

Canaveral Port Authority

Financial Report
September 30, 2023

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Public Officials

September 30, 2023

Kevin Markey
Chairman

Micah Loyd
Vice Chairman

Wayne Justice
Secretary/Treasurer

Jerry Allender
Commissioner

Fritz VanVolkenburgh
Commissioner

Captain John Murray
Chief Executive Officer

Harold Bistline
Port Attorney

Michael Poole
Chief Financial Officer

Patricia Poston
Senior Director of Finance

Diana Mims-Reid
Controller

Independent Auditor's Report

RSM US LLP

Members of the Board of Commissioners
Canaveral Port Authority

Report on the Audit of the Financial Statements***Opinion***

We have audited the financial statements of the Canaveral Port Authority (the Authority) as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the Authority, as of September 30, 2023, and the changes in financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Authority, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Authority's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the schedule of changes in total OPEB liability to be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority's basic financial statements. The schedule of expenditures of federal awards and state financial assistance, as required by Title 2 *U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and Chapter 10.550, *Rules of the Auditor General, State of Florida* are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 expenditures of federal awards and state financial assistance are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the schedule of comparative revenues, expenses and changes in net position, schedule of comparative operating revenues by activity, the schedule of construction in progress and capital costs compared with budget (prior to transfer of completed projects to capital assets), and the schedule of insurance in force but does not include the basic financial statements and our auditor's report thereon. Our opinion on the basic financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 13, 2024, on 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 and other matters. The purpose of that report is solely 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 effectiveness of the Authority's 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.

RSM US LLP

Jacksonville, Florida
March 13, 2024

Canaveral Port Authority

Management's Discussion and Analysis (Unaudited)

As management of the Canaveral Port Authority (the "Authority"), we offer readers of the Authority's financial statements this narrative overview and analysis of the financial activities of the Authority for the fiscal year ended September 30, 2023. **All amounts, unless otherwise indicated, are expressed in thousands of dollars.**

Financial Highlights

- The assets and deferred outflows of the Authority exceeded its liabilities and deferred inflows at the close of the most recent fiscal year by \$525,252 (*net position*). Of this amount, \$222,889 is the unrestricted net position and is available to meet the Authority's ongoing obligations to creditors.
- The Authority's total net position increased by \$122,151. This consists of an increase in net investment in capital assets of \$16,151, an increase in restricted net position of \$160, and an increase in unrestricted net position of \$105,840.
- At the end of the current fiscal year, the unrestricted net position was 182.2% of total expenses.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the Authority's basic financial statements. The Authority's basic financial statements are comprised of two components: enterprise financial statements and notes to the financial statements. This report also contains the required supplementary information, other supplementary information, and other information in addition to the basic financial statements themselves.

The basic financial statements report information about the Authority using the full accrual basis of accounting as utilized by similar business activities in the private sector. The basic financial statements include a statement of net position, a statement of revenues, expenses and changes in net position and a statement of cash flows.

The statement of net position presents information on all the Authority's assets and deferred outflows of resources, as well as liabilities and deferred inflows of resources, with the difference between the two groups reported as total net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Authority is improving or deteriorating.

The statement of revenues, expenses and changes in net position presents information showing how the Authority's net position changed during the fiscal year. All changes in net position are reported as soon as the underlying event, giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

The statement of cash flows presents changes in cash and cash equivalents from operational, financing, and investing activities. This statement presents cash receipt and disbursement information without consideration of the earnings event, when an obligation arises, or depreciation of capital assets.

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

In addition to the basic financial statements and accompanying notes, this report also presents other required supplementary information, other supplementary information, and other information.

Canaveral Port Authority

Management's Discussion and Analysis (Unaudited)

Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of the Authority's financial position.

The following table reflects the condensed statements of net position as of September 30:

	2023	2022	Change	
			Amount	%
Current and other assets	\$ 307,196	\$ 193,386	\$ 113,810	58.9%
Capital assets	676,832	669,611	7,221	1.0%
Total assets	984,028	862,997	121,031	14.0%
Deferred outflows of resources	480	581	(101)	-17.0%
Current liabilities	48,922	33,608	15,314	45.6%
Noncurrent liabilities	366,839	385,922	(19,083)	-4.9%
Total liabilities	415,761	419,530	(3,769)	-0.9%
Deferred inflows of resources	43,495	40,947	2,548	6.0%
Net position:				
Net investment in capital assets	289,432	273,281	16,151	6.0%
Restricted	12,931	12,771	160	1.0%
Unrestricted	222,889	117,049	105,840	90.4%
Total net position	\$ 525,252	\$ 403,101	\$ 122,151	30.3%

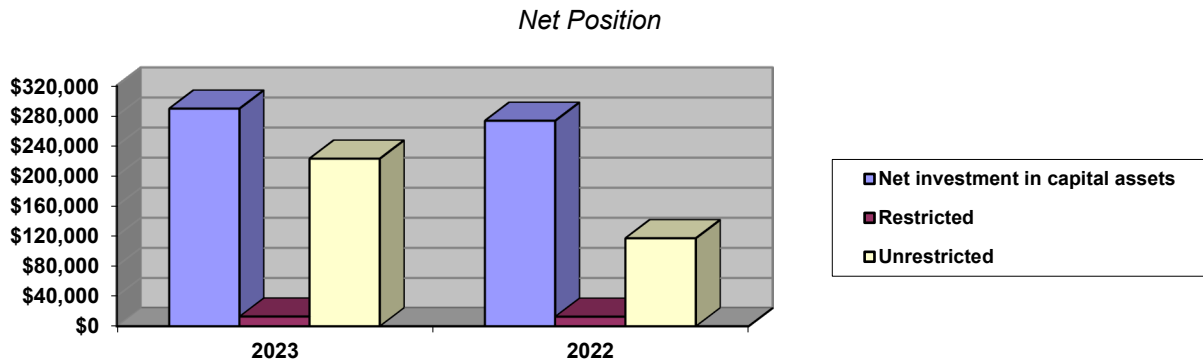
Current assets increased because of a strong year of cruise operations with 6.8 million passengers. By far the largest portion (55.1%) of the Authority's net position as of September 30, 2023, reflects its investment in capital assets (e.g., land, buildings, improvements, equipment, intangibles and construction in progress); less any related debt used to acquire those assets that are still outstanding. These assets are not available for future spending. Although the Authority's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from operations, since the capital assets themselves cannot be used to liquidate these liabilities. At the end of the current fiscal year, the Authority's net investment in capital assets increased by \$16,151.

In addition, a portion (2.5%) of the Authority's net position as of September 30, 2023, represents the reserve for maximum debt service restricted in accordance with existing bond covenants. The remaining balance of unrestricted net position may be used to meet the Authority's ongoing obligations to creditors. At the end of the current fiscal year, the Authority's unrestricted net position increased by \$105,840.

Canaveral Port Authority

Management's Discussion and Analysis (Unaudited)

The Authority's total net position increased by \$122,151 during the current fiscal year. Of this amount, an increase of \$91,709 represents net income before capital contributions. The remaining increase of \$30,442 represents the capital contributions (grant proceeds) from federal and state sources. There is no assurance that these capital contributions from other sources will continue in the future.



The following table shows condensed revenue and expense data for the years ended September 30:

	2023	2022	Change	
			Amount	%
Operating revenues:				
Cruise	\$ 158,015	\$ 99,015	\$ 59,000	59.6%
Cargo	20,539	13,952	6,587	47.2%
Leases	6,196	9,916	(3,720)	-37.5%
Other	7,050	6,072	978	16.1%
Total operating revenues	<u>191,800</u>	<u>128,955</u>	<u>62,845</u>	<u>48.7%</u>
Non-operating revenues:				
Investment earnings (loss)	7,064	(804)	7,868	978.6%
Other	15,154	44,907	(29,753)	-66.3%
Total non-operating revenues	<u>22,218</u>	<u>44,103</u>	<u>(21,885)</u>	<u>-49.6%</u>
Total revenues	<u>214,018</u>	<u>173,058</u>	<u>40,960</u>	<u>23.7%</u>
Operating expenses:				
Operations, facilities and public safety	38,947	30,889	8,058	26.1%
Executive, finance and administration	14,062	11,878	2,184	18.4%
Engineering and environmental	2,315	1,885	430	22.8%
Other	5,656	5,005	651	13.0%
Depreciation and amortization	47,855	49,247	(1,392)	-2.8%
Total operating expenses	<u>108,835</u>	<u>98,904</u>	<u>9,931</u>	<u>10.0%</u>
Non-operating expenses:				
Interest	12,219	12,077	142	1.2%
Loss on disposal of capital assets	101	-	101	0.0%
Hurricane repairs	996	-	996	0.0%
Other	158	470	(312)	-66.4%
Total non-operating expenses	<u>13,474</u>	<u>12,547</u>	<u>927</u>	<u>7.4%</u>
Total expenses	<u>122,309</u>	<u>111,451</u>	<u>10,858</u>	<u>9.7%</u>
Income before contributions	<u>91,709</u>	<u>61,607</u>	<u>30,102</u>	<u>48.9%</u>
Capital contributions	<u>30,442</u>	<u>23,502</u>	<u>6,940</u>	<u>29.5%</u>
Change in net position	<u>122,151</u>	<u>85,109</u>	<u>37,042</u>	<u>43.5%</u>
Net position – beginning	<u>403,101</u>	<u>317,992</u>	<u>85,109</u>	<u>26.8%</u>
Net position – ending	<u>\$ 525,252</u>	<u>\$ 403,101</u>	<u>\$ 122,151</u>	<u>30.3%</u>

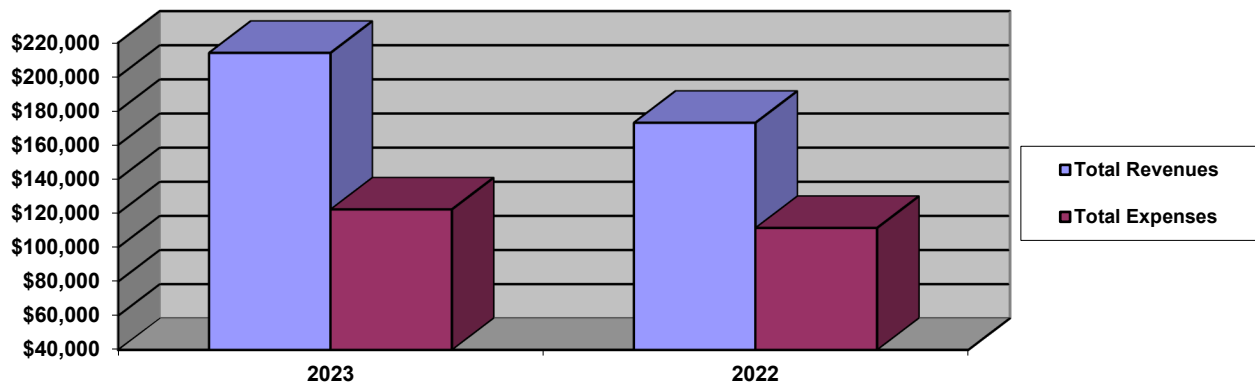
Canaveral Port Authority

Management's Discussion and Analysis (Unaudited)

Key elements of the increase in net position for the fiscal year ended September 30, 2023, are as follows.

- Overall fees and charges for services increased 48.7%. Included in the overall fees and charges were revenues from increased cruise operations (including parking), and recreation (Jetty Park and Exploration Tower), which increased 60% and 16%, respectively. Additional operating revenues for cargo increased 11% and leases increased 16%, respectively.
- Overall, non-operating revenues increased, which included investment earnings, grant revenue and gains on sale of assets or legal settlements. Investment earnings (loss) increased by \$7.8 million due to increased investments and rising interest rates.
- Capital contributions from federal and state grants for capitalized projects increased during the current fiscal year by \$6.9 million. This increase was mainly due to the collection of previously approved grant funds associated with work on North Cargo Berth 3 and 4.

Total Revenues and Expenses



Capital Asset and Debt Administration

Capital assets: The Canaveral Port Authority's capital assets as of September 30, 2023, and 2022, amount to \$676,832 and \$669,611, respectively, (net of accumulated depreciation). These balances include land, buildings, improvements, equipment, intangibles and construction in progress. The total increase in the Authority's capital assets was 1.0% for fiscal year 2023.

Major capital asset events during the current fiscal year included the following:

- Construction continued on several major projects for the Authority, including Rehabilitation and Reconstruction of North Cargo Berths 3 and 4, Cruise Terminal 6 Upgrades, Road and Utility improvements, Harbor Crane and Parking Improvements. The total investment in these projects totaled \$47,192 and were offset by the total value of projects completed and moved from Construction in Progress to capital assets of \$53,765.

Several major projects included in Construction in Progress on September 30, 2022, were completed during fiscal year 2023 including:

- North Cargo Berth 3 \$46,586
- Road and Tenant Improvements at \$1,789
- Improvements to Port Security and Public Safety projects at \$1,218
- Cruise Terminal 8 Renovations at \$2,902

Canaveral Port Authority

Management's Discussion and Analysis (Unaudited)

Commitments for the repair, modification, improvements, materials and new construction of Authority owned property at September 30, 2023, totaled \$121,596.

Additions for the year ended September 30, 2023 were offset by depreciation expense of \$47,387 and amortization expense of \$468.

The following table shows capital assets by category for the years ended September 30:

	2023	2022	Change	
			Amount	%
Land	\$ 5,471	\$ 5,471	\$ -	0.0%
Buildings	181,987	193,063	(11,076)	-6.0%
Improvements other than buildings	415,244	392,157	23,087	6.0%
Equipment	29,939	36,393	(6,454)	-18.0%
Intangibles	1,000	657	343	52.0%
Construction in progress	43,191	41,870	1,321	3.0%
Total	<u>\$ 676,832</u>	<u>\$ 669,611</u>	<u>\$ 7,221</u>	<u>1.1%</u>

Additional information on the Canaveral Port Authority's capital assets can be found in Note 3.D. in this report.

Long-term debt: On September 30, 2023, the Canaveral Port Authority had total bonded debt outstanding of \$352,596 and lines of credit with outstanding balances of \$5 million and \$16 million. The Canaveral Port Authority's debt represents bonds secured solely by operating revenues (i.e., revenue bonds).

The Canaveral Port Authority's total revenue bonds decreased by \$16,545 (4.48%). The major factor for the decrease during the current year was due to regular scheduled principal payments and no new issuances this year.

Additional information on the Canaveral Port Authority's long-term debt can be found in Note 3.G. and 3.H. in this report.

Economic Factors and Next Year's Budgets and Rates

For FY2024, the Authority has budgeted the following:

- Charges for services of \$187 million due to projected cruise and cargo related business.
- Operating expenses of \$123 million (includes \$49 million for depreciation) which contains funding for cruise activities.
- Non-operating revenues of \$8 million, which is mostly investment earnings.

Requests for Information

This financial report is designed to provide a general overview of the Canaveral Port Authority's finances for all those with an interest in the Authority's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Finance Department, Canaveral Port Authority, 445 Challenger Road, Suite 301, Cape Canaveral, Florida 32920.

BASIC FINANCIAL STATEMENTS

Canaveral Port Authority

**Statement of Net Position
September 30, 2023**

Assets

Current assets:

Cash and cash equivalents	\$ 170,389,808
Cash and cash equivalents - restricted	2,426,308
Investments	25,270,509
Accounts receivable – trade, net	12,830,315
Interest receivable	282,544
Lease receivable	3,649,108
Prepaid expenses	3,779,200
Due from other governmental units	29,430,832
Inventory	650,761
Deposits and other receivables, current	18,631
Total current assets	<u>248,728,016</u>

Noncurrent assets:

Cash and cash equivalents - restricted	12,930,729
Lease receivable	39,885,943
Deposits and other receivables, long-term	5,650,700
Capital assets (net of accumulated depreciation and amortization):	
Land (non-depreciable)	5,470,630
Buildings	181,986,995
Improvements other than buildings	415,244,352
Equipment	29,938,974
Intangible assets	1,000,453
Construction in progress (non-depreciable)	43,190,749
Total noncurrent assets	<u>735,299,525</u>
Total assets	<u>984,027,541</u>

Deferred outflows of resources:

Other post employment benefits (OPEB) related amounts	428,932
Deferred loss on bond refunding	51,375
Total deferred outflows of resources	<u>480,307</u>

(Continued)

Canaveral Port Authority

Statement of Net Position (Continued)
September 30, 2023

Liabilities

Current liabilities:

Accounts payable and accrued expenses	\$ 22,150,416
Unearned revenue	832,639
Payroll and sales taxes payable	291,401
Revenue bonds and direct borrowing bonds, current portion	16,661,667
Accrued interest payable	1,652,819
Compensated absences, current portion	787
Other liabilities, current portion	4,977,967
Payable from restricted assets:	
Accrued interest payable	2,105,905
Revenue bonds payable, current portion	248,333
Total current liabilities	<u>48,921,934</u>

Noncurrent liabilities:

Revenue bonds and direct borrowing bonds, less current portion	340,685,980
Compensated absences, less current portion	1,671,689
Lines of credit	21,000,000
Total OPEB liability	1,260,298
Other liabilities, long-term portion	2,220,988
Total noncurrent liabilities	<u>366,838,955</u>

Total liabilities 415,760,889

Deferred inflows of resources:

Leases	41,965,504
OPEB related amounts	1,529,134
Total deferred inflows of resources	<u>43,494,638</u>

Net position:

Net investment in capital assets	289,431,988
Restricted for debt service	12,930,729
Unrestricted	<u>222,889,604</u>
Total net position	<u><u>\$ 525,252,321</u></u>

See notes to financial statements.

Canaveral Port Authority

Statement of Revenues, Expenses and Changes in Net Position Year Ended September 30, 2023

Operating revenues:	
Cruise	\$ 158,015,193
Cargo	20,538,883
Leases	6,195,877
Other	7,049,702
Total operating revenues	191,799,655
Operating expenses:	
Operations	13,277,858
Facilities	14,254,493
Parks and recreation	2,034,290
Exploration tower	133,074
Public safety	11,413,785
Fire training facility	385,402
Commission	338,619
Executive	2,183,715
Finance and accounting	2,032,252
Administrative services	9,845,862
Engineering and environmental	2,314,638
Business development	990,068
Real estate	380,037
Government and strategic communications	1,396,232
Depreciation	47,387,275
Amortization	467,526
Total operating expenses	108,835,126
Operating income	82,964,529
Non-operating revenues:	
Investment earnings	7,063,893
Grant revenue	15,006,995
Gain on sale of capital assets	147,102
Total non-operating revenues	22,217,990
Non-operating expenses:	
Interest expense	12,219,324
Loss on disposal of capital assets	100,683
Hurricane repairs	995,650
Other non-operating expenses	157,862
Total non-operating expenses	13,473,519
Income before capital contributions	91,709,000
Capital contributions	30,442,555
Change in net position	122,151,555
Net position, beginning of year	403,100,766
Net position, end of year	\$ 525,252,321

See notes to financial statements.

Canaveral Port Authority

Statement of Cash Flows Year Ended September 30, 2023

Cash flows from operating activities:	
Cash received from customers and users	\$ 187,728,252
Cash paid to suppliers for goods and services	(39,472,031)
Cash payments to employees for services	<u>(17,262,231)</u>
Net cash provided by operating activities	<u>130,993,990</u>
Cash flows from non-capital financing activities:	
Cash received from grants	<u>19,045,377</u>
Net cash provided by non-capital financing activities	<u>19,045,377</u>
Cash flows from capital and related financing activities:	
Interest paid on revenue bonds and direct borrowing bonds	(12,583,603)
Proceeds from interest on leases	1,247,677
Principal paid on revenue bonds and direct borrowing bonds	(16,545,000)
Acquisition and construction of capital assets	(44,308,469)
Proceeds from lines of credit	5,000,000
Payments made on lines of credit	(8,010,500)
Proceeds from sale of capital assets	147,102
Contributed capital	<u>11,787,583</u>
Net cash used in capital and related financing activities	<u>(63,265,210)</u>
Cash flows from investing activities:	
Interest received on investments	6,694,200
Sale of investments	<u>4,668,831</u>
Net cash provided by investing activities	<u>11,363,031</u>
Net change in cash and cash equivalents	98,137,188
Cash and cash equivalents:	
Beginning of year	<u>87,609,657</u>
End of year	<u>\$ 185,746,845</u>

(Continued)

Canaveral Port Authority

Statement of Cash Flows (Continued)
Year Ended September 30, 2023

Reconciliation of operating income to net cash provided by operating activities:	
Operating income	<u>\$ 82,964,529</u>
Adjustment to reconcile operating income to net cash provided by operating activities:	
Depreciation expense	47,387,275
Amortization expense	467,526
(Increase) decrease in assets and deferred outflows:	
Accounts receivable	(1,013,126)
Inventory	(109,780)
Lease receivables	(4,531,713)
Deposits and other receivables	(383,168)
Prepaid expenses	(755,954)
Deferred outflows of resources – OPEB	37,766
Increase (decrease) in liabilities and deferred inflows:	
Accounts payable and accrued expenses	588,077
Unearned revenue	(655,223)
Compensated absences	215,543
Total OPEB liability	(251,832)
Deferred inflows of resources – leases	2,320,244
Deferred inflows of resources – OPEB	227,811
Other liabilities	4,441,531
Payroll and sales tax payable	44,484
Total adjustments	<u>48,029,461</u>
Net cash provided by operating activities	<u><u>\$ 130,993,990</u></u>

Supplemental schedule of noncash investing, capital and financing activities:

During 2023, the Authority recorded an unrealized gain on investments of \$369,693.

During 2023, the Authority's balance in due from other governmental units relating to capital contributions is \$28,397,227.

On September 30, 2023, the Authority had capital asset additions included in accounts payable of \$14,103,893.

See notes to financial statements.

Canaveral Port Authority

Notes to Financial Statements

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Canaveral Port Authority

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

The Canaveral Port Authority (the Authority) is an independent special taxing Authority and a political subdivision of the state of Florida (the State) which was established in 1953 by Chapter 28922, Laws of Florida, and Special Acts of 1953, as amended in 2014 (the Enabling Act). The governing body of the Authority is the Board of Commissioners (Board) composed of one commissioner elected from each of the five districts created by the Enabling Act.

B. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The Authority is a special purpose government entity engaged in business type activities and uses a single enterprise fund for the presentation of its financial statements. Enterprise fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows.

The Authority operates as an enterprise fund that accounts for the construction, operation, and maintenance of the Authority. An enterprise fund is a type of proprietary fund that provides services to the general public. This fund is used to account for the acquisition, operation and maintenance of governmental facilities and services which are entirely or predominantly self-supported by user charges. The operations of the Authority are accounted for in such a manner as to show a profit or loss, similar to comparable private enterprises.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Authority are fees and charges for cruise ships, cargo ships and land leases. Operating expenses include costs to operate and maintain facilities of the Authority, administrative expenses and depreciation and amortization expenses related to long-lived assets. All revenues and expenses not meeting these definitions are reported as non-operating revenues and expenses.

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.

C. Assets, Deferred Outflows, Liabilities, Deferred Inflows and Net Position

1. Cash and Cash Equivalents

Florida state statutes authorize the government to invest in the Local Government Surplus Funds Trust Fund (Florida PRIME), an external investment pool, or any intergovernmental investment pool authorized pursuant to the Florida Interlocal Cooperation Act, Securities and Exchange Commission (SEC) registered money market funds with the highest credit quality rating, interest-bearing time deposits or savings accounts in qualified public depositories and direct obligations of the U.S. Treasury.

Florida PRIME is administered by the Florida State Board of Administration, who provides regulatory oversight. The Authority's investment in Florida PRIME is reported at amortized cost. The fair value of the Authority's position in Florida PRIME is equal to the value of pooled shares. The Authority also invests in Florida Public Assets for Liquidity Management (PALM). PALM is a common law trust organized under the laws of the state of Florida and offers a short-term investment program with the objective of maintaining a \$1 net asset value (NAV).

Canaveral Port Authority

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

C. Assets, Deferred Outflows, Liabilities, Deferred Inflows and Net Position (Continued)

1. Cash and Cash Equivalents (Continued)

Cash and cash equivalents include cash deposits and short-term investments with original maturities of three months or less from the date of acquisition.

2. Accounts and Other Receivables

Management considers most accounts and other receivables to be fully collectible; however, the Authority has created an allowance for those where, based upon historical attempts at collection, it deems collection to be unlikely. The allowance for trade receivables as of September 30, 2023 was \$75,000. All other receivables were deemed fully collectible as of September 30, 2023.

3. Investments

The Authority's investments are reported at fair value using the quoted market price or other fair value techniques as required by Governmental Accounting Standards Board (GASB) Statement No. 72, *Fair Value Measurements (GASB 72)*. Fair value is defined by GASB 72, as the price that would be received to sell an asset or to transfer a liability in an orderly transaction between market participants at the measurement date. Categories within the fair value hierarchy include Level 1 inputs are quoted priced in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 are unobservable inputs.

As of September 30, 2023, the Authority reported investments at fair value. Fair value for all the Authority's investments in debt was measured using Level 1 and Level 2 techniques. Florida PRIME is valued at amortized cost and PALM is measured at fair value using NAV.

4. Leases

The Authority has entered into various lessor arrangements with tenants for the use of warehouses, terminals, offices, and land at the Authority. For certain regulated leases and short-term leases, the Authority recognizes rental income based on the provisions of the lease agreement in the statement of revenues, expenses and changes in net position.

For other lessor arrangements, the Authority recognizes a lease receivable and a deferred inflow of resources in the statement of net position. The Authority recognizes a lease receivable and a deferred inflow of resources at the commencement of the lease term, with certain exceptions for leases of assets held as investments, certain regulated leases, short-term leases and leases that transfer ownership of the underlying asset. The lease receivable is measured at the present value of the lease payments expected to be received during the lease term. The deferred inflow of resources is measured as the value of the lease receivable in addition to any payments received at or before the commencement of the lease term that relate to future periods. Lease receivable is reduced as payments are received, applying principal against receivable and interest to revenue, based on the amortization schedule. Deferred inflow is recognized as revenue on a straight-line basis over the life of the lease term.

Canaveral Port Authority

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

C. Assets, Deferred Outflows, Liabilities, Deferred Inflows and Net Position (Continued)

4. Leases (Continued)

The Authority uses the following estimates and judgments to measure the GASB 87, *Leases* (GASB 87) leases:

- Discount Rate: The Authority uses its incremental borrowing rate to discount the expected lease receipts to present value based on the term of the leases.
- Lease Term: The lease term includes the non-cancelable lease period, plus: 1) periods for which the Authority has a unilateral option to extend and is reasonably certain to exercise such option, or 2) periods after an optional termination date if the Authority is reasonably certain not to exercise the termination option.
- Lease Receipts: Measurement of the lease receivable includes fixed payments and, as applicable, variable fixed in substance payments, residual value guarantee payments that are fixed in substance and any lease incentives payable to the lessee.

5. Prepaid Expenses

Prepaid expenses consist of payments to vendors which reflect costs applicable to future accounting periods. Prepaid expenses are recorded as expenditures over the period of their economic benefit.

6. Restricted Cash and Cash Equivalents

Debt proceeds and funds set aside for payment of revenue bonds and construction projects are classified as restricted assets on the statement of net position because their use is limited by applicable bond indentures.

7. Inventory

Inventory is stated at the lesser of cost or market using the first-in, first-out inventory method.

8. Capital Assets

Capital assets are defined by the Authority as assets with an initial cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at cost, if purchased, and at acquisition value at date of gift, if donated. Major additions are capitalized while maintenance and repairs, which do not improve or extend the life of the respective assets, are charged to expense. Contributions received in aid of construction are credited to capital contributions and do not reduce the cost of the assets acquired with such contributions. Costs associated with deepening and widening the channel increase the potential service utility of the port and are recorded as a non-depreciable capital asset.

Canaveral Port Authority

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

C. Assets, Deferred Outflows, Liabilities, Deferred Inflows and Net Position (Continued)

8. Capital Assets (Continued)

Depreciation is recognized on the straight-line method over the estimated useful lives of the assets. The following estimated useful lives are used for depreciation purposes:

Classification	Range of Lives (Years)
Buildings	30
Improvements other than buildings	5-40
Equipment	3-20

The Authority recognizes amortization on intangible assets as follows:

Classification	Range of Lives (Years)
Computer software	3-5
Trademarks	5
Risk assessment plan	5
Master plan	7

9. Deferred Outflows of Resources

In addition to assets, the statement of net position includes a separate section for deferred outflows of resources. This separate financial statement section, deferred outflows of resources, represents a consumption of net assets that applies to future periods and so will not be recognized as an outflow of resources (expenses) until that time. The Authority currently reports losses on bond refunding and items related to other post-employment benefits (OPEB) in this section.

10. Compensated Absences

All permanent employees of the Authority are eligible for annual leave. Each employee working a normal week earns vacation leave at certain rates, depending on the employee's length of service. All annual leave is accrued when earned in the statement of net position. There is no liability for unpaid accumulated sick leave since the Authority does not have a policy to pay such amounts upon termination.

11. Other Post-Employment Benefits (OPEB)

The Authority obtains actuarial valuation reports for its postemployment benefit plan and records the OPEB liability as required under GASB 75, *Accounting and Financial Reporting for Post-Employment Benefits Other Than Pensions*. Disclosure information required by GASB 75 is found in Note 3.L.

12. Unearned Revenue

Resources that do not meet the revenue recognition requirements (not earned) are recorded as unearned revenue in the statement of net position.

Canaveral Port Authority

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

C. Assets, Deferred Outflows, Liabilities, Deferred Inflows and Net Position (Continued)

13. Deferred Inflows of Resources

In addition to liabilities, the statement of net position includes a separate section for deferred inflows of resources. This separate financial statement section, deferred inflows of resources, represents an acquisition of net assets that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The Authority currently reports items related to OPEB and leases in this section.

14. Net Position – Net Investment in Capital Assets

The net investment in capital assets component of net position consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of bonds, notes or other borrowings that are attributable to the acquisition, construction or improvements of those assets and any deferred losses on bond refunding. Significant portions of unexpended capital debt are not included in this category of net position.

15. Net Position – Restricted

The Authority's statement of net position reports a restriction on net position that is maintained for a specific purpose. The nature and purpose of this restriction represent, in accordance with legal restrictions, amounts for payment of principal and interest maturing in later years.

16. Net Position – Unrestricted

This category represents the net position of the Authority, which is not restricted for any project or other purpose.

D. Revenues and Expenses

1. Operating Revenues and Expenses

Operating revenues are recorded when earned and expenses are recorded when incurred. Revenues and expenses relating to the Authority's property and operations included wharfage, dockage, line handling, water services, crane rentals, property leases, commercial vehicle, parks and recreation entrance and usage fees, fire training, parking fees and other port services. All other revenues and expenses are classified as non-operating.

2. Grants

Grants restricted for capital acquisition and construction are recorded as capital contributions. Other grant revenue is classified as non-operating revenue. They are considered earned when all applicable eligibility requirements have been met and it is earned by the Authority.

Canaveral Port Authority

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

E. Estimates

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

F. GASB Pronouncements

In March 2020, the GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships (PPPs) and Availability Payment Arrangements (APAs)* (GASB 94). The objective of this statement is to improve financial reporting by addressing issues related to PPPs and APAs. This statement was adopted by the Authority as of October 1, 2022, and did not have a material effect within these financial statements.

In May 2022, the GASB issued Statement No. 96, *Subscription Based Information Technology Arrangements (SBITAs)* (GASB 96). The objective of this statement is to provide guidance on the accounting and financial reporting for SBITAs for government end users. This statement was adopted by the Authority as of October 1, 2022, and did not have a material effect within these financial statements.

Note 2. Budgetary Information

The Authority's Enabling Act requires adoption of an annual operating budget. The Board adopts an annual operating and capital improvement budget resolution prior to September 30, for the next ensuing fiscal year. The Authority's budgets are prepared on the accrual basis of accounting which is consistent with U.S. GAAP. Operating budgets for the enterprise fund are based on level of service expectations. Capital improvement projects are budgeted to provide control over authorized project expenses and ensure legal compliance.

Budget control is maintained at the departmental level. Actions which change the annual budget must be authorized by the Board. Budget amounts have been adjusted for legally authorized revisions of the annual budgets approved during the year.

The Authority has statutory authority to levy ad valorem taxes up to three (3) mills annually on all taxable property within the Authority's district boundaries for operation, maintenance, and improvement of Authority facilities. The Authority has not levied property taxes since 1986 and does not expect to do so in the foreseeable future.

Canaveral Port Authority

Notes to Financial Statements

Note 3. Detail Notes

A. Cash and Cash Equivalents and Investments

On September 30, 2023, the carrying amount of the Authority's recorded deposits with financial institutions was \$55,449,278, and the bank balance was \$55,338,851. In addition, the Authority held \$500 of petty cash on September 30, 2023.

The investing of public funds Florida PRIME is governed by Section 218.407, Florida Statutes. Florida PRIME is under the regulatory oversight of the state of Florida. This investment pool consists of bank instruments, asset-backed securities, and commercial paper. The pool operates as a money market fund but is classified as an external investment pool. The weighted average days to maturity of Florida PRIME was 35 days as of September 30, 2023. On September 30, 2023, the Authority had \$37,140,823 invested in Florida PRIME.

As of September 30, 2023, cash equivalents placed in money market accounts with PALM was \$93,156,744.

Florida Statutes, Chapter 280, Florida Security for Public Deposit Act (the Act) prescribes that the deposit authority of the Authority's policy conforms to state statute. Deposits whose value exceeds the limits of Federal Depository Insurance Corporation (FDIC) are entirely insured or collateralized pursuant to the Act. Under the Act, every qualified public depository shall deposit with the Florida Treasury, eligible collateral of the depository to be held subject to his or her order. The Florida Treasurer, by rule, shall establish minimum required collateral pledging levels. The pledging level may range from 25% to 200% of the average monthly balance of public deposits with an approved financial institution. The Public Deposit Security Trust Funds (Florida PRIME and PALM) have a procedure to allocate and recover losses in the event of default or insolvency. The Authority depositories at year-end were designated as qualified public depositories. All bank balances were covered by the FDIC and the banks' participation in the Act.

On September 30, all cash and cash equivalents were as follows:

Deposits with financial institutions	\$ 55,449,278
Deposits with Florida PRIME	37,140,823
Deposits with PALM	<u>93,156,744</u>
Total cash and cash equivalents	<u>\$ 185,746,845</u>
Reconciliation to the statement of net position:	
Cash and cash equivalents, current	\$ 170,389,808
Cash and cash equivalents, current - restricted	2,426,308
Cash and cash equivalents, noncurrent	<u>12,930,729</u>
Total cash and cash equivalents	<u>\$ 185,746,845</u>

Credit Risk

The Authority's investment policy addresses credit risk by restricting the types of investments in which it can invest, consistent with limitations defined in Florida Statutes 218.415.

Canaveral Port Authority

Notes to Financial Statements

Note 3. Detail Notes (Continued)

A. Cash and Cash Equivalents and Investments (Continued)

Credit risk is the risk that a security or a portfolio will lose some or all its value due to a real or perceived change in the ability of the issuer to repay its debt. This risk is measured by the assignment of a rating by a nationally recognized statistical rating organization. The Authority's investment policy permits the following investments, which are limited to credit quality ratings from nationally recognized rating agencies as described below:

- Commercial paper of any United States company or foreign company domiciled in the United States that is rated, at the time of purchase, "Prime-1" by Moody's and "A-1" by Standard & Poor's (prime commercial paper), or equivalent, as provided by two nationally recognized rating agencies. If the commercial paper is backed by a letter of credit (LOC), the long-term debt of the LOC provider must be rated "A" or better by at least two nationally recognized rating agencies.
- Local Intergovernmental Pools with the highest fund quality rating of AAAM or equivalent. Florida PRIME and PALM were rated AAAM by Standard & Poor's on September 30, 2023.
- Corporate bonds issued by corporations organized and operating within the United States or by depository institutions licensed by the United States that have a long-term debt rating, at the time of purchase, at a minimum "A" by Moody's and a minimum long-term debt rating of "A" by Standard & Poor's, or equivalent as provided by two nationally recognized rating agencies.
- Supranational in which the U.S. is a shareholder and a voting member. Must have the highest short- or long-term credit rating as provided by a nationally recognized credit agency.

Custodial Credit Risk

For an investment, custodial credit risk is the risk that, in the event of the 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 investment policy requires securities be held by a third-party custodian and be properly designated as an asset of the Authority and held in the Authority's name. As of September 30, 2023, the Authority's investment portfolio was held with a third-party custodian and designated as Authority assets and held in the Authority's name, as required by the Authority's investment policy.

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. The longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates. In accordance with the Authority's investment policy, investments should be invested to match investment maturities with known cash needs and anticipated cash flow requirements. The Authority's investment policy does not limit the maturities of investments to reduce the interest rate risk.

Canaveral Port Authority

Notes to Financial Statements

Note 3. Detail Notes (Continued)

A. Cash and Cash Equivalents and Investments (Continued)

Fair Value Measurements

On September 30, 2023, the Authority's summary of the fair value hierarchy of investments are as follows:

Investments	Amount	Fair Value Measurements Using		
		Quoted Prices in Active Market for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by Fair Value Level:				
U.S. Government Securities	\$ 13,884,404	\$ 12,353,581	\$ 1,530,823	\$ -
Corporate Issues	10,261,946	-	10,261,946	-
Supranationals	966,525	-	966,525	-
Municipal Issues	157,634	-	157,634	-
Total Investments by Fair Value Level	<u>\$ 25,270,509</u>	<u>\$ 12,353,581</u>	<u>\$ 12,916,928</u>	<u>\$ -</u>

U.S. Government securities totaling \$12.3 million in fiscal year 2023 are classified in Level 1 of the fair value hierarchy and are valued using quoted prices in active markets.

U.S. Government securities totaling \$1.5 million, corporate issues totaling \$10.3 million, supranationals totaling \$967 thousand and municipal issues totaling \$158 thousand in fiscal year 2023 are classified in Level 2 of the fair value hierarchy and are valued using matrix pricing techniques maintained by various pricing vendors. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices. The Authority has no investments classified in Level 3.

Concentration of Credit Risk

The Authority's investment policy does not specifically address the concentration of credit risk. However, the policy indicates that investments should be diversified to control the risk of loss resulting from over concentration of assets.

On September 30, 2023, the Authority had the following investments:

Investment Type	Amount	Investment Maturities (in years)				Rating	Agency
		Less than 1	1-5	6-10	Over 10		
Investments:							
U.S. Government Securities	\$ 13,884,404	\$ 531,119	\$ 13,169,695	\$ 131,781	\$ 51,809	AAA	S&P
Corporate Issues	10,261,946	412,398	9,849,548	-	-	A-AAA	S&P
Supranationals	966,525	480,447	486,078	-	-	AAA	S&P
Municipal Issues	157,634	59,760	97,874	-	-	AA-AAA	S&P
Total	<u>\$ 25,270,509</u>	<u>\$ 1,483,724</u>	<u>\$ 23,603,195</u>	<u>\$ 131,781</u>	<u>\$ 51,809</u>		

The Authority is required to disclose, by amount and issuer, investments in any one issuer that represent 5% or more of total investments. The Authority's investments include a 5% investment in Federal Home Loan Mortgage bonds on September 30, 2023.

Canaveral Port Authority

Notes to Financial Statements

Note 3. Detail Notes (Continued)

B. Restricted Cash and Cash Equivalents

Debt service and bond reserves are set aside for payment of revenue bonds and are classified as restricted cash and cash equivalents and restricted investments since their use is limited by applicable bond indentures.

Debt service reserve	\$ 2,426,308
Bond reserve	12,930,729
Total	<u>\$ 15,357,037</u>

C. Leases

The Authority has entered into various lessor arrangements with tenants for the use of warehouses, terminal, offices and land at the port. For the purpose of the GASB 87 implementation, the Lessor leases have been categorized as follows:

- GASB 87 – Included Leases
- GASB 87 – Excluded - Regulated Leases
- GASB 87 – Excluded - Short-Term Leases

1. GASB 87 Leases – Included

The incremental borrowing rates ranging from 3.00% to 3.04% is used to discount the expected lease receipts to present value. As of September 30, 2023, lease receivable is \$43.5 million (\$3.6 million current assets; \$39.9 million non-current assets) relating to fifty-six (56) leases, with interest income of \$1.2 million related to the lease payments received and included in fees and charges for services on the statement of revenues, expenses and changes in net position.

As of September 30, 2023, deferred inflows are \$41.9 million, and recognized revenues are \$4.3 million.

Future payments included in the measurement of the lease receivable, as of September 30, 2023, are as follows:

	Principal	Interest	Total
2024	\$ 3,649,108	\$ 1,263,011	\$ 4,912,119
2025	3,517,418	1,152,427	4,669,845
2026	3,225,301	1,054,218	4,279,519
2027	2,947,416	962,957	3,910,373
2028	2,795,687	882,821	3,678,508
2029 to 2033	11,764,435	3,174,840	14,939,275
2034 to 2038	3,032,791	2,288,478	5,321,269
2039 to 2043	1,907,706	1,968,466	3,876,172
2044 to 2048	1,837,685	1,734,322	3,572,007
2049 to Thereafter	8,857,504	7,637,090	16,494,594
Total	<u>\$ 43,535,051</u>	<u>\$ 22,118,630</u>	<u>\$ 65,653,681</u>

Canaveral Port Authority

Notes to Financial Statements

Note 3. Detail Notes (Continued)

C. Leases (Continued)

2. GASB 87 Leases – Excluded – Regulated Leases and Short-Term Leases

In accordance with GASB 87, the Authority does not recognize a lease receivable and a deferred inflow of resources for regulated leases and short-term leases. Regulated leases are certain leases that are subject to external laws, regulations or legal rulings. For the Authority, the Federal Maritime Commission regulates leases between ports and ocean carriers and other users. The Authority includes commercial cargo and cruise agreements as regulated leases. Short-term leases are certain leases that, at the commencement of the lease term, have a maximum possible term under the lease contract of 12 months (or less) including any options to extend. For the regulated agreements for fiscal year 2023, the total amount of inflows of resources was \$129,039,181 which includes minimum payments of \$40,451,929 and variable payments of \$88,587,252.

Future minimum payments for regulated leases and short-term leases are as follows:

Years Ending September 30:

2024	\$	54,456,528
2025		57,648,692
2026		64,791,493
2027		61,586,551
2028		61,744,886
2029 to 2033		263,545,000
2034 to 2038		267,135,206
2039 to 2043		209,856,107
2044 to 2048		26,436,278
2049 to 2053		15,339,422
2054 to 2058		13,008,164
Total	\$	<u>1,095,548,327</u>

Canaveral Port Authority

Notes to Financial Statements

Note 3. Detail Notes (Continued)

D. Capital Assets

Capital asset activity for the year ended September 30, was as follows:

	Balance October 1, 2022	Increases	Decreases	Balance September 30, 2023
Capital assets, not being depreciated/amortized:				
Land	\$ 5,470,630	\$ -	\$ -	\$ 5,470,630
Construction in progress	41,869,961	55,086,210	(53,765,422)	43,190,749
Total capital assets, not being depreciated/amortized	47,340,591	55,086,210	(53,765,422)	48,661,379
Capital assets, being depreciated/amortized:				
Buildings	278,534,716	3,069,029	-	281,603,745
Improvements other than buildings	716,926,672	47,381,520	(22,692)	764,285,500
Equipment	122,602,876	2,503,965	(959,735)	124,147,106
Intangible assets	16,164,743	810,908	-	16,975,651
Total capital assets being depreciated/amortized	1,134,229,007	53,765,422	(982,427)	1,187,012,002
Less accumulated depreciation/amortization for:				
Buildings	(85,471,567)	(14,145,183)	-	(99,616,750)
Improvements other than buildings	(324,769,785)	(24,292,645)	21,282	(349,041,148)
Equipment	(86,209,908)	(8,949,447)	951,223	(94,208,132)
Intangible assets	(15,507,672)	(467,526)	-	(15,975,198)
Total accumulated depreciation/amortization	(511,958,932)	(47,854,801)	972,505	(558,841,228)
Total capital assets, being depreciated/ amortized, net	622,270,075	5,910,621	(9,922)	628,170,774
Capital assets, net	\$ 669,610,666	\$ 60,996,831	\$ (53,775,344)	\$ 676,832,153

Intangible assets include computer software, a trademark, risk and port master plan.

E. Accounts Payable and Accrued Expenses

Accounts payable and accrued expenses are comprised of the following as of September 30:

Accounts and contracts payable	\$ 19,477,463
Retainage payable	677,497
Accrued payroll and employee benefits	1,995,456
	<u>\$ 22,150,416</u>

F. Other Liabilities

As required by GASB Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*, the Authority recognizes certain remediation obligations in its financial statements. The Authority's staff, working in conjunction with outside environmental specialists, developed detailed plans and cost estimates for the pollution remediation. The total estimated and recorded liabilities for the remediation on September 30, 2023, are \$637,156. Such amounts are recorded as a component of accounts payable as accrued expenses in the statement of net position.

Canaveral Port Authority

Notes to Financial Statements

Note 3. Detail Notes (Continued)

G. Revenue Bonds and Direct Borrowing Bonds.

Revenue bonds are bonds that are offered for public sale. Direct borrowing bonds are bonds negotiated between the Authority and a bank. The revenue bonds are secured by and payable from the gross operating revenues of the Authority. The proceeds of these issues were used for capital improvements and refunding certain outstanding issues of the Authority.

The resolutions applicable to the revenue bonds require the establishment of various bond principal and interest sinking funds and reserve accounts with various requirements for deposits. These requirements have been met for the fiscal year ended September 30, 2023. Premiums associated with bonds are amortized on a straight-line basis, which approximates the effective interest method, over the term of the debt issue.

The direct placement debt includes an event of default with finance-related consequences. An event of default is considered to occur if the Authority fails to make debt service payments on the direct placement debt, or defaults on other Authority debt obligations. In the event of default, the direct placement debt includes a default rate of interest that will increase by 6% - 8% points in excess of the prime rate as defined in the bond documents.

A summary of long-term debt on September 30, is as follows:

	<u>2023</u>
<u>Revenue Bonds</u>	
Port Improvement and Refunding Revenue Bonds, Series 2016C	\$ 33,065,000
Port Improvement Revenue Bonds, Series 2016D	27,145,000
Port Improvement Revenue Bonds, Series 2018A	44,995,000
Port Improvement Revenue Bonds, Series 2018B	30,000,000
Subtotal revenue bonds	<u>\$ 135,205,000</u>
<u>Direct Borrowing Bonds</u>	
Port Revenue Refunding Bonds, Series 2016A	\$ 19,820,000
Port Revenue Refunding Bonds, Series 2016B	34,350,000
Port Improvement Revenue Bonds, Series 2018C	33,030,000
Port Revenue Refunding Bonds, Series 2019A	5,828,000
Port Revenue Refunding Bonds, Series 2019B	10,038,000
Port Revenue Refunding Bonds, Series 2019C	50,775,000
Port Revenue Refunding Bonds, Series 2019D	31,260,000
Port Improvement Revenue Bonds, Series 2020A	32,290,000
	<u>\$ 217,391,000</u>
Total revenue and direct borrowing bonds	352,596,000
Plus: unamortized premiums	4,999,980
Less: current maturities	(16,910,000)
Revenue bonds and direct borrowing bonds, less current portion	<u>\$ 340,685,980</u>

Canaveral Port Authority

Notes to Financial Statements

Note 3. Detail Notes (Continued)

G. Revenue Bonds and Direct Borrowing Bonds (Continued)

PORT REVENUE REFUNDING BONDS, SERIES 2016A

On May 26, 2016, the Authority issued Port Revenue Refunding Bonds, Series 2016A (Series 2016A), in the principal amount of \$24,070,000: (i) to finance various cruise terminal improvements and other capital improvements and other capital investments previously financed using short-term funds, and (ii) to pay bond issuance costs. Gross revenues are pledged for repayment of these bonds.

The Series 2016A bonds bear interest at a fixed rate of 2.35% per annum, payable semiannually on June 1 and December 1. Principal is due annually beginning with a June 1, 2022, amount of \$2,100,000, and a final payment of \$2,695,000 in 2031.

PORT REVENUE REFUNDING BONDS, SERIES 2016B

On August 25, 2016, the Authority issued Port Revenue Refunding Bonds, Series 2016B (Series 2016B), in the principal amount of \$38,000,000: (i) to finance various cruise terminal improvements and other capital investments, a portion of which may have been previously financed using short-term funds, and (ii) to pay bond issuance costs. Gross revenues are pledged for repayment of these bonds.

The Series 2016B bonds bear interest at a fixed rate of 2.19% per annum, payable semiannually on June 1 and December 1. Principal is due annually beginning with June 1, 2022, an amount of \$1,775,000, and a final payment of \$5,040,000 in 2031.

PORT IMPROVEMENT AND REVENUE REFUNDING BONDS, SERIES 2016C

On November 15, 2016, the Authority issued Port Improvement and Revenue Refunding Bonds, Series 2016C (Series 2016C), in the principal amount of \$37,450,000: (i) to refund the Authority's \$16,915,000 Port Revenue Refunding Bonds, Series 2006A, in which the outstanding amount was \$9,760,000 and was redeemed on December 20, 2016, (ii) to currently refund all of the Authority's Port Revenue Bonds Series 2006B in the amount of \$1,330,000, (iii) to finance various cruise terminal improvements and a centralized maintenance and processing warehouse and (iv) to pay bond issuance costs. Gross revenues are pledged for repayment of these bonds.

The Series 2016C bonds bear interest at rates ranging from 3.00% to 5.00% per annum, payable semiannually on June 1 and December 1. Principal is due annually beginning with a June 1, 2017, amount of \$315,000, and a final payment of \$2,650,000 in 2046.

The Series 2016C bonds are subject to redemption prior to their respective dates of maturity, at any time, on or after June 1, 2026, at the option of the Authority, in whole or in part, at redemption price equal to 100% of the principal amount of the Series 2016C bonds to be redeemed, plus accrued interest to the redemption date.

Canaveral Port Authority

Notes to Financial Statements

Note 3. Detail Notes (Continued)

G. Revenue Bonds and Direct Borrowing Bonds (Continued)

PORT IMPROVEMENT REVENUE BONDS, SERIES 2016D

On November 15, 2016, the Authority issued Port Improvement Revenue Bonds, Series 2016D (Series 2016D), in the principal amount of \$27,145,000: (i) to finance an auto processing facility and vehicle staging area with roadway improvements, and (ii) to pay bond issuance costs. Gross revenues are pledged for repayment of these bonds.

The Series 2016D bonds bear interest at rates ranging from 4.494% to 4.654% per annum, payable semiannually on June 1 and December 1. Principal is due annually beginning with a June 1, 2032, amount of \$1,300,000, and a final payment of \$2,440,000 in 2046.

The Series 2016D bonds are subject to redemption prior to their respective dates of maturity, at any time, on or after June 1, 2026, at the option of the Authority, in whole or in part, at redemption price equal to 100% of the principal amount of the Series 2016D bonds to be redeemed, plus accrued interest to the redemption date.

PORT IMPROVEMENT REVENUE BONDS, SERIES 2018A

On December 13, 2018, the Authority issued Port Improvement Revenue Bonds, Series 2018A (Series 2018A), in the principal amount of \$44,995,000: (i) to finance the construction of a cruise terminal (the 2018 Project – Cruise Terminal), and (ii) to pay bond issuance costs. Gross revenues are pledged for repayment of these bonds.

The Series 2018A bonds bear interest at a rate of 5% per annum, payable semiannually on June 1 and December 1. Principal is due annually beginning with June 1, 2039, an amount of \$5,965,000, and a final payment of \$4,440,000 in 2045.

The Series 2018A bonds are subject to redemption prior to their respective dates of maturity, at any time, on or after June 1, 2028, at the option of the Authority, in whole or in part, at redemption price equal to 100% of the principal amount of the Series 2018A bonds to be redeemed, plus accrued interest to the redemption date.

PORT IMPROVEMENT REVENUE BONDS, SERIES 2018B

On December 13, 2018, the Authority issued Port Improvement Revenue Bonds, Series 2018B (Series 2018B), in the principal amount of \$30,000,000: (i) to finance the construction of a parking garage (the 2018 Project – Parking Garage), and (ii) to pay bond issuance costs. Gross revenues are pledged for repayment of these bonds.

The Series 2018B bonds bear interest at a rate of 5% per annum, payable semiannually on June 1 and December 1. Principal is due annually beginning with June 1, 2045, an amount of \$3,550,000, and a final payment of \$9,250,000 in 2048.

The Series 2018B bonds are subject to redemption prior to their respective dates of maturity, at any time, on or after June 1, 2028, at the option of the Authority, in whole or in part, at redemption price equal to 100% of the principal amount of the Series 2018B bonds to be redeemed, plus accrued interest to the redemption date.

Canaveral Port Authority

Notes to Financial Statements

Note 3. Detail Notes (Continued)

H. Revenue Bonds and Direct Borrowing Bonds (Continued)

PORT IMPROVEMENT REVENUE BONDS, SERIES 2018C

On December 21, 2018, the Authority issued Port Improvement Revenue Bonds, Series 2018C (Series 2018C), in the principal amount of \$37,000,000: (i) to finance the construction of a cruise terminal (the 2018 Project – Cruise Terminal), and (ii) to pay bond issuance costs. Gross revenues are pledged for repayment of these bonds.

The Series 2018C bonds bear interest at a rate of 3.41% per annum, payable semiannually on June 1 and December 1. Principal is due annually beginning with June 1, 2020, an amount of \$945,000, and a final payment of \$4,970,000 in 2038.

The Series 2018C bonds are subject to redemption prior to their respective dates of maturity, at any time, on or after December 1, 2028, at the option of the Authority, in whole or in part, at redemption price equal to 100% of the principal amount of the Series 2018C bonds to be redeemed, plus accrued interest to the redemption date.

PORT REVENUE REFUNDING BONDS, SERIES 2019A

On December 3, 2019, the Authority issued Port Revenue Refunding Bonds, Series 2019A (Series 2019A), in the principal amount of \$10,106,000: (i) to refund the Port Improvement Revenue Bonds, Series 2013 in which the outstanding amount was \$10,084,000, and (ii) to pay bond issuance costs. Gross revenues are pledged for repayment of these bonds. The refunding reduces the Authority's aggregate debt service payments by \$665,801, resulting in a present value savings of \$574,787.

The Series 2019A bonds bear interest at a fixed rate of 1.76% per annum, payable semi-annually on June 1 and December 1. Principal is due semi-annually beginning with June 1, 2020, an amount of \$1,019,000, and a final payment of \$603,000 in 2028.

PORT REVENUE REFUNDING BONDS, SERIES 2019B

On December 3, 2019, the Authority issued Port Revenue Refunding Bonds, Series 2019B (Series 2019B), in the principal amount of \$32,404,000: (i) to refund the Port Improvement Revenue Bonds, Series 2010 in which the outstanding amount was \$14,513,849, (ii) to refund the Port Improvement Revenue Bonds, Series 2013A in which the outstanding amount was \$17,829,000, and (iii) to pay bond issuance costs. Gross revenues are pledged for repayment of these bonds. The refunding reduces the system's aggregate debt service payments by \$1,665,351, resulting in a present value savings of \$1,416,788.

The Series 2019B bonds bear interest at a fixed rate of 1.73% per annum, payable semi-annually on June 1 and December 1. Principal is due semi-annually beginning with a June 1, 2020, amount of \$5,337,000, and a final payment of \$1,039,000 in 2028.

Canaveral Port Authority

Notes to Financial Statements

Note 3. Detail Notes (Continued)

G. Revenue Bonds and Direct Borrowing Bonds (Continued)

PORT REVENUE REFUNDING BONDS, SERIES 2019C

On December 3, 2019, the Authority issued Port Revenue Refunding Bonds, Series 2019C (Series 2019C), in the principal amount of \$56,947,000: (i) to refund \$56,843,500 of the Port Improvement Revenue Bonds, Series 2014, and (ii) to pay bond issuance costs. Gross revenues are pledged for repayment of these bonds. The refunding reduces the Authority's aggregate debt service payments by \$8,326,022, resulting in a present value savings of \$7,271,603.

The Series 2019C bonds bear interest at a fixed rate of 1.87% per annum, payable semi-annually on June 1 and December 1. Principal is due semi-annually beginning with a June 1, 2020, amount of \$1,082,000, and a final payment of \$3,066,000 in 2034.

The Series 2019C bonds are subject to redemption prior to their respective dates of maturity, at any time, on or after December 1, 2029, at the option of the Authority, in whole or in part, at redemption price equal to 100% of the principal amount of the Series 2019C bonds to be redeemed, plus accrued interest to the redemption date.

PORT REVENUE REFUNDING BONDS, SERIES 2019D

On December 3, 2019, the Authority issued Port Revenue Refunding Bonds, Series 2019D (Series 2019D), in the principal amount of \$35,047,000: (i) to refund \$34,980,707 of the Port Improvement Revenue Bonds, Series 2014, and (ii) to pay bond issuance costs. Gross revenues are pledged for repayment of these bonds. The refunding reduces the Authority's aggregate debt service payments by \$5,038,911, resulting in a present value savings of \$4,400,523.

The Series 2019D bonds bear interest at a fixed rate of 1.89% per annum, payable semi-annually on June 1 and December 1. Principal is due semi-annually beginning with a June 1, 2020, amount of \$657,000, and a final payment of \$1,874,000 in 2034.

The Series 2019D bonds are subject to redemption prior to their respective dates of maturity, at any time, on or after December 1, 2029, at the option of the Authority, in whole or in part, at redemption price equal to 100% of the principal amount of the Series 2019D bonds to be redeemed, plus accrued interest to the redemption date.

PORT IMPROVEMENT REVENUE BONDS, SERIES 2020A

On March 11, 2020, the Authority issued Port Improvement Revenue Bonds, Series 2020A (Series 2020A), in the principal amount of \$36,000,000 to finance the construction of cruise terminal improvements. Gross revenues are pledged for repayment of these bonds.

The Series 2020A bonds bear interest at a fixed rate of 2.47% per annum, payable semi-annually on June 1 and December 1. Principal is due semi-annually beginning with a June 1, 2021, amount of \$725,000, and a final payment of \$1,155,000 in 2040.

The Series 2020A bonds are subject to redemption prior to their respective dates of maturity, at any time, on or after March 11, 2025, at the option of the Authority, in whole or in part, at redemption price equal to 100% of the principal amount of the Series 2020A bonds to be redeemed, plus accrued interest to the redemption date.

Canaveral Port Authority

Notes to Financial Statements

Note 3. Detail Notes (Continued)

G. Revenue Bonds and Direct Borrowing Bonds (Continued)

FUTURE MATURITIES

Future maturities requirements for all outstanding revenue bonds payable, as of September 30, 2023, are as follows:

	Revenue Bonds		Direct Borrowing Bonds		Total
	Principal	Interest	Principal	Interest	
2024	\$ 745,000	\$ 6,317,715	\$ 16,165,000	\$ 4,912,647	28,140,362
2025	780,000	6,280,465	16,516,000	4,565,656	28,142,121
2026	825,000	6,241,465	16,869,000	4,210,882	28,146,347
2027	-	6,200,215	18,344,000	3,848,204	28,392,419
2028	-	6,200,215	18,760,000	3,453,072	28,413,287
2029 to 2033	5,830,000	30,891,952	85,492,000	11,079,360	133,293,312
2034 to 2038	16,750,000	28,550,783	40,710,000	3,754,918	89,765,701
2039 to 2043	53,580,000	21,513,713	4,535,000	140,852	79,769,565
2044 to 2048	56,695,000	7,793,601	-	-	64,488,601
	<u>\$ 135,205,000</u>	<u>\$ 119,990,124</u>	<u>\$ 217,391,000</u>	<u>\$ 35,965,591</u>	<u>\$ 508,551,715</u>

The pledged revenue recognized during FY23 was \$191,799,655. The amount of the pledge is equal to the remaining principal and interest payments. The bonds may be redeemed at the option of the Authority.

H. Lines of Credit

PNC Bank

As of September 30, 2023, the Authority has an agreement with PNC Bank for a line of credit not to exceed \$30,000,000 with a maturity date of December 15, 2025. This line of credit is used to provide bridge financing for capital projects. The taxable interest rate is the one-month term Secured Overnight Financing Rate (SOFR) plus 0.63%. The tax-exempt rate is 79% of one-month term SOFR, plus 0.56%. The line of credit balance on September 30, 2023, was \$16,000,000.

Truist Bank

As of September 30, 2023, the Authority has an agreement with Truist Bank for a line of credit not to exceed \$20,000,000 with a maturity date of October 8, 2024. This line of credit is used to provide bridge financing for capital projects. The taxable interest rate is the one-month term SOFR plus 0.65%. The line of credit balance on September 30, 2023, was \$5,000,000.

Canaveral Port Authority

Notes to Financial Statements

Note 3. Detail Notes (Continued)

I. Changes in Long-Term Liabilities

Long-term liability activity for the year ended September 30, was as follows:

	Balance October 1, 2022	Additions	Reductions	Balance September 30, 2023	Due Within One Year
Revenue bonds	\$ 135,915,000	\$ -	\$ (710,000)	\$ 135,205,000	\$ 745,000
Direct borrowing bonds	233,226,000	-	(15,835,000)	217,391,000	16,165,000
Unamortized bond premiums	5,242,962	-	(242,983)	4,999,979	-
Lines of credit	24,000,000	5,000,000	(8,000,000)	21,000,000	-
Compensated absences	1,456,933	1,672,476	(1,456,933)	1,672,476	787
Other liabilities	2,788,447	4,410,508	-	7,198,955	4,977,967
Long-term liabilities	<u>\$ 402,629,342</u>	<u>\$ 11,082,984</u>	<u>\$ (26,244,916)</u>	<u>\$ 387,467,410</u>	<u>\$ 21,888,754</u>

J. Restricted Net Position

The following schedule lists the amounts of net position that are restricted as of September 30, in accordance with the provisions of the respective bond indentures. These amounts represent restricted assets less certain current liabilities payable from restricted assets included in the various debt service, reserve, bond and interest sinking fund accounts.

Bond Reserve	
Series 2016C	\$ 3,034,923
Series 2016D	2,199,813
Series 2018A	4,928,848
Series 2018B	2,767,145
Total debt service restrictions	<u>\$ 12,930,729</u>

K. Defined Contribution Plan

Effective January 1, 1996, the Authority adopted Resolution 96-12, pursuant to 95-338 Laws of Florida, whereby the Authority revoked its participation in the Florida Retirement System and established the Canaveral Port Authority Defined Contribution Plan and Trust (the Plan) for employees hired after January 1, 1996.

The Plan is administered by the Authority as a Qualified Retirement Plan as defined by Section 401 (a) of the Internal Revenue Code. Plan provisions and contribution requirements are established and may be amended by the Board. The Authority contributes 10.77% of the employees' eligible compensation to the Plan; employee contributions to the Plan are not permitted. The amount of covered payroll by the Plan for the year ended September 30, 2023 was \$17,035,950. The amount of retirement expense related to the Plan for the year ended September 30, 2023 was \$1,882,875.

Canaveral Port Authority

Notes to Financial Statements

Note 3. Detail Notes (Continued)

L. Other Post-Employment Benefits

(a) Description of OPEB Plans

Plan description: The Authority administers a single employer defined benefit healthcare plan (the Healthcare Plan) that provides health care benefits, including medical coverage and prescription drug benefits, to its employees and their eligible dependents. Pursuant to Section 112.0801 Florida Statutes, the Authority is required to provide eligible retirees (as defined in the Authority's ordinances) the opportunity to participate in this Healthcare Plan at the same cost that is applicable to active employees.

Employees who are active participants in the Healthcare Plan at the time of retirement and are either aged 62 with completion of six years of service or have 30 years of service are eligible to receive benefits. Below is a summary of the Healthcare Plan's membership as of September 30:

Plan Membership

Active	172
Inactive, receiving benefits	1
Total membership	<u>173</u>

The Board can only amend benefit provisions. The Board approves the Authority's annual budget and, therefore, indirectly approves the annual costs associated with the Healthcare Plan. The Authority has not established a trust fund for the Healthcare Plan and there are no assets accumulated in a trust. The Authority does not issue standalone financial statements for the Healthcare Plan. All financial information related to the Healthcare Plan is accounted for in the Authority's basic financial statements.

For the year ended September 30, 2023, the amount of benefits paid by the Authority for the Healthcare Plan was \$38,070.

(b) Measurement of Total OPEB Liability

The Authority's total OPEB liability for the Healthcare Plan was determined using the following measurement dates and actuarial assumptions as of September 30:

Measurement date	09/30/2022
Actuarial valuation date	10/01/2021
Healthcare cost trend rate	7.0% for 2023 graded down by 0.5% per year to 5.0% in 2026/27
Discount rate	4.77%
Mortality tables used	PUB-2010 Combined Mortality Table with fully generational improvements in mortality using Scale MP-2020

Canaveral Port Authority

Notes to Financial Statements

Note 3. Detail Notes (Continued)

L. Other Post-Employment Benefits (Continued)

Multiple healthcare cost trend rate assumptions were used for different benefit components and participant groups (pre-65 and post-65 age groups). The current rates used to calculate the total OPEB liability as of September 30, 2023, are as follows:

Year	
2022 to 2023	7.0%
2023 to 2024	6.5%
2024 to 2025	6.0%
2025 to 2026	5.5%
2026 to 2027+	5.0%

As of the measurement date, September 30, 2023, the Authority did not have any assets accumulated in a trust that was dedicated to providing benefits to Healthcare Plan members.

(c) Changes in Total OPEB Liability

Changes in the Healthcare Plan total OPEB liability for the fiscal year ended September 30, based on the measurement date, are as follows:

Balance, beginning of year	\$ 1,512,130
Changes for the year:	
Service cost	142,621
Expected interest growth	78,034
Demographic experience	35,142
Assumption changes	(469,559)
Benefit payments	(38,070)
Net change	(251,832)
Balance, end of year	<u>\$ 1,260,298</u>

(d) OPEB Expense

For the year ended September 30, 2023, the amount of OPEB expense recognized by the Authority was \$13,745.

Canaveral Port Authority

Notes to Financial Statements

Note 3. Detail Notes (Continued)

L. Other Post-Employment Benefits (Continued)

(e) OPEB Deferred Outflows and Inflows of Resources

Changes in the OPEB deferred outflows and inflows of resources for the fiscal year ended September 30, 2023 are as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Demographic gain/loss	\$ 137,636	\$ 459,082
Assumption changes	291,296	1,070,052
Total	<u>\$ 428,932</u>	<u>\$ 1,529,134</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in pension expense as follows:

Years Ending September 30:	Deferred Outflows (Inflows)
2024	\$ (146,694)
2025	(146,694)
2026	(146,694)
2027	(146,694)
2028	(146,694)
Thereafter	(366,732)
	<u>\$ (1,100,202)</u>

(f) Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rate and Discount Rate

i) Healthcare Cost Trend Sensitivity

The following presents the total OPEB liability for the Healthcare Plan, calculated using healthcare cost trend rates as of September 30, 2023 as well as what the total OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower or one percentage point higher than the current rates, as of the Healthcare Plan's measurement date:

	Discount Rate	Total and Net OPEB Liability		
		1% Decrease	Current Rate	1% Increase
As of September 30, 2023	7.00%	<u>\$ 1,106,750</u>	<u>\$ 1,260,298</u>	<u>\$ 1,445,508</u>

Canaveral Port Authority

Notes to Financial Statements

Note 3. Detail Notes (Continued)

L. Other Post-Employment Benefits (Continued)

ii) Discount Rate Sensitivity

The discount rate was based on the return on the S&P Municipal Bond 20-year High Index as of the measurement date.

	Discount Rate	Total and Net OPEB Liability		
		1% Decrease	Current Rate	1% Increase
As of September 30, 2023	4.77%	\$ 1,393,696	\$ 1,260,298	\$ 1,145,099

M. Major Customers

Gross revenues from the top three companies totaled \$39,688,124, \$35,901,232 and \$19,847,691 in 2023, respectively. The top three are cruise companies. On September 30, 2023, the outstanding trade accounts receivable balances of these three companies amounted to \$3,215,090, \$4,397,785 and \$1,521,935, respectively.

N. Risk Management

The Authority purchases commercial insurance to cover the risk of loss for general liability, property and casualty, comprehensive crime and flood and fire.

The Authority is exposed to various risks and losses related to alleged torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Authority manages the exposure to these risks through the purchase of commercial insurance.

In the past three years, there have been no claims that have exceeded the Authority's insurance coverage.

O. Concentration – Collective Bargaining Unit

Substantially all the Authority's non-management public safety, parking operations, enforcement, support, maintenance, supply, and safety employees are covered by a collective bargaining agreement, which is in effect through September 30, 2024.

P. Capital Contributions

For the year ended September 30, 2023, the Authority recognized capital contributions of \$30,442,555, composed primarily of federal and state grants used for various capital projects.

Canaveral Port Authority

Notes to Financial Statements

Note 4. Commitments and Contingencies

A. Construction

Commitments for the repair, modification, improvements, materials and new construction of Authority owned property at September 30, 2023, totaled \$121,595,938.

B. Litigation

The Authority is named as a defendant in various other lawsuits. The outcome of the lawsuits is not determinable currently. It is the opinion of management and of the Authority's legal counsel that the resolution of these matters will not have a material adverse effect on the financial condition of the Authority.

C. Grants Programs

The Authority participates in federal, and state assisted grant programs that are subject to review and audit by the grantor agencies. Entitlement to these resources is conditional upon compliance with the terms and conditions of the grant agreements and applicable federal and state regulations. Any disallowance resulting from a regulatory audit may become a liability to the Authority. Assessments from such audits, if any, are recorded when the amounts of such assessments become reasonably determinable.

Note 5. Future Accounting Pronouncements

The GASB has issued statements that will become effective in future years. The statements address:

- GASB Statement No. 100, *Accounting Changes and Error Corrections – An Amendment of GASB Statement No. 62* was issued in June 2022 and will be effective for the Authority in fiscal year 2024. The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. Management does not expect a material impact of adopting this standard on the Authority's financial statements.
- GASB Statement No. 101, *Compensated Absences* was issued in June 2022 and will be effective for the Authority in fiscal year 2025. The objective of this Statement is to better meet the information needs of financial statement users by the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. Management will evaluate the impact of this standard to the Authority's financial statements.
- GASB Statement No. 102, *Certain Risk Disclosures* was issued in December 2023 and will be effective for the Authority in fiscal year 2025. The objective of this Statement is to better meet the information needs of financial statement users by providing enhanced disclosure about risks related to a government's vulnerabilities due to certain concentrations or constraints. Management will evaluate the impact of this standard to the Authority's financial statements.

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)

Canaveral Port Authority

**Schedule of Changes in Total OPEB Liability (Unaudited)
Last Ten Fiscal Years***

<i>Years Ended September 30,</i>	2023	2022	2021	2020	2019	2018
Total OPEB Liability						
Service cost	\$ 142,621	\$ 180,797	\$ 352,677	\$ 178,370	\$ 201,759	\$ 248,419
Interest	78,034	61,112	39,680	63,761	63,691	51,675
Demographic experience	35,142	(506,672)	136,185	(30,559)	(311,536)	-
Assumption changes	(469,559)	(541,844)	345,945	(260,426)	155,090	-
Benefit payments	(38,070)	(30,584)	(53,126)	(51,263)	(57,314)	(35,371)
Net change in total OPEB liability	(251,832)	(837,191)	821,361	(100,117)	51,690	264,723
Total OPEB liability – beginning	1,512,130	2,349,321	1,527,960	1,628,077	1,576,387	1,311,664
Total OPEB liability – ending	\$ 1,260,298	\$ 1,512,130	\$ 2,349,321	\$ 1,527,960	\$ 1,628,077	\$ 1,576,387
Covered employee payroll	12,457,811	11,037,937	13,069,476	11,304,940	11,120,726	10,025,200
Total OPEB liability as a percentage of covered employee payroll	10.12%	13.70%	17.98%	13.52%	14.64%	15.72%

*Data reported for fiscal years above is based on the Authority's Healthcare Plan's measurement dates of September 30. Changes in the total OPEB liability for the fiscal years prior to 2018 were not available and accordingly, not included in the schedule. There are no assets accumulated in a trust to pay related benefits for the OPEB plan.

SUPPLEMENTARY INFORMATION

Canaveral Port Authority

**Schedule of Expenditures of Federal Awards and State Financial Assistance
Fiscal Year Ended September 30, 2023**

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	ALN Number	Contract Number	Pass-Through Entity Identifying Number	Total Federal Expenditures
U.S. Department of Homeland Security				
Port Security Grant Program	97.056	EMW-2022-PU-00191-S01		\$ 544
Port Security Grant Program	97.056	EMW-2021-PU-00248-S01		274,905
Port Security Grant Program	97.056	EMW-2020-PU-00453-S01		22,748
Total Port Security Grant Program				<u>298,197</u>
Passed through State of Florida Division of Emergency Management:				
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	PA-B3-06-15-09-552	PA-B3-06-15-09-552	558,977
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	PA-009-U644L-00	PA-009-U644L-00	449,040
Total Disaster Grants - Public Assistance (Presidentially Declared Disasters)				<u>1,008,017</u>
Total U.S. Department of Homeland Security				<u>1,306,214</u>
U.S. Department of Treasury				
Passed through State of Florida Department of Transportation				
COVID-19: Coronavirus State and Local Fiscal Recovery Funds	21.027	G1Z80/449498-1-84-01	G1Z80/449498-1-84-01	13,658,795
Total U.S. Department of Treasury and COVID-19: Coronavirus State and Local Fiscal Recovery Funds				<u>13,658,795</u>
U.S. Department of Transportation				
Port Infrastructure Development Program	20.823	693JF72040022		4,337,357
Total National Infrastructure Investments and U.S. Department of Transportation				<u>4,337,357</u>
Total Expenditures of Federal Awards				<u>\$ 19,302,366</u>

(continued)

Canaveral Port Authority

Schedule of Expenditures of Federal Awards and State Financial Assistance
 Fiscal Year Ended September 30, 2023

State Grantor/Pass-Through Grantor/Project Title	CSFA Number	Contract Number	Total State Expenditures
State of Florida Department of Transportation			
Seaport Grant Programs	55.005	G2G06/440323-1-94-04	\$ 9,325,710
Seaport Grant Programs	55.005	G1C70/440323-1-94-03	11,065,122
Seaport Grant Programs	55.005	G1I76/412652-2-94-02	288,228
Seaport Grant Programs	55.005	G1P26/440323-2-A8-01	3,200,000
Seaport Grant Programs	55.005	G2B55/40323-1-94-05	2,226,139
Total Port Security Grant Program and State of Florida Department of Transportation			26,105,199
State of Florida Department of Environmental Protection			
Beach Management Funding Assistance Program	37.003	20BE1	56,193
Total Beach Management Funding Assistance Program and State of Florida Department of Environmental Protection			56,193
Total Expenditures of State Financial Assistance			\$ 26,161,392
Total Expenditures of Federal Awards and State Financial Assistance			\$ 45,463,758

See accompanying notes to the Schedule of Federal Expenditures and State Financial Assistance

Canaveral Port Authority

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

Note 1. Basis of Presentation

The accompanying schedule of expenditures of federal awards and state financial assistance (the Schedule) includes the federal and state grant activity of the Canaveral Port Authority (the Authority), under programs of the federal and state government for the year ended September 30, 2023. The information in the Schedule 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* (Uniform Guidance) and Chapter 10.650 *Rules of the Auditor General*. Because the Schedule presents 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

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance and Chapter 10.650, *Rules of the Auditor General*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Note 3. Indirect Cost Rate

The Authority has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

Note 4. Subrecipients

The Authority did not make sub-awards of federal awards or state financial assistance during the year ended September 30, 2023.

OTHER INFORMATION

Canaveral Port Authority

Schedule of Comparative Revenues, Expenses and Changes in Net Position – Unaudited

Years Ended September 30,	2023	2022	2021	2020	2019
Operating revenues					
Dockage	\$ 18,194,138	\$ 16,332,621	\$ 8,279,495	\$ 9,072,939	\$ 8,695,601
Wharfage	110,861,378	67,372,871	9,215,706	32,608,638	60,375,728
Water	707,692	713,535	412,511	905,464	1,175,649
Parking	41,302,548	26,150,224	1,876,428	9,405,128	19,604,009
Line handling	2,219,386	1,856,065	903,220	1,067,417	1,254,120
Terminal/crane/RORO	581,395	542,015	640,225	668,407	81,800
Leases	10,883,416	9,916,482	9,258,649	9,699,530	9,252,306
Permits	86,460	84,984	74,729	78,857	78,753
Badging fees	-	-	221	17,221	27,855
Commercial vehicle	1,877,940	1,162,170	40,701	908,927	1,584,389
Miscellaneous	782,779	521,191	483,002	523,804	859,343
Camping	2,502,805	2,535,781	1,894,699	1,134,554	1,796,460
Recreational parking	1,011,188	1,004,441	951,256	539,215	789,638
Fire training	360,749	247,179	182,801	114,158	207,812
Other park revenues	403,881	387,923	246,400	139,649	269,129
Exploration Tower	13,100	117,192	82,951	216,039	448,204
Concessions	10,800	10,800	6,300	4,223	10,636
Total operating revenues	191,799,655	128,955,474	34,549,294	67,104,170	106,511,432
Non-operating revenues					
Investment earnings (loss)	7,063,893	(804,109)	217,578	1,600,821	3,412,808
Insurance proceeds	-	-	-	-	658,975
Grant revenue	15,006,995	43,411,126	15,440,776	460,826	567,455
Gain on sale/disposal of assets	147,102	25,476	2,953,254	7,356	45,621
Gain on legal settlement	-	1,470,000	-	-	-
Total revenues	\$ 214,017,645	\$ 173,057,967	\$ 53,160,902	\$ 69,173,173	\$ 111,196,291
Operating expenses					
Operations:					
Salaries	\$ 4,493,765	\$ 3,334,601	\$ 1,675,206	\$ 2,885,231	\$ 3,317,835
Benefits	2,141,653	1,768,982	915,918	1,780,026	2,040,946
Service contracts	1,650,795	756,683	110,058	385,963	527,294
Utilities	81,373	75,145	67,915	41,030	31,247
Maintenance and supplies	369,306	148,836	163,079	132,669	151,718
Office	72,000	26,339	34,368	49,431	89,157
Training	18,011	-	-	-	-
Fuel	19,386	13,120	11,245	10,503	12,490
Contractual obligations	4,399,014	2,790,239	(35,538)	1,652,670	3,003,307
Advertising	-	-	199	-	562
Travel	7,474	4,117	42	6,360	14,990
Education and seminars	65	-	-	77	38
Cruise terminal maintenance	-	19,819	-	-	-
Other	25,016	-	15,317	22,240	27,119
Total operations	13,277,858	8,937,881	2,957,809	6,966,200	9,216,703
Facilities:					
Salaries	3,606,548	2,738,201	2,365,248	2,872,865	2,874,142
Benefits	1,833,177	1,483,918	1,662,277	1,804,374	1,620,975
Service contracts	2,906,537	2,395,489	1,167,913	1,567,174	1,937,217
Utilities	3,668,087	3,324,140	2,361,444	2,838,991	3,532,838
Maintenance and support	2,020,291	1,466,845	599,019	823,972	649,137
Office	16,648	14,766	16,676	18,394	23,193

Canaveral Port Authority

Schedule of Comparative Revenues, Expenses and Changes in Net Position – Unaudited (Continued)

Years Ended September 30,	2023	2022	2021	2020	2019
Computer support and training	\$ 10,687	\$ 9,302	\$ 9,302	\$ 8,568	\$ -
Fuel	161,482	145,856	87,192	82,238	110,439
Publications	-	89	-	-	-
Travel	3,442	1,923	1,436	1,403	3,899
Education and seminars	1,715	3,095	1,595	2,376	2,760
Other	25,879	18,651	5,439	7,998	18,219
Total facilities	14,254,493	11,602,275	8,277,541	10,028,353	10,772,819
Public safety:					
Salaries	488,670	435,539	323,917	484,675	484,497
Benefits	154,792	140,711	110,084	153,722	163,230
Service contracts	-	-	2,476	712	4,746
Fire protection	2,560,091	2,463,962	2,385,004	2,432,225	2,291,582
Police services	8,131,575	7,263,714	6,231,291	7,000,101	6,692,578
Maintenance and supplies	14,680	8,209	7,471	6,881	9,585
Office	11,395	10,278	2,516	3,927	18,752
Computer support and training	-	-	-	1,244	-
Communications services	21,524	4,276	4,296	3,444	10,267
Travel	15,567	8,286	1,084	8,523	20,233
Education and seminars	4,774	3,296	-	787	3,323
Other	10,717	11,058	9,835	6,567	2,006
Total public safety	11,413,785	10,349,329	9,077,974	10,102,808	9,700,799
Parks and recreation:					
Salaries	763,120	740,753	532,024	582,975	642,480
Benefits	420,690	436,112	340,719	387,978	395,850
Service contracts	408,871	388,243	308,523	226,011	235,520
Store merchandise	59,699	60,423	18,757	22,906	47,275
Utilities	267,551	258,419	183,124	164,362	206,286
Maintenance and supplies	35,065	32,300	20,022	12,832	19,502
Office	51,512	24,168	16,663	18,632	30,430
Computer support and training	1,392	3,945	-	-	-
Advertising	8,611	415	-	-	-
Travel	1,299	529	401	239	1,774
Education and seminars	775	372	450	279	1,743
Other park expense	15,705	4,193	2,223	6,988	6,096
Total parks and recreation	2,034,290	1,949,872	1,422,906	1,423,202	1,586,956
Exploration tower:					
Salaries	26,193	107,053	114,299	201,726	301,073
Benefits	18,515	58,110	63,008	121,286	144,175
Service contracts	948	3,237	8,602	10,755	22,154
Store merchandise	-	34,803	37,783	46,641	77,533
Utilities	75,187	38,654	8,229	11,681	14,369
Exhibit and special events	5,919	4,272	2,383	12,632	30,737
Maintenance and supplies	-	878	921	2,005	5,544
Office	5,170	326	591	3,637	6,621
Promotions	175	1,500	(65)	987	5,963
Advertising	-	1,659	-	19,526	23,452
Trade development	927	424	-	3,276	905
Travel	40	234	-	325	320
Education and seminars	-	-	-	-	408
Other expenses	-	-	-	138	1,215
Total exploration tower	133,074	251,150	235,751	434,615	634,469

Canaveral Port Authority

Schedule of Comparative Revenues, Expenses and Changes in Net Position – Unaudited (Continued)

Years Ended September 30,	2023	2022	2021	2020	2019
Fire training facility:					
Service contracts	\$ 245,358	\$ 190,322	\$ 135,897	\$ 170,625	\$ 180,024
Utilities	53,434	29,558	43,322	17,923	23,020
Insurance	51,916	39,390	38,240	35,727	42,244
Maintenance and supplies	34,194	35,383	20,759	10,809	53,264
Office	-	-	-	355	76
Accounting	500	500	-	-	475
Total fire training facility	385,402	295,153	238,218	235,439	299,103
Commission:					
Salaries	131,088	128,242	110,104	120,200	116,547
Benefits	126,549	119,511	115,414	106,443	104,833
Legal	58,745	40,408	31,873	43,178	59,795
Maintenance and supplies	29	59	46	10	14
Office	4,715	4,288	4,710	5,832	8,046
Planning and studies	3,830	-	-	-	-
Promotions	3,161	356	3,020	4,750	2,980
Advertising	424	400	341	850	836
Travel	10,078	9,156	250	9,782	37,628
Education and seminars	-	600	-	1,723	995
Total commission	338,619	303,020	265,758	292,768	331,674
Executive:					
Salaries	1,508,983	1,331,597	1,138,853	1,139,195	1,063,625
Benefits	372,110	355,072	318,024	311,905	329,762
Service contracts	58,750	-	-	-	-
Legal	31,919	47,148	97,952	59,810	209,586
Maintenance and supplies	180	70	64	89	7
Office	187,493	107,332	152,437	205,299	201,812
Fraud hotline	2,446	2,626	4,163	2,699	2,579
Advertising	351	-	-	-	-
Travel	19,057	5,968	1,840	8,377	18,669
Education and seminars	2,426	3,847	89	4,802	3,068
Other expenses	-	-	583	9,000	-
Total executive	2,183,715	1,853,660	1,714,005	1,741,176	1,829,108
Finance and accounting:					
Salaries	1,351,494	1,184,217	1,108,949	1,114,472	999,710
Benefits	506,693	462,994	393,768	410,875	409,324
Service contracts	2,957	71,570	281	30,787	63,338
Maintenance and supplies	328	268	77	100	-
Office	19,376	42,512	9,426	44,715	70,906
Computer support and training	-	-	-	-	22,667
Advertising	5,594	3,647	6,733	1,923	4,979
Travel	6,882	7,078	696	1,486	5,513
Education and seminars	490	1,339	869	395	2,343
Accounting	138,438	127,099	122,064	100,841	137,835
Total finance and accounting	2,032,252	1,900,724	1,642,863	1,705,594	1,716,615

Canaveral Port Authority

Schedule of Comparative Revenues, Expenses and Changes in Net Position – Unaudited (Continued)

Years Ended September 30,	2023	2022	2021	2020	2019
Administrative services:					
Salaries	\$ 2,468,423	\$ 2,032,280	\$ 1,744,807	\$ 2,211,261	\$ 1,894,792
Benefits	920,485	772,052	720,471	901,759	783,879
Service contracts	184,479	162,431	171,651	62,173	73,002
Utilities	73	-	376	222	-
Legal	139,489	10,634	77,645	100,443	35,491
Insurance	4,481,010	3,848,529	3,574,932	3,112,167	2,259,514
Maintenance and supplies	13,269	7,541	5,815	4,334	545
Office	129,215	73,576	73,082	113,780	136,044
Recruiting	122,600	125,965	10,288	83,092	189,375
Computer support and training	1,358,940	1,076,680	1,066,899	1,459,466	1,084,255
Advertising	429	89	-	457	2,009
Travel	13,291	2,065	77	6,901	16,230
Education and seminars	14,159	10,969	(206)	22,450	25,577
Total administrative services	9,845,862	8,122,811	7,445,837	8,078,505	6,500,713
Engineering and environmental:					
Salaries	1,188,299	998,883	899,608	1,144,243	1,083,798
Benefits	477,425	405,682	336,522	455,823	439,692
Service contracts	90,982	90,912	85,553	113,214	43,118
Maintenance and supplies	59,106	1,300	321	86,335	-
Office	5,228	5,817	3,586	6,260	20,387
Advertising	6,823	2,705	-	1,796	-
Travel	17,098	5,610	516	1,409	17,073
Education and seminars	4,676	4,374	311	95	7,511
Engineering – general	172,755	99,920	76,853	285,163	493,619
Engineering – environment	292,246	269,632	309,113	265,097	450,676
Total engineering and environmental	2,314,638	1,884,835	1,712,383	2,359,435	2,555,874
Business development:					
Salaries	553,502	462,773	526,207	816,761	693,611
Benefits	194,291	177,527	198,774	313,127	274,486
Maintenance and supplies	95	211	125	22,420	7
Office	37,809	21,093	13,186	54,063	59,399
Promotions	-	-	-	242	490
Advertising	14,545	-	(3,500)	139,470	271,369
Trade development	169,160	102,571	(753)	140,601	309,476
Travel	19,201	9,355	2,230	38,262	104,719
Education and seminars	1,465	-	-	29	177
Total business development	990,068	773,530	736,269	1,524,975	1,713,734
Real estate:					
Salaries	238,425	191,317	46,399	172,584	271,865
Benefits	65,225	53,109	17,741	69,223	81,533
Service contracts	839	956	3,003	1,820	266
Maintenance and supplies	(24,886)	4,490	9,640	2,284	-
Legal	-	-	-	475	-
Office	35,144	2,403	78,010	1,112	41,986
Land use planning	8,786	15,900	11,100	12,000	5,700
Lease preparation	56,504	61,351	325,837	250,805	396,035
Promotions	-	-	-	23	299
Travel	-	-	-	46	33
Education and seminars	-	-	-	-	290
Total real estate	380,037	329,526	491,730	510,372	798,007

Canaveral Port Authority

Schedule of Comparative Revenues, Expenses and Changes in Net Position – Unaudited (Continued)

Years Ended September 30,	2023	2022	2021	2020	2019
Government and strategic communications:					
Salaries	\$ 717,495	\$ 599,665	\$ 533,241	\$ 604,819	\$ 518,503
Benefits	207,383	166,915	159,823	193,581	160,704
Maintenance and supplies	126	62	95	138	-
Office	9,200	9,433	4,053	8,836	11,656
Computer support and training	-	-	1,188	1,663	-
Planning and studies	53,000	-	-	5,300	83,500
Promotions	60,131	26,757	2,545	29,157	61,116
Publications	24,061	992	3,907	3,469	4,169
Electronic media	17,340	16,455	9,972	38,050	9,789
Advertising	166	-	9,100	25,276	46,393
Sponsorship	44,880	33,815	360	54,950	64,390
Travel	18,341	16,301	1,851	8,209	13,931
Professional services	239,500	230,000	213,000	206,300	202,400
Education and seminars	4,609	2,928	411	1,382	2,944
Total government and strategic communications	1,396,232	1,103,323	939,546	1,181,130	1,179,495
Depreciation	47,387,275	48,790,189	49,078,633	38,956,733	38,554,203
Amortization	467,526	456,770	611,115	577,821	531,532
Total operating expenses	108,835,126	98,904,048	86,848,338	86,119,126	87,921,804
Non-operating expenses					
Amortization of bond discounts	62,769	62,768	137,675	175,129	175,129
Commissions and fees	95,093	148,622	183,030	424,935	827,550
Interest expense	12,219,324	12,076,856	12,379,203	9,757,523	13,046,982
Loss on disposal of capital assets	100,683	-	1,658,837	505,000	5,026
Litigation expense	-	25,159	488,132	76,638	117,489
Covid expense	-	-	83,067	45,403	-
Hurricane repairs	995,650	234,461	880	20,279	77,712
Total non-operating expense	13,473,519	12,547,866	14,930,824	11,004,907	14,249,888
Total expenses	\$ 122,308,645	\$ 111,451,914	\$ 101,779,162	\$ 97,124,033	\$ 102,171,692
Total operating revenues	\$ 191,799,655	\$ 128,955,474	\$ 34,549,294	\$ 67,104,170	\$ 106,511,432
Total operating expenses	108,835,126	98,904,048	86,848,338	86,119,126	87,921,804
Net operating income (loss)	\$ 82,964,529	\$ 30,051,426	\$ (52,299,044)	\$ (19,014,956)	\$ 18,589,628
Total non-operating revenues	\$ 22,217,990	\$ 44,102,493	\$ 18,611,608	\$ 2,069,003	\$ 4,684,859
Total non-operating expenses	13,473,519	12,547,866	14,930,824	11,004,907	14,249,888
Net non-operating income (loss)	\$ 8,744,471	\$ 31,554,627	\$ 3,680,784	\$ (8,935,904)	\$ (9,565,029)
Total revenues	\$ 214,017,645	\$ 173,057,967	\$ 53,160,902	\$ 69,173,173	\$ 111,196,291
Total expenses	122,308,645	111,451,914	101,779,162	97,124,033	102,171,692
Net income (loss) before capital contributions	91,709,000	61,606,053	(48,618,260)	(27,950,860)	9,024,599
Capital contributions	30,442,555	23,502,430	287,128	11,896,455	15,239,301
Changes in net position	\$ 122,151,555	\$ 85,108,483	\$ (48,331,132)	\$ (16,054,405)	\$ 24,263,900

Canaveral Port Authority

Schedule of Comparative Operating Revenues by Activity (Unaudited)

<i>Years Ended September 30,</i>	2023	2022	2021	2020	2019
Cruise	\$ 158,015,193	\$ 99,014,902	\$ 10,184,479	\$ 44,097,826	\$ 81,914,307
Cargo	15,851,344	13,952,429	11,143,105	9,629,868	9,272,598
Total ship related operating revenue	173,866,537	112,967,331	21,327,584	53,727,694	91,186,905
Leases	10,883,416	9,916,482	9,258,649	9,699,530	9,252,306
Recreation	3,941,774	4,056,137	3,181,606	2,032,900	3,311,850
Miscellaneous	3,107,928	2,015,524	781,455	1,644,046	2,760,371
Total non-ship related operating revenue	17,933,118	15,988,143	13,221,710	13,376,476	15,324,527
Total operating revenue	\$ 191,799,655	\$ 128,955,474	\$ 34,549,294	\$ 67,104,170	\$ 106,511,432

Canaveral Port Authority

**Schedule of Construction in Progress and Capital Costs Compared with Budget (Unaudited)
(Prior to Transfer of Completed Projects to Capital Assets)**

<i>Year Ended September 30, 2023</i>	Actual			Budget
	Prior Years	Current Year	Cumulative Total	Cumulative Total
Road Improvements	\$ 158,065	\$ 3,293,689	\$ 3,451,754	\$ 8,092,837
Portwide Parking Lot Improvement	25,916	4,953,776	4,979,692	12,550,000
Portwide Parking Improvements	-	1,811,268	1,811,268	1,900,000
Security Fencing/Lighting	-	58,199	58,199	600,270
Maintenance Dredging	65,605	2,480,861	2,546,466	4,437,000
Other Computer Equipment	92,307	528,752	621,059	796,823
Park Upgrades	87,728	44,881	132,609	5,001,653
Improve Piers,Bldgs,Structures	291,734	3,416,894	3,708,628	6,395,074
Fire Training Equipment	-	13,000	13,000	35,000
Utilities and Improvements	139,757	71,219	210,975	1,795,000
Minor Equipment	-	422,973	422,973	423,900
New/Replacement Vehicles	-	2,443,867	2,443,867	2,444,000
CT Furniture/Equipment	162,578	651,162	813,740	2,506,000
Stormwater Improvements	53,472	62,560	116,031	296,159
Financial System Upgrade	38,038	-	38,038	38,038
Cove Roads Phase 2	502,292	-	502,292	502,292
CT 5 Terminal Upgrades	220,480	47,208	267,687	458,216
CT10 Terminal Improvements	-	186,068	186,068	5,000,000
Maritime Ctr Tenant Improvement	101,245	12,982	114,227	1,042,000
CT# 8 Renovations	2,883,731	18,151	2,901,882	2,901,882
WTB Channel Entrance Phase 2	2,419,556	-	2,419,556	2,419,556
Public Safety Projects	-	42,571	42,571	225,000
PSGP 2020 Projects CPA	1,122,052	28,887	1,150,939	1,151,439
PSGP 2021 Projects	2,941	315,078	318,019	587,267
PSGP 2022 Projects	-	681	681	630,000
North Cargo Berth 4	1,361,556	13,203,465	14,565,021	14,602,000
North Cargo Berth 3	31,702,078	14,883,474	46,585,553	47,435,822
Auto Terminal	95,390	-	95,390	95,390
Port Master Plan	-	197,312	197,312	224,933
Cruise Terminal 3	-	49,542	49,542	49,542
North Cargo Power Project	49,796	-	49,796	49,796
CT Pax Bridge Renovation	112,131	1,068,770	1,180,901	1,850,395
Mobile Harbor Crane FY2020	92,921	4,506,546	4,599,467	7,710,020
LNG Fire Trainer Expansion	70,194	-	70,194	70,194
CBP Tech Upgrades	-	242,220	242,220	1,127,747
West Side Infrastructure	18,398	30,157	48,555	2,642,246
Total	\$41,869,961	\$55,086,210	\$96,956,171	\$ 138,087,490

Canaveral Port Authority

Appendix A – Schedule of Insurance in Force (Unaudited) Year Ended September 30, 2023

Property Coverage

Total insured values	\$ 915,076,063
Limit on buildings, contents, electronic data processing, flood, equipment, terrorism and boats	\$ 200,000,000

Port Liability

Comprehensive per occurrence/bodily injury and property damage	\$ 25,000,000
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Automobile Liability and Physical Damage

Bodily injury and property damage	\$ 1,000,000
Auto medical payments, any one accident or loss	\$ 5,000
Personal injury protection	Statutory
Hired and non-owned auto liability	\$ 1,000,000

Excess Port Liability

Per occurrence/aggregate	\$ 75,000,000
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Public Officials Liability, Claims Made Policy, includes Directors and Officers and Employment Practices Liability Insurance

Each claim and aggregate, including claims expense	\$ 3,000,000
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Comprehensive Crime Insurance

Employee theft, per loss/aggregate	\$ 1,000,000
Forgery or alteration	\$ 1,000,000
Computer fraud	\$ 1,000,000

Florida Storage Tank

Each incident/aggregate	\$ 2,000,000
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Fiduciary Liability, Claims Made Policy

Aggregate	\$ 1,000,000
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Workers' Compensation, Employers Liability

Bodily injury by accident/each accident	\$ 1,000,000
Bodily injury by disease/each employee	\$ 1,000,000
Bodily injury by disease/aggregate	\$ 1,000,000

Hull and Machinery / Protection and Indemnity / Vessel Pollution Liability

Hull limit	\$ 5,567,200
P&I limit	\$ 1,000,000
Excess P&I	\$ 5,000,000

**ADDITIONAL ELEMENTS REQUIRED BY
GOVERNMENT AUDITING STANDARDS, THE UNIFORM
GUIDANCE AND THE RULES OF THE AUDITOR GENERAL**

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

Members of the Board of Commissioners
Canaveral Port Authority
Cape Canaveral, 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 (*Government Auditing Standards*), the basic financial statements of Canaveral Port Authority (the Authority) as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated March 13, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the basic 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 opinion on the basic financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's basic 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 or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's basic financial statements are free of 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*.

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.

RSM VS LLP

Jacksonville, Florida
March 13, 2024

Report on Compliance for Each Major Federal Program and the Major State Financial Assistance Project and Report on Internal Control Over Compliance Required by the Uniform Guidance and State of Florida Chapter 10.650, *Rules of the Auditor General*

Independent Auditor's Report

Members of the Board of Commissioners
Canaveral Port Authority
Cape Canaveral, Florida

Report on Compliance for Each Major Federal Program and State Financial Assistance Project

Opinion on Each Major Federal Program and State Financial Assistance Project

We have audited the Canaveral Port Authority's (the Authority), compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* and in the State of Florida's *Department of Financial Services' State Projects Compliance Supplement* that could have a direct and material effect on each of the Authority's major federal programs and state financial assistance projects for the year ended September 30, 2023. The Authority's major federal programs and state financial assistance projects are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Authority complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs and state financial assistance projects for the year ended September 30, 2023.

Basis for Opinion on Each Major Federal Program and State Financial Assistance Project

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*); 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* (Uniform Guidance); and the State of Florida Chapter 10.650, *Rules of the Auditor General* (Chapter 10.650). Our responsibilities under those standards, the Uniform Guidance and Chapter 10.650 are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Authority and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program and state financial assistance project. Our audit does not provide a legal determination of the Authority's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Authority's federal programs and state financial assistance projects.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Authority's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, the Uniform Guidance, and Chapter 10.650 will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Authority's compliance with the requirements of each major federal program and state financial assistance project as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, the Uniform Guidance, and Chapter 10.650, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Authority's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Authority's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance and Chapter 10.650, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 or state financial assistance project 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 or state financial assistance project 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 or state financial assistance project 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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 and Chapter 10.650. Accordingly, this report is not suitable for any other purpose.

RSM US LLP

Jacksonville, Florida
March 13, 2024

Canaveral Port Authority, Florida

**Schedule of Findings and Questioned Costs
Year Ended September 30, 2023**

I – Summary of Auditor’s Results

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:

Unmodified

Internal control over financial reporting:

Material weakness(es) identified?	_____ Yes	X	No
Significant deficiency(ies) identified?	_____ Yes	X	None Reported
Noncompliance material to financial statements noted?	_____ Yes	X	No

Federal Awards

Internal control over major federal programs:

Material weakness(es) identified?	_____ Yes	X	No
Significant deficiency(ies) identified?	_____ Yes	X	None Reported

Type of auditor’s report issued on compliance for major federal programs:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with Section 2 CFR 200.516(a)?

_____ Yes	X	No
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Identification of major federal programs:

Assistance Listing Numbers	Name of Federal Program or Cluster
97.036	Disaster Grants - Public Assistance (Presidentially Declared Disasters)
21.027	COVID-19: Coronavirus State and Local Fiscal Recovery Funds

Dollar threshold used to distinguish between type A and type B programs:

\$ 750,000

Auditee qualified as low-risk auditee?

X	Yes	_____	No
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(continued)

Canaveral Port Authority, Florida

**Schedule of Findings and Questioned Costs
Year Ended September 30, 2023**

I – Summary of Auditor’s Results

State Financial Assistance Projects

Internal control over major state projects:

Material weakness(es) identified?	_____ Yes	_____ X _____ No
Significant deficiency(ies) identified?	_____ Yes	_____ X _____ None Reported

Type of auditor’s report issued on compliance for major state projects:

_____ Unmodified _____

Any audit findings disclosed that are required to be reported in accordance with Chapter 10.550, Rules of the Florida Auditor General?

_____ Yes _____ X _____ No

Identification of major state projects:

CSFA Number	Name of State Program or Project
55.005	Seaport Grant Programs

Dollar threshold used to distinguish between type

A and type B projects: \$ 784,842

Canaveral Port Authority, Florida

**Schedule of Findings and Questioned Costs (Continued)
Year Ended September 30, 2023**

II – Financial Statement Findings

No matters were reported.

III – Findings and Questioned Costs for Federal Awards and State Financial Assistance

No matters were reported.

Canaveral Port Authority, Florida

**Summary Schedule of Prior Audit Findings
Year Ended September 30, 2023**

The prior year single audit disclosed no findings in the Schedule of Findings and Questioned Costs and no uncorrected or unresolved findings exist from the prior audit's Summary of Prior Audit Findings.

Management Letter

Board of Commissioners
Canaveral Port Authority
Cape Canaveral, Florida

Report on the Financial Statements

We have audited the basic financial statements of the Canaveral Port Authority (the Authority), as of and for the fiscal year ended September 30, 2023, and have issued our report thereon dated March 13, 2024.

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; the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements of Federal Awards* (Uniform Guidance); and Chapter 10.650, *Rules of the Auditor General*.

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 Financial Statements Performed in Accordance with *Government Auditing Standards*; Independent Auditor's Report on Compliance for Each Major Federal Program and State Project and Report on Internal Control over Compliance; Schedule of Findings and Questioned Costs; and Independent Accountant's Report on an examination conducted in accordance with *American Institute of Certified Public Accountants (AICPA) Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.650, *Rules of the Auditor General*. Disclosures in those reports, which are dated March 13, 2024, 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. No findings or recommendations were made in the preceding annual financial 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 the management letter, unless disclosed in the notes to the financial statements. The name or official title and legal authority is disclosed in Note 1 to the financial statements.

Financial Management

Sections 10.554(1)(i)5.a. and 10.556(7), *Rules of the Auditor General*, require us to apply appropriate procedures and communicate the results of our determination as to whether or not the Authority met one or more of the conditions described in Section 218.503(1), *Florida Statutes*, and to identify the specific condition(s) met. In connection with our audit, we determined that the Authority did not meet any of the conditions described 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. It is management's responsibility to monitor the Authority's financial condition, and our financial condition assessment was based in part on representations made by management and review of financial information provided by same.

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

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 which warrants the attention of those charged with governance. In connection with our audit, we did not have any such findings.

Specific Information

As required by Section 218.39(3)(c), *Florida Statutes*, and Section 10.554(1)(i)6, *Rules of the Auditor General*, the Authority reported:

- (1) Total number of district employees compensated in the last pay period of the fiscal year:
246
- (2) Total number of independent contractors compensated in the last month of the fiscal year:
21
- (3) All compensation paid or accrued to employees:
\$24,864,592
- (4) All compensation paid or accrued to independent contractors:
\$18,764,244.97
- (5) Construction projects of at least \$65,000 approved by the district and scheduled to begin after October 1 of the reporting year and total of each project (see following schedule):

Canaveral Port Authority
FY23
10/01/2022 - 9/30/2023
Schedule of Construction in Progress and Capital Costs
Compared with Budget

<i>Year Ended September 30, 2023</i>	Expenditures 10/01/2022 - 9/30/2023		Approved Budget
		Current Year	Cumulative Total
Portwide Parking Improvements	\$	1,811,268	\$ 1,900,000
Security Fencing/Lighting		58,199	600,270
CT10 Terminal Improvements		186,068	5,000,000
PSGP 2022 Projects		681	630,000
Port Master Plan		197,312	224,933
CBP Tech Upgrades		242,220	1,127,747
Total	\$	2,495,748	\$ 9,482,950

- (6) Budget variance report based on the budget adopted under Section 189.016(4), *Florida Statutes*, and the amended budget under Section 189.016(6), *Florida Statutes* (see report below):



**Canaveral Port Authority
Income Statement YTD
September 2023**

	Current YTD Actual	Current YTD Budget	Budget Variance
REVENUES			
Cruise	\$ 158,015,193	\$ 150,865,187	\$ 7,150,006
Cargo	15,851,344	14,050,018	1,801,326
Leases	10,883,416	9,021,330	1,862,086
Recreation	3,941,774	4,253,825	(312,051)
Miscellaneous	3,107,928	2,157,000	950,928
TOTAL OPERATING REVENUES	191,799,655	180,347,360	11,452,295
EXPENSES			
Operations	13,277,858	13,348,000	(70,142)
Facilities	14,144,092	13,961,095	182,997
Parks and Recreation	2,034,290	2,260,605	(226,315)
Exploration Tower	133,074	174,850	(41,776)
Public Safety	11,413,785	11,507,450	(93,665)
Fire Training Facility	385,402	394,570	(9,168)
Commission	338,619	360,900	(22,281)
Executive	2,183,715	2,112,800	70,915
Finance and Accounting	2,032,252	2,059,130	(26,878)
Administrative Services	9,845,862	10,093,400	(247,538)
Engineering & Environmental	2,314,638	2,267,990	46,648
Business Development	990,068	1,107,790	(117,722)
Tenant and Property Development	380,037	463,915	(83,878)
Government & Strategic Comm.	1,396,232	1,419,680	(23,448)
Depreciation	47,854,801	50,760,025	(2,905,224)
OPERATING EXPENSES	108,724,725	112,292,200	(3,567,475)
OPERATING INCOME	83,074,930	68,055,160	15,019,770
NON-OPERATING REVENUES	22,217,990	19,975,410	2,242,580
NON-OPERATING EXPENSES	13,473,519	12,526,050	947,469
INCOME BEFORE CAPITAL CONTRIBUTIONS	91,819,401	75,504,520	16,314,881
CAPITAL CONTRIBUTIONS	30,442,555	-	30,442,555
CHANGE IN NET POSITION	\$ 122,261,956	\$ 75,504,520	\$ 46,757,436

Purpose of this Letter

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

RSM VS LLP

Jacksonville, Florida
March 13, 2024



RSM US LLP

Independent Accountant's Report

Members of the Board of Commissioners
Canaveral Port Authority
Cape Canaveral, Florida

We have examined the Canaveral Port Authority's (the Authority) compliance with the local government investment policy requirements of Section 218.415, *Florida Statutes*, during the period October 1, 2022 to September 30, 2023 (specific requirements). 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 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 requirements 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 of the Authority's compliance with the specified requirements.

We are required to be independent and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to the engagement.

In our opinion, the Authority complied, in all material respects, with the local government investment policy requirements of Section 218.415, *Florida Statutes*, during the period October 1, 2022 to September 30, 2023.

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

RSM US LLP

Jacksonville, Florida
March 13, 2024