

Sarasota Manatee Airport Authority



Annual Financial Report
Fiscal Year 2024



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February 25, 2025

To the Members of the Board
Sarasota Manatee Airport Authority

We have audited the financial statements of Sarasota Manatee Airport Authority (the "Authority") as of and for the year ended September 30, 2024 and have issued our report thereon dated February 25, 2025. Professional standards require that we provide you with the following information related to our audit, which is divided into the following sections:

Section I - Required Communications with Those Charged with Governance

Section II - Management Letter and State Reporting Requirements

Section III - Other Recommendations

Section I includes information that current auditing standards require independent auditors to communicate to those individuals charged with governance. We will report this information annually to the board members of the Authority.

Section II includes comments and recommendations pursuant to Section 218.39(4), Florida Statutes, and Rule 10.557(3)(g), *Rules of the Auditor General*.

Section III includes comments and recommendations to management that resulted from audit procedures performed.

We would like to take this opportunity to thank the Authority's staff for the cooperation and courtesy extended to us during our audit. Their assistance and professionalism are invaluable.

This report is intended solely for the use of the board members and management of Sarasota Manatee Airport Authority and is not intended to be and should not be used by anyone other than these specified parties.

We welcome any questions you may have regarding the following communications, and we would be willing to discuss these or any other questions that you might have at your convenience.

Very truly yours,

Plante & Moran, PLLC



Blake Roe, CPA
Partner



Pamela L. Hill, CPA
Partner



Rumzei Abdallah, CPA
Principal

Section I - Required Communications with Those Charged with Governance

Our Responsibility Under U.S. Generally Accepted Auditing Standards

As stated in our engagement letter dated July 24, 2024, our responsibility, as described by professional standards, is to express an opinion about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities. Our responsibility is to plan and perform the audit to obtain reasonable, but not absolute, assurance that the financial statements are free of material misstatement.

As part of our audit, we considered the internal control of the Authority. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures specifically to identify such matters.

Our audit of the Authority's financial statements has also been conducted in accordance with *Government Auditing Standards*, issued by the Comptroller General of the United States. Under *Government Auditing Standards*, we are obligated to communicate certain matters that come to our attention related to our audit to those responsible for the governance of the Authority, including compliance with certain provisions of laws, regulations, contracts, and grant agreements; certain instances of error or fraud; illegal acts applicable to government agencies; and significant deficiencies in internal control that we identify during our audit. Toward this end, we issued a separate letter dated February 25, 2025 regarding 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.

Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing previously communicated to you in our letter about planning matters dated July 24, 2024.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by the Authority are described in Note 1 to the financial statements.

No new accounting policies were adopted, and the application of existing policies was not changed during 2024.

There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected.

The most sensitive estimates affecting the financial statements related to the net pension liability, including management's estimate of the net pension liability and related disclosures is based on actuarial valuations and other financial data.

We have evaluated the key factors and assumptions used to develop these estimates in determining that they are reasonable in relation to the financial statements taken as a whole.

The disclosures in the financial statements are neutral, consistent, and clear.

Section I - Required Communications with Those Charged with Governance (Continued)

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in performing and completing our audit.

Disagreements with Management

For the purpose of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report.

We are pleased to report that no such disagreements arose during the course of our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management.

During our audit, we identified various accounts that required reconciliation and journal entries that were required to be posted for the Authority's financial reporting to be compliant with generally accepted accounting principles. The journal entries included the adjustments required for annual year-end reconciliations related to accounts payable, expenses, grants receivable, and contributed capital revenue. As a result of the posted adjustments, current assets were increased by \$24,519,482, current liabilities were decreased by \$4,492,698, and net income was increased by \$29,012,180. Management has corrected all such misstatements.

Significant Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, business conditions affecting the Authority, and business plans and strategies that may affect the risks of material misstatement, with management each year prior to our retention as the Authority's auditors. However, these discussions occurred in the normal course of our professional relationship, and our responses were not a condition of our retention.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated February 25, 2025.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a second opinion on certain situations. If a consultation involves application of an accounting principle to the Authority's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Section II - Management Letter and State Reporting Requirements

Report on the Financial Statements

We have audited the financial statements of the Enterprise Fund and the Pension Trust Fund of Sarasota Manatee Airport Authority as of and for the year ended September 30, 2024 and have issued our report thereon dated February 25, 2025.

Auditor's Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and, as it relates to the federal compliance audit, 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* (the "Uniform Guidance"), and the *Passenger Facility Charge Audit Guide for Public Agencies*, issued by the Federal Aviation Administration.

During the audit, we also adhered to the requirements under Chapter 10.550, *Rules of the Auditor General*, which requires certain additional procedures and the reporting of certain items addressed in this letter.

Other Reporting Requirements

We have issued our independent auditor's 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*; independent auditor's report on compliance for the major federal program as required by the Uniform Guidance, State Financial Assistance Project as required by Chapter 10.550, *Rules of Auditor General*, and *Passenger Facility Charge Audit Guide for Public Agencies*; report on internal control over compliance; schedule of findings and questioned costs; and independent accountant's report on compliance with local government investment policies, regarding compliance requirements in accordance with Chapter 10.550, *Rules of the Auditor General*. This letter should be considered in conjunction with those reports and schedules, which are dated February 25, 2025.

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. No recommendations were made in the preceding financial 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. The Authority has included such disclosures in 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 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. Management of the Authority has determined that the Authority does not meet any of the conditions that are used in the determination of a financial emergency, as described in Section 218.503(1), Florida Statutes. In connection with our audit of the financial statements, the results of our tests did not indicate that the Authority has met any of the conditions 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 based on the audited financial statements as of and for the year ended September 30, 2023. 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 II - Management Letter and State Reporting Requirements
(Continued)**

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, findings and recommendations are incorporated in the accompanying schedule of findings and questioned costs as Finding 2024-001.

Specific Information

As required by Section 218.39(3)(c), Florida Statutes, and Section 10.554(1)(i)6, *Rules of the Auditor General*, the Authority reported:

- a. The total number of authority employees compensated in the last pay period of the Authority's fiscal year as 217
- b. The total number of independent contractors to whom nonemployee compensation was paid in the last month of the Authority's fiscal year as zero
- c. All compensation earned by or awarded to employees, whether paid or accrued, regardless of contingency as \$13,332,289
- d. All compensation earned by or awarded to nonemployee independent contractors, whether paid or accrued, regardless of contingency as \$0
- e. Each construction project with a total cost of at least \$65,000 approved by the Authority that is scheduled to begin on or after October 1 of the fiscal year being reported together with the total expenditures for such project as listed below:

• Vehicle Storage Modifications	\$208,042.78
• Fuel Farm Improvements	\$1,657,685.70
• ARFF Remediation	\$259,238.76
• Lot #9 Light Industrial Facility	\$499,857.62
• Air Cargo Modifications	\$91,647.00
• WP7-Fire Alarm Mods	\$575,039.36
• ARFF Facility upgrades - Construction	\$16,751.70
• WP6-Concourse B Expansion	\$6,195.78

- f. A budget variance based on the budget adopted under Section 189.016(4), Florida Statutes, before the beginning of the fiscal year being reported if the Authority amends a final adopted budget under Section 189.016(6), Florida Statutes, as \$0 net variance. The Authority does not file an amended final adopted budget.

Additional Matter

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 has occurred, or is likely to have occurred, that has an effect on the financial statements that is less than material but warrants the attention of those charged with governance. Please see the report on internal control over financial reporting dated February 25, 2025.

Property Assessed Clean Energy (PACE) Programs

As required by Section 10.554(1)(i)6.a., *Rules of the Auditor General*, Section 163.082, Florida Statutes, the Authority did not have any jurisdiction over any PACE programs during the fiscal year under audit.

**Section II - Management Letter and State Reporting Requirements
(Continued)**

Purpose of This Section

Section II of this 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, and federal and other granting agencies, as well as to communicate certain matters prescribed by Chapter 10.550, *Rules of the Auditor General*. Accordingly, this section is not suitable for any other purpose.

Section III - Other Recommendations

During our audit, we noted areas where we believe there are opportunities for the Authority to increase operating efficiencies. Our observations on those areas are presented below for your consideration:

Grant Reimbursements

During our audit, we noted that the Authority had several months' worth of reimbursable grant expenditures that had not been drawn down as of year end. It is essential to prioritize timely drawdowns of federal and state grant funds to avoid cash flow issues, project delays, and increased administrative burdens. Timely reviews and reconciliations of grant activity will also help the Authority administer these grant activities more efficiently.

Manual Processes

The Authority has several financial and accounting processes that are performed manually. This manual approach may lead to inefficiencies, errors, and increased administrative burdens. To enhance overall operational efficiency, we recommend reviewing and potentially upgrading the existing enterprise resource planning (ERP) system to look for opportunities to automate processes.



Sarasota Manatee Airport Authority
September 30, 2024
Corrective Action Plan

Finding Number: 2024-001

Condition: During our audit, we identified various accounts that required reconciliation and journal entries that were required to be posted for the Authority's financial reporting to be compliant with generally accepted accounting principles.

Planned Corrective Action:

1. Assign specific accounting team members to reconcile certain accounts along with ensuring all required journal entries are posted monthly.
2. Create a checklist to ensure accounts are reviewed and reconciled timely, with supporting documentation.
3. Establish a mandatory review and approval process for non-recurring journal entries.
4. Conduct a training session for the accounting team on proper reconciliation methods and the importance of timely journal entry posting.

Contact person responsible for corrective action: Executive Vice President, Chief Operating Officer

Anticipated Completion Date: 02/26/2025





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Sarasota Manatee Airport Authority
Sarasota, Florida

Financial Statements with Management's
Discussion and Analysis including
Supplementary and Compliance
Reports and Schedules

For the Year Ended September 30, 2024

Prepared by:
Finance Department

Sarasota Manatee Airport Authority

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Independent Auditor's Report

To the Members of the Board
Sarasota Manatee Airport Authority

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the Enterprise Fund and the Pension Trust Fund of Sarasota Manatee Airport Authority (the "Authority") as of and for the year ended September 30, 2024 and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the Enterprise Fund and the Pension Trust Fund of the Authority as of September 30, 2024 and the respective changes in its financial position and, where applicable, its cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the Authority and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

To the Members of the Board
Sarasota Manatee Airport Authority

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and other required supplementary information, as identified in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, which 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.

Supplementary Schedules

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority's basic financial statements. The supplementary information, as identified in the table of contents, is presented for the purpose of additional analysis and is not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards, schedule of expenditures of state financial assistance projects, and schedule of passenger facility charges collected and expended are presented for the purpose of additional analysis, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the "Uniform Guidance"); Chapter 10.550 of the *Rules of the Auditor General - Local Governmental Entity Audits*; and *Passenger Facility Charge Audit Guide for Public Agencies*, issued by the Federal Aviation Administration, respectively, and are also 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 supplementary schedules, as identified in the table of contents, including the schedule of expenditures of federal awards, the schedule of expenditures of state financial assistance projects, and the schedule of passenger facility charges collected and expended, are fairly stated in all material respects in relation to the basic financial statements as a whole.

To the Members of the Board
Sarasota Manatee Airport Authority

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 25, 2025 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, 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.

Plante & Moran, PLLC

February 25, 2025

The following Management’s Discussion and Analysis (“MD&A”) of the Sarasota Manatee Airport Authority’s (the “Authority”) activities and financial performance introduces the basic financial statements of the Authority for the year ended September 30, 2024. The information contained in this MD&A should be considered in conjunction with the information contained in the financial statements and the notes thereto, which are essential to a full understanding of the financial statement data.

The Authority and Airport Activity Highlights

The Authority is an independent special district pursuant to the constitution and laws of Florida, particularly Chapter 2003-309, Laws of Florida, as amended (the “Act”), revising and consolidating Chapter 31263, Special Laws of Florida, 1955, which, by the Act, authorized the Authority to own and operate the Sarasota Bradenton International Airport (the “Airport”). The Authority has jurisdiction, control, supervision, and management of the Airport.

The Authority’s board consists of six members who are appointed on a non-partisan basis to four-year staggered terms. The Act requires that three members of the Authority be residents of, and be appointed within, each of Sarasota and Manatee Counties. The Act further requires that the Chairperson elected by the members thereof alternates county representation annually.

The Airport is situated on approximately 1,100 acres located in Sarasota and Manatee Counties and the City of Sarasota. It is classified as a small hub airport by the Federal Aviation Administration (“FAA”).

The Airport has two crossing asphalt-surfaced runways, 4/22 (NE/SW) and 14/32 (SE/NW). Both runways were built in the early 1940s. Runway 4/22, at 5,004 feet long, is used almost exclusively by general aviation aircraft. Runway 14/32 was extended in 1969 to 7,003 feet and again in 2001 to its present length of 9,500 feet. As the main carrier runway, it is used by commercial jets, as well as general aviation aircraft.

The current terminal building opened to travelers on October 29, 1989. It is located southwest of the intersection of runways 4/22 and 14/32 and has approximately 240,000 square feet of interior space. Significant terminal renovations and upgrades were completed in June 2015, including renovations to the baggage wing, ticket wing, and the concourse. A project to realign and expand the roadway and curbside area in front of the terminal building was completed in June 2017. Construction on a new Air Traffic Control Tower (“ATCT”) was completed and commissioned in June 2018. The ATCT is 139 feet tall and cost approximately \$25 million to complete. The new ATCT provides a better line of sight for controllers and allows development of the North Quad area. Construction began in 2019 on the North Quad, which installed the road and utility infrastructure for future development. The Airport’s 30-year-old loading bridges were replaced and upgraded to the latest technology and completed in September 2019. The ARFF building and Runway 14/32 were updated, and numerous terminal improvements were completed in 2020. With the significant increase in passengers during fiscal year 2021, the fuel farm and multiple parking lots were expanded, Taxiway B and a new maintenance hangar were under construction, and the stormwater system project was completed. During 2022, the Terminal Expansion Project, adding a ground boarding facility, updating Taxiways C and F, baggage handling, and several other projects were initiated and are underway. The Ground Boarding Facility opened in January 2025.

The Authority is self-supporting, using aircraft landing fees, fees from terminal and other rentals, and revenues from concessions to fund operating expenses. The operating expenses of the Authority are not

taxpayer funded. Construction programs are funded by federal and state grants, Passenger Facility Charges (“PFCs”), Customer Facility Charges (“CFCs”), and Authority revenues.

The Authority gave approval for the Airport to provide financial relief to commercial passenger carriers operating at the Airport for up to three months, from April 2020 to June 2020. The Authority initially offered payment deferrals for April 2020 to June 2020 to airlines current as of March 30, 2020. The payment deferral extended the fixed rent payment due date until 2021. The Authority later offered additional deferral of payments for the months of July 2020 through September 2020. On November 17, 2020, the board approved an amendment to the scheduled airline operating agreement to extend the agreement an additional year to September 30, 2024 and exclude CARES Act funds or any subsequent federal, state, or local funds from the year-end reconciliation calculations until September 20, 2023. The normal reconciliation process returns in the final year of the agreement.

Airport activities during 2024 as compared to 2023 are as follows:

	<u>2024</u>	<u>2023</u>	<u>% Increase (Decrease)</u>
Enplanements	2,222,574	2,127,092	4.5%
Aircraft Operations	171,788	160,139	7.3%
Landed Weight	2,434,800,013	2,301,444,418	5.8%

Air travel is particularly sensitive to regulatory changes and operating costs changes (especially fuel costs), which can cause significant fluctuations in passenger counts. Other economic risks to the Authority include federal government spending or tourism declines along with the unknown effects of the COVID-19 pandemic. The capacity adjustments at SRQ have been in step with changes across the nation. These changes are the foundation blocks for industry profitability and future growth at SRQ. With the desire of the Authority to increase air service to the Airport, the Authority passed several resolutions waiving fees, such as landing fees and terminal rent fees, to attract new air service.

The following is a summary of the financial results for the years ended September 30, 2024 and 2023:

Fiscal year 2024 operating revenue increased by 12% from an increase in passenger volume impacting car rentals, concessions, and parking fees. A significant percentage of operating revenues at the Authority is directly related to passenger volumes.

In fiscal years 2024 and 2023, operating expenses before depreciation and amortization increased 10% from 2023 and 15.3% from 2022 due to salaries, legal fees, and an increase in costs associated with the increase in passengers.

Non-operating revenues and expenses in fiscal year 2024 increased by 4% from 2023 as Passenger Facility and Customer Facility charges increased over 2023.

Summary of Operations and Changes in Net Position

	<u>FY 2024</u>	<u>FY 2023</u>
Operating revenues	\$ 45,280,652	\$ 40,243,969
Operating expenses	<u>(44,846,241)</u>	<u>(41,630,867)</u>
Income (Loss) before non-operating revenues and expenses	434,411	(1,386,898)
Non-operating revenues and expenses, net	<u>20,486,532</u>	<u>19,679,960</u>
Income before capital contributions	20,920,943	18,293,062
Capital contributions	<u>80,521,461</u>	<u>43,238,425</u>
Increase in Net Position	101,442,404	61,531,487
Net Position - beginning of year	<u>310,399,788</u>	<u>248,868,301</u>
Net Position - end of year	<u>\$ 411,842,192</u>	<u>\$ 310,399,788</u>

Summary of Net Position

Over time, net position may serve as a useful indicator of the Authority's financial position. The Authority's assets and deferred outflow of resources exceeded liabilities and deferred inflow of resources by approximately \$411.8 million at September 30, 2024, a net \$101.2 million increase over September 30, 2023. The Authority's assets and deferred outflow of resources exceeded liabilities and deferred inflow by approximately \$310.4 million at September 30, 2023.

	<u>FY 2024</u>	<u>FY 2023</u>
Assets:		
Current assets	\$ 69,774,069	\$ 72,762,527
Noncurrent assets	<u>\$ 384,779,065</u>	<u>\$ 278,682,027</u>
Total Assets	<u>\$ 454,553,134</u>	<u>\$ 351,444,554</u>
Deferred outflow of resources	<u>\$ 4,599,623</u>	<u>\$ 6,022,764</u>
Liabilities:		
Other liabilities	\$ 22,165,729	\$ 22,079,201
Net pension and OPEB liability	<u>\$ 7,180,767</u>	<u>\$ 7,963,198</u>
Total Liabilities	<u>\$ 29,346,496</u>	<u>\$ 30,042,399</u>
Deferred inflow of resources	<u>\$ 17,964,069</u>	<u>\$ 17,025,131</u>
Net Position:		
Net investment in capital assets	\$ 337,216,692	\$ 241,647,574
Restricted	<u>\$ 30,769,622</u>	<u>\$ 21,807,881</u>
Unrestricted	<u>\$ 43,855,878</u>	<u>\$ 46,944,333</u>
Total net position	<u>\$ 411,842,192</u>	<u>\$ 310,399,788</u>

The largest portion of the Authority's net position each year represents its investment in capital assets (e.g., land, buildings, improvements, and equipment), less the related indebtedness outstanding used to acquire

and construct those capital assets. The Authority had no related debt for the years ended 2024 and 2023. The Authority uses these capital assets to provide services to its passengers and visitors to the Airport; consequently, these assets are not available for future spending.

An additional portion of the Authority’s net position represents CFCs and PFCs that are restricted. PFCs are restricted by federal regulations and the Final Agency Decision Letter from the FAA Airport District Office. CFCs are regulated at the state level. The remaining unrestricted net position may be used to meet any of the Authority’s ongoing obligations.

Airport Use Agreements

On October 1, 2018, the Authority entered into a new five-year Airport Use Agreements with the four principal commercial air carriers that served the airport at that time. For 2021, the signatory airlines were Allegiant Air, American Airlines, Delta Air Lines, JetBlue Airways, Southwest Airlines, and United Airlines. Southwest Airlines started service in February 2021, and Allegiant Air changed from a Non-Signatory to Signatory in July 2021.

On November 17, 2020, an amendment to the Airline Use Agreement extended the agreement an additional year to September 30, 2024 and excluded all CARES Act funds or any subsequent federal, state, or local funds from the year-end reconciliation. In return, the Authority waived the previously deferred six-month fixed rents and waived an additional 12 months of fixed rents. To assist and encourage airlines to continue to increase their service, another amendment was made on January 25, 2021 to provide the Signatory airlines with an added fee relief by issuing them a credit of 10% of the joint use charges from October 1, 2020 through March 31, 2021. The Signatory airlines were granted the non-exclusive use of the Airport for the purpose of operating an air transportation system for the carriage of persons, property, cargo, and mail, according to the rules and regulations of the Authority. The Board and six airlines (Allegiant, American, Delta, JetBlue, Southwest, United) approved a new ten-year Signatory Agreement effective October 1, 2024, through September 30, 2034. Most of the terms and conditions match the prior agreement; however, a minimum landing fee of \$0.50 per thousand pounds Gross Landed Weight (GLW) was added.

Budgeted Rates and Charges

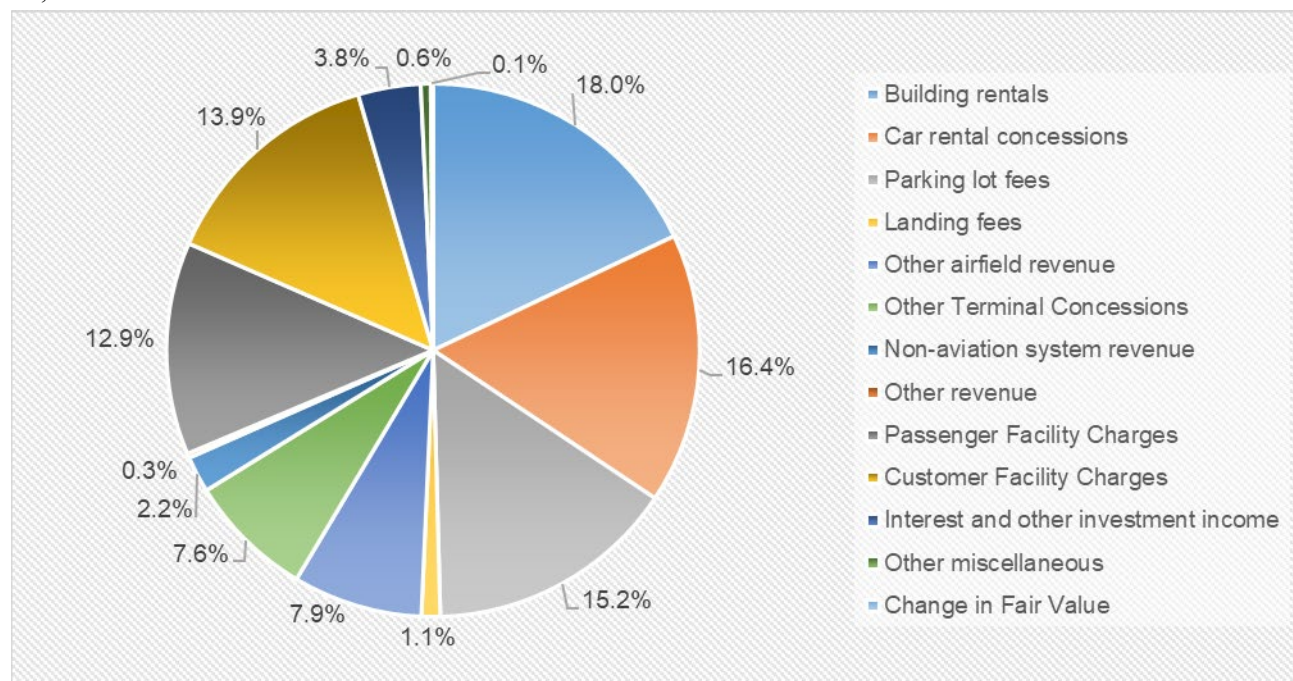
Each of the Signatory airlines leases space in the terminal for its exclusive use, with the right to make certain leasehold improvements. Each of the Signatory airlines pays monthly: (1) rentals for terminal building space, (2) landing fees, and (3) preferential apron space rental. Rentals and landing fees may be adjusted by the Authority, usually on an annual basis, to maintain a balanced budget. Rates and charges for recent years are as follows:

	<u>FY 2024</u>	<u>FY 2023</u>
Landing fee (per 1,000 lbs. landed weight)		
Signatory	\$ 0.50	\$ 0.41
Non-Signatory	\$ 0.63	\$ 0.51
Average terminal rate (per square foot)		
Signatory	71.74	66.89
Non-Signatory	89.55	83.62
Apron fee rental (per linear foot)	279.10	256.17
Air cargo facility (per square foot)	17.50	15.00

Airport revenues during 2024 as compared to 2023 are as follows:

	2024 Amount	Percent of Total	(Decrease) Increase from 2023	Percent (Decrease) Increase
Operating Revenues:				
Terminal Building rentals	\$ 11,807,056	18.0%	\$ 1,867,576	25%
Car rental concessions	10,845,949	16.4%	222,166	2%
Parking revenue (net)	9,993,938	15.2%	542,293	7%
Landing fees	753,360	1.1%	721,224	100%
Other airfield revenue	5,169,476	7.9%	446,144	12%
Other terminal concessions	5,009,639	7.6%	1,159,572	31%
Non-aviation system revenue	1,525,867	2.2%	33,731	2%
Other revenue	175,367	0.3%	43,977	9%
Total Operating Revenues	45,280,652	68.7%	5,036,683	14%
Non-Operating Revenues:				
Passenger Facility Charges	8,445,186	12.9%	65,257	1%
Customer Facility Charges	9,085,972	13.9%	687,846	9%
Interest and other investment income	2,493,920	3.8%	884,348	142%
Change in Fair Value of Investments	93,021	0.1%	(772,679)	81%
Other miscellaneous	368,433	0.6%	(58,200)	534%
Total Non-Operating Revenues	20,486,532	31.3%	806,572	3%
Total Revenues	\$ 65,767,184	100%	\$ 5,843,255	10%

The following chart shows the major sources and the percentage of revenues for the year ended September 30, 2024:

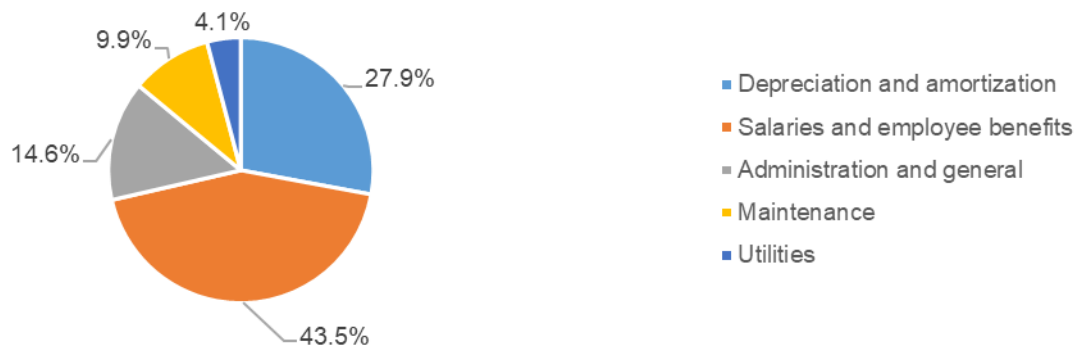


Expenses

A summary of expenses for the year ended September 30, 2024 and the amount and percentage of change in relation to 2023 and 2022 amounts are as follows:

	2024 Amount	Percent of Total	Increase (Decrease) 2023	Percent Increase (Decrease)	2023 Amount	Percent of Total	Increase (Decrease) 2022	Percent Increase (Decrease)
Operating Expenses:								
Depreciation and amortization	\$12,521,674	27.9%	\$ 272,530	2%	\$ 12,249,144	29.4%	\$ 1,807,005	17%
Salaries and employee benefits	19,501,745	43.5%	1,756,934	10%	17,744,811	42.6%	2,890,138	23%
Administration and general	6,541,638	14.6%	183,767	3%	6,357,871	15.3%	763,668	13%
Maintenance	4,430,950	9.9%	717,293	19%	3,713,657	8.9%	60,200	2%
Utilities	1,850,234	4.1%	284,850	18%	1,565,384	3.8%	191,972	18%
Total Operating Expenses	<u>\$44,846,241</u>	100.0%	<u>\$3,215,374</u>	10%	<u>\$ 41,630,867</u>	100.0%	<u>\$ 5,712,983</u>	19%

The following chart shows the major cost centers and the percentage of expenses for the year ended September 30, 2024:



Summary of Cash Flow Activities

The following shows a summary of major sources and uses of cash and cash equivalents for the past two years. Cash equivalents are considered cash-on-hand, bank deposits, and highly liquid investments with an original maturity of three months or less:

	FY 2024	FY 2023
Cash Flows from (used for) Operating Activities	\$ 10,061,709	\$ 12,217,904
Cash Flows from Non-Capital Financing Activities	-	-
Cash Flows from (used for) Capital and Related Financing Activities	(34,581,494)	(16,514,700)
Cash Flows from (used for) Investing Activities	18,724,878	3,133,718
Net increase (decrease) in Cash and Cash Equivalents	(5,794,907)	(1,163,078)
Cash and Cash Equivalents:		
Beginning of Year	24,404,784	25,567,862
End of Year	<u>\$ 18,609,877</u>	<u>\$ 24,404,784</u>

The Authority's available cash and cash equivalents decreased from approximately \$24.4 million at the end of fiscal year 2023 to approximately \$18.6 million at the end of fiscal year 2024. Approximately \$26.8 million has been invested in Treasury instruments.

Airport Statistics

The following operating and passenger data are provided for additional historical perspective, context, and detail to assist in using the information in the Financial Statements and Notes to the Financial Statements to understand and assess the Authority's economic condition.

Fiscal Year Historical Passenger Enplanements

Fiscal Year	Total	Yearly Percent (Decrease) Increase	Airport as Percent of U.S. Total
2019	887,284	38.1%	0.09%
2020	735,257	-17.1%	0.09%
2021	1,282,902	74.5%	0.09%
2022	1,880,377	46.6%	0.09%
2023	2,127,092	13.1%	0.09%
2024	2,222,574	4.5%	0.09%

Calendar Year Historical Passenger Enplanements

Calendar Year	Total	Yearly Percent (Decrease) Increase	Airport as Percent of U.S. Total
2017	593,830	-0.1%	0.08%
2018	688,090	15.9%	0.08%
2019	979,810	42.4%	0.08%
2020	616,798	-37.0%	0.08%
2021	1,583,236	156.7%	0.08%
2022	1,927,529	21.7%	0.08%
2023	2,162,785	12.2%	0.08%

Airline Aircraft Departures

Fiscal Year	Total Departures	Average Daily Departures	Enplaned Passengers per Departure
2019	8,051	22	110
2020	8,154	22	90
2021	14,049	38	91
2022	15,929	44	118
2023	16,196	44	131
2024	17,059	46	130

For fiscal year 2023, new routes and destinations were added by Avelo Airlines, Breeze Airways, and Southwest Airlines. SRQ continued to break passenger records, including the highest total passengers in a single month with 514,889 passengers in March 2023. In total, 4,249,760 passengers traveled through SRQ during fiscal year 2023, which was an increase of 13.4% over 2022.

For fiscal year 2024, SRQ continued to grow exponentially. New routes and destinations were added by Allegiant Air, American Airlines, Avelo Airlines, Breeze Airways, and Frontier Airlines. SRQ continued to reach new milestones, including a record-breaking number of passengers in a single month, reaching 553,521 passengers in March. Despite facing challenges from hurricanes Helene and Milton, which disrupted airport operations, SRQ managed to recover. Overall, a total of 4,435,108 passengers traveled through SRQ during fiscal year 2024, marking a 4.36% increase compared to 2023.

Airline Passenger Enplanements						
Fiscal Years Ended September 30, 2019 - 2024						
	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Delta	370,336	200,538	287,055	388,569	421,298	446,257
JetBlue	79,227	52,277	64,092	106,891	96,857	92,922
United	106,044	88,301	153,018	192,953	218,338	226,450
American	153,509	134,815	240,190	248,496	304,297	341,771
Allegiant	121,098	191,469	230,536	364,854	419,608	391,563
Frontier	28,856	41,164	38,192	18,639	17,888	72,594
Southwest	-	-	256,686	524,732	547,608	554,571
Other Airlines ¹	<u>28,214</u>	<u>26,693</u>	<u>13,133</u>	<u>35,243</u>	<u>101,198</u>	<u>96,446</u>
Totals	<u><u>887,284</u></u>	<u><u>735,257</u></u>	<u><u>1,282,902</u></u>	<u><u>1,880,377</u></u>	<u><u>2,127,092</u></u>	<u><u>2,222,574</u></u>

Airline Market Shares						
Enplaned Passengers						
Fiscal Years Ended September 30, 2019- 2024						
	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Delta	41.7%	27.3%	22.4%	20.7%	19.8%	20.0%
JetBlue	8.9%	7.1%	5.0%	5.7%	4.6%	4.2%
United	12.0%	12.0%	11.9%	10.3%	10.3%	10.2%
American	17.3%	18.3%	18.7%	13.2%	14.3%	15.4%
Allegiant	13.6%	26.0%	18.0%	19.4%	19.7%	17.6%
Frontier	3.3%	5.6%	3.0%	1.0%	0.8%	3.3%
Southwest	-	-	20.0%	27.8%	25.7%	25.0%
Other Airlines ¹	<u>3.2%</u>	<u>3.7%</u>	<u>1.0%</u>	<u>1.9%</u>	<u>4.8%</u>	<u>4.3%</u>
Totals	<u><u>100.00%</u></u>	<u><u>100.00%</u></u>	<u><u>100.00%</u></u>	<u><u>100.00%</u></u>	<u><u>100.00%</u></u>	<u><u>100.00%</u></u>

¹ Includes Air Canada, Avelo, Breeze and Sun Country

Airline Landed Weights						
Fiscal Years Ended September 30, 2019 - 2024						
(in thousand pounds)						
	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Delta	376,811	266,421	437,084	411,413	456,119	478,198
JetBlue	89,022	66,698	86,497	116,505	104,004	101,633
United	129,680	133,516	195,124	231,114	249,537	257,632
American	182,082	185,774	318,335	277,383	349,816	411,849
Allegiant	118,990	241,661	299,187	367,740	397,179	373,573
Frontier	28,485	53,344	43,654	2,098	16,541	75,976
Southwest	-	-	346,654	618,985	612,530	629,491
Other Airlines ¹	<u>43,708</u>	<u>34,232</u>	<u>17,461</u>	<u>58,301</u>	<u>115,719</u>	<u>106,446</u>
Totals	<u><u>968,778</u></u>	<u><u>981,646</u></u>	<u><u>1,743,996</u></u>	<u><u>2,083,539</u></u>	<u><u>2,301,445</u></u>	<u><u>2,434,798</u></u>

Airline Market Shares						
Landed Weights						
Fiscal Years Ended September 30, 2019- 2024						
<u>Share of total landed weight</u>						
	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Delta	38.9%	27.1%	25.1%	19.7%	19.8%	19.6%
JetBlue	9.2%	6.8%	5.0%	5.6%	4.5%	4.2%
United	13.4%	13.6%	11.2%	11.1%	10.8%	10.6%
American	18.8%	18.9%	18.3%	13.3%	15.2%	16.9%
Allegiant	12.3%	24.6%	17.1%	17.6%	17.4%	15.3%
Frontier	2.9%	5.4%	2.5%	0.1%	0.7%	3.1%
Southwest	-	-	19.8%	29.8%	26.6%	25.9%
Other Airlines ¹	<u>4.5%</u>	<u>3.6%</u>	<u>1.1%</u>	<u>2.8%</u>	<u>5.0%</u>	<u>4.4%</u>
Totals	<u><u>100%</u></u>	<u><u>100%</u></u>	<u><u>100%</u></u>	<u><u>100%</u></u>	<u><u>100%</u></u>	<u><u>100%</u></u>

¹ Includes Air Canada, Elite, Republic, Sun Country, and WestJet

Aircraft Operations

The volume of aircraft operations at the Airport, as reported by the FAA air traffic control tower, is presented below. Aircraft operations consist of aircraft landings and departures and are reported by the FAA in four categories: air carrier, air taxi and commuter airline, general aviation, and military. Aircraft operations for fiscal year 2024 totaled 171,788.

Aircraft Operations					
Fiscal Years Ended September 30, 2019- 2024					
<u>Fiscal Year</u>	<u>Air Carrier</u>	<u>Air Taxi and Commuter</u>	<u>General Aviation</u>	<u>Military</u>	<u>Total</u>
2019	15,867	10,183	101,036	2,422	129,508
2020	15,995	9,868	95,768	2,698	124,329
2021	27,831	12,420	102,695	2,799	145,745
2022	31,317	14,142	109,783	2,504	157,746
2023	31,905	15,278	110,961	1,995	160,139
2024	33,674	17,151	119,177	1,786	171,788

Financial Statements

The Authority’s financial statements are prepared on an accrual basis in accordance with generally accepted accounting principles promulgated by the Governmental Accounting Standards Board (“GASB”). The bulk of the operations of the Authority is recorded in a single enterprise fund, with revenues recognized when earned, not when received. Expenses are recognized when incurred, not when they are paid. Capital assets are capitalized and, except for land, depreciated over their useful lives.

The accompanying financial statements include statements for the enterprise fund and the Authority’s employee pension plan. The enterprise fund statements are composed of the Statement of Net Position; the Statement of Revenues; Expenses and Changes in Net Position; and the Statement of Cash Flows. Net Position is displayed in three components: net investment in capital assets, restricted, and unrestricted. The component of net position comprising net investment in capital assets is net of accumulated depreciation.

The Statement of Cash Flows presents information showing how the Authority’s cash and cash equivalents changed during the fiscal year. The Statement of Cash Flows classifies cash receipts and cash payments as resulting from operating activities, capital and related financing activities, non-capital financing activities, and investing activities.

The pension fund statements include The Statement of Plan Net Position and The Statement of Changes in Plan Net Position.

Capital Acquisitions and Construction Activities

During fiscal year 2024, the Authority invested approximately \$108.1 million on capital activities, of which \$1.6 million on equipment and \$106.5 million is construction in progress.

During fiscal year 2024 several projects came to completion and were closed from construction to their respective capital accounts. These projects totaled approximately \$8.1 million and were as follows:

Building & Structure	\$1,086,142
Land Improvements	5,722,807
Computers	458,179
Land	855,457

Capital projects are funded using a variety of financing techniques, including federal grants with matching state grants, CFCs, PFCs, and airport funds. Additional information on the Authority's capital asset commitments can be found in Note 9 – Commitments and Contingencies of the Notes to the Financial Statements.

Passenger Facilities Charges (PFC)

On June 29, 1992, the Authority received approval from the FAA of its first application to impose a \$3.00 PFC at the Airport effective September 1, 1992. The authorization to impose the PFC is contingent on continued compliance with the terms of Federal Aviation Regulations. A second application to use the proceeds of the first application was filed with the FAA, and approval was granted in its Record of Decision dated January 31, 1995. Applications three and four were combined "impose and use" PFC applications and were approved by the FAA in Records of Decision dated December 15, 1995, and October 3, 2000, respectively. On February 22, 2002, an amendment to the fourth application was administratively approved by the FAA that increased the charge level from \$3.00 to \$4.50 per enplaned passenger and increased the approved collection amount.

On June 17, 2009, amendments to application numbers one, two, and three were administratively approved by the FAA. The effect of these amendments was to decrease the allowed collection amounts in each application to the amounts already imposed and used for each project within those applications, effectively closing each one. At that time, PFC collections held in trust fund accounts totaled approximately \$5 million. These funds were then immediately available to be used for Application Four. On July 23, 2009, an amendment to Application Four was approved by the FAA that increased the allowed imposed and use amount by \$22,194,844. The Authority again amended Application Four to reduce the allowed imposed and use amount by \$887,886 and extend the estimated charge expiration date to February 2023. The charge expiration date was extended, despite the reduced imposed and use amount, due to a reduction in actual and forecast enplanements from Prior projections used to estimate the date in the FAA's approval of the prior amendment to PFC #4.

On May 7, 2019, the Authority received approval for Application Five for \$8,817,424 to recover its costs in constructing the new Air Traffic Control Tower and construction and installation of 13 new loading bridges with a projected charge expiration date of February 2023. On September 8, 2021, the Authority received approval for Application Six for \$9,035,362 to recover costs for 19 additional projects.

As a result of the increase in passenger traffic and PFC collections being higher than originally projected, the Authority requested revised expiration dates for Applications Four, Five, and Six on September 29, 2021. Both Applications Four and Five were closed in fiscal year 2022.

Application Six was closed in 2023 and Application Seven was approved for \$41,232,162 to recover costs for 9 additional projects and will expire in April 2029.

Since inception of the PFC program, the Authority has collected approximately \$101.3 million, including interest earnings, and expended approximately \$100.9 million of these locally generated funds.

Economic Factors, Budgets, and Rates

On November 19, 2020, Southwest Airlines announced it would begin service at SRQ to four destinations starting on February 14, 2021. This new service quickly expanded to a total of 19 destinations. By the end of fiscal year 2021, Southwest Airlines was the largest carrier of passengers at SRQ. Throughout fiscal year 2023, the airport continued to see new air service announcements and growth from all the airlines serving the airport.

For fiscal year 2024, airport management continued to closely monitor the level of airline and passenger activity at SRQ to determine impacts on operating requirements and the fiscal year budget. The Authority establishes its airline rates and charges as part of the annual budget development and adoption process. The fiscal year 2024 budgeted rates and charges resulted in no change of signatory landing fees and a decrease of 4.2% in average terminal building rental rates.

Request for Information

This financial report is designed to provide a general overview of the Authority's finances for all those interested. Questions concerning any of the information provided in this report or requests for additional information should be addressed in writing to the Executive Vice President, Chief Financial Officer, Sarasota Manatee Airport Authority, 6000 Airport Circle, Sarasota, FL 34243 or by email to: anita.eldridge@flysrq.com

Sarasota Manatee Airport Authority
Statement of Net Position
For The Year ended September 30, 2024

Assets	2024
Current Assets	
Cash and cash equivalents	15,727,117
Accounts receivable	1,696,392
Grants receivable	50,541,534
Lease receivable - current	1,386,478
Inventory of materials and supplies	263,205
Prepaid expenses and other current assets	<u>159,343</u>
Total current assets	<u>69,774,069</u>
Noncurrent - Restricted Assets	
Cash and cash equivalents	2,882,760
Investments	26,800,360
Accounts receivable	<u>1,086,502</u>
Total noncurrent restricted assets	<u>30,769,622</u>
Lease Receivable - non-current	16,792,751
Capital Assets	
Nondepreciable	224,945,498
Depreciable assets, net	<u>112,271,194</u>
Total capital assets	<u>337,216,692</u>
Total noncurrent assets	<u>384,779,065</u>
Total assets	<u>454,553,134</u>
Deferred Outflow of Resources	
Deferred actuarial losses - pension	<u>4,599,623</u>
Total deferred outflow of resources	<u>4,599,623</u>

The accompanying notes are an integral part of these financial statements.

Sarasota Manatee Airport Authority
Statement of Net Position (continued)
For The Year Ended September 30, 2024

Liabilities	2024
Current Liabilities	
Payable from unrestricted assets	
Accounts payable	\$ 936,031
Accrued expenses and other liabilities	<u>21,229,698</u>
Total current liabilities	<u>22,165,729</u>
Non-Current Liabilities	
Net pension liabilities	<u>7,180,767</u>
Total non-current liabilities	<u>7,180,767</u>
Total liabilities	<u>29,346,496</u>
Deferred Inflow of Resources	
Deferred actuarial gains - pensions	962,236
Deferred income-leases	<u>17,001,833</u>
Total deferred inflow of resources	<u>17,964,069</u>
Net Position	
Net investment in capital assets	\$ 337,216,692
Restricted	30,769,622
Unrestricted	<u>43,855,878</u>
Total net position	<u>\$ 411,842,192</u>

The accompanying notes are an integral part of these financial statements.

Sarasota Manatee Airport Authority
Statement of Revenues, Expenses, and Changes in Net Position
For The Year Ended September 30, 2024

	<u>2024</u>
Operating Revenues	
Building rentals	\$ 11,807,056
Car rental concessions	10,845,949
Parking Revenue	9,993,938
Other airfield revenue	5,169,476
Other Terminal Concessions	5,009,639
Non-aviation system revenue	1,525,867
Landing fees	753,360
Other revenue	<u>175,367</u>
Total operating revenues	<u>45,280,652</u>
Operating Expenses	
Depreciation and amortization	12,521,675
Salaries and employee benefits	19,501,744
Administration and general	6,541,638
Maintenance	4,430,950
Utilities	<u>1,850,234</u>
Total operating expenses	<u>44,846,241</u>
Operating Income	<u>434,411</u>
Non-Operating Revenues (Expenses)	
Passenger Facility Charges	8,445,186
Customer Facility Charge	9,085,972
Interest Income - Cash and investments	2,493,920
Change in Fair Value of Investments	93,021
Interest Income - Lease Activity	<u>368,433</u>
Total non-operating revenues	<u>20,486,532</u>
Income before Capital Contributions	<u>20,920,943</u>
Capital Contributions	
Federal and state grants	<u>80,521,461</u>
Total capital contributions	<u>80,521,461</u>
Change in Net Position	<u>101,442,404</u>
Total net position, beginning of year	<u>310,399,788</u>
Total net position, end of year	<u><u>411,842,192</u></u>

The accompanying notes are an integral part of these financial statements.

Sarasota Manatee Airport Authority
Statement of Cash Flows
For The Year Ended September 30, 2024

	<u>2024</u>
Cash Flows from Operating Activities:	
Cash received from customers	\$ 45,741,223
Cash paid to employees	(19,241,682)
Cash paid to suppliers for goods and services	(16,437,832)
Net cash provided by operating activities	<u>10,061,709</u>
Cash Flows from Capital and Related Financing Activities:	
Purchases of capital assets	(104,663,873)
Capital contributions and grants	52,490,713
Passenger Facility Charges	8,522,941
Customer Facility Charges	9,068,725
Net cash used in capital and related financing activities	<u>(34,581,494)</u>
Cash Flows from Investing Activities:	
Net Purchases/Sales of Investments	15,809,365
Interest on investments	2,915,513
Net cash provided by investing activities	<u>18,724,878</u>
Net Decrease in Cash and Cash Equivalents	(5,794,907)
Cash and Cash Equivalents, beginning of year	24,404,784
Cash and Cash Equivalents, end of year	<u>\$ 18,609,877</u>
Cash and Cash Equivalents:	
Unrestricted	15,727,117
Restricted	2,882,760
	<u>\$ 18,609,877</u>
Reconciliation of Operating Income to Net Cash used in Operating Activities:	
Operating income	434,411
Adjustment to reconcile operating income to net cash provided by (used in) operations:	
Depreciation	12,155,628
Amortization	366,046
Decrease in pension	(215,718)
Increase in accounts and notes receivable	205,834
Increase in inventory, prepaid expenses, and other assets	375,108
Decrease in Lease Receivable	(3,057,859)
Decrease in accounts payable and accrued expenses	(201,741)
Net cash provided by operating activities	<u>\$ 10,061,709</u>
Non-cash investing activities	
Unrealized gain on investments	<u>93,021</u>
Non-cash capital activities	
Purchase of capital assets through accounts payable	<u>(15,783,879)</u>

The accompanying notes are an integral part of these financial statements.

Sarasota Manatee Airport Authority
Statement of Plan Net Position
Pension Trust Fund - Employee Retirement Fund
For the Year Ended September 30, 2024

	<u>2024</u>
Assets	
Investments, at fair value	
Equity investments	\$ 9,623,266
Bonds/Fixed income	16,611,449
Other	<u>1,879,966</u>
Total assets	<u><u>28,114,681</u></u>
 Net Position	
Restricted for Pensions	<u><u>\$ 28,114,681</u></u>

Sarasota Manatee Airport Authority
Statement of Changes in Plan Net Position
Pension Trust Fund - Employee Retirement Fund
For the Year Ended September 30, 2024

	<u>2024</u>
Additions	
Contributions	
Employer	\$ 1,297,912
Investment income	
Net appreciation in fair value of investments	<u>4,040,745</u>
Total additions	<u>\$ 5,338,657</u>
 Deductions	
Benefits paid	1,682,252
Administrative expenses	<u>106,373</u>
Total deductions	<u>\$ 1,788,625</u>
 Change in net position	<u>\$ 3,550,032</u>
 Net Position	
Restricted for Pensions	
Beginning of year	<u>\$ 24,564,649</u>
End of year	<u><u>\$ 28,114,681</u></u>

The accompanying notes are an integral part of these financial statements.

1. Significant Accounting Policies

Nature of Entity

The Sarasota Manatee Airport Authority (the "Authority") is an independent special district pursuant to the constitution and laws of Florida, particularly Chapter 2003-309, Laws of Florida, as amended (the "Act"), revising and consolidating Chapter 31263, Special Laws of Florida, 1955, which, by the Act, authorized the Authority to own and operate the Sarasota Bradenton International Airport (the "Airport"). The Authority has jurisdiction, control, supervision, and management of the Airport.

The Authority's board consists of six members who are appointed on a non-partisan basis to four-year staggered terms. The Act requires that three members of the Authority be residents of, and be appointed within, each of Sarasota and Manatee Counties. It is mandated that the Chairperson elected by the members thereof alternates county representation on an annual basis.

The Airport is situated on approximately 1,100 acres located in Sarasota and Manatee Counties and the City of Sarasota. It is classified as a small hub airport by the Federal Aviation Administration ("FAA").

Use of Estimates

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

Basis of Presentation

The Authority's financial statements are presented in the form of a single enterprise fund, which encompasses all financial activity relative to owning, operating, and improving the Airport facilities plus a pension trust fund for the employee defined benefit pension plan.

Governmental proprietary operations (enterprise funds) and pension trust funds are accounted for using a flow of economic resources measurement focus on an accrual basis of accounting. Revenues are recognized in the period in which they are earned, and expenses are recognized in the period incurred.

Revenues from airlines, concessions, rental cars, and parking are reported as operating revenues. Transactions that are capital, financing, or investing related are reported as non-operating revenues. All expenses related to operating the Airport are reported as operating expenses.

Net position for enterprise funds on the accompanying Statement of Net Position is required to be segregated into the following three categories:

Significant Accounting Policies (continued)

- Net investment in capital assets: Capital assets, net of accumulated depreciation and outstanding debt balances attributable to the acquisition, construction, or improvement of those assets.
- Restricted: Net position whose use by the Authority is subject to externally imposed stipulations that can be fulfilled by actions of the Authority pursuant to those stipulations or that expire by the passage of time. Such position included the Authority's Customer Facility Charges ("CFCs") and Passenger Facility Charges ("PFCs").
- Unrestricted: Net position that is not subject to externally imposed stipulations and is not invested in capital assets. Unrestricted net position may be designated for specific purposes by action of management or the Commissioners or may otherwise be limited by contractual agreements with outside parties.

Reporting Entity

The accompanying financial statements present the Authority and one fiduciary component unit, an entity for which the Authority is considered to be financially accountable. The fiduciary component unit described below is a discretely presented component unit, which is reported in a separate column in the combined financial statements to emphasize that it is legally separate from the Authority:

Fiduciary Component Unit: The Authority governs the Sarasota Manatee Airport Authority Pension Plan - a single-employer defined benefit pension plan that is controlled by the provisions adopted pursuant to the Authority Agreement for employees hired before October 1, 2007. Management of the plan is vested in the Authority and the Authority's board, which consists of six members who are appointed by the Governor of Florida on a non-partisan basis for four-year terms.

New Accounting Guidance

GASB 101: Compensated Absences

In June 2022, the Governmental Accounting Standards Board issued Statement No. 101, Compensated Absences, which updates the recognition and measurement guidance for compensated absences under a unified model. This statement requires that liabilities for compensated absences be recognized for leave that has not been used and leave that has been used but not yet paid in cash or settled through noncash means and establishes guidance for measuring a liability for leave that has not been used. It also updates disclosure requirements for compensated absences. The provisions of this statement are effective for the Authority's financial statements for the year ending September 30, 2025.

GASB 102: Certain Risk Disclosures

In December 2023, the Governmental Accounting Standards Board issued Statement No. 102, Certain Risk Disclosures, which provides users of governmental financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints. This statement requires a government to assess whether a concentration or constraint makes the primary government reporting unit or other reporting units that report a liability for revenue debt vulnerable to the risk of a substantial impact. It also requires a government to assess whether an event or events associated with a

Significant Accounting Policies (continued)

concentration or constraint that could cause the substantial impact have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date the financial statements are issued. The provisions of this statement are effective for the Authority's financial statement for the year ending September 30, 2025. The Authority has not yet determined the impact of this standard on the financial statement.

GASB 103: Financial Reporting Model Improvements

In April 2024, the Governmental Accounting Standards Board issued Statement No. 103, Financial Reporting and Model Improvements, which establishes new accounting and financial reporting or modifies existing requirements related to the following: management's discussion and analysis; unusual or infrequent items; presentation of the proprietary fund statement of revenue, expenses and changes in fund net position; information about major component in basic financial statements; budgetary comparison information; and financial trends information in the statistical section. The provisions of this statement are effective for the Authority's financial statements for the year ending September 30, 2026.

GASB 104: Disclosure of Certain Capital Assets

In September 2024, the Governmental Accounting Standards Board issued Statement No. 104, Disclosure of Certain Capital Assets, which requires certain types of capital assets, such as lease assets, intangible right-to-use assets, subscription assets and other intangible assets to be disclosed separately by major class of underlying assets in the capital assets note. The Statement also requires additional disclosures for capital assets held for sale. The provisions of this statement are effective for the Authority's financial statements for the year ending September 30, 2026.

Cash and Cash Equivalents

The Authority considers all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents.

Investments

The Authority's investments are managed by the Executive Vice President, CFO in conjunction with the Sarasota County Clerk's Office. Investments in commercial paper are recorded at cost, which approximates fair value. Investments in U.S. Treasury and government agency securities are recorded at fair value, as determined by quoted market prices. Changes in the fair value of investments are reported as non-operating revenue or expense in the Statement of Revenues, Expenses and Changes in Net Position.

Accounts and Grants Receivable

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

Significant Accounting Policies (continued)

Lease Receivable

The Authority is the lessor on noncancelable leases of land and building assets owned by the Authority. The Authority recognizes a lease receivable and a deferred inflow of resources at the commencement of the lease term, with certain exceptions for regulated leases, leases with exclusively variable payments, and short-term leases.

At the commencement of a lease, the Authority initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term on a straight-line basis.

Key estimates and judgments include how the Authority determines the discount rate it uses to discount the expected lease receipts to present value, the lease term, and lease receipts:

The Authority uses the Applicable Federal Rate corresponding to the lease term and applicable on the commencement date of the lease as the discount rate for leases. The Applicable Federal Rate is published monthly by the United States Internal Revenue Service.

The lease term used in the measurement of the lease receivable is the noncancelable period of the lease and may include option periods available to the lessee if the Authority believes that it is reasonably certain that such options will be exercised.

The lease receipts included in the measurement of the lease receivable are the fixed payments contractually due from the lessee.

The Authority monitors changes in circumstances that would require a remeasurement of a lease and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

Inventories of Materials, Supplies, and Fuel

Inventories of materials and supplies are valued at First In First Out ("FIFO"), and fuel is valued at weighted average cost.

Restricted Assets

Certain assets are restricted in accordance with FAA restrictions or as required by law. When both restricted and unrestricted resources are available for use, it is the Authority's policy to use restricted resources first and then unrestricted resources as needed.

Significant Accounting Policies (continued)

Capital Assets

Assets with a cost of \$5,000 or more are capitalized and recorded at cost or at acquisition value for receipt for contributions. They are depreciated under the straight-line method over the following estimated useful lives:

Runways, taxiways, and ramps	20-30 years
Building and structures	10-40 years
Site prep, utilities, and drainage	10-40 years
Land improvements	10-20 years
Fencing	7-15 years
Lights and signs	5-10 years
Equipment, furniture, and fixtures	3-10 years
Computers and other intangibles	3-5 years

Project costs are capitalized and included in construction in progress as the costs are incurred, and maintenance and repair costs are expensed as incurred. The accumulated project costs are transferred to depreciable capital assets upon completion. The gain or loss recognized on assets retired or otherwise disposed of is reflected in the Statement of Revenues, Expenses and Changes in Net Position as non-operating revenue (expense), and the associated cost and related accumulated depreciation are removed from the accounts.

Construction in progress consists mainly of terminal expansion, parking lot expansion, baggage handling system; stormwater system improvements; master drainage plan; security enhancements; north quad access road; fuel farm expansion; master update; Rent-A-Car renovations; Taxiway B, C, and F construction; and a wayfinding sign project.

The costs of various easement rights, including the expenses incurred in soundproofing residences, are reported as aviation easements. Easements have indefinite lives and, therefore, are not amortized.

Deferred Outflow/Inflow of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflow of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an expense until then. In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until that time.

Pensions

For the purpose 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

Significant Accounting Policies (continued)

Sarasota Manatee Airport Authority Pension Plan (the "Plan") and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan.

For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at their fair value or net asset value.

Capital Contributions

Capital contributions consist primarily of grants and contributions from federal and state governmental agencies. Contributions and grants are funds donated by various governmental agencies and Airport tenants for specific improvements to the Airport facilities. In the normal course of business, the Authority applies for and receives money from the FAA under Airport Improvement Program grant agreements. Costs incurred under these agreements are subject to review and approval by the FAA. Contributions and grants for improvements are reported in the Statement of Revenues, Expenses and Changes in Net Position after non-operating revenues and expenses as capital contributions.

Passenger Facility Charges

On June 29, 1992, the Authority received approval from the FAA to impose a \$3.00 Passenger Facility Charge ("PFC") at the Airport effective September 1, 1992. The authorization to impose the PFC is contingent on continued compliance with the terms of the Federal Aviation Regulations. A use application was filed with the FAA, and a decision of approval was granted on December 15, 1995. In addition, another impose and use PFC application was filed and approved by the FAA in its Record of Decision dated October 3, 2000. On February 22, 2002, an amendment to that application was administratively approved by the FAA that increased the charge level from \$3.00 to \$4.50 per enplaned passenger and increased the approved collection amount. PFCs are restricted to expenditures for specified capital assets, or debt service thereon, and are reported as non-operating revenue on the accompanying Statement of Revenues, Expenses and Changes in Net Position.

On June 17, 2009, amendments to application numbers one, two, and three were administratively approved by the FAA. The effect of these amendments was to decrease the allowed collection amounts in each application to the amounts already imposed and used for each project within those applications, effectively closing each one. On July 23, 2009, an amendment to Application Four was approved by the FAA that increased the allowed impose and use amount by \$22,194,844. The Authority estimated this action has extended the charge expiration date to February 2022. The Authority again amended Application Four to reduce the allowed impose and use amount by \$877,886 and extend the estimated charge expiration date to February 2023. The impose and use reduction was due to savings realized from a debt refinancing and defeasance; the charge expiration date was extended due to a reduction in actual and forecast enplanements from prior projections used to estimate the date in the FAA's approval of the 2009 amendment to Application Four. The Authority filed another PFC application (Application Five) to recover its costs in constructing the new Air Traffic Control Tower, and construction and installation of 13 new loading bridges. On May 7, 2019, the Authority received approval for Application Five for \$8,817,424 to recover its costs in constructing the new Air Traffic Control Tower, and construction and installation of 13 new loading bridges with a projected charge expiration date of February 2023. Application Five will take effect upon the expiration of Application Four. The Authority filed another PFC application (Application Six) to

Significant Accounting Policies (continued)

recover its costs related to 19 projects. On September 8, 2021, the Authority received approval for Application Six for \$9,035,363. Application Seven took effect upon the expiration of Application Six which received approval on January 24, 2024 for \$41,232,162.

Customer Facility Charge

An amendment to the Rental Car Company ("RAC") Concession Agreements was approved by the Authority's board at its regular meeting on January 23, 2017. The primary purpose of the amendment was to impose a RAC Customer Facility Charge ("CFC") to reimburse the Authority for its costs to install shade structures and three air-conditioned kiosks in the RAC ready/return lot. The CFC was to be \$3.00 per rental day (or portion thereof), may be adjusted from time to time by the Authority, and was to start and stop within 30 days of dates determined by the Authority. The effective date of the start of CFC collections was set at March 1, 2017. The Authority committed to provide annual sources and uses of the CFC and to provide a final accounting at the end of the project.

The shade structure and kiosk addition project was completed in March 2019 at a cost of \$4.6 million. On May 24, 2021, the Authority negotiated a three-year extension to both the concession and land lease agreements to extend the expiration dates to September 30, 2024. The CFC was increased from \$3.00 to \$4.50 on June 1, 2019, and increased again on June 1, 2021, from \$4.50 to \$5.50 per rental day to continue further projects aimed at providing RAC customers a higher level of customer service and for the construction of a Consolidated Rental Car Facility to provide a joint storage and service facility. The cost of the facility is projected at \$100 million and expected to be completed Spring 2027.

Revenue Recognition

Airfield Landing Fee Charges - Landing fees are principally generated from scheduled airlines and non-scheduled commercial aviation and are based on the landed weight of the aircraft. The estimated landing fee structure is determined annually pursuant to an agreement between the Authority and the signatory airlines based on the operating budget of the Authority and is adjusted at year end for the actual landed weight of all aircraft. Landing fees are recognized as revenue when the related facilities are utilized.

Terminal Rents, Out Parcel Rentals, Concessions, and Ground Transportation - Rental and Concession fees are generated from airlines, parking lots, food and beverage, retail, rental cars, advertising, and other commercial tenants. Leases are for terms from 1 to 50 years and generally require rentals based on the volume of business, with specific minimum annual rental payments required. Rental revenue is recognized over the life of the respective leases, and concession revenue is recognized based on reported concessionaire revenue.

Parking Lot - Authority revenue is recognized as gross parking sales net of operating expenses, including a management fee paid to the parking management firm with which the Authority has contracted.

Other - All other types of revenues are recognized when earned.

Significant Accounting Policies (continued)

Subsequent Events

Hurricane Milton, a strong category 5 hurricane, made landfall in Manatee and Sarasota Counties on October 5, 2024. The Airport Authority expects to receive reimbursement from federal and state agencies on certain expenses related to the hurricane. Additionally, the authority anticipates receiving funds on insurance claims for property damage and business interruption.

The Airport Authority staff worked closely with our airline partners on a new use and lease agreement. The Airport Authority has received signed agreements from all six (6) signatory carriers that went into effect October 1, 2024, and will continue for a term of ten (10) years, until September 30, 2034. The new agreement contains provisions that provides further financial stability to the Airport Authority's capital improvement program, specifically the new 5 gate Concourse A. This long-term agreement shows the airlines' commitment to the Airport Authority and their desire to grow air service at SRQ.

The new Concourse A opened on January 15, 2025, providing an additional five (5) gates, a second screening checkpoint and three (3) additional concessions including new restaurants, bar, coffee and gift shop.

2. Concentrations of Credit Risk

The Authority maintains its cash and cash equivalents with a large financial institution. All accounts are guaranteed by the Federal Deposit Insurance Corporation up to \$250,000 per bank. Cash deposits that exceed the federally insured amount are covered under Florida Statutes Chapter 280 (see Note 3).

3. Cash, Cash Equivalents, and Investments

Deposits

All of the Authority's public deposits are held in qualified public depositories pursuant to Florida Statutes, Chapter 280. Qualified public depositories are required to pledge collateral to the State Treasurer with a market value equal to 50% of the average daily balance of all public deposits in excess of any federal deposit insurance. In addition, to the extent that total public deposits exceed the total amount of the regulatory capital accounts of a bank or the regulatory net worth of a savings association, the required collateral shall have a market value equal to 125% of the deposits. In event of default by a qualified public depository, all claims for public deposits would be satisfied by the State Treasurer from the proceeds of federal deposit insurance; pledged collateral of the public depository in default; and, if necessary, a pro rata assessment to the other qualified public depositories in the collateral pool. Therefore, the cash and time deposits are fully insured or collateralized.

Investments

Investments are reported at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value determinations are made based upon a hierarchy that prioritizes the inputs to valuation techniques.

Cash, Cash Equivalents, and Investments (continued)

The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurement) and the lowest priority to unobservable inputs (Level 3 measurements).

- Level 1 - Inputs are unadjusted quoted prices for identical assets or liabilities in active markets that the Authority has the ability to access.
- Level 2 - Inputs include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in inactive markets, inputs other than quoted prices that are observable for the asset or liability, and inputs that are derived principally from or corroborated by observable market data by correlation or other means. If the asset or liability has a contractual term, the Level 2 input must be observable for substantially the full term of the asset or liability.
- Level 3 - Inputs to the valuation methodology are unobservable inputs in situations where there is little or no market activity for the asset or liability, and the reporting entity makes estimates and assumptions related to the pricing of the asset or liability, including assumptions regarding risk.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets and liabilities measured at fair value:

- Bonds - Includes corporate obligations and U.S. Government/Agency bonds that are valued on quoted prices, classified as Level 2
- Fixed Income Investments - This investment is valued using the net asset value ("NAV") provided by the administrator of the fund as a practical expedient. The NAV is based on the value of the underlying assets owned by the fund, minus its liabilities, and then divided by the number of shares outstanding. The NAV is excluded from the valuation hierarchy.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. While the Authority believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different estimate of fair value at the reporting date.

As of September 30, 2024, the Authority had \$26.8 million in investments. The maturities were as follows:

Cash, Cash Equivalents, and Investments (continued)

Investment Type	FY 2024 Fair Value	Less Than 1 Year	1-3 Years	More Than 3 Years	Effective Duration	Fair Value Measurement Using Significant Other Observable Inputs (Level 2)
Restricted						
U.S. Treasury Notes	\$ 26,800,360	\$ 26,800,360	\$ -	\$ -	1.50	\$ 26,800,360
Total Restricted	<u>\$ 26,800,360</u>	<u>\$ 26,800,360</u>	<u>\$ -</u>	<u>\$ -</u>		<u>\$ 26,800,360</u>

Investments of the Authority conform to the provisions of Section 5(21) of Chapter 2003-309 Laws of Florida (the "Sarasota-Manatee Airport Authority Act") and an investment policy adopted pursuant to Florida Statutes, Section 218.415.

Interest Rate Risk - As a means of limiting its exposure to fair value losses arising from rising interest rates, the Authority's investment policy limits its risk by maintaining an investment portfolio with limited volatility. Accordingly, no security shall have an estimated average return of principal exceeding five years.

The weighted-average duration of principal return for the portfolio shall generally be less than two years. However, securities in restricted accounts will have a maximum maturity consistent with the nature of the restricted accounts.

Credit Risk - The Authority is authorized under Florida Statutes, Section 218.415(16) and Section 5(21) of Chapter 2003-309, Laws of Florida, to invest in certain investments.

Custodial Credit Risk - For an investment, custodial credit risk is the risk that in the event of failure of the counterparty, the Authority will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Authority's investments are either held in the name of the Authority or held in trust under the Authority's name by an independent third-party custodian.

Concentration of Credit Risk - The Authority's investment policy established limitations of portfolio composition in order to control concentration of credit risk. The policy allows 100% of the portfolio to be invested in U.S. Treasury bills or notes, 75% to be invested in near cash accounts such as the State investment pool or money market accounts, 65% to be invested in other U.S. government agencies, 75% to be invested in certificates of deposit, 30% to be invested in commercial paper, and 25% to be invested in bankers acceptances. No more than 30% of the entire portfolio may be purchased through one security dealer or bank. The Authority places no limit on the amount it may invest in any one issuer.

Deposits and Investments - Pension Trust Fund

Deposits - At September 30, 2024, the plan held no deposits.

Investments - The investment manager has been delegated with investment discretion for plan assets by the Authority. Investment balances in the plan are not allocated to individual participants, nor are

Cash, Cash Equivalents, and Investments (continued)

investments subject to custodial credit risk or foreign currency risk. There are no unfunded commitments as of September 30, 2024. Investments may be redeemed daily, with a notice period of one day. At September 30, 2024, the plan held investments as indicated below:

	<u>Fair Value</u> <u>2024</u>	<u>Effective</u> <u>Duration</u>	<u>Measured</u> <u>at NAV</u> <u>2024</u>
Investments Measured at Net Asset Value (NAV)			
Large U.S. Equity	\$ 4,844,776	N/A	\$ 4,844,776
Small/Mid U.S. Equity	1,902,033	N/A	1,902,033
International Equity	2,876,457	N/A	2,876,457
Fixed Income Investments	16,611,450	6.13	16,611,450
Other	<u>1,879,965</u>	N/A	<u>1,879,965</u>
Total Investments	<u>\$ 28,114,681</u>		<u>\$ 28,114,681</u>

The valuation method for investments measured at the NAV per share is presented in the following tables:

(a) Large U.S. Equity

Equity Income Separate Acct-Z - The investment seeks to provide current income and long-term growth of income and capital. Under normal circumstances, the fund invests at least 80% of its net assets, plus any borrowings for investment purposes, in dividend-paying equity securities at the time of purchase. It usually invests in equity securities of companies with large and medium market capitalizations. The fund invests in value equity securities, an investment strategy that emphasizes buying equity securities that appear to be undervalued.

LargeCap S&P 500 Index Separate Account-Z - The investment option normally invests the majority of assets in common stocks of companies that compose the S&P 500 Index. Management attempts to mirror the investment performance of the index by allocating assets in approximately the same weightings as the S&P 500 Index. Over the long term, management seeks a very close correlation between the performance of the Separate Account before expenses and that of the S&P 500 Index.

LargeCap Growth I Separate Account-Z - The investment seeks long-term growth of capital. The fund normally invests at least 80% of its net assets, plus any borrowings for investment purposes, in equity securities of companies with large market capitalizations at the time of purchase. It invests in growth equity securities, an investment strategy that emphasizes buying equity securities of companies whose potential for growth of capital and earnings is expected to be above average. The fund is non-diversified.

(b) Small/Mid U.S. Equity

MidCap Growth III Separate Account-Z - The investment seeks long-term growth of capital. Under normal circumstances, the fund invests at least 80% of its net assets, plus any borrowings for investment

Cash, Cash Equivalents, and Investments (continued)

purposes, in equity securities of companies with medium market capitalizations at the time of purchase. It invests in growth equity securities, an investment strategy that emphasizes buying equity securities of companies whose potential for growth of capital and earnings is expected to be above average.

MidCap Value I Separate Account-Z - The investment seeks long-term growth of capital. Under normal circumstances, the fund invests at least 80% of its net assets, plus any borrowings for investment purposes, in equity securities of companies with medium market capitalizations at the time of purchase. It invests in value equity securities, an investment strategy that emphasizes buying equity securities that appear to be undervalued.

SmallCap Value II Separate Account-Z - The investment seeks long-term growth of capital. Under normal circumstances, the fund invests at least 80% of its net assets, plus any borrowings for investment purposes, in equity securities of companies with small market capitalizations at the time of purchase. It invests in value equity securities, an investment strategy that emphasizes buying equity securities that appear to be undervalued.

SmallCap Growth I Separate Account-Z - The investment seeks long-term growth of capital. Under normal circumstances, the fund invests at least 80% of its net assets, plus any borrowings for investment purposes, in equity securities of companies with small market capitalizations at the time of purchase. The fund may invest up to 30% of the fund's assets using an index sampling strategy designed to match the performance of the Russell 2000® Growth Index.

(c) International Equity

Origin Emerging Markets Separate Account-Z - The investment seeks long-term growth of capital. The fund invests at least 80% of its net assets, plus any borrowings for investment purposes, in equity securities of emerging market companies at the time of purchase. The advisor considers a security to be tied economically to an emerging market if one or more of the following criteria is present: (i) the principal trading market for the security is in an emerging market; (ii) the principal trading market for the security is in an emerging market; (iii) the issuer or guarantor of the security derives a majority of its revenue from emerging markets.

Overseas Separate Account-Z - The investment seeks long-term growth of capital. Under normal circumstances, the fund invests at least 80% of its net assets, plus any borrowings for investment purposes, in equity securities that are tied economically to countries outside the U.S. at the time of purchase. It invests in emerging market securities. The fund invests in value equity securities, an investment strategy that emphasizes buying equity securities that appear to be undervalued. It invests in equity securities of small, medium, and large market capitalization companies.

Diversified International Separate Account-Z - The investment option normally invests the majority of assets in companies in at least three different countries. It invests in securities of companies with their principal place of business or principal office outside of the United States; companies for which the principal securities trade on a foreign exchange; and companies, regardless of where their securities are traded, that derive 50% or more of their total revenue from goods or services produced or sold outside of

Cash, Cash Equivalents, and Investments (continued)

the United States. The Separate Account may invest in securities of companies with small to medium market capitalizations.

(d) Fixed Income

High Income Separate Account-Z - The investment seeks high current income. Under normal circumstances, the fund invests primarily in below investment grade bonds and bank loans that are rated, at the time of purchase, Bal or lower by Moody's Investors Service, Inc. ("Moody's") and BB+ or lower by S&P Global Ratings ("S&P Global"). It also invests in investment grade bank loans (also known as senior floating rate interests) and securities of foreign issuers.

Bond Market Index Separate Account-Z - The investment seeks to provide current income. The fund normally invests at least 80% of its net assets, plus any borrowings for investment purposes, in debt securities held by the Barclays U.S. Aggregate Bond Index at the time of purchase. The index is composed of investment grade, fixed-rate debt issues, including government, corporate, asset-backed, and mortgage-backed securities, with maturities of one year or more. It employs a passive investment approach designed to attempt to track the performance of the index.

Core Fixed Income Separate Account-Z - The investment seeks to provide a high level of current income consistent with preservation of capital. The fund invests primarily in a diversified pool of investment-grade fixed-income securities, including corporate securities, U.S. government securities, asset-backed securities and mortgage-backed securities. It maintains an average portfolio duration that is within 25% of the duration of the Bloomberg U.S. Aggregate Bond Index.

(e) Other

U.S. Property Separate Account-Z - Effective at close of market 07/01/2022, a contractual limitation will delay the payment of most withdrawal or transfer requests from the Principal U.S. Property Separate Account (Separate Account) but for no more than three years from the effective date. In accordance with the terms of your employer's group annuity contract, delayed payment requests will be honored proportionately. This means transactions may be processed in a series of payments until enough cash is available to pay obligations. The Separate Account invests the majority of assets in owned private equity commercial real estate. It focuses on properties anticipated to return both lease income and appreciation of the buildings' marketable value. The property holdings usually contain real estate from the multi-family, office, warehouse/manufacturing, and retail sectors. This Separate Account is subject to investment and liquidity risk and other risks inherent in real estate, such as those associated with general and local economic conditions.

Credit Risk - The fixed-income investment accounts are rated as of September 30, 2024 for credit risk as follows:

Cash, Cash Equivalents, and Investments (continued)

Rating (S&P, Moody's)	Fixed Income		
	Core Fixed Income	Bond Market Index	High Income Separate
AAA	6,157,049	91,799	120,594
AA	234,117	2,300,626	-
A	2,405,135	371,584	-
BBB	3,173,861	365,005	2,962
BB	77,235	313	363,614
B	20,515	-	677,580
Below B	-	-	224,544
Not Rated	-	3,760	21,157
Total Fair Value	<u>\$ 12,067,912</u>	<u>\$ 3,133,087</u>	<u>\$ 1,410,451</u>

Concentration of Credit Risk - At September 30, 2024, each of the fixed-income investments, as previously disclosed, that represents 5% or more of net position available for benefits is as follows:

	<u>2024</u>
Principal Financial Group ("PFG")	28,114,681

Custodial Credit Risk - All pension plan investments are held by PFG.

Cash, Cash Equivalents, and Investments (continued)

4. Capital Assets

A summary of changes in capital assets for the year ended September 30, 2024 is as follows:

	Balance at September 30, 2023	Additions	Transfers and Deletions	Balance at September 30, 2024
Capital assets, not being depreciated:				
Land	\$ 22,583,552		\$ 855,457	\$ 23,439,009
Aviation easements	19,662,419			19,662,419
Construction in progress	83,493,853	106,472,802	(8,122,585)	181,844,070
Total capital assets not being depreciated	\$ 125,739,824	\$ 106,472,802	\$ (7,267,128)	\$ 224,945,498
Capital assets, being depreciated and amortized:				
Intangibles	2,962,034			2,962,034
Site prep, utilities, and drainage	28,373,722			28,373,722
Buildings and structures	144,849,086		1,085,392	145,934,478
Runways, taxiways, and ramps	90,100,020			90,100,020
Land improvements	33,019,448		5,722,807	38,742,255
Fencing	2,498,744			2,498,744
Light and signs	6,476,540			6,476,540
Computers	6,186,830		118,164	6,304,994
Equipment, furniture, and fixtures	20,678,525	1,617,994	(393,437)	21,903,082
Total capital assets, being depreciated and amortized	\$ 335,144,949	\$ 1,617,994	\$ 6,532,926	\$ 343,295,869
Less accumulated depreciation and amortization for:				
Intangibles	(2,237,974)	(366,046)		(2,604,020)
Site prep, utilities, and drainage	(14,504,028)	(500,887)		(15,004,915)
Buildings and structures	(78,640,459)	(5,211,964)	750	(83,851,673)
Runways, taxiways, and ramps	(78,298,499)	(2,071,272)		(80,369,771)
Land improvements	(20,754,878)	(1,223,094)		(21,977,972)
Fencing	(730,655)	(182,704)		(913,359)
Light and signs	(5,047,418)	(303,156)		(5,350,574)
Computers	(3,370,526)	(1,197,746)	340,015	(4,228,257)
Equipment, furniture, and fixtures	(15,652,765)	(1,464,806)	393,437	(16,724,134)
Total accumulated depreciation and amortization	\$ (219,237,202)	\$ (12,521,675)	\$ 734,202	\$ (231,024,675)
Capital assets, net	\$ 241,647,571	\$ 95,569,121	\$ -	\$ 337,216,692

Depreciation expense for the year ended September 30, 2024 on the capital assets above was \$ 12,155,629. Amortization expense for the year ended September 30, 2024 on the above capital assets was \$ 366,046.

5. Pension Plan

Pension Description

The Sarasota Manatee Airport Authority Pension Plan (the "Plan") is a single-employer defined benefit pension plan controlled by the provisions adopted pursuant to the Authority Agreement for employees hired before October 1, 2007. The Plan is governed by the Authority, which is responsible for the management of plan assets. The Authority consists of six members who are appointed by the Governor of Florida on a non-partisan basis for four-year terms. The Plan is administered by The Principal Financial Group. Active members of the Plan do not contribute to the Plan.

Pension Plan (continued)

Benefits Provided

The Plan provides a retirement benefit at no cost to full-time eligible employees. Part-time employees may be eligible depending on number of hours worked. After six months of employment, an employee 21 years or older may be eligible to be enrolled depending upon hours worked in the Plan year. Employees under 55 do not vest during the first five years of employment. Employees over 55 vest after two years. Benefits are calculated as 2.25% of the member's final five-year average compensation multiplied by accrual service with a maximum of 30 years. Maximum benefit is \$15,000. Members are eligible for normal retirement after they have attained age 62 and completed two years of service; however, there is a benefit reduction for each year prior to normal retirement age. The Plan also provides death and disability benefits.

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pension

For the year ended September 30, 2024, the Authority reported a liability for the net pension liability of \$7,180,767. The net pension liability was measured as of October 1, 2023, and the total pension liability used to calculate the pension liability was determined by an actuarial valuation as of this date.

For the year ended September 30, 2024, the Authority recognized pension expense of \$1,517,377 and reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>2024</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 409,971	\$ (246,715)
Effects of changes in assumptions	196,884	(715,521)
Net difference between expected and net investment income	2,694,856	
Contribution after measurement period	<u>1,297,912</u>	
Total	<u><u>\$4,599,623</u></u>	<u><u>\$ (962,236)</u></u>

For the year ended September 30, 2024, the Authority reported \$1,297,912 in deferred outflows of resources, resulting from contributions subsequent to the measurement dates that will be recognized as a reduction of the net pension liability for the year ending September 30, 2025.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions as of September 30, 2024 will be recognized in pension expense as follows:

<u>Years Ending September 30</u>	
2025	\$ 681,026
2026	\$ 616,977
2027	\$ 1,058,336
2028	\$ (16,884)
2029	-

Pension Plan (continued)

Plan Membership

The Plan provides retirement benefits to eligible employees hired before October 1, 2007 except for those employees employed by the Authority on September 30, 2006 and employed by Rural Metro for services at the Sarasota Bradenton International Airport no later than October 2, 2006 and continuously through September 30, 2009 and rehired by the Authority on October 1, 2009.

Sixteen firefighters were included in September 30, 2024 for disability pension eligibility only to satisfy Florida Statute 112.1816. The fiscal year counts below were as of the 2024 and 2023 valuation dates.

The Plan's membership consisted of:

	<u>2024</u>	<u>2023</u>
Active employees	41	44
Retirees and beneficiaries currently receiving benefits	81	80
Terminated employees entitled to benefits, not yet receiving	9	7
Disabled plan members entitled to benefits	<u>0</u>	<u>0</u>
Total	<u>131</u>	<u>131</u>

Contributions

The basis for determining contributions is an actuarially determined contribution rate that is calculated each year in the Plan's actuarial valuation report. The actuarially determined contribution rate is the estimated amount necessary to finance the cost of benefits earned by plan members during the year, with additional amounts to finance any unfunded accrued liability and plan administrative expenses.

The contribution requirements of the Plan are established and may be amended by the board members of the Authority. The Authority is required to contribute an actuarially determined fixed amount annually.

Investment Policy

The Authority has an investment policy for the Plan. The President, with recommendation from Executive Vice President/Chief Financial Officer, has the authority, with the assistance of the Plan administrator's financial consultants, to select the funds in which to invest. Asset allocation is a strategy that attempts to balance risk versus reward by adjusting the percentage of each asset in an investment portfolio. Based on the principle that asset types perform differently in different market and economic conditions, asset allocation is an important factor in determining returns for an investment portfolio. Target asset allocations are set by ranges by the EVP/CFO, and President, with the assistance of the Plan administrator's financial consultants and adjusted within those ranges periodically to adjust to market conditions.

Fair value of investments is based on quoted market prices.

Money-weighted Rate of Return

The money-weighted rate of return is calculated as a rate of return on pension plan investments incorporating the timing and amount of cash flows. This return is calculated net of investment expenses.

Pension Plan (continued)

The annual money-weighted rate of return on plan investments for the fiscal years ended September 30, 2024 and 2023 was 16.34% and 5.85%, respectively.

Actuarial Assumptions

The following is a summary of actuarial methods and assumptions used in the actuarial valuations as of October 1, 2023.

The actuarial assumptions used in the October 1, 2023 valuation were based on the results of an actuarial experience study for the period from October 1, 2023 to September 30, 2024.

- The discount rate was unchanged at 5.5% (see discount rate below).
- Long-term inflation: 2.40%
- Salary Increases: Range from 3.38% to 5.68%
- Long-term Rate of Return: 5.50%
- Mortality Table: PUBG -2010 General below median base rate mortality table projected to future years with historical and assumed mortality improvement scale

Discount Rate

The discount rate used to measure the total pension liability was 5.50% for 2023 and 5.50% for 2024. The long-term rate of return was used to calculate the actuarial present value of projected benefit payments for each future period when the projected fiduciary net position is greater than the projected expected benefit payments. The projection of cash flows used to determine the discount rate assumed that Authority contributions will be made at rates equal to the difference between actuarially determined contribution rates on the measurement dates.

Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in Net Pension Liability

The net pension liability at September 30, 2024 was measured as of September 30, 2023 using the total pension liability that was determined by an actuarial valuation as of October 1, 2023.

Pension Plan (continued)

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balances at measurement date October 1, 2022	\$ 31,658,135	\$ 23,694,937	\$ 7,963,198
Changes for the year			
Service cost	358,151	-	358,151
Interest	1,713,236	-	1,713,236
Differences between expected and actual experience	(345,401)		(345,401)
Changes in assumptions	-	-	-
Changes in benefit terms			
Contributions - employer	-	1,199,459	(1,199,459)
Net investment income	-	1,393,913	(1,393,913)
Benefits payments, including refunds of employee contributions	(1,638,705)	(1,638,705)	-
Administrative expense	-	(84,955)	84,955
Total changes for the year	<u>87,281</u>	<u>869,712</u>	<u>(782,431)</u>
Balances at measurement date October 1, 2023	<u>\$ 31,745,416</u>	<u>\$ 24,564,649</u>	<u>\$ 7,180,767</u>

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the Authority, calculated under GASB Statement No. 68 using the discount rate of 5.50% for September 30, 2024 and 5.50% for September 30, 2023, as well as

	2024			2023		
	1% Decrease	Current Discount	1% Increase	1% Decrease	Current Discount	1% Increase
	<u>4.50%</u>	<u>5.50%</u>	<u>6.50%</u>	<u>4.50%</u>	<u>5.50%</u>	<u>6.50%</u>
Authority's net pension liability	\$ 7,166,464	\$ 3,935,371	\$1,150,377	\$ 10,422,859	\$ 7,180,767	\$ 4,392,232

Long-Term Rate of Return

The long-term interest rate assumption is developed as a weighted-average rate based on the target asset allocation of the Plan and the long-term capital market assumptions. The overall return for each asset class was developed by combining a long-term inflation component and the associated expected real rates. The development of the capital market assumptions utilized a variety of methodologies, including, but not limited to, historical analysis, stock valuation models such as dividend discount models and earnings yields models, expected economic growth outlook, and market yield analysis.

Best estimates of expected real rates of return for each major asset class included in the pension plan's target asset allocation as of September 30, 2024 and 2023 are summarized in the following table:

Pension Plan (continued)

Asset Class	2024		2023	
	Expected Real Rate Return	Target Allocation	Expected Real Rate Return	Target Allocation
U.S. Equity - Large Cap	5.67%	19.25%	5.40%	19.25%
U.S. Equity - Mid Cap	6.89%	3.44%	5.95%	2.23%
U.S. Equity - Small Cap	6.89%	0.00%	6.30%	1.21%
Non-U.S. Equity - Developed	6.48%	9.75%	4.60%	9.75%
REIT	0.00%	0.00%	0.00%	0.00%
Real Estate (Direct Property)	4.82%	7.75%	4.25%	7.75%
TIPS	0.00%	0.00%	0.00%	0.00%
Core Bond	2.54%	54.90%	1.75%	54.90%
High Yield	4.31%	4.91%	3.85%	4.91%
		<u>100.00%</u>		<u>100.00%</u>

Pension Plan Reporting: Net Pension Liability

GASB Statement No. 67, *Financial Reporting for Pension Plans - an Amendment of GASB Statement No. 25*, requires pension plans to include certain disclosures about the plan as well as the net pension liability in the notes to the financial statements. As the retirement systems do not issue separate financial statements, the required disclosures for pension plan reporting are found in this section of the notes to the financial statements and in the required supplementary information section.

The net pension liability is calculated as the total pension liability less the pension plan's net fiduciary position. The total pension liability is the present value of pension benefits attributable to past service of the pension plan, and the net fiduciary position is the resources currently available in the pension plan's trusts to pay benefits.

Net Pension Liability Components (Pension Plan Reporting)

The components of the net pension liability of the retirement systems at September 30, 2024 are as follows:

	2024	2023
Total pension liability	32,050,052	31,745,416
Plan fiduciary net position	<u>28,114,681</u>	<u>24,564,649</u>
Retirement plan's net pension liability	<u>\$ 3,935,371</u>	<u>\$ 7,180,767</u>
Plan fiduciary net position as a percentage of the total pension liability	87.72%	77.38%

Pension Plan (continued)

Actuarial Assumptions (Pension Plan Reporting)

The total pension liability was determined based on a roll-forward of the entry age normal liabilities from the October 1, 2024 actuarial valuations. The pension plans use the Entry Age Normal Actuarial Cost Method with a level percent closed amortization method. Under the Entry Age Normal Cost Method, an annual Normal Cost is determined for each covered active member, which is the contribution required to provide all the projected pension benefits assuming this contribution is payable over a period ending on the date of retirement and expressed as a level percentage of compensation.

The total pension liability for the pension plan as of September 30, 2024 was determined based on a roll-forward of entry age normal liabilities from the October 1, 2023 actuarial valuations, using the following actuarial assumptions, applied to all periods included in the measurement:

	<u>2024</u>
Long-term inflation:	2.44%
Salary increases range from:	3.38% to 5.68% depending on age
Long-term rate of return:	5.50%
Mortality rate table:	PubG-2010 General Base Rate mortality table with Improvement Scale MP-2021

Actuarial Changes from the Prior Year for 2024

The salary increase range has not changed from 3.38% to 5.68%, and the mortality rate tables have been updated. The long-term rate of return remained at 5.5% for the current year.

6. Compensation Plans

Deferred Compensation Plan

The Authority offers its employees a deferred compensation plan (the "457 Plan") created in accordance with IRS Code Section 457. The 457 Plan, which is available to all employees, permits employees to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. Investments are managed by the 457 Plan's trustee under one of several investment options, or a combination thereof. The choice of the investment option(s) is made by the employee.

All 457 Plan assets are held by trustees for the exclusive benefits of the participants and beneficiaries. Thus, the assets and liabilities relating to the 457 Plan are not reflected on the Authority's Statement of Net Position. The fair values of the 457 Plan investments were \$5.8 million as of September 30, 2024.

Pension Plan (continued)

Defined Contribution Plan

The Authority also provides a defined contribution plan (the "401(a) Plan"). Employees 21 years or older may be eligible to be enrolled depending upon hours worked in the plan year. Employees do not vest during the first five years of employment. The Authority's annual contribution is a percentage of annual salary, as designated by the board each fiscal year. If employees elect to participate in the 457 Plan, the Authority will match the employee's annual contribution by a percentage designated by the board each year of the employee's annual salary. The Authority match is deposited into the 401(a) Plan. The 401(a) compensation is not available to employees until termination, retirement, or death. Investments are managed by the 401(a) Plan's trustee under one of several investment options or a combination thereof. The choice of the investment options is made by the employee. All 401(a) Plan assets are held by trustees for the exclusive benefits of the participants and beneficiaries. Thus, the assets and liabilities relating to the 401(a) Plan are not reflected on the Authority's Statement of Net Position. The fair values of the 401(a) Plan's investments were \$4.09 million as of September 30, 2024. For the year ended September 30, 2024, the Authority recognized pension expense of \$600,033.

7. Post Employment Health and Other Benefits

The Authority provides retiree health care benefits to eligible employees. The Authority administers the Post Employment Benefits Trust (the "Plan"), a single-employer defined benefit OPEB plan that is used to provide post employment benefits other than pensions (OPEB) for eligible Authority employees. The Authority's health plan provides continuation of coverage to retired employees as long as they elect at the time they retire and pay for their coverage at the same rate charged to the Authority. The cost of continued participation in such health plan will be paid entirely by the retired employee. This, in essence, means that the only liability the Authority would have related to retiree health care would be as the result of the implicit rate subsidy.

The Authority estimated the net OPEB liability as of September 30, 2024 using an actuarial valuation as of September 30, 2023 and concluded the net OPEB liability and related deferrals were not material to the Authority's financial statements.

8. Leases

The Authority's financial statements reflect lease activity recorded under the provisions of GASB Statement No.87, Leases. The primary objective of GASB 87 is to enhance the relevance and consistency of information about the Authority's leasing activities. GASB 87 establishes a single model for lease accounting based on the principle that leases are financings of the right to use an underlying asset. Under GASB 87, a lessor is required to recognize a lease receivable and a deferred inflow of resources, and a lessee is required to recognize a lease liability and an intangible right-to-use lease asset. The Authority's operations as a lessee are immaterial to the financial statements as a whole and, therefore, not disclosed in the footnote, whereas the Authority's operations as a lessor are material and disclosures are shown below.

The Authority leases certain land and building assets to various third parties under both regulated and non-regulated lease agreements. The assets leased include improved space and unimproved land on the airfield, in the terminal building, in the air cargo building, and on other Authority-owned property not contiguous to the airport itself.

Leases (continued)

Lease payments received in exchange for the contracted use of leased assets are paid to the Authority monthly and are based on fixed rental amounts, rental amounts are variable during the lease term based on changes in the consumer price index ("CPI"), variable amounts directly related to the gross revenues generated by the tenant/operator from the leased assets, or a combination of both fixed and variable amounts.

During the year ended September 30, 2024, the Authority recognized the following related to those lease agreements included in the Lease Receivable:

Lease revenue	\$	1,588,725
Interest income	\$	368,433
Revenue from variable payments not previously included in the measurement of the lease receivable		
Changes in the consumer price index	\$	30,888
Payments based on a percentage of revenue	\$	5,964

Regulated Leases

Regulated Leases are leases that are subject to external laws, regulations, or legal rulings. For example, the U.S. Department of Transportation "DOT" and the Federal Aviation Administration regulate aviation leases between airports and air carriers and other aeronautical users through various policies and guidance, including the FAA's Rates and Charges Policy and Federal Grant Assurances. In accordance with GASB 87, the Authority does not recognize a lease receivable and a deferred inflow of resources for regulated leases. Regulated lease assets include terminal passenger holdrooms, operations space, baggage service areas, terminal apron areas, ticket counters, ticket offices, hangars, and land. Certain assets are subject to preferential or exclusive use by commercial airline tenants under regulated leases, as follows:

Passenger hold rooms - 92% of available space is designated as preferential use
Baggage service offices - 100% of available space is designated as exclusive use
Ticket counters, offices & queuing area - 98% of available space is designated as exclusive use
Concourse operations areas - 100% of available space is designated as preferential use
Terminal apron area - 92% of available apron is designated as preferential use

During the year ended September 30, 2024, the Authority recognized rental income from regulatory leases totaling \$16,632,776.

Future expected minimum payments related to the Authority's regulated leases at September 30, 2024 are as follows:

Leases (continued)

Fiscal Year	Expected Future Minimum Payments
2025	17,063,057
2026	17,415,534
2027	17,603,460
2028	18,034,860
2029	18,023,637
2030-2034	89,674,161
2035-2039	11,648,034
2040-2044	7,640,920
2045-2049	6,980,194
2050-2054	6,151,464
2055-2059	2,822,449
2060-2064	2,097,420
2065-2066	804,011

Exclusively Variable Payment and Short-Term Leases

In addition to those leases included within the Lease Receivable and Regulated Leases disclosed above, the Authority has certain leases with exclusively variable payments based on the future performance of the lessee, as well as short-term leases. Revenue recognized on exclusively variable payment leases and short-term leases during the year ended September 30, 2024, totaled \$23,561,408 and \$726,923, respectively.

9. Commitments and Contingencies

The Authority has entered into construction contracts to purchase property, plant, and equipment aggregating approximately \$184.6 million as of September 30, 2024. Of that amount, approximately \$140.0 million has been expended, with the remaining amount anticipated to be expended over the next two years. The majority of these expenditures are expected to be reimbursed to the Authority through grant funding.

A summary of construction commitments at September 30, 2024 is as follows:

Commitments and Contingencies (continued)

<u>Project</u>	<u>Spent to date</u>	<u>Remaining Commitment</u>
Baggage System	\$ 40,923,813	\$ 3,667,136
Baggage System	1,348,195	343,237
Various Terminal Projects	70,976,472	28,511,392
Various Terminal Projects	8,570,973	917,673
West Apron	5,110,852	4,259,582
West Apron	1,006,506	257,492
Ground Transportation Design	4,689,744	2,965,738
15th St. Observation Area	26,577	1,947,636
Commercial Apron		
Grant funded	<u>\$ 132,653,132</u>	<u>\$ 42,869,886</u>
Park N Ride Lot	\$ 3,145,973	\$ 1,030,422
Master Parking Plan Design	673,037	699,409
CONRAC	160,794	28,706
Cell Phone Parking Lot	3,383,036	20,886
Authority funded	<u>\$ 7,362,840</u>	<u>\$ 1,779,423</u>
Total	<u><u>\$ 140,015,972</u></u>	<u><u>\$ 44,649,309</u></u>

The Authority is involved in certain legal actions and claims arising in the ordinary course of its business. It is the opinion of management (based on the advice of legal counsel) that such litigation and claims will be resolved without material adverse effect on the Authority's net position, results of operations, or cash flows.

Grant money received and disbursed by the Authority are for specific purposes and are subject to review by the grantor agencies. Such audits may result in request for reimbursement due to disallowance of expenditures. Based on prior experience, the Authority does not believe that such disallowances, if any, would have a material effect on the financial position of the Authority.

10. Risk Management

The Authority is a member of the Public Risk Management of Florida ("PRM"), a liability risk pool. PRM administers insurance activities relating to workers' compensation, property, liability, and automobiles. PRM absorbs the risk of loss up to a specified amount annually and purchases excess and other specific coverage from third-party carriers. PRM assesses each member its pro rata shares of the estimated amount required to meet current year losses and operating expenses. During the fiscal year ended September 30, 2024, the Authority had no significant reductions in insurance coverage from the prior years. In addition, there have been no settlements that exceeded the Authority's insurance coverage in any of the past three fiscal years. Additionally, the Authority continues to utilize the services of an Independent Risk Management Consultant to advise on appropriate terms, conditions, and coverage needs.

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Sarasota Manatee Airport Authority

Supplementary Schedules

For the Year Ended September 30, 2024

Schedule of Changes in the Plan's
 Net Pension Liability and Related Ratios
 Last 10 Fiscal Years

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Total pension liability										
Service cost	331,875	358,151	418,448	\$ 371,216	\$ 355,832	\$ 338,952	\$ 334,145	\$ 420,392	\$ 450,261	\$ 380,235
Interest	1,718,608	1,713,236	1,576,875	1,612,601	1,719,569	1,659,271	1,619,917	1,641,276	1,592,327	1,501,532
Differences between expected and actual experience	180,389	(345,401)	854,924	154,640	(834,756)	299,330	212,964	(991,666)	(306,138)	221,460
Changes of assumptions	(243,984)	-	(1,572,431)	1,453,587	(531,186)	-	748,974	708,226	(89,187)	(867,045)
Change in benefit terms				-	101,302					
Benefit payments	(1,682,252)	(1,638,705)	(1,516,525)	(1,364,984)	(1,435,913)	(1,109,161)	(973,349)	(921,018)	(764,203)	(603,915)
Net change in total pension liability	304,636	87,281	(238,709)	2,227,060	(625,152)	1,188,392	1,942,651	857,210	883,060	632,267
Total pension liability beginning	31,745,416	31,658,135	31,896,844	29,669,784	30,294,936	29,106,544	27,163,893	26,306,683	25,423,623	24,791,356
Total pension liability ending (a)	\$ 32,050,052	\$ 31,745,416	\$ 31,658,135	\$ 31,896,844	\$ 29,669,784	\$ 30,294,936	\$ 29,106,544	\$ 27,163,893	\$ 26,306,683	\$ 25,423,623
Plan fiduciary net position										
Contributions - Employer	1,297,912	1,199,459	1,231,350	\$ 1,027,763	\$ 1,116,114	\$ 1,071,006	\$ 936,156	\$ 1,044,759	\$ 1,105,021	\$ 1,001,004
Net investment income (loss)	4,040,745	1,393,913	(4,197,163)	2,737,996	1,865,349	1,430,228	851,104	1,699,321	1,351,302	(43,535)
Benefit payments	(1,682,252)	(1,638,705)	(1,516,525)	(1,364,984)	(1,435,913)	(1,109,161)	(973,349)	(921,018)	(764,203)	(603,915)
Administrative expense	(106,373)	(84,955)	(85,034)	(84,525)	(84,796)	(5,227)	(4,890)	(9,202)	(3,263)	(13,652)
Net change in plan fiduciary net position	3,550,032	869,712	(4,567,372)	2,316,250	1,460,754	1,386,846	809,021	1,813,860	1,688,857	339,902
Plan fiduciary net position - beginning	24,564,649	23,694,937	28,262,309	25,946,059	24,485,305	23,098,459	22,289,438	20,475,578	18,786,721	18,446,819
Plan fiduciary net position - ending (b)	28,114,681	24,564,649	23,694,937	\$ 28,262,309	\$ 25,946,059	\$ 24,485,305	\$ 23,098,459	\$ 22,289,438	\$ 20,475,578	\$ 18,786,721
The Plan's net pension liability ending (a) - (b)	\$ 3,935,371	\$ 7,180,767	\$ 7,963,198	\$ 3,634,535	\$ 3,723,725	\$ 5,809,631	\$ 6,008,085	\$ 4,874,455	\$ 5,831,105	\$ 6,636,902
Plan fiduciary net position as a percentage of the total pension liability	87.72%	77.38%	74.85%	88.61%	87.45%	80.82%	79.36%	82.06%	77.83%	73.89%
Covered payroll	3,763,400	3,897,012	3,896,838	\$ 3,432,198	\$ 3,553,155	\$ 3,178,265	\$ 3,081,986	\$ 3,449,801	\$ 3,540,676	\$ 3,875,727
The Plan's net pension liability as a percentage of covered payroll	104.57%	184.26%	204.35%	105.90%	104.80%	182.79%	194.94%	141.30%	164.69%	171.24%
Notes to Schedule for Changes in Assumptions:										
Long-term rate of return on assets	5.50%	5.50%	5.50%	5.00%	5.50%	5.75%	5.75%	6.00%	6.25%	6.25%
Discount rate	5.50%	5.50%	5.50%	5.00%	5.50%	5.75%	5.75%	6.00%	6.25%	6.25%

This schedule is presented to illustrate the requirements to show information for 10 years.

Schedule of Authority
Pension Contributions
Last 10 Fiscal Years

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Actuarially determined contribution	1,297,912	\$ 1,199,459	\$ 1,231,350	\$ 1,027,763	\$ 1,116,114	\$ 1,071,006	\$ 936,156	\$ 1,044,759	\$ 1,105,021	\$ 1,001,004
Contributions in relation to the actuarially determined contribution	1,297,912	1,199,459	1,231,350	1,027,763	1,116,114	1,071,006	936,156	1,044,759	1,105,021	1,001,004
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	3,763,400	\$ 3,897,012	\$ 3,896,838	\$ 3,432,198	\$ 3,553,155	\$ 3,178,265	\$ 3,081,986	\$ 3,449,801	\$ 3,540,676	\$ 3,875,727
Contributions as a percentage of covered payroll	34.50%	30.8%	31.60%	29.94%	31.41%	33.70%	30.38%	30.28%	31.21%	25.83%

Notes to Schedule:

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age
Amortization period	7 years
Amortization method	Level dollar amortization
Asset valuation method	Market value
Inflation	2.40%
Cost of Living adjustment	0%
Retirement age	65
Investment rate of return	5.50%, net of pension plan investment expense
Mortality table	Mortality base table is PubG-2010 and mortality improvement scale is MP 2021
Benefit changes	In 2020, added Disability benefit for firefighters
Changes in assumptions	2015 assumptions changed retirement age from 62 to 65 and adjusted mortality tables resulting in an increase to the actuarially determined contribution
	2016 assumptions changed mortality tables resulting in decrease to the actuarially determined contribution
	2020 assumptions changed related to mortality tables, retirement age, turnovers and salary projections, resulting in a decrease to the actuarially determined contribution
	2021 assumptions changes to mortality tables, retirement age for inactive changed from 65 to 62, salary projections updated, resulting in a decrease to the actuarially determined contribution
	2024 assumptions changes to mortality tables

Sarasota Manatee Airport Authority
Required Supplementary Information

Schedule of
Investment Returns - Pension
Last 10 Fiscal Years

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Annual money-weighted rate of return net of investment expense	16.34%	5.85%	-14.73%	10.51%	7.56%	6.11%	3.77%	8.14%	7.03%	-0.23%

Sarasota Manatee Airport Authority

Supplementary Schedules

For the Year Ended September 30, 2024

Sarasota Manatee Airport Authority
 Schedule of Operating Expenses

	<u>2024</u>
Salaries and wages	\$ 13,332,288
Depreciation and amortization	12,521,675
Operating supplies, maintenance, and repairs	4,430,950
Health insurance	2,598,638
Retirement benefit plans	2,349,454
Service contract	1,748,729
General insurance	1,001,151
Electricity	941,911
Social Security	919,270
Professional services	841,034
Legal	537,428
Marketing	535,857
Telephone	382,272
Water and sewer	298,317
Workers' compensation insurance	297,699
Software Licenses/Annual Licenses	273,847
Customs	227,783
Sanitation	227,734
Data processing supplies	218,211
Travel	187,531
Training	170,589
Dues and subscriptions	147,674
Uniforms and identification	125,958
Advertising and entertainment	124,971
Office supplies, postage, and publishing	120,739
Public relations	91,467
Miscellaneous	82,968
Equipment rental	54,647
Taxes	18,198
Car allowance	17,100
Shuttle service	14,628
Disability	2,434
Employment expenses	1,962
Employee service awards	1,127
	<u>\$ 44,846,241</u>

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*

Independent Auditor's Report

To Management and the Board of Directors
Sarasota Manatee Airport Authority

We have audited, 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, the financial statements of the Enterprise Fund and Pension Trust Fund of Sarasota Manatee Airport Authority (the "Authority") as of and for the year ended September 30, 2024 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 25, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the 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 opinions 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 Authority's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies, and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as Finding 2024-001, that we consider to be a material weakness.

Report on 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*.

The Authority's Response to the Finding

Government Auditing Standards requires the auditor to perform limited procedures on the Authority's response to the finding identified in our audit and described in the accompanying schedule of findings and questioned costs. The Authority's response was not subjected to the other auditing procedures applied in the audit of the financial statements, and, accordingly, we express no opinion on it.

To Management and the Board of Directors
Sarasota Manatee Airport Authority

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 Authority'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 Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Plante & Moran, PLLC

February 25, 2025

Report on Compliance for the Major Federal Program as required by the Uniform Guidance, State Financial Assistance Project as required by Chapter 10.550, *Rules of the Auditor General*, and *Passenger Facility Charge Audit Guide for Public Agencies* and 14 CFR 158.63; Report on Internal Control Over Compliance

Independent Auditor's Report

To the Board of Directors
Sarasota Manatee Airport Authority

Report on Compliance for Each Major Federal Program, State Financial Assistance Project, and Passenger Facility Charge Program

Opinion on Each Major Federal Program, State Financial Assistance Project, and Passenger Facility Charge Program

We have audited Sarasota Manatee Airport Authority's (the "Authority") compliance with the types of compliance requirements identified as subject to audit in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* and the requirements described in the Florida Department of Financial Services State Projects *Compliance Supplement* that could have a direct and material effect on the Authority's major federal program and state financial assistance project for the year ended September 30, 2024. In addition, we audited compliance with the applicable requirements described in the *Passenger Facility Charge Audit Guide for Public Agencies*, issued by the Federal Aviation Administration, and the requirements in 14 CFR 158.63 (collectively, the "Guide") for the year ended September 30, 2024. The Authority's major federal program and state financial assistance project are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. The passenger facility charge program is identified in the schedule of passenger facility charges collected and expended.

In our opinion, the Authority complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on the major federal program, state financial assistance project, and passenger facility charge program for the year ended September 30, 2024.

Basis for Opinion on Each Major Federal Program, State Financial Assistance Project, and Passenger Facility Charge Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the "Uniform Guidance"), Chapter 10.550 of the *Rules of the Auditor General* (Chapter 10.550), and the *Passenger Facility Charge Audit Guide for Public Agencies*, issued by the Federal Aviation Administration, and the requirements in 14 CFR 158.63. Our responsibilities under those standards and the Uniform Guidance, Chapter 10.550, and the Guide are further described in the *Auditor's Responsibilities for the Audit of Compliance* section of our report.

We are required to be independent of the Authority and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Authority's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Authority's federal program, state financial assistance project, and passenger facility charge program.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Authority's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance, and, therefore, is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, the Uniform Guidance, Chapter 10.550, and the Guide will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Authority's compliance with the requirements of each major federal program, state financial assistance project, and passenger facility charge program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, the Uniform Guidance, Chapter 10.550, and the Guide, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Authority's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Authority's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, Chapter 10.550, and the Guide, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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, state financial assistance project, or passenger facility charge program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a 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, state financial assistance project, or passenger facility charge program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program, state financial assistance project, or passenger facility charge program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

To the Board of Directors
Sarasota Manatee Airport Authority

Our consideration of internal control over compliance was for the limited purpose described in the *Auditor's Responsibilities for the Audit of Compliance* section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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. Accordingly, this report is not suitable for any other purpose.

Plante & Moran, PLLC

February 25, 2025

Sarasota Manatee Airport Authority

Schedule of Expenditures of Federal Awards

Year Ended September 30, 2024

Program Title/Project Number/Subrecipient Name	ALN	Pass-through Entity Identifying Number	Total Amount Provided to Subrecipients	Federal Expenditures
U.S. Department of Transportation, Federal Aviation Administration - Direct Program - Airport Improvement Program:				
3-12-0071-65	20.106		\$ -	\$ 292,065
3-12-0071-70	20.106		-	5,786,025
3-12-0071-72	20.106		-	4,757,806
3-12-0071-73	20.106		-	9,864,000
3-12-0071-74	20.106		-	3,500,000
3-12-0071-75	20.106		-	6,246,697
3-12-0071-76	20.106		-	4,591,156
3-12-0071-77	20.106		-	40,955
Total federal awards			<u>\$ -</u>	<u>\$ 35,078,704</u>

Sarasota Manatee Airport Authority

Schedule of Expenditures of State Financial Assistance Projects

Year Ended September 30, 2024

Program Title/Project Number/Subrecipient Name	State CSFA Number	Pass-through Entity Identifying Number	Total Amount Provided to Subrecipients	State Expenditures
Florida Department of Transportation -				
Aviation Development Grants:				
444614-1-94-01	55.004		\$ -	\$ 16,224
444678-1-94-01	55.004		-	2,289,121
446357-1-94-01	55.004		-	3,652,213
450535-1-94-01	55.004		-	126,965
450536-1-94-01	55.004		-	2,666,438
450852-1-94-01	55.004		-	22,149,368
453787-1-94-01	55.004		-	427,229
453790-1-94-01	55.004		-	210,014
			\$ -	\$ 31,537,572
Total state awards				

**Notes to Schedules of Expenditures of Federal Awards and
State Financial Assistance Projects**

Year Ended September 30, 2024

Note 1 - Basis of Presentation

The accompanying schedules of expenditures of federal awards and state financial assistance projects (the "Schedules") include the federal grant and state project activity of Sarasota Manatee Airport Authority (the "Authority") under programs of the federal and state government for the year ended September 30, 2024. The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the "Uniform Guidance"); the Florida Single Audit Act; and Chapter 10.550 of the *Rules of the Auditor General*. Because the Schedules present only a selected portion of the operations of the Authority, they are not intended to and do not present the financial position, changes in net position, or cash flows of the Authority.

Note 2 - Summary of Significant Accounting Policies

The Authority is an independent special district pursuant to the constitution and laws of Florida, particularly Chapter 2003-309, *Laws of Florida*, which authorized the Authority to own and operate the Sarasota Bradenton International Airport (the "Airport"). The Authority has jurisdiction, control, supervision, and management of the Airport.

Expenditures reported in the Schedules are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*; the Florida Single Audit Act; or Chapter 10.550 of the *Rules of the Auditor General*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The pass-through entity identifying numbers are presented where available.

The Authority has elected not to use the 10 percent *de minimis* indirect cost rate to recover indirect costs, as allowed under the Uniform Guidance.

Schedule of Findings and Questioned Costs

Sarasota Manatee Airport Authority

Schedule of Findings and Questioned Costs

Year Ended September 30, 2024

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? X Yes No
- Significant deficiency(ies) identified that are not considered to be material weaknesses? Yes X None reported

Noncompliance material to financial statements noted? Yes X None reported

Federal Awards and State Projects

Internal control over major programs:

- Material weakness(es) identified? Yes X No
- Significant deficiency(ies) identified that are not considered to be material weaknesses? Yes X None reported

Any audit findings disclosed that are required to be reported in accordance with Section 2 CFR 200.516(a)? Yes X No

Identification of major federal programs and state projects:

ALN Number	Name of Federal Program/Cluster	Opinion
20.106	Airport Improvement Program	Unmodified

CSFA Number	Name of State Project	Opinion
55.004	Aviation Development Grants	Unmodified

Dollar threshold used to distinguish between type A and type B Federal programs: \$1,052,361

Dollar threshold used to distinguish between type A and type B State projects: \$946,127

Auditee qualified as low-risk auditee? X Yes No

Schedule of Findings and Questioned Costs (Continued)

Year Ended September 30, 2024

Section II - Financial Statement Audit Findings

Reference Number	Finding
2024-001	<p data-bbox="362 512 769 537">Finding Type - Material weakness</p> <p data-bbox="362 562 1481 651">Criteria - The general ledger and underlying financial records should be reconciled and closed in a timely manner. Year-end journal entries should be recorded in accordance with generally accepted accounting principles (GAAP) prior to the start of the audit.</p> <p data-bbox="362 674 1481 762">Condition - During our audit, we identified various accounts that required reconciliation and journal entries that were required to be posted for the Authority's financial reporting to be compliant with generally accepted accounting principles.</p> <p data-bbox="362 785 1481 932">Context - During our audit, we identified various accounts that required reconciliation and journal entries that were required to be posted for the Authority's financial reporting to be compliant with generally accepted accounting principles. The journal entries included the adjustments required for annual year-end reconciliations related to accounts payable, expenses, grants receivable, and contributed capital revenue.</p> <p data-bbox="362 955 1481 1043">As a result of the posted adjustments, current assets were increased by \$24,519,482, current liabilities were decreased by \$4,492,698, and net income was increased by \$29,012,180. Management has corrected all such misstatements.</p> <p data-bbox="362 1066 1481 1184">Cause - Although the Authority has processes and controls in place surrounding the year-end close and financial reporting function, including management reviews, those processes and controls did not happen timely and, therefore, did not ensure that the aforementioned activity was correctly reported at September 30, 2024.</p> <p data-bbox="362 1207 1481 1354">Effect - If accounts are not reconciled timely and accurately, the Authority's management is not provided with accurate financial information to make decisions during the fiscal year, and material inaccurate financial reporting could result. This could also have an impact on the Authority's ability to submit timely requests for expenditure reimbursement from grantors, which could have an effect on the Authority's treasury functions and operations.</p> <p data-bbox="362 1377 1481 1465">Recommendation - The Authority should have controls in place that ensure timely and accurate recording of grant activity in accordance with generally accepted accounting principles.</p> <p data-bbox="362 1488 1481 1701">Views of Responsible Officials and Planned Corrective Actions - Management will implement the following planned corrective actions: 1) assign specific accounting team members to reconcile certain accounts along with ensuring all required journal entries are posted monthly, 2) create a checklist to ensure accounts are reviewed and reconciled timely with supporting documentation, 3) establish a mandatory review and approval process for nonrecurring journal entries, and 4) conduct a training session for the accounting team on proper reconciliation methods and the importance of timely journal entry posting.</p>

Sarasota Manatee Airport Authority

Schedule of Findings and Questioned Costs (Continued)

Year Ended September 30, 2024

Section III - Federal Program Audit Findings

Reference Number	Finding	Questioned Costs
Current Year	None	

Sarasota Manatee Airport Authority

Schedule of Passenger Facility Charges Collected and Expended

Year Ended September 30, 2024

Collections	Date Approved	Amount Approved for Use	Cumulative Total - September 30, 2023	Quarter 1 October - December	Quarter 2 January - March	Quarter 3 April - June	Quarter 4 July - September	Cumulative Total - September 30, 2024
Passenger facility charge collections			\$ 89,260,243	\$ 2,030,130	\$ 2,436,864	\$ 2,264,613	\$ 1,756,141	\$ 97,747,992
Interest earned			3,481,275	5,198	7,415	10,960	9,936	3,514,784
Total passenger facility charge collections received			\$ 92,741,518	\$ 2,035,328	\$ 2,444,279	\$ 2,275,573	\$ 1,766,077	\$ 101,262,776
Application No. 95-02-U-05-SRQ	10/8/2009	\$ 5,947,682	\$ 5,947,682	\$ -	\$ -	\$ -	\$ -	\$ 5,947,682
Application No. 95-03-C-06-SRQ	10/8/2009	8,746,770	8,746,770	-	-	-	-	8,746,770
Application No. 00-04-C-03-SRQ	1/10/2018	59,802,061	59,802,061	-	-	-	-	59,802,061
Application No. 19-05-C-00-SRQ	5/7/2019	8,817,424	8,817,424	-	-	-	-	8,817,424
Application No. 21-06-C-00-SRQ	9/8/2021	9,035,363	9,035,363	-	-	-	-	9,035,363
Application No. 22-07-C-00-SRQ	12/1/2024	41,232,162	-	1,580,000	2,500,000	2,500,000	1,500,000	8,080,000
Total passenger facility charge collections expended			\$ 133,581,462	\$ 1,580,000	\$ 2,500,000	\$ 2,500,000	\$ 1,500,000	\$ 100,429,300

See notes to schedule of passenger facility charges collected and expended.

**Notes to the Schedule of Passenger Facility Charges Collected
and Expended**

Year Ended September 30, 2024

Note 1 - General

The Aviation Safety and Capacity Expansion Act of 1990 (Public Law 101-508, Title II, Subtitle B) authorized domestic airports to impose a Passenger Facility Charge (PFC) on enplaning passengers. PFCs may be used for airport projects that meet at least one of the following criteria:

- Preserve or enhance safety, security, or capacity of the national air transportation system.
- Reduce noise or mitigate noise impacts resulting from an airport.
- Furnish opportunities for enhanced competition between or among carriers.

Since 1995, the Federal Aviation Administration (FAA) has approved six PFC applications and amendments submitted by the Sarasota Manatee Airport Authority (the "Authority"). The Authority is currently authorized to collect PFCs in the amount of \$4.50 per enplaned passenger up to a total for approved collections of approximately \$134 million. Project expenditures may include amounts for the payment of principal, interest, and other financing costs on bonds for which the proceeds are used to pay PFC-eligible costs on approved projects.

As of September 30, 2024, the Authority had received approximately \$98 million of PFC revenue and \$4 million of interest earnings. The Authority had expended approximately \$100 million on approved projects and debt repayments.

Note 2 - Basis of Presentation

The accompanying schedule of PFCs collected and expended has been prepared on the cash basis of accounting, which is a comprehensive basis of accounting other than U.S. generally accepted accounting principles (GAAP).

**Independent Accountant's Report on Compliance
with Local Government Investment Policies**

To the Members of the Board
Sarasota Manatee Airport Authority

We have examined Sarasota Manatee Airport Authority's (the "Authority") compliance with the local government investment policies required by Section 218.415, Florida Statutes, during the year ended September 30, 2024. The Authority's 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 criteria 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.

We are required to be independent and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to the engagement.

Our examination does not provide a legal determination on the Authority's compliance with the specified requirements.

In our opinion, the Authority complied, in all material respects, with the local government investment policies required by Section 218.415, Florida Statutes, during the year ended September 30, 2024.

The purpose of this report is to comply with the audit requirements of Section 218.415, Florida Statutes, and *Rules of the Auditor General*, and it is not suitable for any other purpose.

Plante & Moran, PLLC

February 25, 2025