

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

We have audited the financial statements of the St. Johns County Airport Authority (the "Authority") for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, *Government Auditing Standards* and Chapter 10.550, Rules of the Auditor General, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our engagement letter with the Authority dated June 2, 2021. Professional standards also require that we communicate to you the following information related to our audit.

SIGNIFICANT AUDIT FINDINGS

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Authority are described in Note 2 to the financial statements. No significant accounting policies were adopted and the application of existing policies was not changed during the year ended September 30, 2021. As discussed in Note 10 to the financial statements, the fiscal year 2020 financial statements were restated for fuel receivables and revenues that were not previously reported. An emphasis of matter paragraph is included in our auditor's report concerning this matter. We noted no transactions entered into by the Authority during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

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. The most sensitive estimate affecting the Authority's financial statements was depreciation of capital assets.

Management's estimate of depreciation is based on estimated useful lives of associated capital assets. 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 financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing 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 clearly trivial, and communicate them to the appropriate level of management. There were no uncorrected misstatements. The misstatements corrected as part of the audit are summarized in Attachment A. There were no other adjustments that were material, either individually or in the aggregate, to the financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, a disagreement with management is 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.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated February 28, 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 Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Authority’s auditor. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

The fiscal year 2020 financial statements were restated for fuel receivables and revenues that were not previously reported. A material weakness was reported in the Schedule of Findings and Questioned Costs related to this matter.

We also observed a material weakness in internal control related to the correction of certain misstatements, which is described in the Schedule of Findings and Questioned Costs, and we provided certain other observations in our management letter.

OTHER MATTERS

We applied certain limited procedures to the management’s discussion and analysis and required supplementary information, as provided in the table of contents, which are required supplementary information (“RSI”) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on the schedule of expenditures of federal awards and state financial assistance, which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Restriction on Use

This information is intended solely for the use of the members of the Governing Board and management of the Authority, and is not intended to be, and should not be, used by anyone other than these specified parties.

St. Johns County Airport Authority
Journal entries recorded to correct misstatements - Dr. (Cr.)

Entries	Assets Inc. (Dec.)	Liabilities (Inc.) Dec.	Equity (Inc.) Dec.	Revenue (Inc.) Dec.	Expense Inc. (Dec.)
<i>1. To correct CIP balances and revenue for cash receipts related to grant reimbursements.</i>					
Dr. Construction in Process	\$ 742,063	\$ -	\$ -	\$ -	\$ -
Cr. Grant Revenue	-	-	-	(742,063)	-
<i>2. To accrue expenditures for which the related revenue was already accrued.</i>					
Dr. Construction in Process	95,875	-	-	-	-
Cr. Accounts Payable	-	(95,875)	-	-	-
<i>3. To accrue revenue for which the related expenditure was already accrued.</i>					
Dr. Accounts Receivable	26,845	-	-	-	-
Cr. Grant Revenue	-	-	-	(26,845)	-
<i>4. To reverse the revenue accrued related to a FY22 grant agreement.</i>					
Dr. Grant Revenue	-	-	-	22,000	-
Cr. Accounts Receivable	(22,000)	-	-	-	-
<i>5. To correct fuel revenues and report "back-fees" as a prior period restatement.</i>					
Dr. Grant Revenue	-	-	-	669,205	-
Cr. Beginning Net Position	-	-	(669,205)	-	-
<i>6. To reclassify completed CIP projects to depreciable assets and record the first year of depreciation expense.</i>					
Dr. Depreciable Capital Assets	1,218,400	-	-	-	-
Dr. Depreciation Expense	-	-	-	-	104,035
Cr. Accumulated Depreciation	(104,035)	-	-	-	-
Cr. Construction in Process	(1,218,400)	-	-	-	-
<i>7. To record capital contributions related to Northrup Grumman improvements.</i>					
Dr. Depreciable Capital Assets	219,550	-	-	-	-
Cr. Capital Contributions	-	-	-	(219,550)	-
Total Effect	<u>\$ 958,298</u>	<u>\$ (95,875)</u>	<u>\$ (669,205)</u>	<u>\$ (297,253)</u>	<u>\$ 104,035</u>