

**ST. AUGUSTINE – ST. JOHNS COUNTY
AIRPORT AUTHORITY**

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

As of and for the Years Ended September 30, 2020 and 2019

And Reports of Independent Auditor

This page left intentionally blank

ST. AUGUSTINE – ST. JOHNS COUNTY AIRPORT AUTHORITY

TABLE OF CONTENTS

REPORT OF INDEPENDENT AUDITOR	1-2
MANAGEMENT’S DISCUSSION AND ANALYSIS	3-5
FINANCIAL STATEMENTS	
Statements of Net Position	6
Statements of Revenue, Expenses, and Changes in Net Position.....	7
Statements of Cash Flows	8
Notes to the Financial Statements	9-21
REQUIRED SUPPLEMENTARY INFORMATION	
Schedule of Proportionate Share of the Net Pension Liability.....	22
Schedule of Employer Contributions	23
COMPLIANCE AND SINGLE AUDIT	
Report of Independent Auditor on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	24-25
Report of Independent Auditor on Compliance for the Major Federal Program and the Major State Financial Assistance Project and on Internal Control Over Compliance Required by the Uniform Guidance and Chapter 10.550, Rules of the Auditor General	26-27
Schedule of Expenditures of Federal Awards and State Financial Assistance	28
Notes to the Schedule of Expenditures of Federal Awards and State Financial Assistance	29
Schedule of Findings and Questioned Costs.....	30-31
Summary Schedule of Prior Audit Findings	32
OTHER REPORTS	
Independent Auditor’s Management Letter.....	33-34
Report of Independent Accountant on Compliance with Local Government Investment Policies.....	35

Report of Independent Auditor

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

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 year ended September 30, 2020, 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.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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 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, 2020, and the changes in its financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

OTHER MATTERS

Prior Year Financial Statements

The financial statements of the Authority as of and for the year ended September 30, 2019 were audited by a predecessor auditor whose report, dated February 26, 2020, expressed an unmodified opinion on those statements.

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

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Authority's basic financial statements. The 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 March 15, 2021, 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.



Orlando, Florida
March 15, 2021

This page left intentionally blank

MANAGEMENT'S DISCUSSION AND ANALYSIS

ST. AUGUSTINE – ST. JOHNS COUNTY AIRPORT AUTHORITY

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 2019-2020. 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 2019-2020 include:

- Total Net Position increased by \$1,749,004 for the year ended September 30, 2020, as compared to an increase of \$2,355,167 for the year ended September 30, 2019 and an increase of \$2,230,793 for the year ended September 30, 2018.
- Operating income before depreciation expense was \$1,156,214 for the year ended September 30, 2020, as compared to \$1,347,710 for the year ended September 30, 2019 and \$1,298,264 for the year ended September 30, 2018.
- Operating expense excluding depreciation was \$3,297,960 for the year ended September 30, 2020, as compared to \$3,241,217 for the year ended September 30, 2019 and \$3,569,921 for the year ended September 30, 2018.
- Capital Grant revenue was \$4,806,212 for the year ended September 30, 2020, as compared to \$5,252,053 for the year ended September 30, 2019 and \$1,016,916 for the year ended September 30, 2018. Capital grant revenue was \$379,629 in excess of depreciation expense for fiscal year 2020 as compared to \$915,835 for fiscal year 2019. Capital grant revenue was \$3,572,243 less than depreciation expense for fiscal year 2018.
- CARES grant revenue of \$157,000 was received in fiscal year 2020, which was a new grant provided in response to the coronavirus pandemic.

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

	2020	2019	2018
Current and other assets	\$ 4,016,571	\$ 3,649,896	\$ 4,356,250
Capital assets	83,879,516	81,632,318	78,612,819
Total Assets	87,896,087	85,282,214	82,969,069
Deferred outflows of resources	340,966	275,736	338,676
Current liabilities	934,754	197,915	362,408
Long-term liabilities	1,165,861	914,271	845,896
Total Liabilities	2,100,615	1,112,186	1,208,304
Deferred inflows of resources	71,958	130,288	139,132
Net Position:			
Net investment in capital assets	83,660,894	81,632,318	78,612,819
Unrestricted	2,403,586	2,683,158	3,347,490
Total Net Position	\$ 86,064,480	\$ 84,315,476	\$ 81,960,309

Statement of Revenue, Expenses, and Changes in Net Position

	2020	2019	2018
Revenues:			
Operating revenue	\$ 4,454,174	\$ 4,588,827	\$ 4,868,185
Nonoperating revenue	5,019,373	5,343,775	1,060,102
Total Revenues	9,473,547	9,932,602	5,928,287
Expenses:			
Operating expenses	7,724,543	7,577,435	8,159,080
Total Expenses	7,724,543	7,577,435	8,159,080
Change in net position	1,749,004	2,355,167	(2,230,793)
Net position, beginning of year	84,315,476	81,960,309	84,191,102
Net position, end of year	\$ 86,064,480	\$ 84,315,476	\$ 81,960,309

ST. AUGUSTINE – ST. JOHNS COUNTY AIRPORT AUTHORITY

MANAGEMENT’S DISCUSSION AND ANALYSIS

Overall Financial Position and Results of Operations

The Authority started several large renovation projects during fiscal year 2019, which were ongoing throughout fiscal year 2020. These projects are largely funded by capital grant proceeds. As portrayed in the financial statements, the Airport Authority has total net position of \$86,064,480, of which \$2,403,586 is unrestricted, as of September 30, 2020 as compared to \$84,315,746 total net position, of which \$2,683,158 is unrestricted, as of September 30, 2019.

The total net position increased \$1,749,004 during fiscal year 2020 and \$2,355,167 during fiscal year 2019. Lease revenue makes up most of operating revenues, which were \$3,544,056 in fiscal 2020, as compared to \$3,475,336 in fiscal year 2019. While lease revenues were up, self-fuel sales, flowage fees, and surcharges experienced a decrease of \$220,658 as a result of the Coronavirus pandemic in fiscal year 2020. Operating expenses, excluding depreciation were \$3,297,960 in fiscal year 2020, as compared to \$3,241,217 in 2019.

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 Note 5 to the financial statements.

Debt Administration – The Authority has no long-term debt. Pension and compensated absence liabilities are summarized in Note 7 to the financial statements.

Significant Economic Factors or Conditions

During 2020 an outbreak of a novel strain of coronavirus (“COVID-19”) emerged globally. As a result of the spread of COVID-19, economic uncertainties with the potential to negatively impact various markets and industries have arisen. While the long-term impact of COVID-19 is unknown at this time, the Authority has experienced stable operations during fiscal year 2020.

The Authority’s operations consist primarily of lease revenue and the expenses necessary to operate and maintain the facilities. 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.

FINANCIAL STATEMENTS

ST. AUGUSTINE – ST. JOHNS COUNTY AIRPORT AUTHORITY
STATEMENTS OF NET POSITION

SEPTEMBER 30, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
ASSETS		
Current Assets:		
Cash	\$ 354,156	\$ 553,568
Investments	2,453,010	2,899,837
Accounts receivable (no allowance for doubtful accounts)	500,489	40,944
Grants receivable	241,057	118,750
Prepaid items	444,119	8,698
Fuel Inventory	23,740	28,099
Total Current Assets	<u>4,016,571</u>	<u>3,649,896</u>
Noncurrent Assets:		
Capital Assets:		
Nondepreciable	27,727,777	24,653,737
Depreciable, net	56,151,739	56,978,581
Total Noncurrent Assets	<u>83,879,516</u>	<u>81,632,318</u>
TOTAL ASSETS	<u>87,896,087</u>	<u>85,282,214</u>
Deferred Outflows of Resources:		
Deferred outflows - pension related	<u>340,966</u>	<u>275,736</u>
LIABILITIES		
Current Liabilities:		
Accounts payable	330,142	34,731
Accrued liabilities	122,504	76,908
Tenant deposits	424,200	-
Unearned revenue	25,092	55,740
Current portion of net pension liability	2,193	3,200
Current portion of compensated absences	30,623	27,336
Total Current Liabilities	<u>934,754</u>	<u>197,915</u>
Long-term Liabilities:		
Net pension liability	1,094,406	845,476
Compensated absences	71,455	68,795
Total Long-term Liabilities	<u>1,165,861</u>	<u>914,271</u>
TOTAL LIABILITIES	<u>2,100,615</u>	<u>1,112,186</u>
Deferred Inflows of Resources:		
Deferred inflows - pension related	<u>71,958</u>	<u>130,288</u>
NET POSITION:		
Net investment in capital assets	83,660,894	81,632,318
Unrestricted	2,403,586	2,683,158
TOTAL NET POSITION	<u>\$ 86,064,480</u>	<u>\$ 84,315,476</u>

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

ST. AUGUSTINE – ST. JOHNS COUNTY AIRPORT AUTHORITY
STATEMENTS OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION

YEARS ENDED SEPTEMBER 30, 2020 AND 2019

	2020	2019
Operating Revenue:		
Lease revenue	\$ 3,544,056	\$ 3,475,336
Self fuel sales, flowage fees, and surcharges	720,969	941,627
Parking, rental cars, and concession fees	189,149	171,964
Total Operating Revenue	<u>4,454,174</u>	<u>4,588,927</u>
Operating Expenses:		
General and administrative	1,174,455	1,129,250
Salaries and fringe benefits	1,182,519	1,048,177
Cost of fuel sold	557,839	729,957
Maintenance and other	383,147	333,833
Total Operating Expenses, Excluding Depreciation	<u>3,297,960</u>	<u>3,241,217</u>
Operating Income Before Depreciation Expense	1,156,214	1,347,710
Depreciation expense	4,426,583	4,336,218
Operating Loss	<u>(3,270,369)</u>	<u>(2,988,508)</u>
Nonoperating Revenue:		
CARES grant revenue	157,000	-
Unrealized gain on investments	49,523	86,583
Interest income	4,632	3,517
Delinquent property taxes	2,006	1,522
Total Nonoperating Revenue	<u>213,161</u>	<u>91,622</u>
Loss Before Capital Grants	<u>(3,057,208)</u>	<u>(2,896,886)</u>
Capital grants	4,806,212	5,252,053
Change in net position	1,749,004	2,355,167
Net position, beginning of year	<u>84,315,476</u>	<u>81,960,309</u>
Net position, end of year	<u>\$ 86,064,480</u>	<u>\$ 84,315,476</u>

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

ST. AUGUSTINE – ST. JOHNS COUNTY AIRPORT AUTHORITY
STATEMENTS OF CASH FLOWS

YEARS ENDED SEPTEMBER 30, 2020 AND 2019

	2020	2019
Cash flows from operating activities:		
Cash received from tenants	\$ 3,478,063	\$ 3,499,455
Cash received from fuel sales	720,969	941,877
Cash received from airlines and airport operations	189,149	171,964
Cash paid for fuel	(553,480)	(688,513)
Cash paid for personnel services	(1,068,637)	(922,516)
Cash paid for maintenance	(383,147)	(333,833)
Cash paid for administrative and other services	(1,471,063)	(948,801)
Net cash provided by operating activities	<u>911,854</u>	<u>1,719,633</u>
Cash flows from noncapital financing activities:		
Delinquent property taxes received	<u>2,006</u>	<u>1,522</u>
Net cash used in noncapital financing activities	<u>2,006</u>	<u>1,522</u>
Cash flows from capital and related financing activities:		
Capital expenditures	(6,455,159)	(7,355,717)
Capital grants received	4,683,905	5,252,053
Other grant reimbursements	157,000	-
Net cash used in capital and related financial activities	<u>(1,614,254)</u>	<u>(2,103,664)</u>
Cash flows from investing activities:		
Interest income received	4,632	2,899
Purchase of investments	(455,863)	-
Proceeds from sale of investments	952,213	-
Net cash provided by investing activities	<u>500,982</u>	<u>2,899</u>
Net decrease in cash	(199,412)	(379,610)
Cash, beginning of year	553,568	933,178
Cash, end of year	<u>\$ 354,156</u>	<u>\$ 553,568</u>
Reconciliation of operating loss to net cash provided by operating activities:		
Operating loss	\$ (3,270,369)	\$ (2,988,508)
Depreciation	4,426,583	4,336,218
Other current assets	(890,607)	413,945
Deferred outflows of resources	(65,230)	62,940
Accounts payable	76,789	(179,090)
Accrued liabilities	45,596	5,775
Net pension liability	247,923	61,127
Deferred inflows of resources	(58,330)	(8,844)
Compensated absences	5,947	4,913
Tenant deposits	424,200	-
Unearned revenue	(30,648)	11,157
Net cash provided by operating activities	<u>\$ 911,854</u>	<u>\$ 1,719,633</u>
Noncash Capital Activities:		
Capital assets in accounts payable	<u>218,622</u>	<u>-</u>

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

ST. AUGUSTINE – ST. JOHNS COUNTY AIRPORT AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS

YEARS ENDED SEPTEMBER 30, 2020 AND 2019

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 Government Accounting Standards Board (“GASB”) Statement No. 14, as amended, 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 (“U.S. GAAP”) as applied to governmental units. The 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 non-exchange 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, 2020 and 2019, 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”).

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

ST. AUGUSTINE – ST. JOHNS COUNTY AIRPORT AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS

YEARS ENDED SEPTEMBER 30, 2020 AND 2019

Note 2—Summary of significant accounting policies (continued)

Accounts Receivable – Accounts receivable consists primarily of lease payments receivable, including \$424,200 of tenant deposits in 2020, which is based on the terms of the lease agreement.

Self-Fuel Inventory and Prepaid Items – Self-fuel inventory is stated on the first-in-first-out basis. Prepaid items consist principally of insurance prepayments.

Tenant Deposits – Tenant deposits represent deposits in advance of leasehold improvements to be provided by the tenant. To the extent deposits exceed amounts required for leasehold improvements, the excess will be credited against rent for the tenant beginning September 30, 2023.

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. The Authority has deferred outflows of resources and deferred inflows of resources related to pensions, which are discussed in a subsequent note.

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 are included in this component of net position.

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. The Authority does not have restricted net position.

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. GAAP requires management to make various estimates. Actual results could differ from those estimates.

ST. AUGUSTINE – ST. JOHNS COUNTY AIRPORT AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS

YEARS ENDED SEPTEMBER 30, 2020 AND 2019

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 consist of:

	<u>2020</u>	<u>2019</u>
Florida SAFE - Stable NAV Fund	\$ 504,428	\$ 1,062
Florida SAFE - Variable NAV Fund	1,924,450	2,874,926
Florida PRIME	24,132	23,849
Total	<u>\$ 2,453,010</u>	<u>\$ 2,899,837</u>

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 uninsured and has two investment pools in which the Authority participates: a Stable NAV Fund and a Variable NAV Fund.

The Stable NAV Fund is an external investment pool that seeks but does not guarantee to maintain a constant net asset value at \$1.00 per share and 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's Stable NAV Fund is reported at amortized cost. The Stable NAV Fund is rated by Standard & Poor's and has a rating at September 30, 2020 of AAAM. The weighted average maturity (WAM) for Florida SAFE's Stable NAV Fund at September 30, 2020 was 54 days, and the weighted average life (WAL) was 62 days.

The Variable NAV Fund is an external investment pool where the net asset value of the fund will fluctuate as the value of securities held by the fund fluctuates. Therefore, the Authority's investment in Florida SAFE's Variable NAV Fund is reported at net asset value per share. The Variable NAV Fund is rated by Standard & Poor's and has a rating at September 30, 2020 of AAAf/S1.

The Stable NAV Fund has no redemption fees or maximum transaction amounts. The Variable NAV Fund requires a minimum participant investment balance of \$250,000 but has no minimum transaction amount, so long as withdrawals do not cause the investment balance to fall below the minimum. All withdrawals from the Variable NAV Fund may only be made on the third Wednesday of each month upon at least two weeks advance written notice to the Trust. The Indenture of Trust for both Funds provides 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.

ST. AUGUSTINE – ST. JOHNS COUNTY AIRPORT AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS

YEARS ENDED SEPTEMBER 30, 2020 AND 2019

Note 3—Cash deposits and investments (continued)

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”), which 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 & Poor’s and has a rating at September 30, 2020 of AAAm. The weighted average maturity (WAM) of the Florida PRIME at September 30, 2020 was 48 days. The weighted average life (WAL) for Florida PRIME at September 30, 2020 is 63 days.

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

Note 4—Lease 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 \$40,268,126 and \$39,010,000 at September 30, 2020 and 2019, respectively, with accumulated depreciation of approximately \$20,944,538 and \$18,450,000 at September 30, 2020 and 2019, respectively. These leases are generally for a term of 20 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, 2020, without regard to the exercise of renewal options, is as follows:

Years Ending September 30,

2021	\$ 2,660,484
2022	2,473,714
2023	2,392,671
2024	2,329,472
2025	1,225,187
2026-2030	1,451,115
2031-2035	744,077
2036-2040	181,527
2041-2045	107,451
2046-2050	5,182
Total	<u>\$ 13,570,880</u>

For the years ended September 30, 2020 and 2019, three tenants accounted for approximately 69% and 69%, respectively, of total lease revenues.

ST. AUGUSTINE – ST. JOHNS COUNTY AIRPORT AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS

YEARS ENDED SEPTEMBER 30, 2020 AND 2019

Note 5—Capital assets and depreciation

Capital asset activity for the year ended September 30, 2020 was as follows:

	Balance			Balance
	2019	Increases	Decreases	2020
Capital assets not being depreciated:				
Land	\$ 19,375,641	\$ -	\$ -	\$ 19,375,641
Construction in progress	5,278,096	6,581,192	3,507,152	8,352,136
Total capital assets not being depreciated	<u>24,653,737</u>	<u>6,581,192</u>	<u>3,507,152</u>	<u>27,727,777</u>
Capital assets being depreciated:				
Furniture and equipment	3,804,224	59,972	-	3,864,196
Buildings	53,416,502	32,617	-	53,449,119
Airport improvements	57,189,764	3,507,152	-	60,696,916
Total capital assets being depreciated	<u>114,410,490</u>	<u>3,599,741</u>	<u>-</u>	<u>118,010,231</u>
Less accumulated depreciation for:				
Furniture and equipment	2,577,028	265,680	-	2,842,708
Buildings	23,417,938	1,345,007	-	24,762,945
Airport improvements	31,436,943	2,815,896	-	34,252,839
Total accumulated depreciation	<u>57,431,909</u>	<u>4,426,583</u>	<u>-</u>	<u>61,858,492</u>
Total capital assets being depreciated, net	<u>56,978,581</u>	<u>(826,842)</u>	<u>-</u>	<u>56,151,739</u>
Net capital assets	<u>\$ 81,632,318</u>	<u>\$ 5,754,350</u>	<u>\$ 3,507,152</u>	<u>\$ 83,879,516</u>

ST. AUGUSTINE – ST. JOHNS COUNTY AIRPORT AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS

YEARS ENDED SEPTEMBER 30, 2020 AND 2019

Note 5—Capital assets and depreciation (continued)

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

	Balance			Balance
	2018	Increases	Decreases	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	22,084,713	1,333,224	-	23,417,937
Airport improvements	28,728,106	2,708,838	-	31,436,944
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	<u>\$ 78,612,819</u>	<u>\$ 7,002,734</u>	<u>\$ 3,983,235</u>	<u>\$ 81,632,318</u>

ST. AUGUSTINE – ST. JOHNS COUNTY AIRPORT AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS

YEARS ENDED SEPTEMBER 30, 2020 AND 2019

Note 6—Long-term liabilities

Long-term liabilities activity for the year ended September 30, 2020 is as follows

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Net pension liability	\$ 848,676	\$ 325,791	\$ 77,868	\$ 1,096,599	\$ 2,193
Compensated absences	96,131	98,787	92,840	102,078	30,623
Total long-term liabilities	<u>\$ 944,807</u>	<u>\$ 424,578</u>	<u>\$ 170,708</u>	<u>\$ 1,198,677</u>	<u>\$ 32,816</u>

Long-term liabilities 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	<u>\$ 878,767</u>	<u>\$ 118,451</u>	<u>\$ 52,411</u>	<u>\$ 944,807</u>	<u>\$ 30,536</u>

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.

ST. AUGUSTINE – ST. JOHNS COUNTY AIRPORT AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS

YEARS ENDED SEPTEMBER 30, 2020 AND 2019

Note 7—State of Florida pension plans (continued)

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, 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 were as follows:

	2020		2019	
	FRS	HIS	FRS	HIS
Regular class	6.75%	1.66%	6.81%	1.66%
Special risk class	23.76%	1.66%	23.82%	1.66%
Senior management service class	23.69%	1.66%	23.75%	1.66%
City, county, special district elected officers	47.10%	1.66%	47.16%	1.66%
DROP	12.94%	1.66%	12.94%	1.66%

The employer's contributions for the year ended September 30, 2020, were \$73,768 to the FRS pension plan and \$10,265 to the HIS program. Contributions for the year ended September 30, 2019 were \$61,027 to the FRS pension plan and \$9,549 to the HIS program.

Pension Liabilities and Pension Expense

In its financial statements for the year ended September 30, 2020, 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, 2020. 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 2020	\$ 886,280	\$ 210,319
Net pension liability 2019	658,923	189,753
Proportion at:		
Current measurement date	0.002044878%	0.001722535%
Prior measurement date	0.001913326%	0.001695885%
Pension expense 2020	193,914	14,502
Pension expense 2019	174,657	11,351

ST. AUGUSTINE – ST. JOHNS COUNTY AIRPORT AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS

YEARS ENDED SEPTEMBER 30, 2020 AND 2019

Note 7—State of Florida pension plans (continued)

Deferred Outflows/Inflows of Resources Related to Pensions

At September 30, 2020, 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	\$ 33,920	\$ -	\$ 8,603	\$ 162
Changes of assumptions	160,445	-	22,615	12,229
Net difference between projected and actual earnings on pension plan investments	52,770	-	168	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	30,108	28,694	6,446	30,873
Employer contributions subsequent to the measurement date	22,996	-	2,895	-
Total	\$ 300,239	\$ 28,694	\$ 40,727	\$ 43,264

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	\$ 35,918	\$ 54,446

ST. AUGUSTINE – ST. JOHNS COUNTY AIRPORT AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS

YEARS ENDED SEPTEMBER 30, 2020 AND 2019

Note 7—State of Florida pension plans (continued)

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, 2021. Other pension-related amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

<u>Years Ending September 30,</u>	<u>FRS</u>	<u>HIS</u>
2021	\$ 48,599	\$ 1,130
2022	76,172	(2,868)
2023	67,259	(6,352)
2024	43,019	(1,937)
2025	13,500	1,544
Thereafter	-	3,051
Total	<u>\$ 248,549</u>	<u>\$ (5,432)</u>

Actuarial Assumptions

The total pension liability for each of the defined benefit plans was measured as of June 30, 2020 and determined by an actuarial valuation dated July 1, 2020. The individual entry age normal actuarial cost method was used for each plan, along with the following significant actuarial assumptions:

	<u>FRS</u>	<u>HIS</u>
Inflation	2.40%	2.40%
Salary increase	3.25%	3.25%
Investment rate of return	6.80%	N/A
Discount rate	6.80%	2.21%

Mortality assumptions for the FRS pension plan were based on PUB2010 base tables varies by member category and sex, projected generationally with Scale MP-2018. Mortality assumptions for the HIS program were based on Generational PUB2010 with Projection Scale MP-2018.

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 2020:

FRS – The long-term expected rate of return and the discount rate used to determine the total pension liability decreased from 6.90% to 6.80%. The inflation assumption decreased from 2.60% to 2.40%.

HIS – The municipal bond index rate and the discount rate used to determine the total pension liability decreased from 3.50% to 2.21%. The inflation assumption decreased from 2.60% to 2.40%.

ST. AUGUSTINE – ST. JOHNS COUNTY AIRPORT AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS

YEARS ENDED SEPTEMBER 30, 2020 AND 2019

Note 7—State of Florida pension plans (continued)

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.

Asset Class	Target Allocation	Annual Arithmetic Return	Compound Annual (Geometric) Return
Cash	1.0%	2.2%	2.2%
Fixed income	19.0%	3.0%	2.9%
Global equity	54.2%	8.0%	6.7%
Real estate	10.3%	6.4%	5.8%
Private equity	11.1%	10.8%	8.1%
Strategic investments	4.4%	5.5%	5.3%
	100%		

Discount Rate

The discount rates used to measure the total pension liability for the FRS pension plan were 6.80% and 6.90% for the July 1, 2020 and 2019 actuarial valuations, respectively. 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, municipal bond rates of 2.21% and 3.50% were used the July 1, 2020 and 2019 actuarial valuations, respectively, 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.

ST. AUGUSTINE – ST. JOHNS COUNTY AIRPORT AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS

YEARS ENDED SEPTEMBER 30, 2020 AND 2019

Note 7—State of Florida pension plans (continued)

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		
	1.00% Decrease (5.80%)	Current Discount Rate (6.80%)	1.00% Increase (7.80%)	1.00% Decrease (1.21%)	Current Discount Rate (2.21%)	1.00% Increase (3.21%)
Authority’s proportionate share of the net pension liability at September 30, 2020	\$1,415,241	\$886,280	\$444,490	\$288,615	\$210,319	\$217,805
	1.00% Decrease (5.91%)	Current Discount Rate (6.90%)	1.00% Increase (7.90%)	1.00% Decrease (2.50%)	Current Discount Rate (3.50%)	1.00% Increase (4.50%)
Authority’s proportionate share of the net pension liability at September 30, 2019	\$1,139,058	\$658,923	\$257,929	\$216,613	\$189,753	\$167,382

Pension Plans’ Fiduciary Net Position

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

Payables to the Pension Plans

At September 30, 2020, the Authority reported payables for the outstanding amount of contributions of \$7,306 to the FRS Plan and \$1,228 to the HIS Program.

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 totaled \$6,127 and \$5,704 for the years ended September 30, 2020 and 2019.

ST. AUGUSTINE – ST. JOHNS COUNTY AIRPORT AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS

YEARS ENDED SEPTEMBER 30, 2020 AND 2019

Note 8—Commitments

The following is a summary of the major construction contract commitments remaining at fiscal year end.

Project	Contract Amount	Completed to Date	Balance Committed
Airline Terminal Apron	\$ 3,593,142	\$ 2,903,346	\$ 689,796
Taxiway D - Construction	3,128,746	250,250	2,878,496
Design and Construct B & C Row	3,730,000	3,054,723	675,277
Airport Security & Access Control	250,000	235,262	14,738
Acquire Land for Development	700,000	344,915	355,085
PDE Studley - West Access Rd.	100,000	-	100,000
East Terminal Access Rd.	1,940,000	5,000	1,935,000
Airline Terminal Apron Rehab	3,629,437	183,673	3,445,764
	<u>\$ 17,071,325</u>	<u>\$ 6,977,169</u>	<u>\$ 10,094,156</u>

Note 9—Contingency

During 2020 an outbreak of a novel strain of coronavirus (“COVID-19”) emerged globally. As a result of the spread of COVID-19, economic uncertainties with the potential to negatively impact various markets and industries have arisen. While the long-term impact of COVID-19 is unknown at this time, the Authority has experienced stable operations during fiscal year 2020.

Note 10—Future accounting pronouncements

The GASB has issued statements that will become effective in fiscal year 2021. The statements address:

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

The Authority does not currently expect these pronouncements to have an effect on its 2021 financial statements.

This page left intentionally blank

REQUIRED SUPPLEMENTARY INFORMATION

ST. AUGUSTINE – ST. JOHNS COUNTY AIRPORT AUTHORITY
SCHEDULES OF PROPORTIONATE SHARE OF NET PENSION LIABILITY
LAST 10 FISCAL YEARS

YEAR ENDED SEPTEMBER 30, 2020

Florida Retirement System	2015	2016	2017	2018	2019	2020
Employer's proportion of the net pension liability (asset)	0.0023%	0.0021%	0.0021%	0.0020%	0.0019%	0.0020%
Employer's proportionate share of the net pension liability (asset)	\$ 299,107	\$ 556,867	\$ 611,344	\$ 595,101	\$ 658,923	\$ 886,280
Employer's covered payroll ⁽²⁾	\$ 682,688	\$ 696,831	\$ 631,369	\$ 593,891	\$ 519,011	\$ 618,277
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%	143.35%
Plan fiduciary net position as a percentage of the total pension liability	92.00%	84.88%	83.89%	84.26%	82.61%	78.84%
Health Insurance Subsidy Program	2015	2016	2017	2018	2019	2020
Employer's proportion of the net pension liability (asset)	0.0023%	0.0023%	0.0020%	0.0018%	0.0017%	0.0017%
Employer's proportionate share of the net pension liability (asset)	\$ 229,491	\$ 263,074	\$ 211,794	\$ 192,448	\$ 189,753	\$ 210,319
Employer's covered payroll ⁽²⁾	\$ 682,688	\$ 696,831	\$ 631,369	\$ 593,891	\$ 519,011	\$ 618,277
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%	34.02%
Plan fiduciary net position as a percentage of the total pension liability	0.50%	0.97%	1.64%	2.15%	2.63%	3.00%

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

(2) GASB Statement No. 68 was implemented in 2015. Until a full ten-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

YEAR ENDED SEPTEMBER 30, 2020

Florida Retirement System	2015	2016	2017	2018	2019	2020
Contractually retired contribution	\$ 58,677	\$ 55,584	\$ 52,846	\$ 56,681	\$ 61,027	\$ 73,768
Contributions in relation to the contractually required contribution	58,677	55,584	52,846	56,681	61,027	73,768
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Employer's covered payroll ⁽¹⁾	\$ 727,518	\$ 691,528	\$ 615,500	\$ 580,058	\$ 506,497	\$ 618,277
Contributions as a percentage of covered payroll	8.07%	8.04%	8.59%	9.77%	12.05%	11.93%
Health Insurance Subsidy Program	2015	2016	2017	2018	2019	2020
Contractually retired contribution	\$ 9,903	\$ 11,482	\$ 10,220	\$ 9,585	\$ 9,549	\$ 10,265
Contributions in relation to the contractually required contribution	9,903	11,482	10,220	9,585	9,549	10,265
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Employer's covered payroll ⁽¹⁾	\$ 727,518	\$ 691,528	\$ 615,500	\$ 580,058	\$ 506,497	\$ 618,277
Contributions as a percentage of covered payroll	1.36%	1.66%	1.66%	1.65%	1.89%	1.66%

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

⁽²⁾ GASB Statement No. 68 was implemented in 2015. Until a full ten-year trend is compiled, information for those years for which it is available will be presented.

This page left intentionally blank

COMPLIANCE AND SINGLE AUDIT

**Report of Independent Auditor on Internal Control over Financial Reporting
and on Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance with *Government Auditing Standards***

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of St. Augustine-St. Johns County Airport Authority (the "Authority"), as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated March 15, 2021.

Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

A handwritten signature in black ink that reads "Cheryl Behrman LLP". The signature is written in a cursive, flowing style.

Orlando, Florida
March 15, 2021

**Report of Independent Auditor on Compliance for the Major Federal Program and
the Major State Financial Assistance Project and on Internal Control over
Compliance Required by the Uniform Guidance and
Chapter 10.550, Rules of the Auditor General**

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

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 financial assistance project for the year ended September 30, 2020. The Authority's major federal program and major state project are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for the Authority's major federal program and state financial assistance 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 financial assistance 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 our audit provides a reasonable basis for our opinion on compliance for the major federal program and major state financial assistance 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 financial assistance project for the year ended September 30, 2020.

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 financial assistance 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 financial assistance 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 financial assistance 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 financial assistance 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.



Orlando, Florida
March 15, 2021

ST. AUGUSTINE – ST. JOHNS COUNTY AIRPORT AUTHORITY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND
STATE FINANCIAL ASSISTANCE

YEAR ENDED SEPTEMBER 30, 2020

Federal / State Agency, Pass-Through Entity, Federal Program / State Project, Project Name	CFDA/CSFA Number	Contract Number	Expenditures*
Federal Awards			
Department of Transportation:			
Passed through the Federal Aviation Administration			
Airport Improvement Program:			
Master Plan and ALP Update	20.106	3-12-0073-039-2016	\$ 80,032
Taxiway D - Design Only	20.106	3-12-0073-042-2019	205,477
Taxiway D - Construction	20.106	3-12-0073-044-2020	5,000
Airline Terminal Apron	20.106	3-12-0073-0432020	2,886,182
COVID 19 - Cares Act Grant	20.106	3-12-0073-046-2020	157,000
Total Expenditures of Federal Financial Assistance			<u>\$ 3,333,691</u>
State Financial Assistance			
Florida Department of Transportation:			
Aviation Grant Programs:			
Construction	55.004	GOG40	\$ 20,166
Master Plan & ALP Update	55.004	GOB43	1,315
Taxiway D - Design of Rehab	55.004	GON82	8,915
Design & Construct B & C Row	55.004	G1504	1,375,829
Airport Security & Access Control Main Hanger Road	55.004	G1537	65,789
Acquire Land for Development	55.004	G1678	103,514
East Terminal Access Road Design & Construct	55.004	G1115	9,970
Airline Terminal Apron Rehab	55.004	G1J82	152,714
Total Expenditures of State Financial Assistance			<u>\$ 1,738,212</u>

*The Authority did not provide awards to subrecipients.

ST. AUGUSTINE – ST. JOHNS COUNTY AIRPORT AUTHORITY
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND
STATE FINANCIAL ASSISTANCE

YEAR ENDED SEPTEMBER 30, 2020

Note 1—Basis of presentation

Reporting Entity – The accompanying Schedule of Expenditures of Federal Awards and State Financial Assistance (the “Schedule”) includes the federal and state award activity of the St. Augustine – St. Johns County Airport Authority (the “Authority”) for the year ended September 30, 2020 in accordance with the Uniform Guidance and the Florida Single Audit Act. Since the Schedule presents only a select portion of the operations of the Authority, it is not intended to and does not present the financial position, changes in net position or cash flows of the Authority.

Note 2—Summary of significant accounting policies

Expenditures reported in the schedule are reported on the accrual basis of accounting.

Note 3—Indirect cost rate

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

ST. AUGUSTINE – ST. JOHNS COUNTY AIRPORT AUTHORITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

SEPTEMBER 30, 2020

Part I - Summary of Auditor's Results

Financial Statement Section

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? yes x no
Significant deficiency(ies) identified? yes x none reported

Noncompliance material to financial statements noted? yes x no

Federal Awards and State Financial Assistance Section

Internal control over major programs:

Material weakness(es) identified? yes x no
Significant deficiency(ies) identified? yes x none reported

Type of auditor's report on compliance for the major federal program: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a) and Chapter 10.550, Rules of the Auditor General? yes x no

ST. AUGUSTINE – ST. JOHNS COUNTY AIRPORT AUTHORITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)

SEPTEMBER 30, 2020

Part I - Summary of Auditor's Results (continued)

Federal Awards and State Financial Assistance Section (continued)

Identification of major federal programs:

Name of Program	CFDA Number
Federal Aviation Administration Airport Improvement Program	20.106

Identification of major state programs:

Name of Program	CSFA Number
Florida Department of Transportation Aviation Development Grants	55.004

Dollar threshold used to determine Type A programs:

Federal	\$ 750,000
State	\$ 521,463

Auditee qualified as low-risk auditee for federal purposes? yes no

Part II - Schedule of Financial Statement Findings

This section identifies the significant deficiencies, material weaknesses, fraud, illegal acts, violations of provisions of contracts and grant agreements, and abuse related to the financial statements that are required to be reported in accordance with *Government Auditing Standards*.

There were no findings required to be reported in accordance with *Government Auditing Standards*.

Part III - Federal Awards Findings and Questioned Costs

This section identifies the significant deficiencies, material weaknesses, and material instances of noncompliance, including questioned costs, as well as any material abuse findings, related to the audit of major federal programs, as required to be reported by 2CFR 200.516(a)

There were no findings required to be reported by 2 CFR 200.516(a).

Part IV - State Financial Assistance Findings and Questioned Costs

This section identifies the significant deficiencies, material weaknesses, and material instances of noncompliance, including questioned costs, as well as any material abuse findings, related to the audit of major state financial assistance projects, as required to be reported by Chapter 10.550, Rules of the Auditor General.

There were no findings required to be reported by Chapter 10.550, Rules of the Auditor General.

ST. AUGUSTINE – ST. JOHNS COUNTY AIRPORT AUTHORITY
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

SEPTEMBER 30, 2020

There were no prior year audit findings.

OTHER REPORTS

Independent Auditor's Management Letter

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

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, 2020, and have issued our report thereon dated March 15, 2021.

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; 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.

Other Reporting Requirements

We have issued our Report of Independent Auditor 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*; Report of Independent Auditor on Compliance for the Major Federal Program and the Major State Financial Assistance Project and on Internal Control over Compliance Required by the Uniform Guidance and Chapter 10.550, Rules of the Auditor General; Report of Independent Accountant on Compliance with Local Government Investment Policies regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General; and the Schedule of Findings and Questioned Costs. Disclosures in those reports and schedule, which are dated March 15, 2021, should be considered in conjunction with this management letter.

Prior Audit Findings

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

Official Title and Legal Authority

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

Financial Condition and Management

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

The purpose of this management letter is to communicate certain matters prescribed by Chapter 10.550, Rules of the Auditor General. Accordingly, this management letter is not suitable for any other purpose.

A handwritten signature in black ink that reads "Cheryl Behrman LLP". The signature is written in a cursive, flowing style.

Orlando, Florida
March 15, 2021

**Report of Independent Accountant on Compliance
with Local Government Investment Policies**

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

We have examined the St. Augustine-St. Johns County Airport Authority's (the "Authority") compliance with the requirements of Section 218.415, Florida Statutes, during the year ended September 30, 2020. 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 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 local government investment policy requirements of Section 218.415, Florida Statutes, during the year ended September 30, 2020.

The purpose of this report is to comply with the audit requirements of Section 218.415, Florida Statutes, and Rules of the Auditor General.



Orlando, Florida
March 15, 2021