SARASOTA MANATEE AIRPORT AUTHORITY
Annual Financial Report
Fiscal Year 2020

**Comprehensive Annual Financial Report
For The Fiscal Years Ended
September 30, 2020 and 2019
of the Sarasota Manatee Airport Authority**

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Sarasota Manatee Airport Authority
Sarasota, Florida

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

For the years ended September 30, 2020 and September 30, 2019

Prepared by:
Finance Department

Sarasota Manatee Airport Authority

Contents

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Independent Auditor's Report

To the Members of the Board
Sarasota Manatee Airport Authority

Report on the Financial Statements

We have audited the accompanying financial statements of the Enterprise Fund and the Pension Trust Fund of the Sarasota Manatee Airport Authority (the "Authority") as of and for the years ended September 30, 2020 and 2019 and the related notes to the financial statements, which collectively comprise the Sarasota Manatee Airport 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 opinions 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 audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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 opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Enterprise Fund and the Pension Trust Fund of the Sarasota Manatee Airport Authority as of September 30, 2020 and 2019 and the respective changes in its financial position and, where applicable, cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

To the Members of the Board
Sarasota Manatee Airport Authority

Required Supplementary Information

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

Other Information

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

The supplemental schedules, the schedule of expenditures of federal awards, the schedule of expenditures of state financial assistance projects, and the schedule of passenger facility charges collected and expended are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such 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 supplemental schedules, the schedule of expenditures of federal awards, the schedule of expenditures of state financial assistance projects, and the schedule of passenger facility charges collected and expended are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 8, 2021 on our consideration of the Sarasota Manatee Airport Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is 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 reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Sarasota Manatee Airport Authority's internal control over financial reporting and compliance.

Plante & Moran, PLLC

January 8, 2021

The following Management's Discussion and Analysis ("MD&A") of the Sarasota Manatee Airport Authority's (the "Authority") activities and financial performance provides an introduction to the basic financial statements of the Authority for the years ended September 30, 2020 and 2019 with comparative information for the year ended September 30, 2018. The information contained in this MD&A should be considered in conjunction with the information contained in the financial statements and the notes thereto, which are essential to a full understanding of the financial statement data.

The Authority and Airport Activity Highlights

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

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

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

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

The current terminal building opened to travelers on October 29, 1989. It is located southwest of the intersection of runways 4/22 and 14/32 and has approximately 240,000 square feet of interior space. Significant terminal renovations and upgrades were completed in June of 2015, including renovations to the baggage wing, ticket wing, and the concourse. A project to realign and expand the roadway and curbside area in front of the terminal building was completed in June 2017. Construction on a new Air Traffic Control Tower ("ATCT") was completed and commissioned in June of 2018. The ATCT is 139 feet tall and cost approximately $25 million to complete. The new ATCT provided a better line of sight for controllers and allows development of the North Quad area. Construction began in 2019 on the North Quad, which installed the road and utility infrastructure for future development. The Airport's 30-year-old loading bridges were replaced and upgraded to the latest technology and completed in September 2019. A project to upgrade the existing ARFF building, rehab Runway 14/32, and numerous terminal improvements were completed in 2020.

The Authority is self-supporting, using aircraft landing fees, fees from terminal and other rentals, and revenues from concessions to fund operating expenses. Operating expenses of the Authority are not taxpayer funded. Construction programs are funded by federal and state grants, Passenger Facility Charges ("PFCs"), Customer Facility Charges ("CFCs"), and Authority revenues.

The fiscal year 2020 financial results reflect changes to both operating and non-operating revenues and expenses due to the global pandemic of COVID-19. The Authority acted quickly to manage operating and capital expenditures in response to sharp declines in passenger traffic beginning in March 2020, and peaking in April, which caused a major disruption in both terminal and landside concession revenue. The Authority continues to work closely with the airlines, rental car providers, advertisers, and food and beverage and gift shop concessionaires to respond to the pandemic by adjusting schedules, temporarily closing stores, as well as providing relief to make sure the Airport and its airlines and concessions continue to have an effective partnership. While the Authority has seen an increase in passengers from June to September of the current fiscal year, much of the continued recovery will be dependent on a viable vaccine which will need to be widely distributed domestically as well as internationally for the Airport to recover fully from the global pandemic.

In response to COVID-19, the federal government passed the Coronavirus Aid, Relief, and Economic Security ("CARES") Act in March 2020. Within the CARES Act were several provisions that provided federal funding assistance to airports, including the Authority. Through the CARES Act, the Authority was granted $23,294,336 in funding that can be used for any legal purpose of the Authority. As of September 30, 2020, the Authority was entitled to $9,121,330 of this grant to allow the Airport to stabilize rates and charges for the airlines.

Due to the decline in Airport passengers, the Authority approved suspension of the Minimum Annual Guarantee (MAG) rent and implementation of percentage of sales rent to provide temporary financial relief to food and beverage, gift shop, and rental car companies for April through September 2020. These concessionaires experienced financial losses directly related to the decline in passengers but did not receive federal government assistance.

The Authority gave approval for the Airport to provide financial relief to commercial passenger carriers operating at the Airport for up to three months, from April to June 2020. The Authority initially offered payment deferrals for April to June 2020 to airlines current as of March 30, 2020. The payment deferral extended the fixed rent payment due date until 2021. The Authority later offered additional deferral of payments for the months of July through September 2020. On November 17, 2020 the board approved an amendment to the scheduled airline operating agreement to extend the agreement an additional year to September 30, 2024 and exclude CARES Act funds from the year-end reconciliation. In return, the Authority waived the deferred six-month fixed rents in FY20, waived an additional 12 months of fixed rents for all FY21, and waived any shortfalls in year-end reconciliation calculations until September 30, 2023. The normal reconciliation process returns in the final year of the agreement.

Airport activities during 2020 as compared to 2019, and 2019 compared to 2018 are as follows:

	FY 2020	FY 2019	% Increase (Decrease)	FY 2018	% Increase (Decrease)
Enplanements	**735,257**	887,284	-17.1%	642,486	38.1%
Aircraft Operations	**124,329**	129,508	-4.0%	114,802	12.8%
Landed Weight	**981,646,329**	968,778,550	1.3%	698,520,009	38.7%

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

The following is a summary of the financial results for the years ended September 30, 2020, 2019, and 2018:

Fiscal year 2020 operating revenue decreased by 15% from 2019 due to the decrease in passenger volume due to COVID-19 impacting building rentals, concessions, and parking fees. Fiscal year 2019 operating revenue increased by 24.5% from 2018 due to an increase in passenger volume impacting building rentals, concessions, and parking fees. In addition, a termination fee of $1.2 million was paid to the Authority for the full rent and CAM charges for the remaining term of the Honeywell lease through 2021.

In fiscal year 2020, operating expenses before depreciation and amortization increased 0.7% from 2019 due to maintenance costs. In fiscal year 2019, operating expenses before depreciation and amortization increased 17.1% from 2018 due to salaries, marketing, and increased expenses as a direct result of increased passengers.

Non-operating revenues and expenses in fiscal year 2020 increased 115.5% from 2019 from the addition of the non-capital grant from CARES Act funds. Non-operating revenues and expenses in fiscal year 2019 increased 19.8% from 2018 from an increase in Customer Facility Charges and Passenger Facility Charges.

Capital contributions increased 38.4% in 2020. Capital contributions decreased 12.2% in 2019. These fluctuations are influenced by factors such as grant availability and project timing.

Summary of Operations and Changes in Net Position

	FY 2020	FY 2019	FY 2018
Operating revenues	$ **19,135,466**	$ 22,523,646	$ 18,087,441
Operating expenses	**(30,009,435)**	(29,694,049)	(25,488,656)
Loss before non-operating revenues and expenses	**(10,873,969)**	(7,170,403)	(7,401,215)
Non-operating revenues and expenses, net	**15,662,654**	7,267,723	6,068,333
Loss before capital contributions	**4,788,685**	97,320	(1,332,882)
Capital contributions	**10,915,268**	7,886,313	8,977,187
Increase in Net Position	**15,703,953**	7,983,633	7,644,305
Net Position - beginning of year	**173,425,835**	165,442,202	157,797,897
Net Position - end of year	$ **189,129,788**	$ 173,425,835	$ 165,442,202

Summary of Net Position

Over time, net position may serve as a useful indicator of the Authority's financial position. The Authority's assets and deferred outflow of resources exceeded liabilities and deferred inflow of resources by approximately $189.1 million at September 30, 2020, a net $15.7 million increase over September 30, 2019. The Authority's assets and deferred outflow of resources exceeded liabilities and deferred inflow by approximately $173.4 million at September 30, 2019, an $8 million increase from the September 30, 2018 balance.

	FY 2020	FY 2019	FY 2018
Assets:			
Current assets	**$ 30,871,992**	$ 23,838,731	$ 27,108,934
Noncurrent assets	**167,973,800**	158,199,099	149,594,538
Total Assets	**$ 198,845,792**	$ 182,037,830	$ 176,703,472
Deferred outflow of resources	**$ 1,494,686**	$ 2,193,603	$ 1,498,282
Liabilities:			
Other liabilities	**$ 5,401,059**	$ 4,532,345	$ 6,730,717
Net pension and OPEB liability	**5,809,631**	6,008,085	5,130,809
Total Liabilities	**$ 11,210,690**	$ 10,540,430	$ 11,861,526
Deferred inflow of resources	**$ -**	$ 265,168	$ 898,026
Net Position:			
Net investment in capital assets	**$ 163,435,153**	$ 155,518,134	$ 148,495,893
Restricted	**4,538,647**	2,680,965	865,664
Unrestricted	**21,155,988**	15,226,736	16,080,645
Total net position	**$ 189,129,788**	$ 173,425,835	$ 165,442,202

The largest portion of the Authority's net position each year represents its investment in capital assets (e.g., land, buildings, improvements, and equipment), less the related indebtedness outstanding used to acquire and construct those capital assets. The Authority had no related debt for the years ended 2020, 2019, and 2018. The Authority uses these capital assets to provide services to its passengers and visitors to the Airport; consequently, these assets are not available for future spending.

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

Airport Use Agreements

On October 1, 2018, the Authority entered into new five-year Airport Use Agreements with four of the principal commercial air carriers that serve the airport. For 2020 and 2019, the signatory airlines were Delta Air Lines, JetBlue Airways, American Airlines, and United Airlines.

On November 17, 2020, an amendment to the airline use agreement extended the agreement with the four existing signatory carriers an additional year to September 30, 2024 and excluded all CARES Act funds from the year-end reconciliation. In return, the Authority waived the previously deferred six-month fixed rents and waived an additional 12 months of fixed rents.

The signatory airlines are granted the non-exclusive use of the Airport for the purpose of operating an air transportation system for the carriage of persons, property, cargo, and mail, according to the rules and regulations of the Authority.

Rates and Charges

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

	FY 2020	FY 2019	FY 2018
Landing fee (per 1,000 lbs. landed weight)			
Signatory	**$ 0.63**	$ 0.45	$ 0.91
Non-Signatory	**0.79**	0.57	1.14
Average terminal rate (per square foot)			
Signatory	**63.38**	64.68	62.23
Non-Signatory	**79.23**	80.85	77.79
Apron fee rental (per linear foot)	**238.54**	264.77	252.13
Air cargo facility (per square foot)	**11.22**	11.22	11.22

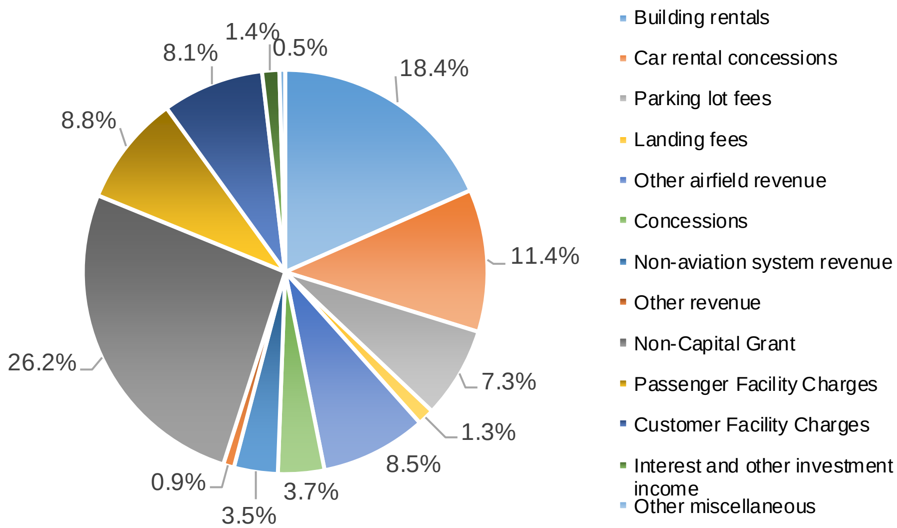
Landing Fees

All costs of the airfield runway area, as well as the cost of unleased terminal space, are combined in a monthly landing fee based upon the signatory airline's aircraft arrivals during the month. The landing fee is computed by multiplying the maximum gross certified landing weight of the aircraft by a landing fee rate expressed in terms of thousand-pound units of landed weight.

Revenues

	2020 Amount	Percent of Total	Increase (Decrease) from 2019	Percent Increase (Decrease)	Increase (Decrease) from 2018	Percent Increase (Decrease)
Operating Revenues:						
Building rentals	**$ 6,403,262**	18.4%	$ (369,163)	-5%	$ 807,368	14%
Car rental concessions	**3,965,021**	11.4%	(439,965)	-10%	724,692	20%
Parking lot fees	**2,537,559**	7.3%	(1,287,476)	-34%	1,080,030	39%
Landing fees	**460,445**	1.3%	343,365	293%	(35,928)	-23%
Other airfield revenue	**2,943,297**	8.5%	79,150	3%	463,372	19%
Concessions	**1,288,258**	3.7%	(493,275)	-28%	441,997	33%
Non-aviation system revenue	**1,236,334**	3.5%	(1,175,810)	-49%	779,386	48%
Other revenue	**301,290**	0.9%	(45,006)	-13%	175,288	103%
Total Operating Revenues	**19,135,466**	55.0%	(3,388,180)	-15%	4,436,205	25%
Non-Operating Revenues:						
Non-Capital Grant	**9,121,330**	26.2%	9,121,330	100%	-	100%
Passenger Facility Charges	**3,078,227**	8.8%	(769,795)	-20%	1,220,354	46%
Customer Facility Charges	**2,825,143**	8.1%	148,274	6%	571,514	27%
Interest and other investment income	**477,901**	1.4%	(286,066)	-37%	603,447	376%
Other miscellaneous	**160,053**	0.5%	160,053	100%	(1,174,790)	100%
Total Non-Operating Revenues	**15,662,654**	45.0%	8,373,796	115%	1,220,525	20%
Total Revenues	**$ 34,798,120**	100.0%	$ 4,985,616	17%	$ 5,656,730	23%

The following chart shows the major sources and the percentage of revenues for the year ended September 30, 2020:

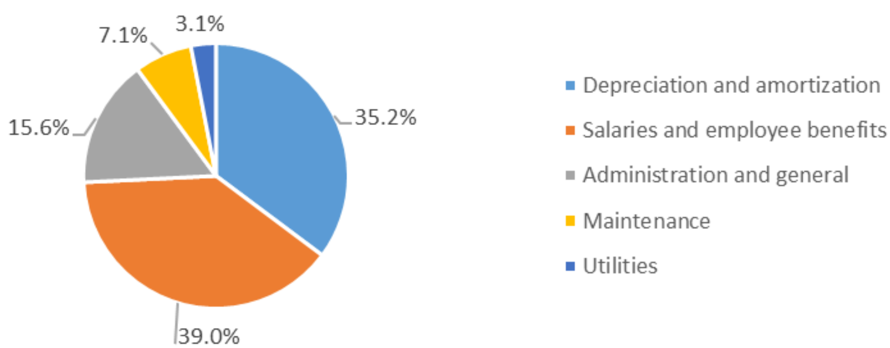


Expenses

A summary of expenses for the year ended September 30, 2020 and the amount and percentage of change in relation to 2019 and 2018 amounts are as follows:

	2020 Amount	Percent of Total	Increase (Decrease) from 2019	Percent Increase (Decrease)	Increase from 2018	Percent Increase
Operating Expenses:						
Depreciation and amortization	$ 10,569,397	35.2%	$ 176,200	2%	$ 1,390,505	15%
Salaries and employee benefits	11,707,324	39.0%	(210,591)	-2%	1,027,727	9%
Administration and general	4,695,964	15.6%	(25,205)	-1%	1,359,698	40%
Maintenance	2,118,648	7.1%	471,019	29%	381,093	30%
Utilities	918,102	3.1%	(96,037)	-9%	46,370	5%
Total Operating Expenses	$ 30,009,435	100.0%	$ 315,386	1%	$ 4,205,393	16%

The following chart shows the major cost centers and the percentage of expenses for the year ended September 30, 2020:



Summary of Cash Flow Activities

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

	FY 2020	FY 2019	FY 2018
Cash Flows (used for) from Operating Activities	$ (2,576,538)	$ (333,427)	$ 510,301
Cash Flows from Non-Capital Financing Activities	9,121,330	-	-
Cash Flows used for Capital and Related Financing Activities	(7,983,730)	(341,314)	(2,118,837)
Cash Flows from (used for) Investing Activities	6,372,251	(585,383)	(1,743,303)
Net increase (decrease) in Cash and Cash Equivalents	4,933,313	(1,260,124)	(3,351,839)
Cash and Cash Equivalents:			
Beginning of Year	12,667,924	13,928,048	17,279,887
End of Year	$ 17,601,237	$ 12,667,924	$ 13,928,048

Summary of Cash Flow Activities (continued)

The Authority's available cash and cash equivalents increased from approximately $12.7 million at the end of fiscal year 2019 to approximately $17.6 million at the end of fiscal year 2020 and decreased from approximately $13.9 million at the end of fiscal year 2018 to approximately $12.7 million at the end of fiscal year 2019.

Airport Statistics

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

Fiscal Year Historical Passenger Enplanements

Fiscal Year	Total	Yearly Percent (Decrease) Increase	Airport as Percent of U.S. Total
2016	602,488	-1.3%	0.09%
2017	593,913	-1.4%	0.09%
2018	642,486	8.2%	0.09%
2019	887,284	38.1%	0.09%
2020	**735,257**	**-17.1%**	**0.09%**

Calendar Year Historical Passenger Enplanements

Calendar Year	Total	Yearly Percent Increase (Decrease)	Airport as Percent of U.S. Total
2015	612,438	1.8%	0.08%
2016	594,167	-3.0%	0.08%
2017	593,830	-0.1%	0.08%
2018	688,090	15.9%	0.08%
2019	**979,810**	**42.4%**	**0.08%**

Airport Statistics (continued)

Airline Aircraft Departures

Fiscal Year	Total Departures	Average Daily Departures	Enplaned Passengers per Departure
2016	5,875	16	104
2017	5,624	15	106
2018	6,343	17	94
2019	8,051	22	85
2020	**8,154**	**22**	**120**

For fiscal year 2019, SRQ passenger traffic increased 39% over fiscal year 2018. Frontier Airlines began service to SRQ on December 10, 2018, with service to three new destinations including Atlanta, Philadelphia, and Cleveland. With the addition of Frontier Airlines, the total number of air carriers operating at SRQ for fiscal year 2019 became eight. In addition to Frontier Airline's new service, other carriers operating at SRQ also increased service. Allegiant Air added nonstop service to nine new destinations, including Asheville, Baltimore, Syracuse, Harrisburg, Richmond, Columbus, Cleveland, Grand Rapids, and Nashville. American Airlines started new seasonal service to Dallas-Ft. Worth, Chicago, and Philadelphia. American Airlines also up-gauged some of its Charlotte flights from regional jets to larger mainline jets. United Airlines announced it would add a second daily seasonal flight to Newark beginning on October 4, 2018 and would add nonstop service to Denver in March 2019. Elite Airways added new nonstop service to Traverse City on March 16, 2019. Delta Air Lines increased seat capacity by up-gauging aircraft equipment and adding additional frequency to Atlanta.

In fiscal year 2019, the top five airlines accounted for 94% of total enplanements. Delta Airlines ranked first in number of enplaned passengers (42%), with American Airlines ranking second (17%), Allegiant Air third (14%), United Airlines fourth (12%) and JetBlue Airways fifth (9%). The tables below set forth information on passenger enplanements and landed weight by airlines. The Airport remains actively engaged in on-going marketing activities to enhance service by incumbent carriers as well as recruit service from airlines not currently serving the Airport Service Area.

Fiscal year 2020 began on a high note, with total passengers increasing by 51.8% for the period from October through February. In March, the effects of COVID-19 began to impact passenger activity and as a result, the period from March through September experienced a 59.7% decline in total passengers. The peak of the decline occurred in April with only 5% of passengers using the airport compared to the same month in 2019. Passenger traffic then began to climb each month thereafter to 25% of the 2019 level in May, 36% in June, 43% in July and August, and 53% in September. In total, 1,471,743 passengers used the Airport during FY 2020, which was a decrease of 17.1% from 2019.

Airport Statistics (continued)

Airline Passenger Enplanements
Fiscal Years ended September 30, 2016 - 2020

	2016	2017	2018	2019	**2020**
Delta	331,690	339,420	335,329	370,336	**200,538**
JetBlue	88,319	65,028	77,181	79,227	**52,277**
United	53,020	49,636	71,772	106,044	**88,301**
American	98,590	104,716	109,577	153,509	**134,815**
Allegiant	-	-	-	121,098	**191,469**
Frontier	-	-	-	28,856	**41,164**
Other Airlines [1]	30,869	35,113	48,627	28,214	**26,693**
Totals	602,488	593,913	642,486	887,284	**735,257**

Airline Market Shares
Enplaned Passengers
Fiscal Years ended September 30, 2016 - 2020

	2016	2017	2018	2019	**2020**
Delta	55.1%	57.1%	52.2%	41.7%	**27.3%**
JetBlue	14.7%	10.9%	12.0%	8.9%	**7.1%**
United	8.8%	8.4%	11.2%	12.0%	**12.0%**
American	16.4%	17.6%	17.1%	17.3%	**18.3%**
Allegiant	-	-	-	13.6%	**26.0%**
Frontier	-	-	-	3.3%	**5.6%**
Other Airlines [1]	5.0%	6.0%	7.5%	3.2%	**3.7%**
Totals	100.00%	100.00%	100.00%	100.00%	**100.0%**

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

Airport Statistics (continued)

Airline Landed Weights
Fiscal Years ended September 30, 2016 - 2020
(in thousand pounds)

	2016	2017	2018	2019	**2020**
Delta	348,671	343,754	351,141	376,811	**266,421**
JetBlue	99,386	71,472	87,133	89,022	**66,698**
United	64,943	57,044	73,341	129,680	**133,516**
American	126,300	126,213	120,512	182,082	**185,774**
Allegiant	-	-	-	118,990	**241,661**
Frontier	-	-	-	28,485	**53,344**
Other Airlines [1]	35,674	45,163	66,393	43,708	**34,232**
Totals	674,974	643,646	698,520	968,778	**981,646**

Airline Market Shares
Landed Weights
Fiscal Years ended September 30, 2016 - 2020
Share of total landed weight

	2016	2017	2018	2019	**2020**
Delta	51.7%	53.4%	50.3%	38.9%	**27.1%**
JetBlue	14.7%	11.1%	12.5%	9.2%	**6.8%**
United	9.6%	8.9%	10.5%	13.4%	**13.6%**
American	18.7%	19.6%	17.3%	18.8%	**18.9%**
Allegiant	-	-	-	12.3%	**24.6%**
Frontier	-	-	-	2.9%	**5.4%**
Other Airlines [1]	5.3%	7.0%	9.4%	4.5%	**3.6%**
Totals	100%	100%	100%	100%	**100.0%**

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

Aircraft Operations

The volume of aircraft operations at the Airport, as reported by the FAA air traffic control tower, is presented below. Aircraft operations consist of aircraft landings and departures and are reported by the FAA in four categories: air carrier, air taxi and commuter airline, general aviation, and military. Aircraft operations for fiscal year 2020 totaled 124,329.

Aircraft Operations
Fiscal Years ended September 30, 2016 - 2020

Fiscal Year	Air Carrier	Air Taxi and Commuter	General Aviation	Military	Total
2016	11,528	7,666	83,956	2,469	105,619
2017	11,000	7,708	80,098	1,769	100,575
2018	12,128	9,177	91,300	2,197	114,802
2019	15,867	10,183	101,036	2,422	129,508
2020	**15,995**	**9,868**	**95,768**	**2,698**	**124,329**

Financial Statements

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

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

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

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

Capital Acquisitions and Construction Activities

During fiscal year 2020, the Authority expended approximately $20.2 million on capital activities. $7.7 million was expended on Stormwater improvements; $2.3 million was expended on Maintenance Hangar; $2.1 million on Terminal improvements, $1.9 million on Security upgrades; $1.7 million on New ARFF Building; $1.5 million on general improvements; $1.4 million on parking improvements and $0.8 million on the Master Plan. Additionally, $0.8 million was expended for capital equipment purchases.

During fiscal year 2020, many projects came to completion and were closed from construction-in-progress to their respective capital accounts. These projects totaled approximately $8.5 million and were as follows:

Terminal Improvements	$	3,069,000
Runway Improvements		2,085,000
ARFF Building Modifications		1,525,000
Security Upgrades		887,000
General Improvements		632,000
Parking		270,000

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

Passenger Facilities Charges (PFC)

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

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

Passenger Facilities Charges (PFC) (continued)

amendment to PFC #4. On May 7, 2019, the Authority received approval for Application Five for $8,817,424 to recover its costs in constructing the new Air Traffic Control Tower and construction and installation of 13 new loading bridges with a projected charge expiration date of February 2023.

Since inception of the PFC program, the Authority has collected approximately $71.9 million, including interest earnings, and expended approximately $71.8 million of these locally generated funds.

Economic Factors and Next Year's Budgets and Rates

For fiscal year 2019, SRQ passenger traffic increased 39% over fiscal year 2018. Frontier Airlines began service to SRQ on December 10, 2018, with service to three new destinations including Atlanta, Philadelphia, and Cleveland. With the addition of Frontier Airlines, the total number of air carriers operating at SRQ for fiscal year 2019 became eight. In addition to Frontier Airlines' new service, other carriers operating at SRQ also increased service. Allegiant Air added nonstop service to nine new destinations including Asheville, Baltimore, Syracuse, Harrisburg, Richmond, Columbus, Cleveland, Grand Rapids, and Nashville. American Airlines started new seasonal service to Dallas-Ft. Worth, Chicago, and Philadelphia. American Airlines also up-gauged some of its Charlotte flights from regional jets to larger mainline jets. United Airlines announced it would add a second daily seasonal flight to Newark beginning on October 4, 2018 and would add nonstop service to Denver in March 2019. Elite Airways added new nonstop service to Traverse City on March 16, 2019. Delta Air Lines increased seat capacity by up-gauging aircraft equipment and adding additional frequency to Atlanta.

For fiscal year 2020, passenger traffic decreased 35.47% over fiscal year 2019. For the first five months of the fiscal year, traffic was strong with an average monthly increase of 51.52%. In mid-March 2020, airlines experienced a dramatic drop in demand for passenger air transport due to the COVID-19 pandemic and the travel restrictions that ensued. At SRQ, passenger traffic for March was down 22.56% and by April, passenger traffic was down 94.68%. For the remainder of the fiscal year, traffic was slow to recover with May down 75.23%, June down 64.20%, July down 57.57%, August down 57.10%, and September down 47.15% compared to the year prior. As a result of the impacts of COVID-19 on aviation, the federal government provided over $50 billion in grants and loans under the Coronavirus Aid, Relief, and Economic Security Act (CARES) that was passed in March 2020. These funds ensured that airlines would provide a minimum level of service to certain destinations and provided payroll support to airline workers.

At SRQ, several routes and destinations were temporarily discontinued through September 30, 2020. By the end of the fiscal year, all SRQ's routes had been reinstated in the airline's reservation system except for Elite Airway's service to Portland, ME (PWM). Airport management will continue to closely monitor the level of airline and passenger activity at SRQ to determine impacts on operating requirements and the fiscal year budget. The Authority reviews its airline rates and charges as part of the annual budget development and adoption process. The fiscal year 2020 budget rates and charges resulted in an increase of 40% to signatory landing fees and a decrease of 2% in average terminal building rental rates.

Request for Information

This financial report is designed to provide a general overview of the Authority's finances for all those interested. Questions concerning any of the information provided in this report or requests for additional information should be addressed in writing to the Senior Vice President, Finance and Administration, Sarasota Manatee Airport Authority, 6000 Airport Circle, Sarasota, FL 34243 or by email to anita.eldridge@srq-airport.com.

Sarasota Manatee Airport Authority
Statements of Net Position
September 30, 2020 and 2019

Assets	**2020**	2019
Current Assets		
Cash and cash equivalents	**$ 13,584,674**	$ 10,534,653
Investments	**5,212,123**	11,106,473
Accounts receivable	**2,760,617**	712,538
Grants receivable	**8,729,826**	914,825
Inventory of materials and supplies	**152,273**	157,999
Prepaid expenses and other current assets	**432,479**	412,243
Total current assets	**30,871,992**	23,838,731
Noncurrent Assets		
Cash and cash equivalents	**4,016,563**	2,133,271
Accounts receivable	**522,084**	547,694
Total noncurrent assets	**4,538,647**	2,680,965
Capital Assets		
Nondepreciable	**63,264,573**	52,301,619
Depreciable assets, net	**100,170,580**	103,216,515
Total capital assets	**163,435,153**	155,518,134
Total noncurrent assets	**167,973,800**	158,199,099
Total assets	**198,845,792**	182,037,830
Deferred Outflow of Resources		
Deferred actuarial losses - pension	**1,494,686**	2,193,603
Total deferred outflow of resources	**1,494,686**	2,193,603

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

Sarasota Manatee Airport Authority
Statements of Net Position (continued)
September 30, 2020 and 2019

Liabilities	2020	2019
Current Liabilities		
Payable from unrestricted assets		
Accounts payable	$ 4,212,439	$ 2,630,219
Accrued expenses and other liabilities	1,188,620	1,902,126
Unearned revenue	-	-
Total current liabilities	5,401,059	4,532,345
Non-Current Liabilities		
Net pension liabilities	5,809,631	6,008,085
Total non-current liabilities	5,809,631	6,008,085
Total liabilities	11,210,690	10,540,430
Deferred Inflow of Resources		
Deferred actuarial gains - pensions	-	265,168
Total deferred inflow of resources	-	265,168
Net Position		
Net investment in capital assets	163,435,153	155,518,134
Restricted	4,538,647	2,680,965
Unrestricted	21,155,988	15,226,736
Total net position	$ 189,129,788	$ 173,425,835

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

Sarasota Manatee Airport Authority
Statements of Revenues, Expenses and Changes in Net Position
For the Years Ended September 30, 2020 and 2019

	2020	2019
Operating Revenues		
Building rentals	**$ 6,403,262**	$ 6,772,425
Car rental concessions	**3,965,021**	4,404,986
Parking lot fees	**2,537,559**	3,825,035
Other airfield revenue	**2,943,297**	2,864,147
Concessions	**1,288,258**	1,781,533
Non-aviation system revenue	**1,236,334**	2,412,144
Landing fees	**460,445**	117,080
Other revenue	**301,290**	346,296
Total operating revenues	**19,135,466**	22,523,646
Operating Expenses		
Depreciation and amortization	**10,569,397**	10,393,197
Salaries and employee benefits	**11,707,324**	11,917,915
Administration and general	**4,695,964**	4,721,169
Maintenance	**2,118,648**	1,647,629
Utilities	**918,102**	1,014,139
Total operating expenses	**30,009,435**	29,694,049
Operating Loss	**(10,873,969)**	(7,170,403)
Non-Operating Revenues (Expenses)		
Non-capital grant	**9,121,330**	-
Passenger Facility Charges	**3,078,227**	3,848,022
Customer Facility Charge	**2,825,143**	2,676,869
Interest and other investment income	**477,901**	763,967
Gain (loss) on disposal of capital assets	**160,053**	(21,135)
Total non-operating revenues	**15,662,654**	7,267,723
Income before Capital Contributions	**4,788,685**	97,320
Capital Contributions		
Federal and state grants	**10,915,268**	7,886,313
Total capital contributions	**10,915,268**	7,886,313
Change in Net Position	**15,703,953**	7,983,633
Total net position, beginning of year	**173,425,835**	165,442,202
Total net position, end of year	**$ 189,129,788**	$ 173,425,835

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

Sarasota Manatee Airport Authority
Statements of Cash Flows
For the Years Ended September 30, 2020 and 2019

	2020	2019
Cash Flows from Operating Activities:		
Cash received from customers	**$ 16,689,779**	$ 22,303,589
Cash paid to employees	**(11,769,927)**	(11,984,030)
Cash paid to suppliers for goods and services	**(7,496,390)**	(10,652,986)
Net cash used in operating activities	**(2,576,538)**	(333,427)
Cash Flows from Noncapital Financing Activities - CARES Act moneys used in operations	**9,121,330**	-
Cash Flows from Capital and Related Financing Activities:		
Purchases of capital assets	**(17,156,308)**	(16,520,869)
Purchases of intangible assets	**(16,722)**	-
Proceeds from sale of capital assets	**160,053**	-
Capital contributions and grants	**8,880,973**	15,608,041
Customer Facility Charges	**148,274**	571,514
Net cash used in capital and related financing activities	**(7,983,730)**	(341,314)
Cash Flows from Investing Activities:		
Sale (purchase) of investments	**5,954,899**	(1,036,629)
Interest on investments	**417,352**	451,246
Net cash provided by (used in) investing activities	**6,372,251**	(585,383)
Net Increase (Decrease) in Cash and Cash Equivalents	**4,933,313**	(1,260,124)
Cash and Cash Equivalents, beginning of year	**12,667,924**	13,928,048
Cash and Cash Equivalents, end of year	**$ 17,601,237**	$ 12,667,924
Cash and Cash Equivalents:		
Unrestricted	**$ 13,584,674**	$ 10,534,653
Restricted	**4,016,563**	2,133,271
	$ 17,601,237	$ 12,667,924
Reconciliation of Operating Loss to Net Cash used in Operating Activities:		
Operating loss	**$ (10,873,969)**	$ (7,170,403)
Adjustment to reconcile operating loss to net cash used in operations:		
Depreciation	**10,419,317**	10,179,664
Amortization	**150,080**	213,533
Decrease change in pension	**235,295**	(93,260)
Decrease in accounts and notes receivable	**(2,048,079)**	(20,099)
(Decrease) increase in inventory, prepaid expenses, and other assets	**(14,510)**	28,857
Decrease in accounts payable and accrued expenses	**(444,672)**	(3,471,719)
Net cash used in operating activities	**$ (2,576,538)**	$ (333,427)
Non-cash investing activities		
Unrealized loss on investments	**$ (60,549)**	$ (312,721)
Non-cash capital activities		
Purchase of capital assets through accounts payable	**$ (1,313,386)**	$ (915,704)
Gain on sale of capital assets	**$ 160,053**	$ -

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

Sarasota Manatee Airport Authority
Statements of Plan Net Position
Pension Trust Fund - Employee Retirement Fund
September 30, 2020 and 2019

	2020	2019
Assets		
Investments, at fair value		
Equity investments	**$ 9,009,284**	$ 8,295,177
Bonds/Fixed income	**15,395,364**	16,190,128
Other	**1,541,411**	-
Total assets	**$25,946,059**	$ 24,485,305
Net Position		
Restricted for Pensions	**$25,946,059**	$ 24,485,305

Sarasota Manatee Airport Authority
Statements of Changes in Plan Net Position
Pension Trust Fund - Employee Retirement Fund
For the Years ended September 30, 2020 and 2019

	2020	2019
Additions		
Contributions		
Employer	**$ 1,116,114**	$ 1,071,006
Investment income		
Net depreciation in fair value of investments	**1,865,349**	1,430,228
Total additions	**2,981,463**	2,501,234
Deductions		
Benefits paid	**1,435,913**	1,109,161
Administrative expenses	**84,796**	5,227
Total deductions	**1,520,709**	1,114,388
Change in net position	**1,460,754**	1,386,846
Net Position		
Restricted for Pensions		
Beginning of year	**24,485,305**	23,098,459
End of year	**$25,946,059**	$ 24,485,305

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

1. Significant Accounting Policies

Nature of Entity

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

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

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

Use of Estimates

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

Basis of Presentation

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

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

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

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

- Net investment in capital assets: Capital assets, net of accumulated depreciation and outstanding debt balances attributable to the acquisition, construction, or improvement of those assets.

- Restricted: Net position whose use by the Authority is subject to externally imposed stipulations that can be fulfilled by actions of the Authority pursuant to those stipulations or that expire by the passage of time. Such position included the Authority's Customer Facility Charges ("CFCs") and Passenger Facility Charges ("PFCs").

Significant Accounting Policies (continued)

- Unrestricted: Net position that is not subject to externally imposed stipulations and is not invested in capital assets. Unrestricted net position may be designated for specific purposes by action of management or the Commissioners or may otherwise be limited by contractual agreements with outside parties.

Reporting Entity

The accompanying financial statements present the financial position, results of operations and cash flows of the Authority in accordance with GASB Statement No. 14, *The Financial Reporting Entity*, as amended.

New Accounting Guidance

GASB 84: *Fiduciary Activities*

In January 2017, the Governmental Accounting Standards Board issued Statement No. 84, *Fiduciary Activities*. This statement establishes criteria for identifying fiduciary activities of all state and local governments. An activity meeting the criteria should be reported in a fiduciary fund in the basic financial statements. The Authority is currently evaluating the impact this standard will have on the financial statements when adopted. The provisions of this statement are effective for the Authority's financial statements for the year ending September 30, 2021.

GASB 87: *Leases*

In June 2017, the Governmental Accounting Standards Board issued Statement No. 87, *Leases*, which improves accounting and financial reporting for leases by governments. This statement requires recognition of certain lease assets and liabilities for leases that were previously 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. The Authority is currently evaluating the impact this standard will have on the financial statements when adopted. The provisions of this statement are effective for the Authority's financial statements for the year ending September 30, 2022.

GASB 89: *Accounting for Interest Cost Incurred before the End of a Construction Period*

In June 2018, the GASB issued Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, which simplifies accounting for interest cost incurred before the end of construction and requires those costs to be expensed in the period incurred. As a result, interest cost incurred before the end of a construction period will not be capitalized and included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. This statement also reiterates that in financial statements prepared using the current financial resources measurement focus, interest cost incurred before the end of a construction period should be recognized as an expenditure on a basis consistent with governmental fund accounting principles. The requirements of the standard will be applied prospectively and result in increased interest expense during periods of construction. The provisions of this statement are effective for the Authority's financial statements for the September 30, 2019 fiscal year.

Significant Accounting Policies (continued)

GASB 92: *Omnibus 2020*

In January 2020, the GASB issued Statement No. 92, *Omnibus 2020*. This statement addresses eight unrelated practice issues and technical inconsistencies in authoritative literature. The standard addresses leases, intraentity transfers of assets, postemployment benefits, government acquisitions, risk financing and insurance-related activities of public entity risk pools, fair value measurements, and derivative instruments. The standard has various effective dates. The Authority is currently evaluating the impact of this statement on the financial statements when implemented.

GASB 94: *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*

In March 2020, the GASB issued Statement No. 94 (*Public-Private and Public-Public Partnerships and Availability Payment Arrangements*) to bring a uniform guidance on how to report public-private and public-public partnership arrangements will recognize receivables for installment payments, deferred inflows of resources, and, when applicable, capital assets. Operators will recognize liabilities for installment payments and intangible right-to-use assets, and when applicable, deferred outflows of resources and liabilities for assets being transferred. This statement also provides guidance for accounting and financial reporting for availability payment arrangement in which a government compensates an operator for services such as designing, constructing, financing, maintaining, or operating an underlying asset for a period of time in an exchange or exchange-like transaction. The provisions of this statement are effective for the Authority's financial statements for the year ending September 30, 2023.

GASB 96*: Subscription-Based Information Technology Arrangements (SBITAs)*

In May 2020, the GASB issued Statement No. 96 (*Subscription-Based Information Technology Arrangements (SBITAs)*), which defines SBITAs and provides accounting and financial reporting for SBITAs by governments. This statement requires a government to recognize a subscription liability and an intangible right-to-use subscription asset for SBITAs. The Authority is currently evaluating the impact this standard will have on the financial statements when adopted. The provisions of this statement are effective for the Authority's financial statements for the year ending September 30, 2023.

Cash and Cash Equivalents

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

Investments

The Authority's investments are managed by the Senior Vice President, Finance and Administration in conjunction with the Sarasota County Clerk's Office. Investments in commercial paper are recorded at cost, which approximates fair value. Investments in U.S. Treasury and government agency securities are recorded at fair value, as determined by quoted market prices. All investment income of the enterprise fund, including changes in the fair value of investments, is reported as interest and other investment income in the Statements of Revenues, Expenses and Changes in Net Position.

Significant Accounting Policies (continued)

Receivables

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

Inventories of Materials, Supplies, and Fuel

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

Restricted Assets

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

Capital Assets

Assets with a cost of $2,000 or more are capitalized and recorded at cost or at acquisition value for receipt for contributions. They are depreciated under the straight-line method over the following estimated useful lives:

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

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

Construction in progress consists mainly of parking lot expansion, jet blast deflection, TSA checkpoint modification, stormwater system improvements, master drainage plan, security enhancements, construction of ARFF facility, north quad access road, fuel farm expansion, master plan update, and a new maintenance hangar.

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

Significant Accounting Policies (continued)

Deferred Outflow/Inflow of Resources

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

Pensions

For the purpose of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Sarasota Manatee Airport Authority Pension Plan (the "Plan") and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan.

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

Capital Contributions

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

Passenger Facility Charges

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

On June 17, 2009, amendments to application numbers one, two, and three were administratively approved by the FAA. The effect of these amendments was to decrease the allowed collection amounts in each application to the amounts already imposed and used for each project within those applications, effectively closing each one. On July 23, 2009, an amendment to Application Four was approved by the FAA that increased the allowed impose and use amount by $22,194,844. The Authority estimated this action has extended the charge expiration date to February 2022. The Authority again amended Application Four to

Significant Accounting Policies (continued)

reduce the allowed impose and use amount by $877,886 and extend the estimated charge expiration date to February 2023. The impose and use reduction was due to savings realized from a debt refinancing and defeasement; the charge expiration date was extended due to a reduction in actual and forecast enplanements from prior projections used to estimate the date in the FAA's approval of the 2009 amendment to Application Four. The Authority filed another PFC application (Application Five) to recover its costs in constructing the new Air Traffic Control Tower, and construction and installation of 13 new loading bridges. On May 7, 2019, the Authority received approval for Application Five for $8,817,424 to recover its costs in constructing the new Air Traffic Control Tower, and construction and installation of 13 new loading bridges with a projected charge expiration date of February 2023. Application Five will take effect upon the expiration of Application Four.

Customer Facility Charge

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

The shade structure and kiosk addition project was completed in March 2019 at a cost of $4.6 million. On May 20, 2019, the Authority negotiated a two-year extension to both the concession and land lease agreements to extend the expiration dates to September 30, 2021. The CFC was also increased to $4.50 per rental day to continue further projects aimed at providing RAC customers a higher level of customer service and for the construction of a Consolidated Rental Car Facility to provide a joint storage and service facility. The cost of this facility is projected at $15 million and will be completed by approximately spring 2023.

Revenue Recognition

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

Terminal Rents, Out Parcel Rentals, Concessions and Ground Transportation – Rental and Concession fees are generated from airlines, parking lots, food and beverage, retail, rental cars, advertising, and other commercial tenants. Leases are for terms from 1 to 50 years and generally require rentals based on the volume of business, with specific minimum annual rental payments required. Rental revenue is recognized over the life of the respective leases, and concession revenue is recognized based on reported concessionaire revenue. In response to the decline in passengers related to COVID-19, the Authority approved deferring and/or abating certain rents for April through September 2020.

Parking Lot – Per the management agreement with Republic Parking, Authority revenue is recognized as gross parking sales net of operating expenses, including the management fee.

Significant Accounting Policies (continued)

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

2. Concentrations of Credit Risk

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

Additionally, the Authority has unrestricted investments in federal government agencies that have a high credit standing. The Authority does not believe there is a significant risk of non-performance from these agencies.

3. Cash, Cash Equivalents, and Investments

Deposits

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

The carrying value of the Authority's deposits at September 30, 2020 and 2019 is approximately $17.6 million and $12.7 million, respectively.

In addition to cash deposits, the Authority maintains cash on hand for the purpose of making change on transactions. The amount of cash on hand as of September 30, 2020 and 2019 was $725.

Investments

Investments are reported at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value determinations are made based upon a hierarchy that prioritizes the inputs to valuation techniques. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurement) and the lowest priority to unobservable inputs (Level 3 measurements).

- Level 1 – Inputs are unadjusted quoted prices for identical assets or liabilities in active markets that the Authority has the ability to access.

Cash, Cash Equivalents, and Investments (continued)

- Level 2 – Inputs include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in inactive markets, inputs other than quoted prices that are observable for the asset or liability, and inputs that are derived principally from or corroborated by observable market data by correlation or other means. If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

- Level 3 – Inputs to the valuation methodology are unobservable inputs in situations where there is little or no market activity for the asset or liability, and the reporting entity makes estimates and assumptions related to the pricing of the asset or liability, including assumptions regarding risk.

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

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

- Bonds – Includes corporate obligations and U.S. Government/Agency bonds that are valued on quoted prices, classified as Level 2

- Fixed Income Investments – This investment is valued using the net asset value "NAV" provided by the administrator of the fund as a practical expedient. The NAV is based on the value of the underlying assets owned by the fund, minus its liabilities, and then divided by the number of shares outstanding. The NAV is excluded from the valuation hierarchy.

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

Cash, Cash Equivalents, and Investments (continued)

As of September 30, 2020, and 2019, the Authority has the following investments and maturities:

Investment Type	**FY 2020 Fair Value**	Less Than 1 Year	1-3 Years	More Than 3 Years	Effective Duration	Fair Value Measurement Using Significant Other Observable Inputs (Level 2)
Unrestricted						
Fed. Nat'l Mortgage Assoc.	**$ 3,023,090**	**$ 2,022,420**	**$ 1,000,670**	**$ -**	**0.04**	**$ 3,023,090**
Certificate of Deposit	**2,189,033**	**2,189,033**	**-**	**-**	**0.02**	**2,189,033**
Total Unrestricted	**$ 5,212,123**	**$ 4,211,453**	**$ 1,000,670**	**$ -**		**$ 5,212,123**

Investment Type	FY 2019 Fair Value	Less Than 1 Year	1-3 Years	More Than 3 Years	Effective Duration	Fair Value Measurement Using Significant Other Observable Inputs (Level 2)
Unrestricted						
Fed. Nat'l Mortgage Assoc.	$ 7,959,640	$	$ 7,959,640	$ -	1.46	$ 7,959,640
Fed Home Ln Mtg. Corp	999,110	999,110	-	-	0.16	999,110
Certificate of Deposit	2,147,723	-	2,147,723	-	1.18	2,147,723
Total Unrestricted	$ 11,106,473	$ 999,110	$ 10,107,363	$ -		$ 11,106,473

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

Interest Rate Risk – As a means of limiting its exposure to fair value losses arising from rising interest rates, the Authority's investment policy limits its risk by maintaining an investment portfolio with limited volatility. Accordingly, no security shall have an estimated average return of principal exceeding five years. The weighted-average duration of principal return for the portfolio shall generally be less than two years. However, securities in restricted accounts will have a maximum maturity consistent with the nature of the restricted accounts.

Credit Risk – The Authority is authorized under Florida Statutes, Section 218.415(16) and Section 5(21) of Chapter 2003-309, Laws of Florida, to invest in certain investments. All of the Authority's investments carried a credit rating of AA+ by Standard & Poor's and AAA by Moody's as of September 30, 2020.

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

Concentration of Credit Risk – The Authority's investment policy established limitations of portfolio composition in order to control concentration of credit risk. The policy allows 100% of the portfolio to be invested in U.S. Treasury bills or notes, 75% to be invested in near cash accounts such as the State investment pool or money market accounts, 65% to be invested in other U.S.government agencies, 75% to be invested in certificates of deposit, 30% to be invested in commercial paper, and 25% to be invested

Cash, Cash Equivalents, and Investments (continued)

in bankers acceptances. No more than 30% of the entire portfolio may be purchased through one security dealer or bank. The Authority purchased 13.2% from Jeffries and 9.6% from Gateway during the year ended September 30, 2020. The Authority places no limit on the amount it may invest in any one issuer.

Deposits and Investments – Pension Trust Fund

Deposits – At September 30, 2020 and 2019, the plan held no deposits.

Investments – The investment manager has been delegated with investment discretion for plan assets by the Authority. Investment balances in the plan are not allocated to individual participants, nor are investments subject to custodial credit risk or foreign currency risk. At September 30, 2020 and 2019, the plan held investments as indicated below:

	Fair Value 2020	**Effective Duration**	**Measured at NAV 2020**
Investments Measured at Net Asset Value (NAV)			
Large U.S. Equity	**$ 5,220,383**	**N/A**	**$ 5,220,383**
Small/Mid U.S. Equity	**852,080**	**N/A**	**852,080**
International Equity	**2,936,822**	**N/A**	**2,936,822**
Balanced/Asset Allocation	**-**	**N/A**	**-**
Fixed Income Investments	**15,395,363**	**6.13**	**15,395,363**
Other	**1,541,411**	**N/A**	**1,541,411**
Total Investments	**$ 25,946,059**		**$ 25,946,059**

	Fair Value 2019	Effective Duration	Measured at NAV 2019
Investments Measured at Net Asset Value (NAV)			
Large U.S. Equity	$4,293,780	N/A	$ 4,293,780
Small/Mid U.S. Equity	775,928	N/A	775,928
International Equity	2,737,279	N/A	2,737,279
Balanced/Asset Allocation	488,190	N/A	488,190
Fixed Income Investments	16,190,128	4.90	16,190,128
Total Investments	$ 24,485,305		$ 24,485,305

Cash, Cash Equivalents, and Investments (continued)

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

	Fair Value 2020	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Investments by Fair Value Level				
Large U.S. Equity (a)	**5,220,383**	**-**	**Daily**	**1 Day**
Small/Mid U.S. Equity (b)	**852,080**	**-**	**Daily**	**1 Day**
International Equity (c)	**2,936,822**	**-**	**Daily**	**1 Day**
Fixed Income Investments (d)	**15,395,363**	**-**	**Daily**	**1 Day**
Other (e)	**1,541,411**	**-**	**Daily**	**1 Day**
Total Investments	**$ 25,946,059**			

	Fair Value 2019	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Investments by Fair Value Level				
Large U.S. Equity (a)	4,293,780	-	Daily	1 Day
Small/Mid U.S. Equity (b)	775,928	-	Daily	1 Day
International Equity (c)	2,737,279	-	Daily	1 Day
Balanced/Asset Allocation (d)	488,190	-	Daily	1 Day
Fixed Income Investments (e)	16,190,128	-	Daily	1 Day
Total Investments	$ 24,485,305			

(a) Large U.S. Equity

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

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

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

Cash, Cash Equivalents, and Investments (continued)

(b) Small/Mid U.S. Equity

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

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

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

SmallCap Growth I Separate Account-Z - The investment seeks long-term growth of capital. Under normal circumstances, the fund invests at least 80% of its net assets, plus any borrowings for investment purposes, in equity securities of companies with small market capitalizations at the time of purchase. The management invests up to 30% of the fund’s assets in equity securities in an attempt to match the performance of the Russell 2000(R) Growth Index. The fund’s remaining assets are managed by the sub-advisors.

(c) International Equity

Origin Emerging Markets Separate Account-Z - The investment seeks long-term growth of capital. Under normal circumstances, the fund invests at least 80% of its net assets, plus any borrowings for investment purposes, in equity securities of emerging market companies at the time of purchase. The advisor considers a security to be tied economically to an emerging market country (an “emerging market security”) if the issuer of the security has its principal place of business or principal office in an emerging market country, has its principal securities trading market in an emerging market country, or derives a majority of its revenue from emerging market countries.

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

Diversified International Separate Account-Z - The investment option normally invests the majority of assets in companies in at least three different countries. It invests in securities of companies with their

Cash, Cash Equivalents, and Investments (continued)

principal place of business or principal office outside of the United States; companies for which the principal securities trade on a foreign exchange; and companies, regardless of where their securities are traded, that derive 50% or more of their total revenue from goods or services produced or sold outside of the United States. The Separate Account may invest in securities of companies with small to medium market capitalizations.

International SmallCap Separate Account-Z - The investment seeks long-term growth of capital by investing primarily in stocks of non-U.S companies with relatively small capitalizations. It invests in securities of companies with their principal place of business or principal office outside the U.S.; companies for which the principal securities market is outside the U.S.; or companies, regardless of where their securities are traded, that derive 50% of their total revenue outside of the U.S. Under normal market conditions, it invests at least 80% in companies similar in size to companies included in the Citigroup Extended Market Index (EMI) World ex U.S.

(d) Fixed Income

High Income Separate Account-Z - The investment seeks high current income. Under normal circumstances, the fund invests primarily in below investment grade bonds and bank loans that are rated, at the time of purchase, Ba1 or lower by Moody's Investors Service, Inc. ("Moody's") and BB+ or lower by S&P Global Ratings ("S&P Global"), (if the bond or bank loan has been rated by only one of those agencies, that rating will determine whether it is below investment grade; if the bond or bank loan has not been rated by either of those agencies, those selecting such investments will determine whether it is of a quality comparable to those rated below investment grade.)

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

Core Fixed Income Separate Account-Z - The investment seeks to provide a high level of current income consistent with preservation of capital. The fund invests primarily in a diversified pool of investment-grade fixed-income securities, including corporate securities, U.S. government securities, asset-backed securities and mortgage-backed securities. It maintains an average portfolio duration that is within the range from 75% to 125% of the duration of the Bloomberg Barclays U.S. Aggregate Bond Index.

(e) Other

U.S. Property Separate Account-Z – Effective at close of market March 30, 2020, a contractual limitation delayed the payment of most withdrawal or transfer requests from the Principal US Property Separate Account (Separate Account) but for no more than three years from the effective date. In accordance with the terms of the Pension Plan's group annuity contract, delayed payment requests will be honored proportionately. This means transactions may be processed in a series of payments until enough cash is available to pay obligations. The Separate Account invests the majority of assets in owned private equity

Cash, Cash Equivalents, and Investments (continued)

commercial real estate. It focuses on properties anticipated to return both lease income and appreciation of the buildings' marketable value. The property holdings usually contain real estate from the multi-family, office, warehouse/manufacturing, and retail sectors. This separate account is subject to investment and liquidity risk and other risks inherent in real estate, such as those associated with general and local economic conditions.

Credit Risk – The fixed-income investment accounts are rated as of September 30, 2020 for credit risk as follows:

	Fixed Income		
Rating (S&P, Moody's)	Core Fixed Income	Bond Market Index	High Income Separate
AAA	$ 3,119,540	$ 4,191,244	**$ 36,078**
AA	115,795	170,974	**-**
A	1,892,464	723,948	**-**
BBB	3,165,340	891,334	**931**
BB	212,578	-	**213,755**
B	92,463	-	**312,912**
Below B	38,022	-	**190,013**
Not Rated	5,185	598	**22,190**
Total Fair Value	$ 8,641,386	$ 5,978,097	**$ 775,880**

Concentration of Credit Risk – At September 30, 2020 and 2019, each of the fixed-income investments, as previously disclosed, that represents 5% or more of net position available for benefits is as follows:

	2020	2019
Principal Financial Group ("PFG")	**$ 25,946,059**	$ 24,485,305

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

4. Capital Assets

A summary of changes in capital assets for the years ended September 30, 2020 and 2019 is as follows:

	Balance at September 30, 2019	Additions	Transfers and Deletions	**Balance at September 30, 2020**
Capital assets, not being depreciated:				
Land	$ 22,583,552	$ -	$ -	**$ 22,583,552**
Aviation easements	19,662,419	-	-	**19,662,419**
Construction in progress	10,055,648	19,427,870	(8,464,916)	**21,018,602**
Total capital assets not being depreciated	52,301,619	19,427,870	(8,464,916)	**63,264,573**
Capital assets, being depreciated and amortized:				
Intangibles	1,871,267	16,722		**1,887,989**
Site prep, utilities, and drainage	13,887,064	-	-	**13,887,064**
Buildings and structures	125,878,565	-	3,049,224	**128,927,789**
Runways, taxiways, and ramps	85,051,367	-	2,046,981	**87,098,348**
Land improvements	27,920,224	-	164,977	**28,085,201**
Fencing	631,541	-	1,964	**633,505**
Light and signs	5,591,645	-	170,382	**5,762,027**
Computers	2,516,940	59,788	422,960	**2,999,688**
Equipment, furniture, and fixtures	17,516,777	662,720	(210,561)	**17,968,936**
Total capital assets, being depreciated and amortized	280,865,390	739,230	5,645,927	**287,250,547**
Less accumulated depreciation and amortization for:				
Intangibles	(1,491,209)	(150,080)		**(1,641,289)**
Site prep, utilities, and drainage	(13,887,064)	-		**(13,887,064)**
Buildings and structures	(60,305,461)	(4,411,096)	4,450	**(64,712,107)**
Runways, taxiways, and ramps	(67,759,128)	(2,640,080)		**(70,399,208)**
Land improvements	(16,103,269)	(1,224,311)		**(17,327,580)**
Fencing	(466,951)	(23,865)		**(490,816)**
Light and signs	(3,934,288)	(314,411)		**(4,248,699)**
Computers	(1,481,184)	(627,871)	170,007	**(1,939,048)**
Equipment, furniture, and fixtures	(12,220,321)	(1,177,683)	963,848	**(12,434,156)**
Total accumulated depreciation and amortization	(177,648,875)	(10,569,397)	1,138,305	**(187,079,967)**
Capital assets, net	$ 155,518,134	$ 9,597,703	$ (1,680,684)	**$163,435,153**

Capital Assets (continued)

	Balance at September 30, 2018	Additions	Transfers and Deletions	Balance at September 30, 2019
Capital assets, not being depreciated:				
Land	$ 22,504,889	$ 78,663	$ -	$ 22,583,552
Aviation easements	19,662,419	-	-	19,662,419
Construction in progress	28,842,844	17,822,714	(36,609,910)	10,055,648
Total capital assets not being depreciated	71,010,152	17,901,377	(36,609,910)	52,301,619
Capital assets, being depreciated and amortized:				
Intangibles	1,774,890	-	96,377	1,871,267
Site prep, utilities, and drainage	13,887,064	-	-	13,887,064
Buildings and structures	100,117,692	-	25,760,873	125,878,565
Runways, taxiways, and ramps	85,051,367	-	-	85,051,367
Land improvements	20,335,685	-	7,584,539	27,920,224
Fencing	566,984	6,139	58,418	631,541
Light and signs	4,699,565	24,693	867,387	5,591,645
Computers	2,149,717	30,454	336,769	2,516,940
Equipment, furniture, and fixtures	20,219,281	173,910	(2,876,414)	17,516,777
Total capital assets, being depreciated and amortized	248,802,245	235,196	31,827,949	280,865,390
Less accumulated depreciation and amortization for:				
Intangibles	(1,277,676)	(213,533)		(1,491,209)
Site prep, utilities, and drainage	(13,887,064)	-		(13,887,064)
Buildings and structures	(55,666,255)	(4,664,137)	24,931	(60,305,461)
Runways, taxiways, and ramps	(65,171,026)	(2,588,102)		(67,759,128)
Land improvements	(15,214,436)	(888,833)		(16,103,269)
Fencing	(449,386)	(17,565)		(466,951)
Light and signs	(3,620,225)	(314,063)		(3,934,288)
Computers	(949,340)	(554,190)	22,346	(1,481,184)
Equipment, furniture, and fixtures	(15,081,096)	(1,152,774)	4,013,549	(12,220,321)
Total accumulated depreciation and amortization	(171,316,504)	(10,393,197)	4,060,826	(177,648,875)
Capital assets, net	$ 148,495,893	$ 7,743,376	$ (721,135)	$ 155,518,134

Depreciation expense for the years ended September 30, 2020 and 2019 on the capital assets above was $10,419,317 and $10,179,664, respectively. Amortization expense for the years ended September 30, 2020 and 2019 on the above capital assets was $150,080 and $213,533, respectively.

5. Pension Plan

Pension Description

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

Pension Plan (continued)

Benefits Provided

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

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

For the years ended September 30, 2020 and 2019, the Authority reported a liability for the net pension liability of $5,809,631 and $6,008,085, respectively. The net pension liability was measured as of October 1, 2019 and October 1, 2018, respectively, and the total pension liability used to calculate the pension liability was determined by an actuarial valuation as of these dates.

For the years ended September 30, 2020 and 2019, the Authority recognized pension expense of $1,355,409 and $1,001,766, respectively, and reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	2020		2019	
	Deferred Outflows of Resources	**Deferred Inflows of Resources**	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	**$ 202,061**	**$ -**	$ 124,962	$ (265,168)
Effects of changes in assumptions	**129,988**	**-**	628,861	-
Net difference between expected and net investment income	**46,523**	**-**	368,774	-
Contribution after measurement period	**1,116,114**	**-**	1,071,006	-
Total	**$1,494,686**	**$ -**	$ 2,193,603	$ (265,168)

For the years ended September 30, 2020 and 2019, the Authority reported $1,116,114 and $1,071,006, respectively, in deferred outflows of resources, resulting from contributions subsequent to the measurement dates that will be recognized as a reduction of the net pension liability for the years ending September 30, 2021 and 2020, respectively.

Pension Plan (continued)

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions as of September 30, 2020 will be recognized in pension expense as follows:

Years Ending September 30	
2021	$ 276,071
2022	35,651
2023	83,732
2024	(16,882)
2025	-

Plan Membership

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

Thirteen firefighters were included in September 30, 2020 for disability pension eligibility only to satisfy Florida Statute 112.1816.

The Plan's membership consisted of:

	2020	2019
Active employees	**46**	41
Retirees and beneficiaries currently receiving benefits	**75**	71
Terminated employees entitled to benefits, not yet receiving	**13**	13
Disabled plan members entitled to benefits	**1**	1
Total	**135**	126

Contributions

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

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

Investment Policy

The Authority has an investment policy for the Plan. The President, with recommendation from the Senior Vice President, Finance and Administration, has the authority with the assistance of the Plan administrator's financial consultants, to select the funds in which to invest.

Asset allocation is a strategy that attempts to balance risk versus reward by adjusting the percentage of each asset in an investment portfolio. Based on the principle that asset types perform differently in different

Pension Plan (continued)

market and economic conditions, asset allocation is an important factor in determining returns for an investment portfolio. Target asset allocations are set by ranges by the Executive Vice President, Chief Financial Officer and President, with the assistance of the Plan administrator's financial consultants and adjusted within those ranges periodically to adjust to market conditions.

Fair value of investments is based on quoted market prices.

Money-weighted Rate of Return

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

The annual money-weighted rate of return on plan investments for the fiscal years ended September 30, 2020 and 2019 was 6.11% and 3.77% respectively.

Actuarial Assumptions

The following is a summary of actuarial methods and assumptions used in the actuarial valuations as of September 30, 2020 and 2019:

Mortality rates during the benefit payment period are based on IRS Prescribed Mortality-Generational Annuitant, male and female and before the benefit payment period are based on IRS Prescribed Mortality-Generational Non-annuitant, male and female, RP-2000 – 50% blue collar, 50% white collar for males and 100% white collar for females.

The actuarial assumptions used in the September 30, 2020 valuation were based on the results of an actuarial experience study for the period from October 1, 2019 to September 30, 2020.

- There were no assumption changes since the last plan year.

The actuarial assumptions used in September 30, 2019 valuation were based on the results of an actuarial experience study for the period from October 1, 2018 to September 30, 2019. The assumption changes are:

- The long-term rate of return on investments was changed to reflect current expectations of the Plan's long-term investment performance based on the investment mix.

Discount Rate

The discount rate used to measure the total pension liability was 5.75% for both 2020 and 2019. The long-term rate of return was used to calculate the actuarial present value of projected benefit payments for each future period when the projected fiduciary net position is greater than the projected expected benefit payments. The projection of cash flows used to determine the discount rate assumed that Authority contributions will be made at rates equal to the difference between actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of

Pension Plan (continued)

return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in Net Pension Liability

The net pension liability at September 30, 2020 was measured as of September 30, 2019, using the total pension liability that was determined by an actuarial valuation as of September 30, 2019.

Changes in Net Pension Liability

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balances at measurement date October 1, 2018	$ 29,106,544	$ 23,098,459	$ 6,008,085
Changes for the year			
Service cost	338,952	-	338,952
Interest	1,659,271	-	1,659,271
Differences between expected and actual experience	299,330	-	299,330
Changes in assumptions	-	-	-
Contributions - employer	-	1,071,006	(1,071,006)
Net investment income	-	1,430,228	(1,430,228)
Benefits payments, including refunds of employee contributions	(1,109,161)	(1,109,161)	-
Administrative expense	-	(5,227)	5,227
Total changes for the year	1,188,392	1,386,846	(198,454)
Balances at measurement date September 30, 2019	**$ 30,294,936**	**$ 24,485,305**	**$ 5,809,631**

Pension Plan (continued)

The net pension liability at September 30, 2019 was measured as of September 30, 2018, using the total pension liability that was determined by an actuarial valuation as of September 30, 2018.

	Liability	Net Position	Liability
Balances at measurement date October 1, 2017	$ 27,163,893	$ 22,289,438	$ 4,874,455
Changes for the year			
Service cost	334,145	-	334,145
Interest	1,619,917	-	1,619,917
Differences between expected and actual experience	212,964	-	212,964
Changes in assumptions	748,974	-	748,974
Contributions - employer	-	936,156	(936,156)
Net investment income	-	851,104	(851,104)
Benefits payments, including refunds of employee contributions	(973,349)	(973,349)	-
Administrative expense	-	(4,890)	4,890
Total changes for the year	1,942,651	809,021	1,133,630
Balances at measurement date September 30, 2018	$ 29,106,544	$ 23,098,459	$ 6,008,085

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

The following presents the net pension liability of the Authority, calculated under GASB Statement No. 68 using the discount rate of 5.75% for 2020 and 5.75% for 2019, as well as what the Authority's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1percentage point higher than the current rate:

	2020			2019		
	1% Decrease 4.75%	**Current Discount 5.75%**	**1% Increase 6.75%**	1% Decrease 4.75%	Current Discount 5.75%	1% Increase 6.75%
Authority's net pension liability	**$ 9,176,503**	**$ 5,809,631**	**$ 2,933,541**	$ 9,325,844	$ 6,008,085	$ 3,181,884

Long-Term Rate of Return

The long-term interest rate assumption is developed as a weighted-average rate based on the target asset allocation of the Plan and the long-term capital market assumptions. The overall return for each asset class was developed by combining a long-term inflation component and the associated expected real rates. The development of the capital market assumptions utilized a variety of methodologies, including but not

Pension Plan (continued)

limited to historical analysis, stock valuation models such as dividend discount models and earnings yields, models, expected economic growth outlook, and market yield analysis.

Best estimates of expected real rates of return for each major asset class included in the pension plan's target asset allocation as of September 30, 2020 and 2019 are summarized in the following table:

	2020		2019	
Asset Class	**Expected Real Rate Return**	**Target Allocation**	Expected Real Rate Return	Target Allocation
U.S. Equity - Large Cap	**5.45%**	**19.28%**	5.85%	19.94%
U.S. Equity - Mid Cap	**5.70%**	**2.26%**	6.10%	2.27%
U.S. Equity - Small Cap	**6.25%**	**1.01%**	6.55%	1.11%
Non-U.S. Equity - Developed	**5.70%**	**10.92%**	6.10%	10.72%
REITS	**5.35%**	**0.40%**	5.95%	0.41%
Real Estate (Direct Property)	**3.30%**	**6.11%**	3.80%	6.13%
TIPS	**1.25%**	**0.60%**	1.05%	0.61%
Core Bond	**1.75%**	**55.66%**	1.75%	52.78%
High Yield	**4.20%**	**3.76%**	4.70%	6.03%
		100.00%		100.00%

Pension Plan Reporting: Net Pension Liability

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

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

Pension Plan (continued)

Net Pension Liability Components (Pension Plan Reporting)

The components of the net pension liability of the retirement systems at September 30, 2020 and 2019 were as follows:

	2020	2019
Total pension liability	**$ 29,669,784**	$ 30,294,936
Plan fiduciary net position	**25,946,059**	24,485,305
Retirement plan's net pension liability	**$ 3,723,725**	$ 5,809,631
Plan fiduciary net position as a percentage of the total pension liability	**87.45%**	80.82%

Actuarial Assumptions (Pension Plan Reporting)

The total pension liability was determined based on a roll-forward of the entry age normal liabilities from the October 1, 2019 and October 1, 2018 actuarial valuations. The pension plans use the Entry Age Normal Actuarial Cost Method with a level percent closed amortization method. Under the Entry Age Normal Cost Method, an annual Normal Cost is determined for each covered active member, which is the contribution required to provide all the projected pension benefits assuming this contribution is payable over a period ending on the date of retirement and expressed as a level percentage of compensation.

The total pension liability for the pension plan as of September 30, 2020 and 2019 was determined based on a roll-forward of entry age normal liabilities from the October 1, 2019 and October 1, 2018 actuarial valuations, using the following actuarial assumptions, applied to all periods included in the measurement:

	2020	2019
Long-term inflation:	**2.25%**	2.25%
Salary increases range from:	**3.38% to 5.68% depending on age**	4.13% to 6.43% depending on age
Long-term rate of return:	**5.75%**	5.75%
Mortality rate table:	**PubG-2010 General below median base rate mortality table projected to future years with historical and assumed mortality improvement scale**	RP-2000 - 50% blue collar, 50% white collar for males and 100% white collar for females - Mortality

Actuarial changes from the prior year for 2020:

The salary increase range has decreased from 4.13% to 6.43% to 3.38% to 5.68% and the mortality rate tables have been updated.

Pension Plan (continued)

Actuarial changes from the prior year for 2019:

The long-term inflation before and during benefit payment period has increased from 2.00% to 2.25%. This rate is used in the calculation of the Plan's benefit liability.

Long-Term Rate of Return

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

Best estimates of expected real rates of return for each major asset class included in the pension plan's target asset allocation as of September 30, 2020 and 2019 are summarized in the following table:

	2020		2019	
Asset Class	**Expected Real Rate Return**	**Target Allocation**	Expected Real Rate Return	Target Allocation
U.S. Equity - Large Cap	**6.20%**	**19.29%**	5.70%	19.28%
U.S. Equity - Mid Cap	**6.20%**	**2.17%**	5.95%	2.26%
U.S Equity - Small Cap	**6.20%**	**0.97%**	6.50%	1.01%
Non-U.S. Equity - Developed	**6.20%**	**10.99%**	5.95%	10.92%
REIT	**5.65%**	**0.29%**	5.60%	0.40%
Real Estate (Direct Property)	**5.00%**	**6.15%**	3.55%	6.11%
TIPS	**1.50%**	**0.43%**	1.50%	0.60%
Core Bond	**2.45%**	**56.74%**	2.00%	55.66%
High Yield	**5.00%**	**2.97%**	4.45%	3.76%
		100.00%		100.00%

Discount Rate

The discount rate used to measure the total pension liability was 5.75% for 2020 and 2019. The long-term rate of return was used to calculate the actuarial present value of projected benefit payments for each future period when the projected fiduciary net position is greater than the projected expected benefit payments. The projection of cash flows used to determine the discount rate assumed that Authority contributions will be made at rates equal to the difference between actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Pension Plan (continued)

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

The following presents the net pension liability of the Authority, calculated under GASB Statement No. 67 using the discount rate of 5.50% for 2020, as well as what the Authority's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (4.50%) or 1 percentage point higher (6.50%) than the current rate:

	2020			2019		
	1% Decrease 4.50%	**Current Discount 5.50%**	**1% Increase 6.50%**	1% Decrease 4.75%	Current Discount 5.75%	1% Increase 6.75%
Authority's net pension liability	**$ 6,875,968**	**$ 3,723,725**	**$ 1,021,133**	$ 9,176,503	$ 5,809,631	$ 2,933,541

6. Compensation Plans

Deferred Compensation Plan

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

All 457 Plan assets are held by trustees for the exclusive benefits of the participants and beneficiaries. Thus, the assets and liabilities relating to the 457 Plan are not reflected on the Authority's Statements of Net Position. The fair values of the 457 Plan investments were $3.8 million and $3.6 million as of September 30, 2020 and 2019, respectively.

Defined Contribution Plan

The Authority also provides a defined contribution plan (the "401(a) Plan"). Employees 21 years or older may be eligible to be enrolled depending upon hours worked in the plan year. Employees do not vest during the first five years of employment. The Authority's annual contribution is a percentage of annual salary, as designated by the Board each fiscal year. If employees elect to participate in the 457 Plan, the Authority will match the employee's annual contribution by a percentage designated by the Board each year of the employee's annual salary. The Authority match is deposited into the 401(a) Plan. The 401(a) compensation is not available to employees until termination, retirement, or death. Investments are managed by the 401(a) Plan's trustee under one of several investment options or a combination thereof. The choice of the investment options is made by the employee. All 401(a) Plan assets are held by trustees for the exclusive benefits of the participants and beneficiaries. Thus, the assets and liabilities relating to the 401(a) Plan are not reflected on the Authority's Statements of Net Position. The fair values of the 401(a) Plan's investments were $2.1 million and $1.7 million as of September 30, 2020 and 2019, respectively. For the years ended September 30, 2020 and 2019, the Authority recognized pension expense of $321,423 and $277,950, respectively.

7. Post-Employment Health and Other Benefits

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

The Authority estimates the net OPEB liability (asset) using an actuarial valuation as of September 30, 2020 and for the fiscal year ended September 30, 2020, concluded the net OPEB liability and related deferrals was not material to the Authority's financial statements.

8. Leases

The Authority has entered into Airport Use Agreements with four of the principal commercial air carriers that serve the airport. For 2020 and 2019, the signatory airlines were Delta Air Lines, JetBlue Airways, American Airlines, and United Airlines.

The airline leases require an annual year-end adjustment to the actual amount of airline rates and charges, wherein charges calculated using budgeted data at the beginning of the fiscal year are reconciled to actual year-end costs, resulting in an under- or over-collection of revenues with the airlines signatory to the lease agreements for fiscal year 2019. On November 17, 2020, the Board approved an amendment to the scheduled airline operating agreement to extend the agreement an additional year to September 30, 2024. This amendment included waiving any shortfalls in year-end reconciliation calculations starting in fiscal year 2020 through September 20, 2023. The normal reconciliation process returns in the final year of the agreement.

The fiscal year 2019 year-end adjustment to actual was an over-collection of $776,417. This amount is due to the signatory airlines and is included in accounts payable at September 30, 2019. A portion of the Authority's revenue is provided by non-airline lease and concession agreements. These agreements relate to a portion of the Authority's buildings, land, and the privilege to do business at the Airport and have terms ranging from 1 to 99 years.

Many of the non-airline agreements contain contingent rental provisions whereby additional amounts, in excess of stated minimums, are due based upon the lessees' gross revenue. Minimum future lease payments to be received on the operating lease agreements are as follows:

Leases (continued)

Years Ending September 30,	Restaurants	Car Rental Agencies	Other	Total
2021	$ 412,828	$ 3,127,715	$ 1,857,854	$ 5,398,397
2022	378,425	-	1,713,292	2,091,717
2023	-	-	1,336,364	1,336,364
2024	-	-	1,322,004	1,322,004
2025	-	-	1,256,387	1,256,387
2026 - 2030	-	-	6,263,883	6,263,883
2031 - 2035	-	-	5,853,112	5,853,112
2036 - 2040	-	-	4,450,081	4,450,081
2041 - 2045	-	-	1,369,963	1,369,963
2046 - 2050	-	-	1,269,578	1,269,578
2051 - 2055	-	-	1,269,578	1,269,578
2056 - 2060	-	-	786,464	786,464
2061 - 2065	-	-	769,805	769,805
2066 - 2070	-	-	252,029	252,029
2071 - 2075	-	-	131,203	131,203
Total	$ 791,253	$ 3,127,715	$ 29,901,597	$ 33,820,565

Rents received from non-airline leases and concession agreements amounted to approximately $4,449,000 and $5,695,000 for the years ended September 30, 2020 and 2019, respectively. Amounts received under contingent rental clauses were approximately $2,198,000 and $1,459,000 for the years ended September 30, 2020 and 2019, respectively.

9. Commitments and Contingencies

The Authority has entered into contracts to purchase property, plant, and equipment aggregating approximately $39.6 million as of September 30, 2020. Of that amount, approximately $19.4 million has been expended, with the remaining amount anticipated to be expended over the next two years. The majority of these expenditures is expected to be reimbursed to the Authority through grant funding.

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

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

10. Risk Management

The Authority is a member of the Public Risk Management of Florida ("PRM"), a liability risk pool. PRM administers insurance activities relating to workers' compensation, property, liability, and automobiles. PRM absorbs the risk of loss up to a specified amount annually and purchases excess and other specific coverage from third-party carriers. PRM assesses each member its pro rata shares of the estimated amount required to meet current year losses and operating expenses. During the fiscal years ended September 30, 2020 and 2019, the Authority had no significant reductions in insurance coverage from the prior years. In addition, there have been no settlements that exceeded the Authority's insurance coverage in any of the past three fiscal years. Additionally, the Authority continues to utilize the services of an Independent Risk Management Consultant to advise on appropriate terms, conditions, and coverage needs.

11. Reclassification of Prior Year Presentation

Certain reclassifications have been made to the prior year's financial statements to enhance comparability with the current year's financial statements. These reclassifications had no effect on the reported results of operations.

Sarasota Manatee Airport Authority

Required Supplementary Information

For the Year Ended September 30, 2020

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

	2020	2019	2018	2017	2016	2015	2014	Previous Years Not Available
Total pension liability								
Service cost	**$ 355,832**	$ 338,952	$ 334,145	$ 420,392	$ 450,261	$ 380,235	$ 432,411	
Interest	**1,719,569**	1,659,271	1,619,917	1,641,276	1,592,327	1,501,532	1,425,682	
Differences between expected and actual experience	**(834,756)**	299,330	212,964	(991,666)	(306,138)	221,460	188,470	
Changes of assumptions	**(531,186)**	-	748,974	708,226	(89,187)	(867,045)	954,595	
Change in benefit terms	**101,302**							
Benefit payments	**(1,435,913)**	(1,109,161)	(973,349)	(921,018)	(764,203)	(603,915)	(555,406)	
Net change in total pension liability	**(625,152)**	1,188,392	1,942,651	857,210	883,060	632,267	2,445,752	
Total pension liability beginning	**30,294,936**	29,106,544	27,163,893	26,306,683	25,423,623	24,791,356	22,345,604	
Total pension liability ending (a)	**$ 29,669,784**	$ 30,294,936	$ 29,106,544	$ 27,163,893	$ 26,306,683	$ 25,423,623	$ 24,791,356	
Plan fiduciary net position								
Contributions - Employer	**$ 1,116,114**	$ 1,071,006	$ 936,156	$ 1,044,759	$ 1,105,021	$ 1,001,004	$ 1,200,366	
Net investment income (loss)	**1,865,349**	1,430,228	851,104	1,699,321	1,351,302	(43,535)	1,234,170	
Benefit payments	**(1,435,913)**	(1,109,161)	(973,349)	(921,018)	(764,203)	(603,915)	(555,406)	
Administrative expense	**(84,796)**	(5,227)	(4,890)	(9,202)	(3,263)	(13,652)	(23,888)	
Net change in plan fiduciary net position	**1,460,754**	1,386,846	809,021	1,813,860	1,688,857	339,902	1,855,242	
Plan fiduciary net position - beginning	**24,485,305**	23,098,459	22,289,438	20,475,578	18,786,721	18,446,819	16,591,577	
Plan fiduciary net position - ending (b)	**$ 25,946,059**	$ 24,485,305	$ 23,098,459	$ 22,289,438	$ 20,475,578	$ 18,786,721	$ 18,446,819	
The Plan's net pension liability ending (a) - (b)	**$ 3,723,725**	$ 5,809,631	$ 6,008,085	$ 4,874,455	$ 5,831,105	$ 6,636,902	$ 6,344,537	
Plan fiduciary net position as a percentage of the total pension liability	**87.45%**	80.82%	79.36%	82.06%	77.83%	73.89%	74.41%	
Covered payroll	**$ 3,553,155**	$ 3,178,265	$ 3,081,986	$ 3,449,801	$ 3,540,676	$ 3,875,727	$ 3,949,576	
The Plan's net pension liability as a percentage of covered payroll	**104.80%**	182.79%	194.94%	141.30%	164.69%	171.24%	160.64%	
Notes to Schedule for Changes in Assumptions:								
Long-term rate of return on assets	**5.50%**	5.75%	5.75%	6.00%	6.25%	6.25%	6.75%	
Discount rate	**5.50%**	5.75%	5.75%	6.00%	6.25%	6.25%	6.04%	

This schedule is presented to illustrate the requirements to show information for 10 years. However, until a full 10-year trend is compiled, the Authority will present information for only those years for which information is available.

Schedule of Authority
Contributions
Last 10 Fiscal Years

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Actuarially determined contribution	**$ 1,116,114**	$ 1,071,006	$ 936,156	$ 1,044,759	$ 1,105,021	$ 1,001,004	$ 1,200,366	$ 1,351,949	$ 1,386,614	$ 1,101,584
Contributions in relation to the actuarially determined contribution	**1,116,114**	1,071,006	936,156	1,044,759	1,105,021	1,001,004	1,200,366	1,351,949	1,386,614	1,101,584
Contribution deficiency (excess)	**$ -**	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered payroll	**$ 3,553,155**	$ 3,178,265	$ 3,081,986	$ 3,449,801	$ 3,540,676	$ 3,875,727	$ 3,949,576	$ 3,923,379	$ 4,681,625	$ 4,976,793
Contributions as a percentage of covered payroll	**31.41%**	33.70%	30.38%	30.28%	31.21%	25.83%	30.39%	34.46%	29.62%	22.13%

Notes to Schedule:

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age
Amortization period	15 years
Amortization method	Level dollar amortization
Asset valuation method	Market value
Inflation	2.25%
Cost of Living adjustment	0%
Retirement age	65
Investment rate of return	5.75%, net of pension plan investment expense
Mortality table	RP-2000 (Table is what the state of Florida is using in its valuation)
Benefit changes	In 2020, added Disability benefit for firefighters
Changes in assumptions	2015 assumptions changed retirement age from 62 to 65 and adjusted mortality tables resulting in an increase to the actuarially determined contribution
	2016 assumptions changed mortality tables resulting in decrease to the actuarially determined contribution
	2020 assumptions changed related to mortality tables, retirement age, turnovers and salary projections, resulting in a decrease to the actuarially determined contribution

Schedule of
Investment Returns
Last 10 Fiscal Years

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Annual money-weighted rate of return net of investment expense	**7.56%**	6.11%	3.77%	8.14%	7.03%	-0.23%	7.21%	7.11%	15.11%	1.48%

Sarasota Manatee Airport Authority

Supplemental Schedules

For the Year Ended September 30, 2020

Sarasota Manatee Airport Authority
Schedule of Operating Expenses

	Years Ended September 30	
	2020	2019
Depreciation and amortization	**$ 10,569,397**	$ 10,393,197
Salaries and wages	**7,714,735**	8,105,705
Operating supplies, maintenance, and repairs	**2,105,374**	1,634,383
Retirement benefit plans	**1,744,939**	1,310,859
Health insurance	**1,425,696**	1,688,120
Marketing	**1,324,194**	1,459,860
Service contract	**746,836**	547,256
General insurance	**687,964**	614,234
Social Security	**557,616**	565,561
Electricity	**535,681**	604,081
Legal	**492,194**	723,827
Professional services	**341,121**	265,416
Data processing supplies	**335,548**	251,639
Workers' compensation insurance	**243,772**	238,779
Telephone	**217,811**	223,387
Customs	**151,663**	136,029
Water and sewer	**91,709**	94,563
Dues and subscriptions	**91,037**	88,074
Travel	**78,253**	137,705
Advertising and entertainment	**76,659**	169,632
Sanitation	**72,901**	92,108
Uniforms and identification	**66,743**	65,581
Miscellaneous	**63,244**	23,346
Office supplies, postage, and publishing	**52,286**	50,013
Accounting and audit fees	**43,000**	44,750
Bad debt	**38,075**	1,030
Training	**28,743**	49,514
Public relations	**27,301**	31,727
Banking fees	**23,237**	19,375
Car allowance	**17,312**	16,812
Unemployment	**14,994**	3,976
Taxes	**10,887**	26,789
Equipment rental	**8,386**	3,194
Disability	**5,073**	4,915
Shuttle service	**2,696**	4,561
Employee service awards	**2,314**	2,505
Interior plants	**44**	1,546
	$ 30,009,435	$ 29,694,049

Sarasota Manatee Airport Authority
Schedule of Application of Revenues
For the Year Ended September 30, 2020

	Revenue	Operations & Maintenance Account	Operation & Maintenance Reserve	Renewal & Replacement Reserve	Authority General Purpose Account	Total
Beginning Balances:						
September 30, 2019	$ -	$ -	$ 3,303,387	$ 2,000,000	$ 16,337,739	$ 21,641,126
Receipts:						
Operating revenue	20,947,348	-	-	-	-	20,947,348
FAA & FDOT Grants	13,023,006	-	-	-	-	13,023,006
Portfolio Activity	433,096	-	-	-	-	433,096
Transfer from restricted assets	3,379,452	-	-	-	-	3,379,452
	37,782,902	-	-	-	-	37,782,902
Transfers (Net):	(37,782,902)	21,957,402	(16,392)	-	15,841,892	-
Disbursements:						
Capital	-	-	-	-	(18,669,829)	(18,669,829)
Operating	-	(21,957,402)	-	-	-	(21,957,402)
Ending Balances:						
September 30, 2020	**$ -**	**$ -**	**$ 3,286,995**	**$2,000,000**	**$ 13,509,802**	**$ 18,796,797**

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

Independent Auditor's Report

To Management and the Members of the Board
Sarasota Manatee Airport Authority

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Enterprise Fund and the Pension Trust Fund of the Sarasota Manatee Airport Authority (the "Authority") as of and for the year ended September 30, 2020 and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated January 8, 2021.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

To Management and the Members of the Board
Sarasota Manatee Airport Authority

Purpose of This Report

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

Plante & Moran, PLLC

January 8, 2021

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

Independent Auditor's Report

To the Members of the Board
Sarasota Manatee Airport Authority

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

We have audited the Sarasota Manatee Airport Authority's (the "Authority") compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Compliance Supplement and the requirements described in the Florida Department of Financial Services State Projects Compliance Supplement that could have a direct and material effect on the Authority's major federal program and state financial assistance projects for the year ended September 30, 2020. In addition, we audited compliance with the applicable requirements described in the Passenger Facility Charge Audit Guide for Public Agencies, issued by the Federal Aviation Administration, for the year ended September 30, 2020. The Authority's major federal program and state financial assistance project are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. The passenger facility charge program is identified in the schedule of passenger facility charges collected and expended.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Authority's major federal programs, state financial assistance projects, and the passenger facility charge 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* (the "Uniform Guidance"), Chapter 10.550 of the Rules of the Auditor General (Chapter 10.550), and the Passenger Facility Charge Audit Guide for Public Agencies, issued by the Federal Aviation Administration (the "Guide"). Those standards, the Uniform Guidance, Chapter 10.550, and the Guide 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, state financial assistance project, or passenger facility charge 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 that our audit provides a reasonable basis for our opinion on compliance for each major federal program, state financial assistance project, and passenger facility charge program. However, our audit does not provide a legal determination of the Authority's compliance.

To the Members of the Board
Sarasota Manatee Airport Authority

Opinion on Each Major Federal Program, State Financial Assistance Project, and Passenger Facility Charge 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 the major federal program, state financial assistance project, and passenger facility charge program for the year ended September 30, 2020.

Report on Internal Control Over Compliance

Management of the Authority is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Authority's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program, state financial assistance project, and passenger facility charge program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program, state financial assistance project, and passenger facility charge program and to test and report on internal control over compliance in accordance with the Uniform Guidance, Chapter 10.550, and the Guide, but not for the purpose of expressing an opinion on the effectiveness of 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, state financial assistance project, or passenger facility charge program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program, state financial assistance project, or passenger facility charge program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program, state financial assistance project, or passenger facility charge program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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, Chapter 10.550, and the Guide. Accordingly, this report is not suitable for any other purpose.

Plante & Moran, PLLC

January 8, 2021

Schedule of Expenditures of Federal Awards

Year Ended September 30, 2020

Program Title/Project Number/Subrecipient Name	CFDA Number	Pass-through Entity Identifying Number	Total Amount Provided to Subrecipients	Federal Expenditures
U.S. Department of Transportation, Federal Aviation Administration - Direct Program - Airport Improvement Program:				
3-12-0071-55	20.106	N/A	$ -	$ 1,349,423
3-12-0071-56	20.106	N/A	-	663,291
3-12-0071-57	20.106	N/A	-	6,936,455
3-12-0071-58	20.106	N/A	-	32
COVID-19 - 3-12-0071-59	20.106	N/A	-	9,121,330
Total federal awards			**$ -**	**$ 18,070,531**

Schedule of Expenditures of State Financial Assistance Projects

Year Ended September 30, 2020

Program Title/Project Number/Subrecipient Name	State CSFA Number	Pass-through Entity Identifying Number	Total Amount Provided to Subrecipients	State Expenditures
Florida Department of Transportation:				
Aviation Development Grants:				
434826-1-94-01	55.004	N/A	$ -	$ 45,909
437061-1-94-01	55.004	N/A	-	784,780
440648-1-94-01	55.004	N/A	-	1,083
441791-1-94-01	55.004	N/A	-	36,845
441793-1-94-01	55.004	N/A	-	10,963
441858-1-94-01	55.004	N/A	-	72,045
444247-1-94-01	55.004	N/A	-	412,842
444680-1-94-01	55.004	N/A	-	73,797
445152-1-94-01	55.004	N/A	-	145,452
446350-1-94-01	55.004	N/A	-	382,989
Florida Department of Economic Opportunity HL113	40.038	N/A	-	676,298
Total state awards			**$ -**	**$ 2,643,004**

See notes to schedule of expenditures of federal awards and state financial assistance projects.

Notes to Schedule of Expenditures of Federal Awards and State Financial Assistance Projects

Year Ended September 30, 2020

Note 1 - Basis of Presentation

The accompanying schedules of expenditures of federal awards and state financial assistance projects (the "Schedules") include the federal grant and state project activity of the Sarasota Manatee Airport Authority (the "Authority") under programs of the federal and state governments for the year ended September 30, 2020. The information in the Schedules is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the "Uniform Guidance"); the Florida Single Audit Act; and Chapter 10.550 of the Rules of the Auditor General. Because the Schedules present only a selected portion of the operations of the Authority, they are not intended to and do not present the financial position, changes in net position, or cash flows of the Authority.

Note 2 - Summary of Significant Accounting Policies

Reporting Entity

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

Expenditures reported in the Schedules are reported on the accrual basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*; the Florida Single Audit Act; and Chapter 10.550 of the Rules of the Auditor General wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts, if applicable, shown on the Schedules represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Pass-through entity identifying numbers are presented where available.

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

Schedule of Findings and Questioned Costs

Schedule of Findings and Questioned Costs

Year Ended September 30, 2020

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:	Unmodified	
Internal control over financial reporting:		
• Material weakness(es) identified?	____ Yes	X No
• Significant deficiency(ies) identified that are not considered to be material weaknesses?	____ Yes	X None reported
Noncompliance material to financial statements noted?	____ Yes	X None reported

Federal Awards and State Projects

Internal control over major programs:		
• Material weakness(es) identified?	____ Yes	X No
• Significant deficiency(ies) identified that are not considered to be material weaknesses?	____ Yes	X None reported
Any audit findings disclosed that are required to be reported in accordance with Section 2 CFR 200.516(a)?	____ Yes	X No

Identification of major federal programs and state projects:

CFDA Number	Name of Federal Program/Cluster	Opinion
20.106	Federal program - Airport Improvement Program	Unmodified

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

Dollar threshold used to distinguish between type A and type B Federal programs:	$750,000	
Dollar threshold used to distinguish between type A and type B State projects:	$750,000	
Auditee qualified as low-risk auditee?	X Yes	____ No

Schedule of Findings and Questioned Costs (Continued)

Section II - Financial Statement Audit Findings

Reference Number	Finding
Current Year	None

Section III - Federal Program and State Project Audit Findings

Reference Number	Finding	Questioned Costs
Current Year	None	

Schedule of Passenger Facility Charges Collected and Expended

Year Ended September 30, 2020

Cumulative Balance - September 30, 2019	354,316
Receipts	
Passenger Facility Charges	3,101,137
Interest Income	3,278
Total Receipts	3,104,415
Disbursements	
Application No. 00-04-C-03-SRQ	3,382,730
Total Disbursements	3,382,730
Decrease in cash balances	(278,315)
Cumulative Balance - September 30, 2020	76,001

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

Notes to Schedule of Passenger Facility Charges Collected and Expended

Year Ended September 30, 2020

Note 1 - General

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

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

Since 1995, the Federal Aviation Administration (FAA) has approved five PFC applications and amendments submitted by the Sarasota Manatee Airport Authority (the "Authority"). The Authority is currently authorized to collect PFCs in the amount of $4.50 per enplaned passenger up to a total for approved collections of approximately $84 million. Project expenditures may include amounts for the payment of principal, interest, and other financing costs on bonds for which the proceeds are used to pay PFC-eligible costs on approved projects.

As of September 30, 2020, the Authority had received approximately $68 million of PFC revenue and $4 million of interest earnings. The Authority had expended approximately $72 million on approved projects and debt repayments.

Note 2 - Basis of Presentation

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

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January 8, 2021

To the Members of the Board
Sarasota Manatee Airport Authority

We have audited the financial statements of the Sarasota Manatee Airport Authority (the "Authority") as of and for the year ended September 30, 2020 and have issued our report thereon dated January 8, 2021. Professional standards require that we provide you with the following information related to our audit, which is divided into the following sections:

Section I - Required Communications with Those Charged with Governance

Section II - Management Letter and State Reporting Requirements

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

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

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

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

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

Very truly yours,

Plante & Moran, PLLC

Pamela L. Hill
Partner

Rumzei Abdallah
Senior Audit Manager

Section I - Required Communications with Those Charged with Governance

Our Responsibility Under U.S. Generally Accepted Auditing Standards

As stated in our engagement letter dated August 5, 2020, our responsibility, as described by professional standards, is to express an opinion about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities. Our responsibility is to plan and perform the audit to obtain reasonable, but not absolute, assurance that the financial statements are free of material misstatement.

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

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

Our audit of the Authority's financial statements has also been conducted in accordance with *Government Auditing Standards*, issued by the Comptroller General of the United States. Under *Government Auditing Standards*, we are obligated to communicate certain matters that come to our attention related to our audit to those responsible for the governance of the Authority, including compliance with certain provisions of laws, regulations, contracts, and grant agreements; certain instances of error or fraud; illegal acts applicable to government agencies; and significant deficiencies in internal control that we identify during our audit. Toward this end, we issued a separate letter dated January 8, 2021 regarding our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements.

Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing previously communicated to you in our meeting about planning matters on August 7, 2020.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

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

No new accounting policies were adopted, and the application of existing policies was not changed during the fiscal year ended September 30, 2020.

We noted no transactions entered into by the Authority during the year for which there is a lack of authoritative guidance or consensus.

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

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

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

The most sensitive estimate affecting the financial statements was the estimate of the net pension liability and related disclosures. Management's estimate of the net pension liability and related disclosures is based on actuarial valuations and other financial data. We evaluated the key factors and assumptions used to develop the estimates in determining that they are reasonable in relation to the financial statements taken as a whole.

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

Difficulties Encountered in Performing the Audit

We encountered no difficulties in dealing with management in performing and completing our audit.

Disagreements with Management

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

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

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. We did not detect any misstatements as a result of audit procedures.

Significant Findings or Issues

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

Management Representations

We have requested certain representations from management that are included in the management representation letter dated January 8, 2021.

Management Consultations with Other Independent Accountants

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

Other Information in Documents Containing Audited Financial Statements

Our responsibility for other information in documents containing the Authority's financial statements and report does not extend beyond the financial statements. We do not have an obligation to determine whether or not such other information is properly stated. However, we read the financial statements with management's discussion and analysis, including the supplementary and compliance reports and schedules, and nothing came to our attention that caused us to believe that such information, or its manner of presentation, is materially inconsistent with the information or manner of its presentation appearing in the financial statements.

Section II - Management Letter and State Reporting Requirements

Report on the Financial Statements

We have audited the financial statements of the Enterprise Fund and the Pension Trust Fund of the Sarasota Manatee Airport Authority as of and for the fiscal year ended September 30, 2020 and have issued our report thereon dated January 8, 2021.

Auditor's Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and, as it relates to the federal compliance audit, the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the "Uniform Guidance") and the *Passenger Facility Charge Audit Guide for Public Agencies*, issued by the Federal Aviation Administration.

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

Other Reporting Requirements

We have issued our independent auditor's report on internal control over financial reporting and on compliance and other matters based on an audit of the financial statements performed in accordance with *Government Auditing Standards*; independent auditor's report on compliance for each major federal program and state project and report on internal control over compliance required by the Uniform Guidance; schedule of findings and questioned costs; and 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. This letter should be considered in conjunction with those reports and schedules, which are dated January 8, 2021.

Prior Audit Findings

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

Official Title and Legal Authority

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

Financial Condition and Management

Sections 10.554(1)(i)5.a. and 10.556(7), Rules of the Auditor General, require us to apply procedures and communicate the results of our determination as to whether or not the Authority has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and to identify the specific condition(s) met. Management of the Authority has determined that the Authority does not meet any of the conditions that are used in the determination of a financial emergency, as described in Section 218.503(1), Florida Statutes. In connection with our audit of the financial statements, the results of our tests did not indicate that the Authority has met any of the conditions in Section 218.503(1), Florida Statutes.

Pursuant to Sections 10.554(1)(i)5.b. and 10.556(8), Rules of the Auditor General, we applied financial condition assessment procedures for the Authority based on the audited financial statements as of and for the year ended September 30, 2020. It is management's responsibility to monitor the Authority's financial condition, and our financial condition assessment was based in part on representations made by management and review of financial information provided by same.

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

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. Please see the report on internal control over financial reporting dated January 8, 2021.

Purpose of This Section

Section II of this letter is intended solely to communicate certain matters prescribed by Chapter 10.550, Rules of the Auditor General. Accordingly, this section is not suitable for any other purpose.

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

To the Members of the Board
Sarasota Manatee Airport Authority

We have examined the Sarasota Manatee Airport Authority's (the "Authority") compliance with the local government investment policies required by Section 218.415, Florida Statutes, during the year ended September 30, 2020. The Authority's management is responsible for the Authority's compliance with the specified requirements. Our responsibility is to express an opinion on the Authority's compliance with the specified requirements based on our examination.

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

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

In our opinion, the Authority complied, in all material respects, with the local government investment policies required by Section 218.415, Florida Statutes, during the year ended September 30, 2020.

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

Plante & Moran, PLLC

January 8, 2021