources when those options are exercised.

The Authority has elected to recognize payments received for short-term leases with a lease term of 12 months or less as revenue as the payments are received. These leases are not included as lease receivables or deferred inflows on the statements of net position and fund financial statements.

The individual lease contracts do not provide information about the discount rate implicit in the lease. Therefore, the Entity has elected to use their incremental borrowing rate to calculate the present value of expected lease payments.

The Entity accounts for contracts containing both lease and nonlease components as separate contracts when possible. In cases where the contract does not provide separate price information for lease and nonlease components, and it is impractical to estimate the price of such components, the Entity treats the components as a single lease unit.

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 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Adoption of New Accounting Standards:

In June 2017, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 87, *Leases*. This standard requires the recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and as inflows of resources or outflows of resources recognized based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this standard, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources.

The Entity adopted the requirements of the guidance effective October 1, 2021 and has elected to apply the provisions of this standard to the beginning of the period of adoption.

NOTE 2 DEPOSITS AND INVESTMENTS

Cash and cash equivalents consist of unrestricted and restricted funds. Restricted funds represent: (1) funds received at the end of the year to cover payables related to various grant projects; and (2) lease deposits. Cash and cash equivalents as of September 30, 2022 was as follows:

Unrestricted Cash	$ 3,458,391
Restricted Cash: Lease Deposits	438,786
Total Cash and Cash Equivalents	$ 3,897,177
Classified as:	
Petty Cash and Demand Deposits	$ 3,867,427
Local Government Surplus Trust Funds	29,750
Total	$ 3,897,177

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, 2022 were $4,190,452. 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.

NOTE 2 DEPOSITS AND INVESTMENTS (CONTINUED)

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

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

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

Throughout the year and as of September 30, 2022, Florida PRIME contained certain floating and adjustable rate securities which were indexed based on the prime rate and/or one and three-month London Interbank Offered Rate (LIBOR) rates. These investments represented 34.7% of Florida PRIME's portfolio at September 30, 2022.

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

Interest Rate Risk

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

The dollar weighted average days to maturity (WAM) of Florida PRIME as of September 30, 2022 was 21 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, 2022 was 72 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, 2022, 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, 2022, 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, 2022 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	4,308,144	2,293,779	(4,024,643)	2,577,280
Total Capital Assets Not Being Depreciated	5,288,168	2,293,779	(4,024,643)	3,557,304
Capital Assets Being Depreciated and Amortized:				
Buildings and Infrastructure	69,978,565	3,999,532	(4,453)	73,973,644
Vehicles and Tractors	509,786	9,003	(6,500)	512,289
Machinery and Equipment	1,006,560	78,275	(3,211)	1,081,624
Office Furniture, Fixtures, and Equipment	343,262	14,893	-	358,155
Race Track Improvements	1,906,879	-	-	1,906,879
Right-to-Use Leased Equipment	-	53,830	-	53,830
Total Capital Assets Being Depreciated and Amortized	73,745,052	4,155,533	(14,164)	77,886,421
Less: Accumulated Depreciation and Amortization	(34,255,509)	(2,557,599)	12,272	(36,800,836)
Total Capital Assets Being Depreciated and Amortized, Net	39,489,543	1,597,934	(1,892)	41,085,585
Total Capital Assets, Net	$ 44,777,711	$ 3,891,713	$ (4,026,535)	$ 44,642,889

The Authority has the following commitments for design, construction, or other services as of September 30, 2022:

Project	Authorization	Commitment	Expended
Haywood Taylor Blvd. Resurfacing	$ 1,850,024	$ 1,581,742	$ 268,282

NOTE 4 LEASES RECEIVABLES

The Authority, acting as lessor, leases industrial buildings and land under long-term, noncancelable lease agreements. The leases expire at various dates through 2057 and provide for renewal options ranging from one years to twenty years. During the year ended September 30, 2022, the Entity recognized $1,347,882 and $498,449 in lease revenue and interest revenue, respectively, pursuant to these contracts.

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

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

Year Ending September 30,	Principal	Interest	Total
2023	$ 1,150,828	$ 394,522	$ 1,545,350
2024	505,670	335,031	840,701
2025	465,141	299,692	764,833
2026	465,141	260,933	726,074
2027	453,908	217,185	671,093
2028 - 2032	1,011,766	690,636	1,702,402
2033 - 2037	441,040	354,023	795,063
2038 - 2042	203,789	185,377	389,166
2043 - 2047	72,447	98,365	170,812
2048 - 2052	50,016	56,237	106,253
2053 - 2057	23,370	5,213	28,583
Total Minimum Lease Payments	$ 4,843,116	$ 2,897,214	$ 7,740,330

NOTE 5 OTHER POSTEMPLOYMENT BENEFITS (OPEB)

Plan Description

The Authority is obligated to make available to qualified retired employees the option to maintain coverage with the group health, life, and dental insurance plans. The Sebring Airport Authority Plan (the Plan) is a single-employer defined benefit OPEB plan. The Plan is currently being funded on a pay as you go basis. No trust fund has been established for the Plan, and there are no assets accumulated in trust for payment of benefits. 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, 2022, the following employees were covered by the benefit terms:

Inactive Plan Members or Beneficiaries Currently Receiving Benefits	2
Active Plan Members	14
Total	16

Total OPEB Liability

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

	Total OPEB Liability
Balances - October 1, 2021	$ 21,002
Changes for the Year:	
Service Cost	5,947
Interest	655
Changes in Assumptions	(3,580)
Differences Between Expected and Actual Experience	23,659
Net Changes	26,681
Balances - September 30, 2022	$ 47,683

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	3.77 %	4.77 %	5.77 %
Total OPEB Liability	$ 49,552	$ 47,683	$ 45,948

Healthcare Trend Rate Sensitivity

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

Description	1% Decrease in Healthcare Cost Trend Rate	Healthcare Cost Trend Rate	1% Increase in Healthcare Cost Trend Rate
OPEB Plan Healthcare Cost Rate	6.50 %	7.50 %	8.50 %
Total OPEB Liability	$ 45,503	$ 47,683	$ 50,160

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

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

For the year ended September 30, 2022, the Authority recognized OPEB expense of $26,681. At September 30, 2022, the Authority reported no deferred outflows of resources and no deferred inflows of resources related to OPEB.

Actuarial Assumptions

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

Inflation	2.60%
Salary Increases	3.25%, Average, Including Inflation
Healthcare Cost Trend Rates	7.5% for 2022, Decreasing to an Ultimate Rate of 4.50% for 2029 and Later Years

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

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

The discount rate used to measure the total OPEB liability was 4.77%, based on yield for 20-year tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher (or equivalent quality on another rating scale).

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

- The discount rate was updated to 4.77% as of September 30, 2022. An increase from 2.43% as of September 30, 2021.
- Mortality rates were updated from using improvement Scale MP-2020 to Scale MP-2021.
- Health care trend rates were updated to an initial rate of 7.5%, decreasing by .5% annually to an ultimate rate of 4.5%
- Salary increase scales were updated to match the FRS actuarial valuation as of July 1, 2021.

NOTE 6 DEFINED BENEFIT PENSION PLANS

Background

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

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

The Authority's pension expense totaled $177,013 for both the FRS Pension Plan and HIS Plan for the fiscal year ended September 30, 2022.

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, 2021, were applied to employee salaries as follows: regular employees 10.19%, senior management 29.85%, and DROP participants 16.88%. The Authority's contributions to the FRS Plan were $97,504 for the year ended September 30, 2022.

Pension Costs

At September 30, 2022, the Authority reported a liability of $847,980 for its proportionate share of the FRS Plan's net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2022. The Authority's proportion of the net pension liability was based on the Authority's contributions received by FRS during the measurement period for employer payroll paid dates from July 1, 2021 through June 30, 2022, relative to the total employer contributions received from all of FRS's participating employers. At June 30, 2022, the Authority's proportion was 0.002279024%, which was an increase of 0.000406817% from its proportion measured as of June 30, 2021.

For the year ended September 30, 2022, the Authority recognized pension expense of $149,141 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	$ 40,274	$ -
Changes of Actuarial Assumptions	104,432	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	55,992	-
Changes in Proportion and Differences Between Authority Contributions and Proportionate Share of Contributions	144,884	(7,492)
Authority Contributions Subsequent to the Measurement Date	27,515	-
Total	$ 373,097	$ (7,492)

NOTE 6 DEFINED BENEFIT PENSION PLANS (CONTINUED)

Florida Retirement System Pension Plan (Continued)

Pension Costs (Continued)

$27,515 reported as deferred outflows of resources related to pensions resulting from Authority contributions to the FRS Plan subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended September 30, 2023. 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
2023	$ 82,868
2024	52,573
2025	14,409
2026	170,463
2027	17,777
Thereafter	-

Actuarial Assumptions

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

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

Mortality rates were based on the PUB-2010 base table, varies by member category and sex, projected generationally with Scale MP-2018. The actuarial assumptions used in the July 1, 2022, valuation were based on the results of an actuarial experience study for the period July 1, 2013 through June 30, 2018.

The long-term expected rate of return assumption of 6.70% consists of two building block components: 1) a long-term average annual inflation assumption of 2.40% as most recently adopted in October 2022 by the FRS Actuarial Assumption Conference; 2) an inferred real (in excess of inflation) return of 4.2%, which is consistent with the 4.38% real return from the capital market outlook developed by Aon for 2022. Geometrically combing those building blocks using the formula (1 + .024) x (1 + .0420) – 1 generates an expected nominal return of 6.7% In the opinion of the FRS consulting actuary both components and the overall 6.70% return assumption were determined to be reasonable and appropriate per Actuarial Standards of Practice. The 6.70% reported investment return assumption is the same as the investment return assumption chosen by the 2021 FRS Actuarial Assumption Conference for funding policy purposes.

NOTE 6 DEFINED BENEFIT PENSION PLANS (CONTINUED)

Florida Retirement System Pension Plan (Continued)

Actuarial Assumptions (Continued)

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

Asset Class	Target Allocation	Annual Arithmetic Return	Compound Annual (Geometric) Return	Standard Deviation
Cash	1.0 %	2.6 %	2.6 %	1.1 %
Fixed Income	19.8	4.4	4.4	3.2
Global Equity	54.0	8.8	7.3	17.8
Real Estate	10.3	7.4	6.3	15.7
Private Equity	11.1	12.0	8.9	26.3
Strategic Investments	3.8	6.2	5.9	7.8
Totals	100.0 %			
Assumed Inflation - Mean			2.4 %	1.3 %

Discount Rate

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

Pension Liability Sensitivity

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

Description	1% Decrease	Current Discount Rate	1% Increase in Discount Rate
FRS Plan Discount Rate	5.70 %	6.70 %	7.70 %
Authority's Proportionate Share of the FRS Plan Net Pension Liability	$ 1,466,524	$ 847,980	$ 330,804

NOTE 6 DEFINED BENEFIT PENSION PLANS (CONTINUED)

Florida Retirement System Pension Plan (Continued)

Pension Plan Fiduciary Net Position

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

Retiree Health Insurance Subsidy Program

Plan Description

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

Benefits Provided

For the fiscal year ended June 30, 2022, 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.

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, 2022, 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 $13,176 for the year ended September 30, 2022.

NOTE 6 DEFINED BENEFIT PENSION PLANS (CONTINUED)

Retiree Health Insurance Subsidy Program (Continued)

Pension Costs

At September 30, 2022, the Authority reported a liability of $222,959 for its proportionate share of the HIS Plan's net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2022. The Authority's proportion of the net pension liability was based on the Authority's contributions received during the measurement period for employer payroll paid dates from July 1, 2021, through June 30, 2022, relative to the total employer contributions received from all participating employers. At June 30, 2022, the Authority's proportion was 0.002105054%, which was an increase of 0.000447565% from its proportion measured as of June 30, 2021.

For the year ended September 30, 2022, the Authority recognized pension expense of $27,872 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	$ 6,767	$ (981)
Changes in Actuarial Assumptions	12,780	(34,492)
Net Difference Between Projected and Actual Earnings on HIS Program Investments	323	-
Changes in Proportion and Differences Between Authority Contributions and Proportionate Share of Contributions	84,545	(10,533)
Authority Contributions Subsequent to the Measurement Date	3,691	-
Total	$ 108,106	$ (46,006)

$3,691 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, 2023. 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
2023	$ 12,920
2024	15,092
2025	13,109
2026	10,698
2027	5,562
Thereafter	1,028

NOTE 6 DEFINED BENEFIT PENSION PLANS (CONTINUED)

Retiree Health Insurance Subsidy Program (Continued)

Actuarial Assumptions

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

Inflation	2.40% Per Year
Salary Increases	3.25%, Average, Including Inflation
Municipal Bond Rate	3.54%

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

Discount Rate

The discount rate used to measure the total pension liability was 3.54% in the current year and 2.16% in the prior year for the HIS Plan. In general, the discount rate for calculating the total pension liability is equal to the single rate equivalent to discounting at the long-term expected rate of return for benefit payments prior to the projected depletion date. Because the HIS benefit is essentially funded on a pay-as-you-go basis, the depletion date is considered to be immediate, and the single equivalent discount rate is equal to the municipal bond rate selected by the HIS Plan sponsor. The Bond Buyer General Obligation 20-Bond Municipal Bond Index was adopted as the applicable municipal bond index.

Pension Liability Sensitivity

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

Description	1% Decrease	Current Discount Rate	1% Increase in Discount Rate
HIS Plan Discount Rate	2.54 %	3.54 %	4.54 %
Authority's Proportionate Share of the HIS Plan Net Pension Liability	$ 255,083	$ 222,959	$ 196,377

Pension Plan Fiduciary Net Position

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

NOTE 6 DEFINED BENEFIT PENSION PLANS (CONTINUED)

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	$ 847,980	$ 222,959	$ 1,070,939
Deferred Outflows of Resources Related to Pensions	373,097	108,106	481,203
Deferred Inflows of Resources Related to Pensions	7,492	46,006	53,498
Pension Expense	149,141	27,872	177,013

NOTE 7 DEFINED CONTRIBUTION PENSION PLAN

FRS Investment Plan

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

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

NOTE 7 DEFINED CONTRIBUTION PENSION PLAN (CONTINUED)

FRS Investment Plan (Continued)

For all membership classes, employees are immediately vested in their own contributions and are vested after one year of service for employer contributions and investment earnings. If an accumulated benefit obligation for service credit originally earned under the FRS Pension Plan is transferred to the Investment Plan, the member must have the years of service required for FRS Pension Plan vesting (including the service credit represented by the transferred funds) to be vested for these funds and the earnings on the funds. Nonvested employer contributions are placed in a suspense account for up to five years. If the employee returns to FRS-covered employment within the five-year period, the employee will regain control over their account. If the employee does not return within the five-year period, the employee will forfeit the accumulated account balance. For the fiscal year ended June 30, 2022, 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 $72,138 for the year ended September 30, 2022. Employee contributions to the Investment Plan totaled $7,256 for the year ended September 30, 2022.

NOTE 8 LONG-TERM DEBT

The summary of changes in long-term debt for the fiscal year ended September 30, 2022 is as follows:

	Balance October 1, 2021 (1)	Additions	Reductions	Balance September 30, 2022	Due Within One Year
Direct Borrowing - Notes Payable	$ 3,387,229	$ -	$ (186,494)	$ 3,200,735	$ 424,469
Leases Payable	53,831	-	(27,770)	26,061	11,171
Total	$ 3,441,060	$ -	$ (214,264)	$ 3,226,796	$ 435,640

(1) The beginning balance was restated due to the implementation of GASB Statement No. 87.

Notes payable at September 30, 2022 consisted of the following:

Description	Amount
Direct borrowing from 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 $4,625, including 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. If any event of default shall occur, all indebtedness will become immediately due and payable to the lender.	$ 272,075
Direct borrowing from a financial institution for improvements to an industrial building, collateralized by assignment of rent revenues, with 12 months of interest only payments, followed by monthly payments of $11,780 including interest at 4%, final payment due April 2035. If any event of default shall occur, all indebtedness will become immediately due and payable to the lender.	1,391,190

NOTE 8 LONG-TERM DEBT (CONTINUED)

Description (Continued)	Amount
Direct borrowing from a financial institution for improvements to industrial buildings with a maximum draw down of $3,000,000 available, collateralized by assignment of rent revenues, with 12 months of interest only payments at 5.5% interest, followed by 48 monthly payments of principal and interest, beginning August 18, 2020 calculated on a 20-year amortization of the outstanding principal balance as of July 18, 2020 with an interest rate of 5.5% per annum. Beginning August 18, 2024, 60 monthly payments of principal and interest calculated on a 15-year amortization of the outstanding principal balance as of July 18, 2024 with interest based on the monthly average of the 5-year United States Treasury Bill index for July 18, 2024 plus 3.5%. Beginning August 18, 2029, 60 monthly payments of principal and interest calculated on a 10 year amortization of the outstanding principal balance as of July 18, 2029 with interest based on the monthly average of the 5-year United States Treasury Bill index for July 18, 2029 plus 3.5%. Beginning August 18, 2034, 60 monthly payments of principal and interest calculated on a five-year amortization of the outstanding principal balance as of July 18, 2034 with interest based on the 5-year United States Treasury Bill index for July 18, 2034 plus 3.5%. Upon default, the interest rate on this direct borrowing shall be increased to 18% per annum, and the entire unpaid balance and all accrued interest will be declared due to the lender.	$ 1,518,502
Direct borrowing from a financial institution for purchase of a vehicle, with monthly payments of $605, including interest at 5.59%, with a final payment due in August 2024.	17,792
Direct borrowing from a financial institution for purchase of a vehicle, with monthly payments of $822, including interest at 5.92%, with a final payment due in November 2022.	1,176
Total	3,200,735
Less: Current Portion	(424,469)
Long-Term Portion	$ 2,776,266

NOTE 8 LONG-TERM DEBT (CONTINUED)

Annual debt service requirements as of September 30, 2022 for notes payable are as follows:

Year Ending September 30,	Principal	Interest
2023	$ 424,469	$ 151,188
2024	1,565,915	118,957
2025	93,839	47,526
2026	97,717	43,648
2027	101,754	39,611
2028 - 2032	575,255	131,572
2033 - 2037	341,786	50,537
Total	$ 3,200,735	$ 583,039

Lessee Arrangement

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

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

Year Ending September 30,	Principal	Interest	Total
2023	$ 11,171	$ 1,009	$ 12,180
2024	5,267	689	5,956
2025	5,575	382	5,957
2026	3,838	83	3,921
2027	210	2	212
Total Minimum Lease Payments	$ 26,061	$ 2,165	$ 28,226

Right-to-use assets acquired through outstanding leases are shown below, by underlying asset class.

	Business-Type Activities
Equipment	$ 53,830
Less: Accumulated Amortization	(28,375)
Total	$ 25,455

NOTE 9 LINES OF CREDIT

The Authority has a $500,000 line of credit for operating capital needs with a commercial bank at Prime as published by the Wall Street Journal, with a minimum rate of 5%, secured by lease income and other building income of buildings 108 and 104. 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, 2022 were as follows:

	Balance October 1, 2021	Additions	Reductions	Balance September 30, 2022
Line of Credit - Secured	$ -	$ 620,744	$ (620,744)	$ -

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	
Sebring International Raceway, Inc.	12.6 %
Gulf Coast Supply & Manufacturing	12.6
Total	25.2 %

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	$ 3,634,339	$ 1,537,203	$ 20,455	$ 5,191,997
Net Capital Assets	44,642,889	-	-	44,642,889
Other Noncurrent Assets	4,050,508	-	-	4,050,508
Internal Activity	(26,085)	26,085	-	-
Total Assets	52,301,651	1,563,288	20,455	53,885,394
DEFERRED OUTFLOWS OF RESOURCES				
Pension Related Items	481,203	-	-	481,203
LIABILITIES				
Current Liabilities	935,092	-	-	935,092
Noncurrent Liabilities	4,431,646	-	-	4,431,646
Total Liabilities	5,366,738	-	-	5,366,738
DEFERRED INFLOWS OF RESOURCES				
Lease Related Items	5,000,660	-	-	5,000,660
Pension Related Items	53,498	-	-	53,498
Total Deferred Inflows of Resources	5,054,158	-	-	5,054,158
NET POSITION				
Net Investment in Capital Assets	41,296,202	-	-	41,296,202
Restricted	-	1,563,288	20,455	1,583,743
Unrestricted	1,065,756	-	-	1,065,756
Total Net Position	$ 42,361,958	$ 1,563,288	$ 20,455	$ 43,945,701

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	$ 2,210,519	$ -	$ -	$ 2,210,519
Test Track Rentals	368,759	-	-	368,759
Fixed Base Operations	2,820,320	-	-	2,820,320
Fire Protection Fees	103,209	-	-	103,209
CRA Incremental Tax Revenue	-	390,155	-	390,155
Miscellaneous Revenue	238,676	-	7,500	246,176
Total Operating Revenue	5,741,483	390,155	7,500	6,139,138
OPERATING EXPENSES				
Personal Services	1,297,887	-	-	1,297,887
Contractual Services	329,532	-	-	329,532
Professional Services	610,388	18,550	-	628,938
General Operating	3,277,820	1,818	-	3,279,638
Total Operating Expenses	5,515,627	20,368	-	5,535,995
OPERATING INCOME BEFORE DEPRECIATION	225,856	369,787	7,500	603,143
Depreciation	(2,557,599)	-	-	(2,557,599)
NET OPERATING INCOME (LOSS)	(2,331,743)	369,787	7,500	(1,954,456)
NONOPERATING REVENUE (EXPENSE)				
Interest Income	498,713	4,155	-	502,868
Operating Grants	89,415	-	-	89,415
Interest Expense	(168,827)	-	-	(168,827)
Miscellaneous Revenue	26,257	-	-	26,257
Loss on Sale of Capital Assets	(1,042)	-	-	(1,042)
Total Nonoperating Revenue (Expense)	444,516	4,155	-	448,671
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	(1,887,227)	373,942	7,500	(1,505,785)
Transfers In	848,415	-	-	848,415
Transfers Out	-	(848,415)	-	(848,415)
Capital Grants and Contributions	1,876,142	-	-	1,876,142
CHANGE IN NET POSITION	837,330	(474,473)	7,500	370,357
Net Position - Beginning of Year	41,524,628	2,037,761	12,955	43,575,344
NET POSITION - END OF YEAR	$ 42,361,958	$ 1,563,288	$ 20,455	$ 43,945,701

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	$ (1,780,816)	$ 342,797	$ 7,500	$ (1,430,519)
Net Cash Provided by Noncapital Financing Activities	115,672	-	-	115,672
Net Cash Provided (Used) by Capital and Related Financing Activities	1,624,552	(848,415)	-	776,137
Net Cash Provided by Investing Activities	498,713	4,155	-	502,868
Net Increase (Decrease) in Cash and Cash Equivalents	458,121	(501,463)	7,500	(35,842)
Cash and Cash Equivalents - Beginning of Year	1,881,398	2,038,666	12,955	3,933,019
Cash and Cash Equivalents - End of Year	$ 2,339,519	$ 1,537,203	$ 20,455	$ 3,897,177

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 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 $1,790,577 as of September 30, 2022.

NOTE 14 COMMITMENTS, CONTINGENCIES, AND SUBSEQUENT EVENTS

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

SEBRING AIRPORT AUTHORITY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE AUTHORITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY – FLORIDA RETIREMENT SYSTEM PENSION PLAN [1]
YEAR ENDED SEPTEMBER 30, 2022

	2022	2021	2020	2019	2018	2017	2016	2015
Authority's Proportion of the Net Pension Liability	0.002279024%	0.001872208%	0.001675476%	0.001714629%	0.001616574%	0.001457265%	0.001724597%	0.001768396%
Authority's Proportionate Share of the Net Pension Liability	$ 847,980	$ 141,424	$ 726,176	$ 590,494	$ 486,920	$ 431,049	$ 435,462	$ 228,412
Authority's Covered Payroll	$ 767,053	$ 591,616	$ 429,551	$ 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	110.55 %	23.90 %	169.05 %	124.97 %	116.09 %	117.31 %	125.84 %	65.15 %
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	82.89 %	94.40 %	78.85 %	82.61 %	84.26 %	83.89 %	84.88 %	92.00 %

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

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

SEBRING AIRPORT AUTHORITY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE AUTHORITY'S CONTRIBUTIONS – FLORIDA RETIREMENT SYSTEM PENSION PLAN [1]
YEAR ENDED SEPTEMBER 30, 2022

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

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

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

SEBRING AIRPORT AUTHORITY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE AUTHORITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY – HEALTH INSURANCE SUBSIDY PLAN [1]
YEAR ENDED SEPTEMBER 30, 2022

	2022	2021	2020	2019	2018	2017	2016	2015
Authority's Proportion of the Net Pension Liability	0.002105054%	0.001657490%	0.001253851%	0.001412823%	0.001369415%	0.001088064%	0.001120965%	0.001155592%
Authority's Proportionate Share of the Net Pension Liability	$ 222,959	$ 203,316	$ 153,093	$ 158,082	$ 144,941	$ 116,341	$ 130,643	$ 117,852
Authority's Covered Payroll	$ 767,053	$ 591,616	$ 429,551	$ 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	29.07 %	34.37 %	35.64 %	33.45 %	34.56 %	31.66 %	37.75 %	33.62 %
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	4.81 %	3.56 %	3.00 %	2.63 %	2.15 %	1.64 %	0.97 %	0.50 %

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

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

SEBRING AIRPORT AUTHORITY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE AUTHORITY'S CONTRIBUTIONS – HEALTH INSURANCE SUBSIDY PLAN [1]
YEAR ENDED SEPTEMBER 30, 2022

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

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

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

SEBRING AIRPORT AUTHORITY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE AUTHORITY'S
TOTAL OPEB LIABILITY AND RELATED RATIOS [1]
YEAR ENDED SEPTEMBER 30, 2022

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

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

SEBRING AIRPORT AUTHORITY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE AUTHORITY'S
TOTAL OPEB LIABILITY AND RELATED RATIOS [1]
YEAR ENDED SEPTEMBER 30, 2022

Notes to Schedule

Benefit changes:

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

Changes of assumptions:

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

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

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

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

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

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

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

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

Community Redevelopment Agency

Following is a schedule of deposits and withdrawals as required by Section 163.387(8), Florida Statutes. This schedule provides a source for all deposits and a purpose for all withdrawals for the fiscal year ended September 30, 2022.

SEBRING AIRPORT AUTHORITY
SCHEDULE OF REVENUES, EXPENSES,
AND CHANGES IN NET POSITION – CRA FUND
YEAR ENDED SEPTEMBER 30, 2022

	CRA
REVENUES	
CRA Incremental Tax Revenue	$ 390,155
Interest Income	4,155
Total Revenues	394,310
EXPENSES	
Professional Services	18,550
General Operating and Project Assistance	850,233
Total Expenses	868,783
NET CHANGE IN NET POSITION	(474,473)
Net Position - Beginning of Year	2,037,761
NET POSITION - END OF YEAR	$ 1,563,288

SEBRING AIRPORT AUTHORITY
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
YEAR ENDED SEPTEMBER 30, 2022

Grantor / Program Title	CSFA Number	Grant Identification Number	Passed Through to Subrecipients	Grant Expenditures
STATE FINANCIAL ASSISTANCE				
Florida Department of Transportation				
Aviation Grant Programs	55.004	G1J92	$ -	$ 34,615
Total Aviation Grant Programs			-	34,615
Intermodal Access Development Program	55.014	G1227	-	1,706,660
Total Intermodal Access Development Program			-	1,706,660
Total Florida Department of Transportation			-	1,741,275
Total Expenditures of State Financial Assistance			$ -	$ 1,741,275

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

SEBRING AIRPORT AUTHORITY
NOTES TO SCHEDULE OF EXPENDITURES OF
STATE FINANCIAL ASSISTANCE
YEAR ENDED SEPTEMBER 30, 2022

NOTE 1 BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of State Financial Assistance presents the activity of all state financial assistance programs of Sebring Airport Authority (Authority). The information in this schedule is presented in accordance with the requirements of Chapter 10.550, Rules of the Auditor General. Because the Schedule presents only a selected portion of the operations of the Authority, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Authority.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Schedule of Expenditures of State Financial Assistance is presented using the accrual basis of accounting which is described in Note 1 to the Authority's financial statements for the year ended September 30, 2022. The Authority has not elected to use the 10% de minimis indirect cost rate.

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 March 21, 2023, 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, 2022, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated March 21, 2023.

Report on Internal Control Over Financial Reporting

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

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

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

Board of Directors
Sebring Airport Authority

Report on Compliance and Other Matters

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

Purpose of this Report

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

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Sebring, Florida
March 21, 2023

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

Board of Directors
Sebring Airport Authority
Sebring, Florida

Report on Compliance for Each Major State Project

Opinion on Each Major State Project

We have audited Sebring Airport Authority's (Authority) compliance with the types of compliance requirements identified as subject to audit in the Florida Department of Financial Services' *State Projects Compliance Supplement* that could have a direct and material effect on each of the Authority's major state projects for the year ended September 30, 2022. The Authority's major state projects are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Authority complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major state projects for the year ended September 30, 2022.

Basis for Opinion on Each Major State Project

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements of Chapter 10.550, Rules of the Auditor General for Local Governmental Entity Audits. Our responsibilities under those standards and Chapter 10.550, Rules of the Auditor General, are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

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

Responsibilities of Management for Compliance

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

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Authority's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and Chapter 10.550, Rules of the Auditor General will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Authority's compliance with the requirements of each major state project as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Chapter 10.550, Rules of the Auditor General, we:

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

- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Authority's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.

- Obtain an understanding of the Authority's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with Chapter 10.550, Rules of the Auditor General, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control over Compliance

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

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

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

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

CliftonLarsonAllen LLP

Sebring, Florida
March 21, 2023

SEBRING AIRPORT AUTHORITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
STATE PROJECTS
YEAR ENDED SEPTEMBER 30, 2022

Section I – Summary of Auditors' Results

Financial Statements

1. Type of auditors' report issued: Unmodified

2. Internal control over financial reporting:

   - Material weakness(es) identified? ______ yes __x__ no

   - Significant deficiency(ies) identified? ______ yes __x__ none reported

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

State Financial Assistance

1. Internal control over state projects:

   - Material weakness(es) identified? ______ yes __x__ no

   - Significant deficiency(ies) identified? ______ 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**
55.014	Intermodal Access Development Program

Dollar threshold used to distinguish between Type A and Type B state projects: $ 522,382

Section II – Financial Statement Findings

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

Section III – Findings and Questioned Costs – Major State Projects

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

CliftonLarsonAllen LLP
CLAconnect.com

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, 2022, and have issued our report thereon dated March 21, 2023.

Auditors' Responsibility

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

Other 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 State Project and Report on Internal Control over Compliance; Schedule of Findings and Questioned Costs; and Independent Accountants' Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports and schedule, which are dated March 21, 2023, should be considered in conjunction with this management letter.

Prior Audit Findings

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

Official Title and Legal Authority

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

Financial Condition and Management

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

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

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

Special District Component Units

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

Special District Specific Information

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

a. The total number of district employees compensated in the last pay period of the Authority's fiscal year as: 14.

b. The total number of independent contractors to whom nonemployee compensation was paid in the last month of the Authority's fiscal year as 0.

c. All compensation earned by or awarded to employees, whether paid or accrued, regardless of contingency as: $813,826.

d. All compensation earned by or awarded to nonemployee independent contractors, whether paid or accrued, regardless of contingency as $710.

e. Each construction project with a total cost of at least $65,000 approved by the district that is scheduled to begin on or after October 1 of the fiscal year being reported, together with the total expenditures for such project as:

   - Building 22 Reroof - $591,035
   - Haywood Taylor Blvd Resurfacing - $268,282

f. A budget variance based on the budget adopted under Section 189.016(4), Florida Statutes, before the beginning of the fiscal year being reported if the district amends a final adopted budget under Section 189.016(6), Florida Statutes, as: $1,877,078
   - Beginning Budgeted Expenses - $7,139,996 Final Budget Expenses $9,017,074

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
March 21, 2023

CliftonLarsonAllen LLP
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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, 2022. Management of the Authority is responsible for the Authority's compliance with the specified requirements. Our responsibility is to express an opinion on the Authority's compliance with the specified requirements based on our examination.

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

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

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

In our opinion, the Authority complied, in all material respects, with Section 218.415, Florida Statutes, regarding the investment of public funds; during the year ended September 30, 2022.

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

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Sebring, Florida
March 21, 2023