ST. AUGUSTINE AIRPORT

St. Johns County Airport Authority

Annual Audit

Fiscal Year 2020–2021

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ST. JOHNS COUNTY AIRPORT AUTHORITY
(Formerly St. Augustine – St. Johns County Airport Authority)

FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION

As of and for the Years Ended September 30, 2021 and 2020

And Reports of Independent Auditor

Cherry Bekaert LLP
CPAs & Advisors

ST. JOHNS COUNTY AIRPORT AUTHORITY

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Cherry Bekaert LLP
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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 Financial Statements

We have audited the accompanying financial statements of St. Johns County Airport Authority (the "Authority") as of and for the years ended September 30, 2021 and 2020, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Authority, as of September 30, 2021 and 2020, and the changes in its financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 10 to the financial statements, certain amounts in fiscal year 2020 were restated for fuel receivables and revenues that were not previously recorded. Our opinion is not modified with respect to this matter.

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

Other Information

Our 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 which is required by the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), is presented for purposes of additional analysis and is not a required part of the basic financial statements.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 28, 2022, 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
February 28, 2022

MANAGEMENT'S DISCUSSION AND ANALYSIS

This Discussion and Analysis of the St. Johns County Airport Authority's (the "Airport Authority") financial performance provides an overview and cursory look at the financial activities of the Airport Authority for Fiscal Year 2020-2021. The reader is encouraged to read this section in conjunction with the Airport Authority's financial statements contained elsewhere in this document.

Highlights of Fiscal Year 2020-2021 include:

- Total Net Position increased by $619,069 for the year ended September 30, 2021, as compared to an increase of $1,831,007 for the year ended September 30, 2020 and an increase of $2,355,167 for the year ended September 30, 2019.

- Operating income before depreciation expense was $1,608,546 for the year ended September 30, 2021, as compared to $1,238,217 for the year ended September 30, 2020 and $1,347,710 for the year ended September 30, 2019.

- Operating expense excluding depreciation was $3,218,450 for the year ended September 30, 2021, as compared to $3,297,960 for the year ended September 30, 2020 and $3,241,217 for the year ended September 30, 2019.

- Capital contribution revenue was $3,481,105 for the year ended September 30, 2021, as compared to $4,806,212 for the year ended September 30, 2020 and $5,252,053 for the year ended September 30, 2019. Capital contribution revenue was $1,030,692 less than depreciation expense for fiscal year 2021 as compared to $379,629 in excess of depreciation expense for fiscal year 2020 and $915,835 for fiscal year 2019.

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

Overview of the Basic Financial Statements

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

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

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

Statement of Net Position

	2021	(Restated) 2020	2019
Current and other assets	$ 5,064,550	$ 4,685,776	$ 3,649,896
Capital assets	83,906,639	83,879,516	81,632,318
Total Assets	88,971,189	88,565,292	85,282,214
Deferred outflows of resources	311,019	340,966	275,736
Current liabilities	818,774	934,754	197,915
Long-term liabilities	454,056	1,165,861	914,271
Total Liabilities	1,272,830	2,100,615	1,112,186
Deferred inflows of resources	656,624	71,958	130,288
Net Position:			
Net investment in capital assets	83,810,764	83,660,894	81,632,318
Unrestricted	3,541,990	3,072,791	2,683,158
Total Net Position	$ 87,352,754	$ 86,733,685	$ 84,315,476

Statement of Revenue, Expenses, and Changes in Net Position

	2021	(Restated) 2020	2019
Revenues:			
Operating revenue	$ 4,826,996	$ 4,536,177	$ 4,588,827
Nonoperating revenue	3,530,374	5,019,373	5,343,775
Total Revenues	8,357,370	9,555,550	9,932,602
Expenses:			
Operating expenses	7,738,301	7,724,543	7,577,435
Total Expenses	7,738,301	7,724,543	7,577,435
Change in net position	619,069	1,831,007	2,355,167
Net position, beginning of year	86,733,685	84,315,476	81,960,309
Restatement of beginning net position	-	587,202	-
Net position, beginning, as restated	86,733,685	84,902,678	81,960,309
Net position, end of year	$ 87,352,754	$ 86,733,685	$ 84,315,476

Overall Financial Position and Results of Operations

The Authority started several large renovation projects during fiscal year 2019, which were ongoing throughout fiscal year 2020. In fiscal year 2021, additions to projects in process were less than the prior year as several of the fiscal year 2020 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 Airport Authority has total net position of $87,352,754, of which $3,541,990 is unrestricted as of September 30, 2021, as compared to $86,733,685 total net position, of which $3,072,791 was unrestricted, as of September 30, 2020.

The total net position increased $619,069 during fiscal year 2021 and $2,418,209 during fiscal year 2020. The fiscal year 2020 increase in total net position is partially comprised of a $587,202 restatement of beginning net position and $82,003 of restated revenue for fuel charges to a customer that were not previously recorded. Further information on the effects of the restatement is provided in Note 10 to the financial statements. Lease revenue makes up most of operating revenues, which were $3,735,663 in fiscal 2021, as compared to $3,544,056 in fiscal year 2020. Fuel sales, flowage fees, and surcharges also experienced an increase from the prior year of $127,125 as a result of increased activity as compared to the prior year. Operating expenses, excluding depreciation were $3,218,450 in fiscal year 2021, as compared to $3,297,960 in 2020.

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 Airport Authority is provided in the Note 5 to the financial statements.

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

Significant Economic Factors or Conditions

The Authority's operations consist primarily of lease revenue and the expenses necessary to operate and maintain the facilities. In November of fiscal year 2022, Elite Airways began offering commercial flights at the Authority, with plans to expand the services provided in March 2022. This will result in an increase in activity at the Authority and the revenues related to that 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 Airport Authority's finances. If you have any questions about this report or need additional information please contact Edward R. Wuellner, A.A.E., at 4796 U.S. 1 North, St. Augustine, Florida, 32095.

FINANCIAL STATEMENTS

ST. JOHNS COUNTY AIRPORT AUTHORITY

STATEMENTS OF NET POSITION

SEPTEMBER 30, 2021 AND 2020

	2021	(Restated) 2020
ASSETS		
Current Assets:		
Cash	$ 1,631,508	$ 354,156
Investments	2,785,797	2,453,010
Accounts receivable (no allowance for doubtful accounts)	29,734	1,169,694
Grants receivable	106,975	241,057
Prepaid items	450,473	444,119
Fuel Inventory	60,063	23,740
Total Current Assets	5,064,550	4,685,776
Noncurrent Assets:		
Capital Assets:		
Nondepreciable	26,599,864	27,727,777
Depreciable, net	57,306,775	56,151,739
Total Noncurrent Assets	83,906,639	83,879,516
TOTAL ASSETS	88,971,189	88,565,292
Deferred Outflows of Resources:		
Deferred outflows - pension related	311,019	340,966
LIABILITIES		
Current Liabilities:		
Accounts payable	301,138	330,142
Accrued liabilities	85,160	122,504
Tenant deposits	327,717	424,200
Unearned revenue	85,056	25,092
Current portion of net pension liability	1,201	2,193
Current portion of compensated absences	18,502	30,623
Total Current Liabilities	818,774	934,754
Long-Term Liabilities:		
Net pension liability	410,887	1,094,406
Compensated absences	43,169	71,455
Total Long-Term Liabilities	454,056	1,165,861
TOTAL LIABILITIES	1,272,830	2,100,615
Deferred Inflows of Resources:		
Deferred inflows - pension related	656,624	71,958
NET POSITION:		
Net investment in capital assets	83,810,764	83,660,894
Unrestricted	3,541,990	3,072,791
TOTAL NET POSITION	$ 87,352,754	$ 86,733,685

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, 2021 AND 2020

	2021	(Restated) 2020
Operating Revenue:		
Lease revenue	$ 3,735,663	$ 3,544,056
Fuel sales, flowage fees, and surcharges	930,097	802,972
Parking, rental cars, and concession fees	161,236	189,149
Total Operating Revenue	4,826,996	4,536,177
Operating Expenses:		
General and administrative	1,268,956	1,174,455
Salaries and fringe benefits	975,386	1,182,519
Cost of fuel sold	583,917	557,839
Maintenance and other	390,191	383,147
Total Operating Expenses, Excluding Depreciation	3,218,450	3,297,960
Operating Income Before Depreciation Expense	1,608,546	1,238,217
Depreciation expense	4,519,851	4,426,583
Operating Loss	(2,911,305)	(3,188,366)
Nonoperating Revenue:		
Noncapital grant revenue	43,162	157,000
Unrealized (loss) gain on investments	(179)	49,523
Interest income	1,243	4,632
Delinquent property taxes	5,043	2,006
Total Nonoperating Revenue	49,269	213,161
Loss Before Capital Contributions	(2,862,036)	(2,975,205)
Capital Contributions:		
Capital grants	3,261,555	4,806,212
Other capital contributions	219,550	-
Total Capital Contributions	3,481,105	4,806,212
Change in net position	619,069	1,831,007
Net position, beginning of year	86,733,685	84,315,476
Restatement of beginning net position	-	587,202
Net position, beginning, as restated	86,733,685	84,902,678
Net position, end of year	$ 87,352,754	$ 86,733,685

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, 2021 AND 2020

	2021	2020
Cash flows from operating activities:		
Cash received from tenants	$ 4,839,104	$ 3,478,063
Cash received from fuel sales	930,097	720,969
Cash received from airlines and airport operations	161,236	189,149
Cash paid for fuel	(620,240)	(553,480)
Cash paid for personnel services	(1,096,949)	(1,068,637)
Cash paid for maintenance	(390,191)	(383,147)
Cash paid for administrative and other services	(1,207,653)	(1,471,063)
Net cash flows from operating activities	2,615,404	911,854
Cash flows from noncapital financing activities:		
Delinquent property taxes received	5,043	2,006
Noncapital grant reimbursements	43,162	157,000
Net cash flows from noncapital financing activities	48,205	159,006
Cash flows from capital and related financing activities:		
Capital expenditures	(4,450,171)	(6,455,159)
Capital grants received	3,395,637	4,683,905
Net cash flows from capital and related financial activities	(1,054,534)	(1,771,254)
Cash flows from investing activities:		
Interest income received	10,334	4,632
Purchase of investments	(716,932)	(455,863)
Proceeds from sale of investments	374,875	952,213
Net cash flows from investing activities	(331,723)	500,982
Net increase (decrease) in cash	1,277,352	(199,412)
Cash, beginning of year	354,156	553,568
Cash, end of year	$ 1,631,508	$ 354,156
Reconciliation of operating loss to net cash provided by operating activities:		
Operating loss	$ (2,911,305)	$ (3,188,366)
Depreciation	4,519,851	4,426,583
Other current assets	1,097,283	(972,610)
Deferred outflows of resources	29,947	(65,230)
Accounts payable	93,743	76,789
Accrued liabilities	(37,344)	45,596
Net pension liability	(684,511)	247,923
Deferred inflows of resources	584,666	(58,330)
Compensated absences	(40,407)	5,947
Tenant deposits	(96,483)	424,200
Unearned revenue	59,964	(30,648)
Net cash flows from operating activities	$ 2,615,404	$ 911,854
Noncash Capital Activities:		
Capital assets in accounts payable	$ 95,875	$ 218,622
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

Effective July 1, 2021, the official name of the St. Augustine – St. Johns County Airport Authority was shortened to St. Johns County Airport Authority.

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.

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

Note 2—Summary of significant accounting policies

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

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

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

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

Investments – The Authority invests temporarily idle resources pursuant to the provisions of Section 218.415, Florida statutes, which limits the investment choices to only certain identified investments as defined in that statute. As of September 30, 2021 and 2020, the Authority's investments consisted of amounts in the Florida Safe Investment Pool ("Florida SAFE") and in the local Government Surplus Funds Trust Fund ("Florida PRIME").

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

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

Note 2—Summary of significant accounting policies (continued)

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

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 position that is applicable to a future reporting period. A deferred inflow of resources is an acquisition of net position that is applicable to a future reporting period. The Authority has deferred outflows of resources and deferred inflows of resources related to pensions, which are discussed in a subsequent note.

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

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

	2021	2020
Florida SAFE - Stable NAV Fund	$ 837,356	$ 504,428
Florida SAFE - Variable NAV Fund	1,924,271	1,924,450
Florida PRIME	24,170	24,132
	$ 2,785,797	$ 2,453,010

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

Florida Surplus Asset Trust Fund (Florida SAFE)

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

The Stable NAV Fund is an external investment pool that seeks but does not guarantee to maintain a constant net asset value at $1.00 per share and meets all of the necessary criteria to elect to measure all of the investments at amortized cost. Therefore, the Authority's investment in Florida SAFE's Stable NAV Fund is reported at amortized cost. The Stable NAV Fund is rated by Standard & Poor's and has a rating at September 30, 2021 of AAAm. The weighted average maturity (WAM) for Florida SAFE's Stable NAV Fund at September 30, 2021 was 54 days, and the weighted average life (WAL) was 76 days.

The Variable NAV Fund is an external investment pool where the net asset value of the fund will fluctuate as the value of securities held by the fund fluctuates. Therefore, the Authority's investment in Florida SAFE's Variable NAV Fund is reported at net asset value per share. The Variable NAV Fund is rated by Standard & Poor's and has a rating at September 30, 2021 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.

Note 3—Cash deposits and investments (continued)

Investment in State Pool (Florida PRIME)

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

The Florida PRIME is an external investment pool that meets all of the necessary criteria to elect to measure all of the investments in Florida PRIME at amortized cost. Therefore, the Authority's investment in the Florida PRIME is reported at amortized cost. The fair value of the position in the pool is equal to the value of the pool shares. The Florida PRIME is rated by Standard & Poor's and has a rating at September 30, 2021 of AAAm. The weighted average maturity (WAM) of the Florida PRIME at September 30, 2021 was 49 days. The weighted average life (WAL) for Florida PRIME at September 30, 2021 is 64 days.

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

Note 4—Lease operations/concentration

A significant portion of the Authority's buildings and related land are leased to tenants under operating leases. The approximate cost of leased assets was $40,268,126 and $40,286,126 at September 30, 2021 and 2020, respectively, with accumulated depreciation of approximately $21,757,084 and $20,944,538 at September 30, 2021 and 2020, respectively. These leases are generally for a term of 20 years and allow the lessees to renew for varying periods. The leases generally provide for annual rent increases that are based on changes in the consumer price index.

Minimum future lease income under operating leases based on the rentals in effect at September 30, 2021, without regard to the exercise of renewal options, is as follows:

Years Ending September 30,		
2022	$	2,883,382
2023		2,829,942
2024		2,735,756
2025		1,527,110
2026		585,164
2027-2031		2,200,915
2032-2036		661,980
2037-2041		186,841
2042-2046		78,735
2047-2051		5,250
	$	13,695,075

Note 4—Lease operations/concentration (continued)

For the years ended September 30, 2021 and 2020, two tenants accounted for approximately 48% and 49%, respectively, of total lease revenues.

Note 5—Capital assets and depreciation

Capital asset activity for the year ended September 30, 2021 was 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 5—Capital assets and depreciation (continued)

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

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

Note 6—Long-term liabilities

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

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

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

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:

	2021		2020	
	FRS	HIS	FRS	HIS
Regular class	8.28%	1.66%	6.75%	1.66%
Special risk class	22.73%	1.66%	23.76%	1.66%
Senior management service class	25.57%	1.66%	23.69%	1.66%
City, county, special district elected officers	47.46%	1.66%	47.10%	1.66%
DROP	15.32%	1.66%	12.94%	1.66%

The employer's contributions for the year ended September 30, 2021, were $86,800 to the FRS pension plan and $11,188 to the HIS program. Contributions for the year ended September 30, 2020 were $73,768 to the FRS pension plan and $10,265 to the HIS program.

Note 7—State of Florida pension plans (continued)

Pension Liabilities and Pension Expense

In its financial statements for the year ended September 30, 2021, 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, 2021. 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 - 2021	$ 173,483	$ 238,605
Net pension liability - 2020	886,280	210,319
Proportion at:		
Current measurement date	0.002296619%	0.001945178%
Prior measurement date	0.002044878%	0.001722535%
Pension expense - 2021	11,418	16,672
Pension expense - 2020	193,914	14,502

Deferred Outflows/Inflows of Resources Related to Pensions

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)

At September 30, 2020, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

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

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, 2022. 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
2022	$ (69,796)	$ 1,793
2023	(80,174)	(2,058)
2024	(107,751)	2,540
2025	(141,105)	6,136
2026	10,650	6,971
Thereafter	-	2,235
	$ (388,176)	$ 17,617

Note 7—State of Florida pension plans (continued)

Actuarial Assumptions

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

	FRS	HIS
Inflation	2.40%	2.40%
Salary increase	3.25%	3.25%
Investment rate of return	6.80%	2.16%
Discount rate	6.80%	2.16%

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.

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%	2.1%	2.1%
Fixed income	20.0%	3.8%	3.7%
Global equity	54.2%	8.2%	6.7%
Real estate	10.3%	7.1%	6.2%
Private equity	10.8%	11.7%	8.5%
Strategic investments	3.7%	5.7%	5.4%
	100%		

Discount Rate

The discount rates used to measure the total pension liability for the FRS pension plan were 6.80% and 6.80% for the July 1, 2021 and 2020 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.

Note 7—State of Florida pension plans (continued)

Because the HIS program is essentially funded on a pay-as-you-go basis, municipal bond rates of 2.16% and 2.21% were used the July 1, 2021 and 2020 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.

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 (5.80%)	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

	1.00% Decrease (5.80%)	Current Discount Rate (6.80%)	1.00% Increase (7.80%)	1.00% Decrease (1.21%)	Current Discount Rate (2.21%)	1.00% Increase (3.21%)
Authority's proportionate share of the net pension (asset) liability at September 30, 2020	$ 1,415,241	$ 886,280	$ 444,490	$ 243,119	$ 210,319	$ 183,472

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, 2021, the Authority reported payables for the outstanding amount of contributions of $8,977 to the FRS Plan and $1,160 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 $47,721 and $6,127 for the years ended September 30, 2021 and 2020, respectively.

Note 8—Commitments

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

Project	Contract Amount	Completed to Date	Balance Committed
Acquire Land for Development	$ 700,000	$ 371,292	$ 328,708
East Terminal Access Rd. Design and Construction	2,940,000	196,468	2,743,532
TW "B" Design Only Center Section	300,000	33,198	266,802
PDE Study - West Access Rd	100,000	2,500	97,500
TW B Center Section Rehab	150,000	-	150,000
Two 10-Unit T-Hangars - G1504	3,730,000	3,709,664	20,336
Taxiway D Recon - GON82	3,128,746	2,653,244	475,502
	$ 11,048,746	$ 6,966,366	$ 4,082,380

Note 9—Future accounting pronouncements

The GASB issued Statement No. 87, *Leases*. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. This Statement is effective for reporting periods beginning after December 15, 2020. Management is currently evaluating the impact of the adoption of this Statement on the Authority's financial statements.

The GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements ("SBITAs") for government end users (governments). 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 is currently evaluating the impact of the adoption of this Statement on the Authority's financial statements.

Note 10—Prior period restatement

During fiscal year 2021, it was discovered the Authority did not record as revenue, and was not paid, certain fuel revenues in accordance with the contractually determined rates since fiscal year 2006. As a result, the related receivable increased fiscal 2020 beginning net position $587,202 and the related revenue for fiscal 2020 of $82,003 is included in fiscal 2020 fuel sales, increasing accounts receivable and net position $669,205 over that previously presented as of September 30, 2020 and decreasing operating loss $82,003 and change in net position from that previously presented for the year ended September 30, 2020.

REQUIRED SUPPLEMENTARY INFORMATION

ST. JOHNS COUNTY AIRPORT AUTHORITY

SCHEDULES OF PROPORTIONATE SHARE OF NET PENSION LIABILITY

LAST 10 FISCAL YEARS[2]

YEAR ENDED SEPTEMBER 30, 2021

Florida Retirement System	2015	2016	2017	2018	2019	2020	2021
Employer's proportion of the net pension liability (asset)	0.0023%	0.0021%	0.0021%	0.0020%	0.0019%	0.0020%	0.0023%
Employer's proportionate share of the net pension liability (asset)	$ 299,107	$ 556,867	$ 611,344	$ 595,101	$ 658,923	$ 886,280	$ 173,483
Employer's covered payroll[1]	$ 682,688	$ 696,831	$ 631,369	$ 593,891	$ 519,011	$ 618,277	$ 673,800
Employer's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	43.81%	79.91%	96.83%	100.20%	126.96%	143.35%	25.75%
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%

Health Insurance Subsidy Program	2016	2017	2018	2019	2020	2021	2021
Employer's proportion of the net pension liability (asset)	0.0023%	0.0023%	0.0020%	0.0018%	0.0017%	0.0017%	0.0019%
Employer's proportionate share of the net pension liability (asset)	$ 229,491	$ 263,074	$ 211,794	$ 192,448	$ 189,753	$ 210,319	$ 238,605
Employer's covered payroll[1]	$ 682,688	$ 696,831	$ 631,369	$ 593,891	$ 519,011	$ 618,277	$ 673,800
Employer's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	33.62%	37.75%	33.55%	32.40%	36.56%	34.02%	35.41%
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%

(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

SCHEDULES OF EMPLOYER CONTRIBUTIONS

LAST 10 FISCAL YEARS[2]

YEAR ENDED SEPTEMBER 30, 2021

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

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

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 years ended September 30, 2021, 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 28, 2022.

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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2021-001 and 2021-002 that we consider to be material weaknesses.

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*.

Authority's Response to Findings

The Authority's responses to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The Authority's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Orlando, Florida
February 28, 2022

Cherry Bekaert LLP
CPAs & Advisors

Report of Independent Auditor on Compliance for the Major Federal Program and 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 each Major Federal Program and State Project

We have audited St. Johns County Airport Authority's (the "Authority") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the Authority's major federal program for the year ended September 30, 2021. 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.

Management's Responsibility

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

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for the Authority's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; 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"). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on the Major Federal Program

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, 2021.

Report on Internal Control over Compliance

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

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

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

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

Cherry Bekaert LLP

Orlando, Florida
February 28, 2022

ST. JOHNS COUNTY AIRPORT AUTHORITY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE

YEAR ENDED SEPTEMBER 30, 2021

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:			
Airline Terminal Apron	20.106	3-12-0073-043-2020	$ 316,722
Taxiway D - Construction	20.106	3-12-0073-044-2020	2,440,755
Taxiway B - Design Only	20.106	3-12-0073-048-2021	54,822
COVID-19: Airport Coronavirus Response Grant Program	20.106	3-12-0073-047-2021	43,162
Total Expenditures of Federal Financial Assistance			$ 2,855,461
State Financial Assistance			
Florida Department of Transportation:			
Aviation Grant Programs:			
Design & Construct B & C Row	55.004	G1504	$ 324,208
Airport Security & Access Control Main Hanger Road	55.004	G1537	7,369
Acquire Land for Development	55.004	G1678	7,713
PDE Study West Access Rd.	55.004	G1993	1,250
East Terminal Access Road Design & Construct	55.004	G1115	2,720
Airline Terminal Apron Rehab	55.004	G1J82	4,327
T-Hangar Rows Apron	55.004	G1Z54	5,000
Intermodal Access Development Program:			
East Terminal Access Road Design & Construct	55.014	G1115	96,669
Total Expenditures of State Financial Assistance			$ 449,256

* 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, 2021

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, 2021 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, 2021

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?	x	yes		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?	x	yes		no

Part II – Schedule of Financial Statement Findings

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

Findings 2021-001 and 2021-002 are considered material weaknesses required to be reported in accordance with *Government Auditing Standards* . These findings are provided in Attachment A to this schedule.

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).

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 reported on the accrual basis of accounting. In addition, certain grant revenue was improperly recorded as a credit to construction in progress.

Criteria: Expenditures reported on the SEFSA and grant revenue recorded in the general ledger should be reported on the accrual basis of accounting. All grant reimbursements should be recorded as revenue.

Cause of Condition: Procedures were insufficient to ensure all grant revenue and related project expenditures were accrued to the proper period, and by extension, accurately reported on the SEFSA. In addition, procedures were insufficient to detect the improper entry to credit capital assets instead of revenue.

Effect of Condition: In the general ledger, assets were understated by $100,720, liabilities were understated by $95,875, and revenue was understated by $4,845 due to improper accruals at year-end. Overall, the SEFSA was understated by $356,800. In addition, general ledger grant revenue and construction in progress were both understated $742,063 due to the incorrect entries.

Recommendation: We recommend that procedures be modified to better capture and accrue all grant revenue and the related capital expenditure on the general ledger and grant expenditures for presentation on the SEFSA as required under the accrual basis of accounting. In addition, we recommend more diligence in review of transactions prior to recording in the general ledger.

Views of Responsible Officials: To reduce the risk of this occurring in future years, the Authority's accountants will add two review procedures to catch these miscodings. On a monthly basis, the accounting manager will review the construction in progress general ledger account for any credits recorded and ensure they are appropriate. Secondly, the Accountants will review these accounts again at year end and correct any errors prior to preparing the SEFSA and closing the books for the auditors.

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.

Criteria: Revenues should be based on the contractually agreed-upon rates and recorded in the proper fiscal year in accordance with the accrual basis of accounting.

Cause of Condition: The Authority did not have sufficient procedures in place to ensure the revenue received for certain fuel sales were provided at the contractually agreed-upon rate.

Effect of Condition: Revenues were understated since fiscal year 2006, resulting in an aggregate understatements of beginning net position of $587,202, fuel revenue of $82,003, and accounts receivable of $669,205 in fiscal year 2020.

Recommendation: We recommend the Authority implement procedures to better track the payment terms of contracts to ensure the proper amount of revenue is being received and recorded.

Views of Responsible Officials: The Authority believes this finding was an isolated incident even though it occurred over several years. The contract that created the issue is the only contract of its kind the Authority manages. Management does understand the need to monitor contracts and has an annual process to update the accounting system for all lease increases. Management will add this contract to that process.

ST. JOHNS COUNTY AIRPORT AUTHORITY

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

SEPTEMBER 30, 2021

There were no prior year audit findings.

ST. JOHNS COUNTY
AIRPORT AUTHORITY

Management's Corrective Action Plan

Finding 2021-001 – Reporting of Grant Transactions

Planned Corrective Action: The Authority tracks grant projects through construction in progress accounts. Each project has its own construction in progress account and a corresponding grant revenue account.

Since the grants are reimbursable grants, the Authority accumulates costs in the construction in progress accounts and then requests reimbursement for the amounts accumulated. The Authority's accountants incorrectly coded some of the grant payments to the construction in progress project line instead of the revenue project line. This error occurred because the construction in progress general ledger account and the grant revenue general ledger account are both named for the project name in the accounting system. The Authority's Accountants agree with the auditors that this should have been discovered during the review process prior to the audit.

To reduce the risk of this occurring in future years, the Authority's accountants will add two review procedures to catch these miscodings. On a monthly basis, the accounting manager will review the construction in progress general ledger account for any credits recorded and ensure they are appropriate. Secondly, the Accountants will review these accounts again at year end and correct any errors prior to preparing the SEFSA and closing the books for the auditors.

The Authority's outsourced accountants (specifically the Managing Partner, Todd Neville) will ensure the implementation of this action plan immediately.

Finding 2021-002 – Oversight of Contracts

Planned Corrective Action: The Authority believes this finding was an isolated incident even though it occurred over several years. The contract that created the issue is the only contract of its kind the Authority manages. Management does understand the need to monitor contracts and has an annual process to update the accounting system for all lease increases. Management will add this contract to that process.

The Authority's outsourced accountants (specifically the Managing Partner, Todd Neville) will ensure the implementation of this action plan immediately.

OTHER REPORTS

Cherry Bekaert LLP
CPAs & Advisors

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, 2021 and 2020, and have issued our report thereon dated February 28, 2022.

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 February 28, 2022, should be considered in conjunction with this management letter.

Prior Audit Findings

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

Official Title and Legal Authority

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

Financial Condition and Management

Sections 10.554(1)(i)5.a. and 10.556(7), Rules of the Auditor General, require us to apply appropriate procedures and communicate the results of our determination as to whether or not the Authority has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and to identify the specific conditions met. In connection with our audit, we determined 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. We have identified certain matters in Attachment A to the Schedule of Findings and Questioned Costs, Findings 2021-001 and 2021-002, and in Attachment A to this letter, 2021-A, that are relevant to financial management. We did not audit the Authority's responses to these matters and, accordingly, we express no opinion on them.

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 15.

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 $781,452.37.

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	Contract Amount	Completed to Date
Taxiway B Design Only	$300,000	$33,198

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 $5,043.

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. We have identified certain matters in Attachment A to this letter, 2021-B, that are relevant to noncompliance. We did not audit the Authority's responses to these matters and, accordingly, we express no opinion on them.

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.



Orlando, Florida
February 28, 2022

Current Year Recommendations

Tenant Deposits
Statement of Condition 2021-A: The Authority did not transfer all tenant deposits into an interest-bearing account, separate from Authority general funds, as required by the contract.

Criteria: Tenant deposits should be kept in an interest-bearing account, separate from Authority general funds in accordance with the terms of the contract.

Cause of Condition: Procedures were insufficient to ensure tenant deposits were identified and transferred to the correct account.

Effect of Condition: As of fiscal year-end, two months of tenant deposits ($70,700) had been transferred to the wrong interest-bearing account, and four months of tenant deposits ($141,400) had not been transferred out of the Authority's general operating account. In total, $212,100 of tenant deposits were comingled with Authority funds in violation of the terms of the contract.

Recommendation: We recommend procedures be enhanced to identify and transfer all tenant deposits to the proper, separately-designated account.

Management Response: The Authority understands that the terms of a lease require certain funds to be deposited in a separate account from the Authority's General Funds. The Airport's accountants will determine this transfer/deposit has been made appropriately on a monthly basis during the bank reconciliation process.

Construction in Progress
Statement of Condition 2021-B: Certain completed capital projects that had been placed in service at the start of the fiscal year had not been transferred out of construction in progress and the related depreciation had not been recorded.

Criteria: Under generally accepted accounting principles of the United States, constructed capital assets should be removed from construction in progress upon completion. In addition, depreciation should be recorded on capital assets that are available for service.

Cause of Condition: Procedures were insufficient to ensure all completed capital projects were identified so depreciation would begin.

Effect of Condition: At fiscal year-end, construction in progress was overstated by $1,218,400, depreciable capital assets were understated by $1,114,365, and depreciation expense was understated by $104,035.

Recommendation: We recommend procedures be enhanced to ensure all completed construction projects be identified removed from construction in progress and depreciated.

Management Response: The Authority will schedule an annual meeting with its accountants to review its construction in progress list to determine if any items were placed in service. Based on this meeting, The Authority will record any necessary adjustments.

Cherry Bekaert LLP
CPAs & Advisors

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, 2021. Management is responsible for the Authority's compliance with the specified requirements. Our responsibility is to express an opinion on the Authority's compliance with the specified requirements based on our examination.

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

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

In our opinion, the Authority complied, in all material respects, with local government investment policy requirements of Section 218.415, Florida Statutes, during the year ended September 30, 2021.

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
February 28, 2022