

**Port St. Joe Port Authority**  
**Financial Statements**  
**September 30, 2019**

**Vance CPA LLC**  
*Certified Public Accountant*  
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**PORT ST. JOE PORT AUTHORITY**

**For the Year Ended September 30, 2019**

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**INDEPENDENT AUDITORS' REPORT**

Board of Directors  
Port St. Joe Port Authority  
Port St. Joe, Florida

**Report on the Financial Statements**

We have audited the accompanying financial statements of the Port St. Joe Port Authority, (The Port Authority), as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the Port 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 *Governmental Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

### **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Port St. Joe Port Authority, as of September 30, 2019, and the respective changes in financial position and, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Other Matters**

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of changes in net pension liability and schedule of employers' pension contribution 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 29, 2020 on our consideration of the Port St. Joe Port 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 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 Port Authority's internal control over financial reporting and compliance.

Apalachicola, FL  
June 29, 2020

*Vance CPA LLC*

**Vance CPA, LLC**

**Port St. Joe Port Authority  
Management's Discussion and Analysis**

Management's discussion and analysis (MD&A) of the Port St. Joe Port Authority's ("the Port Authority") financial activities in the fiscal year ended September 30, 2019 is presented below. It should be read in conjunction with the Port Authority's financial statements.

**Financial Highlights and Analysis**

The Port Authority had total assets of over \$2.2 million and \$2.2 million on September 30, 2019 and 2018, respectively. Total assets of the Port Authority exceeded its liabilities at September 30, 2019 and 2018 by \$1.654 million and \$1.625 thousand, respectively. Of these amounts \$100,702 and \$83,977 may be used to meet the Port Authority's ongoing obligations (unrestricted net position), respectively. Net position increased by \$29 thousand. At September 30, 2019, the Port Authority employed no full time employees.

**The Port Authority's Funds**

The Port Authority records all transactions in a proprietary fund. Summarized 2019 and 2018 data (in 000's) is as follows:

	<u>Year Ended 9/30/2019</u>	<u>Year Ended 9/30/2018</u>
Operating revenue	\$ 94	\$ 109
Cost and expenses	(65)	(33)
Nonoperating revenue and expenses, net	—	82
<b>Net income</b>	<u><u>\$ 29</u></u>	<u><u>\$ 158</u></u>

Net nonoperating revenue in 2019 and 2018 was comprised principally of grant proceeds and contributions in the amounts of \$0 and \$87,753, respectively.

The Port Authority does not levy property taxes, but may levy non-ad valorem fees and assessments against benefited property. In addition, the Gulf County Commission and the City of Port St. Joe may levy millage to finance the Port Authority.

**Capital Assets**

The Port Authority had the sum of \$2.064 million invested in capital assets at September 30, 2019 and \$2.064 million at September 30, 2018.

**Port St. Joe Port Authority  
Management's Discussion and Analysis (continued)**

**Debt**

The Port Authority had \$509,898 and \$541,215 in debt outstanding at September 30, 2019, and 2018, respectively.

**Economic and Other Factors**

The future costs to finance the development and to operate a port facility will be significant and success will be dependent, among other things, on the ability of the Port Authority to attract shipping interest with adequate cargo volume to generate sufficient revenue for the Port Authority to conduct operations. In addition, the Port Authority must obtain sufficient financing through governmental grants and third party loans and/or investments to enable it to complete the development of a port site.

**Contacting the Port Authority**

This financial report is designed to provide interested parties with a general overview of the Port Authority's finances and to demonstrate the Port Authority's accountability for the money it receives. Questions about this report or requests for additional financial information should be addressed to the Port Authority's Director at P.O. Box 745, Port St. Joe, Florida, 32457.

**STATEMENT OF NET POSITION  
 PROPRIETARY FUND  
 PORT ST. JOE PORT AUTHORITY**

**For the Year Ended September 30, 2019**

<b>Current Assets</b>	
Cash and temporary cash investments	\$ 134,518
Accounts receivable	532
Prepaid assets	<u>2,140</u>
<b>Total current assets</b>	<u>137,190</u>
<b>Noncurrent Assets</b>	
<b>Capital assets</b>	
Land and construction in progress	2,063,800
Office equipment	4,933
Less accumulated depreciation	<u>(4,933)</u>
<b>Net capital assets</b>	<u>2,063,800</u>
<b>Total Assets</b>	<u><b>2,200,990</b></u>
<b>LIABILITIES</b>	
<b>Current liabilities:</b>	
Accounts payable	7,212
Note payable – current portion	<u>16,048</u>
<b>Total current liabilities</b>	<u>23,260</u>
<b>Long Term Liabilities</b>	
Accrued interest	31,778
Note payable	<u>493,850</u>
<b>Total long term liabilities</b>	<u>525,628</u>
<b>Total liabilities</b>	<u><b>548,888</b></u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Pension earnings	<u>(2,502)</u>
<b>Total deferred inflows</b>	<u><u>(2,502)</u></u>
<b>NET POSITION</b>	
Net investment in capital assets	1,553,902
Unrestricted	<u>100,702</u>
<b>Total net position</b>	<u>1,654,604</u>
<b>Total liabilities deferred inflows, and net position</b>	<u><b>\$ 2,200,990</b></u>

See accompanying notes to financial statements

**STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN NET POSITION – PROPRIETARY FUND**

**PORT ST. JOE PORT AUTHORITY**

**For the Year Ended September 30, 2019**

<b>Operating Revenues</b>	
Rent income	\$ 92,500
Miscellaneous revenue	<u>1,493</u>
	<u>93,993</u>
<b>Cost and expenses</b>	
Professional services	26,477
Insurance	3,481
Retirement expense	4,115
Dues	15,500
Other costs and expenses	<u>15,178</u>
<b>Total costs and expenses</b>	<u>64,751</u>
<b>Net income (loss)</b>	29,242
<b>Total net position, beginning of year</b>	<u>1,625,362</u>
<b>Total net position, end of year</b>	<u><b>\$ 1,654,604</b></u>

See accompanying notes to financial statements



## STATEMENTS OF CASH FLOWS – PROPRIETARY FUND

### PORT ST. JOE PORT AUTHORITY

For the Year Ended September 30, 2019

<b>Cash flows from operating activities</b>	
Receipts from customers	\$ 80,000
Expenses for services and suppliers	<u>(31,012)</u>
<b>Net cash used in operating activities</b>	<u>48,988</u>
<b>Cash flows from capital and related financing activities</b>	
Debt payments	<u>(31,317)</u>
<b>Net cash from capital and related financing activities</b>	<u>(31,317)</u>
<b>Net increase in cash and temporary investments</b>	17,671
<b>Cash and temporary investments, beginning of year</b>	<u>116,847</u>
<b>Cash and temporary investments, end of year</b>	<u><b>\$ 134,518</b></u>
<b>Reconciliation of loss from operations to net cash used in operating activities</b>	
Income from operations	29,242
(Increase) decrease in prepaid assets	207
(Increase) decrease in accounts receivable	24,468
Increase (decrease) in accounts payable	3,456
Increase (decrease) in pension liabilities	4,115
Increase (decrease) in deferred revenue	<u>(12,500)</u>
<b>Net cash (used in) operating activities</b>	<u><b>\$ 48,988</b></u>

See accompanying notes to financial statements

## **NOTES TO THE FINANCIAL STATEMENTS**

### **PORT ST. JOE PORT AUTHORITY**

**For the Year Ended September 30, 2019**

#### **NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

##### **A. Organization and Reporting Entity**

The Port St. Joe Authority (Port Authority) is an agency organized to acquire, construct, maintain and operate port terminal facilities at Port St. Joe, Florida. The Port Authority is an independent Special District created in 1955 under Special Act 1955, Chapter 30787, and amended in 1978 under Chapter 514. A special act under Laws of Florida, Chapter 2000-488, codified and amended previous acts of legislation.

The Port Authority's mission is to return the port to its historic status, thereby creating jobs and economic development for the Port St. Joe area. The County Commission of Gulf County may pledge the second cent gas tax or may levy a millage, and the City of Port St. Joe may levy a millage to finance the Port Authority. The Port Authority may also levy non ad valorem assessments and fees against benefited property. No taxes have been assessed since inception. The Port Authority is governed by a five-member Board of Directors appointed to four-year terms by the Governor of the State of Florida. The Port Authority has a Port Director and one additional employee. The Port Director and Board of Directors exercise oversight responsibility for all matters relating to Port Authority business. There are no component units for which the Port Authority has oversight responsibility. While the Port Authority is only operational to the extent of leasing land, extensive activities are occurring, including bulkhead construction and dredging, leasing a site for future port development and new customer interest.

##### **B. Basis of Accounting**

The Port Authority accounts for its financial activities on a flow of economic resources measurement focus (accrual basis of accounting). All assets and liabilities (whether current or noncurrent) associated with this activity are included on the statements of net position. Under this method, any revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. The Port Authority does not use an encumbrance system.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues will result from providing port services in connection with a proprietary fund's principal ongoing operations. Operating expenses include administrative and other expenses incurred in developing a port site. All revenue and expenses not meeting this definition are reported as nonoperating revenues and expenses.

## NOTES TO THE FINANCIAL STATEMENTS

### PORT ST. JOE PORT AUTHORITY

For the Year Ended September 30, 2019

#### NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

##### **GASB Statement No. 34**

The Port Authority follows the provisions of GASB Statement No. 34, *Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments*. Statement 34 establishes standards for external financial reporting for all state and local governmental entities which includes a Management's Discussion and Analysis section, a Balance Sheet, a Statement of Revenues, Expenses, and Changes in Net Position and a Statement of Cash Flows. It requires the classification of Net Position into three components - Invested in Capital Assets net of related debt; Restricted; and Unrestricted. The Port Authority had no restricted assets in 2019.

The Port Authority applies all applicable GASB pronouncements.

##### **C. Cash and Temporary Investments**

The Port Authority's cash and cash investments considers certificates of deposit and other highly liquid debt instruments to be cash equivalents. When applicable, the Port Authority follows GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*. Generally, this statement establishes fair value standards for various investments, including debt securities and open-end mutual funds.

##### **D. Income Taxes**

The Port Authority is an independent special district and is exempt from federal and state income taxes.

##### **E. Use of Estimates**

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

##### **F. Property and Improvements**

Property and improvements are recorded at cost. Property and improvements includes the cost of construction, dredging and engineering.

## **NOTES TO THE FINANCIAL STATEMENTS**

### **PORT ST. JOE PORT AUTHORITY**

**For the Year Ended September 30, 2019**

#### **NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

##### **G. Other Capital Assets**

It is the Port Authority's policy to capitalize property and equipment with a cost of over \$1,000 with an estimated useful life in excess of one year. Lesser amounts are expensed. Property and equipment is valued at historical cost or estimated historical cost if actual historical cost is not available. Donated fixed assets are valued at their estimated fair value on the date donated. Depreciation of fixed assets other than land and construction in process is charged as an expense against operations. Depreciation of office equipment is computed on the straight-line method over the estimated useful lives of the assets, generally 5-7 years.

##### **H. Accounting for Long-Lived Assets**

The Port Authority reviews its long-term assets, including property and improvements, for impairment whenever events or change in circumstances indicate that the carrying amount of the assets may not be recoverable.

##### **I. Subsequent Events**

The Authority evaluated subsequent events through June 29, 2020, the date which the financial statements were available to be issued. The Port Authority did not have any subsequent events requiring disclosure or recording in the financial statements.

##### **J. Deferred Inflows**

Deferred inflows reported in the business-type financial statements represent unearned revenues. The deferred inflows will be recognized as revenue in the fiscal year they are earned in accordance with the accrual basis of accounting.

#### **NOTE 2 – DEPOSITS AND INVESTMENTS**

##### **Deposits**

All cash resources of the Port Authority are placed in banks that are qualified public depositories, as required by law (Florida Security for Public Deposits Act). Every qualified public depository is required by this law to deposit with the State Treasurer eligible collateral equal to, or in excess of, an amount to be determined by the State Treasurer. The State Treasurer is required by this law to ensure that the Port Authority's funds are entirely collateralized throughout the fiscal year.

## **NOTES TO THE FINANCIAL STATEMENTS**

### **PORT ST. JOE PORT AUTHORITY**

**For the Year Ended September 30, 2019**

#### **NOTE 2 – DEPOSITS AND INVESTMENTS (continued)**

In the event of failure by a qualified public depository, losses, in excess of federal depository insurance and proceeds from the sale of the securities pledged by the defaulting depository, are assessed against the other qualified public depositories of the same type as the depository in default. When other qualified public depositories are assessed additional amounts, they are assessed on a pro-rata basis.

#### **Investments**

Florida Statutes, Section 218.415, authorizes the Port Authority to invest surplus funds in the following;

The Local Government Surplus Funds Trust Fund, or any intergovernmental investment pool authorized pursuant to the Florida Interlocal Cooperation act of 1969; Securities and Exchange Commission registered money market funds with the highest credit quality rating from a nationally recognized rating agency; interest-bearing time deposits or savings accounts in qualified public depositories; or direct obligations of the United States Treasury.

#### **Credit Risks**

The credit risk of certain investments, such as investment pools managed by other outside parties, cannot be categorized as to credit risk because such investments are not evidenced by specific, identifiable investment securities. The Port Authority does not own these types of investments.

#### **Interest Rate Risks**

At September 30, 2019, the Port Authority did not hold any investments that were considered to be an interest rate risk.

#### **Custodial Risks**

At September 30, 2019, the Port Authority did not hold any deposits or investments that were considered to be a custodial risk.

#### **Concentration of Credit Risk**

At September 30, 2019, the Port Authority did not hold any investments that were considered to be a concentration of credit risk.

## NOTES TO THE FINANCIAL STATEMENTS

### PORT ST. JOE PORT AUTHORITY

For the Year Ended September 30, 2019

#### NOTE 3 – EMPLOYEE BENEFITS

##### A. Florida Retirement System

*Plan Description* – The Authority contributes to the Florida Retirement System (the FRS), a cost-sharing multiple-employer defined benefit pension plan administered by the State of Florida, Department of Administration, Division of Retirement. The FRS provides retirement, disability or death benefits to retirees or their designated beneficiaries along with an annual cost-of-living adjustment. Employees are classified in either the regular service class or the senior management service class. Currently, the active participants for Port St. Joe Port Authority are 0 out of total of 514,629 active FRS participants.

The Florida Legislature created the Florida Retirement Investment Plan (the “investment Plan”), a defined contribution plan qualified under Section 401 (a) of the Internal Revenue Code. The Investment Plan is administered by the Department of Management Services and is an alternative available to members of the Florida Retirement System in lieu of participation in the defined benefit retirement plan (“the Pension Plan”). If the Investment Plan is elected, active membership in the Pension Plan is terminated. Eligible members of the Investment Plan are vested at one year of service and receive a contribution in an investment product with a third party administrator selected by the State Board of Administration.

Chapter 121, *Florida Statutes*, establishes the authority for benefit provisions and contribution requirements. Changes to the law can only occur through an act of the Florida Legislature. There are uniform contribution rates as discussed on the following page that cover both the defined benefit and defined contribution plans. Information for the required employer contributions made to the Investment Plan were unavailable from FRS.

*Additional Financial and Actuarial Information* – Additional audited financial information supporting the Schedules of Employer Allocations and the Schedule of Pension Amounts by Employer is located in the Florida Comprehensive Annual Financial Report (CAFR) and in the Florida Retirement System Pension Plan, and Other State-Administered Systems CAFR.

See <http://www.myfloridacfo.com/Division/AA/Reports/default.htm> for an available copy of the Florida CAFR online.

The FRS CAFR and actuarial valuation reports as of July 1, 2019 are available online at [http://ww.dms.myflorida.com/workforce\\_operations/retirement/publications/annual\\_reports](http://ww.dms.myflorida.com/workforce_operations/retirement/publications/annual_reports).

## NOTES TO THE FINANCIAL STATEMENTS

### PORT ST. JOE PORT AUTHORITY

For the Year Ended September 30, 2019

#### NOTE 3 – EMPLOYEE BENEFITS (continued)

Reports may also be obtained by contacting the Division of Retirement at:

Department of Management Services  
Division of Retirement  
Bureau of Research and Member Communications  
P O Box 9000  
Tallahassee, Florida 32315-900  
850-488-4706 or toll free at 877-377-1737

*Funding Policy* – Prior to July 1, 2011, the FRS was employee noncontributory. Beginning July 1, 2011, employees who are not participating in the Deferred Retirement Option Plan (DROP) are required to contribute 3% of their salary to the FRS. The Authority is required to contribute at an actuarially-determined rate.

The FRS relies upon contributions from employees and employers, along with investment income, to meet the funding requirements of an actuarially determined accrued liability. As of July 1, 2018, the date of the latest valuation, the FRS funded ratio was 85.4% on the valuation funding basis and 83.2% on a Market Value of Assets basis.

The Authority also participates in the Retiree Health Insurance Subsidy (HIS) Program, a cost sharing, multiple-employer defined benefit pension plan established under Section 112.363, *Florida Statutes*. The benefit is a monthly cash payment to assist retirees of state-administered retirement systems in paying their health insurance costs.

In addition to the above benefits, the FRS administers a Deferred Retirement Option Program (“DROP”). This program allows eligible employees to defer receipt of monthly retirement benefit payments while continuing employment with a Florida Retirement System employer for a period not to exceed 60 months after electing to participate. DROP benefits are held in the FRS Trust Fund and accrue interest.

The HIS Program is funded by required contributions from FRS participating employers as set by the State Legislature. Employer contributions are a percentage of gross compensation for all active FRS employees and are reported by employers with monthly payroll reports and included with the amount submitted for retirement contributions. For the fiscal year ended September 30, 2019, the contribution rate was 1.66% of payroll pursuant to Section 112.363, *Florida Statutes*.

The contributions required for the years ended September 30, 2019, 2018, and 2017 were \$0, \$0, and \$0, respectively, which is equal to 100% of the required contribution for each year.

**NOTES TO THE FINANCIAL STATEMENTS**

**PORT ST. JOE PORT AUTHORITY**

**For the Year Ended September 30, 2019**

**NOTE 3 – EMPLOYEE BENEFITS (continued)**

The rates for 2019 fiscal year were as follows:

<b>Membership Category</b>	<b>Benefits</b>	<b>Vesting</b>	<b>Employer Contribution Rate</b>	
			<b>FRS</b>	<b>HIS</b>
Regular Class	For employees in the FRS as of June 30, 2011, normal retirement at age 62 or at least 30 years of service: 1.60% times average compensation (five highest years) times years of creditable service.	After six years creditable service.	7.92%	1.66%

*Net Pension Liability* – At September 30, 2019, the Authority reported for its share of the FRS and HIS plans the amount for the net pension liability as shown below:

	<b>FRS</b>	<b>HIS</b>	<b>Total</b>
June 30, 2018	\$ —	\$ —	\$ —
June 30, 2017	\$ —	\$ —	\$ —

The net pension liability for each plan was determined by the plans’ actuary and reported in the plans’ valuations dated July 1, 2018 and July 1, 2017 for the net pension liability as of June 30, 2018 and 2017, respectively.

	<b>FRS</b>	<b>HIS</b>
June 30, 2018	0%	0%
June 30, 2017	0%	0%
Increase in Share for 2017	0%	0%

The Authority’s proportionate share of the net pension liability was based on the Authority’s 2018-2019 fiscal year contributions relative to the 2017-2018 fiscal year contributions of all participating members of FRS.



## NOTES TO THE FINANCIAL STATEMENTS

### PORT ST. JOE PORT AUTHORITY

For the Year Ended September 30, 2019

#### NOTE 3 – EMPLOYEE BENEFITS (continued)

*Actuarial Methods and Assumptions* – Actuarial Assumptions for both defined benefit plans are reviewed by the Florida Retirement System Actuarial Assumptions Conference on an annual basis. The FRS Pension Plan has an annual valuation in accordance with 121.031(3), Florida Statutes while the Health Insurance Subsidy HIS program is valued biennially and updated for GASB reporting in the year a valuation is not performed. An experience study for the FRS Pension Plan was completed in 2014 for the period July 1, 2008 through June 30, 2013. The HIS program is funded on a pay as you go basis and so no experience study has been completed for this program.

The total pension liability for each of the defined plans determined by an actuarial valuation as of July 1, 2017, using the entry age normal actuarial cost method. Inflation increases for both plans is assumed at 2.60%. Payroll growth for both plans is assumed at 3.25%. Both the discount rate and the long term expected rate of return used for the FRS Pension Plan investments is 7.1%.

The plan's fiduciary net position was projected as available for all projected future benefit payments of current active and inactive employees. The discount rate for calculating the total pension liability is equal to the long term expected rate of return. For the HIS program, a municipal bond rate of 3.80% was used to determine the total pension liability. Mortality assumptions for both plans were based on the Generational RP-2000 with Projection Scale BB Tables.

The actuarial assumptions that determined the total pension liability as of June 30, 2019 were based on the results of an actuarial experience study for the period July 1, 2008 to June 30, 2013 and are shown below:

Valuation Date	July 1, 2015	July 1, 2014
Measurement Date	June 30, 2016	June 30, 2015
Payroll Growth	1.00%	0.65%
Inflation	3.00%	2.60%
Salary Increases Including Inflation	4.00 %	3.25%
Rate of Return	7.60%	7.65%
HIS Municipal	4.29%	3.80%
Mortality	Generational RP-2000 with Projection Scale AA	Generational RP-2000 with Projection Scale BB
Actuarial Cost Method	Entry Age Normal	Entry Age Normal

## NOTES TO THE FINANCIAL STATEMENTS

### PORT ST. JOE PORT AUTHORITY

For the Year Ended September 30, 2019

#### NOTE 3 – EMPLOYEE BENEFITS (continued)

*Investments* – To develop an analytical basis for the selection of the long-term expected rate of return assumption, in October 2015 the FRS Actuarial Assumptions conference reviewed long-term assumptions developed by Milliman’s capital market assumptions team and by a capital market assumptions team from Aon Hewitt Investment Consulting. The table below shows Milliman’s assumptions for each asset classes in which the plan was invested at that time based on the long-term target asset allocation. The allocation policy’s description of each class was used to map the target allocation to the classes shown below. Each assumption is based on a consistent set of underlying assumptions, and includes an adjustment for inflation. These assumptions are not based on historical returns, but instead are based on a forward-looking capital market economic model.

<u>Asset Class</u>	<u>Target Allocation (1)</u>	<u>Annual Arithmetic Return</u>	<u>Compound Annual (Geometric) Return</u>	<u>Standard Deviation</u>
Cash	1.00%	3.20%	3.10%	1.70%
Fixed Income	18.00%	4.80%	4.70%	4.70%
Global Equity	54.00%	8.50%	7.20%	17.70%
Real Estate (Property)	10.00%	6.80%	6.20%	12.00%
Private Equity	11.00%	11.90%	8.20%	30.00%
Strategic Investments	<u>6.00%</u>	<u>6.70%</u>	<u>6.10%</u>	<u>11.40%</u>
Total	<u>100.00%</u>			

Assumed Inflation – Mean

2.60%

1.90%

*Sensitivity Analysis* – the tables below represent the sensitivity of the net pension liability to changes in the discount rate for Port St. Joe Port Authority. The sensitivity analysis shows the impact to the collective net pension liability of the participating employers if the discount rate shows as 1.00% higher or 1.00% lower than the current discounted rate at June 30, 2019.

**NOTES TO THE FINANCIAL STATEMENTS**

**PORT ST. JOE PORT AUTHORITY**

**For the Year Ended September 30, 2019**

**NOTE 3 – EMPLOYEE BENEFITS (continued)**

FRS Net Pension Liability		
1% Decrease	Current Discount Rate	1% Increase
5.9%	6.9%	7.9%
\$ —	\$ —	\$ —

HISNet Pension Liability		
1% Decrease	Current Discount Rate	1% Increase
2.9%	3.5%	4.5%
\$ —	\$ —	\$ —

*Pension Expense and Deferred Outflows (Inflows) of Resources* – In accordance with GASB 68, paragraph 71, changes in the net pension liability are recognized as pension expense in the current measurement period with the following exceptions shown below. For each of the following, a portion is recognized in pension expense in the current measurement period, and the balance is amortized as deferred outflows or inflows of resources using rational method over a time period, as defined below:

- Differences between expected and actual experience with regard to economic and demographic factors which are amortized over the average expected remaining service life of all employees that are provided with pensions through the pension plan, both active and inactive.
- Changes of Assumptions or other inputs which are amortized over the average expected remaining service life of all employees that are provided with pensions through the pension plan, both active and inactive.
- Differences between expected and actual earnings on pension plan investments are amortized over five years.

**NOTES TO THE FINANCIAL STATEMENTS**

**PORT ST. JOE PORT AUTHORITY**

**For the Year Ended September 30, 2019**

**NOTE 3 – EMPLOYEE BENEFITS (continued)**

For the fiscal year ended September 30, 2019, the Authority recognized pension expense of \$0 for the FRS plan. In addition the Authority reported deferred outflows of resources and deferred inflows of resources relate to pensions from the following sources:

<u>Description</u>	<u>Deferred Outflows of Resources for the FRS Plan</u>	<u>Deferred Inflows of Resources for the FRS Plan</u>
Differences between expected and actual experience	\$ —	\$ —
Change of assumptions	—	—
Net difference between projected and actual earnings on FRS Plan investments	—	—
Changes in proportion and differences between Authority FRS Plan contributions and proportionate share of contributions	—	(812)
Authority FRS Plan contributions subsequent to the measurement date	<u>—</u>	<u>—</u>
Total	<u>\$ —</u>	<u>\$ (812)</u>

The deferred outflows of resources related to the Pension Plan, totaling \$0 and resulting from Authority contributions to the Plan subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the fiscal year ended September 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the Pension Plan will be recognized in pension expense as follows:

<u>Reporting Period Ending June 30</u>	<u>FRS Expense</u>
2020	\$ —
2021	—
2022	—
2023	—
2024	—
Thereafter	—

**NOTES TO THE FINANCIAL STATEMENTS**

**PORT ST. JOE PORT AUTHORITY**

**For the Year Ended September 30, 2019**

**NOTE 3 – EMPLOYEE BENEFITS (continued)**

Health Insurance Subsidy

The components of the collective pension expense reported in the pension allocation schedules for the Florida Retirement System’s Health Insurance Subsidy for the year ended June 30, 2019 are presented below and are used for to calculate Port St. Joe Port Authority’s share for 2019 which is 0%.

For the fiscal year ended September 30, 2019, the Authority recognized pension expense of \$0 for the HIS plan. In addition the Authority reported deferred outflows of resources and deferred in flows of resources related to pensions from the following sources:

<b>Description</b>	<b>Deferred Outflows of Resources for the HIS Plan</b>	<b>Deferred Inflows of Resources for the HIS Plan</b>
Differences between expected and actual experience	\$ —	\$ —
Change of assumptions	—	—
Net difference between projected and actual earnings on HIS Plan investments	—	—
Changes in proportion and differences between Authority HIS Plan contributions and proportionate share of contributions	—	(1,690)
Authority HIS Plan contributions subsequent to the measurement date	—	—
Total	\$ —	\$ (1,690)

The deferred outflows of resources related to the HIS Plan, totaling \$0 resulting from Authority contributions to the HIS Plan subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the fiscal year ended September 30, 2019. Other amounts reported by the Authority as deferred outflows of resources and deferred inflows of resources related to the HIS Plan will be recognized in pension expense as follows:

<b>Reporting Period Ending June 30</b>	<b>HIS Expense</b>
2020	\$ —
2021	—
2022	—
2024	—
2023	—
Thereafter	—

## NOTES TO THE FINANCIAL STATEMENTS

### PORT ST. JOE PORT AUTHORITY

For the Year Ended September 30, 2019

#### NOTE 4 – NOTES PAYABLE

##### Gulf County Note Payable

On May 2011 the County entered into a mortgage agreement with the Port St. Joe Port Authority whereby the County made a loan in the amount of \$199,000 which is secured by real estate. In 2014 the County refinanced the debt advancing another \$60,000 plus accrued interest and loan costs to the Authority, with another \$60,000 advance in 2015, securing debt with a mortgage on real estate. The loan is to be repaid over a ten year period and has an annual interest rate of 3%. No payments will be made for the first two years. Thereafter a sum of \$10,000 per year will be paid on the outstanding balance with the first payment due on August 21, 2017. The note will balloon on July 21, 2024 at which time all accrued interest and remaining balance will be due.

During the year the County has removed the interest requirement and all payments will now be considered as principle payments.

##### City of Port St. Joe Note Payable

On May 9, 2016 the Authority entered into a mortgage agreement with the City of Port St. Joe whereby the City made a loan in the amount of \$210,402 which is secured by real estate. The loan is to be repaid over a five year period and has an annual interest rate of 3%. The loan was for the purpose of paying the settlement expense involving the property foreclosure in a prior year.

The first payment on the loan was due May 9, 2019 with subsequent monthly interest payment of \$504 with the final payment being due on May 9, 2021 in the amount of \$229,032.

During the year the County has removed the interest requirement and all payments will now be considered as principle payments.

##### Note Payable

On June 2, 2016 the Authority entered into a mortgage agreement with a private entity wherein the Authority borrowed \$55,000 to be used for operating expenses. The loan is secured by real estate and carries a zero percent interest rate.

The loan is being funded in quarterly installments of \$13,875 and at 9/30/16, \$27,750 had been funded. Repayment is over a two year period in annual installments commencing June 2, 2017.

The loan was paid in full during the year.

**NOTES TO THE FINANCIAL STATEMENTS**

**PORT ST. JOE PORT AUTHORITY**

**For the Year Ended September 30, 2019**

**NOTE 4 – NOTES PAYABLE (continued)**

Long-term obligations and debt at September 30, 2019, are as follows:

	<u>Balance September 30, 2018</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance September 30, 2019</u>	<u>Due Within One Year</u>
<b>Governmental activities</b>					
Gulf County Note Payable	\$ 319,000	\$ —	\$ (10,000)	\$ 309,000	\$ 10,000
City of Port St. Joe Note Payable	201,402	—	(504)	200,898	6,048
Note Payable	<u>20,813</u>	<u>—</u>	<u>(20,813)</u>	<u>—</u>	<u>—</u>
<b>Total governmental activities</b>					
<b>Long-term obligations</b>	<u>\$ 541,215</u>	<u>\$ —</u>	<u>\$ (31,317)</u>	<u>\$ 509,898</u>	<u>\$ 16,048</u>

Future debt service requirements for the governmental funds:

	Gulf County		City of Port St. Joe		Total	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2020	\$ 10,000	\$ —	\$ 6,048	\$ —	\$ 16,048	\$ —
2021	10,000	—	194,850	—	204,850	—
2022	10,000	—	—	—	10,000	—
2023	10,000	—	—	—	10,000	—
2024	<u>269,000</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>269,000</u>	<u>—</u>
	<u>309,000</u>	<u>—</u>	<u>200,898</u>	<u>—</u>	<u>509,898</u>	<u>—</u>

**NOTE 5 – OTHER POSTEMPLOYMENT BENEFITS**

The Port Authority pays no post employment benefits.

**NOTE 6 – CONTINGENCIES**

The Port Authority has received in the past, grants that are subject to special compliance audits by the grantor agency, which may result in disallowed expense amounts. These amounts constitute a contingent liability of the Port Authority. The Port Authority does not believe any contingent liabilities to be material.

## NOTES TO THE FINANCIAL STATEMENTS

### PORT ST. JOE PORT AUTHORITY

For the Year Ended September 30, 2019

#### NOTE 7 – CAPITAL ASSETS

Capital assets activity for the year ended September 30, 2019 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital Assets not being Depreciated				
Land and improvements	\$ 1,310,000	\$ —	\$ —	\$ 1,310,000
Construction in progress	<u>753,800</u>	<u>—</u>	<u>—</u>	<u>753,800</u>
Total Capital Assets not being Depreciated	<u>2,063,800</u>	<u>—</u>	<u>—</u>	<u>2,063,800</u>
Other Capital Assets				
Equipment	<u>4,933</u>	<u>—</u>	<u>—</u>	<u>4,933</u>
Total Other Capital Assets at Historical Cost	<u>4,933</u>	<u>—</u>	<u>—</u>	<u>4,933</u>
Less Accumulated Depreciation for:				
Equipment	<u>(4,933)</u>	<u>—</u>	<u>—</u>	<u>(4,933)</u>
Total Accumulated Depreciation	<u>(4,933)</u>	<u>—</u>	<u>—</u>	<u>(4,933)</u>
Other Capital Assets, net	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
<b>Capital Assets, net</b>	<u><b>\$ 2,063,800</b></u>	<u><b>\$ —</b></u>	<u><b>\$ —</b></u>	<u><b>\$ 2,063,800</b></u>

#### NOTE 8 – JOINT PARTICIPATION AGREEMENT AND CONSTRUCTION IN PROGRESS

On November 10, 2015 the Authority entered into a Joint Participation Agreement with the State of Florida Department of Transportation for Dredging Spoil Area. The estimated cost of the project is \$1,000,000 with The Department of Transportation providing 100% of the total cost.

Upon execution, The Department of Transportation made \$753,800 available for task #1 of the project, Spoil Area Design. Other funds will be released with consultation and confirmation from The Florida Department of Transportation.

The Authority released a work order to Hatch Mott Macdonald Florida LLC to provide engineering services described in Task #1 of the Agreement. As of September 30, 2019, task #1 had been completed.

This agreement is part of a larger project wherein the St. Joseph Bay area will be dredged with a total project cost estimated at \$54.8 million. The larger project will only occur if financing of the remaining project costs can be located.



**REQUIRED SUPPLEMENTARY INFORMATION**

**PORT ST. JOE PORT AUTHORITY**  
**PROPORTIONATE SHARE OF NET PENSION LIABILITY**  
**Last Ten Years\***  
**SEPTEMBER 30, 2019**

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Authority's proportion of the net pension liability	0%	0%	0%	0%
Authority's proportionate share of the net pension liability	\$ —	\$ —	\$ —	\$ —
Authority's covered-employee payroll	\$ —	\$ —	\$ —	
Authority's proportionate share of the net pension liability as a percentage of its covered-employee payroll	0%	0%	0%	0%
Plan fiduciary net position as a percentage of the total pension liability	0%	0%	84.94%	84.94%

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	<u>2015</u>
Authority's proportion of the net pension liability	0%
Authority's proportionate share of the net pension liability	\$ —
Authority's covered-employee payroll	\$ —
Authority's proportionate share of the net pension liability as a percentage of its covered-employee payroll	0%
Plan fiduciary net position as a percentage of the total pension liability	92.00%

\* The amounts presented for each fiscal year were determined as of 6/30 except for the covered payroll determined as of 9/30. The schedule is intended to show information for 10 years. Additional years will be displayed as the information becomes available.

**PORT ST. JOE PORT AUTHORITY**  
**SCHEDULE OF EMPLOYER CONTRIBUTIONS**  
**Last Ten Fiscal Years\***  
**SEPTEMBER 30, 2019**

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Contractually required contribution	\$ —	\$ —	\$ —	\$ —
Contributions in relation to the contractually required contribution	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Contribution deficiency (excess)	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>
Authority's covered-employee payroll	\$ —	\$ —	\$ —	\$ —
Contribution as a percentage of covered-employee payroll	0%	0%	0%	0%

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	<u>2015</u>
Contractually required contribution	\$ —
Contributions in relation to the contractually required contribution	<u>—</u>
Contribution deficiency (excess)	<u>\$ —</u>
Authority's covered-employee payroll	\$ —
Contribution as a percentage of covered-employee payroll	0%

\* The amounts presented for each fiscal year were determined as of 6/30 except for the covered payroll determined as of 9/30. The schedule is intended to show information for 10 years. Additional years will be displayed as the information becomes available.

## **COMPLIANCE SECTION**

**Vance CPA LLC**  
***Certified Public Accountant***  
219-B Avenue E  
Apalachicola, FL 32320  
(888) 531-6408 • Fax (866) 406-7422

**INDEPENDENT AUDITOR'S REPORT  
ON INVESTMENT COMPLIANCE**

Board of Directors  
Port St. Joe Port Authority  
Port St. Joe, Florida

We have examined the Port St. Joe Port Authority, Florida's compliance with Section 218.415, Florida Statutes, regarding the investment of public funds during the year ended September 30, 2019. Management is responsible for the Authority's 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 a reasonable basis for our opinion. Our examination does not provide a legal determination on the Authority's compliance with specified requirements.

In our opinion, the Authority complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2019.

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

*Vance CPA LLC*

**Vance CPA LLC**  
June 29, 2020

**Vance CPA LLC**  
***Certified Public Accountant***  
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**INDEPENDENT AUDITOR'S MANAGEMENT LETTER**

Board of Directors  
Port St. Joe Port Authority  
Port St. Joe, Florida

**Report on Financial Statements**

We have audited the financial statements of the Port St. Joe Port Authority, Florida as of and for the fiscal year ended September 30, 2019, and have issued our report thereon dated June 29, 2020.

**Auditor's Responsibility**

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

**Other Reporting Requirements**

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*; Schedule of Findings and Responses; and Independent Auditor'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, which are dated June 29, 2020, should be considered in conjunction with this management letter.

**Prior Audit Findings:**

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. Corrective actions have not been taken to address all prior year findings.

**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 statement. The Port St. Joe Port Authority was established in 1955, under a Special Act Florida Statutes 1955 Chapter 30787, and amended in 1978 under Chapter 514. There are no component units.

**Financial Condition**

Section 10.554(1)(i)5.a., and 10.556(7), Rules of the Auditor General requires that we apply appropriate procedure and report the results of our determination as to whether or not the Port st. Joe Port 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, we determined that the Port St. Joe Port Authority was not in a state of financial emergency, as it did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

Pursuant to Sections 10.554(1)(i)5.b and 10.556(8), Rules of the Auditor General, we applied financial condition assessment procedures. It is management's responsibility to monitor the Port St. Joe Port 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.

**Other Matters**

Section 10.554(1)(i)2., Rules of the Auditor General, requires that we address in the management letter any recommendations to improve financial management. In connection with our audit, we did not have nay such 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. In connection with our audit, we did not have 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 Port Authority Board, and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.

**Vance CPA LLC**

June 29, 2020

**Vance CPA LLC**  
***Certified Public Accountant***  
219-B Avenue E  
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**INDEPENDENT AUDITOR’S REPORT ON INTERNAL CONTROL  
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND  
OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Board of Directors  
Port St. Joe Port Authority  
Port St. Joe, 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, of the Port St. Joe Port Authority, Florida, as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the Port St. Joe Port Authority, Florida’s basic financial statements, and have issued our report thereon dated June 29, 2020.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Port St. Joe Port Authority, Florida’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 the Port St. Joe Port Authority, Florida’s internal control. Accordingly, we do not express an opinion on the effectiveness of the Port St. Joe Port Authority, Florida’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 over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control limitations, during our audit we did not identify and deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.



**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Port St. Joe Port Authority, Florida'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 instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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.



**Vance CPA LLC**

June 29, 2020

**PORT ST. JOE PORT AUTHORITY  
SUMMARY SCHEDULE OF CURRENT YEAR AUDIT FINDINGS  
SEPTEMBER 30, 2019**

**SUMMARY SCHEDULE OF CURRENT YEAR AUDIT FINDINGS**

None Noted

**PORT ST. JOE PORT AUTHORITY  
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS  
SEPTEMBER 30, 2019**

**2018-001 Inadequate Design of Internal Control**

Status: Resolved

**2018-002 Material Audit Adjustments**

Status: Resolved