Santa Rosa Island Authority
A Component Unit of Escambia County, Florida

Financial Statements and Supplementary Information

September 30, 2021

Santa Rosa Island Authority
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INDEPENDENT AUDITORS' REPORT

To the Board Members and Chief Executive Officer
Santa Rosa Island Authority
Pensacola, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities of Santa Rosa Island Authority, a component unit of Escambia County, Florida, (hereinafter referred to as "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 as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

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

Other Matters

Required Supplementary Information

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

Management has omitted the Management Discussion and Analysis that accounting principles generally accepted in the United States of America requires to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Authority's basic financial statements. The Schedule of Revenue and Expenses – Budget and Actual is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The Schedule of Revenue and Expenses – Budget and Actual is the responsibility of management and was 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 Schedule of Revenues and Expenses – Budget and Actual is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued a report dated January 26, 2022, on our consideration of the Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Authority's internal control over financial reporting and compliance.

Carr, Riggs & Ingram, L.L.C

CARR, RIGGS & INGRAM, LLC

Miramar Beach, Florida
January 26, 2022

Santa Rosa Island Authority
(A Component Unit of Escambia County, Florida)
Statement of Net Position

September 30,		**2021**
Assets		
Current assets		
Cash and cash equivalents	$	2,297,629
Accounts receivable, net		365,188
Unbilled receivables		62,846
Due from other governments		163,855
Prepaid expenses		43,353
Total current assets		2,932,871
Noncurrent assets		
Capital funds contingency - cash		4,300,796
Cash and cash equivalents - restricted		1,641,041
Investments - unrestricted		546,716
Capital assets, net		554,482
Total noncurrent assets		7,043,035
Deferred outflows of resources		
Other post-employment benefits		1,140
Pension		294,909
Total deferred outflows of resources		296,049
Total assets and deferred outflows of resources	$	10,271,955

(continued)

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

Santa Rosa Island Authority
(A Component Unit of Escambia County, Florida)
Statement of Net Position (Continued)

September 30,		**2021**
Liabilities		
Current liabilities		
Accounts payable	$	322,397
Accrued payroll		52,701
Other accrued liabilities		69,886
Unearned revenue		85,489
Total current liabilities		530,473
Noncurrent liabilities		
Compensated absences		89,103
Net pension liability		418,133
Obligation for other postemployment benefits		114,419
Total noncurrent liabilities		621,655
Total liabilities		1,152,128
Deferred inflows of resources		
Deferred revenue		129,093
Other post-employment benefits		8,838
Pension		717,277
Deferred consideration fees		525,157
Total deferred inflows of resources		1,380,365
Net position		
Net investment in capital assets		554,482
Restricted for island improvements - Portofino		1,380,864
Restricted for Quietwater restoration - BP		175,379
Restricted for other		35,700
Unrestricted		5,593,037
Total net position		7,739,462
Total liabilities, deferred inflows of resources, and net position	$	10,271,955

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

Santa Rosa Island Authority
(A Component Unit of Escambia County, Florida)
Statement of Activities

For the year ended September 30,		**2021**
Operating revenue		
Lease fees		
Commercial	$	3,768,660
Residential		1,259,736
Interest income		13,101
Other operating revenue		101,011
Total operating revenue		5,142,508
Operating expenses		
Personal services		1,233,505
Contractual and professional services		518,174
Supplies		19,000
Utilities		42,190
Advertising and promotion		551,316
Capital outlay		149,559
Other operating expense		253,367
Total operating expenses before depreciation		2,767,111
Depreciation		44,924
Total operating expenses		2,812,035
Operating income		2,330,473
Non-operating revenue (expenses)		
Grant revenues		342,944
Grant project expenses		(394,544)
Payments to Escambia County - fire and rescue		(206,000)
Interest expense		(17,583)
Other income		185,219
Non-operating revenue (expenses), net		(89,964)
Change in net position		2,240,509
Net position, beginning of year		5,498,953
Net position, end of year	$	7,739,462

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

Santa Rosa Island Authority
(A Component Unit of Escambia County, Florida)
Statement of Cash Flows

For the year ended September 30,		**2021**
Operating activities		
Cash received from lessees	$	4,992,201
Other operating receipts		567,664
Payments to vendors		(1,236,047)
Payments to employees		(1,829,555)
Net cash provided by operating activities		2,494,263
Noncapital financing activities		
Payments to Escambia County		(206,000)
Interagency loan repayments - Escambia County		(1,265,000)
Interest payments		(17,583)
Receipts for other non-operating revenues		185,219
Net cash provided (used) by noncapital financing activities		(1,303,364)
Capital and related financing activities		
Acquisition and construction of capital assets		(63,029)
Cash received from other governments		234,237
Payments for other non-operating expenses		(341,980)
Net cash provided (used) by capital and related financing activities		(170,772)
Investing activities		
Sales of investments		543,726
Purchase of investments		(546,716)
Net cash provided (used) by investing activities		(2,990)
Net change in cash and cash equivalents		1,017,137
Cash and cash equivalents, beginning of year		7,222,329
Cash and cash equivalents, end of year	$	8,239,466

(continued)

Santa Rosa Island Authority
(A Component Unit of Escambia County, Florida)
Statement of Cash Flows (Continued)

For the year ended September 30,		**2021**
Reconciliation of operating income to net cash provided (used) by operating activities		
Operating income	$	2,330,473
Adjustments to reconcile operating income to net cash provided (used) by operating activities:		
Depreciation		44,924
Other postemployment benefit obligation		162
Pension		(162,650)
Changes in operating assets and liabilities:		
Accounts and unbilled receivables		(48,946)
Prepaid expenses		(4,270)
Accounts payable		261,508
Accrued payroll		(662)
Other accrued liabilities		38,500
Compensated absences		6,543
Deferred revenue		42,369
Deferred consideration fees		(13,688)
Net cash provided (used) by operating activities	$	2,494,263

Cash reconciliation		
Cash and cash equivalents	$	2,297,629
Capital funds contingency - cash		4,300,796
Cash and cash equivalents - restricted		1,641,041
Cash and cash equivalents, end of year	$	8,239,466

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

NOTE 1: ORGANIZATION

The Santa Rosa Island Authority ("Authority"), exists pursuant to the provisions of Chapter 24500, Laws of Florida, Special Acts of 1947, as amended. The Authority is the governing body of a portion of Santa Rosa Island and consists of five members appointed by the Board of County Commissioners of Escambia County, and one member elected by the leaseholders of Santa Rosa Island. The Authority has been constituted a body corporate and an agency of Escambia County and, accordingly, meets the criteria of a component unit and will be included in the Basic Financial Statements of Escambia County, Florida.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The Authority maintains its books and records under the accrual method of accounting. Under this method, revenue is recognized when earned rather than when received, and related expenses are recognized when they are incurred rather than when paid. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The Authority classifies fund equity into three components – net investment in capital assets; restricted; and unrestricted. These classifications are defined as follows:

Net investment in capital assets – This component of fund equity consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds is not included in the calculation of invested in capital assets, net of related debt. Rather, that portion of the debt is included in the same fund equity component as the unspent proceeds.

Restricted – This component of fund equity consists of constraints placed on fund equity imposed by creditors (such as through debt covenants), contributors, or laws or regulations of other governments, or constraints imposed by law through constitutional provisions or enabling legislation.

Unrestricted – This component of fund equity consists of fund equity that does not meet the definition of "restricted" or "net investment in capital assets".

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The Authority is accounted for as an enterprise fund. Enterprise funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. The Authority complies with generally accepted accounting principles (GAAP) and applies all relevant Governmental Accounting Standards Board (GASB) pronouncements.

Enterprise funds distinguish operating revenue and expenses from nonoperating items. Operating revenue and expenses generally result from providing services and producing and delivering goods in connection with an enterprise fund's principal ongoing operations. The principal operating revenue of the Authority are lease fees and related charges. Operating expenses of the Authority include personal services, contractual and professional services, supplies, utilities, advertising and promotion, capital outlay, other expenses and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as nonoperating revenue and expenses.

Restricted Assets

Certain assets of the Authority are restricted for use by agreements with third-parties; therefore, they are not available to be used at management's discretion. These restrictions include assets restricted by outside parties for beach renourishment and certain capital improvements as further discussed in Note 7.

When both restricted and unrestricted resources are available for use, it is the Authority's policy to use restricted resources first, then unrestricted resources as they are needed.

General Budget Policies

Prior to the beginning of each fiscal year, the Executive Director submits an operating budget to the Authority Board. The budget includes proposed expenses necessary for operation of the Authority and estimated revenue available to finance those expenses. Once approved by the Authority Board, the budget is submitted for approval by the Board of County Commissioners of Escambia County. The legal level of budgetary control is by total expenditures. Any amendments that alter total expenditures must be approved by the Authority Board and the Board of County Commissioners of Escambia County. All appropriations lapse at year end.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The budget is prepared on a basis that differs from generally accepted accounting principles as follows:

A. The budget does not include a provision for depreciation expense or for gain or loss from disposal of capital assets.

B. The budget includes a provision for capital outlay, which is not included in the results of operations under generally accepted accounting principles, except for certain non-capital items expensed by the Authority. These non-capital items include dredging, renourishment and improvements to property not owned by the Authority.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Authority considers all highly liquid debt instruments with a maturity of three months or less when purchased to be cash equivalents, excluding investments in the Local Government Surplus Funds Trust Fund Investment Pool.

Capital Assets

Capital assets are defined by the Authority as assets with an initial/individual cost of more than $1,000 and an estimated useful life in excess of two years. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Upon being placed into service, property, plant and equipment of the Authority are depreciated using the straight-line method over the estimated useful lives. Estimated useful lives for financial reporting purposes are as follows: transportation equipment, maintenance equipment, office equipment and miscellaneous: 3 – 10 years; and buildings and shelters: 10 – 40 years.

Compensated Absences

It is the Authority’s policy to permit employees to accumulate a limited amount of earned but unused annual leave and, for those employees who have achieved retirement age or are entitled under a negotiated contract, a limited amount of earned but unused sick leave. Accordingly, the Authority records an accrual for earned but unused annual leave and sick leave.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Lease Fees

Lease fees, including consideration fees, are generally recognized as income over the lease term as it becomes due according to the provisions of the lease. Lease fees received but not yet earned according to the provisions of the lease are recorded as deferred revenue. The Authority has agreed to bill certain lease fees quarterly or monthly even though the full amount is due at the beginning of the renewal year. Amounts due from year-end through the lease renewal date are reflected as unbilled receivables on the accompanying Statement of Net Position.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes include a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources,* represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The items that qualify for reporting in this category are the items related to the pension and OPEB amounts reported in the Statement of Net Position. The deferred outflows of resources related to pension and OPEB amounts result generally from changes between the expected and actual experience of the pension and OPEB plans.

In addition to liabilities, the statement 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(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Authority has four items, deferred revenue, deferred consideration fees, and pension and OPEB amounts, which qualify for reporting in this category. Deferred revenue and deferred consideration fees result from the collection of revenues in advance of the year for which they are due. The deferred inflows of resources related to pension and OPEB amounts result generally from changes between the expected and actual experience of the pension and OPEB plans.

Other Post-Employment Benefits

The Authority utilizes uniform reporting standards for other postemployment benefit (OPEB) expense and related liabilities, note disclosures, and required supplementary information (RSI) in annual financial reports of governmental entities. See Note 11 for a description of the OPEB expenses and liabilities.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Subsequent Events

Management has evaluated subsequent events through the date that the financial statements were available to be issued, January 26, 2022, and determined there were no events that occurred that required disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these consolidated financial statements.

NOTE 3: CASH AND INVESTMENTS

The Authority maintains deposits with "Qualified Public Depositories" as defined in Chapter 280, Florida Statutes. All Qualified Public Depositories must place with the Treasurer of the State of Florida securities in accordance with collateral requirements determined by the State's Chief Financial Officer. In the event of default by a Qualified Public Depository, the State Treasurer will pay public depositors all losses. Losses in excess of insurance and collateral will be paid through assessments between all Qualified Public Depositories.

Under this method, all of the Authority's deposits are fully insured or collateralized at the highest level of security as defined by GASB, Statement Number 40*, Deposits and Investment Disclosures (An Amendment of GASB, Statement Number 3).*

The Authority is authorized to invest in financial instruments as established by Section 218.415, Florida Statutes. The authorized investments include among others direct obligations of the U.S. Treasury; the Local Government Surplus Funds Trust Fund as created by Section 218.405, Florida Statutes; SEC registered money market funds with the highest credit quality rating from a nationally recognized rating agency; and interest-bearing time deposits or savings accounts in authorized financial institutions.

In accordance with GAAP, certificate of deposits are considered a nonparticipating interest-earning investment contract and is appropriately reported in the financial statements at cost.

The following is a summary of the Authority's investments:

September 30,		**2021**	**Credit Risk**	**Maturities**
Certificate of deposit	$	546,716	not rated	03/20/22

NOTE 3: CASH AND INVESTMENTS (Continued)

Concentration risk – The Authority places no limit on the amount the Authority may invest in any one issuer.

Interest rate risk –The Authority does not have a formal policy for addressing interest rate risk; however, investments are made with discretion to seek reasonable returns, preserve capital, and in general, avoid speculative investments. The Authority manages its exposure to declines in fair values from interest rate changes by reviewing the portfolio on an ongoing basis for changes in effective yield rates.

Custodial credit risk – For an investment, custodial credit risk is the risk that the Authority will not be able to recover the value of the investments or collateral securities that are in the possession of an outside party. The Authority has no formal policy for custodial risk. None of the investments listed above are exposed to custodial credit risk because their existence is not evidenced by securities that exist in physical or book entry form.

NOTE 4: CAPITAL ASSETS

The following is a summary of changes in the capital assets for the year ended September 30, 2021:

September 30,	**2020**	**Additions**	**Transfers and Retirements**	**2021**
Other capital assets:				
Buildings	$ 1,064,609	$ -	$ -	$ 1,064,609
Other improvements	38,764	32,449	-	71,213
Equipment	180,187	30,580	-	210,767
Total other capital assets	1,283,560	63,029	-	1,346,589
Less accumulated depreciation for:				
Buildings	(595,680)	(22,127)	-	(617,807)
Other improvements	(16,999)	(4,047)	-	(21,046)
Equipment	(134,504)	(18,750)		(153,254)
Total other capital assets	(747,183)	(44,924)	-	(792,107)
Total capital assets, net	$ 536,377	$ 18,105	$ -	$ 554,482

NOTE 5: LONG-TERM LIABILITIES

As described more fully in Note 12, the Authority borrowed certain amounts from Escambia County; this loan was paid off in 2021. In addition, the Authority has a compensated absence liability for unpaid leave.

Changes in long-term liabilities were as follows:

September 30,	2020	Additions	Reductions	2021	Amount Due Within One Year
Compensated absences	$ 82,560	$ 6,543	$ -	$ 89,103	$ -
Interagency loan - Escambia County	1,265,000	-	(1,265,000)	-	-
	$ 1,347,560	$ 6,543	$ (1,265,000)	$ 89,103	$ -

NOTE 6: LEASING ACTIVITIES

Substantially all of the Authority's revenue is derived from leasing activities. The Authority leases the land of Santa Rosa Island to residents and businesses on the Island but does not convey ownership. The Authority's policy is to report all leases as operating leases since the land of the island is not recorded as an asset on the financial statements and the leases do not meet the criteria of a capital lease.

Most residential and many commercial leases are for a period of 99 years. Many of these 99-year leases have options to renew for another 99-year term. Some leases, particularly those for restaurants and concessions, are generally for a shorter period. Each lease provides that any construction on the premises must be performed within an established length of time, and detailed plans and specifications must be approved by the Authority before a building permit is issued. Failure to pay any rentals due or failure to comply with any other covenants of the lease constitutes a violation under the terms of the lease and the Authority may repossess the land and the improvements after required notice if the lessee fails to correct the default.

Certain leases have a provision that allows for an increase in minimum lease fees every five years in proportion to the consumer price index (CPI). No increases, however, have occurred since fiscal year 2010. In 2021, the Authority's Board approved a total increase of 7.7% for the lease years from 2021 – 2025. The anticipated increases are as follows: 2021: 0%, 2022: 1.7%, 2023-2025: 2%.

NOTE 6: LEASING ACTIVITIES (Continued)

The following is a schedule of estimated future minimum rentals to be received under these leases for the periods ending September 30.

2022	$ 1,852,371
2023	1,852,371
2024	1,852,371
2025	1,852,371
2026	1,852,371

The following is a schedule of the number of residential and commercial leaseholders as of:

September 30,	2021
Residential	3,889
Commerical	140

NOTE 7: RESTRICTED NET POSITION

Restricted net position is comprised of two primary components: Portofino island improvement funds and certain claim proceeds related to the BP oil spill. The Portofino restricted funds are derived from a portion of the Portofino lease and must be used for future Island improvements. As of September 30, 2021, the restricted Portofino funds equal $1,380,864.

The Authority also considers certain funds received from BP in prior years relating to the Deepwater Horizon Oil Spill as restricted for the restoration of the Quietwater Beach area. These amounts total $175,379 at September 30, 2021.

The Authority also has certain funds set aside for maintaining Sabine Park and paying mitigation expenses. The other restricted balances totaled $35,700 at September 30, 2021.

In addition to restricted net position, the Authority has also designated certain unrestricted net asset amounts for future contingencies and beach renourishment. These amounts total $4,300,796 as of September 30, 2021 and are included in unrestricted net position on the accompanying Statement of Net Position. At September 30, 2021, the Authority’s unrestricted, undesignated net position totals approximately $1.2 million.

NOTE 8: RISK MANAGEMENT

The Authority is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The Authority has established a self-insurance program to cover its risk of loss related to general liability claims and natural disasters. As of September 30, 2021, the Authority has set aside $1,121,089 in contingency funds to cover any claims that may be filed or other emergencies for which cash flow, particularly in off-seasons, might not be sufficient to cover. This amount is included in the designated net position amount identified in Note 7.

The sovereign immunity limits of the State of Florida restrict general liability claims to $100,000. General liability claims above $100,000 would have to be approved by the State Legislature. The Authority participates in the Escambia County self-insurance program to cover its risks of loss related to workers' compensation claims. The Authority pays an annual premium to the program for its coverage. Details of this self-insurance program can be found in the Escambia County, Florida Comprehensive Annual Financial Report. The Authority continues to carry commercial insurance for risks of loss, including property insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

NOTE 9: FEDERAL AND STATE GRANT PROJECTS

The Authority has entered into various grant agreements with the Federal Emergency Management Agency to fund the elevation of certain properties on Santa Rosa Island. The total of the award agreements approximates $3.3 million. During 2021, the Authority incurred approximately $291,000 of expenses related to this program.

The Authority has been awarded grant funds from the State of Florida for beach re-nourishment and restoration and preservation projects as well as for projects and enhancements benefiting Santa Rosa Island. The maximum amount to be received under the two grants is $125,000. The grants require a match of $125,000. During 2021, the Authority incurred approximately $100,000 of expenses related to this program.

Revenue recognized under these federal and state grants totaled $342,944 for the year ended September 30, 2021.

NOTE 10: PENSION PLAN

Essentially all regular employees of the Authority are covered by the Florida Retirement System Pension Plan and Retiree Health Insurance Subsidy Program.

NOTE 10: PENSION PLAN (Continued)

Plan Descriptions, Membership and Plan Benefits, and Contribution Requirements

Plan Descriptions

The Florida Retirement System (FRS) is a cost-sharing, multiple-employer retirement system. The FRS was created in Chapter 121, Florida Statutes, to provide a defined benefit pension plan for participating public employees. The FRS was amended in 1998 to add the Deferred Retirement Option Program (DROP) under the defined benefit plan, and amended in 2000 to provide a defined contribution plan alternative to the defined benefit plan for FRS members effective July 1, 2002. This integrated defined contribution pension plan is the FRS Investment Plan (INV). Chapter 112, Florida Statutes, established the Retiree Health Insurance Subsidy (HIS) Program, a cost-sharing multiple-employer defined benefit pension plan, to assist retired members of any state-administered retirement system in paying the costs of health insurance.

The FRS, HIS, and INV are administered by the Florida Department of Management Services, Division of Retirement. Provisions relating to FRS are established by Chapters 121 and 122, Florida Statutes; Chapter 112 Part IV, Florida Statutes; Chapter 238, Florida Statutes; and FRS Rules, Chapter 60S, Florida Administrative Code. The Florida Legislature has the authority to establish and amend retirement legislation and related bills of significance to members of the FRS and HIS plans (including benefit terms and contribution rates). Passed bills are presented to the Governor of Florida and approved before they may be enacted into law.

The FRS, HIS, and INV financial information is included in the Florida Retirement System (System) Pension Plan and Other State Administered Systems Comprehensive Annual Financial Report (CAFR). The System CAFR, including audited financial information to support the Schedules of Employer Allocations and Schedules of Pension Amounts by Employer, are available online at http://www.dms.myflorida.com/workforce_operations/retirement/publications.

The System CAFR and actuarial reports may also be obtained by contacting the Division of Retirement by mail or phone at:

Division of Management Services
Division of Retirement
Bureau of Research and Member Contributions
P.O. Box 9000
Tallahassee, FL 32315-9000
850-907-6500 or toll-free 844-377-1888

NOTE 10: PENSION PLAN (Continued)

Membership and Plan Benefits - FRS

The FRS has several classes of membership applicable to the Authority, including regular class, senior management and DROP. Employees enrolled in the FRS prior to July 1, 2011, vest at six years of creditable service and are eligible for normal retirement benefits at age 62 or at any age after 30 years of service. Employees enrolled in the Plan on or after July 1, 2011, vest at eight years of creditable service and are eligible for normal retirement benefits at age 65 or any time after 33 years of creditable service. Retirees receive a lifetime pension benefit with joint and survivor payment options. The FRS also includes an early retirement provision, but imposes a penalty for each year a member retires before the normal retirement date. Benefits are computed on the basis of age, average final compensation, creditable years of service, and accrual value by membership class.

As provided in Section 121.101, Florida Statutes, if the member is initially enrolled in the FRS before July 1, 2011, and all service credit was accrued before July 1, 2011, the annual cost-of-living adjustment is 3 percent per year. If the member is initially enrolled before July 1, 2011, and has service credit on or after July 1, 2011, there is an individually calculated cost-of-living adjustment. The annual cost-of-living adjustment is a proportion of 3 percent determined by dividing the sum of the pre-July 2011 service credit by the total service credit at retirement multiplied by 3 percent. Plan members initially enrolled on or after July 1, 2011, will not have a cost-of-living adjustment after retirement.

A DROP was established effective July 1, 1998, subject to provisions of Section 121.091, Florida Statutes. It permits employees eligible for normal retirement under the FRS to defer receipt of monthly benefit payments while continuing employment with an FRS participating employer. An employee may participate in DROP for a period not to exceed 60 months after electing to participate, except certain instructional personnel may participate for up to 96 months. During the period of DROP participation, deferred monthly benefits are held in the FRS Trust Fund and accrue interest. The net pension liability does not include amounts for DROP participants, as these members are considered retired and are not accruing additional pension benefits.

Membership and Plan Benefits - HIS

HIS membership is available to all members within the FRS plan. The benefit is a monthly payment to assist retirees of State-administered retirement systems in paying their health insurance costs. Eligible retirees and beneficiaries received a monthly HIS payment equal to the number of years of service credited at retirement multiplied by $5. The minimum payment is $30 and the maximum payment is $150 per month, pursuant to Section 112.363, Florida Statutes. To be eligible to receive a HIS benefit, a retiree under a State administered retirement system must provide proof of eligible health insurance coverage, which can include Medicare.

NOTE 10: PENSION PLAN (Continued)

Contribution Requirements

Employer contributions rates are actuarially recommended but set, and may be amended, by the Florida Legislature. These rates are a percentage of covered payroll. The FRS and HIS contribution rates were as follows:

	Employee Required Contribution	Employer Required Contribution	Total Required Contribution
Regular employees:			
October 1, 2020 through June 30, 2021	3.00%	10.00%	13.00%
July 1, 2021 through September 30, 2021	3.00%	10.82%	13.82%
Employees in the Deferred Retirement Option Program (DROP):			
October 1, 2020 through June 30, 2021	n/a	16.98%	16.98%
July 1, 2021 through September 30, 2021	n/a	18.34%	18.34%
Senior Management Service Class (SMSC):			
October 1, 2020 through June 30, 2021	3.00%	27.29%	30.29%
July 1, 2021 through September 30, 2021	3.00%	29.01%	32.01%

Employer rates include 1.66 percent for the HIS program. In addition, regular employees are required to contribute an amount equal to 3% of their salary as retirement contributions. Members participating in the DROP are not required to make 3 percent contributions. The Authority's contributions to the Plan totaled $101,047 for the year ended September 30, 2021.

FRS and HIS Significant Assumptions and Rate of Return

Basis of Accounting

Information about the FRS and HIS assets, deferred outflows of resources, liabilities, deferred inflows of resources, and fiduciary net position can be found in the System CAFR. The System CAFR is available online or can be obtained as mentioned previously The FRS and HIS fiduciary net position and additions to/deductions from the fiduciary net position have been determined based on the System's records, which utilize the flow of economic resources measurement focus and accrual basis of accounting. For this purpose, benefit payments (including refund of employee contributions) are recognized when due and payable. Investments are reported at fair value. Contributions are recognized as revenue when due, pursuant to statutory and contractual requirements. There have been no significant changes since the publication of the System CAFR.

NOTE 10: PENSION PLAN (Continued)

Actuarial Methods and Assumptions

Actuarial assumptions for both the FRS and HIS are reviewed annually by the Florida Retirement System Actuarial Assumptions Conference. The FRS has a valuation performed annually and the HIS has a valuation performed biennially that is updated for GASB reporting in the year a valuation is not performed. The most recent experience study for the FRS was completed in 2019 for the period July 1, 2013 through June 30, 2018. Because the HIS is funded on a pay-as-you-go basis, no experience study has been completed.

The total pension liability for the FRS and HIS was determined by an actuarial valuation as of July 1, 2021, using the individual entry age normal actuarial cost method. Inflation increases for both plans is assumed at 2.4 percent. Payroll growth for both plans is assumed at 3.25 percent. Mortality assumptions for the FRS Pension Plan were based on the PUB-2010 base table, projected generationally with Scale MP-2018, and mortality assumptions for the HIS program were based on the Generational RP-2000 with projection scale BB tables. Both the discount rate and long-term expected rate of return used for FRS investments is 6.8 percent. The FRS fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees; therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return. Because the HIS program uses a pay-as-you-go funding structure, a municipal bond rate of 2.16 percent was used to determine its total pension liability.

In October 2018, the Actuarial Assumptions Conference adopted the Bond Buyer General Obligation 20-Bond Municipal Bond Index as the applicable municipal bond index. As of June 30, 2021, the municipal rate used by HIS decreased from 2.21 percent to 2.16 percent.

Long-Term Rate of Return

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in October 2021 the FRS Actuarial Assumption Conference reviewed assumptions by Milliman's Capital Markets assumption team and Aon Hewitt Investment Consulting. Each asset class assumption is based on a consistent set of underlying assumptions, and includes an adjustment for the inflation assumption. These assumptions are not based on historical returns, but instead are based on a forward-looking capital market economic model.

NOTE 10: PENSION PLAN (Continued)

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Annual Arithmetic Return
Cash	1.00%	2.1%
Fixed Income	20.00%	3.8%
Global Equity	54.20%	8.2%
Real Estate (Property)	10.30%	7.1%
Private Equity	10.80%	11.7%
Strategic Investments	3.70%	5.7%
Total	100.00%	

The HIS is essentially funded on a pay-as-you-go basis. As such, there is no assumption for a long-term expected rate of return on a portfolio, no assumptions for cash flows into and out of the plan, or assumed asset allocation.

District's Share of Net Pension Liability

Employers participating in the FRS and HIS were provided pension allocation schedules for use in recording their proportionate share of the FRS and HIS net pension liability (NPL), deferred outflows of resources, deferred inflows of resources, and pension expense at measurement date June 30, 2021. The underlying financial information used to prepare the pension allocation schedules is based on the same basis as mentioned previously.

At September 30, 2021, the Authority reported a liability of $418,133 for its proportionate share of the net pension liability of the FRS and HIS. The net pension liability was measured as of June 30, 2021, respectively, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2021.

The Authority's proportionate share was calculated using the retirement contributions for employees that were members of the FRS and HIS during the measurement year ended June 30, 2021. The aggregate employer contribution amounts for the fiscal year ended June 30, 2021, in the pension allocation schedules agree to the total employer contribution amounts reported in the System CAFR.

For the year ended September 30, 2021, the Authority recognized pension expense (recovery) of $(44,452) related to the FRS and $(21,952) related to the HIS.

NOTE 10: PENSION PLAN (Continued)

At September 30, 2021, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

September 30, 2021

	FRS		HIS	
Description	**Def Outflows**	**Def Inflows**	**Def Outflows**	**Def Inflows**
Differences between expected and actual experience	$ 27,641	$ -	$ 8,596	$ 108
Changes of assumptions	110,343	-	20,184	10,584
Net difference between projected and actual investment earnings	-	562,602	268	-
Changes in proportion	94,745	64,814	13,963	79,169
Authority contributions subsequent to the measurement date	16,434	-	2,735	-
Total	$ 249,163	$ 627,416	$ 45,746	$ 89,861

Deferred outflows of resources of $19,169 are reported by the Authority for employer contributions subsequent to the measurement date and will be recognized as a reduction of the net pension liability in the fiscal year ended September 30, 2021. Deferred outflows of resources of $19,504 for the year ended September 30, 2020, were recognized as a reduction of the net pension liability in the fiscal year ended September 30, 2021.

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

Fiscal Year Ending September 30,	**FRS**	**HIS**	**Net**
2022	$ (97,790)	$ (39,553)	$ (137,343)
2023	(79,315)	(19,125)	(98,440)
2024	(98,993)	960	(98,033)
2025	(132,458)	5,584	(126,874)
2026	13,869	4,080	17,949
Thereafter	-	1,204	1,204

NOTE 10: PENSION PLAN (Continued)

The following table presents information on the Authority's proportionate share of the FRS and HIS.

	FRS	HIS	Total
Proportionate Share of Net Pension:			
September 30, 2019	$ 161,262	$ 256,871	$ 418,133
Authority's proportion at September 30, 2020	0.002135%	0.002094%	

Discount Rate Sensitivity Analysis

The following tables demonstrate the sensitivity of the Authority's proportionate share of the net pension liability to changes in the discount rate. The sensitivity analysis shows the impact if the discount rate was 1 percent higher or 1 percent lower than the current discount rate at September 30, 2021.

FRS Net Pension Liability			HIS Net Pension Liability		
1% Decrease	Current Discount Rate	1% Increase	1% Decrease	Current Discount Rate	1% Increase
5.80%	6.80%	7.80%	1.16%	2.16%	3.16%
$ 721,173	$ 161,262	$ (306,762)	$ 296,967	$ 256,871	$ 224,020

NOTE 11: OTHER POST-EMPLOYMENT BENEFITS

Plan Description: The Authority participates in the benefit plans and programs of Escambia County, Florida (the "County"). Pursuant to Section 112.0801 Florida Statutes, the Authority is required to provide eligible retirees (as defined in the County's pension plans) the opportunity to participate in this Plan at the same cost that is applicable to active employees. Eligible retirees must be drawing an immediate benefit from their respective pension plan and be enrolled in medical coverage prior to retirement. Surviving spouses of participants are allowed access to the Plan but must pay the full premium. Benefit provisions for the Plan were established by the County's Board of Directors and may only be amended by the County's Board of Directors. The County does not issue stand-alone financial statements for this Plan. All financial information related to the Plan is accounted for in the County's basic financial statements.

Funding Policy: The Authority is funding the post employee benefits on a pay-as-you-go basis. Contribution rates for the Plan are established by the County annually. For the fiscal year ended September 30, 2021, the Authority contributed $4,980. Blended premium rates for active and retired employees combined provide an implicit subsidy for retirees because on actual basis, their current and future claims are expected to result in higher costs to the Plan than those of active employees. The current year contribution represents an estimate of this implied subsidy.

NOTE 11: OTHER POST-EMPLOYMENT BENEFITS (Continued)

Plan Membership: At October 1, 2021, OPEB membership consisted of the following:

	SRIA
Inactive members currently receiving benefits	8
Active members	12
Total	20

The Authority's covered payroll constituted approximately 0.76%, for the year ended September 30, 2021 of the total payroll costs for all entities included in the actuarial calculation. Accordingly, the County has allocated approximately 0.76% of the actuarially calculated amounts to the Authority in fiscal year 2021.

Actuarial Assumptions and Other Inputs: The total OPEB liability in the September 30, 2021 actuarial assumptions and other inputs, applied to all period in the measurement, unless otherwise specified:

Inflation	2.25 percent
Salary increases	3.60 percent to 8.00 percent, including inflation
Discount rate	2.41 percent
Health care cost trend rates	6.50 percent using the Getzen Model

The discount rate was based on an index rate for 20 year tax-exempt general obligation municipal bonds with an average AA credit rating or higher.

Mortality rates were based on the RP 2000 Healthy Annuitant Mortality Table for Males and Females as appropriate, fully generational with adjustments for mortality improvements based on Scale BB. RP 2000 Disabled Annuitant Combined Healthy Mortality Table set forward 3 years, with no projected improvement. The actuarial assumptions used in the September 30, 2021 valuation were based on the results of an actuarial experience study performed as of September 30, 2020.

At September 30, 2021, the Authority reported a net OPEB liability of $114,419. The GASB 75 information has been provided as of the September 30, 2020 measurement date.

NOTE 11: OTHER POST-EMPLOYMENT BENEFITS (Continued)

The change in net OPEB liability for the year ended September 30, 2021 is as follows:

	Increase (Decrease) Net OPEB Liability
Balance as of September 30, 2020	$ 111,203
Changes for the year:	
Service cost	4,235
Interest	2,473
Changes in assumptions	1,327
Benefit payments	(4,819)
Net Change in OPEB	3,216
Balance as of September 30, 2021	$ 114,419

Changes in assumptions and other inputs reflect a change in the discount rate from 2.75% as of September 30, 2020 to 2.41% as of September 30, 2021. The methods, assumptions, and participant data used are detailed in the actuarial valuation report the fiscal year ended September 30, 2021. These calculations are based in the Entry Age Normal cost method required by GASB 75.

Sensitivity of the Net OPEB Liability: The following table represents the Authority's total and net OPEB liability calculated using the discount rate of 2.41%, as well as what the Authority's net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (1.41%) or one percentage point higher (3.41%) than the current rate:

	1% Decrease (1.41%)	Discount Rate (2.41%)	1% Increase (3.41%)
Net OPEB liability	$ 125,642	$ 114,419	$ 104,629

NOTE 11: OTHER POSTEMPLOYMENT BENEFITS (Continued)

The following table represents the Authority's total and net OPEB liability calculated using the health care cost trend rate of 6.50% decreasing to 3.99%, as well as what the Authority's net OPEB liability would be if it were calculated using a health care cost trend rate that is one percentage point lower (5.50% decreasing to 2.99%) or one percentage point higher than the current rate:

	1% Decrease (5.50% decreasing to 2.99%)	Healthcare Cost Trend Rate (6.50% decreasing to 3.99%)	1% Increase (7.50% decreasing to 4.99%)
Net OPEB liability	$ 107,751	$ 114,419	$ 122,277

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

For the fiscal year ended September 30, 2021, the Authority recognized OPEB expense of $4,980.

In addition, the Authority reported deferred outflows of resources and deferred inflows of resources related to the OPEB plan from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 4,328
Changes in assumptions and other inputs	1,140	4,510
Estimated benefits paid after the measurement date	-	-
Total	$ 1,140	$ 8,838

NOTE 11: OTHER POSTEMPLOYMENT BENEFITS (Continued)

The deferred outflows of resources related to OPEB, totaling $1,140 resulting from Authority contributions subsequent to the measurement date, will be recognized as a reduction of the net OPEB liability in the fiscal year ending September 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the OPEB plan will be recognized in the expense as follows:

Fiscal Year Ending September 30,	
2022	$ (1,728)
2023	(1,728)
2024	(1,728)
2025	(1,506)
2026	(1,102)
Thereafter	95

NOTE 12: RELATED PARTY TRANSACTIONS

The Authority reimburses Escambia County for Pensacola Beach trolley services, which totaled $184,662 for the year ended September 30, 2021. In addition, the Authority pays Escambia County for its employees' workers' compensation insurance and health and life insurance. During the year ended September 30, 2021, the Authority expended $1,227 for workers' compensation insurance and $113,463 for health and life insurance. The Authority also reimbursed the County $206,000 for fire and rescue services during the year ended September 30, 2021. There were no amounts due to the County at September 30, 2021.

In September 2014, the Authority entered into interlocal agreement with Escambia County, whereby the County agreed to loan the Authority $8.5 million for its beach re-nourishment and restoration project. The loan was paid off in full during 2021.

NOTE 13: COMMITMENTS AND CONTINGENCIES

Grants Contingencies

The Authority has received federal and state financial assistance for costs related to capital improvements and disaster assistance on Santa Rosa Island. The disbursement of funds received under these programs is subject to review and audit by grantor agencies. Any disbursements disallowed by these agencies could become a liability of the Authority. In the opinion of management, any such claims should not have a material adverse effect on the financial statements.

NOTE 13: COMMITMENTS AND CONTINGENCIES (Continued)

Windstorm

The insurance policy for windstorm coverage includes a deductible amount for named hurricane storms estimated at approximately $51,000. In addition, the Authority's windstorm policy is underwritten by the State of Florida's Citizens Property Insurance Corporation (Citizens). In the event Citizens incurs a deficit that exceeds the amount collected via regular premiums, an emergency assessment may be levied. The Authority may be required to pay substantially more in insurance premiums relating to the year for which the emergency assessment is levied.

Litigation

The Authority is involved in various lawsuits and claims incidental to the normal course of its operations. In the opinion of management, the ultimate liability, if any, resulting from such litigation will not materially affect the financial position or results of operations of the Authority.

Supplementary Information

Santa Rosa Island Authority
(A Component Unit of Escambia County, Florida)
Schedule of Changes in the Net OPEB Liability and Related Ratios
(Last 10 Fiscal Years)

September 30,	**2021**	**2020**	**2019**	**2018**
Total OPEB Liability:				
Service cost	$ 4,235	$ 4,966	$ 4,907	$ 5,051
Interest	2,473	3,628	3,195	2,814
Difference between expected and actual experience	-	(6,024)	-	-
Changes of assumptions and other inputs	1,327	(1,834)	(2,654)	(3,243)
Benefit payments	(4,819)	(4,755)	(4,358)	(3,565)
Net change in total OPEB liability	3,216	(4,019)	1,090	1,057
Total OPEB liability, beginning	111,203	115,222	114,132	113,075
Total OPEB liability, ending	$ 114,419	$ 111,203	$ 115,222	$ 114,132
Covered employee payroll	$ 698,414	$ 734,288	$ 665,479	$ 665,279
Net OPEB liability as a percentage of covered employee payroll	16.38%	15.14%	17.31%	17.16%

Note: Data was unavailable prior to 2018.

Santa Rosa Island Authority
(A Component Unit of Escambia County, Florida)
Schedule of Proportionate Share of Net Pension Liability – Florida Retirement System (Last 10 Fiscal Years)

	2021	2020	2019	2018	2017	2016	2015	2014
Authority's proportion of the net pension liability (asset)	0.002135%	0.001797%	0.001892%	0.001833%	0.001811%	0.002740%	0.004716%	0.004534%
Authority's proportionate share of the net pension liability (asset)	$ 161,262	$ 779,064	$ 651,585	$ 552,053	$ 535,669	$ 691,797	$ 609,193	$ 276,640
Authority's covered - employee payroll	$ 797,901	$ 696,014	$ 691,595	$ 665,279	$ 640,213	$ 700,715	$ 1,681,563	$ 1,641,364
Authority's proportionate share of the net pension liability (asset) as a percentage of its own covered-employee payroll	20.2%	111.9%	94.2%	83.0%	83.7%	98.7%	36.2%	16.9%
FRS Plan fiduciary net position as a percentage of the total pension liability	96.40%	78.85%	82.61%	84.26%	83.89%	84.88%	92.00%	96.09%

Note: Data was unavailable prior to 2014.

Santa Rosa Island Authority
(A Component Unit of Escambia County, Florida)
Schedule of Contributions –
Florida Retirement System (Last 10 Fiscal Years)

	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	$ 84,273	$ 69,448	$ 62,386	$ 61,341	$ 47,790	$ 60,147	$ 122,187	$ 113,898
Contributions in relation to the contractually required contribution	84,273	69,448	62,386	61,341	47,790	60,147	122,187	113,898
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Authority's covered-employee payroll	$ 797,901	$ 696,014	$ 691,595	$ 665,279	$ 640,213	$ 700,715	$ 1,681,563	$ 1,641,364
Contributions as a percentage of covered-employee payroll	10.6%	10.0%	9.0%	9.2%	7.5%	8.6%	7.3%	6.9%

Schedule of Contributions – Health Insurance Subsidy Program (Last 10 Fiscal Years)

	2021	2020	2019	2018	2017	2016	2015	2014
Authority's proportion of the net pension liability (asset)	0.002094%	0.001974%	0.002070%	0.002027%	0.002066%	0.003198%	0.005492%	0.005467%
Authority's proportionate share of the net pension liability (asset)	$ 256,871	$ 241,000	$ 231,642	$ 214,524	$ 220,892	$ 372,749	$ 560,130	$ 511,138
Authority's covered - employee payroll	$ 797,901	$ 696,014	$ 691,595	$ 665,279	$ 640,213	$ 700,715	$ 1,681,563	$ 1,641,364
Authority's proportionate share of the net pension liability (asset) as a percentage of its own covered-employee payroll	32.2%	34.6%	33.5%	32.2%	34.5%	53.2%	33.3%	31.1%
FRS Plan fiduciary net position as a percentage of the total pension liability	3.56%	3.00%	2.63%	2.15%	1.64%	0.97%	0.50%	0.99%

Note: Data was unavailable prior to 2014.

Santa Rosa Island Authority
(A Component Unit of Escambia County, Florida)
Schedule of Contributions –
Health Insurance Subsidy Program (Last 10 Fiscal Years)

	2020	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	$ 16,774	$ 16,929	$ 15,691	$ 16,266	$ 13,538	$ 17,829	$ 25,197	$ 23,770
Contributions in relation to the contractually required contribution	16,774	16,929	15,691	16,266	13,538	17,829	25,197	23,770
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Authority's covered-employee payroll	$ 797,901	$ 696,014	$ 691,595	$ 665,279	$ 640,213	$ 700,715	$ 1,681,563	$ 1,641,364
Contributions as a percentage of covered-employee payroll	2.1%	2.4%	2.3%	2.4%	2.1%	2.5%	1.5%	1.4%

NOTE 1: OPEB PLAN

The actuarial methods and assumptions used to calculate the total OPEB liability are described in Note 11 to the financial statements.

The net OPEB liability amount presented for each fiscal year was determined as of September 30 measurement date prior to the fiscal year-end.

The schedule is intended to present ten years of data. Additional years of data will be presented as they become available.

The Authority has not presented a Schedule of Contributions since an actuarially determined contribution has not been calculated and there is no contractually or statutorily determined contribution applicable to the Authority.

NOTE 2: PENSION PLAN

The actuarial methods and assumptions used to calculate the total pension liability (asset) are described in Note 10 to the financial statements.

The net pension liability amounts presented for each fiscal year were determined as of the June 30 measurement date prior to the fiscal year-end.

The schedules are intended to present ten years of data. Additional years of data will be presented as they become available.

FRS: The long-term expected rate of return remained stable at 6.8%.

HIS: The municipal bond rate used to determine total pension liability was decreased from 2.21% to 2.16%.

Santa Rosa Island Authority
(A Component Unit of Escambia County, Florida)
Schedule of Operating Revenues and Expenses – Budget and Actual

For the year ended September 30,	2021				
	Actual (GAAP Basis)	**Adjustment to Budgetary Basis**	**Actual (Budgetary Basis)**	**Budget**	**Variance Favorable (Unfavorable)**
Operating revenues					
Lease fees					
Commercial	$ 3,768,660	$ -	$ 3,768,660	$ 2,989,367	$ 779,293
Residential	1,259,736	-	1,259,736	1,363,688	(103,952)
Interest income	13,101	-	13,101	-	13,101
Other operating revenue	101,011	-	101,011	-	101,011
Total operating revenues	5,142,508	-	5,142,508	4,353,055	789,453
Operating expenses					
Personal services	1,233,505	-	1,233,505	1,538,555	305,050
Contractual and professional services	518,174	-	518,174	558,276	40,102
Supplies	19,000	-	19,000	21,375	2,375
Utilities	42,190	-	42,190	50,000	7,810
Advertising and promotion	551,316	-	551,316	636,350	85,034
Capital outlay	149,559	63,029	212,588	665,459	452,871
Other operating expense	253,367	-	253,367	354,390	101,023
Total operating expenses before depreciation	2,767,111	63,029	2,830,140	3,824,405	994,265
Depreciation	44,924	(44,924)	-	-	-
Total operating expenses	2,812,035	18,105	2,830,140	3,824,405	994,265
Operating income (loss)	2,330,473	(18,105)	2,312,368	528,650	1,783,718
Non-operating revenues (expenses)					
Grant revenues	342,944	-	342,944	-	342,944
Grant project expenses	(394,544)	-	(394,544)	(500,000)	105,456
Payments to Escambia County - beach nourishment loan	-	(1,230,000)	(1,230,000)	(1,285,000)	55,000
Payments to Escambia County - fire and rescue	(206,000)	-	(206,000)	(206,000)	-
Interest expense	(17,583)	-	(17,583)	-	(17,583)
Other income	185,219	-	185,219	30,000	155,219
Net non-operating revenues (expenses)	(89,964)	(1,230,000)	(1,319,964)	(1,961,000)	641,036
Change in net position	$ 2,240,509	$ (1,248,105)	$ 992,404	$ (1,432,350)	$ 2,424,754

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

To the Board of Supervisors
Santa Rosa Island Authority
Pensacola, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities of Santa Rosa Island Authority (hereinafter referred to as 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 26, 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) to determine the 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 the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify a deficiency in internal control, IC 2021-001, described in the attached schedule of findings that we consider to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our 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*.

Santa Rosa Island Authority's Response to Findings

Santa Rosa Island Authority's response to the findings identified in our audit is described in the attached schedule. Santa Rosa Island Authority's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

Carr, Riggs & Ingram, L.L.C

CARR, RIGGS & INGRAM, LLC

Miramar Beach, Florida
January 26, 2022

Finding IC2021-001: Financial Close Process

Criteria: Rules 10.557(3)(i) and 10.556(3) of the Florida Auditor General, along with other rules and laws, require that the Authority's financial statements be in accordance with the GASB *Codification of Governmental Accounting and Financial Reporting Standards*. The statements should be prepared in accordance with generally accounting principles (GAAP).

Condition: One of the principal methods that a government uses to document accountability for public resources it receives and uses is by the information included in its financial statements. As such, Authority personnel should ensure that the financial information is accurate. In addition, during our audit procedures, while most areas were prepared accurately and correctly, audit adjusting entries were required to correct certain items. These include:

- The balances for grant revenue, deferred revenue and grant receivables were not adjusted to account for current year activity.
- Certain pension and other post-employment benefit liabilities.
- Net position balances.
- Capital assets and debt balances.
- Other miscellaneous adjustments.

Cause: The above adjustments occurred mainly as a result of a lack of knowledge regarding complicated accounting pronouncements or simple errors. We were able to identify the necessary adjustments during our audit procedures to ensure the Authority's financial statements and supplementary information were properly reported, and Authority personnel accepted these adjustments. However, our audit procedures cannot substitute for management's responsibility to ensure that the Authority's financial statements are completely accurate.

Effect: The Authority's financial statements could contain inaccuracies.

Recommendation: The Authority should improve its financial reporting procedures to ensure that financial statement account balances and transactions are properly reported. Such procedures may include enhanced review to ensure accuracy of the financial statements.

Management's response: The costs of internally preparing the financial statements outweigh the benefit; therefore the Authority will continue to have Carr, Riggs & Ingram, LLC assist in drafting the financial statements.

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CPAs and Advisors

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MANAGEMENT LETTER

To the Board of Directors and Chief Executive Officer
Santa Rosa Island Authority
Pensacola, Florida

Report on the Financial Statements

We have audited the financial statements of the Santa Rosa Island Authority ("Authority") as of and for the fiscal year ended September 30, 2021, and have issued our report thereon dated January 26, 2022.

Auditors' 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 Chapter 10.550, Rules of the Florida Auditor General.

Other Reporting Requirements

We have issued our Independent Auditors' 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* and Independent Accountant's Report on an examination conducted in accordance with AICPA Professional Standards, AT-C 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports and schedule, which are dated January 26, 2022, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. Corrective actions have been taken to partially address findings and recommendations made in the preceding financial audit report. Certain aspects of prior year finding IC2020-001, such as grant revenues and pension liabilities, have been repeated in the current year. That comment was also included in the second preceding fiscal year audit report. The Authority's response to the comment identified in our audit is described on page 39.

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. This information is disclosed in the notes to the financial statements.

Financial Management

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.

Additional Matters

Section 10.554(1)(i)3., Rules of the Auditor General, requires us to communicate noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but warrants the attention of those charged with governance. In connection with our audit, we did not have any such findings.

Purpose of this Letter

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

Carr, Riggs & Ingram, L.L.C

CARR, RIGGS & INGRAM, LLC

Miramar Beach, Florida
January 26, 2022

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INDEPENDENT ACCOUNTANTS' REPORT

To the Board Members and Chief Executive Officer
Santa Rosa Island Authority
Pensacola, Florida

We have examined Santa Rosa Island Authority's compliance with the requirements of Section 218.415, Florida Statutes, *Local Government Investment Policies*, during the year ended September 30, 2021. Management of the Authority 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 standard require that we plan and perform the examination to obtain reasonable assurance about whether the Authority complied, in all material respects, with the specified requirement 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 our examination provides a reasonable basis for our opinion.

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

In our opinion, the Authority complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2021.

This report is intended solely for the information and use of management and the State of Florida Auditor General and is not intended to be and should not be used by anyone other than these specified parties.

Carr, Riggs & Ingram, L.L.C.

CARR, RIGGS & INGRAM, LLC

Miramar Beach, Florida
January 26, 2022