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TRI-COUNTY AIRPORT AUTHORITY

ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023

**TRI-COUNTY AIRPORT AUTHORITY
TABLE OF CONTENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023**

FINANCIAL SECTION

Independent Auditors' Report	1
Management's Discussion and Analysis	3
Proprietary Fund Financial Statements:	
Statement of Net Position	7
Statement of Revenues, Expenditures, and Changes in Net Position	8
Statement of Cash Flows	9
Notes to the Financial Statements	10

INTERNAL CONTROL AND COMPLIANCE

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 <i>Government Auditing Standards</i>	16
Schedule of Findings – Financial Statement Audit	18
Independent Auditors' Report on Compliance for each Major Federal Program and State Project and on Internal Control over Compliance Required by the Uniform Guidance and Chapter 10.550, Rules of the Auditor General	19
Schedule of Expenditures of Federal Awards and State Financial Assistance	21
Schedule of Findings and Questioned Costs – Federal Programs and State Projects	22
Management Letter Pursuant to the Rules of the Auditor General for the State of Florida	24
Independent Auditors' Report on Compliance with the Requirements of Section 218.415, Florida Statutes, Required by Rule 10.550(10), of the Auditor General of the State of Florida	27

INDEPENDENT AUDITORS' REPORT

Board of Directors of the
TRI-COUNTY AIRPORT AUTHORITY
Bonifay, Florida

Opinion

We have audited the accompanying financial statements of the Tri-County Airport Authority ("Authority") as of and for the fiscal year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the Authority'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 respective financial position of the Authority as of September 30, 2023, and the changes in financial position and 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 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 *Auditor's 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 audits. We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Management's Responsibility for the Financial Statements

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

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 auditor's report that includes our opinions. 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 generally accepted 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 generally accepted 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3-5 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 21, 2024 on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 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.

Brandon, Florida
June 21, 2024

**TRI-COUNTY AIRPORT AUTHORITY
MANAGEMENT DISCUSSION & ANALYSIS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023**

MANAGEMENT DISCUSSION & ANALYSIS (MD&A)

The management of the Tri-County Airport Authority, Bonifay, Florida (the “Authority”), would like to offer the readers of the Authority’s financial statements this discussion and analysis of the Authority’s financial activities for the fiscal year ended September 30, 2023. The information presented in this MD&A should be considered in conjunction with the Authority’s Independent Auditors’ Report, basic financial statements, and accompanying notes to the basic financial statements.

Financial Highlights

- The assets of the Authority exceeded its liabilities on September 30, 2023 by \$8,428,534 (net position). Of this amount \$321,864 (unrestricted net position) may be used to meet the Authority’s ongoing obligations to creditors.
- The authority’s total net position increased by \$296,430 during the year ended September 30, 2023. The key components of the Authority’s net position and change in net position are reflected in the table in the financial analysis section.
- Operating revenues increased \$181,215 (45%) from fiscal year 2022, driven by increases in fuel sales of \$132,449 (50%) and hangar rental income of \$35,695 (27%).
- Operating expenses increased \$315,189 (29%) from fiscal year 2022. The overall increase was driven by increases to costs of fuel sales of \$122,991 (57%) and professional fees \$148,086 (339%), while repairs and maintenance expenses decreased \$21,661 (50%).
- Capital grant revenues increased \$1,041,971 primarily driven by the substantial completion of the access and security improvements project with a total of \$923,589 in related expenditures incurred.

Overview of Financial Statements

This discussion and analysis is intended to serve as the introduction to the Authority’s basic financial statements. The basic financial statements report information about the Authority using accounting methods similar to those used by private sector enterprises. The basic financial statements consist of a statement of net position, a statement of revenues, expenses and changes in net position, a statement of cash flows, and notes to the financial statements.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over the resources that have been segregated for specific activities or objectives. The Authority, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The Authority only reports a single fund, the proprietary fund. The Authority maintains one proprietary fund type. Proprietary (or enterprise) funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The Authority uses an enterprise fund to account for airport operations.

The Statement of Net Position presents information on all of the Authority’s assets and liabilities, with the difference between the two reported as net position. Over time, the increases or decreases in net position.

Fund Financial Statements – continued

may serve as a useful indication of the whether the financial position of the Authority is improving or deteriorating.

The Statement of Revenues, Expenses, and Changes in Net Position, presents information showing how the Authority’s net position changed during the 2023 fiscal year. Changes in net position are reported as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

The Statement of Cash Flows reports cash flows from operating, investing, and financing 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 proprietary fund financial statements can be found on page 6-8 of the annual financial report.

Notes to the Financial Statements

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements, and can be found beginning on page 9 of the annual financial report.

FINANCIAL ANALYSIS

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

Statement of Net Position

The following schedule reflects the condensed Statement of Net Position.

	<u>2023</u>	<u>2022</u>
Current and other Assets	\$ 512,768	\$ 295,613
Capital Assets	<u>8,106,670</u>	<u>7,871,447</u>
Total assets	<u>8,619,438</u>	<u>8,167,060</u>
Current Liabilities	180,607	24,640
Noncurrent Liabilities	<u>10,297</u>	<u>10,316</u>
Total Liabilities	<u>190,904</u>	<u>34,956</u>
Net Position		
Invested in capital assets, net of related debt	8,106,670	7,871,447
Unrestricted	<u>321,864</u>	<u>260,657</u>
Total net position	<u>\$ 8,428,534</u>	<u>\$ 8,132,104</u>

**TRI-COUNTY AIRPORT AUTHORITY
MANAGEMENT DISCUSSION & ANALYSIS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023**

FINANCIAL ANALYSIS – continued

The Authority’s net position reflects the net investment in capital assets. These assets are used to provide its services to the public; consequently, these assets are not available for future spending. The remaining balance of \$321,864 of unrestricted net position may be used to meet the Authority’s ongoing obligations and fund future capital improvement projects.

The Authority’s net position increased by \$296,430 during the most recent fiscal year. The increase represents the extent to which operating revenues, revenues from state and federal grants, and interest income exceeded the cost of operations. The majority of expenses funded by grant revenues are capitalized as capital assets and therefore not shown as expenses.

Statement of Revenues, Expenses, and Changes in Net Position

Key elements of the change in net position are reflected in the following table:

	2023	2022
OPERATING ACTIVITIES		
Operating revenues	\$ 583,235	\$ 402,020
Operating expenses	1,392,714	1,077,525
Net operating loss	(809,479)	(675,505)
NON-OPERATING ACTIVITIES		
Capital Grants and Contributions	1,103,683	61,712
Interest and other income	2,226	-
Total non-operating revenues	1,105,909	61,712
Change in net position	296,430	(613,793)
Net position - Beginning	8,132,104	8,745,897
Net position - Ending	\$ 8,428,534	\$ 8,132,104

As noted above and in the statement of revenues, expenses and changes in net position, the cost of all operating activities during the fiscal year ended September 30, 2023 was \$1,392,714, which includes depreciation expense. Operating expenses increased by \$315,189 over the prior year. Current year’s expenses were 29% higher mainly due to increase in professional services due to the Authority’s third-party consultant firm overseeing the capital improvement projects. The costs of the Authority’s activities were primarily funded by operating revenues. Overall operating revenues increased by \$181,215 over the prior year. The majority of this 45% increase is due to increases in fuel sales and hangar rents.

Capital Assets

As of September 30, 2023, the Authority had \$16,691,707 invested in capital assets consisting of infrastructure, land, buildings and improvements, machinery and equipment, and construction in progress, and accumulated depreciation of \$8,585,037, resulting in a net book value of \$8,106,670. In regards to its infrastructure assets, the Authority has implemented the major model portions of GASB Statement 34. Historically, a government's largest group of assets (infrastructure- roads, traffic, signals, underground pipes not associated with a utility, etc.) have not been reported nor depreciated in governmental financial statements. Infrastructure assets are included as capital assets in the statement of net position. More detailed information on the Authority's capital assets is presented in Note 4 to the financial statements. Capital asset improvements are funded primarily through FAA and FDOT approved grants and managed through a contracted third-party engineering firm.

Requests for information

If you have any questions about this report or need additional financial information, you may contact Thomas Leuenberger, Treasurer, at (850)-263-6360 or email at tleuenberger@kbcr.gov.

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FINANCIAL STATEMENTS

**TRI-COUNTY AIRPORT AUTHORITY
STATEMENT OF NET POSITION
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023**

ASSETS

Current Assets:

Cash	\$ 360,329
Accounts Receivable	70,685
Inventory	46,158
Prepaid expenses	<u>35,596</u>
Total Current Assets	512,768

Noncurrent Assets:

Capital Assets:

Land	66,990
Buildings and Improvements	3,672,589
Equipment and Machinery	724,451
Infrastructure	11,229,747
Construction in Process	997,930
Less Accumulated Depreciation	<u>(8,585,037)</u>
Total Noncurrent Assets	8,106,670

Total Assets	<u><u>\$ 8,619,438</u></u>
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LIABILITIES

Current Liabilities:

Accounts Payable	\$ 105,919
Accrued Expenses	3,337
Unearned Revenue	1,242
Notes Payable, Current	<u>70,109</u>
Total Current Liabilities	180,607

Long-Term Liabilities:

Tenant Deposits	<u>10,297</u>
Total Liabilities	<u>190,904</u>

NET POSITION

Invested in Capital Assets, Net of Related Debt	8,106,670
Unrestricted	<u>321,864</u>
Total Net Position	<u><u>\$ 8,428,534</u></u>

TRI-COUNTY AIRPORT AUTHORITY
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023

OPERATING REVENUES:

Aviation fuel sales	398,684
Hangar rental income	167,863
Other income	16,688
Total Operating Revenues	583,235

OPERATING EXPENSES:

Cost of Fuel Sales	340,075
Other Costs of Sales	2,485
Advertising	3,580
Insurance	36,896
Utility Services	21,367
Salaries	42,765
Repairs and Maintenance	32,507
Office Expense	7,574
Contract Labor	10,444
Professional Fees	191,753
Interest Expense	215
Depreciation	701,300
Internet Expenses	1,753
Total Operating Expenditures	1,392,714

Operating Loss	(809,479)
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NON-OPERATING REVENUES:

Capital Grant Revenues	1,103,683
Interest Income	1,923
Other Miscellaneous Income	303
Total non-operating revenues	1,105,909

Change in Net Position	296,430
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Net Position, beginning of year	8,132,104
Net Position, end of year	\$ 8,428,534

**TRI-COUNTY AIRPORT AUTHORITY
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023**

Cash Flows from Operating Activities

Charges for Services	\$ 500,126
Payments to Suppliers	<u>(567,329)</u>
Net Cash Provided by Operating Activities	(67,203)

Cash Flows from Capital and Related Financing Activities:

Proceeds from Capital Debt	72,575
Capital Contributions	1,103,683
Principal Paid on Capital Debt	(23,387)
Interest Paid on Capital Debt	<u>(215)</u>
Net Cash Provided by Capital and Related Financing Activities	1,152,959

Net Increase in Cash and Cash Equivalents 1,085,756

Cash and Cash Equivalents, beginning of year	<u>224,283</u>
Cash and Cash Equivalents, end of year	<u><u>1,310,039</u></u>

Reconciliation of Operating Loss to Net Cash Used in Operating Activities

Operating loss	\$ (809,479)
Adjustments to Reconcile Operating Loss to Net From Operating Activities	
Depreciation	701,300
Accounts Receivable	(68,897)
Inventories	(6,304)
Prepays	(5,908)
Tenant Deposits	(19)
Accrued Expenses	1,020
Increase (Decrease) in Accounts Payable from Operations	<u>(1,778)</u>
Net Cash Provided by Operating Activities	<u><u>\$ (190,065)</u></u>

**TRI-COUNTY AIRPORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023**

NOTE 1- REPORTING ENTITY

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

NOTE 2- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Fund Financial Statements

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

The basic financial statements (i.e., the statement of net position, statement of revenues, expenses, and changes in fund balance, and statement of cash flows) report information on all of the non-fiduciary activities of the primary government.

Proprietary Fund Policies

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with a proprietary fund’s principal ongoing operations. Operating expenses for the proprietary funds include the cost of personal and contractual services, supplies and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Fund Accounting

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

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

**TRI-COUNTY AIRPORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023**

NOTE 2- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Fund Accounting – continued

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

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

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

The Authority reports a single major proprietary fund to account for the revenues, expenses, and capital improvements of the airport.

Cash and Cash Equivalents

The Authority’s cash deposits are held in financial institutions that qualify as public depositories and, accordingly, are insured or collateralized under Chapter 280 of the Florida Statutes.

Receivables

Accounts and grants receivable are reported at net realizable value. Grants receivable represent reimbursements due from federal and state sources for allowable costs incurred on federal and state award programs. All receivables are expected to be collected. As such, no allowance for doubtful accounts has been reflected.

Inventory

Inventory consists of aviation fuel held for resale. The Authority values its inventory on the First-in-First-out (FIFO) basis.

Capital Assets

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

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

**TRI-COUNTY AIRPORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023**

NOTE 2- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Capital Assets - continued

Project costs are capitalized and included in construction in progress as the costs are incurred. Repairs and maintenance costs are expensed as incurred. Accumulated project costs are transferred to depreciable assets upon completion. Gains and losses from assets that are retired or disposed are recorded as non-operating revenue (expense), and the associated cost and accumulated depreciation are removed from the accounts.

Construction in progress consists mainly of projects to improve the airports hangars, taxiways, security, and utility improvements.

Capital Contributions

Capital contributions consist of grants and contributions from federal and state governmental agencies. Capital contributions are funds received from these agencies for specific improvements to the airport facilities. In the normal course of business, the Authority applies for and receives funds from the FAA under airport improvement program grants, and the Florida Department of Transportation under aviation development grants. Costs incurred under these agreements are subject to review and approval by the granting agencies. Contributions and grants for improvements are reported as non-operating revenues in the statement of revenues, expenses, and changes in net position.

Revenue Recognition

Revenues from aviation fuel sales are recorded when the sale is made. Revenues from hangar rentals are recognized when due. Prepaid hangar rents are recognized ratably over the life of the respective leases.

Net position

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

Budgets

Florida Statutes governs the preparation, adoption, and administration of the budget for special districts. The Board of Directors of the Authority adopted a Budget at its August 9, 2022, board meeting for the fiscal year 2023 and is available to the public at the TCAA website.

Risk Management and Insurance

The Authority insures itself against losses from casualty, accident, and dishonesty by purchasing insurance. During the year ended September 30, 2023, the Authority received no significant refunds nor additional bills for prior year premiums. The Authority believes the level of insurance purchased is adequate to protect it from material loss. No significant changes in coverage or claims have been made in recent years.

**TRI-COUNTY AIRPORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023**

NOTE 2- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Hangar Leases

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 used to finance 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 Authority generally leases its hangar spaces to tenants under short-term leases of 12 months or less, renewable annually, which are excluded from the guidance of GASB 87. Hangar rental revenues are recognized as operating revenues at the time such payments are due. Prepaid hangar rents are recognized ratably over the period for which the agreement is in place.

Estimates

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

Date of Management's Review

Management has evaluated subsequent events through June 21, 2024, which is the date the basic financial statements were available to be made.

NOTE 3- CASH AND DEPOSITS WITH FINANCIAL INSTITUTIONS

Tri-County Airport Authority, in accordance with state and local regulations, deposits its cash funds in approved financial institutions. The financial institutions are required to pledge U.S. Government Securities as collateral for such funds. Custodial credit risk is the risk that in the event of bank failure, TCAA's deposits may not be returned to it. TCAA does not have a deposit policy for custodial credit risk or interest rate risk. TCAA has not formally adopted deposit and investment policies that limit allowable deposits or investment and address the specific types of risk to which TCAA might be exposed, but adheres to the provisions of Section 218.415 Florida Statutes.

TCAA maintains its cash balances with One Florida Bank. At September 30, 2023, the carrying amount of these deposits was \$360,329, which exceeds the federally insured limit of \$250,000 by \$110,329.

**TRI-COUNTY AIRPORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023**

NOTE 4- CHANGES IN CAPITAL ASSETS

Changes in the Authority's capital assets for the year ended September 30, 2023 were as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Transfers In (Out)</u>	<u>Ending Balance</u>
Capital Assets not depreciated:				
Land	\$ 56,990	\$ 10,000	\$ -	\$ 66,990
Construction in Process	537,327	941,449	(480,846)	997,930
Total capital assets not depreciated:	<u>594,317</u>	<u>951,449</u>	<u>(480,846)</u>	<u>1,064,920</u>
Other capital assets:				
Building and improvements	3,672,589	-	-	3,672,589
Machinery and equipment	710,240	14,211	-	724,451
Infrastructure	10,778,038	-	451,709	11,229,747
Total other capital assets:	<u>15,160,867</u>	<u>14,211</u>	<u>451,709</u>	<u>15,626,787</u>
Less Accumulated Depreciation	<u>(7,883,737)</u>	<u>(701,300)</u>	<u>-</u>	<u>(8,585,037)</u>
Net Capital Assets	<u>\$ 7,871,447</u>	<u>\$ 264,360</u>	<u>\$ (29,137)</u>	<u>\$ 8,106,670</u>

NOTE 5- SHORT-TERM DEBT ACTIVITY

The Authority entered into a line of credit with One South Bank in May of 2017 to fund expenditures related to the Aviation Development Grants. The line has a max credit amount of \$100,000 and is renewable annually upon notice of intent from the Authority. Interest accrues on the outstanding balance at a rate of 2.95%.

The draws and repayments during the fiscal year ending September 30, 2023 on this line of credit were as follows:

	<u>Beginning Balance</u>	<u>Draws</u>	<u>Principal Repayments</u>	<u>Ending Balance</u>
<u>Governmental Activities</u>				
Line of Credit	<u>\$ 20,921</u>	<u>\$ 72,575</u>	<u>\$ (23,387)</u>	<u>\$ 70,109</u>

NOTE 6- GRANT REVENUES

During the year ended September 30, 2023 the Authority received grant funds relating to non-capital expenditures from the State of Florida in the form of Aviation Development Grants with the Florida Department of Transportation (FDOT) and from the Federal Aviation Administration.

**TRI-COUNTY AIRPORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023**

NOTE 6- GRANT REVENUES – Continued

The Authority recorded grant revenues from the following contracts during the year ended September 30, 2023:

<u>Project</u>	<u>Contract#</u>	<u>Revenues</u>
Access & Security Improvements	G1J20	\$ 923,589
Obstruction Removal	G2792	36,725
Utility Improvements - Stormwater and Electrical	G2834	85,000
Remarking of Taxiway and Runways	G2H71	17,000
Remarking of Taxiway and Runways	3-12-0007-018-2023	41,370
		<u>\$ 1,103,684</u>

NOTE 7 – PROJECT COMMITMENTS

the Authority receives grant funding from the Federal Aviation Administration ("FAA") and the Florida Department of Transportation ("FDOT") for the costs of various projects. A grant agreement is entered into for each grant funded project the Authority begins and it may be with the FAA, FDOT or both. The grant agreements specify the percentage for which the FAA is responsible, if applicable, the percentage for which the FDOT is responsible, if applicable, and the percentage for which the Authority is responsible. As of September 30, 2023, the Authority had open contracts for various projects. The contracts totaled approximately \$3,482,981, of which approximately \$2,306,925 was uncompleted.

NOTE 8 – CONTINGENCIES

The Authority receives grants to fund capital improvement projects from the FAA and FDOT. Grants received from grantor agencies are subject to review and adjustment by the grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. Based upon prior experience, the Authority does not believe that any such disallowances, if any, would have a material effect on the financial position of the Authority.

The operations of the Authority are dependent upon the condition of the Authority's facilities. These facilities are continuously being improved substantially through the receipt of federal and state funding. Loss or reduction of such funding may have a material effect on the operations of the Authority

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 of the
TRI-COUNTY AIRPORT AUTHORITY
Bonifay, 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 business-type activities and major fund of Tri-County Airport Authority (the "Authority"), as of and for the fiscal year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise Authority's basic financial statements, and have issued our report thereon dated June 21, 2023.

Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies, and therefore, material weaknesses or significant deficiencies may exist that have not been identified. There were identified certain deficiencies in internal control, described in the accompanying schedule of findings at item 2007-001 (repeat finding) that are considered to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an

opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Tri-County Airport Authority Response to Findings

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

Purpose of this Report

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

Brandon, Florida
June 21, 2024

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SCHEDULE OF FINDINGS

**TRI-COUNTY AIRPORT AUTHORITY
SCHEDULE OF FINDINGS – FINANCIAL STATEMENT AUDIT
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023**

FINDINGS – FINANCIAL STATEMENT AUDIT

2007-001

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

Condition – The Authority relies on the external audit to assist with preparing and explaining financial statements in conformity with generally accepted accounting principles (GAAP).

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

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

Recommendation – the Authority should continue to consider the cost and benefits of developing and implementing such a system with the understanding that due to the size of the entity, external assistance will likely continue to be needed to assist in preparing the accounting records to produce the financial statements in accordance with GAAP.

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

Board of Directors of the
TRI-COUNTY AIRPORT AUTHORITY
Bonifay, Florida

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

Report on Compliance for Each Major Federal Program and State Project

We have audited the Tri-County Airport Authority's (the "Authority") compliance with the types of compliance requirements described in the OMB Compliance Supplement, and the requirements described in the *Department of Financial Services' State Projects Compliance Supplement*, that could have a direct and material effect on the Authority's major Federal programs and State projects for the fiscal year ended September 30, 2023. The Authority's major Federal program and State projects are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with Federal and State statutes, regulations, and the terms and conditions of its Federal awards and State projects applicable to its Federal programs and State projects.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for the Authority's major Federal program and State projects based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. Code of Federal Regulations, Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance); and Chapter 10.550, Rules of the Auditor General. Those standards, the Uniform Guidance, and Chapter 10.550, Rules of the Auditor General, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major Federal program or State project occurred. An audit includes examining, on a test basis, evidence about the Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on the Major Federal Program and State Project

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

Report on Internal Control Over Compliance

Management of the Authority is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Authority's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program or state project to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and state project, and to test and report on internal control over compliance in accordance with the Uniform Guidance and Chapter 10.550, Rules of the Auditor General, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified. The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance and Chapter 10.550, Rules of the Auditor General. Accordingly, this report is not suitable for any other purpose.

Brandon, FL
June 21, 2024

**TRI-COUNTY AIRPORT AUTHORITY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023**

Grantor	CFDA / CFSA Number	Contract / Grant Number	<u>Expenditures</u>
<u>Pass-through grantor Federal Program / State Project</u>			
United States Department of Transportation			
Federal Aviation Administration			
	20.106	3-12-0007-018-2023	<u>\$ 41,370</u>
Florida Department of Transportation			
Aviation Development Grants			
	55.004	G1J20	\$ 923,589
	55.004	G2792	36,725
	55.004	G2834	85,000
	55.004	G2H71	17,000
Total Expenditures of State Financial Assistance			<u>\$ 1,062,314</u>
Total Expenditures of Federal Awards and State Financial Assistance			<u><u>\$ 1,103,684</u></u>

**TRI-COUNTY AIRPORT AUTHORITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS –
FEDERAL PROGRAMS AND STATE PROJECTS
FISCAL YEAR ENDED SEPTEMBER 30, 2023**

SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditor's report issued on whether the financial statements audited were prepared in accordance with GAAP: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? No

Significant deficiency(ies) identified? None reported

Noncompliance material to financial statements noted? No

Federal Awards and State Projects

Internal control over major Federal programs or State projects:

Material weakness(es) identified? No

Significant deficiency(ies) identified? None reported

Type of auditor's report issued on compliance for major Federal programs or State projects: Unmodified

Any audit findings disclosed that are required to be reported in accordance with CFR 200.516(a) or Chapter 10.557

Rules of the Auditor General? No

**TRI-COUNTY AIRPORT AUTHORITY
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS –
 FEDERAL PROGRAMS AND STATE PROJECTS
 FISCAL YEAR ENDED SEPTEMBER 30, 2023**

Identification of major Federal programs or State projects:

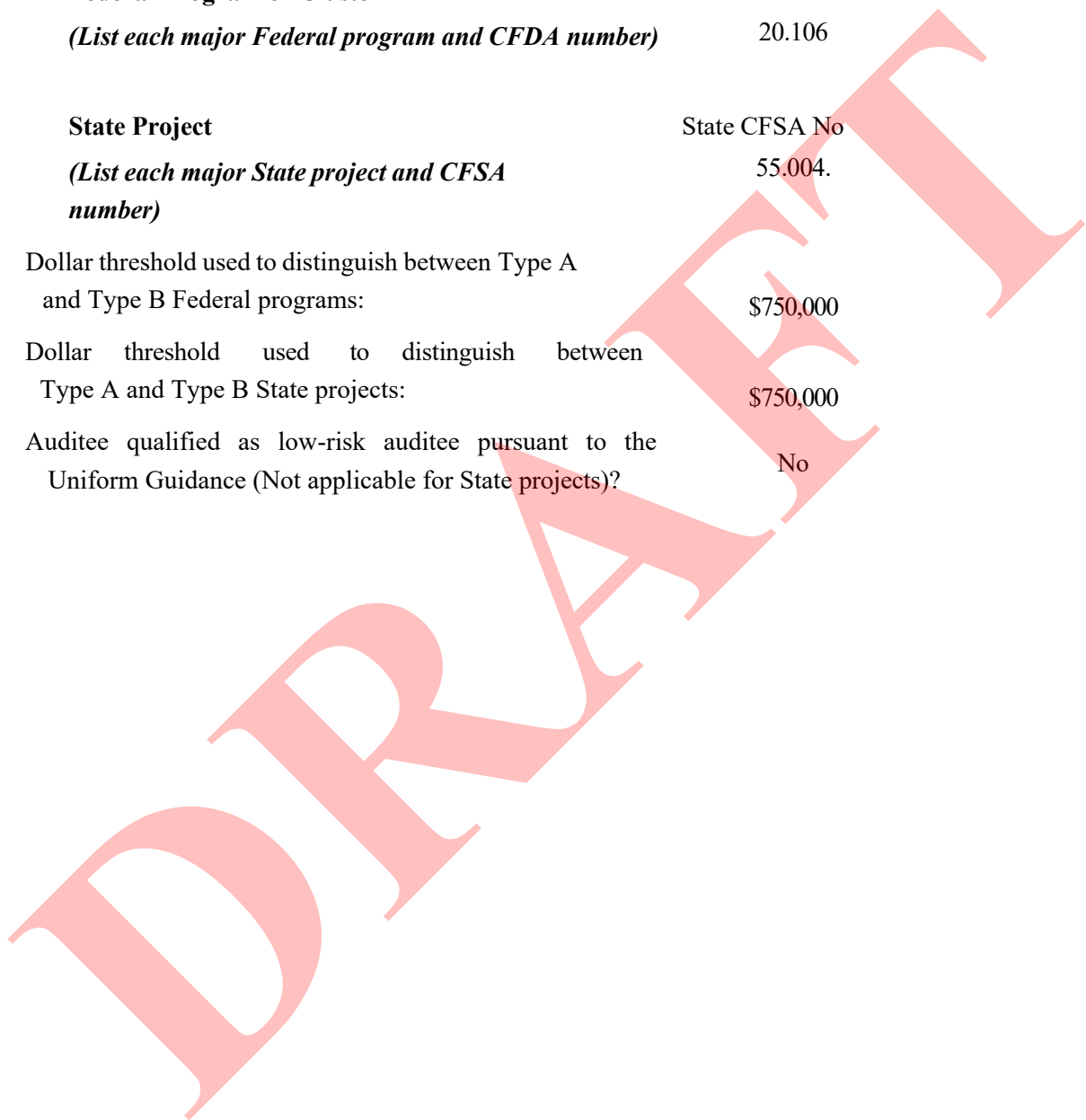
Federal Program or Cluster <i>(List each major Federal program and CFDA number)</i>	Federal CFDA No. 20.106
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State Project <i>(List each major State project and CFSA number)</i>	State CFSA No 55.004.
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Dollar threshold used to distinguish between Type A and Type B Federal programs:	\$750,000
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Dollar threshold used to distinguish between Type A and Type B State projects:	\$750,000
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Auditee qualified as low-risk auditee pursuant to the Uniform Guidance (Not applicable for State projects)?	No
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**INDEPENDENT AUDITORS' MANAGEMENT LETTER
 PURSUANT TO THE RULES OF THE AUDITOR GENERAL
 FOR THE STATE OF FLORIDA**

Board of Directors of the
 Tri-County Airport Authority
 Bonifay, Florida

Report on the Financial Statements

We have audited the accompanying basic financial statements of Tri-County Airport Authority (“Authority”), as of and for the fiscal year ended September 30, 2023, and have issued our report thereon dated June 21, 2024.

Auditors' Responsibility

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

Other Reporting Requirements

We have also 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* 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, which are dated June 21, 2024, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.554(1)(i)1., *Rules of the Auditor General*, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. The following findings and recommendations remain from prior audit years:

Tabulation of Uncorrected Audit Findings			
Current Year	2021-22 FY	2020-21 FY	2019-20 FY
Finding #	Finding #	Finding #	Finding #
2007-001	2007-001	2007-001	2007-001

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. The legal authority is disclosed in the notes to the financial statements.

Financial Condition and Management

Sections 10.554(1)(i)5.a. and 10.556(7), *Rules of the Auditor General*, require that we apply appropriate procedures and report 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 identification of the specific conditions met. In connection with our audit, the results of our tests did not indicate that the Authority met 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. See 'Prior Audit Findings' on page 20, above.

Special District Component Units

Section 10.554(1)(i)5.c., Rules of the Auditor General, requires that we determine whether or not a special district that is a component unit of a county, municipality, or special district, provided the financial information necessary for proper reporting of the component unit, within the audited financial statements of the county, municipality, or special district in accordance with Section 218.39(3)(b), Florida Statutes. In connection with our audit, we determined the Authority is not a component unit of any other entity, nor does it have any component units.

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 District reported:

- a. The total number of employees compensated in the last pay period of the fiscal year was one.
- b. The authority paid compensation to one independent contractor in the last month of the fiscal year.
- c. Compensation earned or awarded to employees in total amounted to \$37,744.
- d. All compensation earned or awarded to non-employee independent contractors amounted to \$10,444.
- e. The Authority has the following projects with a total cost of at least \$65,000 approved by the Authority and scheduled to begin on or after October 1 the fiscal year 2023:

<u>Contract #</u>	<u>Agency</u>	<u>Description</u>	<u>\$ Amount</u>
G2632	FDOT	Height Zoning Ordinance Development	\$100,000
G2792	FDOT	Obstruction Removal	\$125,000
G2834	FDOT	Utility Improvements: Stormwater and Electrical	\$525,000
G2U82	FDOT	Hangar Site Improvements	\$750,000
G2K15	FDOT	ROFA & OFZ Improvements	\$450,000
3-12-007-017-2023	FAA	Airfield Electrical Vault	\$475,667

Specific Information – continued

- f. The Authority did not amend any budget under Section 189.016(4), Florida Statutes, for the fiscal year reported.

Additional Matters

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

Purpose of this Letter

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

Brandon, Florida
June 21, 2024

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**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH THE
REQUIREMENTS OF SECTION 218.415, FLORIDA STATUTES, REQUIRED BY
RULE 10.550(10), OF THE AUDITOR GENERAL OF THE STATE OF FLORIDA**

Board of Directors of the
Tri-County Airport Authority
Bonifay, Florida

We have examined the Tri-County Airport Authority ("Authority") compliance with Section 218.415, Florida Statutes, regarding the investment of public funds during the year ended September 30, 2023.

Management is responsible for the Authority compliance with those requirements. Our responsibility is to express an opinion on the Authority's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence about the Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides reasonable basis for our opinion. Our examination does not provide a legal determination on the Authority's compliance with specified requirements.

In our opinion, the Authority complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2023.

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

Brandon, Florida
June 21, 2024