

TRI-COUNTY AIRPORT AUTHORITY

BONIFAY, FLORIDA

FINANCIAL REPORT

SEPTEMBER 30, 2016

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INDEPENDENT AUDITOR'S REPORT

GRIMSLEY, CAVIN & COMPANY, P.A.

CERTIFIED PUBLIC ACCOUNTANTS

OWEN W. GRIMSLEY, C.P.A.
DALE L. CAVIN, C.P.A.

MEMBERS
FLORIDA INSTITUTE AND
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Tri-County Airport Authority
Bonifay, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities and major fund of the Tri-County Airport Authority as of and for the year ended September 30, 2016, and the related notes to the financial statements, which collectively comprise the Tri-County Airport Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the major fund of the Tri-County Airport Authority, as of September 30, 2016, and the respective changes in financial position, and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Management has omitted the Management Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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 statement in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Tri-County Airport Authority's basic financial statements. The accompanying schedule of expenditures of state projects is presented for purposes of additional analysis as required by Chapter 10.550, Rules of the Auditor General, and is 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 or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of state projects is 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 September 6, 2017, on our consideration of the Tri-County Airport's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Tri-County Airport Authority's internal control over financial reporting and compliance.

Grimsley, Cavin & Company

Marianna, Florida
September 6, 2017

Grimsley, Cavin & Company, P.A.
Certified Public Accountants

FINANCIAL STATEMENTS

Tri-County Airport Authority
Statement of Net Position
For the Year Ended September 30, 2016

	Business-type Activities
	<u>2016</u>
ASSETS	
Cash and Cash Equivalents	\$ 102,990
Accounts Receivable	270,195
Capital Assets:	
Land and Construction in Process	1,810,705
Other Capital Assets, Net of Depreciation	6,803,463
Total Capital Assets	<u>8,614,168</u>
Total Assets	<u>8,987,353</u>
LIABILITIES	
Accounts Payable	<u>270,195</u>
Total Liabilities	<u>270,195</u>
NET POSITION	
Invested in Capital Assets, Net of Related Debt	8,343,973
Unrestricted	373,185
Total Net Position	<u>\$ 8,717,158</u>

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

Tri-County Airport Authority
Statement of Activities
For the Year Ended September 30, 2016

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense) Revenue and Changes in Net Position</u>
		<u>Charges for Services</u>	<u>Capital Grants and Contributions</u>	<u>Business-type Activities</u>
Business-type Activities:				
Airport	\$ 659,494	\$ 208,978	\$ 945,068	\$ 494,552
				494,552
				8,222,606
				<u>\$ 8,717,158</u>

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

Tri-County Airport Authority
Statement of Net Position – Proprietary Fund
For the Year Ended September 30, 2016

	<u>2016</u>
ASSETS	
Current Assets:	
Cash and Cash Equivalents	\$ 102,990
Accounts Receivable	<u>270,195</u>
Total Current Assets	<u>373,185</u>
Noncurrent Assets:	
Capital Assets:	
Land	56,990
Buildings and Improvements	3,652,064
Equipment and Machinery	719,772
Infrastructure	6,681,453
Construction In Process	1,753,715
Less Accumulated Depreciation	<u>(4,249,826)</u>
Total Noncurrent Assets	<u>8,614,168</u>
Total Assets	<u>8,987,353</u>
LIABILITIES	
Current Liabilities:	
Accounts Payable	<u>270,195</u>
Total Liabilities	<u>270,195</u>
NET POSITION	
Invested in Capital Assets, Net of Related Debt	8,343,973
Unrestricted	<u>373,185</u>
Total Net Position	<u>\$ 8,717,158</u>

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

Tri-County Airport Authority
Statement of Revenues, Expenses and Changes in Fund Net Position –
Proprietary Fund
For the Year Ended September 30, 2016

	<u>2016</u>
OPERATING REVENUES:	
Charges for Services	\$ 208,978
Total Operating Revenue	<u>208,978</u>
 OPERATING EXPENSES:	
Insurance	11,464
Utility Service	15,349
Fuel	62,784
Repair and Maintenance	6,442
Office Expense	11,783
Commissions	31,361
Accounting and Auditing	1,300
Miscellaneous	4,423
Depreciation	514,588
Total Operating Expenditures	<u>659,494</u>
 Operating Loss	 <u>(450,516)</u>
 (Loss) before Contributions	 (450,516)
 Capital Contributions	 <u>945,068</u>
 Change in Net Position	 494,552
Net Position, beginning of year	<u>8,222,606</u>
Net Position, end of year	<u><u>\$ 8,717,158</u></u>

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

Tri-County Airport Authority
Statement of Cash Flows – Proprietary Fund
For the Year Ended September 30, 2016

	<u>2016</u>
Cash Flows from Operating Activities:	
Charges for Services	\$ 208,978
Payments to Suppliers	<u>(164,994)</u>
Net Cash provided in Operating Activities	<u>43,984</u>
 Cash Flows from Capital and Related Financing Activities:	
Capital Contributions	945,068
Purchases of Capital Assets	<u>(958,776)</u>
 Net Cash Used for Capital and Related Financing Activities	<u>(13,708)</u>
 Net Increase in Cash and Cash Equivalents	30,276
Cash and Cash Equivalents, beginning of year	<u>72,714</u>
Cash and Cash Equivalents, end of year	<u>\$ 102,990</u>
 Reconciliation of Operating Loss to Net Cash Provided by Operating Activities:	
Operating Loss	\$ (450,516)
Adjustments to Reconcile Operating Loss to Net Cash Provided by Operating Activities:	
Depreciation	514,588
Increase/Decrease in Accounts Payable related to operations	<u>(20,088)</u>
 Net Cash provided in Operating Activities	<u>\$ 43,984</u>

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

NOTES TO THE FINANCIAL STATEMENTS

Tri-County Airport Authority
Notes to the Financial Statements
September 30, 2016

NOTE 1 – REPORTING ENTITY

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Government-wide and fund financial statements

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

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

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

Measurement focus, basis of accounting, and financial statement presentation

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period.

Tri-County Airport Authority
Notes to the Financial Statements
September 30, 2016

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

For this purpose, the government considers revenues to be available if they are collected within sixty days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

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

Fund Accounting

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

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

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

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

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

The Authority reports the following major proprietary fund:

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

Cash and Cash Equivalents

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

Tri-County Airport Authority
Notes to the Financial Statements
September 30, 2016

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Capital Assets

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

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

Net Position

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

Budgets

Florida Statutes governs the preparation, adoption, and administration of the budget for the special district. The District did not adopt a budget for the fiscal year ending September 30, 2016.

Financial Reporting Entity

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

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

Risk Management and Insurance

The Authority insures itself against losses from casualty, accident and dishonesty by purchasing insurance. During the year ended September 30, 2016, the Authority received no significant refunds nor additional bills for prior year premiums.

The Authority believes the level of insurance purchased is adequate to protect it from material loss. No significant changes in coverage or claims have been made in recent years.

Estimates

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

Tri-County Airport Authority
Notes to the Financial Statements
September 30, 2016

NOTE 3 - CASH AND DEPOSITS WITH FINANCIAL INSTITUTIONS

Tri-County Airport Authority, in accordance with state and local regulations, deposits its cash funds in approved financial institutions. The financial institutions are required to pledge U.S. Government Securities as collateral for such funds. Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a deposit policy for custodial credit risk or interest rate risk. The District has not formally adopted deposit and investment policies that limit the District's allowable deposits or investment and address the specific types of risk to which the District might be exposed. The District maintains cash balances at one bank in Marianna, Florida. At September 30, 2016, the carrying amount of the district's deposits was \$102,990 and the bank balance was \$138,215. The bank balance was covered by federal depository insurance.

NOTE 4 - ACCOUNTS RECEIVABLE

The Authority reported receivables in the amount of \$270,195 at September 30, 2016 from various grant projects. No allowance for uncollectible accounts is considered necessary.

NOTE 5 - CHANGES IN CAPITAL ASSETS

Additions and deletions of capital assets for the year ended September 30, 2016 were:

	<u>Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u>
Capital assets not being depreciated:				
Land	\$ 56,990	\$ -	\$ -	\$ 56,990
Construction in Process	<u>1,672,445</u>	<u>834,204</u>	<u>752,934</u>	<u>1,753,715</u>
Total capital assets not being depreciated:	<u>1,729,435</u>	<u>834,204</u>	<u>752,934</u>	<u>1,810,705</u>
Other capital assets:				
Buildings and Improvements	3,652,064	-	-	3,652,064
Machinery and equipment	719,772	-	-	719,772
Infrastructure	<u>5,800,272</u>	<u>881,181</u>	<u>-</u>	<u>6,681,453</u>
Total other capital assets:	<u>10,172,108</u>	<u>881,181</u>	<u>-</u>	<u>11,053,289</u>
Less Accumulated Depreciation	<u>(3,735,238)</u>	<u>(514,588)</u>	<u>-</u>	<u>(4,249,826)</u>
Net	<u>\$ 8,166,305</u>	<u>\$ 1,200,797</u>	<u>\$ 752,934</u>	<u>\$ 8,614,168</u>

Tri-County Airport Authority
Notes to the Financial Statements
September 30, 2016

NOTE 6 - CAPITAL IMPROVEMENT GRANTS

During the year ended September 30, 2016, the Authority received capital improvement grant funds from the State of Florida in the form of Aviation Development Grants with the Florida Department of Transportation (FDOT) and from the Federal Aviation Administration.

The Authority received grant revenues from the following contracts during the year ended September 30, 2016:

<u>Project</u>	<u>Contract #</u>	<u>Amount Received</u>
Construct Partial Parallel Taxiway	ARC26	\$ 661,523
Construct Runway and Taxiway Extension Phase 3	ARL07	112,947
Overlay Runway 1-19	ARL08	91,127
Construct a Four(4) Unit Box Hangar and Taxiway	GOE64	13,972
Construct taxiway (Design Only)	3-12-0007-011-2015	<u>65,499</u>
		<u>\$ 945,068</u>

NOTE 7 - NET WORKING CAPITAL

The net working capital of the Enterprise Funds current assets less current liabilities was \$102,990 as of September 30, 2016.

SCHEDULE OF EXPENDITURES OF STATE AWARDS

Tri-County Airport Authority
 Schedule of Expenditures of State Awards
 For the Year Ended September 30, 2016

State Agency, Pass-through Entiy, <u>State Project</u>	<u>CSFA Number</u>	<u>Contract Grant Number</u>	<u>Financial Project Number</u>	<u>Expenditures</u>
Florida Department of Transportation				
Aviation Development Grants	55.004	ARC26	42362149401	\$ 661,523
Aviation Development Grants	55.004	ARL07	42562329401	112,947
Aviation Development Grants	55.004	ARL08	42562349401	91,127
Aviation Development Grants	55.004	GOE64	42562339401	<u>13,972</u>
				<u>\$ 879,569</u>

Note 1-

Basis of Presentation

The accompanying schedule of expenditures of state financial assistance projects includes the state award activity of Tri-County Airport Authority and is presented on the accrual basis of accounting.

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

GRIMSLEY, CAVIN & COMPANY, P.A.

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

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

We have examined the Tri-County Airport Authority's compliance with the requirements of Section 218.415, Florida Statutes, *Local Governments Investment Policies*, during the year ended September 30, 2016. Management is responsible for the Tri-County Airport Authority's compliance with those requirements. Our responsibility is to express an opinion on the Tri-County Airport Authority's cooperation based on our examination.

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

In our opinion, the Tri-County Airport Authority complied, in all material aspects, with the aforementioned requirements for the year ended for the year ended September 30, 2016.

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

Grimsley, Cavin & Company

September 6, 2017
Marianna, Florida

Grimsley, Cavin & Company, P.A.
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND
OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Directors
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, as of and for the year ended September 30, 2016, and the related notes to the financial statements, which collectively comprise Tri-County Airport Authority's basic financial statements and have issued our report thereon dated September 6, 2017.

Internal Control over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 2007-001, 2012-001, 2014-003 and 2016-001 to be material weaknesses.

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. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as item 2003-002 to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Tri-County Airport Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as items 2014-001, 2014-002, 2015-004, 2016-002, and 2016-003.

Tri-County Airport Authority's Response to Findings

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

Purpose of this Report

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

Grimsley, Cavin & Company

Marianna, Florida
September 6, 2017

Grimsley, Cavin & Company, P.A.
Certified Public Accountants

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

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

Board of Directors
Tri-County Airport Authority
Bonifay, Florida

Report on Compliance for Each Major State Project

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

Management's Responsibility

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

Auditor's Responsibility

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

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

Basis for Adverse Opinion on CSFA 55.004, Aviation Development Grant

As described in the accompanying schedule of findings and questioned costs, Tri-County Airport Authority did not comply with requirements regarding CSFA 55.004, Aviation Development Grant as described in finding numbers 2016-002 for Cash Management. Compliance with such requirements is necessary, in our opinion, for Tri-County Airport Authority to comply with the requirements applicable to that program.

Adverse Opinion on CSFA 55.004, Aviation Development Grant

In our opinion, because of the significance of the matter discussed in the Basis for Adverse Opinion paragraph, Tri-County Airport Authority did not comply, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on CSFA 55.004, Aviation Development Grant for the year ended September 30, 2016.

Report on Internal Control over Compliance

Management of Tri-County Airport 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 Tri-County Airport Authority's internal control over compliance with the types of requirements that could have a direct and material effect on each major state project to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major state project and to test and report on internal control over compliance in accordance with Chapter 10.550, Rules of the Auditor General, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Tri-County Airport Authority's internal control over compliance.

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

material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as item 2016-003 and 2015-004 that we consider to be a material weakness.

Tri-County Airport Authority's response to the internal control over compliance findings identified in our audit is described in the section of this report titled Response to Audit Findings. Tri-County Airport Authority's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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 10.550, Rules of the Auditor General. Accordingly, this report is not suitable for any other purpose.

Grimsley, Cavin & Company

Marianna, Florida
September 6, 2017

Grimsley, Cavin & Company, P.A.
Certified Public Accountants

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Tri-County Airport Authority
Schedule of Findings and Questioned Costs
For the Year Ended September 30, 2016

SUMMARY OF AUDITOR'S RESULTS

1. The auditor's report expresses an unmodified opinion on whether the financial statements of Tri-County Airport Authority were prepared in accordance with GAAP.
2. Four material weaknesses and one significant deficiency disclosed during the audit of the financial statements are reported in the Independent Auditor's Report on Internal Control over Financial Reporting and on compliance and Other Matters Based on an Audit of Financial Statements in Accordance with *Government Auditing Standards*.
3. Four instances of noncompliance material to the financial statement of Tri-County Airport Authority, which were required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
4. One material weakness in internal control over major state projects disclosed during the audit is report in the Independent Auditor's Report on Compliance for each Major Project and on Internal Control over Compliance Required by Chapter 10.550, Rules of the Auditor General.
5. The auditor's report on compliance for the major state award project for Tri-County Airport Authority expresses an adverse opinion on the major state project.
6. Audit findings that are required to be reported in accordance with Chapter 10.550, Rules of the Auditor General are reported in this Schedule.
7. The program tested as a major project were: Aviation Development Grant; CSFA No. 55.004.
8. The threshold used for distinguishing between Type A and B programs was the larger of \$100,000 or 30% of total state awards expensed.
9. Tri-County Airport Authority was determined to not be a low risk auditee.

Tri-County Airport Authority
Schedule of Findings and Questioned Costs
For the Year Ended September 30, 2016

FINDINGS – FINANCIAL STATEMENT AUDIT

2003-002

Criteria – Custody of assets, record keeping and recording of assets should have adequate separation.

Condition – Due to the size of the organization, proper separation of duties may not be feasible.

Effect – There is a lack of adequate internal controls over financial reporting.

Cause – This is a small one-person bookkeeping system.

Recommendation – The Board of Directors should remain very active and involved in the day-to-day operations. It is essential that records be maintained current and up-to-date. Controls should be established to provide checks and balances.

2007-001

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

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

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

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

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

Tri-County Airport Authority
Schedule of Findings and Questioned Costs
For the Year Ended September 30, 2016

2012-001

Criteria – Proper financial and accounting management requires a system of internal controls sufficient in design and operation to reduce to a relative low level the risk of errors and irregularities in the control of assets.

Condition – No physical inventory is taken and fuel sales are not reconciled on a monthly basis to the amount of fuel that is dispensed out the fuel tanks.

Effect – Fuel could be improperly dispensed out of the fuel tanks and management would have no knowledge of the missing fuel.

Cause – Those in charge of governance are not properly monitoring the fuel sales and consumption.

Recommendation – We recommend that a physical inventory be taken and that fuel sales be reconciled monthly with the amount of fuel that is dispensed out of the fuel tanks.

2014-001

Criteria – Per Florida Statute Chapter 189.016, the Tri-County Airport Authority is required to adopt a balanced budget by resolution and post the budget on the District's or County's website.

Condition – The Airport Authority did not adopt a balanced budget by resolution.

Effect – The Airport Authority is in violation of Florida Statutes, Chapter 189.016.

Cause – Due to the fact that the Airport Authority does not know what state and federal funding they will receive, they find it difficult to prepare a budget.

Recommendation – The Airport Authority should prepare a budget in order to be in compliance with Florida Statute 189.016 and make necessary amendments as the year progresses.

Tri-County Airport Authority
Schedule of Findings and Questioned Costs
For the Year Ended September 30, 2016

2014-002

Criteria – The Tri-County Airport Authority is required to deliver their audit report to the Florida Auditor General within nine months after the end of the audit period.

Condition – The Airport Authority did not file their audit report with the Florida Auditor General within nine months after the end of the audit period as required by Florida Statute 218.39(7) for fiscal year ended September 30, 2016.

Effect – The Airport Authority is in violation of Florida Statute 218.39(7).

Cause – The Airport Authority's records were not made available in a timely manner in order to facilitate the completion of the audit within nine months after the end of the audit period.

Recommendation – The Airport Authority should have controls in place to have their financial records available for audit in a timely manner after the fiscal year end. All reports are due nine months after the end of the audit period. Therefore, time should be allowed for the audit process to occur within the required parameters.

2014-003

Criteria - Proper financial and accounting management requires a system of internal control sufficient in design and operation to reduce to a relatively low level the risk of errors and irregularities in the control of assets, and that financial statement misstatement caused by error or fraud in material amounts can be detected in a timely period by employees in their normal course of their duties.

Condition - The hangar rental detail reports, prepared by the Airport Manager, which are used for internal management purposes contained numerous errors.

Effect – Management is receiving poor information for supervision and planning.

Cause - The Airport Authority's financial and accounting internal control system was not adequate to ensure financial records are free from errors.

Recommendation - The Board should stay apprised of the status of the financial accounting and controls system and follow up on any problems that exist. It is important that staff be provided proper training, assistance and supervision to maintain the internal accounting controls.

Tri-County Airport Authority
Schedule of Findings and Questioned Costs
For the Year Ended September 30, 2016

2016-001

Criteria – Proper financial and accounting management requires a system of internal controls sufficient in design and operation to efficiently and effectively reduce, to a relative low level, the risk of errors and irregularities in the control of assets and accounting records.

Condition – The Authority lacks procedures to ensure accounting records, monthly bank reconciliations, and Financial Statements are completed timely and without discrepancies.

Effect - There was no evidence that bank reconciliations or financial reports were prepared timely or reviewed for accuracy. Several errors were identified when reconciling cash to the general ledger activities. This could cause financial statements to be materially misstated

Cause – The Tri-County Airport Authority did not prepare monthly bank reconciliations nor an accurate current general ledger to accurately report and post financial statements.

Recommendation – The entity should consider the reconciliation of all asset accounts a high priority and put in place proper procedures to ensure books are currently and accurately posted and bank accounts are reconciled monthly to prevent misappropriation of funds and errors in the accounting records. It should also have financial statements reviewed by the Board.

Tri-County Airport Authority
Schedule of Findings and Questioned Costs
For the Year Ended September 30, 2016

FINDINGS AND QUESTIONED COSTS – MAJOR STATE PROJECT AUDIT

DEPARTMENT OF TRANSPORTATION

Aviation Development Grant, CSFA 55.004, Contract Numbers: ARC26, ARL07, ARL08, GOE64.

2016-002

Criteria – The Tri-County Airport Authority is required to comply with the Compliance Requirements of Cash Management set forth in Part Three of the Florida Single Audit Act, which states, disbursements from state awards are to be made on a reimbursable basis.

Condition – The Airport Authority did not make the proper advance payments before receiving reimbursement from the State.

Cause – Checks disbursed for state funding were all dated substantially earlier than date they cleared the bank. Of these disbursements, none cleared the bank before the reimbursement funding posted to the account. Reconciliation reports of bank account show funding for these outstanding checks would not have been adequate to cover the expense.

Effect – The Airport Authority is in violation of the State Project Compliance Requirement for proper Cash Management.

Recommendation – The Airport Authority should pay all costs incurred prior to requesting reimbursement from the State to insure compliance with Cash Management requirements set by the state. If the Authority is unable to front the funding, it should request a waiver from the State if applicable, or acquire other means of funding to support expenses incurred.

Questioned Costs - \$879,569

Tri-County Airport Authority
Schedule of Findings and Questioned Costs
For the Year Ended September 30, 2016

2016-003

Criteria – All costs charged to the project, including any approved services contributed by the Agency or others, shall be supported by properly executed payrolls, time records, invoices, contracts, or vouchers evidencing in proper detail the nature and propriety of the charges to ensure the costs incurred are allowable.

Condition – The Airport Authority could not make available all supporting documentation to ensure costs were allowable under the Grant Agreement.

Cause – In our testing we noted 1 instance where the accompanying invoice could not be provided.

Effect – The lack of supporting documentation prevents costs incurred to be properly noted under the State Project Compliance Requirement of Allowable Costs.

Recommendation – Better training and improvement of internal controls within the Organization should be set in place to improve record retention to help support costs incurred through Grant expenditures.

2015-004

Criteria – The Tri-County Airport Authority is required to deliver their audit report to the Florida Auditor General within nine months after the end of the audit period.

Condition – The Airport Authority did not file their audit report with the Florida Auditor General within nine months after the end of the audit period as required by the Florida Single Audit Act for the fiscal year ended September 30, 2016.

Effect – The Airport Authority is in violation of the Florida Single Audit Act.

Cause – The Airport Authority's records were not made available in a timely manner in order to facilitate the completion of the audit within nine months after the end of the audit period.

Recommendation – The Airport Authority should have controls in place to have their financial records available for audit in a timely manner after the fiscal year end. All reports are due nine months after the end of the audit period. Therefore, time should be allowed for the audit process to occur within the required parameters.

CORRECTIVE ACTION PLAN

**Tri-County Airport Authority
PO Box 756
Bonifay, FL 32425**

"Serving Holmes, Jackson, and Washington Counties"

CORRECTIVE ACTION PLAN

September 12, 2017

Cognizant or Oversight Agency for Audit

The Tri-County Airport Authority respectfully submits the following corrective action plan for the year ended September 30, 2016.

Name and address of independent public accounting firm:

Grimsley Cavin & Company, P.A.
Certified Public Accountants
P.O. Box 220
Marianna, FL 32447

Audit Period: October 1, 2015 through September 30, 2016.

FINDINGS AND QUESTIONED COSTS - MAJOR STATE PROJECT AUDIT

DEPARTMENT OF TRANSPORTATION

Aviation Development Grant, CSFA 55.004, Contract Numbers: ARC26, ARL07, ARL08, and G0E64.

2016-002

Criteria - The Tri-County Airport Authority is required to comply with the Compliance Requirements of Cash Management set forth in Part Three of the Florida Single Audit Act, which states, disbursements from state awards are to be made on a reimbursable basis.

Condition - The Airport Authority did not make the proper advance payments before receiving reimbursement from the State.

Cause - Checks disbursed for state funding were all dated substantially earlier than date they cleared the bank. Of these disbursements, none cleared the bank before the reimbursement funding posted to the account. Reconciliation reports of bank account show funding for these outstanding checks would not have been adequate to cover the expense.

Effect - The Airport Authority is in violation of the State Project Compliance Requirement for proper Cash Management.

Recommendation - The Airport Authority should pay all costs incurred prior to requesting reimbursement from the State to insure compliance with Cash Management requirements set by the state. If the Authority is unable to front the funding, it should request a waiver from the State if applicable, or acquire other means of funding to support expenses incurred.

Questioned Costs - \$879,569

Corrective Action Plan - The Airport has obtained a Line of Credit from a Federally Insured Banking Institution to help assist in covering costs incurred from Grant expenditures prior to receiving reimbursements from the State.

2016-003

Criteria - All costs charged to the project, including any approved services contributed by the Agency or others, shall be supported by properly executed payrolls, time records, invoices, contracts, or vouchers evidencing in proper detail the nature and propriety of the charges to ensure the costs incurred are allowable.

Condition - The Airport Authority could not make available all supporting documentation to ensure costs were allowable under the Grant Agreement.

Cause - In our testing we noted 1 instance where the accompanying invoice could not be provided.

Effect - The lack of supporting documentation prevents costs incurred to be properly noted under the State Project Compliance Requirement of Allowable Costs.

Recommendation - Better training and improvement of internal controls within the Organization should be set in place to improve record retention to help support costs incurred through Grant expenditures.

Corrective Action Plan - The Airport Authority has subsequently outsourced its accounting and financial reporting system to help improve its internal controls over record retention and invoicing for Grant expenditures.

2015-004

Criteria - The Tri-County Airport Authority is required to deliver their audit report to the Florida Auditor General within nine months after the end of the audit period.

Condition - The Airport Authority did not file their audit report with the Florida Auditor General within nine months after the end of the audit period as required by the Florida Single Audit Act for the fiscal year ended September 30, 2016.

Effect - The Airport Authority is in violation of the Florida Single Audit Act.

Cause - The Airport Authority's records were not made available in a timely manner in order to facilitate the completion of the audit within nine months after the end of the audit period.

Recommendation - The Airport Authority should have controls in place to have their financial records available for audit in a timely manner after the fiscal year end. All reports are due nine months after the end of the audit period. Therefore, time should be allowed for the audit process to occur within the required parameters.

Corrective Action Plan - The Airport Authority will implement controls for its accounting system in order for the financial statements and books to be properly posted and ready soon after its year end and will provide the auditing CPA all documentation and support in order for them to timely complete the audit.

Wendy Coakley

INDEPENDENT AUDITOR'S REPORT TO MANAGEMENT

GRIMSLEY, CAVIN & COMPANY, P.A.

CERTIFIED PUBLIC ACCOUNTANTS

OWEN W. GRIMSLEY, C.P.A.
DALE L. CAVIN, C.P.A.

MEMBERS
FLORIDA INSTITUTE AND
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS

Board of Directors
Tri-County Airport Authority
Bonifay, Florida

Report on the Financial Statements

We have audited the financial statements of the Tri-County Airport Authority, as of and for the fiscal year ended September 30, 2016, and have issued our report thereon dated September 6, 2017.

Auditor's Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; and Chapter 10.550, Rules of the Auditor General.

Other Reports and Schedule

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*; Report on Internal Control over Compliance; Schedule of Findings; and Independent Accountant's Report on an examination conducted in accordance with *AICPA Professional Standards*, Section 601, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports and schedule, which are dated September 6, 2017, should be considered in conjunction with this management letter

Prior Audit Findings

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

The management letter items are as follows:

Tabulation of Uncorrected Audit Findings		
Current Year Finding #	2013-14 FY Finding #	2012-13 FY Finding #
2011-001	2011-001	2011-001

The Schedule of Findings and Questioned Costs items are as follows:

Current Year Finding #	2014-15 FY Finding #	2013-14 FY Finding #
2003-002	2003-002	2003-002
2007-001	2007-001	2007-001
2012-001	2012-001	2012-001
2014-001	2014-001	2014-001
2014-002	2014-002	2014-002
2014-003	2014-003	2014-003
2015-004	2015-004	N/A
2016-001	N/A	N/A
2016-002	N/A	N/A
2016-003	N/A	N/A

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 the management letter, unless disclosed in the notes to the financial statements. This information is disclosed in the notes to the financial statements.

Financial Condition

Section 10.554(1)(i)5.a., Rules of the Auditor General, requires that we report the results of our determination as to whether or not the Tri-County Airport Authority has met one or more of the conditions described in Section 218.513(1), Florida Statutes, and identification of the specific condition(s) met. In connection with our audit, we determined that the Tri-County Airport Authority did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

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

Annual Financial Report

Section 10.554(1)(i)5.b., Rules of the Auditor General, requires that we report the results of our determination as to whether the annual financial report for the Tri-County Airport Authority for the financial year ended September 30, 2016, filed with the Florida Department of Financial Services pursuant to Section 218.32(1)(a), Florida Statutes, is in agreement with the annual financial audit report for the fiscal year ended September 30, 2016. In connection with our audit, we determined that these two reports were in agreement.

Other Matters

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

Section 10.554(1)(i)3., Rules of the Auditor General, requires that we address noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but which warrants the attention of those charged with governance. See items in the Schedule of Findings and Questioned Costs for the recommendations.

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

Prior Year Findings

2011-001: It was noted during the audit that invoices were not stamped paid. It is recommended that invoices be cancelled after payment to improve internal control within the organization. This item remains.

Current Year Findings

None

Grimsley, Cavin & Company

Grimsley, Cavin & Company, P.A.
Certified Public Accountant

RESPONSE TO FINDINGS

Tri-County Airport Authority
PO Box 756
Bonifay, FL 32425

“Serving Holmes, Jackson, and Washington Counties”

September 12, 2017

Grimsley Cavin & Company, P.A.
Certified Public Accountants
P.O. Box 220
Marianna, FL 32447
Re: Audit for Fiscal Year Ending September 30, 2016

Dear Mr. Grimsley

This letter is in response to the audit for the above referenced period for the Tri-County Airport Authority. We have listed below our responses to the findings noted by your Company.

1. Regarding the Schedule of Findings, Item 2003-002: The Airport Authority will be involved in the day-to-day operations as much as volunteer board members with full-time jobs can be. The Authority has hired an Airport Manager that helps in the managing of the revenue and records at the airport. Authority members receive minutes and financial reports at each monthly meeting and are given a detail briefing of the status of all projects on the airport. The Authority financial records will be maintained current and up to date as we have hired an accounting firm to do the Authorities financials. The Treasurer gives a financial report at each monthly meeting with a financial statement provided from the Authority's accountant. Controls are now in place to provide checks and balances.
2. Regarding the Schedule of Findings, Item 2007-001: The Authority Treasurer monitors the banking account on line and all checks written on the Authority's account are required to be signed by both the Chairman and the Treasurer. The Airport Authority has hired a local accounting firm to assist with the preparation of monthly statements, and providing the required checks and balances needed for the Authority. The Authority will consider the effects of the cost of developing and benefits of implementing a system for internal control over financial reporting.
3. Regarding the Schedule of Findings, Item 2012-001: The Authority will conduct a physical inventory each year and the fuel sales will be reconciled monthly with the amount of fuel dispensed from the fuel tanks and reconciled to Fuel Sales from the deposits into the Fuel Bank Account.
4. Regarding the Schedule of Findings, Item 2014-001: The Authority will be sure to prepare budget each year, forward it to Holmes County, and make amendments to it in accordance with FS 189.016.
5. Regarding the Schedule of Findings Item 2014-002: The Authority has outsourced its accounting to a private accounting firm to assist in the preparation of financial

statements, so they may be available for audit in a more efficient manner.

6. Regarding the Schedule of Findings Item 2014-003: The Airport Authority has hired a private accounting firm to assist in reconciling its hangar and fuel sales properly to assist in maintaining a better system of internal controls for financial reporting.

7. Regarding the Schedule of Findings Item 2016-001: The Airport Authority has recently hired an independent public accounting firm to assist in providing monthly reconciled bank reports, Monthly Cash Flow Reports, Quarterly Financial Statements and Yearly Financial Statements to ensure books are currently and accurately posted and bank accounts are reconciled monthly to prevent misappropriation of funds and errors in the accounting records and have proper Board members review these reports and inquire of any discrepancies or large variances from the reports and the budget.

I hope this has properly addressed the issues contained in the 2016 report. If other information is needed, please let us know.

You have the Authority's approval to submit this report to the Auditor General's Office as soon as possible. Thanks for your help in getting this audit completed.

Sincerely,


Jerry Cooley
Chairman