ST. AUGUSTINE AIRPORT

St. Johns County Airport Authority

Annual Audit

Fiscal Year 2021–2022

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ST. JOHNS COUNTY AIRPORT AUTHORITY

FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION

As of and for the Years Ended September 30, 2022 and 2021

And Reports of Independent Auditor

Cherry Bekaert LLP
Your Guide Forward

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Report of Independent Auditor

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

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of St. Johns County Airport Authority (the "Authority") as of and for the years ended September 30, 2022 and 2021, 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 financial statements referred to above present fairly, in all material respects, the financial position of the Authority, as of September 30, 2022 and 2021, and the changes in its financial position and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 audits. We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Change in Accounting Principle

As discussed in Note 2 to the financial statements, the Authority adopted the provisions of Governmental Accounting Standards Board ("GASB") Statement No. 87, *Leases*. Our opinion is not modified with respect to this matter.

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 twelve 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 opinion. 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 generally accepted auditing standards 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.

In performing an audit in accordance with generally accepted auditing standards 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.

OTHER MATTERS

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of proportionate share of net pension liability, and schedule of employer contributions, as listed 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, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audits of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Authority's basic financial statements. The accompanying schedule of expenditures of federal awards and state financial assistance, as required by Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards and state financial assistance is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 13, 2023, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

Cherry Bekaert LLP

Orlando, Florida
March 13, 2023

MANAGEMENT'S DISCUSSION AND ANALYSIS

This Discussion and Analysis of the St. Johns County Airport Authority's (the "Authority") financial performance provides an overview and cursory look at the financial activities of the Authority for fiscal years ending September 30, 2022 and 2021. The reader is encouraged to read this section in conjunction with the Authority's financial statements contained elsewhere in this document.

Highlights of the fiscal 2022 and 2021 financial statements, with references to 2020 financial statements for comparative purposes, include:

- Total Net Position decreased by $1,796,365 for the year ended September 30, 2022, as compared to an increase of $619,069 for the year ended September 30, 2021. There was an increase in total net position of $1,831,007 for the year ended September 30, 2020.

- Operating income before depreciation expense was $1,539,126 for the year ended September 30, 2022, as compared to $1,608,546 for the year ended September 30, 2021. Operating income before depreciation expense was $1,238,217 for the year ended September 30, 2020.

- Operating expense, excluding depreciation, was $3,910,238 for the year ended September 30, 2022, as compared to $3,218,450 for the year ended September 30, 2021. Operating expense, excluding depreciation, was $3,297,960 for the year ended September 30, 2020.

- Capital contribution revenue was $1,383,642 for the year ended September 30, 2022, as compared to $3,481,105 for the year ended September 30, 2021. Capital contribution revenue was $4,806,212 for the year ended September 30, 2020. Capital contribution revenue was $3,343,926 less than depreciation expense for fiscal year 2022 and $1,038,746 for fiscal year 2021. Capital contribution revenue was $379,629 in excess of depreciation expense for fiscal year 2020.

- Non-capital grant revenue related to the Coronavirus response of $22,000 and $43,162, was received in fiscal year 2022 and 2021, respectively. Non-capital grant revenue related to the Coronavirus response was $157,000 in fiscal year 2020.

- During fiscal year 2022, the Authority implemented GASB Statement No. 87, *Leases*. The implementation of this standard required the Authority to record, as lessor, leased receivables and deferred inflows of resources based on present value of future lease payments under non-regulated lease contracts, effective October 1, 2020.

Overview of the Basic Financial Statements

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

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

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

Statements of Net Position

	2022	2021	2020
Current and other assets	$ 5,592,643	$ 5,200,320	$ 4,685,776
Capital assets	82,765,253	85,197,489	83,879,516
Total Assets	88,357,896	90,397,809	88,565,292
Deferred outflows of resources	328,313	311,019	340,966
Current liabilities	687,331	818,774	934,754
Long-term liabilities	1,076,939	454,056	1,165,861
Total Liabilities	1,764,270	1,272,830	2,100,615
Deferred inflows of resources	1,365,550	2,083,244	71,958
Net Position:			
Net investment in capital assets	81,592,823	83,810,764	83,660,894
Unrestricted	3,963,566	3,541,990	3,072,791
Total Net Position	$ 85,556,389	$ 87,352,754	$ 86,733,685

Statements of Revenue, Expenses, and Changes in Net Position

	2022	2021	2020
Revenues:			
Operating revenue	$ 5,449,364	$ 4,826,996	$ 4,536,177
Nonoperating revenue and capital contributions	1,392,077	3,530,374	5,019,373
Total Revenues	6,841,441	8,357,370	9,555,550
Expenses:			
Operating expenses	8,637,806	7,738,301	7,724,543
Total Expenses	8,637,806	7,738,301	7,724,543
Change in net position	(1,796,365)	619,069	1,831,007
Net position, beginning of year	87,352,754	86,733,685	84,902,678
Net position, end of year	$ 85,556,389	$ 87,352,754	$ 86,733,685

Overall Financial Position and Results of Operations

The Authority started several large renovation projects during fiscal year 2019, which were ongoing throughout fiscal year 2022. In fiscal year 2022, additions to projects in process were less than the prior year as several of the fiscal year 2021 projects were completed and placed into service, while newer projects were still in the start-up phase. These projects are largely funded by capital grant proceeds. As portrayed in the financial statements, the Authority has total net position of $85,556,389, of which $3,963,566 is unrestricted as of September 30, 2022, as compared to $87,352,754 total net position, of which $3,541,990 was unrestricted, as of September 30, 2021.

The total net position decreased $1,796,365 during fiscal year 2022 and increased $619,069 during fiscal year 2021, largely as a result of capital grant activity. Lease revenue makes up most of operating revenues, which was $3,906,078 in fiscal 2022, as compared to $3,735,663 in fiscal year 2021. Fuel sales, flowage fees, and surcharges also experienced an increase from the prior year of $336,735 as a result of increased activity as compared to the prior year. Operating expenses, excluding depreciation, were $3,910,238 in fiscal year 2022, as compared to $3,218,450 in 2021.

Capital Assets and Debt Administration

Capital Assets – Additions to the Authority's capital assets were less than the prior year due to the completion of projects from the prior year and new projects being in the start-up phase. More details regarding the asset and depreciation position of the Authority is provided in the Note 5 to the financial statements.

Debt Administration – The Authority has no long-term debt. Pension and compensated absence liabilities are summarized in Note 6 to the financial statements.

Significant Economic Factors or Conditions

The Authority's operations consist primarily of lease revenue and the expenses necessary to operate and maintain the facilities. From November 2021 through June 2022, Elite Airways offered commercial flights at the Authority. This resulted in an increase in activity at the Authority and revenues related to this activity. We are not currently aware of any other conditions that are expected to have a significant effect on the Authority's financial position or results of operations.

Contacting the Authority's Financial Management

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

FINANCIAL STATEMENTS

ST. JOHNS COUNTY AIRPORT AUTHORITY
STATEMENTS OF NET POSITION

SEPTEMBER 30, 2022 AND 2021

	2022	2021
ASSETS		
Current Assets:		
Cash	$ 2,548,267	$ 1,631,508
Investments	2,765,592	2,785,797
Lease receivable	149,816	135,770
Accounts receivable	9,859	29,734
Grants receivable	-	106,975
Prepaid items	55,185	450,473
Fuel Inventory	63,924	60,063
Total Current Assets	5,592,643	5,200,320
Noncurrent Assets:		
Lease receivable	1,140,953	1,290,850
Capital Assets:		
Nondepreciable	20,788,933	26,599,864
Depreciable, net	60,835,367	57,306,775
Total Noncurrent Assets	82,765,253	85,197,489
TOTAL ASSETS	88,357,896	90,397,809
Deferred Outflows of Resources:		
Deferred outflows - pension related	328,313	311,019
LIABILITIES		
Current Liabilities:		
Accounts payable	143,851	301,138
Accrued liabilities	34,778	85,160
Tenant deposits	483,229	327,717
Unearned revenue	7,173	85,056
Current portion of net pension liability	-	1,201
Current portion of compensated absences	18,300	18,502
Total Current Liabilities	687,331	818,774
Long-Term Liabilities:		
Net pension liability	1,034,291	410,887
Compensated absences	42,648	43,169
Total Long-Term Liabilities	1,076,939	454,056
TOTAL LIABILITIES	1,764,270	1,272,830
Deferred Inflows of Resources:		
Deferred inflows - lease related	1,290,769	1,426,620
Deferred inflows - pension related	74,781	656,624
Total deferred inflows of resources	1,365,550	2,083,244
NET POSITION:		
Net investment in capital assets	81,592,823	83,810,764
Unrestricted	3,963,566	3,541,990
TOTAL NET POSITION	$ 85,556,389	$ 87,352,754

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

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

YEARS ENDED SEPTEMBER 30, 2022 AND 2021

	2022	2021
Operating Revenue:		
Lease revenue	$ 3,906,078	$ 3,735,663
Fuel sales, flowage fees, and surcharges	1,266,832	930,097
Parking, rental cars, and concession fees	276,454	161,236
Total Operating Revenue	5,449,364	4,826,996
Operating Expenses:		
General and administrative	1,481,668	1,268,956
Salaries and fringe benefits	1,153,300	975,386
Cost of fuel sold	831,439	583,917
Maintenance and other	443,831	390,191
Total Operating Expenses, Excluding Depreciation	3,910,238	3,218,450
Operating Income Before Depreciation Expense	1,539,126	1,608,546
Depreciation expense	4,727,568	4,519,851
Operating Loss	(3,188,442)	(2,911,305)
Nonoperating Revenue:		
Noncapital grant revenue	22,000	43,162
Unrealized loss on investments	(21,009)	(179)
Interest income	1,497	1,243
Delinquent property taxes	5,947	5,043
Total Nonoperating Revenue	8,435	49,269
Loss Before Capital Contributions	(3,180,007)	(2,862,036)
Capital Contributions:		
Capital grants	1,383,642	3,261,555
Other capital contributions	-	219,550
Total Capital Contributions	1,383,642	3,481,105
Change in net position	(1,796,365)	619,069
Net position, beginning of year	87,352,754	86,733,685
Net position, end of year	$ 85,556,389	$ 87,352,754

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

ST. JOHNS COUNTY AIRPORT AUTHORITY
STATEMENTS OF CASH FLOWS

YEARS ENDED SEPTEMBER 30, 2022 AND 2021

	2022	2021
Cash flows from operating activities:		
Cash received from tenants	$ 3,853,685	$ 4,839,104
Cash received from fuel sales	1,266,832	930,097
Cash received from airlines and airport operations	276,454	161,236
Cash paid for fuel	(835,300)	(620,240)
Cash paid for personnel services	(1,180,757)	(1,096,949)
Cash paid for maintenance	(443,831)	(390,191)
Cash paid for administrative and other services	(1,179,851)	(1,207,653)
Net cash flows from operating activities	1,757,232	2,615,404
Cash flows from noncapital financing activities:		
Delinquent property taxes received	5,947	5,043
Noncapital grant reimbursements	22,000	43,162
Net cash flows from noncapital financing activities	27,947	48,205
Cash flows from capital and related financing activities:		
Capital expenditures	(2,359,730)	(4,450,171)
Capital grants received	1,490,617	3,395,637
Net cash flows from capital and related financial activities	(869,113)	(1,054,534)
Cash flows from investing activities:		
Interest income received	6,723	10,334
Purchase of investments	(761,095)	(716,932)
Proceeds from sale of investments	755,065	374,875
Net cash flows from investing activities	693	(331,723)
Net increase in cash	916,759	1,277,352
Cash, beginning of year	1,631,508	354,156
Cash, end of year	$ 2,548,267	$ 1,631,508
Reconciliation of operating loss to net cash provided by operating activities:		
Operating loss	$ (3,188,442)	$ (2,911,305)
Depreciation	4,727,568	4,519,851
Other current assets	411,302	1,097,283
Deferred outflows of resources	(17,294)	29,947
Accounts payable	(92,889)	93,743
Accrued liabilities	(50,382)	(37,344)
Net pension liability	622,203	(684,511)
Deferred inflows of resources	(731,740)	584,666
Compensated absences	(723)	(40,407)
Tenant deposits	155,512	(96,483)
Unearned revenue	(77,883)	59,964
Net cash flows from operating activities	$ 1,757,232	$ 2,615,404
Noncash Capital Activities:		
Capital assets in accounts payable	$ 31,477	$ 95,875
Capital assets through capital contributions	$ -	$ 219,550

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

Note 1—Reporting entity

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

Note 2—Summary of significant accounting policies

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

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

Measurement Focus – The Authority uses the economic resources measurement focus.

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

Investments – The Authority invests temporarily idle resources pursuant to the provisions of Section 218.415, Florida statutes, which limits the investment choices to only certain identified investments as defined in that statute. As of September 30, 2022 and 2021, the Authority's investments consisted of amounts in the Florida Safe Investment Pool ("Florida SAFE") and in the local Government Surplus Funds Trust Fund ("Florida PRIME").

Capital Assets – Capital assets are stated at cost if purchased and at acquisition value if contributed. The Authority uses a capitalization threshold of $10,000 for all classes of capital assets. Upon sale or retirement of depreciable assets, the related cost and accumulated depreciation are removed from the accounts and any gain or loss is included in nonoperating revenue (expense). Depreciation is computed using the straight-line method over the estimated useful lives of the related assets, which are summarized as follows:

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

Lease Receivables – The Authority's lease receivables are measured at the present value of lease payments expected to be received during the lease term. The payments are recorded as an inflow of resources in the period the payment is received.

A deferred inflow of resources is recorded for the leases. The deferred inflow of resources is recorded at the initiation of the lease in an amount equal to the initial recording of the lease receivable. The deferred inflow of resources is recognized on a straight-line basis over the term of the leases.

Allowance for Doubtful Accounts – The Authority did not have an allowance for doubtful accounts at September 30, 2022 or 2021.

Note 2—Summary of significant accounting policies (continued)

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

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

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

Deferred Outflows/Inflows of Resources – A deferred outflow of resources is a consumption of net assets that are applicable to a future reporting period. A deferred inflow of resources is an acquisition of net assets that are applicable to a future reporting period. The Authority has deferred outflows of resources and deferred inflows of resources related to pensions, which are discussed in a subsequent note.

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

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

Restricted – The restricted component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Generally, a liability relates to restricted assets if the asset results from a resource flow that also results in the recognition of a liability or if the liability will be liquidated with the restricted assets reported. The Authority does not have restricted net position.

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

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

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

Use of Estimates – The preparation of financial statements in conformity with U.S. GAAP requires management to make various estimates. Actual results could differ from those estimates.

Note 2—Summary of significant accounting policies (continued)

Change in accounting principle **–** The GASB issued Statement No. 87, *Leases* ("GASB 87"), retroactively effective for the Authority as of October 1, 2020. This pronouncement increases the usefulness of governments' financial statements by requiring recognition of lessor non-regulated leases of lease receivables and deferred inflows of resources, based on the present value of future receipts provided in the lease contracts. For lessees, the standard requires recognition of leased assets and liabilities based on the present value of future lease payments. The Authority does not have significant leases as lessee.

Note 3—Cash deposits and investments

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

The Authority's investments consist of:

	2022	2021
Florida SAFE - Stable NAV Fund	$ 843,385	$ 837,356
Florida SAFE - Variable NAV Fund	1,882,339	1,924,271
Florida PRIME	39,868	24,170
	$ 2,765,592	$ 2,785,797

The Authority does not have a formal investment policy, but adheres to the statutory investment policy provisions of Section 218.415, Florida Statutes, which specifies allowable investments and limits risk exposure. Investments held adhere to credit risk ratings and are diversified to the extent practicable to control the risk of loss resulting from overconcentration of assets in a specific maturity, issuer, instrument, dealer, or bank through which financial instruments are bought and sold.

Florida Surplus Asset Trust Fund (Florida SAFE)

Florida SAFE is organized pursuant to Florida Statute 163.01. Florida SAFE is overseen by a Board of Trustees comprised of Florida local government officials, who are themselves participants in Florida SAFE. Florida SAFE is uninsured and has two investment pools in which the Authority participates: a Stable NAV Fund and a Variable NAV Fund.

The Stable NAV Fund is an external investment pool that seeks but does not guarantee to maintain a constant net asset value at $1.00 per share and meets all of the necessary criteria to elect to measure all of the investments at amortized cost. Therefore, the Authority's investment in Florida SAFE's Stable NAV Fund is reported at amortized cost. The Stable NAV Fund is rated by Standard & Poor's and has a rating at September 30, 2022 of AAAm. The weighted average maturity (WAM) for Florida SAFE's Stable NAV Fund at September 30, 2022 was 28 days, and the weighted average life (WAL) was 40 days.

Note 3—Cash deposits and investments (continued)

The Variable NAV Fund is an external investment pool where the net asset value of the fund will fluctuate as the value of securities held by the fund fluctuates. Therefore, the Authority's investment in Florida Safes Variable NAV Fund is reported at net asset value per share. The Variable NAV Fund is rated by Standard & Poor's and has a rating at September 30, 2022 of AAAf/S1.

The Stable NAV Fund has no redemption fees or maximum transaction amounts. The Variable NAV Fund requires a minimum participant investment balance of $250,000 but has no minimum transaction amount, so long as withdrawals do not cause the investment balance to fall below the minimum. All withdrawals from the Variable NAV Fund may only be made on the third Wednesday of each month upon at least two weeks advance written notice to the Trust. The Indenture of Trust for both Funds provides for limited situations in which a participant's access to 100% of the account value is restricted. The Trustees have the authority to resume participant access to the Fund when the situation causing the restriction has been resolved.

Investment in State Pool (Florida PRIME)

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

The Florida PRIME is an external investment pool that meets all of the necessary criteria to elect to measure all of the investments in Florida PRIME at amortized cost. Therefore, the Authority's investment in the Florida PRIME is reported at amortized cost. The fair value of the position in the pool is equal to the value of the pool shares. The Florida PRIME is rated by Standard & Poor's and has a rating at September 30, 2022 of AAAm. The weighted average maturity (WAM) of the Florida PRIME at September 30, 2022 was 21 days. The weighted average life (WAL) for Florida PRIME at September 30, 2022 is 72 days.

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

Note 4—Lease receivable

A significant portion of the Authority's buildings and related land are leased to tenants under leases subject to Federal Aviation Administration regulations and other non-regulated leases. These leases are generally for a term of 20 years and allow the lessees to renew for varying periods. The leases generally provide for annual rent increases that are based on changes in the consumer price index.

The Authority recognized $135,851 and $122,088 of lease revenue and $9,739 and $9,994 of interest revenue related to non-regulated leases for the years ended September 30, 2022 and 2021, respectively. The amounts presented in the financial statements for lease receivables and lease-related deferred inflows relate to non-regulated leases.

Note 4—Lease receivable (continued)

The principal and interest requirements to maturity for the non-regulated lease receivables at September 30, 2022 are as follows:

Year Ending September 30	Principal	Interest	Total
2023	$ 149,816	$ 8,798	$ 158,614
2024	152,622	7,706	160,328
2025	154,294	6,602	160,896
2026	155,994	5,485	161,479
2027	112,938	4,464	117,402
2028-2032	298,380	13,873	312,253
2033-2037	184,535	6,384	190,919
2038-2042	82,190	615	82,805
Total	**$ 1,290,769**	**$ 53,927**	**$ 1,344,696**

Regulated leases

The Authority has leasing agreements for aeronautical use of the Authority's airfield, terminal, and other facilities, as defined by the Federal Aviation Administration, which qualify to be treated as regulated, without recording corresponding lease receivables and deferred inflows of resources, in accordance with the requirements of U.S. GAAP. The Authority leases land and buildings to third parties under these agreements.

As of September 30, 2022, the remaining amount of expected future minimum payments under these agreements are as follows:

September 30	Principal
2023	$ 2,743,618
2024	2,717,244
2025	1,523,901
2026	602,288
2027	485,929
2028-2032	2,020,208
2033-2037	591,344
2038-2042	201,830
2043-2047	50,206
Total	**$ 10,936,568**

These leases for land and buildings provide respective tenants with exclusive use of the leased asset. The Authority recognized $3,760,488 and $3,603,581 of lease revenue related to these leases for the years ended September 30, 2022 and 2021, respectively.

Note 5—Capital assets and depreciation (continued)

Capital asset activity for the year ended September 30, 2022 are as follows:

	Balance 2021	Increases	Decreases	Balance 2022
Capital assets not being depreciated:				
Land	$ 19,375,641	$ -	$ -	$ 19,375,641
Construction in progress	7,224,223	1,880,998	7,691,929	1,413,292
Total capital assets not being depreciated	26,599,864	1,880,998	7,691,929	20,788,933
Capital assets being depreciated:				
Furniture and equipment	4,238,158	418,743	-	4,656,901
Buildings	53,879,581	4,159,518	-	58,039,099
Airport improvements	65,567,379	3,677,901	-	69,245,280
Total capital assets being depreciated	123,685,118	8,256,162	-	131,941,280
Less accumulated depreciation for:				
Furniture and equipment	3,099,252	281,087	-	3,380,339
Buildings	26,056,951	1,329,814	-	27,386,765
Airport improvements	37,222,140	3,116,669	-	40,338,809
Total accumulated depreciation	66,378,343	4,727,570	-	71,105,913
Total capital assets being depreciated, net	57,306,775	3,528,592	-	60,835,367
Net capital assets	$ 83,906,639	$ 5,409,590	$ 7,691,929	$ 81,624,300

Capital asset activity for the year ended September 30, 2021 are as follows:

	Balance 2020	Increases	Decreases	Balance 2021
Capital assets not being depreciated:				
Land	$ 19,375,641	$ -	$ -	$ 19,375,641
Construction in progress	8,352,136	3,880,295	5,008,208	7,224,223
Total capital assets not being depreciated	27,727,777	3,880,295	5,008,208	26,599,864
Capital assets being depreciated:				
Furniture and equipment	3,864,196	373,962	-	4,238,158
Buildings	53,449,119	430,462	-	53,879,581
Airport improvements	60,696,916	4,870,463	-	65,567,379
Total capital assets being depreciated	118,010,231	5,674,887	-	123,685,118
Less accumulated depreciation for:				
Furniture and equipment	2,842,708	256,544	-	3,099,252
Buildings	24,762,945	1,294,006	-	26,056,951
Airport improvements	34,252,839	2,969,301	-	37,222,140
Total accumulated depreciation	61,858,492	4,519,851	-	66,378,343
Total capital assets being depreciated, net	56,151,739	1,155,036	-	57,306,775
Net capital assets	$ 83,879,516	$ 5,035,331	$ 5,008,208	$ 83,906,639

Note 6—Long-term liabilities

Long-term liabilities activity for the year ended September 30, 2022 is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Net pension liability	$ 412,088	$ 622,203	$ -	$ 1,034,291	$ -
Compensated absences	61,671	39,255	39,978	60,948	18,300
Total long-term liabilities	$ 473,759	$ 661,458	$ 39,978	$ 1,095,239	$ 18,300

Long-term liabilities activity for the year ended September 30, 2021 is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Net pension liability	$ 1,096,599	$ -	$ 684,511	$ 412,088	$ 1,201
Compensated absences	102,078	63,533	103,940	61,671	18,502
Total long-term liabilities	$ 1,198,677	$ 63,533	$ 788,451	$ 473,759	$ 19,703

Note 7—State of Florida pension plans

Defined Benefit Plans

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

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

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

Note 7—State of Florida pension plans (continued)

Benefits Provided

Benefits under the FRS pension plan are computed on the basis of age and/or years of service, average final compensation, and service credit. Credit for each year of service is expressed as a percentage of the average final compensation. For members initially enrolled before July 1, 2011, the average final compensation is the average of the five highest fiscal years' earnings; for members initially enrolled on or after July 1, 2011, the average final compensation is the average of the eight highest fiscal years' earnings. The total percentage value of the benefit received is determined by calculating the total value of all service, which is based on the retirement plan and/or class to which the member belonged when the service credit was earned.

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

Contributions

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

	2022		2021	
	FRS	HIS	FRS	HIS
Regular class	9.10%	1.66%	8.28%	1.66%
Special risk class	24.17%	1.66%	22.73%	1.66%
Senior management service class	27.29%	1.66%	25.57%	1.66%
City, county, special district elected officers	49.70%	1.66%	47.46%	1.66%
DROP	16.68%	1.66%	15.32%	1.66%

The employer's contributions for the year ended September 30, 2022, were $97,358 to the FRS pension plan and $11,292 to the HIS program. Contributions for the year ended September 30, 2021 were $86,800 to the FRS pension plan and $11,188 to the HIS program.

Pension Liabilities and Pension Expense

In its financial statements for the year ended September 30, 2022, the Authority reported a liability for its proportionate share of the net pension liability of the FRS pension plan and its proportionate share of the net pension liability of the HIS program. The net pension liabilities were measured as of June 30, 2022. The Authority's proportions of the net pension liabilities were based on its share of contributions to the pension plans relative to the contributions of all participating entities, actuarially determined.

	FRS	HIS
Net pension liability - 2022	$ 837,658	$ 196,633
Net pension liability - 2021	$ 173,483	$ 238,605
Proportion at:		
Current measurement date	0.002251282%	0.001945178%
Prior measurement date	0.002296619%	0.001856500%
Pension expense - 2022	$ 126,024	$ 5,691
Pension expense - 2021	$ 11,418	$ 16,672

Note 7—State of Florida pension plans (continued)

Deferred Outflows/Inflows of Resources Related to Pensions

At September 30, 2022, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	FRS		HIS	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 39,784	$ -	$ 5,968	$ 865
Changes of assumptions	103,161	-	11,271	30,419
Net difference between projected and actual earnings on pension plan investments	55,310	-	285	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	67,549	19,764	18,680	23,733
Employer contributions subsequent to the measurement date	23,597	-	2,708	-
	$ 289,401	$ 19,764	$ 38,912	$ 55,017

At September 30, 2021, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	FRS		HIS	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 29,735	$ -	$ 7,984	$ 100
Changes of assumptions	118,706	-	18,749	9,831
Net difference between projected and actual earnings on pension plan investments	-	605,240	249	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	87,034	18,411	23,608	23,042
Employer contributions subsequent to the measurement date	22,305	-	2,649	-
	$ 257,780	$ 623,651	$ 53,239	$ 32,973

Note 7—State of Florida pension plans (continued)

Deferred outflows of resources related to employer contributions paid subsequent to the measurement date and prior to the employer's fiscal year-end will be recognized as a reduction of the net pension liability in the reporting period ending September 30, 2023. Other pension-related amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

Years Ending September 30,	FRS	HIS
2023	$ 59,325	$ (8,428)
2024	32,348	(3,903)
2025	(314)	(352)
2026	148,278	530
2027	6,403	(4,127)
Thereafter	-	(2,533)
	$ 246,040	$ (18,813)

Actuarial Assumptions

The total pension liability for each of the defined benefit plans was measured as of June 30, 2022 and determined by an actuarial valuation dated July 1, 2022. The individual entry age normal actuarial cost method was used for each plan, along with the following significant actuarial assumptions:

	FRS	HIS
Inflation	2.40%	2.40%
Salary increase	3.25%	3.25%
Investment rate of return	6.70%	3.54%
Discount rate	6.70%	3.54%

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

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

Note 7—State of Florida pension plans (continued)

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

Asset Class	Target Allocation	Annual Arithmetic Return	Compound Annual (Geometric) Return
Cash	1.0%	2.6%	2.6%
Fixed income	19.8%	4.4%	4.4%
Global equity	54.0%	8.8%	7.3%
Real estate	10.3%	7.4%	6.3%
Private equity	11.1%	12.0%	8.9%
Strategic investments	3.8%	6.2%	5.9%
	100%		

Discount Rate

The discount rates used to measure the total pension liability for the FRS pension plan were 6.70% and 6.80% for the July 1, 2022 and 2021 actuarial valuations, respectively. FRS' fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return.

Because the HIS program is essentially funded on a pay-as-you-go basis, municipal bond rates of 3.54% and 2.16% were used the July 1, 2022 and 2021 actuarial valuations, respectively, to determine the total pension liability for the program. The Bond Buyer General Obligation Bond 20-Bond Municipal Bond Index was used as the applicable municipal bond index.

Note 7—State of Florida pension plans (continued)

Sensitivity Analysis

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

	FRS			HIS		
	1.00% Decrease (5.70%)	Current Discount Rate (6.70%)	1.00% Increase (7.70%)	1.00% Decrease (2.54%)	Current Discount Rate (3.54%)	1.00% Increase (4.54%)
Authority's proportionate share of the net pension liability at September 30, 2022	$1,448,672	$ 837,658	$ 326,778	$ 226,078	$ 196,633	$ 173,189

	1.00% Decrease (5.80%)	Current Discount Rate (6.80%)	1.00% Increase (7.80%)	1.00% Decrease (1.16%)	Current Discount Rate (2.16%)	1.00% Increase (3.16%)
Authority's proportionate share of the net pension (asset) liability at September 30, 2021	$ 775,830	$ 173,483	$(330,010)	$ 275,851	$ 238,605	$ 208,091

Pension Plans' Fiduciary Net Position

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

Payables to the Pension Plans

At September 30, 2022, the Authority reported payables for the outstanding amount of contributions of $10,653 to the FRS Plan and $1,381 to the HIS Program.

Defined Contribution Plan

Pursuant to Chapter 121, Florida Statutes, the Florida legislature created the Florida Retirement Investment Plan ("FRS Investment Plan"), a defined contribution pension plan qualified under Section 401(a) of the Internal Revenue Code. The FRS Investment Plan is an alternative available to members of the Florida Retirement System in lieu of the defined benefit plan. There is a uniform contribution rate covering both the defined benefit and defined contribution plans, depending on membership class. Required employer contributions made to the plan totaled $59,242 and $47,721 for the years ended September 30, 2022 and 2021, respectively.

Note 8—Commitments

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

Project	Contract Amount	Completed to Date	Balance Committed
Acquire Land for Development	$ 700,000	$ 535,670	$ 164,330
East Terminal Access Rd. Design and Construction	2,940,000	1,885,313	1,054,687
PDE Study - West Access Rd	100,000	61,266	38,734
TW B Center Section Rehab	150,000	1,295	148,705
	$ 3,890,000	$ 2,483,544	$ 1,406,456

Note 9—Future accounting pronouncements

Management is currently evaluating the impact of the future adoption of GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, which provides guidance on the accounting and financial reporting for subscription-based information technology arrangements ("SBITA"). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset-intangible asset-and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. The requirements of this Statement are effective for fiscal years beginning after June 15, 2022. Management believes the other future accounting pronouncements will not have a significant effect on the Authority's financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

ST. JOHNS COUNTY AIRPORT AUTHORITY
SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY
LAST 10 FISCAL YEARS[2]

YEAR ENDED SEPTEMBER 30, 2022

Florida Retirement System	2015	2016	2017	2018	2019	2020	2021	2022
Employer's proportion of the net pension liability	0.0023%	0.0021%	0.0021%	0.0020%	0.0019%	0.0020%	0.0023%	0.0023%
Employer's proportionate share of the net pension liability	$ 299,107	$ 556,867	$ 611,344	$ 595,101	$ 658,923	$ 886,280	$ 173,483	$ 837,658
Employer's covered payroll[1]	$ 682,688	$ 696,831	$ 631,369	$ 593,891	$ 519,011	$ 585,496	$ 688,638	$ 676,565
Employer's proportionate share of the net pension liability as a percentage of its covered payroll	43.81%	79.91%	96.83%	100.20%	126.96%	151.37%	25.19%	123.81%
Plan fiduciary net position as a percentage of the total pension liability	92.00%	84.88%	83.89%	84.26%	82.61%	78.84%	96.40%	96.40%

Health Insurance Subsidy Program	2015	2016	2017	2018	2019	2020	2021	2022
Employer's proportion of the net pension liability	0.0023%	0.0023%	0.0020%	0.0018%	0.0017%	0.0017%	0.0019%	0.0019%
Employer's proportionate share of the net pension liability	$ 229,491	$ 263,074	$ 211,794	$ 192,448	$ 189,753	$ 210,319	$ 238,605	$ 196,633
Employer's covered payroll[1]	$ 682,688	$ 696,831	$ 631,369	$ 593,891	$ 519,011	$ 585,496	$ 688,638	$ 676,565
Employer's proportionate share of the net pension liability as a percentage of its covered payroll	33.62%	37.75%	33.55%	32.40%	36.56%	35.92%	34.65%	29.06%
Plan fiduciary net position as a percentage of the total pension liability	0.50%	0.97%	1.64%	2.15%	2.63%	3.00%	3.56%	3.56%

(1) Covered payroll includes defined benefit plan active members, investment plan members, and members in DROP.
(2) GASB Statement No. 68 was implemented in 2015. Until a full 10-year trend is compiled, information for those years for which it is available will be presented.

ST. JOHNS COUNTY AIRPORT AUTHORITY
SCHEDULE OF EMPLOYER CONTRIBUTIONS
LAST 10 FISCAL YEARS[2]

YEAR ENDED SEPTEMBER 30, 2022

Florida Retirement System	2015	2016	2017	2018	2019	2020	2021	2022
Contractually retired contribution	$ 58,677	$ 55,584	$ 52,846	$ 56,681	$ 61,027	$ 73,768	$ 86,800	$ 97,358
Contributions in relation to the contractually required contribution	58,677	55,584	52,846	56,681	61,027	73,768	86,800	97,358
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Employer's covered payroll [1]	$ 727,518	$ 691,528	$ 615,500	$ 580,058	$ 506,497	$ 618,277	$ 673,800	$ 680,144
Contributions as a percentage of covered payroll	8.07%	8.04%	8.59%	9.77%	12.05%	11.93%	12.88%	14.31%

Health Insurance Subsidy Program	2015	2016	2017	2018	2019	2020	2021	2022
Contractually retired contribution	$ 9,903	$ 11,482	$ 10,220	$ 9,585	$ 9,549	$ 10,265	$ 11,188	$ 11,292
Contributions in relation to the contractually required contribution	9,903	11,482	10,220	9,585	9,549	10,265	11,188	11,292
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Employer's covered payroll [1]	$ 727,518	$ 691,528	$ 615,500	$ 580,058	$ 506,497	$ 618,277	$ 673,800	$ 680,144
Contributions as a percentage of covered payroll	1.36%	1.66%	1.66%	1.65%	1.89%	1.66%	1.66%	1.66%

(1) Covered payroll includes defined benefit plan active members, investment plan members, and members in DROP.
(2) GASB Statement No. 68 was implemented in 2015. Until a full 10-year trend is compiled, information for those years for which it is available will be presented.

COMPLIANCE AND SINGLE AUDIT

Cherry Bekaert LLP
Your Guide Forward

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of St. Johns County Airport Authority (the "Authority"), as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated March 13, 2023.

Report on Internal Control over Financial Reporting

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

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

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

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*.

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.

Cherry Bekaert LLP

Orlando, Florida
March 13, 2023

Cherry Bekaert LLP
Your Guide Forward

Report of Independent Auditor on Compliance for the Major Federal Program on Internal Control over Compliance Required by the Uniform Guidance

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

Report on Compliance for the Major Federal Program

Opinion on the Major Federal Program

We have audited St. Johns County 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* that could have a direct and material effect on the Authority's major federal program for the year ended September 30, 2022. The Authority's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended September 30, 2022.

Basis for Opinion on the Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Our responsibilities under those standards and the Uniform Guidance 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 the major federal program. Our audit does not provide a legal determination of Authority's compliance with the compliance requirements referred to above.

Responsibility 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 Authority's federal 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 generally accepted auditing standards, *Government Auditing Standards*, and Uniform Guidance, 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 the major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards* and Uniform Guidance, 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 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 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 Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of 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 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 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 that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the *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.

Cherry Bekaert LLP

Orlando, Florida
March 13, 2023

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

YEAR ENDED SEPTEMBER 30, 2022

Federal / State Agency, Pass-Through Entity, Federal Program / State Project, Project Name	Assistance Listing Number	Contract Number	Expenditures*
Federal Awards			
Department of Transportation:			
Passed through the Federal Aviation Administration			
Airport Improvement Program:			
Taxiway D - Construction	20.106	3-12-0073-044-2020	$ 681,897
Taxiway B - Design Only	20.106	3-12-0073-048-2021	245,178
COVID-19: Airport Rescue Grant	20.106	3-12-0073-049-2022	22,000
Total Expenditures of Federal Financial Assistance			$ 949,075
State Financial Assistance			
Florida Department of Transportation:			
Aviation Grant Programs:			
T-Hangar Rows Apron	55.004	G1Z54	$ 130,000
Design & Construct B & C Row	55.004	G1504	17,181
PDE Study West Access Rd.	55.004	G1993	10,017
Intermodal Access Development Program:			
East Terminal Access Road Design & Construct	55.014	G1115	299,369
Total Expenditures of State Financial Assistance			$ 456,567

* The Authority did not provide awards to subrecipients.

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

YEAR ENDED SEPTEMBER 30, 2022

Note 1—Basis of presentation

Reporting Entity – The accompanying Schedule of Expenditures of Federal Awards and State Financial Assistance (the "Schedule") includes the federal and state award activity of the St. Johns County Airport Authority (the "Authority") for the year ended September 30, 2022 in accordance with the Uniform Guidance. Since the Schedule presents only a select portion of the operations of the Authority, it is not intended to, and does not, present the financial position, changes in net position, or cash flows of the Authority.

Note 2—Summary of significant accounting policies

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

Note 3—Indirect cost rate

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

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

SEPTEMBER 30, 2022

Part I – Summary of Auditor's Results

Financial Statement Section

Type of auditor's report issued:	Unmodified			
Internal control over financial reporting:				
Material weakness(es) identified?	____	yes	x	no
Significant deficiency(ies) identified?	____	yes	x	none reported
Noncompliance material to financial statements noted?	____	yes	x	no

Federal Awards Section

Internal control over major programs:				
Material weakness(es) identified?	____	yes	x	no
Significant deficiency(ies) identified?	____	yes	x	none reported
Type of auditor's report on compliance for the major federal program:	Unmodified			
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	____	yes	x	no

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

Federal Awards Section (continued)

Identification of major federal programs:

Name of Program	Assistance Listing Number
Federal Aviation Administration Airport Improvement Program	20.106

Dollar threshold used to determine Type A programs:
Federal $ 750,000

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

Part II – Schedule of Financial Statement Findings

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

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

Part III – Federal Awards Findings and Questioned Costs

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

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

ST. JOHNS COUNTY AIRPORT AUTHORITY
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS AND CORRECTIVE ACTION PLAN

SEPTEMBER 30, 2022

Prior Audit Findings:

FINDING 2021 – 001
Reporting of Grant Transactions – Material Weakness

Statement of Condition: The Authority's Schedule of Expenditures of Federal Awards and State Financial Assistance ("SEFSA") and general ledger were not correctly reported on the accrual basis of accounting. In addition, certain grant revenue was improperly recorded as a credit to construction in progress.

Current Status **:** Corrective action was taken to resolve the above matter. Accordingly, the finding is not repeated in current year.

FINDING 2021 – 002
Oversight of Contracts – Material Weakness

Statement of Condition : During fiscal year 2021, the Authority discovered it was not receiving the contractually agreed-upon rate for certain fuel sales, resulting in an understatement of revenues since fiscal year 2006.

Current Status **:** Corrective action was taken to resolve the above matter. Accordingly, the finding is not repeated in current year.

Corrective Action Plan:
There were no audit findings in the current year's independent auditor's reports that required corrective action.

OTHER REPORTS

Cherry Bekaert LLP
Your Guide Forward

Independent Auditor's Management Letter

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

Report on the Financial Statements

We have audited the financial statements of the St. Johns County Airport Authority (the "Authority") as of and for the fiscal years ended September 30, 2022 and 2021, and have issued our report thereon dated March 13, 2023.

Auditors' Responsibility

We conducted our audits in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"); and Chapter 10.550, Rules of the Auditor General.

Other Reporting Requirements

We have issued our Report of Independent Auditor on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards;* Report of Independent Auditor on Compliance for the Major Federal Program and on Internal Control over Compliance Required by the Uniform Guidance; Report of Independent Accountant on Compliance with Local Government Investment Policies regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General; and the Schedule of Findings and Questioned Costs. Disclosures in those reports and schedule, which are dated March 13, 2023, should be considered in conjunction with this management letter.

Prior Audit Findings

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

Financial Condition and Management

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

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

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

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 provided the following information (unaudited):

a. The total number of Authority employees compensated in the last pay period of the Authority's fiscal year as 14.

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 $680,143.51.

d. All compensation earned or awarded to nonemployee independent contractors, whether paid or accrued, regardless of contingency as zero.

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 described below:

Project	Approved Amount	Completed to Date
Taxiway B Center Section Rehabilitation	$3,000,000	$1,295
Taxiway B Rehabilitation	$1,865,164	$23,536
Strategic Business Plan	$125,000	$0

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 159.016(6), Florida Statutes, as zero. There were no budget amendments during the fiscal year.

As required by Section 218.39(3)(c), Florida Statutes, and Section 10.554(1)(i)7, Rules of the Auditor General, the Authority provided the following information (unaudited):

a. The mileage rate or rates imposed by the Authority as zero.

b. The total amount of ad valorem taxes collected by or on behalf of the Authority as $5,947.

c. The total amount of outstanding bonds issued by the Authority and the terms of such bonds as zero.

Additional Matters

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

Purpose of this Letter

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

Cherry Bekaert LLP

Orlando, Florida
March 13, 2023

Cherry Bekaert LLP
Your Guide Forward

Report of Independent Accountant on Compliance with Local Government Investment Policies

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

We have examined the St. Johns County Airport Authority's (the "Authority") compliance with the requirements of Section 218.415, Florida Statutes, during the year ended September 30, 2022. Management is responsible for the Authority's compliance with the specified requirements. Our responsibility is to express an opinion on the Authority's compliance with the specified requirements based on our examination.

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

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 specified requirements.

In our opinion, the Authority complied, in all material respects, with local government investment policy requirements of Section 218.415, Florida Statutes, during the year ended September 30, 2022.

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

Cherry Bekaert LLP

Orlando, Florida
March 13, 2023