

SEMINOLE COUNTY PORT AUTHORITY

**FINANCIAL STATEMENTS,
SUPPLEMENTARY INFORMATION
AND INDEPENDENT AUDITORS' REPORT**

September 30, 2019 and 2018



Greene, Dycus & Co, PA

Certified Public Accountants

407-322-0561

www.gdccpa.net

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ORGANIZATION AND DIRECTORS

The Seminole County Port Authority, organized July 15, 1966, was created under the provision of Chapter 65-2270, Laws of Florida, as amended, for the purpose of constructing, equipping, and operating a port facility in Sanford, Florida. This provision was subsequently repealed and re-enacted to Chapter 2010-240 of the Laws of Florida.

The Board of Directors are appointed by the Board of County Commissioners of Seminole County. Board members of Seminole County Port Authority for the year ended September 30, 2019, were as follows:

Cliff Miller - Chairman

Matthew Criswell – Vice Chairman

Dana McBroom – Treasurer

Michael Caraway – Secretary

Harry Ellis III

Susan Sherman

Taylor Pancake

Kyle Kilger

Commissioner – Jay Zembower

Andrew Van Gaale - Administrator

Jennifer Sykes – Business Office Manager



INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Seminole County Port Authority
Sanford, Florida

We have audited the accompanying financial statements of the Seminole County Port Authority (the "Authority"), a component unit of Seminole County, Florida, as of and for the years ended September 30, 2019 and 2018, and the related notes to the financial statements which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

Robert Kimelman, CPA
Thomas J. Frank, CPA

William T. Royster, CPA (Retired)
Jack I. Greene, CPA (Deceased)
James R. Dycus, CPA (Deceased)

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Authority as of September 30, 2019 and 2018, and the respective changes in financial position and cash flows thereof 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 1, the financial statements present only the enterprise fund of the Seminole County Port Authority; and do not purport to, and do not, present fairly the financial position of Seminole County, Florida; as of September 30, 2019 and 2018, the changes in its financial position, its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America. 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 management's discussion and analysis on pages 5 through 10 and Schedule of Proportionate Share of Net Pension Liability of Florida Retirement System and Health Insurance Subsidy and Schedule of Contributions of Florida Retirement System and Health Insurance Subsidy on pages 29 through 30 be presented to supplement the financial statements. Such information, although not a required part of the financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the 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 financial statements, and other knowledge we obtained during our audit of the 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 Matters - continued

Other Information

Our audits were conducted for the purpose of forming an opinion on the financial statements of the Authority taken as a whole. The accompanying Schedule of Revenues and Expenses – Budgeted and Actual – Cash Basis on page 32, for the year ended September 30, 2019 is presented for purposes of additional analysis and is not a required part of the 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 financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the 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 Revenues and Expenses – Budgeted and Actual – Cash Basis, for the year ended September 30, 2019 is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated January 28, 2020 on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, rules, regulations, contracts and grant agreements and other matters. The purpose of that report is 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 internal control over financial control 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.

Greene Dupuis & Co.

Professional Association
Certified Public Accountants
Sanford, Florida
January 28, 2020

SEMINOLE COUNTY PORT AUTHORITY MANAGEMENT'S DISCUSSION AND ANALYSIS

The Seminole County Port Authority's (the "Authority") discussion and analysis is designed to (1) assist the reader in focusing on significant financial issues and activities, and to identify any significant changes in financial position, (2) provide an overview of the Authority's financial activity, (3) identify changes in the Authority's financial position (its ability to address the next and subsequent years' challenges), and (4) identify issues or concerns. This discussion and analysis is intended to serve as an introduction to the Authority's financial statements, which is comprised of the basic financial statements and the notes to the financial statements. Since the Authority is comprised of a single enterprise fund, no fund level financial statements are shown. This financial report also contains the following items to enhance the readers understanding of the financial data:

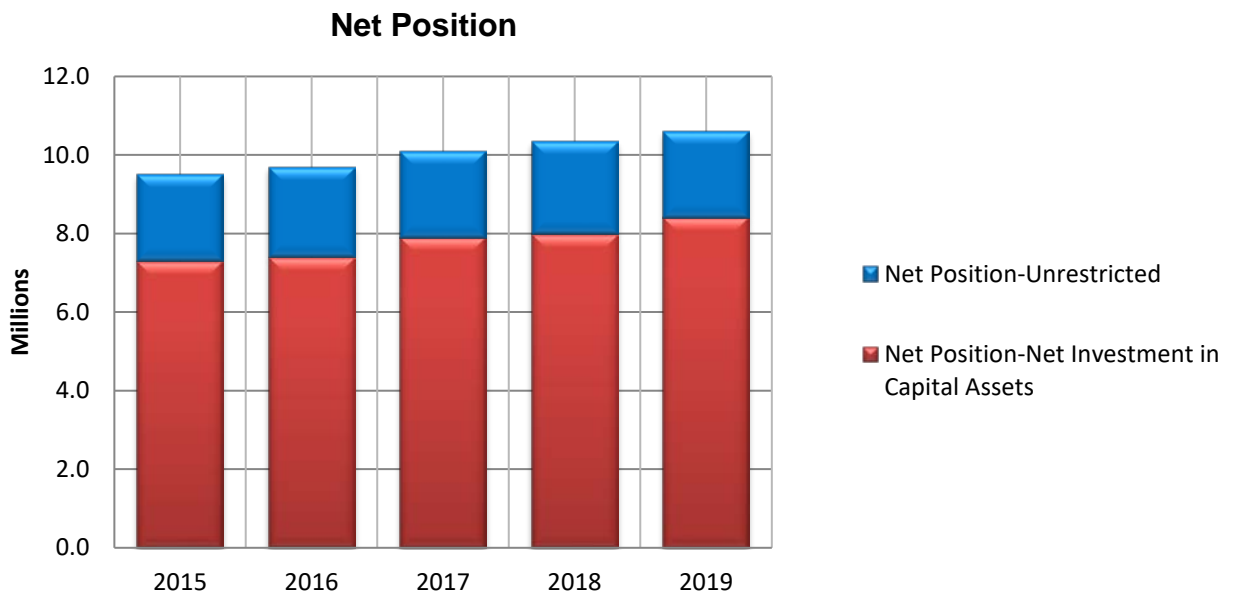
- Supplemental information concerning the Authority's Schedule of Revenues and Expenses – Budget and Actual – Cash Basis.
- Notes to the financial statements which convey a full understanding of the Authority's financial statement data.
- Required supplemental information concerning the Authority's proportionate share of the net pension liability and required contributions for the cost-sharing defined-benefit pension plans in which it participates.

We encourage readers to consider the information presented here in conjunction with the financial statements as a whole.

Authority Highlights

- The average occupancy rate for the fiscal year ended September 30, 2019 was near 100%.
- \$700,000 was contributed to Seminole County during the year.
- Operating income decreased by approximately \$57,000 over the prior year.
- All rents but approximately \$23,000 due for the year ended September 30, 2019 were collected prior to that date.

Financial Highlights



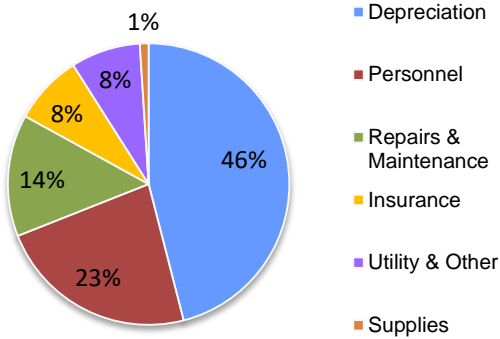
**SEMINOLE COUNTY PORT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS**

Financial Highlights - continued

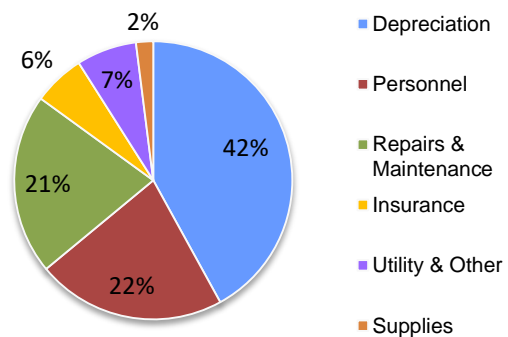
- Net position serves over time as a useful indicator of the Authority's financial position. As a result of the current year's operations, the Authority's total net position increased approximately \$253,000 over last year and was approximately \$10,534,000 at September 30, 2019. 79% of the Authority's net position at September 30, 2019 represents investment in capital assets.
- Unrestricted net position decreased by approximately \$221,000.
- Revenues decreased by approximately \$40,000 or 2%, in 2019, primarily due to a building being taken offline so that it can be upgraded. Operating expenses increased by approximately \$19,000 or 2% from the prior year. The resulting current year operating income before depreciation was approximately \$1,390,000. Depreciation was approximately \$541,000, while net non-operating income was approximately \$40,000.

OPERATING EXPENSES BY FUNCTIONAL CATEGORY

FYE September 30, 2019



FYE September 30, 2018



Basis of Accounting

The Authority's financial statements are prepared on an accrual basis in accordance with U.S. generally accepted accounting principles promulgated by the Governmental Accounting Standards Board (GASB). The Authority is structured as a single enterprise fund with revenues recognized when earned. Expenses are recognized when incurred, not when they are paid. Capital assets are capitalized and are depreciated (except land) over their useful lives. See the Notes to the Financial Statements for a summary of the Authority's significant accounting policies.

**SEMINOLE COUNTY PORT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS**

Basic Financial Statements

The basic financial statements are designed to provide readers with a broad overview of the Authority's finances in a manner similar to a private-sector business.

The Balance Sheets present information on all of the Authority's assets and liabilities, with the difference between the two reported as net position. Increases or decreases in net position may serve as a useful indicator of whether the financial position of the Authority is improving or deteriorating. Net position increases when revenues exceed expenses.

	<u>In Thousands</u>	
	<u>2019</u>	<u>2018</u>
Current assets	\$ 2,519	\$ 2,731
Restricted assets	177	186
Capital assets, net	8,400	7,989
Total assets	11,096	10,906
Deferred outflows of resources	207	235
Total assets and deferred outflows of resources	<u>\$ 11,303</u>	<u>\$ 11,141</u>
Current liabilities	\$ 268	\$ 331
Noncurrent liabilities	395	351
Total liabilities	663	682
Deferred inflows of resources	106	115
Net investment in capital assets	8,400	7,989
Unrestricted	2,134	2,355
Total net position	<u>10,534</u>	<u>10,344</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 11,303</u>	<u>\$ 11,141</u>

The Statements of Revenues, Expenses, and Changes in Net Position present information showing how the Authority's net position changed during the fiscal year. All changes in net position are reported as soon as the underlying event occurs, regardless of timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods. The following are condensed Statements of Revenue, Expenses, and Changes in Net Position.

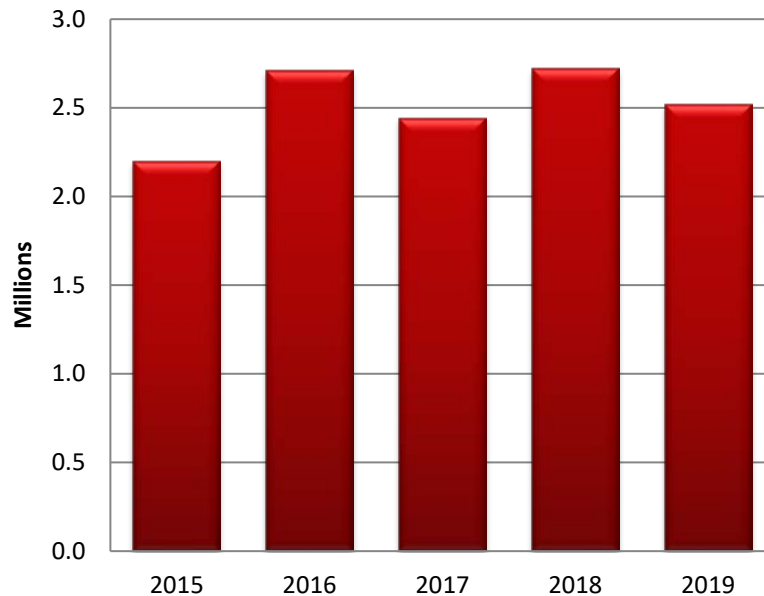
	<u>In Thousands</u>	
	<u>2019</u>	<u>2018</u>
Operating revenues	\$ 2,086	\$ 2,125
Operating expenses	(1,236)	(1,218)
Operating income	850	907
Non operating income (loss)	40	9
Income before contributions	890	916
Contribution to Seminole County	(700)	(700)
Change in net position	190	216
Net position, beginning of year	10,344	10,128
Net position, end of year	<u>\$ 10,534</u>	<u>\$ 10,344</u>

**SEMINOLE COUNTY PORT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS**

Basic Financial Statements – continued

The Statements of Cash Flows provides information about the Authority's cash receipts and cash payments during the reporting period. The statement reports cash receipts, cash payments, and net changes in cash resulting from operations, investing, and capital and non-capital financing activities.

**Cash and Cash Equivalents -
Unrestricted**



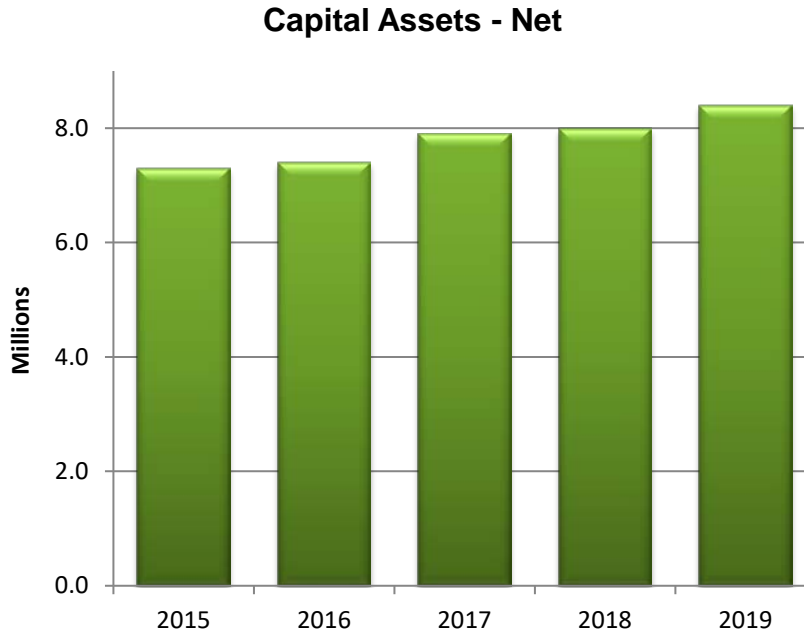
Cash Flows

- Cash provided by current year operations decreased by approximately \$120,000 from the prior year primarily from increase in payments from customers and decreases in payments to suppliers for goods and services.
- Cash used in capital and financing activities increased from the prior year by approximately \$404,000 due to an increase in capital expenditures.
- The net cash flow activity resulted in a decrease in cash of approximately \$214,000.

The Notes to Financial Statements provide additional information that is essential to a full understanding of the data provided in the basic financial statements.

**SEMINOLE COUNTY PORT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS**

Capital Assets and Debt Administration



Capital Assets

The Authority's investment in capital assets amounts to \$8.4 million net of accumulated depreciation. Capital assets include land, right-of-way, roads, buildings, improvements, furniture and equipment. Major capital asset events during the current fiscal year include the following:

- Improvements and additions amounting to approximately \$950,000 were made including the following items:
 - Storm water drainage improvements
 - Building improvements
 - Air conditioning equipment
 - Landscaping and irrigation upgrades
 - Irrigation well

The Authority had its capital assets valued for insurance purposes during the current fiscal year. The replacement value of these assets amounted to approximately \$20,000,000.

Long-Term Debt

The Authority has no outstanding long-term debt.

SEMINOLE COUNTY PORT AUTHORITY MANAGEMENT'S DISCUSSION AND ANALYSIS

Capital Reserve Fund

For management and budgetary purposes, the Authority has established a capital reserve fund and designated funds to complete several improvement projects and has engaged an engineering consultant to assist in the preparation of a five year capital improvement (CIP) plan in order to safeguard the public, tenants, employees and visitors. The Authority has designated approximately \$1,500,000 of unrestricted operating funds to continue these capital improvement projects.

Following are general goals of the Capital Reserve Fund:

- Replace or upgrade the necessary components of the nearly forty year old infrastructure related to the drainage and storm water retention system and roadways.
- Improve the following facets of the Port Authority to enhance safety and functionality:
 - Common area lighting
 - Sidewalks, pedestrian accessibility
 - Signage / way finding
 - Rehabilitation of two commercial buildings
 - Traffic circulation and intersection improvements
- Develop the remaining buildable area in the most appealing and economically rewarding way.
- Utilize the geographic features of the property including but not limited to the proximity and access to the St. Johns River / Lake Monroe, railroad proximity and the intersection of the Seminole and Volusia County Trails.
- Improve drainage on the property as both the development in the port and the development of the area surrounding the port has caused flooding to be an issue on the property.
- Add more flex space for high tech, professional entities and other desirable businesses.

Other Designated Funds

For management and budgetary purposes, the Authority has set aside approximately \$582,000 of unrestricted operating funds for working capital and to pay insurance deductibles in case of a catastrophic or non-catastrophic event to be able to operate in the wake of these potential events.

Contacting the Authority's Financial Management

This financial report is designed to provide a general overview of the Authority's finances and to demonstrate the Authority's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Authority's Administrator at 1510 Kastner Place, Suite 1, Sanford, FL 32771.

**SEMINOLE COUNTY PORT AUTHORITY
ENTERPRISE FUND
BALANCE SHEETS
SEPTEMBER 30,**

	<u>ASSETS</u>		<u>2019</u>	<u>2018</u>
CURRENT ASSETS				
Cash and cash equivalents		\$	2,519,082	\$ 2,724,796
Accounts receivable (net of allowance for uncollectible accounts of \$7,577 and \$30,789)			<u>293</u>	<u>6,703</u>
Total current assets			2,519,375	2,731,499
RESTRICTED ASSETS				
Cash and cash equivalents			177,409	185,865
CAPITAL ASSETS - NET			<u>8,399,533</u>	<u>7,989,170</u>
Total assets			11,096,317	10,906,534
DEFERRED OUTFLOWS OF RESOURCES				
Pension outflows			<u>206,977</u>	<u>234,522</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES			<u><u>\$ 11,303,294</u></u>	<u><u>\$ 11,141,056</u></u>

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

**SEMINOLE COUNTY PORT AUTHORITY
ENTERPRISE FUND
BALANCE SHEETS
SEPTEMBER 30,**

	<u>2019</u>	<u>2018</u>
<u>LIABILITIES AND NET POSITION</u>		
CURRENT LIABILITIES		
Payable from current assets:		
Accounts payable and accrued expenses	\$ 28,726	\$ 120,914
Prepaid rent	47,010	9,179
Accrued compensated absences	15,126	15,123
Total payable from current assets	<u>90,862</u>	<u>145,216</u>
Payable from restricted assets:		
Security deposits	<u>177,409</u>	<u>185,865</u>
Total current liabilities	268,271	331,081
NONCURRENT LIABILITIES		
Net pension liability	<u>394,340</u>	<u>350,361</u>
Total noncurrent liabilities	<u>394,340</u>	<u>350,361</u>
Total liabilities	<u>662,611</u>	<u>681,442</u>
DEFERRED INFLOWS OF RESOURCES		
Pension inflows	<u>106,483</u>	<u>115,325</u>
NET POSITION		
Net investment in capital assets	8,399,533	7,989,170
Unrestricted:		
Designated for capital improvement in progress	92,478	784,919
Designated for capital improvement planned 2018/2019	-	800,000
Designated for capital improvement planned 2019/2020	1,400,000	-
Designated for operating and catastrophic events	582,418	569,129
Undesignated	<u>59,771</u>	<u>201,071</u>
Total net position	<u>10,534,200</u>	<u>10,344,289</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	<u><u>\$ 11,303,294</u></u>	<u><u>\$ 11,141,056</u></u>

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

**SEMINOLE COUNTY PORT AUTHORITY
ENTERPRISE FUND
STATEMENTS OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
FOR YEARS ENDED SEPTEMBER 30,**

	2019	2018
OPERATING REVENUES		
Building leases	\$ 1,899,642	\$ 1,939,646
Land leases	108,006	105,726
Marina lease	50,871	51,902
Miscellaneous	27,108	27,720
Total operating revenues	2,085,627	2,124,994
OPERATING EXPENSES		
Salaries and wages	176,567	177,849
Repairs and maintenance	163,056	254,243
Insurance	89,480	76,679
Employee benefits and costs	155,739	119,156
Legal and accounting	28,476	24,811
Utility services	43,981	41,137
Other contractual services	12,950	11,400
Operating supplies	9,907	9,918
Supplies and miscellaneous	6,365	9,596
Advertising	2,843	2,401
Communication services	5,762	5,619
Depreciation	540,923	484,696
Total operating expenses	1,236,049	1,217,505
OPERATING INCOME	849,578	907,489
NON-OPERATING INCOME		
Bad debt (expense) recovery	-	(7,184)
Interest income	40,333	15,858
Total non-operating income	40,333	8,674
INCOME BEFORE CONTRIBUTIONS	889,911	916,163
CONTRIBUTION TO SEMINOLE COUNTY	(700,000)	(700,000)
Change in net position	189,911	216,163
NET POSITION, OCTOBER 1	10,344,289	10,128,126
NET POSITION, SEPTEMBER 30	\$ 10,534,200	\$ 10,344,289

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

**SEMINOLE COUNTY PORT AUTHORITY
ENTERPRISE FUND
STATEMENTS OF CASH FLOWS
FOR YEARS ENDED SEPTEMBER 30,**

	<u>2019</u>	<u>2018</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers	\$ 2,121,412	\$ 2,127,552
Cash payment to suppliers for goods and services	(548,065)	(437,626)
Cash payment to employees for services	<u>(176,564)</u>	<u>(173,235)</u>
Net cash provided by operating activities	<u>1,396,783</u>	<u>1,516,691</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Contribution to Seminole County	<u>(700,000)</u>	<u>(700,000)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition and construction of capital assets	<u>(951,286)</u>	<u>(547,431)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment income received	<u>40,333</u>	<u>15,858</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	(214,170)	285,118
CASH AND CASH EQUIVALENTS, OCTOBER 1	<u>2,910,661</u>	<u>2,625,543</u>
CASH AND CASH EQUIVALENTS, SEPTEMBER 30	<u>\$ 2,696,491</u>	<u>\$ 2,910,661</u>
RECONCILIATION TO BALANCE SHEET:		
Unrestricted cash and cash equivalents	\$ 2,519,082	\$ 2,724,796
Restricted cash and cash equivalents	<u>177,409</u>	<u>185,865</u>
Total cash and cash equivalents	<u>\$ 2,696,491</u>	<u>\$ 2,910,661</u>

Continued on next page

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

**SEMINOLE COUNTY PORT AUTHORITY
ENTERPRISE FUND
STATEMENTS OF CASH FLOWS (CONTINUED)
FOR YEARS ENDED SEPTEMBER 30,**

	2019	2018
OPERATING INCOME	\$ 849,578	\$ 907,489
ADJUSTMENTS TO RECONCILE OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Depreciation and amortization	540,923	484,696
Changes in operating assets and liabilities:		
Accounts receivable	6,410	(246)
Accounts payable and accrued expenses	(92,188)	84,084
Net pension liability	43,979	16,405
Prepaid rent	37,831	(1,387)
Accrued compensated absences	3	4,614
Deferred inflows and outflows	18,703	16,845
Security deposits	(8,456)	4,191
TOTAL ADJUSTMENTS	547,205	609,202
TOTAL NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ 1,396,783	\$ 1,516,691

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

**SEMINOLE COUNTY PORT AUTHORITY
ENTERPRISE FUND
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019 AND 2018**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The Authority is a component unit of Seminole County, Florida. Board members of the Authority are appointed by the Board of County Commissioners of Seminole County, Florida. There are no component units of the Authority as defined by the Governmental Accounting Standards Board (GASB).

Basis of Accounting

The Authority prepares its financial statements on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America for proprietary funds, which are similar to those for private business enterprises. Accordingly, revenues are recorded when earned and expenses are recorded when incurred.

Fund Accounting

Enterprise funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

Operating Revenues and Expenses

The Authority's operating revenues and expenses consist of revenues earned and expenses incurred relating to the operation. All other revenues and expenses are reported as non-operating revenues and expenses.

Cash and Cash Equivalents

The Authority's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition. The Authority currently holds \$400 collectively in petty cash and cash drawers.

The Authority invests public funds in a manner so as to place the highest priority on the safety of principal and liquidity. The optimization of investment returns is secondary to the requirements for safety and liquidity.

Cash and cash equivalents are carried at cost. The Authority's deposits are categorized to give an indication of the level of custodial credit risk assumed at year end. At present, the Authority's excess funds are primarily deposits that are insured or collateralized pursuant to the Public Depository Security Act of the State of Florida. Demand deposits and money market accounts are insured by federal depository insurance up to \$250,000 of the aggregate account balances for each entity. Amounts in excess of \$250,000 are fully insured by U.S. Government securities held in the Public Deposit Security Trust Fund maintained and monitored by the Treasurer of the State of Florida. Demand deposits and cash on deposit bank balances (before in transit items) at September 30, 2019 and 2018 were approximately \$3.4 and \$3.5 million respectively.

Budgets

An annual budget is prepared for managerial control over operations and as a planning tool. The budget is prepared and maintained on the cash basis even though the financial statements are maintained on the accrual basis of accounting.

**SEMINOLE COUNTY PORT AUTHORITY
ENTERPRISE FUND
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019 AND 2018**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

Capital Assets

Capital assets purchased or acquired with an original cost of \$5,000 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred.

Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Buildings	30-50 years
Furniture and equipment	3-10 years
Improvements	10-20 years

Fair Value of Financial Instruments

The Authority's financial instruments include cash and cash equivalents and receivables. The carrying amounts of these financial instruments have been estimated by management to approximate fair value.

Restricted Assets

Restricted assets represent security deposits held by the Authority.

Compensated Absences

The Authority accrues accumulated unpaid vacation and sick leave and associated employee related costs when earned (or estimated to be earned) by the employee. Annual leave accrues at varying rates, from 5 to 15 days per year depending on the length of employment. Upon termination, annual leave is paid subject to certain limitations. Sick leave accrues at one day per month up to a maximum of 90 days. There are circumstances that a terminated employee may be compensated a portion of their unused sick leave.

Estimates

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

Equity Classifications

Equity is classified as net position and displayed in three components:

- a. Net investment in capital assets – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of debt that is attributable to the acquisition, construction or improvement of those assets. Currently the Authority has no debt outstanding.

**SEMINOLE COUNTY PORT AUTHORITY
ENTERPRISE FUND
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019 AND 2018**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

Equity Classifications - continued

- b. Restricted net position – Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation. Currently there is no restricted net position.
- c. Unrestricted net position – All other net position that do not meet the definition of “restricted” or “net investment in capital assets.”

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

The deferred outflows related to pensions are an aggregate of items related to pensions as calculated in accordance with GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*. The deferred outflows related to pensions will be recognized as either pension expense or a reduction in the net pension liability in future reporting years. Details on the composition of the deferred outflows related to pensions are further discussed in Note 3.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

The deferred inflows related to pensions are an aggregate of items related to pensions as calculated in accordance with GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*. The deferred inflows related to pensions will be recognized as a reduction to pension expense in future reporting years. Details on the composition of the deferred outflows related to pensions are further discussed in Note 3.

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 (FRS) and Health Insurance Subsidy Program (HIS) and additions to/deductions from the FRS and HIS fiduciary net position have been determined on the same basis as they are reported by FRS and HIS. 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.

Reclassification

Certain amounts reported in the prior year financial statements have been reclassified to conform to current year classifications.

**SEMINOLE COUNTY PORT AUTHORITY
ENTERPRISE FUND
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019 AND 2018**

NOTE 2 – CAPITAL ASSETS

At September 30, capital assets consisted of the following:

	October 1, 2018	Additions	Reductions	Transfers	September 30, 2019
Nondepreciable Capital Assets					
Land and right-of-way	\$ 407,202	\$ -	\$ -	\$ -	\$ 407,202
Construction in Progress	251,202	807,069	-	(8,000)	1,050,271
Depreciable Capital Assets					
Land and right-of-way improvements	3,292,603	42,014	-	-	3,334,617
Buildings and improvements	13,754,775	85,386	-	8,000	13,848,161
Furniture, fixtures and equipment	129,596	16,818	-	-	146,414
	<u>17,835,378</u>	<u>951,287</u>	<u>-</u>	<u>-</u>	<u>18,786,665</u>
Less accumulated depreciation	9,846,208	540,924	-	-	10,387,132
Net capital assets	<u>\$ 7,989,170</u>	<u>\$ 410,363</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,399,533</u>
	October 1, 2017	Additions	Reductions	Transfers	September 30, 2018
Nondepreciable Capital Assets					
Land and right-of-way	\$ 407,202	\$ -	\$ -	\$ -	\$ 407,202
Construction in Progress	1,007,074	238,275	-	(994,147)	251,202
Depreciable Capital Assets					
Land and right-of-way improvements	1,989,300	309,156	-	-	2,298,456
Buildings and improvements	13,754,775	-	-	994,147	14,748,922
Furniture, fixtures and equipment	129,596	-	-	-	129,596
	<u>17,287,947</u>	<u>547,431</u>	<u>-</u>	<u>-</u>	<u>17,835,378</u>
Less accumulated depreciation	9,361,512	484,696	-	-	9,846,208
Net capital assets	<u>\$ 7,926,435</u>	<u>\$ 62,735</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,989,170</u>

Depreciation and amortization charged to operations for the years ended September 30, 2019 and 2018 amounted to \$540,924 and \$484,696 respectively.

At September 30, 2019 depreciation and amortization consisted of \$365,988 related to buildings and improvements, \$139,606 for land and right-of-way improvements and \$35,330 for furniture, fixtures and equipment.

NOTE 3 – EMPLOYEE BENEFIT PLANS

Pension

The Authority participated 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 may be obtained by writing to the Division of Retirement, PO Box 9000, Tallahassee, Florida, 32315-9000 or by calling (850) 488-6491.

**SEMINOLE COUNTY PORT AUTHORITY
ENTERPRISE FUND
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019 AND 2018**

NOTE 3 – EMPLOYEE BENEFIT PLANS – continued

Pension - continued

The Florida Retirement System (FRS) Pension Plan is a cost-sharing, multiple-employer qualified 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 community college, or district school board, unless restricted from FRS membership under Sections 121.053 and 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 non-qualified, cost-sharing multiple-employer defined benefit pension plan established under Section 112.363, Florida Statutes. The Florida Legislature establishes and amends the contribution requirements and benefit terms of the HIS program. The benefit is a monthly payment to assist eligible retirees and surviving beneficiaries of state-administered retirement systems in paying their health insurance costs. The Department of Management Services, Division of Retirement administers the HIS program. For the fiscal year ended June 30, 2019, retirees and beneficiaries received a monthly HIS payment equal to the number of years of creditable service completed at the time of retirement multiplied by \$5. The payments are at least \$30 but not more than \$150 per month, pursuant to Section 112.363, Florida Statutes. To be eligible to receive a HIS benefit, a retiree under a state-administered retirement system must provide proof of health insurance coverage, which can include Medicare.

The HIS Program is funded by required contributions from FRS participating employers as set by the Legislature. Employer contributions are a percentage of gross compensation for specified employees. For the fiscal year ended June 30, 2019, the contribution rate was 1.66 percent of payroll pursuant to Section 112.363, Florida Statutes. HIS contributions are deposited in a separate trust fund from which HIS payments are authorized. HIS benefits are not guaranteed and are subject to annual legislative appropriation. In the event the legislative appropriation or available funds fail to provide full subsidy benefits to all participants the legislation may reduce or cancel HIS Payments.

FRS members enrolled before July 1, 2011, are eligible for retirement after vesting, which may occur at six (6) years (8 years after July 1, 2011) of creditable service for regular members. Normal retirement age is attained at the earlier of thirty (30) years of creditable service, regardless of age or retirement at age 62 with at least six (6) years of creditable service. Early retirement may be taken anytime; however, there is a five percent (5%) benefit reduction for each year prior to normal retirement age (less than thirty (30) years of service or 62 years of age) for regular members. Members are also eligible for in-line-of-duty or regular disability benefits if permanently disabled and unable to work. Benefits are computed on the basis of age, average final compensation and service credit. FRS members enrolled subsequent to July 1, 2011 are subject to different benefits.

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 final compensation 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.

**SEMINOLE COUNTY PORT AUTHORITY
ENTERPRISE FUND
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019 AND 2018**

NOTE 3 – EMPLOYEE BENEFIT PLANS – continued

Funding Policy / Contributions

The FRS has nine (9) classes of membership. Only two (2) classes are applicable to the Authority's eligible employees. These two (2) classes, with descriptions and contribution rates in effect during the period ended September 30, 2019, are as follows:

Regular Class - Members not qualifying for other classes; 8.26% rate October 1, 2018 to June 30, 2019 and 8.47% rate July 1, 2019 to September 30, 2019.

Senior Management Service Class - Members of senior management who do not elect the optional annuity retirement program; 24.06% rate October 1, 2018 to June 30, 2019 and 25.41% rate July 1, 2019 to September 30, 2019.

These rates include the normal cost and unfunded actuarial liability contributions but do not include the 1.66% contribution for the Retiree Health Insurance Subsidy.

Contributions are based on an actuarial review by FRS. The Authority's contributions for the three (3) years ended September 30, 2019, 2018 and 2017 were made in accordance with actuarially determined contribution requirements and amounted to approximately, \$34,000, \$30,000 and \$28,000, representing approximately 19%, 18% and 16%, respectively, of covered payroll. FRS members are required to make a pretax contribution of 3% of gross salary toward their pension. Contribution rates are in agreement with the actuarially determined rates.

Pension Liabilities and Pension Expense

At September 30, 2019, the Authority reported a liability for its proportionate shares of the net pension liability. The net pension liability for the FRS Pension Plan was measured as of July 1, 2019 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation dated July 1, 2019. The HIS actuarial valuation was prepared as of July 1, 2019, and update procedures were used to determine liabilities as of July 1, 2019. The Authority's proportions of the net pension liabilities were based on the Authority's share of contributions to the pension plans relative to the contributions of all participating entities, actuarially determined.

	<u>FRS</u>	<u>HIS</u>	<u>Total</u>
Net pension liability at September 30, 2019	\$ 335,706	\$ 58,634	\$ 394,340
Net pension liability at September 30, 2018	\$ 295,002	\$ 55,359	\$ 350,361
Proportion at:			
June 30, 2019	0.00000974795	0.00000523038	
June 30, 2018	0.00000979404	0.00000523038	
Pension expense (benefit), year ended			
September 30, 2019	\$ 30,537	\$ 3,393	\$ 33,930
September 30, 2018	\$ 28,698	\$ 2,916	\$ 31,614

**SEMINOLE COUNTY PORT AUTHORITY
ENTERPRISE FUND
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019 AND 2018**

NOTE 3 – EMPLOYEE BENEFIT PLANS – continued

Deferred Outflows/Inflows of Resources Related to Pensions

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

	<u>Outflows of Resources</u>	<u>Inflows of Resources</u>	<u>Outflows of Resources</u>	<u>Inflows of Resource</u>
Differences between expected and actual experience	\$ 19,912	\$ (2,299)	\$ 712	\$ (133)
Changes of assumptions	86,226	2,091	6,786	(4,716)
Net difference between projected and actual earnings on pension plan investments	74,942	(93,514)	(29)	23
Changes in proportion and differences between employer contributions and proportionate share of contributions	7,324	(5,454)	2,090	(2,481)
Authority contributions subsequent to the measurement date	8,239	-	775	-
Total	<u>\$ 196,643</u>	<u>\$ (99,176)</u>	<u>\$ 10,334</u>	<u>\$ (7,307)</u>

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, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension expense will be recognized as follows:

	<u>FRS Expense</u>	<u>HIS Expense</u>
Year ending September 30,		
2020	\$ 32,359	\$ 972
2021	9,762	778
2022	23,585	426
2023	17,792	(309)
2024	4,588	56
Thereafter	1,141	358
Total	<u>\$ 89,227</u>	<u>\$ 2,281</u>

Actuarial Assumptions

The total pension liability for each of the defined benefit plans was determined by an actuarial valuation as of July 1, 2019, using the entry age normal actuarial cost method and the following significant actuarial assumptions:

	<u>FRS</u>	<u>HIS</u>
Inflation	2.60%	2.60%
Payroll growth	3.25%	3.25%
Investment rate of return	6.9%	3.5%

**SEMINOLE COUNTY PORT AUTHORITY
ENTERPRISE FUND
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019 AND 2018**

NOTE 3 – EMPLOYEE BENEFIT PLANS – continued

Actuarial Assumptions - continued

Mortality assumptions for both plans were based on the Generational RP-2000 with Projections Scale BB tables.

Actuarial assumptions for both cost-sharing defined benefit plans are reviewed annually by the Florida Retirement System Actuarial Assumptions Conference. The FRS Pension Plan has a valuation performed annually. The HIS Program has a valuation performed biennially that is updated for GASB reporting in the year a valuation is not performed. The most recent experience study for the FRS Pension Plan was completed in 2018 for the period July 1, 2013, through June 30, 2018. Because the HIS Program is funded on a pay-as-you-go basis, no experience study has been completed for this program. The actuarial assumptions that determined the total pension liability for the HIS Program were based on certain results of the most recent experience study for the FRS Pension Plan.

The following changes in actuarial assumptions occurred in 2019:

FRS: There were no changes in actuarial assumption. The inflation rate assumption remained at 2.6%, the real payroll growth assumption remained at 0.65%, and the overall payroll growth rate assumption remained at 3.25%. The long-term expected investment rate decreased from 7.0% to 6.9%.

HIS: The municipal rate used to determine the total pension liability decreased from 3.87% to 3.5%.

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in October 2016 the FRS Actuarial Assumptions Conference reviewed long-term assumptions developed by both the FRS actuary's capital market assumptions team and by a capital market assumptions team from consultants to the State Board of Administration. The table below summarizes the key assumptions for each of the asset classes in which the plan was invested at that time based on the long-term target allocation. The allocation policy's description of each asset class was used to map the target allocation to the asset classes below. Each asset class assumption is based on a consistent set of underlying assumptions and includes an adjustment for the inflation assumption. These assumptions are not based on historical returns, but instead are based on a forward-looking capital market model.

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Annual Arithmetic Return</u>	<u>Compound Annual (Geometric) Return</u>	<u>Standard Deviation</u>
Cash	1%	3.3%	3.3%	1.2%
Fixed income	18%	4.1%	4.1%	3.5%
Global equity	54%	8.0%	6.8%	16.5%
Real estate (property)	10%	6.7%	6.1%	11.7%
Private equity	11%	11.2%	8.4%	25.8%
Strategic investments	6%	5.9%	5.7%	6.7%
	<u>100%</u>			
Assumed inflation - Mean			2.6%	1.7%

**SEMINOLE COUNTY PORT AUTHORITY
ENTERPRISE FUND
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019 AND 2018**

NOTE 3 – EMPLOYEE BENEFIT PLANS – continued

Discount rate

The discount rate used to measure the total pension liability for FRS was 6.98%. 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 uses a pay-as-you-go funding structure, a municipal bond rate of 3.5% was used to determine the total pension liability for the program. The Bond Buyer General Obligation Bond 20-Bond Municipal Bond Index was used as the applicable municipal bond index.

Sensitivity Analysis

The following tables demonstrate the sensitivity of the net pension liability to changes in the discount rate. The sensitivity analysis shows the impact to the Authority's proportionate share of the net pension liability if the discount rate was 1% higher or 1% lower than the current discount rate.

	FRS			HIS		
	1% Decrease (5.9%)	Current Discount Rate (6.9%)	1% Increase (7.9%)	1% Decrease (2.5%)	Current Discount Rate (3.5%)	1% Increase (4.5%)
Authority's proportionate share of the net pension liability	\$379,348	\$335,706	\$298,778	\$66,843	\$58,634	\$52,184

Pension Plans' Fiduciary Net Position

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

Payables to the Pension Plans

As of September 30, 2019, the Authority did not have an outstanding payable to the plans for regular employee and employer contributions that were legally required to be paid to the plans but not remitted prior to the end of the year.

Deferred Compensation Plan

The Authority offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The Plan, available to all Authority employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or an unforeseeable emergency. The plan assets are held and administered by a third party; thus, the assets and related liabilities are not reflected in these financial statements.

**SEMINOLE COUNTY PORT AUTHORITY
ENTERPRISE FUND
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019 AND 2018**

NOTE 4 – COMPENSATED ABSENCES

Accumulated unpaid annual leave benefit amounts at September 30, 2019 and 2018 are approximately \$5,800 and \$5,800, respectively; and accrued sick leave is approximately \$9,200 and \$9,200 respectively.

NOTE 5 – OPERATING LEASES

The Authority leases land, buildings, and offices at fair market value for lease terms of varying length. Most non-cancelable leases include clauses allowing for adjustment of lease payments based upon market conditions.

Capital assets held for leasing:

Land, right-of-way and improvements	\$ 3,591,139
Buildings and improvements	13,832,508
	17,423,647
Less accumulated depreciation	10,039,675
Carrying value	\$ 7,383,972

Contractual minimum lease receipts due to the Authority for future years are as follows:

<u>Year Ending September 30,</u>	
2020	\$ 1,281,217
2021	521,925
2022	195,620
	\$ 1,998,762

NOTE 6 – RISK MANAGEMENT

The Authority is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters for which the Authority carries commercial insurance. Settled claims have not exceeded the specified commercial coverage limitations for the past three (3) years. There have been no significant reductions in insurance coverage from the past year.

NOTE 7 – COMMITMENTS

At various times there may be suits and/or potential claims arising in the ordinary course of the Authority's operations. While the ultimate effect of such potential claims/ litigation cannot be ascertained at this time, management believes, based on the advice of legal counsel, that there will be no material effect on the Authority's financial position and that the Authority has sufficient insurance coverage to cover any claims.

The Authority entered into an employment agreement with its Administrator for a three year term ending February 2022. The agreement automatically renewed for an additional three years. The Administrator or Authority can terminate this agreement at any time, with appropriate written notice. If the agreement is terminated without cause by the Authority, the Administrator will receive five months of severance pay.

**SEMINOLE COUNTY PORT AUTHORITY
ENTERPRISE FUND
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019 AND 2018**

NOTE 7 – COMMITMENTS – continued

The Authority has committed to various construction and consultant contracts that are in progress (but not complete) at September 30, 2019. A summary of these projects at September 30, 2019 is as follows:

Total contract price	\$ 1,028,189
Total paid as of September 30, 2019	<u>(935,711)</u>
Remaining commitment at September 30, 2019	<u><u>\$ 92,478</u></u>

The above commitment is reflected in the net position portion of the balance sheet as designated for capital improvements. These projects are expected to be completed during the next fiscal year.

NOTE 8 – CONCENTRATION OF CREDIT RISK

As noted above, The Authority operates an industrial park in Seminole County, Florida; as such the Authority is generally dependent on the economic health of Seminole County. As of September 30, 2019, revenues from six (6) tenants (some tenants may occupy multiple locations) accounted for approximately 37% of the Authority's rental income. In addition, two of the tenants above are in the RV and Marina/Boating industry.

NOTE 9 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through January 28, 2020, the date the financial statements were available to be issued.

NOTE 10 – Liquidity and Availability of Financial Assets

The Authority manages its liquid resources by focusing on maximizing its revenues where possible so that it has adequate revenue to cover the necessary expenses. They prepare detailed budgets and projected cash flow analysis and is very active in managing its expenses and cash flows to maximize liquidity. The Authority does not have a line of credit in the event of experiencing an unexpected lag between the receipt of revenue. In the event revenues are delayed they would prioritize expenses and capital improvements in order to maintain the needed liquidity.

**SEMINOLE COUNTY PORT AUTHORITY
ENTERPRISE FUND
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019 AND 2018**

NOTE 10 – Liquidity and Availability of Financial Assets - continued

The following reflects the Authority's financial assets as of the balance sheet date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the balance sheet date.

	September 30,	
	2019	2018
Financial assets at year-end:		
Cash and cash equivalents	\$ 2,519,082	\$ 2,724,796
Accounts receivable, net	293	6,703
Total Financial Assets at year end	2,519,375	2,731,499
Less those unavailable for general expenditures within one year, due to:		
Designated for:		
Capital improvements in progress	92,478	784,919
Capital improvements planned for 2018/2019	-	800,000
Capital improvements planned for 2019/2020	1,400,000	-
	1,492,478	1,584,919
Accounts payable and other current liabilities	43,852	136,037
Total Financial Assets unavailable for use	1,536,330	1,720,956
Financial assets available to meet cash needs for general expenditure within one year	\$ 983,045	\$ 1,010,543

The Authority's goal is to maintain financial assets to meet 180 days of operating expenses and sufficient level of cash to be able to pay deductibles in the event of a catastrophic event, this amount is currently estimated to be approximately \$600,000.

REQUIRED SUPPLEMENTARY INFORMATION

**Seminole County Port Authority
Required Supplementary Information
September 30, 2019**

**Schedule of Proportionate Share of Net Pension Liability of
Florida Retirement System (FRS)
Last 10 Fiscal Years***

	2019	2018	2017	2016	2015	2014
Authority's proportion of the net pension liability (asset)	0.000974795%	0.000979404%	0.000949835%	0.000978019%	0.000981735%	0.001048592%
Authority's proportionate share of the net pension liability (asset)	\$ 335,706	\$ 295,002	\$ 280,955	\$ 246,950	\$ 126,804	\$ 63,980
Authority's covered-employee payroll	\$ 176,567	\$ 177,849	\$ 163,743	\$ 161,618	\$ 151,229	\$ 164,048
Authority's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	190.13%	165.87%	171.58%	152.80%	83.85%	39.00%
Plan fiduciary net position as a percentage of the total pension liability	82.61%	84.26%	83.89%	84.88%	92.00%	96.09%

**Schedule of Proportionate Share of Net Pension Liability of
Health Insurance Subsidy (HIS)
Last 10 Fiscal Years***

	2019	2018	2017	2016	2015	2014
Authority's proportion of the net pension liability (asset)	0.000524029%	0.000523038%	0.000495862%	0.000501774%	0.000502930%	0.000567362%
Authority's proportionate share of the net pension liability (asset)	\$ 58,634	\$ 55,359	\$ 53,001	\$ 58,480	\$ 51,291	\$ 53,050
Authority's covered-employee payroll	\$ 177,848	\$ 177,848	\$ 163,743	\$ 161,618	\$ 151,229	\$ 164,048
Authority's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	32.97%	31.13%	32.37%	36.18%	33.92%	32.34%
Plan fiduciary net position as a percentage of the total pension liability	2.63%	2.15%	1.64%	0.97%	0.50%	0.99%

* The amounts presented for each fiscal year were determined as of 6/30.

Note 1: GASB 68 requires information for 10 years. However, until a full 10-year trend is compiled, the authority is presenting information for only those years for which information is available.

Note 2: The Plan's fiduciary net position as a percentage of the total pension liability is published in of the Plan's Comprehensive Annual Financial Report.

**Seminole County Port Authority
Required Supplementary Information
September 30, 2019**

**Schedule of Contributions of
Florida Retirement System (FRS)
Last 10 Fiscal Years***

	2019	2018	2017	2016	2015	2014
Contractually required contribution	\$ 30,537	\$ 28,698	\$ 25,442	\$ 24,563	\$ 23,536	\$ 25,507
Contributions in relation to the contractually required contribution	\$ (30,537)	\$ (28,698)	\$ (25,442)	\$ (24,563)	\$ (23,536)	\$ (25,507)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Authority's covered-employee payroll	\$ 176,567	\$ 177,849	\$ 163,743	\$ 161,618	\$ 151,229	\$ 164,048
Contributions as a percentage of covered-employee payroll	17.29%	16.14%	15.54%	15.20%	15.56%	15.55%

**Schedule of Contributions of
Health Insurance Subsidy (HIS)
Last 10 Fiscal Years***

	2019	2018	2017	2016	2015	2014
Contractually required contribution	\$ 3,393	\$ 2,916	\$ 2,623	\$ 2,683	\$ 2,051	\$ 2,145
Contributions in relation to the	\$ (3,393)	\$ (2,916)	\$ (2,623)	\$ (2,683)	\$ (2,051)	\$ (2,145)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Authority's covered-employee payroll	\$ 176,567	\$ 177,849	\$ 163,743	\$ 161,618	\$ 151,229	\$ 164,048
Contributions as a percentage of covered-employee payroll	1.92%	1.64%	1.60%	1.66%	1.36%	1.31%

* The amounts presented for each fiscal year were determined as of 6/30.

Note 1: GASB 68 requires information for 10 years. However, until a full 10-year trend is compiled, the Authority is presenting information for only those years for which information is available.

SUPPLEMENTAL INFORMATION

**SEMINOLE COUNTY PORT AUTHORITY
ENTERPRISE FUND
SCHEDULE OF REVENUES AND EXPENSES -
BUDGETED AND ACTUAL - CASH BASIS
FOR THE YEAR ENDED SEPTEMBER 30, 2019**

	Adjusted Budget	Actual	Variance- Favorable (Unfavorable)
REVENUES:			
Cash balance forward - unrestricted	\$ 2,724,796	\$ 2,724,796	\$ -
Authority revenues	1,973,021	2,115,251	142,230
Interest income	11,093	40,333	29,240
Total revenues and proceeds	<u>4,708,910</u>	<u>4,880,380</u>	<u>171,470</u>
EXPENSES:			
Salaries and wages	179,825	176,567	3,258
Employee benefits	93,057	93,057	-
Legal	22,092	13,225	8,867
Consulting	75,488	75,488	-
Miscellaneous	2,500	(406)	2,906
Audit	16,305	15,250	1,055
Arthropod control	1,608	1,315	293
Other contractual services	12,000	11,950	50
Travel expenses	1,500	139	1,361
Communications	5,832	5,761	71
Postage	1,240	653	587
Utility services	49,692	42,046	7,646
Leases and rentals	10,000	-	10,000
Insurance and bonds	89,480	89,480	-
Repairs and maintenance-other	5,946	3,811	2,135
Repairs and maintenance-property	211,067	200,330	10,737
Printing	1,200	765	435
Advertising	5,370	2,127	3,243
Public relations	1,000	717	283
Maintenance supplies	10,000	2,927	7,073
Contribution to Seminole County	700,000	700,000	-
Office supplies	4,756	1,748	3,008
Auto and gas	4,420	4,420	-
Janitorial supplies	3,000	1,795	1,205
Merchant services	2,000	1,293	707
Bad debts	23,211	23,211	-
Dues, subscriptions, publications	2,589	1,985	604
Capital outlay, improvements and contingency	960,000	927,969	32,031
Reserve capital	2,213,732	-	2,213,732
Total expenses	<u>4,708,910</u>	<u>2,397,623</u>	<u>2,311,287</u>
Excess revenues over expenses	<u>\$0</u>	<u>\$2,482,757</u>	<u>\$2,482,757</u>
UNRESTRICTED CASH AT SEPTEMBER 30, 2019		<u>\$ 2,519,082</u>	



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

Board of Directors
Seminole County Port Authority
Sanford, 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 the business-type activities of the Seminole County Port Authority (the "Authority") as of and for the year ended September 30, 2019 and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements and have issued our report thereon dated January 28, 2020.

Internal Control over Financial Reporting

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

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

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

However, we did identify several deficiencies deemed relevant to communicate to management and the board of governance – see comments 2010-1 and 2010-2 on page 36.

Robert Kimelman, CPA
Thomas J. Frank, CPA

William T. Royster, CPA (Retired)
Jack I. Greene, CPA (Deceased)
James R. Dycus, CPA (Deceased)

Compliance and Other Matters

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

Response to Findings

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

Purpose of this Report

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

Greene Dupuis & Co.

Professional Association
Certified Public Accountants
Sanford, Florida
January 28, 2020



**SEMINOLE COUNTY PORT AUTHORITY
INDEPENDENT AUDITORS' MANAGEMENT LETTER
SEPTEMBER 30, 2019**

Board of Directors
Seminole County Port Authority
Sanford, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of the Seminole County Port Authority (the "Authority"), a component unit of Seminole County, Florida, which comprise the balance sheet, statements of revenue, expenses and changes in net position and cash flow as of and for the year ended September 30, 2019, and have issued our report thereon dated January 28, 2020.

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; and Chapter 10.550, Rules of the Auditor General.

Other Reports and Schedule

We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*. Disclosures in those reports, which is dated January 28, 2020, should be considered in conjunction with this management letter.

Purpose of this Letter

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

Greene Dycus & Co.

Professional Association
Certified Public Accountants
Sanford, Florida
January 28, 2020

Robert Kimelman, CPA
Thomas J. Frank, CPA

William T. Royster, CPA (Retired)
Jack I. Greene, CPA (Deceased)
James R. Dycus, CPA (Deceased)

**SEMINOLE COUNTY PORT AUTHORITY
INDEPENDENT AUDITORS' MANAGEMENT LETTER (CONTINUED)
SEPTEMBER 30, 2019**

2010-1 – Internal Control

The study and evaluation of internal control disclosed that one person has the primary responsibility for most of the accounting and financial duties. As a result, many of those aspects of internal control which rely upon an adequate segregation of duties are, for all practical purposes, missing in the Authority. We recognize that the Authority is not large enough to make the employment of additional people cost effective for the purpose of segregating duties. We also recognize that this condition is quite common in many small organizations. Increased involvement of the Board of Directors mitigates, to a limited degree, for the absence of adequate segregation of duties.

This is a repeat comment reported in each year since the fiscal year ending September 30, 2010.

2010-2 – Improve Knowledge of Internal Control over Financial Reporting

The person responsible for the accounting and reporting function lacks the skills and knowledge to apply generally accepted accounting principles in recording the entity's financial transactions or preparing its financial statements and related disclosure. The basis for this control issue is that the auditor cannot be considered part of the Authority's internal control (i.e., cannot be substituted for elements within the Authority's internal control system.)

We bring this condition to your attention in accordance with professional standards, but we recognize that it requires your assessment of a cost effective solution. Alternative solutions might include training accounting staff, hiring additional staff or engaging outside consultants or obtaining assistance from knowledgeable volunteers to prepare financial statements in accordance with generally accepted accounting principles.

This is a repeat comment reported in each year since the fiscal year ending September 30, 2010.

Management's Response

Management agrees with the auditors' internal control findings noted above. Management's ability to respond to these findings is limited by the size of the organization. It is not financially feasible to have enough people on the staff of an organization of this size to adequately segregate duties as well as prepare and maintain financial statements in accordance with generally accepted accounting principles. Management has mitigated for these internal control deficiencies by increasing the involvement of the Board of Directors.

Specifically, the following additional actions are performed on a recurring basis to compensate for the lack of segregation of duties:

- The Board approves all expenses and purchase commitments each month.
- Two Board member signatures are required on all checks disbursed.
- The Board reviews the monthly financial reports, including balance sheet profit and loss and the budget statement.
- The Board approves employee salary levels, bonuses, raises and benefits.
- The Board reviews all new and renewing tenant leases terms and conditions.
- The Board approves the write-off of outstanding A/R balances.
- The Board reviews the occupancy rate on a monthly basis.

The financials are maintained on the modified cash basis and would receive no management or economic benefit in maintaining the internal financial statements on the full accrual basis.

**SEMINOLE COUNTY PORT AUTHORITY
INDEPENDENT AUDITORS' MANAGEMENT LETTER (CONTINUED)
SEPTEMBER 30, 2019**

Other Matters

Our audits were conducted in accordance with the provisions of Chapter 10.550, Rules of the Auditor General, which governs the conduct of local governmental entity audits performed in the State of Florida.

- 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 annual financial audit report. The findings and recommendations made on the preceding page are repeat comments.
- Section 10.554(1)(i)2., Rules of the Auditor General, requires that we address in the management letter any recommendations to improve financial management. In connection with our audits, we have noted such recommendations on the preceding page.
- Section 10.554(1)(i)4., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. The Authority was formed July 15, 1966, under the provision of Chapter 65-2270 of the State of Florida. This provision was subsequently repealed and re-enacted to Chapter 2010-240 of the Laws of Florida. The Authority does not have any component units.
- Pursuant to Sections 10.554(1)(i)5b and 10.556(8), Rules of the Auditor General, we applied financial condition assessment procedures. 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 the review of financial information provided by same.
- The Authority is not required to file a separate financial report with the Department of Financial Services because it is a component unit of Seminole County and is included in the County's filing.
- Based on our audit procedures performed, we determined that the Authority did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

STATUS OF PRIOR YEAR COMMENTS

See 2010-1 and 2010-2 on Independent Auditors' Management Letter.



**INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH
FLORIDA STATUTES 218.415 – INVESTMENTS OF PUBLIC FUNDS**

Board of Directors
Seminole County Port Authority
Sanford, Florida

We have examined the Seminole County Port Authority's (the Authority) compliance with Section 218.415, Florida Statutes during the fiscal year ended September 30, 2019. Management is responsible for the Authority's compliance with those requirements. Our responsibility is to express an opinion on the Authority's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence about the Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides 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 Seminole County Port Authority complied, in all material respects, with the aforementioned requirements for the fiscal year ended September 30, 2019.

This report is intended solely for the information and use of the Florida Auditor General, management, and the Board of Directors of the Seminole County Port Authority and is not intended to be and should not be used by anyone other than these specified parties.

Greene Dycus & Co.

Professional Association
Certified Public Accountants
Sanford, Florida
January 28, 2020