

**St. Augustine-
St. Johns County
Airport Authority**

Required Communications

September 30, 2019 and 2018



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September 30, 2019 and 2018

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INDEPENDENT AUDITORS' REPORT

To the Members of the Governing Board of
St. Augustine-St. Johns County Airport Authority

Report on the Financial Statements

We have audited the accompanying financial statements of St. Augustine-St. Johns County Airport Authority (the "Authority") as of and for the years ended September 30, 2019 and 2018, and the related notes to the financial statements, which collectively comprise the 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.

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' 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 opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Authority, as of September 30, 2019 and 2018, and the changes in its financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of proportionate share of net pension liability and schedule of employer contributions on pages 4, 24 and 25, respectively, 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 audits 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 Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority's basic financial statements. The accompanying schedule of expenditures of federal awards and state financial assistance which is required by the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and *Chapter 10.550, Rules of the Auditor General*, is presented for purposes of additional analysis 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. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards 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 February 26, 2020, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

Carly Riggs & Ingram, L.L.C.

St. Augustine, Florida
February 26, 2020

Management's Discussion and Analysis

Management's Discussion and Analysis

This Discussion and Analysis of the St. Augustine-St. Johns County Airport Authority's (the "Airport Authority") financial performance provides an overview and cursory look at the financial activities of the Airport Authority for Fiscal Year 2018 - 2019. The reader is encouraged to read this section in conjunction with the Airport Authority's financial statements contained elsewhere in this document.

Highlights of Fiscal Year 2018 - 2019 include:

- Total Net Position increased by approximately 2.87% or \$2,355,000, which correlates to an increase in capital grants.
- Capital Grant proceeds for the period totaled approximately \$5,250,000 an increase of approximately \$4,230,000 (416%) from the prior year. Grant proceeds increased during the 2018 - 2019 fiscal year as the Airport Authority started various capital projects.

Overview of the Basic Financial Statements

Statement of Net Position

This financial statement includes all of the Airport Authority's assets, liabilities, and deferred inflows/outflows of resources. This information is developed and presented using the accrual basis of accounting. Accrual accounting is similar to that used in most private sector businesses wherein all current-year revenues and expenses are recorded without regard to when cash is received or paid. The difference between assets plus deferred outflows and liabilities plus deferred inflows can be used to measure the Airport Authority's financial position.

Statement of Revenue, Expenses and Changes in Net Position

The second financial statement, which again uses an accrual accounting basis, reflects the increases and decreases realized in net position for the period. Over significant periods of time this information (increases and decreases) can be useful in assessing the overall financial health of the Airport Authority.

Statement of Cash Flows

The last financial statement reflects changes in the cash position of the Airport Authority. Management continually monitors the status of cash-on-hand. The Authority's ability to minimize the need to borrow capital development funds continues to have significant positive implications with regard to long-term cash flow and overall debt obligations.

St. Augustine-St. Johns County Airport Authority

Management's Discussion and Analysis

Statement of Net Position

<i>As of September 30,</i>	2019	2018	2017
Current and other assets	\$ 3,649,896	\$ 4,356,250	\$ 3,019,767
Capital assets	81,632,318	78,612,819	82,160,478
Total assets	85,282,214	82,969,069	85,180,245
Deferred outflows of resources	275,736	338,676	389,014
Long term-liabilities	914,271	845,896	881,120
Other liabilities	197,915	362,408	407,493
Total liabilities	1,112,186	1,208,304	1,288,613
Deferred inflows of resources	130,288	139,132	89,544
Net position:			
Net investment in capital assets	81,632,318	78,612,819	82,160,478
Unrestricted	2,683,158	3,347,490	2,030,624
Total net position	\$ 84,315,476	\$ 81,960,309	\$ 84,191,102

Statement of Revenue, Expenses and Changes in Net Position

<i>Years ended September 30,</i>	2019	2018	2017
Revenues:			
Operating revenue	\$ 4,588,827	\$ 4,868,185	\$ 4,642,270
Nonoperating revenue	5,343,775	1,060,102	3,447,970
Total revenues	9,932,602	5,928,287	8,090,240
Expenses:			
Operating expenses	7,577,435	8,159,080	7,339,781
Nonoperating expenses	-	-	-
Total expenses	7,577,435	8,159,080	7,339,781
Change in net position	2,355,167	(2,230,793)	750,459
Net position, beginning of year	81,960,309	84,191,102	83,440,643
Net position, end of year	\$ 84,315,476	\$ 81,960,309	\$ 84,191,102

Management's Discussion and Analysis

Overall Financial Position and Results of Operations

The Authority started several large renovation projects during the year. As portrayed in the financial statements, the Airport Authority has total net position of approximately \$84,315,000, of which approximately \$2,683,000 is unrestricted. The total net position increased by approximately \$2,355,000 during the year as a result of increased capital grant proceeds.

Capital Assets and Debt Administration

Capital Assets

There were significant additions to the Authority's capital assets during the year due to the start and completion of construction in progress for various improvement and expansion projects. More details regarding the asset and depreciation position of the Airport Authority is provided in the "Notes to Financial Statements" section of this document.

Debt Administration

The Authority has no long-term debt, but has long-term liabilities, which are summarized in Note 6 to the financial statements.

Significant Economic Factors or Conditions

We are not currently aware of any conditions that are expected to have a significant effect on the Authority's financial position or results of operations.

Contacting the Authority's Financial Management

This financial report is designed to provide a general overview of the Authority's finances. If you have any questions about this report or need additional information please contact Edward R. Wuellner, A.A.E., at 4796 U.S. 1 North, St. Augustine, Florida, 32095.

St. Augustine-St. Johns County Airport Authority

Statements of Net Position
As of September 30, 2019 and 2018

	2019	2018
Current assets		
Cash	\$ 553,568	\$ 933,178
Investments	2,899,837	2,812,636
Grants receivable	118,750	118,750
Other current assets	77,741	491,686
Total current assets	3,649,896	4,356,250
Noncurrent assets		
Capital assets:		
Nondepreciable	24,653,737	21,281,255
Depreciable, net	56,978,581	57,331,564
Total noncurrent assets	81,632,318	78,612,819
Total assets	85,282,214	82,969,069
Deferred outflows of resources		
Deferred outflows - pension related	275,736	338,676
Current liabilities		
Accounts payable	34,731	213,821
Accrued liabilities	76,908	71,133
Unearned rent revenue	55,740	44,583
Current portion of net pension liability	3,200	4,700
Current portion of compensated absences	27,336	28,171
Total current liabilities	197,915	362,408
Long-term liabilities		
Net pension liability	845,476	782,849
Compensated absences	68,795	63,047
Total long-term liabilities	914,271	845,896
Total liabilities	1,112,186	1,208,304
Deferred inflows of resources		
Deferred inflows - pension related	130,288	139,132
Net position		
Net investment in capital assets	81,632,318	78,612,819
Unrestricted	2,683,158	3,347,490
Total net position	\$ 84,315,476	\$ 81,960,309

The accompanying "Notes to Financial Statements"
form an integral part of these statements.

St. Augustine-St. Johns County Airport Authority

Statements of Revenue, Expenses and Changes in Net Position
Years ended September 30, 2019 and 2018

	2019	2018
Operating revenue		
Lease revenue	\$ 3,475,336	\$ 3,405,240
Self fuel sales, flowage fees and surcharges	941,627	990,385
Parking, rental cars and concession fees	171,964	472,560
Total operating revenue	4,588,927	4,868,185
Operating expenses		
Cost of fuel sold	729,957	828,524
General and administrative	1,129,250	1,311,997
Salaries and fringe benefits	1,048,177	999,853
Maintenance and other	333,833	429,547
Total operating expenses, excluding depreciation	3,241,217	3,569,921
Operating income before depreciation expense	1,347,710	1,298,264
Depreciation expense	4,336,218	4,589,159
Operating loss	(2,988,508)	(3,290,895)
Nonoperating revenue		
Delinquent property taxes	1,522	67
Interest income	3,517	10,435
Unrealized gain on investments	86,583	32,684
Total nonoperating revenue	91,622	43,186
Loss before capital grants	(2,896,886)	(3,247,709)
Capital grants	5,252,053	1,016,916
Change in net position	2,355,167	(2,230,793)
Net position, beginning of year	81,960,309	84,191,102
Net position, end of year	\$ 84,315,476	\$ 81,960,309

*The accompanying "Notes to Financial Statements"
form an integral part of these statements.*

St. Augustine-St. Johns County Airport Authority

Statements of Cash Flows
Years ended September 30, 2019 and 2018

	2019	2018
Cash flows from operating activities		
Cash received from tenants	\$ 3,499,455	\$ 3,414,692
Cash received from fuel sales	941,877	988,983
Cash received from airlines and airport operations	171,964	472,560
Cash paid for fuel	(688,513)	(793,819)
Cash paid to employees	(922,516)	(900,334)
Cash paid for maintenance	(333,833)	(429,547)
Cash paid for administrative and other services	(948,801)	(1,442,257)
Net cash provided by operating activities	1,719,633	1,310,278
Noncapital financing activities		
Delinquent property taxes received	1,522	67
Capital and related financing activities		
Capital expenditures	(7,355,717)	(1,041,500)
Capital grants received	5,252,053	923,354
Net cash used by capital and related financing activities	(2,103,664)	(118,146)
Investing activities		
Interest income received	2,899	10,435
Purchase of investments	-	(1,008,338)
Proceeds from sale of investments	-	-
Net cash provided (used) by investing activities	2,899	(997,903)
Net increase in cash	(379,610)	194,296
Cash, beginning of year	933,178	738,882
Cash, end of year	\$ 553,568	\$ 933,178

The accompanying "Notes to Financial Statements" form an integral part of these statements.

(Continued)

St. Augustine-St. Johns County Airport Authority

Statements of Cash Flows
Years ended September 30, 2019 and 2018

	2019	2018
Reconciliation of operating loss to net cash provided		
by operating activities		
Operating loss	\$ (2,988,508)	\$ (3,290,895)
Depreciation	4,336,218	4,589,159
Change in:		
Other current assets	413,945	(7,603)
Deferred outflows of resources	62,940	50,338
Accounts payable	(179,090)	(121,833)
Accrued liabilities	5,775	31,041
Net pension liability	61,127	(35,589)
Deferred inflows of resources	(8,844)	49,588
Compensated absences	4,913	1,489
Unearned rent revenue	11,157	44,583
Net cash provided by operating activities	\$ 1,719,633	\$ 1,310,278

*The accompanying "Notes to Financial Statements"
form an integral part of these statements.*

(Concluded)

Notes to Financial Statements

NOTE 1 – REPORTING ENTITY

The St. Augustine-St. Johns County Airport Authority (the "Authority") is an independent district which was created by Chapter 63-1853, Laws of Florida, in June 1963 for the purpose of owning and operating airport facilities in St. Johns County, Florida. The Authority is governed by an independent body consisting of five members (the "Board"), all of which are elected by the citizens of St. Johns County, Florida.

The Authority uses the criteria established in GASB Statement No. 14, as amended by GASB Statement No. 39, 61, and 80, to define the reporting entity and identify component units. Component units are entities for which the Authority is considered to be financially accountable or entities that would be misleading to exclude. There are no other entities to include as a component unit within the Authority's reporting entity.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared in conformity with U.S. Generally Accepted Accounting Principles ("GAAP") as applied to governmental units. The Governmental Accounting Standards Board ("GASB") is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

Basis of Presentation

The transactions of the Authority are reported as an enterprise fund. Enterprise funds, a proprietary fund type, are used to account for activities in a manner similar to private-sector business enterprises. The Authority's operating revenues result from exchange transactions. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as grants and investment earnings, result from nonexchange transactions or ancillary activities.

Measurement Focus

The Authority uses the economic resources measurement focus.

Basis of Accounting

The financial statements have been prepared on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when liabilities are incurred, regardless of the timing of the related cash flows.

Investments

The Authority invests temporarily idle resources pursuant to the provisions of Section 218.415, Florida Statutes, which limits the investment choices to only certain identified investments as defined in that statute. As of September 30, 2019 and 2018, the Authority's investments consisted of amounts in the Florida Safe Investment Pool ("Florida SAFE") and in the Local Government Surplus Funds Trust Fund ("Florida Prime").

Notes to Financial Statements

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets

The airport facilities of the City of St. Augustine, Florida, were transferred to the Authority in 1964 at values based on their estimated fair value at the date of transfer. Capital assets acquired after the transfer date are stated at cost if purchased and at acquisition value if contributed. The Authority uses a capitalization threshold of \$10,000 for all classes of capital assets. Upon sale or retirement of depreciable assets, the related cost and accumulated depreciation are removed from the accounts and any gain or loss is included in nonoperating revenue (expense). Depreciation is computed using the straight-line method over the estimated useful lives of the related assets which are summarized as follows:

Airport improvements	10-40 years
Buildings	5-50 years
Furniture and equipment	5-25 years

Pensions

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

Deferred Outflows/Inflows of Resources

A *deferred outflow of resources* is a consumption of net position that is applicable to a future reporting period.

A *deferred inflow of resources* is an acquisition of net position that is applicable to a future reporting period.

Net Position

The Authority classifies its net position into the following three categories:

Net investment in capital assets - This represents the Authority's total investment in capital assets, net of accumulated depreciation, reduced by the outstanding balances of bonds that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt also should be included in this component of net position.

Notes to Financial Statements

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Restricted - The restricted component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Generally, a liability relates to restricted assets if the asset results from a resource flow that also results in the recognition of a liability or if the liability will be liquidated with the restricted assets reported.

Unrestricted - The unrestricted component of net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

When an expense is incurred that can be paid using either restricted or unrestricted resources, the Authority’s policy is to first apply the expense towards restricted resources, and then towards unrestricted resources.

Risk Management

The Authority maintains insurance coverage on all types of insurable risks. Settled claims resulting from these risks have not exceeded insurance coverage in any of the past three years.

Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make various estimates. Actual results could differ from those estimates.

NOTE 3 – CASH DEPOSITS AND INVESTMENTS

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

The Authority’s investments consisted of:

	2019	2018
Florida SAFE	\$ 2,875,988	\$ 2,789,381
Florida PRIME	23,849	23,255
Total	\$ 2,899,837	\$ 2,812,636

NOTE 3 – CASH DEPOSITS AND INVESTMENTS (CONTINUED)

The Authority's investments expose it to credit risk. The Authority does not have a formal investment policy relating to that risk, but does adhere to the provisions of Section 218.415, Florida Statutes, which limits exposure to credit risk.

Florida Surplus Asset Trust Fund (Florida SAFE)

Florida SAFE is organized pursuant to Florida Statute 163.01. Florida SAFE is overseen by a Board of Trustees comprised of Florida local government officials, who are themselves participants in Florida SAFE. Florida SAFE is an external investment pool that meets all of the necessary criteria to elect to measure all of the investments at amortized cost. Therefore, the Authority's investment in Florida SAFE is reported at amortized cost. Florida SAFE seeks, but does not guarantee to maintain a constant net asset value at \$1.00 per share.

Florida SAFE is uninsured and is rated by Standard and Poor's and has a rating at September 30, 2019 of AA Af. The weighted average maturity (WAM) for Florida SAFE at September 30, 2019 was 37 days. The weighted average life (WAL) for Florida SAFE at September 30, 2019 was 51 days.

There were no redemption fees or maximum transaction amounts. The fund's Indenture of Trust does provide for limited situations in which a participant's access to 100% of the account value is restricted. The Trustees have the authority to resume participant access to the Fund when the situation causing the restriction has been resolved.

Investment in State Pool (Florida PRIME)

The Authority also invests surplus funds in the State Board of Administration's Local Government Surplus Funds Trust Fund. The Florida PRIME is administered by the Florida State Board of Administration ("SBA"), who provides regulatory oversight. The powers and duties of the SBA are defined in Florida Statute 218.409. In addition, Chapter 19-7 of the Florida Administrative Code identifies the rules and regulations governing the administration of the Florida PRIME. These rules provide guidance and establish the general operating procedures for the administration of the pool.

The Florida PRIME is an external investment pool that meets all of the necessary criteria to elect to measure all of the investments in Florida PRIME at amortized cost. Therefore, the Authority's investment in the Florida PRIME is reported at amortized cost. The fair value of the position in the pool is equal to the value of the pool shares. The Florida PRIME is rated by Standard and Poor's and has a rating at September 30, 2019 of AA Am. The weighted average maturity (WAM) of the Florida PRIME at September 30, 2019 was 37 days. The weighted average life (WAL) for Florida PRIME at September 30, 2019 is 85 days.

There were no redemption fees or maximum transaction amounts. Florida Statutes do provide for situations in which a participant's access to 100 percent of the account value is limited. The maximum amount of time provided to limit access is 15 days.

Notes to Financial Statements

NOTE 4 – LEASING OPERATIONS/CONCENTRATION

A significant portion of the Authority's buildings and related land are leased to tenants under operating leases. The approximate cost of leased assets was \$39,010,000 and \$36,450,000 at September 30, 2019 and 2018, respectively with accumulated depreciation of approximately \$18,450,000 and \$17,430,000 at September 30, 2019 and 2018, respectively. These leases are generally for a term of twenty years and allow the lessees to renew for varying periods. The leases generally provide for annual rent increases that are based on changes in the consumer price index.

Minimum future lease income under operating leases based on the rentals in effect at September 30, 2019, without regard to the exercise of renewal options, is as follows:

Years Ended September 30,	
2020	\$ 2,529,708
2021	1,862,810
2022	1,724,790
2023	1,643,191
2024	1,543,826
2025-2029	1,000,289
2030-2034	902,812
2035-2039	241,634
2040-2044	168,755
2045-2049	10,836
Total	\$ 11,628,651

For the years ended September 30, 2019 and 2018, three tenants accounted for approximately 69% and 69%, respectively of total lease revenues.

St. Augustine-St. Johns County Airport Authority

Notes to Financial Statements

NOTE 5 – CAPITAL ASSETS AND DEPRECIATION

Capital asset activity for the year ended September 30, 2019 is as follows:

	Balance 2018	Increases	Decreases	Balance 2019
Capital assets not being depreciated:				
Land	\$ 19,375,641	\$ -	\$ -	\$ 19,375,641
Construction in progress	1,905,614	7,355,717	3,983,235	5,278,096
Total capital assets not being depreciated	21,281,255	7,355,717	3,983,235	24,653,737
Capital assets being depreciated:				
Furniture and equipment	3,804,224	-	-	3,804,224
Buildings	50,103,496	3,313,006	-	53,416,502
Airport improvements	56,519,535	670,229	-	57,189,764
Total capital assets being depreciated	110,427,255	3,983,235	-	114,410,490
Less accumulated depreciation for:				
Furniture and equipment	2,282,872	294,156		2,577,028
Buildings	43,736,632	1,327,528		45,064,160
Airport improvements	7,076,187	2,714,534		9,790,721
Total accumulated depreciation	53,095,691	4,336,218	-	57,431,909
Total capital assets being depreciated, net	57,331,564	(352,983)	-	56,978,581
Net capital assets	\$ 78,612,819	\$ 7,002,734	\$ 3,983,235	\$ 81,632,318

St. Augustine-St. Johns County Airport Authority

Notes to Financial Statements

NOTE 5 – CAPITAL ASSETS AND DEPRECIATION (CONTINUED)

Capital asset activity for the year ended September 30, 2018 is as follows:

	Balance 2017	Increases	Decreases	Balance 2018
Capital assets not being depreciated:				
Land	\$ 19,375,641	\$ -	\$ -	\$ 19,375,641
Construction in progress	8,386,352	1,037,182	7,517,920	1,905,614
Total capital assets not being depreciated	27,761,993	1,037,182	7,517,920	21,281,255
Capital assets being depreciated:				
Furniture and equipment	3,160,452	643,772	-	3,804,224
Buildings	46,338,631	3,764,865	-	50,103,496
Airport improvements	53,474,182	3,113,599	68,246	56,519,535
Total capital assets being depreciated	102,973,265	7,522,236	68,246	110,427,255
Less accumulated depreciation for:				
Furniture and equipment	1,984,373	298,499	-	2,282,872
Buildings	40,623,385	3,181,493	68,246	43,736,632
Airport improvements	5,967,022	1,109,165	-	7,076,187
Total accumulated depreciation	48,574,780	4,589,157	68,246	53,095,691
Total capital assets being depreciated, net	54,398,485	2,933,079	-	57,331,564
Net capital assets	\$ 82,160,478	\$ 3,970,261	\$ 7,517,920	\$ 78,612,819

NOTE 6 – LONG-TERM LIABILITIES

Long-term liability activity for the year ended September 30, 2019 is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Net pension liability	\$ 787,549	\$ 61,127	\$ -	\$ 848,676	\$ 3,200
Compensated absences	91,218	57,324	52,411	96,131	27,336
Total long-term liabilities	\$ 878,767	\$ 118,451	\$ 52,411	\$ 944,807	\$ 30,536

St. Augustine-St. Johns County Airport Authority

Notes to Financial Statements

NOTE 6 – LONG-TERM LIABILITIES (CONTINUED)

Long-term liability activity for the year ended September 30, 2018 is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Net pension liability	\$ 823,138	\$ -	\$ 35,589	\$ 787,549	\$ 4,700
Compensated absences	89,729	30,908	29,419	91,218	28,171
Total long-term liabilities	\$ 912,867	\$ 30,908	\$ 65,008	\$ 878,767	\$ 32,871

NOTE 7 – STATE OF FLORIDA PENSION PLANS

Defined Benefit Plans

The Authority participates in two defined benefit pension plans that are administered by the State of Florida, Department of Management Services, Division of Retirement. The plans provide retirement, disability or death benefits to retirees or their designated beneficiaries. Chapter 121, Florida Statutes, establishes the authority for benefit provisions. Changes to the law can only occur through an act of the Florida Legislature. The State of Florida issues a publicly available financial report that includes financial statements and required supplementary information for the plans. That report is available from the Florida Department of Management Services' website (www.dms.myflorida.com).

The Florida Retirement System (FRS) Pension Plan is a cost-sharing, multiple-employer defined benefit pension plan with a Deferred Retirement Option Program (DROP) available for eligible employees. The FRS was established and is administered in accordance with Chapter 121, Florida Statutes. Retirees receive a lifetime pension benefit with joint and survivor payment options. FRS membership is compulsory for employees filling regularly established positions in a state agency, county agency, state university, state college, or district school board, unless restricted from FRS membership under Sections 121.053 or 121.122, Florida Statutes, or allowed to participate in a defined contribution plan in lieu of FRS membership. Participation by cities, municipalities, special districts, charter schools and metropolitan planning organizations is optional.

The Retiree Health Insurance Subsidy (HIS) Program is a cost-sharing, multiple-employer defined benefit pension plan established and administered in accordance with Section 112.363, Florida Statutes. The benefit is a monthly payment to assist retirees and surviving beneficiaries of the state-administered retirement systems in paying their health insurance costs. To be eligible to receive a HIS benefit, a retiree under a state administered retirement system must provide proof of eligible health insurance coverage, which can include Medicare.

Benefits Provided

Benefits under the FRS Pension Plan are computed on the basis of age and/or years of service, average final compensation, and service credit. Credit for each year of service is expressed as a percentage of the average final compensation. For members initially enrolled before July 1, 2011,

St. Augustine-St. Johns County Airport Authority

Notes to Financial Statements

NOTE 7 – STATE OF FLORIDA PENSION PLANS (CONTINUED)

the average final compensation is the average of the five highest fiscal years' earnings; for members initially enrolled on or after July 1, 2011, the average final compensation is the average of the eight highest fiscal years' earnings. The total percentage value of the benefit received is determined by calculating the total value of all service, which is based on the retirement plan and/or class to which the member belonged when the service credit was earned.

Eligible retirees and beneficiaries receive a monthly HIS payment equal to the number of years of service credited at retirement multiplied by \$5. The minimum payment is \$30 and the maximum payment is \$150 per month, pursuant to Section 112.363, Florida Statutes.

Contributions

The contribution requirements of plan members and the employer are established and may be amended by the Florida Legislature. Employees are required to contribute 3.00% of their salary to the FRS Pension Plan. The employer's contribution rates as of September 30, 2019, were as follows:

	FRS	HIS
Regular class	6.81%	1.66%
Special risk class	23.82%	1.66%
Senior management service class	23.75%	1.66%
City, county, special district elected officers	47.16%	1.66%
DROP	12.94%	1.66%

The employer's contributions for the year ended September 30, 2019, were \$61,027 to the FRS Pension Plan and \$9,549 to the HIS Program. Contributions for the year ended September 30, 2018 were \$56,681 to the FRS Pension Plan and \$9,585 to the HIS Program

Pension Liabilities and Pension Expense

In its financial statements for the year ended September 30, 2019, the Authority reported a liability for its proportionate share of the net pension liability of the FRS Pension Plan and its proportionate share of the net pension liability of the HIS Program. The net pension liabilities were measured as of June 30, 2019. The Authority's proportions of the net pension liabilities were based on its share of contributions to the pension plans relative to the contributions of all participating entities, actuarially determined.

	FRS	HIS
Net pension liability 2019	\$ 658,923	\$ 189,753
Net pension liability 2018	595,101	192,448
Proportion at:		
Current measurement date	0.0019%	0.0017%
Prior measurement date	0.0020%	0.0018%
Pension expense 2019	\$ 174,657	\$ 11,351
Pension expense 2018	117,513	12,881

St. Augustine-St. Johns County Airport Authority

Notes to Financial Statements

NOTE 7 – STATE OF FLORIDA PENSION PLANS (CONTINUED)

Deferred Outflows/Inflows of Resources Related to Pensions

At September 30, 2019, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	FRS		HIS	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	39,083	409	2,305	232
Changes of assumptions	169,240	-	21,972	15,509
Net difference between projected and actual earnings on pension plan investments	-	36,455	122	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	14,664	38,978	8,624	38,705
Employer contributions subsequent to the measurement date	17,170		2,556	
Total	\$ 240,157	\$ 75,842	\$ 35,579	\$ 54,446

Deferred outflows of resources related to employer contributions paid subsequent to the measurement date and prior to the employer's fiscal year end will be recognized as a reduction of the net pension liability in the reporting period ending September 30, 2020. Other pension-related amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

Year ending September 30,	FRS		HIS	
2020	\$ 63,832		\$ 520	
2021	10,850		(1,579)	
2022	35,752		(5,517)	
2023	28,450		(9,025)	
2024	5,608		(4,633)	
Thereafter	2,653		(1,189)	
Total	\$ 147,145		\$ (21,423)	

Notes to Financial Statements

NOTE 7 – STATE OF FLORIDA PENSION PLANS (CONTINUED)

Actuarial Assumptions

The total pension liability for each of the defined benefit plans was measured as of June 30, 2019. The total pension liability for the FRS Pension Plan was determined by an actuarial valuation dated July 1, 2019. For the HIS Program, the total pension liability was determined by an actuarial valuation dated July 1, 2018 and using standard actuarial roll forward procedures to develop the liability at June 30, 2019. The individual entry age normal actuarial cost method was used for each plan, along with the following significant actuarial assumptions:

	FRS	HIS
Inflation	2.60%	2.60%
Salary increase	3.25%	3.25%
Investment rate of return	6.90%	N/A
Discount rate	6.90%	3.50%

Mortality assumptions for the FRS Pension Plan were based on PUB2010 base tables projected generationally with Scale MP-2018. Mortality assumptions for the HIS Program were based on the Generational RP-2000 with Projection Scale BB.

For both plans, the actuarial assumptions were based on the results of an actuarial experience study for the period July 1, 2013, through June 30, 2018.

The following changes in key actuarial assumptions occurred in 2019:

FRS: The long-term expected rate of return and the discount rate used to determine the total pension liability decreased from 7.00% to 6.90%.

HIS: The municipal bond index rate and the discount rate used to determine the total pension liability decreased from 3.87% to 3.50%.

The long-term expected investment rate of return was not based on historical returns, but instead was based on a forward-looking capital market economic model. Each asset class assumption is based on a consistent set of underlying assumptions, and includes an adjustment for the inflation assumption. For the FRS Pension Plan, the table below summarizes the consulting actuary’s assumptions based on the long-term target asset allocation.

St. Augustine-St. Johns County Airport Authority

Notes to Financial Statements

NOTE 7 – STATE OF FLORIDA PENSION PLANS (CONTINUED)

Asset Class	Target Allocation	Annual Arithmetic Return	Compound Annual (Geometric) Return
Cash	1%	3.3%	3.3%
Fixed income	18%	4.1%	4.1%
Global equity	54%	8.0%	6.8%
Real estate	10%	6.7%	6.1%
Private equity	11%	11.2%	8.4%
Strategic investments	6%	5.9%	5.7%
	<u>100%</u>		

Discount Rate

The discount rate used to measure the total pension liability for the FRS Pension Plan was 6.90%. FRS' fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return.

Because the HIS Program is essentially funded on a pay-as-you-go basis, a municipal bond rate of 3.50% was used to determine the total pension liability for the program. The Bond Buyer General Obligation Bond 20-Bond Municipal Bond Index was used as the applicable municipal bond index.

Sensitivity Analysis

The following tables demonstrate the sensitivity of the net pension liability to changes in the discount rate. The sensitivity analysis shows the impact to the employer's proportionate share of the net pension liability if the discount rate was 1.00% higher or 1.00% lower than the current discount rate.

	FRS			HIS		
	1% Decrease (5.90%)	Current Discount Rate (6.90%)	1% Increase (7.90%)	1% Decrease (2.50%)	Current Discount Rate (3.50%)	1% Increase (4.50%)
Employer's proportionate share of the net pension liability	\$ 1,139,058	\$ 658,923	\$ 257,929	\$ 216,613	\$ 189,753	\$ 167,382

Notes to Financial Statements

NOTE 7 – STATE OF FLORIDA PENSION PLANS (CONTINUED)

Pension Plans' Fiduciary Net Position

Detailed information about the pension plans' fiduciary net position is available in the State's separately issued financial reports.

Defined Contribution Plan

Pursuant to Chapter 121, Florida Statutes, the Florida Legislature created the Florida Retirement Investment Plan ("FRS Investment Plan"), a defined contribution pension plan qualified under Section 401(a) of the Internal Revenue Code. The FRS Investment Plan is an alternative available to members of the Florida Retirement System in lieu of the defined benefit plan. There is a uniform contribution rate covering both the defined benefit and defined contribution plans, depending on membership class. Required employer contributions made to the plan during the year ended September 30, 2019, totaled \$5,704 and totaled \$7,746 for the year ended September 30, 2018.

NOTE 8 – FUTURE ACCOUNTING PRONOUNCEMENTS

The Governmental Accounting Standards Board has issued statements that will become effective in 2020. The statements address:

- Fiduciary activities (Statement No. 84); and
- Majority equity interests (Statement No. 90).

The Authority is currently evaluating the effects that these statements will have on its 2020 financial statements.

Required Supplementary Information

St. Augustine-St. Johns County Airport Authority

**Schedules of Proportionate Share of Net Pension Liability
Last 10 Fiscal Years (1)**

Florida Retirement System	2015	2016	2017	2018	2019
Employer's proportion of the net pension liability (asset)	0.0023%	0.0021%	0.0021%	0.0020%	0.0019%
Employer's proportionate share of the net pension liability (asset)	\$ 299,107	\$ 556,867	\$ 611,344	\$ 595,101	\$ 658,923
Employer's covered payroll (2)	\$ 682,688	\$ 696,831	\$ 631,369	\$ 593,891	\$ 519,011
Employer's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	43.81%	79.91%	96.83%	100.20%	126.96%
Plan fiduciary net position as a percentage of the total pension liability	92.00%	84.88%	83.89%	84.26%	82.61%
Health Insurance Subsidy Program	2015	2016	2017	2018	2019
Employer's proportion of the net pension liability (asset)	0.0023%	0.0023%	0.0020%	0.0018%	0.0017%
Employer's proportionate share of the net pension liability (asset)	\$ 229,491	\$ 263,074	\$ 211,794	\$ 192,448	\$ 189,753
Employer's covered payroll (2)	\$ 682,688	\$ 696,831	\$ 631,369	\$ 593,891	\$ 519,011
Employer's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	33.62%	37.75%	33.55%	32.40%	36.56%
Plan fiduciary net position as a percentage of the total pension liability	0.50%	0.97%	1.64%	2.15%	2.63%

Notes to schedules:

(1) The amounts presented for each fiscal year were determined as of the measurement date, which was June 30th of the current fiscal year.

(2) Covered payroll includes defined benefit plan actives, investment plan members, and members in DROP.

GASB Statement No. 68 was implemented in 2015. Until a full 10-year trend is compiled, information for those years for which it is available will be presented.

St. Augustine-St. Johns County Airport Authority

**Schedules of Employer Contributions
Last 10 Fiscal Years**

Florida Retirement System	2015	2016	2017	2018	2019
Contractually required contribution	\$ 58,677	\$ 55,584	\$ 52,846	\$ 56,681	\$ 61,027
Contributions in relation to the contractually required contribution	58,677	55,584	52,846	56,681	61,027
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Employer's covered payroll (1)	\$ 727,518	\$ 691,528	\$ 615,500	\$ 580,058	\$ 506,497
Contributions as a percentage of covered payroll	8.07%	8.04%	8.59%	9.77%	12.05%

Health Insurance Subsidy Program	2015	2016	2017	2018	2019
Contractually required contribution	\$ 9,903	\$ 11,482	\$ 10,220	\$ 9,585	\$ 9,549
Contributions in relation to the contractually required contribution	9,903	11,482	10,220	9,585	9,549
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Employer's covered payroll (1)	\$ 727,518	\$ 691,528	\$ 615,500	\$ 580,058	\$ 506,497
Contributions as a percentage of covered payroll	1.36%	1.66%	1.66%	1.65%	1.89%

Notes to schedules:

(1) Covered payroll includes defined benefit plan actives, investment plan members, and members in DROP.

GASB Statement No. 68 was implemented in 2015. Until a full 10-year trend is compiled, information for those years for which it is available will be presented.

Supplementary Information

St. Augustine-St. Johns County Airport Authority

**Schedule of Expenditures of Federal Awards
and State Financial Assistance
Year ended September 30, 2019**

	CFDA/CSFA Number	Contract Number	Expenditures*
Federal awards			
Department of Transportation: Passed through the Federal Aviation Administration			
Airport Improvement Program:			
Master Plan & ALP Update	20.106	3-12-0073-039-2016	\$ 76,064
FBO Apron Rehab	20.106	3-12-0073-040-2018	3,156,903
Taxiway D - Design Only	20.106	3-12-0073-042-2019	19,523
Total expenditures of state financial assistance			\$ 3,252,490
State financial assistance			
Florida Department of Transportation:			
Aviation Grant Programs:			
Design Corporate Hanger	55.004	ARM03	\$ 89,127
Air Service Safety Equipment	55.004	ARM93 / SJPA	2,221
Airline Terminal Modifications	55.004	G0437	348,974
GA Parking Apron - Design and Rehab /Design and Construction	55.004	GOG40	175,389
Master Plan & ALP Update	55.004	GOB43	4,676
Taxiway D - Design of Rehab	55.004	GON82	1,085
Design & Construction T-Hangers	55.004	GOQ42	1,104,025
Design & Construct B & C Row	55.004	G1504	147,781
Airport Security & Access Control Main Hanger Road	55.004	G1537	51,842
Acquire Land for Development	55.004	G1678	74,443
Total expenditures of state financial assistance			\$ 1,999,563

*The Authority did not provide awards to subrecipients.

Note 1 - Basis of presentation

The schedule is presented in accordance with generally accepted accounting principles, as applicable to a governmental entity, using the accrual basis of accounting.

Note 2 - Summary of significant accounting policies

Expenditures are recognized following the cost principles contained in the Rules of the Department of Financial Services as governed by the State Single Audit Act, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through entity identifying numbers are presented where available.

As applicable, nonmonetary assistance is reported in the schedule at fair value of the goods received.

Note 3 - Indirect Cost Rate

The Authority has not elected to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

**Additional Elements Required by the Rules of the
Auditor General**

MANAGEMENT LETTER

Members of the Governing Board of
St. Augustine-St. Johns County Airport Authority

Report on the Financial Statements

We have audited the financial statements of the St. Augustine-St. Johns County Airport Authority (the "Authority") as of and for the fiscal year ended September 30, 2019 and 2018, and have issued our report thereon dated February 26, 2020.

Auditors' Responsibility

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

Other Reporting Requirements

We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*; and Independent Accountants' Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports, which are dated February 26, 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 financial audit report. If the audit findings in the preceding audit report are uncorrected, we are required to identify those findings that were also included in the second preceding audit report. The Authority has no uncorrected prior audit findings that are required to be identified pursuant to the Rules of the Auditor General.

Financial Condition and Management

Sections 10.554(1)(i)5.a. and 10.556(7), Rules of the Auditor General, require us to apply appropriate procedures and communicate the results of our determination as to whether or not the Authority has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and to identify the

specific condition(s) met. In connection with our audit, we determined that the Authority did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

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

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

Additional Matters

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

Purpose of this Letter

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, the members of the governing board of the Authority, and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.

We wish to take this opportunity to thank you and your staff for the cooperation and courtesies extended to us during the course of the audit. Please let us know if you have any questions or comments concerning this letter, our accompanying reports, or other matters.

Carly Riggs & Ingram, L.L.C.

St. Augustine, Florida
February 26, 2020

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

Members of the Governing Board of
St. Augustine-St. Johns County Airport Authority

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 St. Augustine-St. Johns County Airport Authority (the "Authority"), as of and for the year ended September 30, 2019 and 2018, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated February 26, 2020.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

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.

Carr, Riggs & Ingram, L.L.C.

St. Augustine, Florida
February 26, 2020

INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH SECTION 218.415, FLORIDA STATUTES

Members of the Governing Board of
St. Augustine-St. Johns County Airport Authority

We have examined the St. Augustine-St. Johns County Airport Authority's (the "Authority") compliance with the requirements of Section 218.415, Florida Statutes, *Local Government Investment Policies*, during the year ended September 30, 2019. Management is responsible for the Authority's compliance with the specified requirements. Our responsibility is to express an opinion on the Authority's compliance with the specified requirements based on our examination.

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

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 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.

Carr, Riggs & Ingram, L.L.C.

St. Augustine, Florida
February 26, 2020

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

Members of the Governing Board of
St. Augustine-St. Johns County Airport Authority

Report on Compliance for each Major Federal Program and State Project

We have audited St. Augustine-St. Johns County Airport Authority's (the "Authority") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and the Department of Financial Services' State Projects Compliance Supplement that could have a direct and material effect on the Authority's major federal program and major state project for the year ended September 30, 2019. The Authority's major federal program and major state project are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal and state award, applicable to its federal program and state project.

Auditors' Responsibility

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

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

Opinion on each Major Federal Program and State Project

In our opinion, the Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program and major state project for the year ended September 30, 2019.

Report on Internal Control Over Compliance

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

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

Carly Riggs & Ingram, L.L.C.

St. Augustine, Florida
February 26, 2020

St. Augustine-St. Johns County Airport Authority

Schedule of Findings and Questioned Costs

SECTION I – SUMMARY OF AUDITORS’ RESULTS

Financial Statements:

- | | |
|--|------------|
| 1. Type of auditors’ report issued | Unmodified |
| 2. Internal control over financial reporting: | |
| a. Material weaknesses identified? | No |
| b. Significant deficiencies identified not considered to be material weaknesses? | None noted |
| c. Noncompliance material to the financial statements noted? | No |

Federal and State Awards:

- | | | | | | | | | | |
|--|-----------------------------|------------------------|--------|-----------------------------|------------------------|----------------------|--------|-------------------------|--|
| 1. Type of auditors’ report issued on compliance for major programs | Unmodified | | | | | | | | |
| 2. Internal control over major programs: | | | | | | | | | |
| a. Material weaknesses identified? | No | | | | | | | | |
| b. Significant deficiencies identified not considered to be material weaknesses? | None noted | | | | | | | | |
| 3. Any audit findings disclosed that are required to be reported in accordance with 2CFR section 200.516(a)? | None noted | | | | | | | | |
| 4. Identification of major programs: | | | | | | | | | |
| <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="text-align: center; width: 40%;"><u>CFDA
Number</u></td> <td style="text-align: center; width: 60%;"><u>Federal Program</u></td> </tr> <tr> <td style="text-align: center;">20.106</td> <td style="text-align: center;">Airport Improvement Program</td> </tr> <tr> <td style="text-align: center; border-top: 1px solid black;"><u>CSFA
Number</u></td> <td style="text-align: center; border-top: 1px solid black;"><u>State Project</u></td> </tr> <tr> <td style="text-align: center;">55.004</td> <td style="text-align: center;">Aviation Grant Programs</td> </tr> </table> | <u>CFDA
Number</u> | <u>Federal Program</u> | 20.106 | Airport Improvement Program | <u>CSFA
Number</u> | <u>State Project</u> | 55.004 | Aviation Grant Programs | |
| <u>CFDA
Number</u> | <u>Federal Program</u> | | | | | | | | |
| 20.106 | Airport Improvement Program | | | | | | | | |
| <u>CSFA
Number</u> | <u>State Project</u> | | | | | | | | |
| 55.004 | Aviation Grant Programs | | | | | | | | |
| 5. Dollar threshold used to distinguish between type A and type B programs: | | | | | | | | | |
| a. Federal | \$750,000 | | | | | | | | |
| b. State | \$300,000 | | | | | | | | |
| 6. Auditee qualified as low-risk auditee under 2 CFR 200.520? | No | | | | | | | | |

Schedule of Findings and Questioned Costs

SECTION II – FINANCIAL STATEMENT FINDINGS

No matters are reportable.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters are reportable.

SECTION IV – STATE AWARD FINDINGS AND QUESTIONED COSTS

No matters are reportable. Additionally, no other matters are reportable pursuant to Chapter 10.650, Rules of the Auditor General.

Summary Schedule of Prior Audit Findings

There were no prior year audit findings.



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February 26, 2020

To the Members of the Governing Board
St. Augustine-St. Johns County Airport Authority

We are pleased to present the results of our audit of the 2019 financial statements.

This communication summarizes our audit, the report issued and various analyses and observations related to the financial accounting and reporting practices followed. The document also contains the communications required by our professional standards.

The audit was designed, primarily, to express an opinion on the 2019 financial statements. We considered an assessment of risks that could materially affect the financial statements and aligned our audit procedures accordingly. We conducted the audit with the objectivity and independence that you expect. We received the full support and assistance of your personnel.

At Carr, Riggs & Ingram, LLC ("CRI"), we are continually evaluating the quality of our professionals' work in order to deliver audit services of the highest quality that will meet or exceed your expectations. We encourage you to provide any feedback you believe is appropriate to ensure that we do not overlook a single detail as it relates to the quality of our services.

This information is intended solely for the information and use of you and management and is not intended to be, and should not be, used by anyone other than these specified parties.

We appreciate this opportunity to work with you. If you have any questions or comments, please contact us.

Very truly yours,

Carr, Riggs & Ingram, L.L.C.

CARR, RIGGS & INGRAM, LLC
CERTIFIED PUBLIC ACCOUNTANTS



Required Communications

As discussed with management during our planning process, our audit plan represented an approach responsive to the assessment of risk for the Authority. Specifically, we planned and performed our audit to:

- Perform audit services in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards* issued by the Comptroller General of the United States, in order to express an opinion on the financial statements as of and for the year ended September 30, 2019;
- Communicate directly with management regarding the results of our procedures;
- Anticipate and respond to your concerns and those of management; and
- Other audit-related projects as they arise and upon request.

Required Communications

We have audited the financial statements as of and for the year ended September 30, 2019 and 2018, and have issued our report thereon dated February 26, 2020. Professional standards require that we provide you with the following information related to our audit:

MATTER TO BE COMMUNICATED	AUDITORS' RESPONSE
<p>Auditors' responsibility under Generally Accepted Auditing Standards</p>	<p>We have audited the financial statements of the Authority for the year ended September 30, 2019. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and <i>Government Auditing Standards</i>, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our engagement letter dated October 4, 2019. Professional standards also require that we communicate to you the following information related to our audit.</p>
<p>Client's responsibility</p>	<p>Management, with oversight from those charged with governance, is responsible for establishing and maintaining internal controls, including monitoring ongoing activities; for the selection and application of accounting principles; and for the fair presentation in the financial statements of financial position, results of operations, and cash flows in conformity with the applicable framework. Management is responsible for the design and implementation of programs and controls to prevent and detect fraud.</p>
<p>Planned scope and timing of the audit</p>	<p>Our initial audit plan was not significantly altered during our fieldwork.</p>
<p>Management judgments and accounting estimates <i>The process used by management in forming particularly sensitive accounting estimates and the basis for the auditors' conclusion regarding the reasonableness of those estimates.</i></p>	<p>Please see the following section titled "Accounting Policies, Judgments and Sensitive Estimates and CRI Comments on Quality."</p>
<p>Financial statement disclosures</p>	<p>Certain financial statement disclosures are sometimes particularly sensitive because of their significance to financial statement users. There were no particularly sensitive disclosures significantly affecting the financial statements. The financial</p>

Required Communications

MATTER TO BE COMMUNICATED	AUDITORS' RESPONSE
	statement disclosures are neutral, consistent and clear.
<p>Potential effect on the financial statements of any significant risks and exposures <i>Major risks and exposures facing the Authority and how they are disclosed.</i></p>	No such risks or exposures were noted.
<p>Significant accounting policies, including critical accounting policies and alternative treatments within generally accepted accounting principles and the auditors' judgment about the quality of accounting principles</p> <ul style="list-style-type: none"> • <i>The initial selection of and changes in significant accounting policies or their application; methods used to account for significant unusual transactions; and effect of significant policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.</i> • <i>The auditor should also discuss the auditors' judgment about the quality, not just the acceptability, of the Authority's accounting policies as applied in its financial reporting. The discussion should include such matters as consistency of accounting policies and their application, and clarity and completeness of the financial statements, including disclosures.</i> <i>Critical accounting policies and practices applied by the Authority in its financial statements and our assessment of management's disclosures regarding such policies and practices (including any significant modifications to such disclosures proposed by us but rejected by management), the reasons why certain policies and practices are or are not considered critical, and how current and anticipated future events impact those determinations;</i> • <i>Alternative treatments within GAAP for accounting policies and practices related to material items, including recognition, measurement, presentation and disclosure alternatives, that have been discussed with client management during the current audit period, the ramifications of the use of such alternative disclosures and treatments, and the treatment preferred by the auditor; Furthermore, if the accounting policy selected by management is not the policy preferred by us, discuss the reasons why management</i> 	Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used are described in Note 2 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year. We noted no transactions entered into during the year for which there is a lack of authoritative guidance or consensus.

Required Communications

MATTER TO BE COMMUNICATED	AUDITORS' RESPONSE
<p><i>selected that policy, the policy preferred by us, and the reason we preferred the other policy.</i></p>	
<p>Significant difficulties encountered in the audit <i>Any significant difficulties, for example, unreasonable logistical constraints or lack of cooperation by management.</i></p>	<p>We encountered no significant difficulties in performing our audit.</p>
<p>Disagreements with management <i>Disagreements, whether or not subsequently resolved, about matters significant to the financial statements or auditors' report. This does not include those that came about based on incomplete facts or preliminary information.</i></p>	<p>We are pleased to report that no such disagreements arose during the course of our audit.</p>
<p>Other findings or issues <i>Matters significant to oversight of the financial reporting practices by those charged with governance. For example, an entity's failure to obtain the necessary type of audit, such as one under Government Auditing Standards, in addition to GAAS.</i></p>	<p>None.</p>
<p>Matters arising from the audit that were discussed with, or the subject of correspondence with, management <i>Business conditions that might affect risk or discussions regarding accounting practices or application of auditing standards.</i></p>	<p>We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.</p>
<p>Corrected and uncorrected misstatements <i>All significant audit adjustments arising from the audit, whether or not recorded by the Authority, that could individually or in the aggregate have a significant effect on the financial statements. We should also inform the Committee about uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented, that were determined by management to be immaterial, both individually and in the aggregate, to the financial statements taken as a whole. Any</i></p>	<p>No such corrected or uncorrected misstatements.</p>

Required Communications

MATTER TO BE COMMUNICATED	AUDITORS' RESPONSE
<i>internal control deficiencies that could have prevented the misstatements.</i>	
<p>Major issues discussed with management prior to retention</p> <p><i>Any major accounting, auditing or reporting issues discussed with management in connection with our initial or recurring retention.</i></p>	None.
<p>Consultations with other accountants</p> <p><i>When management has consulted with other accountants about significant accounting or auditing matters.</i></p>	We are not aware of any consultations with other accountants.
<p>Written representations</p> <p><i>A reference to the written representations the auditor requested (or a copy of the representation letter).</i></p>	We have requested certain representations from management that are included in the management representation letter that is attached.
<p>Internal control deficiencies</p> <p><i>Any significant deficiencies or material weaknesses in the design or operation of internal control that came to the auditors' attention during the audit.</i></p>	None.
<p>Fraud and illegal acts</p> <p><i>Fraud involving senior management, the Authority Administrator or those responsible for internal controls, or causing a material misstatement of the financial statements, where the auditor determines there is evidence that such fraud may exist. Any illegal acts coming to the auditors' attention involving senior management and any other illegal acts, unless clearly inconsequential.</i></p>	We are unaware of any fraud or illegal acts involving management or causing material misstatement of the financial statements.
<p>Other information in documents containing audited financial statements</p> <p><i>The external auditors' responsibility for information in a document containing audited financial statements, as well as any procedures performed and the results.</i></p>	<p>Our responsibility related to documents (including annual reports, websites, etc.) containing the financial statements is to read the other information to consider whether:</p> <ul style="list-style-type: none"> • Such information is materially inconsistent with the financial statements; and • We believe such information represents a material misstatement of fact. <p>We have not been provided any such items to date and are unaware of any other documents that contain the audited financial statements.</p>
<p>Required supplementary information</p> <p><i>The auditors' responsibility for required supplementary information accompanying the</i></p>	We applied certain limited procedures to the required supplementary information (RSI) that supplements the financial statements. Our



Required Communications

MATTER TO BE COMMUNICATED	AUDITORS' RESPONSE
<i>financial statements, as well as any procedures performed and the results.</i>	procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the financial statements, and other knowledge we obtained during our audit of the financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

Accounting Policies, Judgments and Sensitive Estimates & CRI Comments on Quality

We are required to communicate our judgments about the quality, not just the acceptability, of the Authority's accounting principles as applied in its financial reporting. We are also required to communicate critical accounting policies and sensitive accounting estimates. The Members of the Governing Board may wish to monitor throughout the year the process used to compute and record these accounting estimates. The table below summarizes our communications regarding these matters.

AREA	ACCOUNTING POLICY	CRITICAL POLICY?	JUDGMENTS & SENSITIVE ESTIMATE	COMMENTS ON QUALITY OF ACCOUNTING POLICY & APPLICATION
Capital Asset Depreciation	Capital assets are depreciated over the expected remaining useful life of the individual asset unless they are inexhaustible or are intangible assets deemed to have indefinite useful lives.	X	Management's estimate of the useful lives of capital assets is based on the historical lives of similar assets and market prices.	We examined the key factors and assumptions used to develop the estimate and evaluated the estimate and found it to be reasonable in relation to the financial statements taken as a whole.
Pension-related Balances	The Authority participates a multiple-employer defined benefit pension plan – the Florida Retirement System (administered by the State of Florida) and follows the requirements of GASB 68.	X	The State of Florida utilizes an independent actuary to provide an actuarial valuation specific to each participating employer. The Authority relies on audited valuations from the actuary for the estimated value of the Authority's net pension liability and pension related balances. The actuarial valuation is based on financial information, utilizing various assumptions (see note 7 for details).	We evaluated the assumptions used by the actuary in estimating the pension-related balances and found them to be in accordance with the provisions of GASB 68 and reasonable in relation to the financial statements taken as a whole.



February 26, 2020

1301 Plantation Island Drive, Suite 205A
Carr, Riggs & Ingram, LLC
St. Augustine, FL 32080

This representation letter is provided in connection with your audit of the financial statements of St. Augustine-St. Johns County Airport Authority (the "Authority"), which comprise the statement of net position as of September 30, 2019, and the respective changes in financial position and, where applicable, cash flows for the year then ended, and the related notes to the financial statements, for the purpose of expressing opinions as to whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

We confirm, to the best of our knowledge and belief, as of February 26 2020, the following representations made to you during your audit.

Financial Statements

- 1) We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated October 4, 2019, including our responsibility for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP and for preparation of the supplementary information in accordance with the applicable criteria.
- 2) The financial statements referred to above are fairly presented in conformity with U.S. GAAP and include all properly classified funds and other financial information of the primary government and all component units required by generally accepted accounting principles to be included in the financial reporting entity.
- 3) We acknowledge our responsibility for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.
- 4) We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
- 5) Significant assumptions we used in making accounting estimates, including those measured at fair value, are reasonable.
- 6) Related party relationships and transactions, including revenues, expenditures/expenses, loans, transfers, leasing arrangements, and guarantees, and amounts receivable from or payable to related parties have been appropriately accounted for and disclosed in accordance with U.S. GAAP.
- 7) Adjustments or disclosures have been made for all events, including instances of noncompliance, subsequent to the date of the financial statements that would require adjustment to or disclosure in the financial statements.
- 8) The effects of all known actual or possible litigation, claims, and assessments have been accounted for and disclosed in accordance with U.S. GAAP.
- 9) Guarantees, whether written or oral, under which the Authority is contingently liable, if any, have been properly recorded or disclosed.

Information Provided

- 10) We have provided you with:
 - a) Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, and other matters and all audit or relevant monitoring reports, if any, received from funding sources.
 - b) Additional information that you have requested from us for the purpose of the audit.
 - c) Unrestricted access to persons within the Authority from whom you determined it necessary to obtain audit evidence.
 - d) Minutes of the meetings of Authority or summaries of actions of recent meetings for which minutes have not yet been prepared.
- 11) All material transactions have been recorded in the accounting records and are reflected in the financial statements, the schedule of expenditures of federal awards and the schedule of schedules of state financial assistance.
- 12) We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- 13) We have no knowledge of any fraud or suspected fraud that affects the Authority and involves—
 - Management,
 - Employees who have significant roles in internal control, or
 - Others where the fraud could have a material effect on the financial statements.
- 14) We have no knowledge of any allegations of fraud or suspected fraud affecting the Authority's financial statements communicated by employees, former employees, regulators, or others.
- 15) We have no knowledge of instances of noncompliance or suspected noncompliance with provisions of laws, regulations, contracts, or grant agreements, or abuse, whose effects should be considered when preparing financial statements.
- 16) We have disclosed to you all known actual or possible litigation, claims, and assessments whose effects should be considered when preparing the financial statements.
- 17) We have disclosed to you the identity of the Authority's related parties and all the related party relationships and transactions of which we are aware.

Government-specific

- 18) There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
- 19) We have identified to you any previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.
- 20) The Authority has no plans or intentions that may materially affect the carrying value or classification of assets, deferred outflows of resources, liabilities, deferred inflows of resources, and fund balance or net position.
- 21) We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to us, including tax or debt limits and debt contracts, and legal and contractual provisions for reporting specific activities in separate funds.
- 22) We have identified and disclosed to you all instances that have occurred or are likely to have occurred, of fraud and noncompliance with provisions of laws and regulations that we believe have a material effect on the financial statements or other financial data significant to the audit objectives, and any other instances that warrant the attention of those charged with governance.
- 23) We have identified and disclosed to you all instances that have occurred or are likely to have occurred, of noncompliance with provisions of contracts and grant agreements that we believe have a material effect on the determination of financial statement amounts or other financial data significant to the audit objectives.

- 24) We have identified and disclosed to you all instances that have occurred or are likely to have occurred, of abuse that could be quantitatively or qualitatively material to the financial statements or other financial data significant to the audit objectives.
- 25) There are no violations or possible violations of budget ordinances, laws and regulations (including those pertaining to adopting, approving, and amending budgets), provisions of contracts and grant agreements, tax or debt limits, and any related debt covenants whose effects should be considered for disclosure in the financial statements, or as a basis for recording a loss contingency, or for reporting on noncompliance.
- 26) As part of your audit, you assisted with preparation of the financial statements and related notes, Annual Financial Report ("AFR"), Data Collection Form ("DCF"), schedule of expenditures of federal awards, schedule of expenditures of state financial assistance, and journal entries other than audit adjustments. We acknowledge our responsibility as it relates to those nonaudit services, including that we assume all management responsibilities; oversee the services by designating an individual, preferably within senior management, who possesses suitable skill, knowledge, or experience; evaluate the adequacy and results of the services performed; and accept responsibility for the results of the services. We have reviewed, approved, and accepted responsibility for those financial statements and related notes, schedule of expenditures of federal awards and schedule of expenditures of state financial assistance.
- 27) The Authority has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.
- 28) The Authority has complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance.
- 29) The financial statements include all component units, appropriately present majority equity interests in legally separate organizations and joint ventures with an equity interest, and properly disclose all other joint ventures and other related organizations.
- 30) The financial statements properly classify all funds and activities in accordance with [GASBS No. 34](#) , as amended.
- 31) Components of net position (net investment in capital assets; restricted; and unrestricted) are properly classified and, if applicable, approved.
- 32) Investments, derivative instruments, and land and other real estate held by endowments are properly valued.
- 33) Provisions for uncollectible receivables have been properly identified and recorded.
- 34) Deposits and investment securities and derivative instruments are properly classified as to risk and are properly disclosed.
- 35) Capital assets, including infrastructure and intangible assets, are properly capitalized, reported, and, if applicable, depreciated or amortized.
- 36) We have appropriately disclosed the Authority's policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available and have determined that net position is properly recognized under the policy.
- 37) We acknowledge our responsibility for the required supplementary information (RSI). The RSI is measured and presented within prescribed guidelines and the methods of measurement and presentation have not changed from those used in the prior period. We have disclosed to you any significant assumptions and interpretations underlying the measurement and presentation of the RSI.
- 38) With respect to the schedule of expenditures of federal awards and state financial assistance (the Supplementary Information)—
 - a) We acknowledge our responsibility for presenting the Supplementary Information in accordance with accounting principles generally accepted in the United States of America, and we believe the Supplementary Information, including its form and content, is fairly presented in accordance with accounting principles generally accepted in the United States of America. The methods of measurement and presentation of the Supplementary Information have not changed from those used in the prior period, and we have disclosed to you any significant assumptions or interpretations underlying the measurement and presentation of the supplementary information.

- b) If the Supplementary Information is not presented with the audited financial statements, we will make the audited financial statements readily available to the intended users of the supplementary information no later than the date we issue the supplementary information and the auditor's report thereon.

39) With respect to federal award programs and state projects:

- a) We are responsible for understanding and complying with and have complied with, the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and Chapter 10.550, Rules of the Auditor General of the State of Florida (the Rules), including requirements relating to preparation of the schedule of expenditures of federal awards and state financial assistance (SEFA).
- b) We acknowledge our responsibility for preparing and presenting the SEFA and related notes in accordance with the requirements of the Uniform Guidance and the Rules, and we believe the SEFA, including its form and content, is fairly presented in accordance with the Uniform Guidance and the Rules. The methods of measurement or presentation of the SEFA have not changed from those used in the prior period and we have disclosed to you any significant assumptions and interpretations underlying the measurement or presentation of the SEFA.
- c) If the SEFA is not presented with the audited financial statements, we will make the audited financial statements readily available to the intended users of the SEFA no later than the date we issue the SEFA and the auditor's report thereon.
- d) We have identified and disclosed to you all of our government programs and related activities subject to the Uniform Guidance and the Rules compliance audit, and have included in the SEFA, expenditures made during the audit period for all awards provided by federal agencies and state programs in the form of federal awards and state programs, federal and state cost-reimbursement contracts, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, and other direct assistance.
- e) We are responsible for understanding and complying with, and have complied with, the requirements of federal and state statutes, regulations, and the terms and conditions of federal awards and state programs related to each of our federal and state programs and have identified and disclosed to you the requirements of federal statutes, state statutes, regulations, and the terms and conditions of federal awards and state programs that are considered to have a direct and material effect on each major program.
- f) We are responsible for establishing and maintaining, and have established and maintained, effective internal control over compliance for federal and state programs that provides reasonable assurance that we are managing our federal awards and state programs in compliance with federal and state statutes, regulations, and the terms and conditions of federal awards that could have a material effect on our federal programs. We believe the internal control system is adequate and is functioning as intended.
- g) We have made available to you all federal awards and state programs (including amendments, if any) and any other correspondence with federal or state agencies or pass-through entities relevant to federal programs and related activities.
- h) We have received no requests from a federal or state agency to audit one or more specific programs as a major program.
- i) We have complied with the direct and material compliance requirements (except for noncompliance disclosed to you), including when applicable, those set forth in the *OMB Compliance Supplement*, relating to federal awards and confirm that there were no amounts questioned and no known noncompliance with the direct and material compliance requirements of federal awards.
- j) We have disclosed any communications from federal and state awarding agencies and pass-through entities concerning possible noncompliance with the direct and material compliance requirements, including communications received from the end of the period covered by the compliance audit to the date of the auditor's report.
- k) We have disclosed to you the findings received and related corrective actions taken for previous audits, attestation engagements, and internal or external monitoring that directly relate to the objectives of the compliance audit, including findings received and corrective actions taken from the end of the period covered by the compliance audit to the date of the auditor's report.

- l) Amounts claimed or used for matching were determined in accordance with relevant guidelines in OMB's Uniform Guidance (2 CFR part 200, subpart E) and the Rules.
- m) We have disclosed to you our interpretation of compliance requirements that may have varying interpretations.
- n) We have made available to you all documentation related to compliance with the direct and material compliance requirements, including information related to federal and state program financial reports and claims for advances and reimbursements.
- o) We have disclosed to you the nature of any subsequent events that provide additional evidence about conditions that existed at the end of the reporting period affecting noncompliance during the reporting period.
- p) There are no such known instances of noncompliance with direct and material compliance requirements that occurred subsequent to the period covered by the auditor's report.
- q) No changes have been made in internal control over compliance or other factors that might significantly affect internal control, including any corrective action we have taken regarding significant deficiencies or material weaknesses in internal control over compliance, subsequent to the period covered by the auditors' report.
- r) Federal and state program financial reports and claims for advances and reimbursements are supported by the books and records from which the financial statements have been prepared.
- s) The copies of federal and state program financial reports provided you are true copies of the reports submitted, or electronically transmitted, to the respective federal or state agency or pass-through entity, as applicable.
- t) We have charged costs to federal awards and state programs in accordance with applicable cost principles.
- u) We are responsible for and have ensured the reporting package does not contain protected personally identifiable information.
- v) We are responsible for and have accurately prepared the auditee section of the Data Collection Form as required by the Uniform Guidance.
- w) We are responsible for taking corrective action on each audit finding of the compliance audit and have developed a corrective action plan that meets the requirements of the Uniform Guidance and the Rules.
- x) We have disclosed to you all contracts or other agreements with service organizations, and we have disclosed to you all communications from the service organizations relating to noncompliance at the service organizations.

For the Airport Authority,



Edward R. Wuellner, AAE
Executive Director



February 26, 2020

Carr, Riggs & Ingram, LLC
1301 Plantation Island Drive, Suite 205A
St. Augustine, FL 32080

In connection with your examination of compliance with section 218.415, Florida Statutes (the "Statute"), as of September 30, 2019, for the purpose of expressing an opinion about whether the St. Augustine-St. Johns County Airport Authority (the "Authority") complied, in all material respects, in accordance with the Statute, we confirm, to the best of our knowledge and belief, the following representations made to you during the course of your examination.

- 1) We are responsible for complying with the Statute.
- 2) We are responsible for establishing and maintaining effective internal control over compliance.
- 3) We have performed an evaluation of the Authority's compliance with the Statute.
- 4) All relevant matters are reflected in the measurement or evaluation of the Authority's compliance with the specified requirements.
- 5) We are responsible for selecting the specified requirements and for determining that the specified requirements are appropriate for our purposes.
- 6) We have disclosed to you all known noncompliance with the Statute, including noncompliance occurring after September 30, 2019.
- 7) We have provided you with all relevant information and access to information and personnel in connection with your examination of compliance with the Statute.
- 8) We have disclosed to you all known matters that may contradict Authority's compliance with the specified requirements and we have disclosed to you all communications from regulatory agencies, internal auditors, other independent accountants or consultants, and others regarding possible noncompliance with Section 218.415, Florida Statutes, including communications received between September 30, 2019 and February 26, 2020.
- 9) We have responded fully to all inquiries made to us by you during the engagement.

For the Airport Authority,

Edward R. Wuellner, AAE
Executive Director