

# **SARASOTA MANATEE AIRPORT AUTHORITY**

## **Annual Financial Report**

### **Fiscal Year 2021**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEARS ENDED  
September 30, 2021 and 2020  
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, 2021 and September 30, 2020**

**Prepared by:  
Finance Department**

# Sarasota Manatee Airport Authority

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## **Independent Auditor's Report**

To the Members of the Board  
Sarasota Manatee Airport Authority

### **Report on the 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, 2021 and 2020 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, 2021 and 2020 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.

#### ***Emphasis of Matter***

In the year ended September 30, 2021, the Authority adopted new accounting guidance for Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*, and GASB Statement No. 90, *Majority Equity Interests*. Our opinions are not modified with respect to this matter.

To the Members of the Board  
Sarasota Manatee Airport Authority

**Other Matters**

*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 18, 2022 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.



January 18, 2022

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, 2021 and 2020 with comparative information for the year ended September 30, 2019. 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 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. The ARFF building and Runway 14/32 were updated, and numerous terminal improvements were completed in 2020. With the significant increase in passengers during fiscal year 2021, the fuel farm and multiple parking lots were expanded, Taxiway B and a new maintenance hangar were under construction, and the stormwater system project was completed.

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 2021 financial results reflect changes to both operating and non-operating revenues and expenses due to the significant increase in passengers with the arrival of Southwest Airlines in February 2021. 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, due to the global pandemic of COVID-19, which caused a major disruption in both terminal and landside concession revenue. The Authority worked 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, and providing relief to make sure the Airport and its airlines and concessions continue to have an effective partnership.

The Coronavirus Aid, Relief, and Economic Security Act (CARES), was signed into law on March 27, 2020 to address the crisis created by the COVID-19 pandemic and includes among its relief measures direct aid in the form of grants for airports. The Airport Authority was awarded \$23.3M in CARES Act grant funds. The Airport Authority drew \$14.2M in fiscal year 2021 and \$9.1M in fiscal year 2020. The Coronavirus Response and Relief Supplemental Appropriation Act (CRRSAA) was signed into law on December 27, 2020, and includes nearly \$2 billion in funds to be awarded as economic relief to eligible U.S. airports and eligible concessions at those airports to prevent, prepare for, and respond to the coronavirus disease pandemic. To distribute these funds, the FAA established the Airport Coronavirus Response Grant Program (ACRGP) to make grants to all airports that are part of the national airport system. The Airport Authority was awarded \$4.3M in ACRGP grant funds. The Airport Authority drew all funds in fiscal year 2021.

Due to the decline in Airport passengers beginning March 2020, 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 from April 2020 through March 31, 2021. In addition to the suspensions, the food and beverage and the gift shop agreements contain a provision addressing MAG suspension for a severe decline in passengers, so their MAG was not reinstated until May 2021. These concessionaires experienced financial losses directly related to the decline in passengers.

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

**The Authority and Airport Activity Highlights (continued)**

Airport activities during 2021 as compared to 2020, and 2020 compared to 2019 are as follows:

	<u>FY 2021</u>	<u>FY 2020</u>	<u>% Increase (Decrease)</u>	<u>FY 2019</u>	<u>% Increase (Decrease)</u>
Enplanements	<b>1,282,902</b>	735,257	<b>74.5%</b>	887,284	-17.1%
Aircraft Operations	<b>145,745</b>	124,329	<b>17.2%</b>	129,508	-4.0%
Landed Weight	<b>1,743,996,522</b>	981,646,329	<b>77.7%</b>	968,778,550	1.3%

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, 2021, 2020, and 2019:

Fiscal year 2021 operating revenue increased by 23% from 2020 due to the increase in passenger volume impacting car rentals, concessions, and parking fees. Fiscal year 2020 operating revenue decreased by 15% from 2019 due to COVID-19 impacting building rentals, concessions, and parking fees. A large percentage of operating revenues at the Authority is directly related to passenger volumes.

In fiscal year 2021, operating expenses before depreciation and amortization increased 11.5% from 2020 due to salaries, legal fees, and increase in costs associated with increase in passengers. In fiscal year 2020, operating expenses before depreciation and amortization increased 0.7% from 2019 due to maintenance costs.

Non-operating revenues and expenses in fiscal year 2021 increased 85.9% from 2020 from the addition of the non-capital grants from CARES Act and ACRGP relief program and from the increase of Passenger Facility and Customer Facility charges. 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.

Capital contributions decreased 17.7% in 2021. Capital contributions increased 38.4% in 2020. These fluctuations are influenced by factors such as grant availability and project timing.



### Summary of Operations and Changes in Net Position

	<u>FY 2021</u>	<u>FY 2020</u>	<u>FY 2019</u>
Operating revenues	\$ 23,521,672	19,135,466	\$ 22,523,646
Operating expenses	<u>(32,074,810)</u>	<u>(30,009,435)</u>	<u>(29,694,049)</u>
Loss before non-operating revenues and expenses	<u>(8,553,138)</u>	<u>(10,873,969)</u>	<u>(7,170,403)</u>
Non-operating revenues and expenses, net	<u>29,112,999</u>	<u>15,662,654</u>	<u>7,267,723</u>
Income before capital contributions	<u>20,559,861</u>	<u>4,788,685</u>	<u>97,320</u>
Capital contributions	<u>8,985,074</u>	<u>10,915,268</u>	<u>7,886,313</u>
Increase in Net Position	<u>29,544,935</u>	<u>15,703,953</u>	<u>7,983,633</u>
Net Position - beginning of year	<u>189,129,788</u>	<u>173,425,835</u>	<u>165,442,202</u>
Net Position - end of year	<u>\$ 218,674,723</u>	<u>189,129,788</u>	<u>\$ 173,425,835</u>

### Summary of Net Position

Over time, net position may serve as a useful indicator of the Authority's financial position. The Authority's assets and deferred outflow of resources exceeded liabilities and deferred inflow of resources by approximately \$218.7 million at September 30, 2021, a net \$29.5 million increase over September 30, 2020. The Authority's assets and deferred outflow of resources exceeded liabilities and deferred inflow by approximately \$189.1 million at September 30, 2020, a net \$15.7 million increase from the September 30, 2019 balance.

	<u>FY 2021</u>	<u>FY 2020</u>	<u>FY 2019</u>
Assets:			
Current assets	\$ 48,762,568	\$ 30,871,992	\$ 23,838,731
Noncurrent assets	<u>180,559,376</u>	<u>167,973,800</u>	<u>158,199,099</u>
Total Assets	<u>\$ 229,321,944</u>	<u>\$ 198,845,792</u>	<u>\$ 182,037,830</u>
Deferred outflow of resources	<u>\$ 1,058,636</u>	<u>\$ 1,494,686</u>	<u>\$ 2,193,603</u>
Liabilities:			
Other liabilities	\$ 6,704,909	\$ 5,401,059	\$ 4,532,345
Net pension and OPEB liability	<u>3,723,725</u>	<u>5,809,631</u>	<u>6,008,085</u>
Total Liabilities	<u>\$ 10,428,634</u>	<u>\$ 11,210,690</u>	<u>\$ 10,540,430</u>
Deferred inflow of resources	<u>\$ 1,277,223</u>	<u>\$ -</u>	<u>\$ 265,168</u>
Net Position:			
Net investment in capital assets	\$ 171,584,586	\$ 163,435,153	\$ 155,518,134
Restricted	<u>8,974,790</u>	<u>4,538,647</u>	<u>2,680,965</u>
Unrestricted	<u>38,115,347</u>	<u>21,155,988</u>	<u>15,226,736</u>
Total net position	<u>\$ 218,674,723</u>	<u>\$ 189,129,788</u>	<u>\$ 173,425,835</u>

The largest portion of the Authority's net position each year represents its investment in capital assets (e.g., land, buildings, improvements, and equipment), less the related indebtedness outstanding used to acquire and construct those capital assets. The Authority had no related debt for the years ended 2021, 2020, and 2019. 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 the four principal commercial air carriers that served the airport at that time. For 2021, the signatory airlines were Delta Air Lines, JetBlue Airways, American Airlines, United Airlines, Southwest Airlines and Allegiant Air. Southwest Airlines started service in February 2021, and Allegiant Air changed from a Non-Signatory to Signatory in July 2021. In 2020, 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 an additional year to September 30, 2024 and excluded all CARES Act funds or any subsequent, federal, state, or local funds from the year-end reconciliation. In return, the Authority waived the previously deferred six-month fixed rents and waived an additional 12 months of fixed rents. To assist and encourage airlines to continue to increase their service, another amendment was made on January 25, 2021 to provide the Signatory airlines with an added fee relief by issuing them a credit of 10% of the joint use charges from October 1, 2020 through March 31, 2021. The signatory airlines 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.

### **Budgeted Rates and Charges**

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

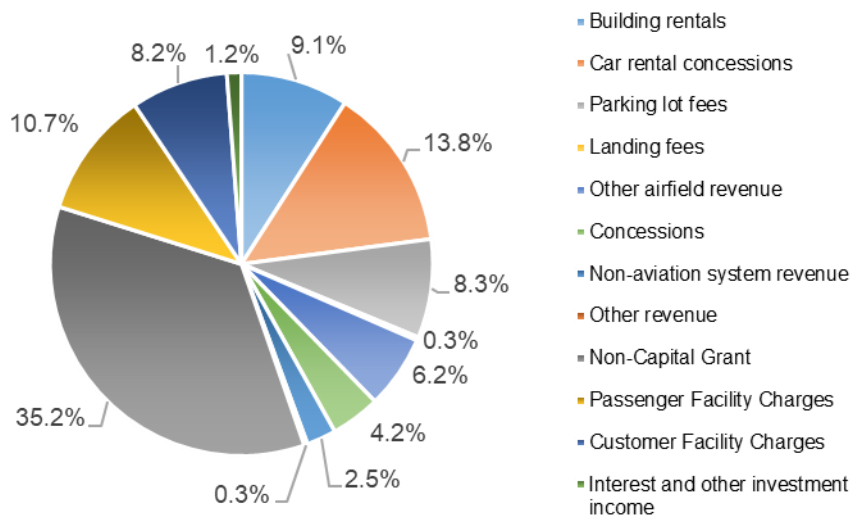
	<b><u>FY 2021</u></b>	<u>FY 2020</u>	<u>FY 2019</u>
Landing fee (per 1,000 lbs. landed weight)			
Signatory	<b>\$ 0.48</b>	\$ 0.63	\$ 0.45
Non-Signatory	<b>\$ 0.60</b>	0.79	0.57
Average terminal rate (per square foot)			
Signatory	<b>61.67</b>	63.38	64.68
Non-Signatory	<b>77.09</b>	79.23	80.85
Apron fee rental (per linear foot)	<b>235.72</b>	238.54	264.77
Air cargo facility (per square foot)	<b>11.22</b>	11.22	11.22

Sarasota Manatee Airport Authority  
Management's Discussion and Analysis  
September 30, 2021 and 2020

Airport revenues during 2021 as compared to 2020, and 2020 compared to 2019 are as follows:

	<b>2021 Amount</b>	Percent of Total	(Decrease) Increase from 2020	Percent (Decrease) Increase	(Decrease) Increase from 2019	Percent (Decrease) Increase
<b>Operating Revenues:</b>						
Building rentals	\$ 4,792,624	9.1%	\$ (1,610,638)	-25%	\$ (369,163)	-5%
Car rental concessions	7,267,879	13.8%	3,302,858	83%	(439,965)	-10%
Parking lot fees	4,385,605	8.3%	1,848,046	73%	(1,287,476)	-34%
Landing fees	152,930	0.3%	(307,515)	-67%	343,365	293%
Other airfield revenue	3,251,654	6.2%	308,357	10%	79,150	3%
Concessions	2,202,171	4.2%	913,913	71%	(493,275)	-28%
Non-aviation system revenue	1,317,325	2.5%	80,991	7%	(1,175,810)	-49%
Other revenue	151,484	0.3%	(149,806)	-50%	(45,006)	-13%
<b>Total Operating Revenues</b>	<b>23,521,672</b>	<b>44.7%</b>	<b>4,386,206</b>	<b>23%</b>	<b>(3,388,180)</b>	<b>-15%</b>
<b>Non-Operating Revenues:</b>						
Non-Capital Grant	18,507,288	35.2%	9,385,958	103%	9,121,330	-
Passenger Facility Charges	5,649,576	10.7%	2,571,349	84%	(769,795)	-20%
Customer Facility Charges	4,316,337	8.2%	1,491,194	53%	148,274	6%
Interest and other investment income	645,627	1.2%	167,726	35%	(286,066)	-37%
Other miscellaneous	-	0.0%	(160,053)	-100%	160,053	100%
<b>Total Non-Operating Revenues</b>	<b>29,118,828</b>	<b>55.3%</b>	<b>13,456,174</b>	<b>86%</b>	<b>8,373,796</b>	<b>115%</b>
<b>Total Revenues</b>	<b>\$ 52,640,500</b>	<b>100.0%</b>	<b>\$ 17,842,380</b>	<b>51%</b>	<b>\$ 4,985,616</b>	<b>17%</b>

The following chart shows the major sources and the percentage of revenues for the year ended September 30, 2021:

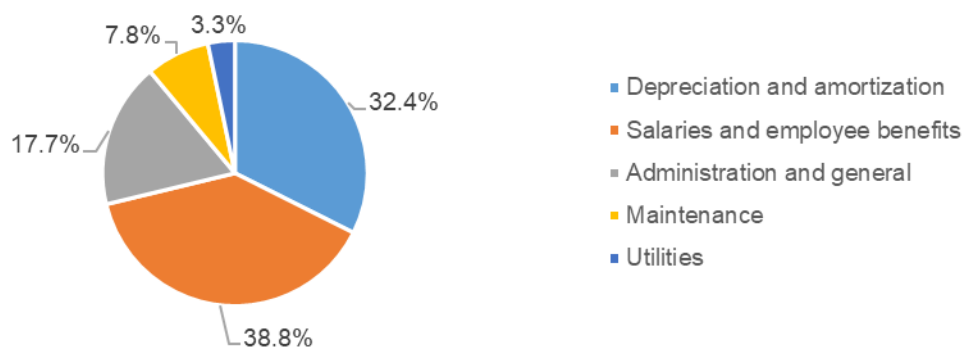


## Expenses

A summary of expenses for the year ended September 30, 2021 and the amount and percentage of change in relation to 2020 and 2019 amounts are as follows:

	2021 Amount	Percent of Total	(Decrease) Increase from 2020	Percent (Decrease) Increase	Increase (Decrease) from 2019	Percent Increase (Decrease)
Operating Expenses:						
Depreciation and amortization	\$ 10,392,027	32.4%	\$ (177,370)	-2%	\$ 176,200	2%
Salaries and employee benefits	12,456,408	38.8%	749,084	6%	(210,591)	-2%
Administration and general	5,667,841	17.7%	971,877	21%	(25,205)	-1%
Maintenance	2,497,570	7.8%	378,922	18%	471,019	29%
Utilities	1,060,964	3.3%	142,862	16%	(96,037)	-9%
Total Operating Expenses	<u>\$ 32,074,810</u>	<u>100.0%</u>	<u>\$ 2,065,375</u>	<u>7%</u>	<u>\$ 315,386</u>	<u>1%</u>

The following chart shows the major cost centers and the percentage of expenses for the year ended September 30, 2021:



## Summary of Cash Flow Activities

The following shows 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 2021	FY 2020	FY 2019
Cash Flows from (used for) Operating Activities	\$ 1,154,854	\$ (2,576,538)	\$ (333,427)
Cash Flows from Non-Capital Financing Activities	18,507,288	9,121,330	-
Cash Flows from (used for) Capital and Related Financing Activities	9,074,770	(7,983,730)	(341,314)
Cash Flows from (used for) Investing Activities	<u>5,857,750</u>	<u>6,372,251</u>	<u>(585,383)</u>
Net increase (decrease) in Cash and Cash Equivalents	<b>34,594,662</b>	4,933,313	(1,260,124)
Cash and Cash Equivalents:			
Beginning of Year	<u>17,601,237</u>	<u>12,667,924</u>	<u>13,928,048</u>
End of Year	<u>\$ 52,195,899</u>	<u>\$ 17,601,237</u>	<u>\$ 12,667,924</u>

### Summary of Cash Flow Activities (continued)

The Authority's available cash and cash equivalents increased from approximately \$17.6 million at the end of fiscal year 2020 to approximately \$52.2 million at the end of fiscal year 2021 and 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. The increase in cash from fiscal year 2020 to fiscal year 2021 was due to receipt of \$24.9 million in COVID-19 related federal funding, significant increases in Passenger Facility and Customer Facility Charges, and increases in operating revenues.

### 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
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%
<b>2021</b>	<b>1,282,902</b>	<b>74.5%</b>	<b>0.09%</b>

#### Calendar Year Historical Passenger Enplanements

Calendar Year	Total	Yearly Percent (Decrease) Increase	Airport as Percent of U.S. Total
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%
<b>2020</b>	<b>616,798</b>	<b>-37.0%</b>	<b>0.08%</b>

**Airport Statistics (continued)**

Fiscal Year	Airline Aircraft Departures		
	Total Departures	Average Daily Departures	Enplaned Passengers per Departure
2017	5,624	15	106
2018	6,343	17	101
2019	8,051	22	110
2020	8,154	22	90
2021	14,049	38	91

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.

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 SRQ 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 fiscal year 2020, which was a decrease of 17.1% from 2019.

For fiscal year 2021, the airport continued to see a rebound in passengers as airlines shifted their aircraft and routes to beach and mountain destinations. This shift was in response to leisure travel demand for locations that offered individuals the ability to social distance. SRQ's geographical location provided a warm weather, beach destination with a multitude of outdoor amenities including golf, fishing, biking, hiking, and other sports and nature activities. The airport's location, along with the State of Florida's policies to not implement restrictions on hotels, restaurants, or other travel-related businesses, allowed

Florida to remain open for business while many other states were under lockdown requirements. This resulted in increased travel to Florida and several new airline service announcements for SRQ.

On November 19, 2020, Southwest Airlines announced they would begin service at SRQ to four destinations starting on February 14, 2021. This new service quickly expanded to a total of 19 destinations, including Atlanta, Austin, Baltimore, Chicago, Cincinnati, Cleveland, Columbus, Dallas, Denver, Houston, Indianapolis, Kansas City, Milwaukee, Nashville, New York, Pittsburgh, St. Louis, and Washington, DC. By the end of fiscal year 2021, Southwest Airlines was the largest carrier of passengers at SRQ.

Throughout fiscal year 2021, the airport continued to see new air service announcements and growth from all the airlines serving the airport. On January 7, 2021, United Airlines announced new nonstop service to Houston, TX starting February 11, 2021. On January 12, 2021, Allegiant Air announced new nonstop service to Peoria, IL starting on May 27, 2021. On February 9, 2021, Allegiant Air announced new nonstop service to Concord, NC starting on May 28, 2021. On March 2, 2021, American Airlines announced the expansion of their Chicago, IL service to year-round. On March 5, 2021, United Airlines announced the extension of their Denver, CO service through the summer. On March 9, 2021, Delta Air Lines announced the extension of their Detroit, MI service through the summer. On May 17, 2021, Elite Airways announced new nonstop service to White Plains, NY starting July 2, 2021. On June 29, 2021, Allegiant announced new nonstop service to Washington, DC starting on December 18, 2021. On August 10, 2021, Allegiant Air announced new nonstop service to Cedar Rapids, IA starting November 19, 2021, and Tulsa, OK starting December 15, 2021.

For fiscal year 2021, SRQ broke passenger records, including the highest total passengers in a single month with 326,947 passengers in July. The record for most passengers served in a calendar year, previously set in 1990 at 2,010,304, was surpassed in August 2021 with 2,034,538 passengers. In total, 2,555,495 passengers traveled through SRQ during fiscal year 2021, which was an increase of 73.63% over fiscal year 2020.

**Airport Statistics (continued)**

<b>Airline Passenger Enplanements</b>					
Fiscal Years Ended September 30, 2017 - 2021					
	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Delta	339,420	335,329	370,336	200,538	<b>287,055</b>
JetBlue	65,028	77,181	79,227	52,277	<b>64,092</b>
United	49,636	71,772	106,044	88,301	<b>153,018</b>
American	104,716	109,577	153,509	134,815	<b>240,190</b>
Allegiant	-	-	121,098	191,469	<b>230,536</b>
Frontier	-	-	28,856	41,164	<b>38,192</b>
Southwest	-	-	-	-	<b>256,686</b>
Other Airlines <sup>1</sup>	<u>35,113</u>	<u>48,627</u>	<u>28,214</u>	<u>26,693</u>	<u><b>13,133</b></u>
Totals	<u><u>593,913</u></u>	<u><u>642,486</u></u>	<u><u>887,284</u></u>	<u><u>735,257</u></u>	<u><u><b>1,282,902</b></u></u>

<b>Airline Market Shares</b>					
<b>Enplaned Passengers</b>					
Fiscal Years Ended September 30, 2017 - 2021					
	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Delta	57.1%	52.2%	41.7%	27.3%	<b>22.4%</b>
JetBlue	10.9%	12.0%	8.9%	7.1%	<b>5.0%</b>
United	8.4%	11.2%	12.0%	12.0%	<b>11.9%</b>
American	17.6%	17.1%	17.3%	18.3%	<b>18.7%</b>
Allegiant	-	-	13.6%	26.0%	<b>18.0%</b>
Frontier	-	-	3.3%	5.6%	<b>3.0%</b>
Southwest	-	-	-	-	<b>20.0%</b>
Other Airlines <sup>1</sup>	<u>6.0%</u>	<u>7.5%</u>	<u>3.2%</u>	<u>3.7%</u>	<u><b>1.0%</b></u>
Totals	<u><u>100.00%</u></u>	<u><u>100.00%</u></u>	<u><u>100.00%</u></u>	<u><u>100.0%</u></u>	<u><u><b>100.00%</b></u></u>

<sup>1</sup> Includes Air Canada, Elite, Republic, Sun Country, and WestJet



**Airport Statistics (continued)**

<b>Airline Landed Weights</b>					
Fiscal Years Ended September 30, 2017 - 2021					
(in thousand pounds)					
	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Delta	343,754	351,141	376,811	266,421	<b>437,084</b>
JetBlue	71,472	87,133	89,022	66,698	<b>86,497</b>
United	57,044	73,341	129,680	133,516	<b>195,124</b>
American	126,213	120,512	182,082	185,774	<b>318,335</b>
Allegiant	-	-	118,990	241,661	<b>299,187</b>
Frontier	-	-	28,485	53,344	<b>43,654</b>
Southwest	-	-	-	-	<b>346,654</b>
Other Airlines <sup>1</sup>	<u>45,163</u>	<u>66,393</u>	<u>43,708</u>	<u>34,232</u>	<u><b>17,461</b></u>
Totals	<u><u>643,646</u></u>	<u><u>698,520</u></u>	<u><u>968,778</u></u>	<u><u>981,646</u></u>	<u><u><b>1,743,996</b></u></u>

<b>Airline Market Shares</b>					
<b>Landed Weights</b>					
Fiscal Years Ended September 30, 2017 - 2021					
<u>Share of total landed weight</u>					
	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Delta	53.4%	50.3%	38.9%	27.1%	<b>25.1%</b>
JetBlue	11.1%	12.5%	9.2%	6.8%	<b>5.0%</b>
United	8.9%	10.5%	13.4%	13.6%	<b>11.2%</b>
American	19.6%	17.3%	18.8%	18.9%	<b>18.3%</b>
Allegiant	-	-	12.3%	24.6%	<b>17.1%</b>
Frontier	-	-	2.9%	5.4%	<b>2.5%</b>
Southwest	-	-	-	-	<b>19.8%</b>
Other Airlines <sup>1</sup>	<u>7.0%</u>	<u>9.4%</u>	<u>4.5%</u>	<u>3.6%</u>	<u><b>1.0%</b></u>
Totals	<u><u>100%</u></u>	<u><u>100%</u></u>	<u><u>100%</u></u>	<u><u>100.0%</u></u>	<u><u><b>100%</b></u></u>

<sup>1</sup> Includes Air Canada, Elite, Republic, Sun Country, and WestJet

## Aircraft Operations

The volume of aircraft operations at the Airport, as reported by the FAA air traffic control tower, is presented below. Aircraft operations consist of aircraft landings and departures and are reported by the FAA in four categories: air carrier, air taxi and commuter airline, general aviation, and military. Aircraft operations for fiscal year 2021 totaled 145,745.

<b>Aircraft Operations</b>					
Fiscal Years Ended September 30, 2017- 2021					
<u>Fiscal Year</u>	<u>Air Carrier</u>	<u>Air Taxi and Commuter</u>	<u>General Aviation</u>	<u>Military</u>	<u>Total</u>
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
<b>2021</b>	<b>27,831</b>	<b>12,420</b>	<b>102,695</b>	<b>2,799</b>	<b>145,745</b>

## 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 2021, the Authority expended approximately \$18.5 million on capital activities. \$4.3 million was expended on Fuel Farm expansion, \$2.3 million was expended on Maintenance Hangar; \$2.2 million was expended on Stormwater improvements; \$1.7 million on Parking Lot Expansions \$1.4 million on Security upgrades; \$2.1 million on Terminal improvements; \$1.4 million on general improvements \$0.6 million on Consolidated Rent-A-Car Facility; \$0.5 million Baggage Handling System; \$0.4 million on the North Quad and \$0.3 million on the Master Plan. Additionally, \$1.3 million was expended for capital equipment purchases.

During fiscal year 2021, many projects came to completion and were closed from construction-in-progress to their respective capital accounts. These projects totaled approximately \$4 million and were as follows:

ARFF Building Modifications	\$ 1,902,000
Checkpoint Modifications	862,000
Terminal Building Improvements	723,000
Security Improvements	368,000
General Improvements	145,000

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 amendment to PFC #4.

### **Passenger Facilities Charges (PFC) (continued)**

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

On September 8, 2021, the Authority received approval for Application Six for \$9,035,362 to recover costs for 19 additional projects. As a result of the increase in passenger traffic and PFC collections being higher than originally projected, the Authority requested revised expiration dates for Applications Four, Five, and Six on September 29, 2021.

Since inception of the PFC program, the Authority has collected approximately \$77.1 million, including interest earnings, and expended approximately \$77 million of these locally generated funds.

### **Economic Factors, 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 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.

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. For the remainder of the fiscal year, traffic was slow to recover. At SRQ, several routes and destinations were temporarily discontinued through September 30, 2020. By the end of the fiscal year, almost all SRQ's routes had been reinstated in the airline's reservation system.

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

For fiscal year 2021, SRQ broke passenger records, including the highest total passengers in a single month with 326,947 passengers in July. The record for most passengers served in a calendar year, previously set in 1990 at 2,010,304, was surpassed in August 2021 with 2,034,538 passengers. In total, 2,555,495 passengers traveled through SRQ during fiscal year 2021, which was an increase of 73.63% over fiscal year 2020.

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 2021 budget rates and charges resulted in a decrease of 24% to signatory landing fees and a decrease of 3% 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](mailto:anita.eldridge@srq-airport.com).

Sarasota Manatee Airport Authority  
Statements of Net Position  
September 30, 2021 and 2020

<b>Assets</b>	<b>2021</b>	<b>2020</b>
<b>Current Assets</b>		
Cash and cash equivalents	\$ 44,442,423	\$ 13,584,674
Investments	-	5,212,123
Accounts receivable	833,892	2,760,617
Grants receivable	2,714,533	8,729,826
Inventory of materials and supplies	290,571	152,273
Prepaid expenses and other current assets	481,149	432,479
Total current assets	<u>48,762,568</u>	<u>30,871,992</u>
<b>Noncurrent - Restricted Assets</b>		
Cash and cash equivalents	7,753,476	4,016,563
Accounts receivable	1,221,314	522,084
Total noncurrent assets	<u>8,974,790</u>	<u>4,538,647</u>
<b>Capital Assets</b>		
Nondepreciable	76,486,223	63,264,573
Depreciable assets, net	95,098,363	100,170,580
Total capital assets	<u>171,584,586</u>	<u>163,435,153</u>
Total noncurrent assets	<u>180,559,376</u>	<u>167,973,800</u>
Total assets	<u>229,321,944</u>	<u>198,845,792</u>
<b>Deferred Outflow of Resources</b>		
Deferred actuarial losses - pension	<u>1,058,636</u>	<u>1,494,686</u>
Total deferred outflow of resources	<u>1,058,636</u>	<u>1,494,686</u>

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

Sarasota Manatee Airport Authority  
 Statements of Net Position (continued)  
 September 30, 2021 and 2020

<b>Liabilities</b>	<u>2021</u>	<u>2020</u>
Current Liabilities		
Payable from unrestricted assets		
Accounts payable	\$ 5,189,185	\$ 4,212,439
Accrued expenses and other liabilities	<u>1,515,724</u>	<u>1,188,620</u>
Total current liabilities	<u>6,704,909</u>	<u>5,401,059</u>
Non-Current Liabilities		
Net pension liabilities	<u>3,723,725</u>	<u>5,809,631</u>
Total non-current liabilities	<u>3,723,725</u>	<u>5,809,631</u>
Total liabilities	<u>10,428,634</u>	<u>11,210,690</u>
<b>Deferred Inflow of Resources</b>		
Deferred actuarial gains - pensions	<u>1,277,223</u>	<u>-</u>
Total deferred inflow of resources	<u>1,277,223</u>	<u>-</u>
<b>Net Position</b>		
Net investment in capital assets	171,584,586	163,435,153
Restricted	8,974,790	4,538,647
Unrestricted	<u>38,115,347</u>	<u>21,155,988</u>
Total net position	<u>\$ 218,674,723</u>	<u>\$ 189,129,788</u>

*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, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Operating Revenues		
Building rentals	\$ 4,792,624	\$ 6,403,262
Car rental concessions	7,267,879	3,965,021
Parking lot fees	4,385,605	2,537,559
Other airfield revenue	3,251,654	2,943,297
Concessions	2,202,171	1,288,258
Non-aviation system revenue	1,317,325	1,236,334
Landing fees	152,930	460,445
Other revenue	151,484	301,290
Total operating revenues	<u>23,521,672</u>	<u>19,135,466</u>
Operating Expenses		
Depreciation and amortization	10,392,027	10,569,397
Salaries and employee benefits	12,456,408	11,707,324
Administration and general	5,667,841	4,695,964
Maintenance	2,497,570	2,118,648
Utilities	1,060,964	918,102
Total operating expenses	<u>32,074,810</u>	<u>30,009,435</u>
Operating Loss	<u>(8,553,138)</u>	<u>(10,873,969)</u>
Non-Operating Revenues (Expenses)		
Non-capital grant	18,507,288	9,121,330
Passenger Facility Charges	5,649,576	3,078,227
Customer Facility Charge	4,316,337	2,825,143
Interest and other investment income	645,627	477,901
(Loss) gain on disposal of capital assets	(5,829)	160,053
Total non-operating revenues	<u>29,112,999</u>	<u>15,662,654</u>
Income before Capital Contributions	<u>20,559,861</u>	<u>4,788,685</u>
Capital Contributions		
Federal and state grants	8,985,074	10,915,268
Total capital contributions	<u>8,985,074</u>	<u>10,915,268</u>
Change in Net Position	<u>29,544,935</u>	<u>15,703,953</u>
Total net position, beginning of year	<u>189,129,788</u>	<u>173,425,835</u>
Total net position, end of year	<u>\$ 218,674,723</u>	<u>\$ 189,129,788</u>

*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, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Cash Flows from Operating Activities:		
Cash received from customers	\$ 25,694,779	\$ 16,689,779
Cash paid to employees	(12,784,321)	(11,769,927)
Cash paid to suppliers for goods and services	(11,755,604)	(7,496,390)
Net cash provided by (used in) operating activities	<u>1,154,854</u>	<u>(2,576,538)</u>
Cash Flows from Noncapital Financing Activities - CARES Act moneys used in operations	<u>18,507,288</u>	9,121,330
Cash Flows from Capital and Related Financing Activities:		
Purchases of capital assets	(15,192,280)	(17,156,308)
Purchases of intangible assets	-	(16,722)
Proceeds from sale of capital assets	-	160,053
Capital contributions and grants	22,775,856	8,880,973
Customer Facility Charges	1,491,194	148,274
Net cash provided by (used in) capital and related financing activities	<u>9,074,770</u>	<u>(7,983,730)</u>
Cash Flows from Investing Activities:		
Sale of investments	5,188,033	5,954,899
Interest on investments	669,717	417,352
Net cash provided by investing activities	<u>5,857,750</u>	<u>6,372,251</u>
Net Increase in Cash and Cash Equivalents	<u>34,594,662</u>	4,933,313
Cash and Cash Equivalents, beginning of year	<u>17,601,237</u>	12,667,924
Cash and Cash Equivalents, end of year	<u>\$ 52,195,899</u>	<u>\$ 17,601,237</u>
Cash and Cash Equivalents:		
Unrestricted	\$ 44,442,423	\$ 13,584,674
Restricted	7,753,476	4,016,563
	<u>\$ 52,195,899</u>	<u>\$ 17,601,237</u>
Reconciliation of Operating Loss to Net Cash used in Operating Activities:		
Operating loss	\$ (8,553,138)	\$ (10,873,969)
Adjustment to reconcile operating loss to net cash provided by (used in) operations:		
Depreciation	10,300,526	10,419,317
Amortization	91,501	150,080
(Decrease) increase in pension	(372,633)	235,295
Increase (decrease) in accounts and notes receivable	1,926,725	(2,048,079)
Decrease in inventory, prepaid expenses, and other assets	(186,968)	(14,510)
Decrease in accounts payable and accrued expenses	(2,051,159)	(444,672)
Net cash provided by (used in) operating activities	<u>\$ 1,154,854</u>	<u>\$ (2,576,538)</u>
Non-cash investing activities		
Unrealized gain (loss) on investments	<u>\$ 24,090</u>	<u>\$ (60,549)</u>
Non-cash capital activities		
Purchase of capital assets through accounts payable	<u>\$ (3,355,009)</u>	<u>\$ (1,313,386)</u>
(Loss) gain on sale of capital assets	<u>\$ (5,829)</u>	<u>\$ 160,053</u>

*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, 2021 and 2020

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	<u>2021</u>	<u>2020</u>
Assets		
Investments, at fair value		
Equity investments	<b>\$ 9,612,240</b>	\$ 9,009,284
Bonds/Fixed income	<b>16,900,163</b>	15,395,364
Other	<b>1,749,906</b>	1,541,411
Total assets	<b><u>28,262,309</u></b>	<b><u>\$ 25,946,059</u></b>
Net Position		
Restricted for Pensions	<b><u>\$28,262,309</u></b>	<b><u>\$ 25,946,059</u></b>

Sarasota Manatee Airport Authority  
 Statements of Changes in Plan Net Position  
 Pension Trust Fund - Employee Retirement Fund  
 For the Years ended September 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Additions		
Contributions		
Employer	\$ 1,027,763	\$ 1,116,114
Investment income		
Net appreciation in fair value of investments	<u>2,737,996</u>	<u>1,865,349</u>
Total additions	<u>3,765,759</u>	<u>2,981,463</u>
Deductions		
Benefits paid	1,364,984	1,435,913
Administrative expenses	<u>84,525</u>	<u>84,796</u>
Total deductions	<u>1,449,509</u>	<u>1,520,709</u>
Change in net position	2,316,250	1,460,754
Net Position		
Restricted for Pensions		
Beginning of year	<u>25,946,059</u>	<u>24,485,305</u>
End of year	<u>\$ 28,262,309</u>	<u>\$ 25,946,059</u>

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

## 1. Significant Accounting Policies

### Nature of Entity

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

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

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

### Use of Estimates

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

### Basis of Presentation

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

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

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

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

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

### **New Accounting Guidance**

#### *GASB 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 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.

### **Significant Accounting Policies (continued)**

#### *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.

#### *GASB 97: Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*

In June 2020, the GASB issued Statement No. 97 (*Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*). While this standard had certain aspects impacting defined contribution pension and OPEB plans and other employee benefit plans that were effective immediately, it also certifies when a 457 should be considered a pension plan or another employee benefit plan to assist in the application of GASB Statement No. 84 to these types of plans. The provisions of this statement were adopted effective for the Authority's financial statements for the year ended September 30, 2021.

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

Runways, taxiways, and ramps	20-30 years
Building and structures	10-40 years
Site prep, utilities, and drainage	10-40 years
Land improvements	10-20 years
Fencing	7-10 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, stormwater system improvements, master drainage plan, security enhancements, north quad access road, fuel farm expansion, master update, Rent-A-Car renovations and new facility, baggage handling system, Taxiway B construction, and a wayfinding sign project .

### **Significant Accounting Policies (continued)**

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

### **Deferred Outflow/Inflow of Resources**

In addition to assets, the 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



### **Significant Accounting Policies (continued)**

application to the amounts already imposed and used for each project within those applications, effectively closing each one. On July 23, 2009, an amendment to Application Four was approved by the FAA that increased the allowed impose and use amount by \$22,194,844. The Authority estimated this action has extended the charge expiration date to February 2022. The Authority again amended Application Four to reduce the allowed impose and use amount by \$877,886 and extend the estimated charge expiration date to February 2023. The impose and use reduction was due to savings realized from a debt refinancing and defeasance; the charge expiration date was extended due to a reduction in actual and forecast enplanements from prior projections used to estimate the date in the FAA's approval of the 2009 amendment to Application Four. The Authority filed another PFC application (Application Five) to recover its costs in constructing the new Air Traffic Control Tower, and construction and installation of 13 new loading bridges. On May 7, 2019, the Authority received approval for Application Five for \$8,817,424 to recover its costs in constructing the new Air Traffic Control Tower, and construction and installation of 13 new loading bridges with a projected charge expiration date of February 2023. Application Five will take effect upon the expiration of Application Four. The Authority filed another PFC application (Application Six) to recover its costs related to 19 projects. On September 8, 2021, the Authority received approval for Application Six for \$9,035,363. Application Six will take effect upon the expiration of Application Five.

### **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 24, 2021, the Authority negotiated a three-year extension to both the concession and land lease agreements to extend the expiration dates to September 30, 2024. The CFC was increased from \$3.00 to \$4.50 on June 1, 2019, and increased again on June 1, 2021, from \$4.50 to \$5.50 per rental day to continue further projects aimed at providing RAC customers a higher level of customer service and for the construction of a Consolidated Rental Car Facility to provide a joint storage and service facility. The cost of this facility is projected at \$22 million and will be completed by approximately spring 2024.

### **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

### **Significant Accounting Policies (continued)**

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 2020 through March 2021.

*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.

*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).

### **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, 2021 and 2020 is approximately \$52.2 million and \$17.6 million, respectively.

#### **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).

**Cash, Cash Equivalents, and Investments (continued)**

- Level 1 – Inputs are unadjusted quoted prices for identical assets or liabilities in active markets that the Authority has the ability to access.
- Level 2 – Inputs include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in inactive markets, inputs other than quoted prices that are observable for the asset or liability, and inputs that are derived principally from or corroborated by observable market data by correlation or other means. If the asset or liability has a 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, 2021, the Authority had \$0 in investments. As of September 30, 2020, investments and maturities were as follows:

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. Certificate of Deposit	\$ 3,023,090 2,189,033	\$ 2,022,420 2,189,033	\$ 1,000,670 -	\$ - -	0.04 0.02	\$ 3,023,090 2,189,033
Total Unrestricted	<u>\$ 5,212,123</u>	<u>\$ 4,211,453</u>	<u>\$ 1,000,670</u>	<u>\$ -</u>		<u>\$ 5,212,123</u>

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

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

*Credit Risk* – The Authority is authorized under Florida Statutes, Section 218.415(16) and Section 5(21) of Chapter 2003-309, Laws of Florida, to invest in certain investments. The Authority had no investments as of September 30, 2021, since the earnings rate negotiated as part of our banking services contract was so much greater.

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

*Concentration of Credit Risk* – The Authority’s investment policy established limitations of portfolio composition in order to control concentration of credit risk. The policy allows 100% of the portfolio to be invested in U.S. Treasury bills or notes, 75% to be invested in near cash accounts such as the State investment pool or money market accounts, 65% to be invested in other U.S. government agencies, 75% to be invested in certificates of deposit, 30% to be invested in commercial paper, and 25% to be invested in bankers acceptances. No more than 30% of the entire portfolio may be purchased through one security dealer or bank. At the January 2021 meeting, the board approved a temporary waiver of the investment limitation through September 30, 2021, to allow the authority to invest 100% in cash to continue to earn above-market yield. The Authority had no securities as of September 30, 2021. The Authority places no limit on the amount it may invest in any one issuer.

**Cash, Cash Equivalents, and Investments (continued)**

**Deposits and Investments – Pension Trust Fund**

*Deposits* – At September 30, 2021 and 2020, 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, 2021 and 2020, the plan held investments as indicated below:

	Fair Value 2021	Effective Duration	Measured at NAV 2021
Investments Measured at Net Asset Value (NAV)			
Large U.S. Equity	\$ 5,623,611	N/A	\$ 5,623,611
Small/Mid U.S. Equity	916,386	N/A	916,386
International Equity	3,072,243	N/A	3,072,243
Fixed Income Investments	16,900,163	6.13	16,900,163
Other	1,749,906	N/A	1,749,906
	<u>\$ 28,262,309</u>		<u>\$ 28,262,309</u>

	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
Fixed Income Investments	15,395,363	6.13	15,395,363
Other	1,541,411	N/A	1,541,411
	<u>\$ 25,946,059</u>		<u>\$ 25,946,059</u>

**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	Unfunded	Redemption	Redemption
	2021	Commitments	Frequency	Notice
				Period
Investments by Fair Value Level				
Large U.S. Equity (a)	\$ 5,623,611	-	Daily	1 Day
Small/Mid U.S. Equity (b)	916,386	-	Daily	1 Day
International Equity (c)	3,072,243	-	Daily	1 Day
Fixed Income Investments (d)	16,900,163	-	Daily	1 Day
Other (e)	1,749,906	-	Daily	1 Day
Total Investments	<u>\$ 28,262,309</u>			

	Fair Value	Unfunded	Redemption	Redemption
	2020	Commitments	Frequency	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
Balanced/Asset Allocation (d)	15,395,363	-	Daily	1 Day
Fixed Income Investments (e)	1,541,411	-	Daily	1 Day
Total Investments	<u>\$ 25,946,059</u>			

**(a) Large U.S. Equity**

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

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

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

**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 fund may invest up to 30% of the fund's assets using an index sampling strategy designed to match the performance of the Russell 2000® Growth Index.

**(c) International Equity**

**Origin Emerging Markets Separate Account-Z** - The investment seeks long-term growth of capital. 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 (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, or derives a majority of its revenue from emerging markets.

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

**Cash, Cash Equivalents, and Investments (continued)**

**Diversified International Separate Account-Z** - The investment option normally invests the majority of assets in companies in at least three different countries. It invests in securities of companies with their principal place of business or principal office outside of the United States; companies for which the principal securities trade on a foreign exchange; and companies, regardless of where their securities are traded, that derive 50% or more of their total revenue from goods or services produced or sold outside of 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 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 20, 2020, a contractual limitation will delay the payment of most withdrawal or transfer requests from the Principal U.S. Property Separate Account (Separate Account) but for no more than three years from the effective date. In accordance with the terms of your employer's group annuity contract, delayed payment requests will be honored proportionately. This means transactions may be processed in a series of payments until enough cash is available to pay obligations. The Separate Account invests the majority of assets in owned private equity commercial real estate. It focuses on properties anticipated to return both lease income and appreciation of



**Cash, Cash Equivalents, and Investments (continued)**

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, 2021 for credit risk as follows:

Rating (S&P,Moody's)	Fixed Income		
	Core Fixed Income	Bond Market Index	High Income Separate
AAA	\$ 4,893,136	\$ 2,578,531	\$ 59,343
AA	224,849	106,867	-
A	2,179,486	423,136	-
BBB	4,174,572	501,842	4,179
BB	254,591	-	392,417
B	134,433	-	605,690
Below B	24,983	-	300,477
Not Rated	10,706	-	30,925
<b>Total Fair Value</b>	<b>\$ 11,896,756</b>	<b>\$ 3,610,376</b>	<b>\$ 1,393,031</b>

*Concentration of Credit Risk* – At September 30, 2021 and 2020, each of the fixed-income investments, as previously disclosed, that represents 5% or more of net position available for benefits is as follows:

	2021	2020
Principal Financial Group ("PFG")	<b>28,262,309</b>	\$ 25,946,059

*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, 2021 and 2020 is as follows:

	Balance at September 30, 2020	Additions	Transfers and Deletions	Balance at September 30, 2021
Capital assets, not being depreciated:				
Land	\$ 22,583,552	\$ -	\$ -	\$ 22,583,552
Aviation easements	19,662,419	-	-	19,662,419
Construction in progress	21,018,602	17,212,205	(3,990,555)	34,240,252
Total capital assets not being depreciated	63,264,573	17,212,205	(3,990,555)	76,486,223
Capital assets, being depreciated and amortized:				
Intangibles	1,887,989	-	-	1,887,989
Site prep, utilities, and drainage	13,887,064	-	-	13,887,064
Buildings and structures	128,927,789	737,946	3,262,714	132,928,449
Runways, taxiways, and ramps	87,098,348	-	-	87,098,348
Land improvements	28,085,201	30,000	134,995	28,250,196
Fencing	633,505	-	-	633,505
Light and signs	5,762,027	-	-	5,762,027
Computers	2,999,688	8,187	473,060	3,480,935
Equipment, furniture, and fixtures	17,968,936	564,780	(198,481)	18,335,235
Total capital assets, being depreciated and amortized	287,250,547	1,340,913	3,672,288	292,263,748
Less accumulated depreciation and amortization for:				
Intangibles	(1,641,289)	(91,501)	-	(1,732,790)
Site prep, utilities, and drainage	(13,887,064)	-	-	(13,887,064)
Buildings and structures	(64,712,107)	(4,364,034)	6,575	(69,069,566)
Runways, taxiways, and ramps	(70,399,208)	(2,690,455)	-	(73,089,663)
Land improvements	(17,327,580)	(1,134,494)	-	(18,462,074)
Fencing	(490,816)	(24,052)	-	(514,868)
Light and signs	(4,248,699)	(330,033)	-	(4,578,732)
Computers	(1,939,048)	(531,717)	92,687	(2,378,078)
Equipment, furniture, and fixtures	(12,434,156)	(1,225,741)	207,347	(13,452,550)
Total accumulated depreciation and amortization	(187,079,967)	(10,392,027)	306,609	(197,165,385)
Capital assets, net	\$ 163,435,153	\$ 8,161,091	\$ (11,658)	\$171,584,586

**Capital Assets (continued)**

	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

Depreciation expense for the years ended September 30, 2021 and 2020 on the capital assets above was \$10,300,526 and \$10,419,317, respectively. Amortization expense for the years ended September 30, 2021 and 2020 on the above capital assets was \$91,501 and \$150,080, 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, 2021 and 2020, the Authority reported a liability for the net pension liability of \$3,723,725 and \$5,809,631, respectively. The net pension liability was measured as of October 1, 2020 and October 1, 2019, 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, 2021 and 2020, the Authority recognized pension expense of \$659,130 and \$1,355,409, respectively, and reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>2021</u>		<u>2020</u>	
	<u>Deferred</u>	<u>Deferred</u>	<u>Deferred</u>	<u>Deferred</u>
	<u>Outflows of</u>	<u>Inflows of</u>	<u>Outflows of</u>	<u>Inflows of</u>
	<u>Resources</u>	<u>Resources</u>	<u>Resources</u>	<u>Resources</u>
Difference between expected and actual experience	\$ 30,873	\$ (606,056)	\$ 202,061	\$ -
Effects of changes in assumptions	-	(385,656)	129,988	-
Net difference between expected and net investment income	-	(285,511)	46,523	-
Contribution after measurement period	<u>1,027,763</u>	<u>-</u>	<u>1,116,114</u>	<u>-</u>
<b>Total</b>	<u><u>\$1,058,636</u></u>	<u><u>\$ (1,277,223)</u></u>	<u><u>\$ 1,494,686</u></u>	<u><u>\$ -</u></u>

For the years ended September 30, 2021 and 2020, the Authority reported \$1,027,763 and \$1,116,114, 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, 2022 and 2021, respectively.

**Pension Plan (continued)**

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions as of September 30, 2021 will be recognized in pension expense as follows:

<u>Years Ending September 30</u>	
2022	\$ (427,865)
2023	(379,783)
2024	(349,418)
2025	(89,285)
2026	-

**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 fiscal year counts below were as of the 2020 and 2019 valuation dates.

The Plan’s membership consisted of:

	<u>2021</u>	<u>2020</u>
Active employees	<b>45</b>	46
Retirees and beneficiaries currently receiving benefits	<b>75</b>	75
Terminated employees entitled to benefits, not yet receiving	<b>11</b>	13
Disabled plan members entitled to benefits	<b>1</b>	1
Total	<b><u>132</u></b>	<b><u>135</u></b>

**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.

### **Pension Plan (continued)**

Asset allocation is a strategy that attempts to balance risk versus reward by adjusting the percentage of each asset in an investment portfolio. Based on the principle that asset types perform differently in different market and economic conditions, asset allocation is an important factor in determining returns for an investment portfolio. Target asset allocations are set by ranges by the 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, 2021 and 2020 was 7.56% and 6.11%, respectively.

### **Actuarial Assumptions**

The following is a summary of actuarial methods and assumptions used in the actuarial valuations as of September 30, 2021 and 2020:

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, 2021 valuation were based on the results of an actuarial experience study for the period from October 1, 2020 to September 30, 2021.

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

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. 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 5.50% for 2021 and 5.75% for 2020. 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.

**Pension Plan (continued)**

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

**Changes in Net Pension Liability**

The net pension liability at September 30, 2021 was measured as of September 30, 2020, using the total pension liability that was determined by an actuarial valuation as of September 30, 2020.

	<b>Changes in Net Pension Liability</b>		
	<u>Total Pension Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Net Pension Liability</u>
Balances at measurement date October 1, 2019	\$ 30,294,936	\$ 24,485,305	\$ 5,809,631
Changes for the year			
Service cost	355,832	-	355,832
Interest	1,719,569	-	1,719,569
Differences between expected and actual experience	(834,756)	-	(834,756)
Changes in assumptions	(531,186)	-	(531,186)
Changes in benefit terms	101,302		101,302
Contributions - employer	-	1,116,114	(1,116,114)
Net investment income	-	1,865,349	(1,865,349)
Benefits payments, including refunds of employee contributions	(1,435,913)	(1,435,913)	-
Administrative expense	-	(84,796)	84,796
Total changes for the year	<u>(625,152)</u>	<u>1,460,754</u>	<u>(2,085,906)</u>
<b>Balances at measurement date September 30, 2020</b>	<b><u><u>\$ 29,669,784</u></u></b>	<b><u><u>\$ 25,946,059</u></u></b>	<b><u><u>\$ 3,723,725</u></u></b>

**Pension Plan (continued)**

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.

	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	<u>1,188,392</u>	<u>1,386,846</u>	<u>(198,454)</u>
<b>Balances at measurement date September 30, 2019</b>	<b><u>\$ 30,294,936</u></b>	<b><u>\$ 24,485,305</u></b>	<b><u>\$ 5,809,631</u></b>

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

The following presents the net pension liability of the Authority, calculated under GASB Statement No. 68 using the discount rate of 5.50% for 2021 and 5.75% 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 or 1 percentage point higher than the current rate:

	2021			2020		
	1% Decrease	Current Discount	1% Increase	1% Decrease	Current Discount	1% Increase
	4.50%	5.50%	6.50%	4.75%	5.75%	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



## Pension Plan (continued)

### Long-Term Rate of Return

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

Best estimates of expected real rates of return for each major asset class included in the pension plan's target asset allocation as of September 30, 2021 and 2020 are summarized in the following table:

Asset Class	2021		2020	
	Expected		Expected	
	Real Rate	Target	Real Rate	Target
	Return	Allocation	Return	Allocation
U.S. Equity - Large Cap	5.45%	19.29%	5.45%	19.28%
U.S. Equity - Mid Cap	5.75%	2.17%	5.70%	2.26%
U.S. Equity - Small Cap	6.30%	0.97%	6.25%	1.01%
Non-U.S. Equity - Developed	5.75%	10.99%	5.70%	10.92%
REITS	5.05%	0.29%	5.35%	0.40%
Real Estate (Direct Property)	3.10%	6.15%	3.30%	6.11%
TIPS	1.70%	0.43%	1.25%	0.60%
Core Bond	0.35%	56.74%	1.75%	55.66%
High Yield	3.20%	2.97%	4.20%	3.76%
		<u>100.00%</u>		<u>100.00%</u>

### Pension Plan Reporting: Net Pension Liability

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

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

**Pension Plan (continued)**

*Net Pension Liability Components (Pension Plan Reporting)*

The components of the net pension liability of the retirement systems at September 30, 2021 and 2020 were as follows:

	<u>2021</u>	<u>2020</u>
Total pension liability	\$ 31,896,844	\$ 29,669,784
Plan fiduciary net position	<u>28,262,309</u>	<u>25,946,059</u>
Retirement plan's net pension liability	<u>\$ 3,634,535</u>	<u>\$ 3,723,725</u>
Plan fiduciary net position as a percentage of the total pension liability	88.61%	87.45%

*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, 2020 and October 1, 2019 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, 2021 and 2020 was determined based on a roll-forward of entry age normal liabilities from the October 1, 2020 and October 1, 2019 actuarial valuations, using the following actuarial assumptions, applied to all periods included in the measurement:

	<u>2021</u>	<u>2020</u>
Long-term inflation:	2.25%	2.25%
Salary increases range from:	3.38% to 5.68% depending on age	3.38% to 5.68% depending on age
Long-term rate of return:	5.00%	5.50%
Mortality rate table:	PubG-2010 General below median base rate mortality table projected to future years with historical and assumed mortality improvement scale	PubG-2010 General below median base rate mortality table projected to future years with historical and assumed mortality improvement scale

*Actuarial Changes from the Prior Year for 2021*

Mortality rate tables have been updated, and the retirement age for inactives changed from 65 to 62 years of age.

### Pension Plan (continued)

#### 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.

### 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, 2021 and 2020 are summarized in the following table:

Asset Class	2021		2020	
	Expected Real Rate Return	Target Allocation	Expected Real Rate Return	Target Allocation
U.S. Equity - Large Cap	6.20%	20.13%	6.20%	19.29%
U.S. Equity - Mid Cap	6.20%	2.28%	6.20%	2.17%
U.S. Equity - Small Cap	6.20%	1.03%	6.20%	0.97%
Non-U.S. Equity - Developed	6.20%	11.35%	6.20%	10.99%
REIT	0.00%	0.00%	5.65%	0.29%
Real Estate (Direct Property)	5.00%	5.83%	5.00%	6.15%
TIPS	0.00%	0.00%	1.50%	0.43%
Core Bond	2.55%	54.51%	2.45%	56.74%
High Yield	4.20%	4.87%	5.00%	2.97%
		<u>100.00%</u>		<u>100.00%</u>

### Discount Rate

The discount rate used to measure the total pension liability was 5.0% for 2021 and 5.50% for 2020. 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 5.00% for 2021, 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 (4.00%) or 1 percentage point higher (6.00%) than the current rate:

	2021			2020		
	1% Decrease 4.00%	Current Discount 5.00%	1% Increase 6.00%	1% Decrease 4.50%	Current Discount 5.50%	1% Increase 6.50%
	Authority's net pension liability	\$ 7,055,663	\$ 3,634,535	\$ 704,937	\$ 6,875,968	\$ 3,723,725

**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 \$4.9 million and \$3.8 million as of September 30, 2021 and 2020, 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 \$2.6 million and \$2.1 million as of September 30, 2021 and 2020, respectively. For the years ended September 30, 2021 and 2020, the Authority recognized pension expense of \$355,035 and \$321,423, 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 for the fiscal year ended September 30, 2021, and 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 six of the principal commercial air carriers that serve the airport. For 2021, the signatory airlines were Delta Air Lines, JetBlue Airways, American Airlines, United Airlines, Southwest Airlines, and Allegiant Air. For 2020, the signatory airlines were Delta Air Lines, JetBlue Airways, American Airlines, and United Airlines. Southwest Airlines started service in February 2021, and Allegiant went from Non-Signatory to Signatory in July 2021.

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 2021 year-end adjustment to actual was an over-collection of \$585,526. This amount is due to the signatory airlines and is included in accounts payable at September 30, 2021. 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,	Car Rental			Total
	Restaurants	Agencies	Other	
2022	\$ 631,188	\$ 5,805,737	\$ 2,290,920	\$ 8,727,845
2023	578,589	5,805,737	2,231,436	8,615,762
2024	-	5,805,737	1,676,360	7,482,097
2025	-	-	1,610,744	1,610,744
2026	-	-	1,472,559	1,472,559
2027 - 2031	-	-	6,475,114	6,475,114
2032 - 2036	-	-	5,913,710	5,913,710
2037 - 2041	-	-	3,901,958	3,901,958
2042 - 2046	-	-	1,317,490	1,317,490
2047 - 2051	-	-	1,317,490	1,317,490
2052 - 2056	-	-	1,316,269	1,316,269
2057 - 2061	-	-	787,817	787,817
2062 - 2066	-	-	739,347	739,347
2067 - 2071	-	-	160,656	160,656
2072 - 2076	-	-	131,203	131,203
Total	<u>\$ 1,209,777</u>	<u>\$ 17,417,211</u>	<u>\$ 31,343,073</u>	<u>\$ 49,970,061</u>

Rents received from non-airline leases and concession agreements amounted to approximately \$8,451,000 and \$6,053,000 for the years ended September 30, 2021 and 2020, respectively. Amounts received under contingent rental clauses were approximately \$5,331,000 and \$2,198,000 for the years ended September 30, 2021 and 2020, respectively.

**9. Commitments and Contingencies**

The Authority has entered into contracts to purchase property, plant, and equipment aggregating approximately \$52.8 million as of September 30, 2021. Of that amount, approximately \$22.8 million has been expended, with the remaining amount anticipated to be expended over the next two years. The majority of these expenditures are expected to be reimbursed to the Authority through grant funding.

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, 2021 and 2020, 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.

**Sarasota Manatee Airport Authority**  
**Required Supplementary Information**

For the Year Ended September 30, 2021



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

	2021	2020	2019	2018	2017	2016	2015	2014	Previous Years Not Available
<b>Total pension liability</b>									
Service cost	\$ 371,216	\$ 355,832	\$ 338,952	\$ 334,145	\$ 420,392	\$ 450,261	\$ 380,235	\$ 432,411	
Interest	1,612,601	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	154,640	(834,756)	299,330	212,964	(991,666)	(306,138)	221,460	188,470	
Changes of assumptions	1,453,587	(531,186)	-	748,974	708,226	(89,187)	(867,045)	954,595	
Change in benefit terms	-	101,302							
Benefit payments	(1,364,984)	(1,435,913)	(1,109,161)	(973,349)	(921,018)	(764,203)	(603,915)	(555,406)	
Net change in total pension liability	2,227,060	(625,152)	1,188,392	1,942,651	857,210	883,060	632,267	2,445,752	
Total pension liability beginning	29,669,784	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)	\$31,896,844	\$ 29,669,784	\$ 30,294,936	\$ 29,106,544	\$ 27,163,893	\$ 26,306,683	\$ 25,423,623	\$ 24,791,356	
<b>Plan fiduciary net position</b>									
Contributions - Employer	\$ 1,027,763	\$ 1,116,114	\$ 1,071,006	\$ 936,156	\$ 1,044,759	\$ 1,105,021	\$ 1,001,004	\$ 1,200,366	
Net investment income (loss)	2,737,996	1,865,349	1,430,228	851,104	1,699,321	1,351,302	(43,535)	1,234,170	
Benefit payments	(1,364,984)	(1,435,913)	(1,109,161)	(973,349)	(921,018)	(764,203)	(603,915)	(555,406)	
Administrative expense	(84,525)	(84,796)	(5,227)	(4,890)	(9,202)	(3,263)	(13,652)	(23,888)	
Net change in plan fiduciary net position	2,316,250	1,460,754	1,386,846	809,021	1,813,860	1,688,857	339,902	1,855,242	
Plan fiduciary net position - beginning	25,946,059	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)	\$28,262,309	\$ 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)	\$ 3,634,535	\$ 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	88.61%	87.45%	80.82%	79.36%	82.06%	77.83%	73.89%	74.41%	
Covered payroll	\$ 3,432,198	\$ 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	105.90%	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	5.00%	5.50%	5.75%	5.75%	6.00%	6.25%	6.25%	6.75%	
Discount rate	5.00%	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.

Sarasota Manatee Airport Authority  
 Required Supplementary Information

**Schedule of Authority**  
 Contributions  
 Last 10 Fiscal Years

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Actuarially determined contribution	\$ 1,027,763	\$ 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	<u>1,027,763</u>	<u>1,116,114</u>	<u>1,071,006</u>	<u>936,156</u>	<u>1,044,759</u>	<u>1,105,021</u>	<u>1,001,004</u>	<u>1,200,366</u>	<u>1,351,949</u>	<u>1,386,614</u>	<u>1,101,584</u>
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 3,432,198	\$ 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	29.94%	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	62
Investment rate of return	5.00%, net of pension plan investment expense
Mortality table	Mortality base table is PubG-2010 and mortality improvement scale is MP 2018
Benefit changes	In 2020, added Disability benefit for firefighters
Changes in assumptions	2015 assumptions changed retirement age from 62 to 65 and adjusted mortality tables resulting in an increase to the actuarially determined contribution
	2016 assumptions changed mortality tables resulting in decrease to the actuarially determined contribution
	2020 assumptions changed related to mortality tables, retirement age, turnovers and salary projections, resulting in a decrease to the actuarially determined contribution
	2021 assumptions changes to mortality tables, retirement age for inactives changed from 65 to 62, salary projections updated, resulting in a decrease to the actuarially determined contribution

Sarasota Manatee Airport Authority  
Required Supplementary Information

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**Schedule of**  
**Investment Returns**  
**Last 10 Fiscal Years**

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Annual money-weighted rate of return net of investment expense	<b>10.51%</b>	7.56%	6.11%	3.77%	8.14%	7.03%	-0.23%	7.21%	7.11%	15.11%

**Sarasota Manatee Airport Authority**

**Supplementary Schedules**

For the Year Ended September 30, 2021

Sarasota Manatee Airport Authority  
Schedule of Operating Expenses

	Years Ended September 30	
	<u>2021</u>	<u>2020</u>
Depreciation and amortization	\$ 10,392,027	\$ 10,569,397
Salaries and wages	8,462,285	7,714,735
Operating supplies, maintenance, and repairs	2,484,695	2,105,374
Health insurance	1,972,790	1,425,696
Marketing	1,581,376	1,324,194
Retirement benefit plans	1,124,515	1,744,939
Legal	968,872	492,194
Service contract	788,074	746,836
General insurance	774,302	687,964
Electricity	615,294	535,681
Social Security	578,750	557,616
Professional services	448,715	341,121
Data processing supplies	292,336	335,548
Workers' compensation insurance	241,184	243,772
Telephone	231,563	217,811
Customs	151,065	151,663
Water and sewer	145,196	91,709
Advertising and entertainment	123,531	76,659
Office supplies, postage, and publishing	114,162	52,286
Dues and subscriptions	92,704	91,037
Employment expenses	71,944	500
Sanitation	68,911	72,901
Uniforms and identification	64,606	66,743
Miscellaneous	57,969	62,744
Accounting and audit fees	43,200	43,000
Training	33,873	28,743
Travel	33,256	78,253
Public relations	25,032	27,301
Banking fees	23,919	23,237
Taxes	19,871	10,887
Bad debt	17,225	38,075
Car allowance	16,373	17,312
Disability	4,715	5,073
Shuttle service	4,356	2,696
Equipment rental	4,342	8,386
Employee service awards	1,345	2,314
Unemployment	225	14,994
Interior plants	212	44
	<u>\$ 32,074,810</u>	<u>\$ 30,009,435</u>

Sarasota Manatee Airport Authority  
Schedule of Application of Revenues  
For the Year Ended September 30, 2021

	Revenue	Operations & Maintenance Account	Operation & Maintenance Reserve	Renewal & Replacement Reserve	Authority General Purpose Account	Total
Beginning Balances:						
September 30, 2020	\$ -	\$ -	\$ 3,286,995	\$ 2,000,000	\$ 13,509,802	\$ 18,796,797
Receipts:						
Operating revenue	33,304,890	-	-	-	-	33,304,890
FAA & FDOT Grants	33,577,893	-	-	-	-	33,577,893
Portfolio Activity	(3,612,040)	-	-	-	-	(3,612,040)
Transfer from restricted assets	5,107,141	-	-	-	-	5,107,141
	<u>68,377,884</u>	-	-	-	-	<u>68,377,884</u>
Transfers (Net):	(68,377,884)	27,664,778	837,895	-	39,875,211	-
Disbursements:						
Capital	-	-	-	-	(15,067,480)	(15,067,480)
Operating	-	(27,664,778)	-	-	-	(27,664,778)
Ending Balances:						
<b>September 30, 2021</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,124,890</u>	<u>\$ 2,000,000</u>	<u>\$ 38,317,533</u>	<u>\$ 44,442,423</u>

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

**Independent Auditor's Report**

To Management and the 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, 2021 and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated January 18, 2022.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Authority's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our 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 18, 2022



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, 2021. 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, 2021. The Authority's major federal program and major state financial assistance projects 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 projects, and passenger facility charge program for the year ended September 30, 2021.

**Report on Internal Control Over Compliance**

Management of the Authority is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Authority's internal control over compliance with the types of requirements that could have a direct and material effect on 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 18, 2022

## Sarasota Manatee Airport Authority

### Schedule of Expenditures of Federal Awards

Year Ended September 30, 2021

Program Title/Project Number/Subrecipient Name	ALN 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:				
3-12-0071-54	20.106	N/A	\$ -	\$ 87,060
3-12-0071-55	20.106	N/A	-	5,869
3-12-0071-56	20.106	N/A	-	206,192
3-12-0071-57	20.106	N/A	-	463,374
3-12-0071-58	20.106	N/A	-	2,166,673
COVID-19 - 3-12-0071-59	20.106	N/A	-	14,173,006
3-12-0071-60	20.106	N/A	-	113,944
COVID-19 - 3-12-0071-61	20.106	N/A	-	4,334,282
COVID-19 - 3-12-0071-62	20.106	N/A	-	209,361
Total federal awards			<b>\$ -</b>	<b>\$ 21,759,761</b>

## Sarasota Manatee Airport Authority

### Schedule of Expenditures of State Financial Assistance Projects

Year Ended September 30, 2021

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:				
437061-1-94-01	55.004	N/A	\$ -	\$ 170,639
441791-1-94-01	55.004	N/A	-	11,782
444247-1-94-01	55.004	N/A	-	474,658
444678-1-94-01	55.004	N/A	-	36,217
444680-1-94-01	55.004	N/A	-	141,093
445152-1-94-01	55.004	N/A	-	2,117,232
446350-1-94-01	55.004	N/A	-	28,113
Florida Department of Economic Opportunity - HL113	40.038	N/A	-	2,304,250
Total state awards			<b>\$ -</b>	<b>\$ 5,283,984</b>

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

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**Year Ended September 30, 2021**

**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, 2021. 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**

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.

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## Schedule of Findings and Questioned Costs

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**Sarasota Manatee Airport Authority**

**Schedule of Findings and Questioned Costs**

**Year Ended September 30, 2021**

**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  No
- Significant deficiency(ies) identified that are not considered to be material weaknesses? \_\_\_\_\_ Yes  None reported

Noncompliance material to financial statements noted? \_\_\_\_\_ Yes  None reported

**Federal Awards and State Projects**

Internal control over major programs:

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

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

Identification of major federal programs and state projects:

ALN 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
40.038	State project – Department of Economic Opportunity	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? \_\_\_\_\_  Yes \_\_\_\_\_ No

**Sarasota Manatee Airport Authority**

**Schedule of Findings and Questioned Costs (Continued)**

**Section II - Financial Statement Audit Findings**

Reference Number	Finding
<b>Current Year</b>	None

**Section III - Federal Program and State Project Audit Findings**

Reference Number	Finding	Questioned Costs
<b>Current Year</b>	None	



## Sarasota Manatee Airport Authority

# Schedule of Passenger Facility Charges Collected and Expended

Year Ended September 30, 2021

Collections	Date Approved	Amount Approved for Use	Cumulative Total - September 30, 2020	Quarter 1 October - December	Quarter 2 January - March	Quarter 3 April - June	Quarter 4 July - September	Cumulative Total - September 30, 2021
Passenger facility charge collections			\$ 68,480,478	\$ 614,043	\$ 964,484	\$ 1,808,080	\$ 1,724,768	\$ 73,591,853
Interest earned			3,457,465	1,135	806	1,538	9,895	3,470,839
Total passenger facility charge collections received			<b>\$ 71,937,943</b>	<b>\$ 615,178</b>	<b>\$ 965,290</b>	<b>\$ 1,809,618</b>	<b>\$ 1,734,663</b>	<b>\$ 77,062,692</b>
Application No. 95-02-U-05-SRQ	10/8/2009	\$ 5,947,682	\$ 5,947,682	\$ -	\$ -	\$ -	\$ -	\$ 5,947,682
Application No. 95-03-C-06-SRQ	10/8/2009	8,746,770	8,746,770	-	-	-	-	8,746,770
Application No. 00-04-C-03-SRQ	1/10/2018	59,802,061	57,167,489	660,000	913,000	550,000	511,572	59,802,061
Application No. 19-05-C-00-SRQ	5/7/2019	8,817,424	-	-	-	-	2,488,428	2,488,428
Application No. 21-06-C-00-SRQ	9/8/2021	9,035,363	-	-	-	-	-	-
Total passenger facility charge collections expended		<b>\$ 92,349,300</b>	<b>\$ 71,861,941</b>	<b>\$ 660,000</b>	<b>\$ 913,000</b>	<b>\$ 550,000</b>	<b>\$ 3,000,000</b>	<b>\$ 76,984,941</b>

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

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

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**Year Ended September 30, 2021**

**Note 1 - General**

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

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

Since 1995, the Federal Aviation Administration (FAA) has approved six PFC applications and amendments submitted by the Sarasota Manatee Airport Authority (the "Authority"). The Authority is currently authorized to collect PFCs in the amount of \$4.50 per enplaned passenger up to a total for approved collections of approximately \$92 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, 2021, the Authority had received approximately \$74 million of PFC revenue and \$3 million of interest earnings. The Authority had expended approximately \$77 million on approved projects and debt repayments.

**Note 2 - Basis of Presentation**

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

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

To the Members of the Board  
Sarasota Manatee Airport Authority

We have examined 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, 2021. 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, 2021.

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

*Plante & Moran, PLLC*

January 18, 2022

January 18, 2022

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, 2021 and have issued our report thereon dated January 18, 2022. 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



Blake Roe  
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 November 5, 2021, 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 18, 2022 regarding our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements.

### **Planned Scope and Timing of the Audit**

We performed the audit according to the planned scope and timing previously communicated to you in our letter about planning matters dated October 22, 2021.

### **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. The Authority changed accounting policies by adopting GASB Statement No. 84, *Fiduciary Activities*, and GASB Statement No. 90, *Majority Equity Interests*, with no significant impact. Accordingly, the accounting change has been retrospectively applied to prior periods presented as if the policy had always been used.

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 18, 2022.

### ***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, 2021 and have issued our report thereon dated January 18, 2022.

### ***Auditor's Responsibility***

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

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

### ***Other Reporting Requirements***

We have issued our independent auditor's report on internal control over financial reporting and on compliance and other matters based on an audit of the financial statements performed in accordance with *Government Auditing Standards*; independent auditor's report on compliance for the major federal program as required by the Uniform Guidance, State Financial Assistance Project as required by Chapter 10.550, Rules of Auditor General, and Passenger Facility Charge Audit Guide for Public Agencies; report on internal control over compliance; schedule of findings and questioned costs; and independent accountant's report on compliance with local government investment policies, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. This letter should be considered in conjunction with those reports and schedules, which are dated January 18, 2022.

### ***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, 2021. It is management's responsibility to monitor the Authority's financial condition, and our financial condition assessment was based in part on representations made by management and review of financial information provided by same.

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

Section 10.554(1)(i)2., Rules of the Auditor General, requires that we communicate any recommendations to improve financial management. In connection with our audit, 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 18, 2022.

### ***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.