



**Titusville-Cocoa Airport Authority, Florida**  
**FINANCIAL STATEMENTS**  
September 30, 2023





<b>INTRODUCTORY SECTION</b>	
Table of Contents .....	1
Board of Directors and Authority Officials .....	2
<b>FINANCIAL SECTION</b>	
Independent Auditor’s Report.....	5
Management’s Discussion and Analysis.....	9
<b>Basic Financial Statements</b>	
Statements of Net Position.....	16
Statements of Revenues, Expenses, and Changes in Net Position.....	18
Statements of Cash Flows.....	19
Notes to Financial Statements.....	21
<b>Required Supplementary Information</b>	
Schedule of Proportionate Share of Net Pension Liability .....	46
Schedule of Contributions .....	48
Schedule of Changes in Other Postemployment Benefits.....	50
<b>Additional Supplementary Information</b>	
Operating Budget to Actual Comparison, Budgetary Basis.....	53
Budgetary Notes to Supplementary Information.....	54
Schedule of Capital Projects Summary .....	55
<b>Reports on Internal Control and Compliance Matters</b>	
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.....	57
Independent Auditor’s Report on Compliance For Each Major Federal Program and State Project and on Internal Control Over Compliance Required by the Uniform Guidance and Chapter 10.550, Rules of the Florida Auditor General .....	59
Schedule of Expenditures of Federal Awards and State Financial Assistance .....	62
Notes to the Schedule of Expenditures of Federal Awards and State Financial Assistance.....	63
Schedule of Findings and Questioned Costs.....	64
Corrective Action Plan .....	71
Independent Auditor’s Management Letter .....	75
Independent Accountant’s Report on Compliance with Local Government Investment Policies.....	79

**Titusville-Cocoa Airport Authority  
Board of Directors and Authority Officials  
As of September 30, 2023**

Chairman

John Craig

Vice Chairman/Treasurer

Donn Mount

Board Members

Jessica Curry

Mark Grainger

Roger Molitor

Brad Whitmore

Albert Voss

Director of Airports

Kevin Daugherty, AAE

Attorney

Adam Bird



**FINANCIAL SECTION**



THIS PAGE IS INTENTIONALLY LEFT BLANK.



Carr, Riggs & Ingram, LLC  
215 Baytree Drive  
Melbourne, Florida 32940  
  
321.255.0088  
386.336.4189 (fax)  
CRlcpa.com

## **INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors  
Titusville-Cocoa Airport Authority

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

#### ***Opinion***

We have audited the accompanying financial statements of the Titusville-Cocoa Airport Authority (the "Authority"), a component unit of Brevard County, Florida, 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 financial statements referred to above present fairly, in all material respects, the financial position of the Titusville-Cocoa Airport Authority, as of September 30, 2023, and the respective changes in financial position and its cash flows, and, where applicable, cash flows thereof 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 Titusville-Cocoa Airport Authority and to meet our other ethical responsibilities, in accordance with the 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 audit opinion.

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

As discussed in Note 2 to the financial statements, net position as of September 30, 2022 has been restated to adjust prior year-end balances related to unearned rental income, lease revenue, deferred inflows, and lease receivables. Our opinion is not modified with respect to that matter.

#### ***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 Titusville-Cocoa Airport Authority's ability to continue as a going concern for twelve 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 generally accepted auditing standards 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 generally accepted auditing standards 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 Titusville-Cocoa Airport 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 Titusville-Cocoa Airport 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, the defined benefit pension plan information and the other postemployment benefits information as listed in the table of contents 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 auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Supplementary Information***

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Titusville-Cocoa Airport Authority's basic financial statements. The accompanying 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 Florida Auditor General is 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 is 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 introductory section, the accompanying budgetary comparison information and the capital projects summary but does not include the basic financial statements and our auditor's report thereon. Our opinion on the basic financial statements do 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 April 24, 2024 on our consideration of the Titusville-Cocoa Airport 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 Titusville-Cocoa Airport 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 Titusville-Cocoa Airport Authority's internal control over financial reporting and compliance.

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

Melbourne, Florida

April 24, 2024

## Titusville-Cocoa Airport Authority Management Discussion and Analysis

This section of the Titusville-Cocoa Airport Authority's (the Authority) annual financial report presents our discussion and analysis of the Authority's financial performance during the year ended September 30, 2023. Please read it in conjunction with the Authority's financial statements, which follows this section.

### **FINANCIAL HIGHLIGHTS** (all dollar values rounded)

- The Authority's net position increased \$2,465,730 or 4%. In comparison, last year's net position increased \$3,159,000 or 1%.
- Operating revenues increased \$378,208 or 11%, and operating expenses decreased \$521,801 or -9%. Operating expenses exceeded revenues by \$1,410,137, compared to \$2,310,000 in the prior year.
- Total non-operating expenses decreased by \$32,433. This change is primarily due to losses on disposition of assets in the current year.
- Capital contributions from federal, state, and other third parties totaled \$3,674,191, compared to \$5,582,329 in the prior year.

### **OVERVIEW OF THE FINANCIAL STATEMENTS**

This annual financial report consists of three parts: management's discussion and analysis (this section); the financial statements and notes to the financial statements; and supplementary information. The notes to the financial statements explain some of the information in the financial statements and provide more detailed data. The financial statements are followed by required and other supplementary information that further explains and supports the information in the financial statements.

The financial statements include information about the Authority using accounting methods similar to those used by private sector companies. The statement of net position includes all of the Authority's assets, deferred outflows, liabilities, and deferred inflows. All of the current year's revenues and expenses are accounted for in the statement of revenues, expenses, and changes in net position, regardless of when cash is received or paid (accrual method of accounting). These two statements report the Authority's net position and how it has changed. Net position is the difference between the Authority's assets and deferred outflows, and liabilities and deferred inflows, and is one way to measure the Authority's financial health or position.

Over time, increases or decreases in the Authority's net position is an indicator of whether its financial position is improving or deteriorating, respectively. To assess the overall financial position of the Authority, one must consider additional nonfinancial factors, such as the condition of the Authority's significant assets such as runways and buildings.

### **FINANCIAL ANALYSIS**

#### *A. Net Position*

The Authority's net position increased \$2,465,730 or 4%. In comparison, last year's net position increased \$3,159,000 or 1%. The following table summarizes these results.

**Titusville-Cocoa Airport Authority  
Management Discussion and Analysis**

**FINANCIAL ANALYSIS** *(continued)*

Table A-1  
Net Position

	2023	2022 (Restated)	Change
<b>Assets</b>			
Current and other assets	\$ 3,387,600	\$ 4,046,589	-16%
Capital assets, net	66,345,213	63,336,816	5%
Other noncurrent assets	19,484,059	4,487,433	334%
<b>Total assets</b>	<b>89,216,872</b>	<b>71,870,838</b>	<b>24%</b>
<b>Deferred outflows of resources</b>	<b>354,392</b>	<b>277,837</b>	<b>28%</b>
<b>Liabilities</b>			
Current liabilities	2,835,773	2,357,447	20%
Noncurrent liabilities	1,876,774	1,086,341	73%
<b>Total liabilities</b>	<b>4,712,547</b>	<b>3,443,788</b>	<b>37%</b>
<b>Deferred inflows of resources</b>	<b>18,426,351</b>	<b>4,738,251</b>	<b>289%</b>
<b>Net position</b>			
Net investment in capital assets	65,186,136	62,453,521	4%
Restricted for airport improvements	995,081	995,081	0%
Unrestricted net position	251,149	518,034	-52%
<b>Total net position</b>	<b>\$ 66,432,366</b>	<b>\$ 63,966,636</b>	<b>4%</b>

*B. Changes in Net Position*

Operating revenues increased \$378,208 or 11%, and operating expenses decreased \$521,801 or -9%. Operating expenses exceeded revenues by \$1,410,137, compared to \$2,310,000 in the prior year.

Non-operating expenses decreased \$32,433. This change is primarily due to the decrease in loss on disposition of assets of \$26,553 and a decrease in interest expense.

Capital contributions from federal, state, and other third parties totaled \$3,674,191, compared to \$5,582,329 in the prior year. The decrease is a result of completing grant-funded capital activity, as large projects were completed in the current year, to include Runway 9-27.

The following table summarizes these results.

**Titusville-Cocoa Airport Authority**  
**Management Discussion and Analysis**

**FINANCIAL ANALYSIS** (continued)

Table A-2  
Changes in Net Position

	2023	2022	Change
Operating revenues			
T-hangars	\$ 1,256,508	\$ 1,228,893	2%
Fixed base operations	411,873	681,368	-40%
Building, land, and other leases	2,067,278	1,264,053	64%
Other revenues	50,388	233,525	-78%
<b>Total operating revenues</b>	<b>3,786,047</b>	<b>3,407,839</b>	<b>11%</b>
Operating expenses			
Wages and benefits	1,599,275	1,259,860	27%
Repairs, maintenance, and other services	1,076,755	1,357,908	-21%
Materials and supplies	96,890	601,680	-84%
Bad debt expense	25,455	32,751	0%
Depreciation	2,397,809	2,465,786	-3%
<b>Total operating expenses</b>	<b>5,196,184</b>	<b>5,717,985</b>	<b>-9%</b>
<b>Operating loss</b>	<b>(1,410,137)</b>	<b>(2,310,146)</b>	<b>-39%</b>
Nonoperating revenues (expenses):			
Interest income	634,935	139,757	354%
Loss on disposal of assets	(198,338)	(224,891)	-12%
Interest	(21,814)	(27,694)	-21%
<b>Total nonoperating revenues (expenses)</b>	<b>414,783</b>	<b>(112,828)</b>	<b>-468%</b>
<b>Loss before contributions</b>	<b>(995,354)</b>	<b>(2,422,974)</b>	<b>-59%</b>
Capital contributions			
Other governmental	3,674,191	5,582,329	-34%
<b>Change in net position</b>	<b>2,678,837</b>	<b>3,159,355</b>	<b>-15%</b>
Net position, beginning of year as originally presented	63,966,636		
Prior period adjustment - see Note 2	(213,107)		
Net position, beginning of year as restated	63,753,529	60,807,281	5%
<b>Total net position, end of year</b>	<b>\$ 66,432,366</b>	<b>\$ 63,966,636</b>	<b>4%</b>

## Titusville-Cocoa Airport Authority Management Discussion and Analysis

### FINANCIAL ANALYSIS (continued)

#### C. Budgetary Highlights

The Authority prepares their budget on the cash basis. The budgetary comparison presented as required supplementary information removes accruals in order to present actual results on the same basis as the budgeted amounts. There were no amendments to the fiscal year 2023 budget from what was originally adopted.

T-Hangar revenues came under budget by \$66,233 due to differences at each airport in lease projections. Fixed base operations revenues came under budget by \$13,922 primarily from decreased fuel flowage fees. Overall revenues were more than budgeted by \$41,000 due primarily to miscellaneous revenues. Other rental activity maintained revenue expectations vacancies were filled, including Mini Sales (Airport Storage) at Merritt Island.

The following expenditure categories were over (under) budget, but full results are available at "Operating Budget to Actual Comparison, Budgetary Basis" on page 55.

	Budget	Actual	Difference
Salaries	\$ 1,073,813	\$ 1,002,504	-7%
Employee benefits	343,772	401,866	14%
Repairs and maintenance	277,900	339,447	18%
Insurance	344,012	343,423	0%

Employee salaries and benefits were over-budget due to hiring of additional personnel and pay adjustments that occurred during the fiscal year.

Professional services came under budget by \$45,000 as a result in a decrease in temporary contract labor. Full results are available at "Operating Budget to Actual Comparison, Budgetary Basis" on page 55.

### CAPITAL ASSETS AND DEBT ADMINISTRATION

#### A. Capital Assets

The following is a summary of large construction projects in progress as of September 30, 2023.

Major projects in progress:

<u>Project Name:</u>	<u>Costs to Date</u>
TIX ATCT Site Study	\$ 867,682
COI North Area Security	1,119,774
COI Corp Hanger (Grainger)	554,756
	<u>\$ 2,542,212</u>

## Titusville-Cocoa Airport Authority Management Discussion and Analysis

### CAPITAL ASSETS AND DEBT ADMINISTRATION (continued)

The following is a summary of capital assets shown net of related accumulated depreciation/amortization.

**Table A-3  
Summary of Changes in Capital Assets**

	2023	2022	Change
Land	\$ 13,621,899	\$ 10,341,428	32%
Buildings and improvements	17,985,595	19,549,439	-8%
Runways and lighting	30,226,069	25,483,200	19%
Furniture, fixtures, and equipment	287,221	975,358	-71%
Vehicles	137,339	141,475	-3%
Construction in process	4,087,090	6,845,916	-40%
<b>Total</b>	<b>\$ 66,345,213</b>	<b>\$ 63,336,816</b>	<b>5%</b>

#### *B. Long-term Debt*

During the current fiscal year, the Authority purchased 1 Bristow Way at Space Coast Regional which resulted in \$480,000 long-term debt.

### ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

As of September 30, 2023, the Authority has several on-going projects which include the AWOS project at Arthur Dunn, AWOS project at Merritt Island, North Area Security and Infrastructure Project at Merritt Island, Runway 11-29 rehabilitation project at Merritt Island, South Apron Project at Merritt Island, Corporate Hangar project at Merritt Island, Runway 18-36 Rehab at Space Coast Regional, Air Traffic Control Tower Site Study at Space Coast Regional, the Challenger Avenue extensions at Space Coast Regional, and updates to the Master Plan for all three (3) airports. These projects receive funding assistance from the Federal Aviation Administration (FAA), the Florida Department of Transportation (FDOT) and from private sources.

For fiscal year ending September 30, 2024, the Authority expects to complete the North Area Security and Infrastructure project at Merritt Island, AWOS project at Merritt Island, the Corporate Hangar at Merritt Island, and the AWOS project at Arthur Dunn. These projects are essential to the backbone of our airports and provide much needed improvements to our facilities, which in turn benefits our tenants and traveling public.

## **Titusville-Cocoa Airport Authority Management Discussion and Analysis**

### **CONTACTING THE AUTHORITY'S FINANCIAL MANAGEMENT**

This annual financial report is designed to provide citizens, taxpayers, customers, and creditors with a general overview of the Authority's finances and to demonstrate the Authority's accountability for the money it receives. If you have questions about this report, or need additional financial information, contact the Authority's office at (321) 267-8780, or write them at 51 Bristow Way, Titusville, Florida 32780.



**TITUSVILLE-COCOA AIRPORT AUTHORITY**

Basic Financial Statements

**Titusville-Cocoa Airport Authority**  
**Statement of Net Position**

<i>September 30,</i>	<b>2023</b>
<b>ASSETS</b>	
<b>Current assets</b>	
Cash and cash equivalents	\$ 1,609,698
Restricted cash and cash equivalents	255,953
Accounts receivable, net	232,384
Leases receivable	215,670
Due from other governments	1,040,934
Prepaid expenses	32,961
<b>Total current assets</b>	<b>3,387,600</b>
<b>Noncurrent assets</b>	
Capital assets:	
Land	13,621,899
Buildings and improvements	34,044,942
Runways and lighting	45,082,353
Furniture, fixtures, and equipment	1,145,424
Vehicles	1,261,417
Construction in process	4,087,090
Accumulated depreciation	(32,897,912)
Leases receivable	19,484,059
<b>Total noncurrent assets</b>	<b>85,829,272</b>
<b>Total assets</b>	<b>89,216,872</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred outflows related to pensions	340,348
Deferred outflows related to other post-employment benefits	14,044
<b>Total deferred outflows of resources</b>	<b>354,392</b>

*The accompanying notes are an integral part of this financial statement.*

**Titusville-Cocoa Airport  
Authority  
Statement of Net Position (Continued)**

<i>September 30,</i>	<b>2023</b>
<b>LIABILITIES</b>	
<b>Current liabilities</b>	
Accounts payable	668,439
Retainage payable	99,139
Accrued expenses and other liabilities	215,281
Refundable deposits	255,953
Unearned revenue	970,100
Compensated absences	77,767
Current portion of note payable and line of credit	549,094
<b>Total current liabilities</b>	<b>2,835,773</b>
<b>Noncurrent liabilities</b>	
Note payable and line of credit, less current portion	480,000
Net pension liabilities	1,367,849
Other post-employment benefits liability	28,925
<b>Total noncurrent liabilities</b>	<b>1,876,774</b>
<b>Total liabilities</b>	<b>4,712,547</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Deferred inflows related to pensions	147,095
Deferred inflows related to leases	18,279,256
<b>Total deferred inflows of resources</b>	<b>18,426,351</b>
<b>NET POSITION</b>	
Net investment in capital assets	65,186,136
Restricted for airport improvements	995,081
Unrestricted	251,149
<b>Total net position</b>	<b>\$ 66,432,366</b>

**Titusville-Cocoa Airport Authority**  
**Statement of Revenues, Expenses, and Changes in Net Position**

<i>For the year ended September 30,</i>	<b>2023</b>
<b>Operating revenues</b>	
T-hangars	\$ 1,256,508
Fixed base operations	411,873
Building, land, and other leases	2,067,278
Miscellaneous revenue	50,388
<b>Total operating revenues</b>	<b>3,786,047</b>
<b>Operating and maintenance expenses</b>	
Wages and benefits	1,599,275
Repairs, maintenance, and other services	1,076,755
Materials and supplies	96,890
Depreciation	2,397,809
Bad debt expense	25,455
<b>Total operating and maintenance expenses</b>	<b>5,196,184</b>
<b>Operating loss</b>	<b>(1,410,137)</b>
<b>Non-operating revenues (expenses)</b>	
Interest income	634,935
Loss on disposal of assets	(198,338)
Interest expense	(21,814)
<b>Total non-operating revenues (expenses)</b>	<b>414,783</b>
<b>Loss before contributions</b>	<b>(995,354)</b>
<b>Capital contributions</b>	<b>3,674,191</b>
<b>Change in net position</b>	<b>2,678,837</b>
Net position, beginning of year as originally presented	63,966,636
Prior period adjustment - See Note 2	(213,107)
Net position, beginning of year as restated	63,753,529
<b>Net position, end of year</b>	<b>\$ 66,432,366</b>

*The accompanying notes are an integral part of this financial statement.*

**Titusville-Cocoa Airport Authority**  
**Statement of Cash Flows**

*For the year ended September 30,* **2023**

<b>Cash flows from operating activities</b>	
Cash received from tenants	\$ 3,176,455
Cash received from other sources	50,388
Cash paid to employees for services	(1,416,433)
Cash paid to suppliers for goods and services	(1,012,144)
<b>Net cash provided by operating activities</b>	<b>798,266</b>

<b>Cash flows from capital and related financing activities</b>	
Cash received from capital grants and contributions	3,674,191
Cash paid for acquisition and construction of capital assets	(6,518,762)
Proceeds from the issuance of debt	1,039,094
Principal paid on long-term debt	(10,000)
Cash paid for interest on notes	(21,814)
<b>Net cash used in capital and related financing activities</b>	<b>(1,837,291)</b>

<b>Cash flows from investing activities</b>	
Cash received for interest income	634,935
<b>Net cash provided by investing activities</b>	<b>634,935</b>

Increase (decrease) in cash and cash equivalents (404,090)

Cash and cash equivalents, beginning of year	2,269,741
Cash and cash equivalents, end of year	\$ 1,865,651

<i>Following is a reconciliation of the cash as of September 30,</i> <span style="float: right;"><b>2023</b></span>	
Cash and cash equivalents	\$ 1,609,698
Cash and cash equivalents, restricted	255,953
Total cash and cash equivalents, end of year	\$ 1,865,651

*The accompanying notes are an integral part of this financial statement.*

**Titusville-Cocoa Airport Authority**  
**Statement of Cash Flows (Continued)**

*For the year ended September 30,*

**2023**

**RECONCILIATION OF OPERATING LOSS TO NET CASH  
PROVIDED BY OPERATING ACTIVITIES**

Operating loss \$ (1,410,137)

Adjustments to reconcile operating loss to net cash  
provided by (used in) operating activities:

    Depreciation 2,397,809

    Bad debt expense 25,455

Change in assets, deferred outflows, liabilities and deferred  
inflows:

    (Increase) decrease in assets and deferred outflows:

        Accounts receivable (19,076)

        Leases receivable (1,637,717)

        Prepaid expenses (12,340)

        Deferred outflows related to pensions (68,078)

        Deferred outflows related to other postemployment benefits (8,477)

    Increase (decrease) in liabilities and deferred inflows:

        Accounts payable 15,906

        Accrued expenses and other liabilities 183,390

        Refundable deposits 22,923

        Unearned revenue 48,104

        Net pension liabilities 298,462

        Other postemployment benefits liability 11,971

        Deferred inflows related to pensions (51,036)

        Deferred inflows related to leases 1,001,107

**Total adjustments 2,208,403**

**Net cash provided by operating activities \$ 798,266**

## Titusville-Cocoa Airport Authority Notes to Financial Statements

### Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Titusville-Cocoa Airport Authority (the "Authority"), a component unit of Brevard County, Florida, operates and maintains three general aviation airports within the Titusville-Cocoa Airport District (the "District") in Brevard County, Florida. The three airports served by the District are Space Coast Regional Airport, Arthur Dunn Airpark, and Merritt Island Airport. The District is bound on the north and west by the Brevard County line, the east by the Atlantic Ocean, and on the south by the Township 25 line, which is approximately three and three-quarter miles north of the Pineda Causeway. The Authority and the District were created under the Titusville-Cocoa Airport District Act of 1963, Chapter 63- 1143, Laws of Florida, Special Acts of 1963 (the Act).

#### *Reporting Entity*

The Authority is a dependent, special district of Brevard County, Florida under Chapter 189.403, Florida Statutes, and as such, Brevard County approves the Authority's annual budget. The Authority is governed by a 7 member Board of Directors which consists of two members appointed by each of the respective County Commissioners of Districts 2 and 4, one member appointed by the District 1 County Commissioner, one member appointed by the City of Titusville, and one member-at-large appointed by the Brevard County Board of County Commissioners. The Authority does not exercise control over other government agencies or authorities.

#### *Measurement Focus, Basis of Accounting and Financial Statement Presentation*

The Authority uses the *economic resources measurement focus* and the *accrual basis of accounting* for its financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. The following is a description of the sole proprietary fund of the Authority.

*Enterprise Fund* – The Authority operates as an enterprise fund that accounts for the construction, operation and maintenance of the Authority.

This fund is used to account for the acquisition, operation and maintenance of Authority facilities and services that are entirely or predominantly self-supported by user fees. The operations of enterprise funds are accounted for in such a manner as to show a profit or loss similar to comparable private enterprises.

#### *Budgetary Information*

The budgetary policy for the Board of Directors of the Authority involves establishing an annual operating expense budget. A tentative annual operating expense budget is to be adopted prior to July 1 of each year, and approved by the Brevard County Board of County Commissioners. Brevard County Board of Commissioners action is required for the approval of a supplemental or amended budget.

Budgetary control is maintained at the line item level. The budget is prepared on an accrual basis of accounting, which is consistent with generally accepted accounting principles. All appropriations that are not expensed or committed lapse at year end.

**Titusville-Cocoa Airport Authority**  
**Notes to Financial Statements**

**Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***Budgetary Information (continued)***

Actual results of operations presented in accordance with generally accepted accounting principles (GAAP basis) and the Authority's accounting policies do not recognize encumbrances as expenditures until the period in which the actual goods or services are received and a liability is incurred.

***Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position***

***Cash and Cash Equivalents***

The Authority's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

***Receivables and Payables***

Allowance for doubtful accounts – Accounts receivable have been reported net of the allowance for doubtful accounts. Accounts receivable in excess of 120 days are subject to being considered as uncollectible.

Leases receivable – The Authority's lease receivables are measured at the present value of lease payments expected to be received during the least term. Under the lease agreement, the Authority may receive variable lease payments that are dependent upon the consumer price index (CPI) or a future market value assessment. The variable payments that differ from the estimates at lease inception are recorded as an inflow of resources in the period the payment is received.

Retainage payable – The Authority has recorded amounts due to construction contractors for construction in process under retainage provisions of construction contracts.

***Prepaid Items***

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

***Restricted Assets***

Certain assets of the Authority are classified as restricted cash and cash equivalents on the statement of net position because their use is limited by law through constitutional provisions or enabling legislation; or by restrictions imposed externally by creditors, grantors, contributors or laws or regulations of other governments. Special restricted asset accounts have been established in the Authority's book and records to account for the sources and uses of these limited use assets as follows:

*Customer deposit accounts* – Customer deposits are deposited in non-interest bearing accounts and refunded upon termination of rental agreement with the Authority and satisfaction of all obligations due.

**Titusville-Cocoa Airport Authority**  
**Notes to Financial Statements**

**Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position (continued)***

*Capital Assets*

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g. roads, runways, taxiways, buildings, and similar items), are reported in the financial statements. Capital assets are defined by the Authority as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost, if purchased or constructed, and at acquisition value at the date of donation, if donated. Major additions are capitalized while maintenance and repairs, which do not improve or materially extend the life of the respective assets are charged to expense. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Capital assets are depreciated or amortized using the straight-line method over the following average useful lives:

Buildings and improvements	5 – 39 years
Runways, lighting, and ramps	7 – 33 years
Furniture, fixtures, equipment, and vehicles	3 – 10 years

*Deferred Outflows/Inflows of Resources*

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until then.

The deferred outflows reported by the Authority are an aggregate of items related to pensions as calculated in accordance with GASB Codification (GASBC) Section P20: *Pension Activities – Reporting for Benefits Provided through Trusts That Meet Specified Criteria* and GASB Codification P52: *Post-employment Benefits Other Than Pensions – Reporting Benefits Not Provided Through Trusts That Meet Certain Criteria*. The deferred outflows related to pensions and other post-employment benefits will be recognized as either pension expense or a reduction in the net pension liabilities or the other post-employment benefits liability in future reporting years.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The deferred inflows related to pensions are an aggregate of items related to pensions as calculated in accordance with GASB Codification Section P20: *Pension Activities – Reporting for Benefits Provided through Trusts That Meet Specified Criteria*. The deferred inflows related to pensions will be recognized as a reduction to pension expense in future reporting years.

**Titusville-Cocoa Airport Authority**  
**Notes to Financial Statements**

**Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position (continued)***

The deferred inflows related to other post-employment benefits (OPEB) are an aggregate of items related to other post-employment benefits as calculated in accordance with GASB Codification P52: *Postemployment Benefits other Than Pensions – Reporting for Benefits not Provided through Trusts that Meet Specified Criteria*. The deferred inflows related to OPEB will be recognized as a reduction to employee benefit expense in future reporting years.

The deferred inflows of resources related to leases are associated with amounts owed to the Authority, as lessor, by entities leasing the Authority's capital assets as calculated in accordance with GASB Codification L20: *Leases*. The deferred inflow of resources is recorded at the initiation of the lease in an amount equal to the initial recording of the lease receivable. The deferred inflow of resources is recognized as revenue on a straight-line basis over the term of the lease.

***Compensated Absences***

The Authority's policy permits employees to accumulate earned but unused vacation benefits, which are eligible for payment upon separation from government service. The liability for compensated absences includes salary-related benefits, where applicable. Thirty-three percent (33%) of any unused accumulated sick leave earned – not to exceed 240 hours – is payable when an employee properly resigns, is laid off, or otherwise separates from service in good standing.

***Long-term obligations***

Long-term debt and other long-term obligations are reported as liabilities in the statement of net position. In accordance with GASB Codification Section I30: *Interest Costs – Imputation*, debt issuance costs are expensed in the period incurred except for prepaid insurance costs.

***Pensions***

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, information about the fiduciary net position, and additions to/deductions from the plan's fiduciary net position have been determined on the same basis as they are reported by the plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

***Other Post-Employment Benefits (OPEB) Liability***

For purposes of measuring the net OPEB liability, deferred outflows/inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position and additions to/deductions from fiduciary net position have been determined on the same basis as they are reported by the plan. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. The District's proportionate share of OPEB amounts were further allocated to each participating employer based on the contributions paid by each employer. There are no investments as this is a pay-as you-go plan and all cash is held in a cash account.

## Titusville-Cocoa Airport Authority Notes to Financial Statements

### Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### *Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position (continued)*

##### *Unearned revenue*

Unearned revenue recorded on the statement of net position represents amounts received by the Authority, but for which the Authority has not yet completed the eligibility requirements to recognize the revenue.

##### *Categories and Classification of Net Position*

Net position flow assumption – Sometimes the Authority will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted and as net position, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Authority's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

The provisions of GASB Codification P80: *Proprietary Fund Accounting and Financial Reporting*, specifies the following classifications:

*Net investment in capital assets* – Consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt also should be included in this component of net position.

*Restricted net position* – Restricted net position are restricted when constraints placed on the use of resources are either: (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation. Restricted net position at September 30, 2023 was \$995,081.

*Unrestricted net position* – Unrestricted net position is the residual classification.

##### *Revenues and Expenses*

The Authority distinguishes operating revenues and expenses from nonoperating items in accordance with GASB Codification P80: *Proprietary Fund Accounting and Financial Reporting*. Operating revenues and expenses generally 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 charges to customers for hangar rentals, building leases, rent and fuel flowage fees from fixed base operators, revenue from mini warehouses. Operating expenses for enterprise funds and include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

**Titusville-Cocoa Airport Authority**  
**Notes to Financial Statements**

**Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position (continued)***

***Grants/Capital Contributions***

Grants restricted for capital asset acquisition and construction are recorded as capital contributions. Grant revenue that can be used for operating purposes is classified as nonoperating revenue. They are considered earned when all applicable eligibility requirements have been met and it is earned by the Authority.

***Use of Estimates***

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts and disclosures reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

***Subsequent Events***

Management has evaluated subsequent events through the date that the financial statements were available to be issued, April 24, 2024. See Note 11 for relevant disclosures. No subsequent events occurring after this date have been evaluated for inclusion in these consolidated financial statements.

***Recently Issued and Implemented Accounting Pronouncements***

The Authority implemented the following standard during the current year:

In May 2020, the GASB issued GASB Statement No. 96, *Subscriptions-Based Information Technology Arrangements*. This statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset-an intangible asset-and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended. There were no impacts from the implementation of this Statement.

The Governmental Accounting Standards Board has issued statements that will become effective in future years. These statements are as follows:

GASB Statement No. 100, *Accounting Changes and Error Corrections*, This Statement establishes accounting and financial reporting requirements for (a) accounting changes and (b) the correction of an error in previously issued financial statements (error correction). This Statement defines accounting changes as changes in accounting principles, changes in accounting estimates, and changes to or within the financial reporting entity and describes the transactions or other events that constitute those changes. This Statement prescribes the accounting and financial reporting for (1) each type of accounting change and (2) error corrections. This Statement requires that (a) changes in accounting principles and error corrections be reported retroactively by restating prior periods,

**Titusville-Cocoa Airport Authority**  
**Notes to Financial Statements**

**Note 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***Recently Issued and Implemented Accounting Pronouncements (Continued)***

(b) changes to or within the financial reporting entity be reported by adjusting beginning balances of the current period, and (c) changes in accounting estimates be reported prospectively by recognizing the change in the current period. This Statement requires disclosure in notes to financial statements of descriptive information about accounting changes and error corrections, such as their nature. In addition, information about the quantitative effects on beginning balances of each accounting change and error correction should be disclosed by reporting unit in a tabular format to reconcile beginning balances as previously reported to beginning balances as restated. Furthermore, this Statement addresses how information that is affected by a change in accounting principle or error correction should be presented in required supplementary information (RSI) and supplementary information (SI). The requirements of this Statement are effective for accounting changes and error corrections made in fiscal years beginning after June 15, 2023, and all reporting periods thereafter.

GASB Statement No. 101, *Compensated Absences*, The objective of this Statement is to better meet the information needs of financial statement users by updating 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. The requirements of this Statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter.

The Authority is evaluating the requirements of the above statements and the impact on reporting.

**Note 2 – PRIOR PERIOD ADJUSTMENTS**

The Authority is constructing improvements for the tenants in exchange for a current contribution of future rents. In prior years the Authority incorrectly recognized this revenue as a capital contribution instead of the advance payment of rent. Through the year ended September 30, 2022 \$552,982 was restated as prepaid rent.

During the year ended September 30, 2022 the Authority entered into a land development lease agreement with a developer. The terms of the lease agreement do not require cash rental payments for multiple years and it was excluded from the implementation of GASB 87 *Leases*. The present value of the future lease payments at lease inception was \$13,187,895 representing the initial lease receivable and deferred inflow. The amortization of the related lease receivable and deferred inflow for the period ended September 20, 2022 was \$360,020 of interest income.

Net position, September 30, 2022, as previously reported	\$ 63,966,636
Lease receivable (at inception)	(13,187,895)
Deferred inflow of resources related to leases (at inception)	13,187,895
Interest income on unrecorded lease	360,020
Prepaid rent previously recognized as contributions	(573,127)
Net position, September 30, 2022, as restated	\$ 63,753,529

**Titusville-Cocoa Airport Authority**  
**Notes to Financial Statements**

**Note 3 – DETAILED NOTES**

***Deposits***

As of September 30, 2023, \$500,000 of the Authority’s bank balances is covered by federal depository insurance (FDIC). Monies invested in amounts greater than the insurance coverage are secured by the qualified public depositories pledging securities with the State Treasurer in such amounts required by the Florida Security for Public Depositories Act. In the event of a default or insolvency of a qualified public depositor, the State Treasurer will implement procedures for payment of losses according to the validated claims of the Authority pursuant to Section 280.08, Florida Statutes. At September 30, 2023 the Authority reported a carrying amount of deposits of \$1,865,651 and a bank balance of \$1,907,783.

***Accounts Receivable and Due from Other Governments***

Due from other governments – The Authority has recorded amounts due from other governments, primarily related to capital contributions due to the Authority arising from grant agreements with the State of Florida and the Federal Aviation Administration. Due from other governments at September 30, 2023 was comprised of amounts which had been submitted for reimbursement (billed) as well as amounts which had been earned but not yet submitted for reimbursement (unbilled). Unbilled receivables related to grant funded projects included in due from other governments was \$875,498 at September 30, 2023.

***Leases- Lessor***

*Leases receivable* – The Authority accounts for leases in accordance with GASB Codification L20: *Leases*. The Authority’s operations consist of agreements for use of land, buildings and other facilities. The agreements are made up of various noncancellable agreements which expire between the years 2023 and 2072. The Authority recognized \$644,202 of lease revenue and \$627,848 of lease interest for the year ended September 30, 2023.

The following is a schedule by years of minimum future revenues from noncancellable agreements:

<i>Year ending September 30,</i>	Principal	Interest	Total Future Minimum Lease Payments
2024	\$ (215,670)	\$ 643,694	\$ 428,024
2025	(84,231)	648,767	564,536
2026	(36,798)	650,395	613,597
2027	(17,271)	651,475	634,204
2028	(33,497)	652,331	618,834
2029 - 2033	112,504	3,261,783	3,374,287
2034 - 2038	733,594	3,197,820	3,931,414
2039 - 2043	1,475,134	3,012,328	4,487,462
2044 - 2048	1,023,681	2,816,212	3,839,893
2049 - 2053	1,786,971	2,581,443	4,368,414
2054 & Beyond	14,955,312	5,635,223	20,590,535
<b>Total</b>	<b>\$ 19,699,729</b>	<b>\$ 23,751,471</b>	<b>\$ 43,451,200</b>

**Titusville-Cocoa Airport Authority**  
**Notes to Financial Statements**

**Note 3 – DETAILED NOTES (Continued)**

***Leases- Lessor (continued)***

*Regulated leases* – The Authority’s operations include certain lease agreements that are classified as regulated leases under paragraphs 137 – 140 of GASB Codification L20: *Leases*. These agreements consist of aeronautical lease agreements, as defined by the Federal Aviation Administration, which are made up of land or facility agreements that directly or substantially relate to aircraft storage, flight training and other aeronautical use. Regulated leases provide for the exclusive use of the premises for the term of the agreement.

Upon conclusion of the lease and options, or upon default, ownership of the premises reverts to the Authority. For these agreements, lease rates cannot exceed a reasonable amount and the Authority cannot deny potential lessees the right to enter into leases if facilities are available, provided that the potential lessee’s use of the facilities complies with use restrictions. The Authority recognized the revenues from these leases agreements as inflows each year based on the payment provisions of each lease contract. The Authority recognized \$1,366,731 of regulated lease revenue principal and \$545,382 of regulated lease interest for the year ended September 30, 2023.

The following is a schedule by years of minimum future revenues from regulated leases:

<i>Year ending September 30,</i>	Principal	Interest	Total Future Minimum Lease Payments
2024	\$ 924,748	\$ 485,264	\$ 1,410,012
2025	974,918	454,584	1,429,502
2026	1,058,346	421,529	1,479,875
2027	1,129,974	386,217	1,516,191
2028	1,018,462	349,224	1,367,686
2029 - 2033	3,087,401	1,401,569	4,488,970
2034 - 2038	3,087,072	914,821	4,001,893
2039 - 2043	2,130,234	463,265	2,593,499
2044 - 2048	651,373	266,474	917,847
2049 - 2053	893,858	140,063	1,033,921
2054 & Beyond	394,344	15,263	409,607
<b>Total</b>	<b>\$ 15,350,730</b>	<b>\$ 5,298,273</b>	<b>\$ 20,649,003</b>

**Titusville-Cocoa Airport Authority**  
**Notes to Financial Statements**

**Note 3 – DETAILED NOTES (Continued)**

**Capital Assets**

The following is a summary of changes in capital assets during the year ended September 30, 2023.

	Beginning Balance	Increases and transfers	Decreases and transfers	Ending Balance
<b>Capital assets not being depreciated:</b>				
Land	\$ 10,341,428	\$ -	\$ 3,280,471	\$ 13,621,899
Construction in process	6,845,916	3,686,984	(6,445,810)	4,087,090
<b>Total capital assets not being depreciated</b>	<b>17,187,344</b>	<b>3,686,984</b>	<b>(3,165,339)</b>	<b>17,708,989</b>
<b>Capital assets, being depreciated:</b>				
Runways and lighting	42,252,914	6,106,031	(3,276,592)	45,082,353
Buildings and improvements	34,205,899	2,109,029	(2,269,986)	34,044,942
Furniture, fixtures, and equipment	3,259,070	98,592	(2,212,238)	1,145,424
Vehicles	1,211,698	49,719	-	1,261,417
<b>Total capital assets being depreciated</b>	<b>80,929,581</b>	<b>8,363,371</b>	<b>(7,758,816)</b>	<b>81,534,136</b>
<b>Less accumulated depreciation for:</b>				
Runways and lighting	16,769,714	1,360,291	(3,273,721)	14,856,284
Buildings and improvements	14,656,460	917,953	484,934	16,059,347
Furniture, fixtures, and equipment	2,283,712	65,710	(1,491,219)	858,203
Vehicles	1,070,223	53,855	-	1,124,078
<b>Total accumulated depreciation</b>	<b>34,780,109</b>	<b>2,397,809</b>	<b>(4,280,006)</b>	<b>32,897,912</b>
<b>Total capital assets, being depreciated, net</b>	<b>46,149,472</b>	<b>5,965,562</b>	<b>(3,478,810)</b>	<b>48,636,224</b>
<b>Total capital assets, net</b>	<b>\$ 63,336,816</b>	<b>\$ 9,652,546</b>	<b>\$ (6,644,149)</b>	<b>\$ 66,345,213</b>

Depreciation expense was \$2,397,809 for the year ended September 30, 2023.

**Long-Term Debt and Liabilities**

In April 2023, the Authority entered into a loan agreement for the purchase of a building for \$720,000. The agreement states that the balance is to be repaid in three equal payments over the next 3 years in the amount of \$240,000 annually.

As of September 30, 2023 the Authority has an available revolving line of credit of \$1,500,000 with an interest rate of SOFR plus 1.75% per annum; provided, however, that if the rate would be less than 2.35%, the rate shall be 2.35%. At September 30, 2023, there was \$309,094 outstanding on the line of credit. The original maturity date for all principal and unpaid accrued interest for the line of credit was November 29, 2022 and was extended until November 28, 2023. As of November 29, 2023 the bank extended and renewed the maturity date of the line of credit to November 26, 2024. See Note 16.

**Titusville-Cocoa Airport Authority**  
**Notes to Financial Statements**

**Note 3 – DETAILED NOTES (Continued)**

***Changes in Long-Term Liabilities***

The following is a summary of notes payable for the year ended September 30, 2023:

<i>September 30,</i>	Principal	Interest	Total
2024	240,000	-	\$ 240,000
2025	240,000	-	240,000
2026	240,000	-	240,000
<b>Total</b>	<b>\$ 720,000</b>	<b>\$ -</b>	<b>\$ 720,000</b>

The loan states a 0% interest rate and the Authority has determined imputed interest to be immaterial.

Long-term liability activity for the year ended September 30, 2023, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Note payable	\$ -	\$ 720,000	\$ -	\$ 720,000	\$ 240,000
Line of credit	-	319,094	(10,000)	309,094	309,094
Compensated absences	48,680	121,556	(92,469)	77,767	77,767
<b>Total long-term liabilities</b>	<b>\$ 48,680</b>	<b>\$ 1,160,650</b>	<b>\$ (102,469)</b>	<b>\$ 1,106,861</b>	<b>\$ 626,861</b>

***Net Investment In Capital Assets***

The details of the Authority's investment in capital assets, net of related debt, accounts payable, and retainage payable is as follows:

<i>September 30,</i>	<b>2023</b>
Capital assets, net	<b>\$ 66,345,213</b>
Accounts payable related to capital assets	<b>(339,938)</b>
Retainage payable	<b>(99,139)</b>
Outstanding debt related to capital assets	<b>(720,000)</b>
<b>Net investment in capital assets</b>	<b>\$ 65,186,136</b>

**Titusville-Cocoa Airport Authority**  
**Notes to Financial Statements**

**Note 4 - RETIREMENT PLANS**

***Description of Plans***

The Authority participates in two defined benefit pension plans that are administered by the State of Florida, Department of Management Services, Division of Retirement. The plans provide retirement, disability or death benefits to retirees or their designated beneficiaries. Chapter 121, Florida Statutes, establishes the authority for benefit provisions. Changes to the law can only occur through an act of the Florida Legislature. The State of Florida issues a publicly available financial report that includes financial statements and required supplementary information for the plans. That report is available from the Florida Department of Management Services' website ([www.dms.myflorida.com](http://www.dms.myflorida.com)).

The Florida Retirement System ("FRS") Pension Plan is a cost-sharing, multiple-employer defined benefit pension plan with a Deferred Retirement Option Program ("DROP") available for eligible employees. The FRS was established and is administered in accordance with Chapter 121, Florida Statutes. Retirees receive a lifetime pension benefit with joint and survivor payment options. FRS membership is compulsory for employees filling regularly established positions in a state agency, county agency, state university, state college, or district school board, unless restricted from FRS membership under Sections 121.053 or 121.122, Florida Statutes, or allowed to participate in a defined contribution plan in lieu of FRS membership. Participation by cities, municipalities, special districts, charter schools and metropolitan planning organizations is optional.

The Retiree Health Insurance Subsidy ("HIS") Program is a cost-sharing, multiple-employer defined benefit pension plan established and administered in accordance with Section 112.363, Florida Statutes. The benefit is a monthly payment to assist retirees of the state-administered retirement systems in paying their health insurance costs. To be eligible to receive a HIS benefit, a retiree under a state administered retirement system must provide proof of eligible health insurance coverage, which can include Medicare.

***Summary of Significant Accounting Policies (All Plans)***

***Basis of Accounting***

The Plans' financial statements are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions to each plan are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits, refunds, and administrative costs are recognized when due and payable in accordance with the terms of each plan.

***Method Used to Value Investments***

Investments are reported at fair value. Short-term investments are reported at amortized cost, which approximates fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Investments that do not have an established market are reported at estimated fair value.

**Titusville-Cocoa Airport Authority**  
**Notes to Financial Statements**

**Note 4 - RETIREMENT PLANS (Continued)**

**Summary of Significant Accounting Policies (All Plans) (continued)**

**Funding Requirements**

The contribution requirements of plan members and the employer are established and may be amended by the Florida Legislature. Employees are required to contribute 3.00% of their salary to the FRS Pension Plan.

The Authority's contribution rates as of September 30, 2023, were as follows:

<i>September 30,</i>	<b>2023</b>	
	<b>FRS</b>	<b>HIS</b>
Regular class	<b>13.57%</b>	<b>2.00%</b>
Special risk class	<b>32.67%</b>	<b>2.00%</b>
Senior management service class	<b>34.52%</b>	<b>2.00%</b>
Elected officials	<b>58.68%</b>	<b>2.00%</b>
DROP from FRS	<b>21.13%</b>	<b>2.00%</b>

The Authority's contributions for the year ended September 30, 2023 were \$149,691 to the FRS Pension Plan and \$16,386 to the HIS Program.

**Plan Membership and Benefits**

Benefits under the FRS Pension Plan are computed on the basis of age and/or years of service, average final compensation, and service credit. Credit for each year of service is expressed as a percentage of the average final compensation. For members initially enrolled before July 1, 2011, the average final compensation is the average of the five highest fiscal years' earnings; for members initially enrolled on or after July 1, 2011, the average final compensation is the average of the eight highest fiscal years' earnings. The total percentage value of the benefit received is determined by calculating the total value of all service, which is based on the retirement plan and/or class to which the member belonged when the service credit was earned.

Eligible retirees and beneficiaries receive a monthly HIS payment equal to the number of years of service credited at retirement multiplied by \$5. The minimum payment is \$30 and the maximum payment is \$150 per month, pursuant to Section 112.363, Florida Statutes.

**Pension Liabilities and Pension Expense**

In its financial statements for the year ended September 30, 2023, the Authority reported liabilities for its proportionate share of the net pension liability of the FRS Pension Plan and its proportionate share of the net pension liability of the HIS Program. The net pension liabilities were measured as of June 30, 2023. The Authority's proportions of the net pension liabilities were based on its share of contributions to the pension plans relative to the contributions of all participating entities, actuarially determined.

**Titusville-Cocoa Airport Authority**  
**Notes to Financial Statements**

**Note 4 - RETIREMENT PLANS (Continued)**

***Pension Liabilities and Pension Expense (continued)***

<u>September 30,</u>	<u>2023</u>	
	<u>FRS</u>	<u>HIS</u>
Net Pension Liability	\$ 987,570	\$ 380,279
Proportion at: Measurement date, respectively	0.0025%	0.0024%
Pension expense (benefit)	\$ 173,078	\$ 142,152

***Deferred Outflows/Inflows of Resources Related to Pensions***

At September 30, 2023, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>FRS</u>		<u>HIS</u>	
	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflow of Resources</u>	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflow of Resources</u>
Differences between expected and actual experience	\$ 92,724	\$ -	\$ 5,567	\$ (893)
Change of assumptions	64,378	-	9,997	(32,952)
Net difference between projected and actual earnings on pension plan investments	41,244	-	196	-
Employer specific amounts due to changes in Authority's proportionate share	38,072	(84,286)	54,223	(28,964)
Authority pension plan contribution subsequent to the measurement date	29,529	-	4,418	-
<b>Total</b>	<b>\$ 265,947</b>	<b>\$ (84,286)</b>	<b>\$ 74,401</b>	<b>\$ (62,809)</b>

Deferred outflows of resources related to employer contributions paid subsequent to the measurement date and prior to the employer's fiscal year end will be recognized as a reduction of the net pension liabilities in the reporting period ending September 30, 2024.



**Titusville-Cocoa Airport Authority**  
**Notes to Financial Statements**

**Note 4 - RETIREMENT PLANS (Continued)**

**Actuarial Assumptions (continued)**

The following key changes in actuarial assumptions occurred in:

	<b>2023</b>
HIS	The municipal bond index rate and the discount rate used to determine the total pension liability was adjusted from 3.54% to 3.65%.

Chapter 2023-193, Laws of Florida (Senate Bill 7024), increased the level of monthly benefits from \$5 times years of service to \$7.50, with an increased minimum of \$45 and maximum of \$225. This change applies to all years of service for both members currently receiving benefits and members not yet receiving benefits.

The long-term expected investment rate of return was not based on historical returns, but instead was based on a forward-looking capital market economic model. Each asset class assumption is based on a consistent set of underlying assumptions, and includes an adjustment for the inflation assumption of 3.25%.

For the FRS Pension Plan, the table below summarizes the consulting actuary's assumptions based on the long-term target asset allocation at July 1, 2023:

Asset Class	Target Allocation	Annual Arithmetic Return	Compound Annual (Geometric) Return
Cash	1.0%	2.90%	2.90%
Fixed income	19.8%	4.50%	4.40%
Global equity	54.0%	8.70%	7.10%
Real estate	10.3%	7.60%	6.60%
Private equity	11.1%	11.90%	8.80%
Strategic investments	3.8%	6.30%	6.10%
<b>Total</b>	<b>100%</b>		

**Discount Rate**

The discount rate used to measure the total pension liability for the FRS Pension Plan was 6.70% for the year ended June 30, 2023. FRS' fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return for both years.

Because the HIS Program is essentially funded on a pay-as-you-go basis, a municipal bond rate of 3.65% at June 30, 2023, was used to determine the total pension liability for the program. The Bond Buyer General Obligation Bond 20-Bond Municipal Bond Index was used as the applicable municipal bond index.

**Titusville-Cocoa Airport Authority**  
**Notes to Financial Statements**

**Note 4 - RETIREMENT PLANS (Continued)**

***Sensitivity Analysis***

The following tables demonstrate the sensitivity of the net pension liability to changes in the discount rate. The sensitivity analysis shows the impact to the employer's proportionate share of the net pension liability if the discount rate was 1.00% higher or 1.00% lower than the current discount rate.

	FRS				HIS	
	1%	Current	1%	1%	Current	1%
	Decrease	Discount	Increase	Decrease	Discount	Increase
	5.70%	6.70%	7.70%	2.65%	3.65%	4.65%
Authority's proportionate share of the net pension liability (asset)	\$ 1,686,971	\$ 987,570	\$ 402,438	\$ 433,839	\$ 380,279	\$ 335,881

***Pension Plans' Fiduciary Net Position***

Detailed information about the pension plans' fiduciary net position is available in the State's separately issued financial reports.

**Note 5 – POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)**

***Plan Description***

The District follows Section P52: *Postemployment Benefits Other Than Pensions* (OPEB) of the GASB Codification, for certain postemployment health care benefits provided by the District.

The Authority participates in the Brevard County, Florida (the "County") healthcare plan. The Brevard County Board of County Commissioners (the "Board") administers a single-employer defined benefit healthcare plan (the "Plan") that provides medical insurance 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 County's pension plans) the opportunity to participate in this Plan at the same cost that is applicable to active employees. Eligible retirees must be drawing an immediate benefit from their respective pension plan and be enrolled in medical coverage prior to retirement. Surviving spouses of participants are allowed access to the Plan but must pay the full premium. Benefit provisions for the Plan were established by the Board on May 12, 1987 and may only be amended by the Board. The Authority does not issue stand-alone financial statements for this Plan. All financial information related to the Plan is accounted for in the Authority's basic financial statements.

Pursuant to Section 112.0801 Florida Statutes, the Authority is required to provide eligible retirees (as defined in the County's pension plan) the opportunity to participate in this Plan at the same cost that is applicable to active employees. Employees who are active participants in the Plan at the time of retirement and are either age 62 with completion of six years of service or have 30 years of service are eligible to receive benefits.

**Titusville-Cocoa Airport Authority**  
**Notes to Financial Statements**

**Note 5 – POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Continued)**

***Plan Description***

Benefit provisions can only be amended by the Board. On at least an annual basis, and prior to the enrollment process, the Board approves the rates for the coming year for the retiree, employee and County contributions. The Board or Authority does not issue stand-alone financial statements for this Plan. All financial information related to the Plan is accounted for in the Authority's basic financial statements.

***Funding Policy***

For the year ended September 30, 2023, the maximum employer contribution target is 56% of the annual premium cost of the Plan. The annual premium costs are between \$7,711 and \$12,921 for retirees and spouses under age 65 and between \$1,933 and \$5,945 for retirees and spouses over age 65. Employees hired prior to January 1, 2006 are eligible to receive 100% of the earned percentage of benefits for their lifetime upon attainment of age 62 and completion of six years of service or upon completing 30 years of service, if earlier. Employees hired on or after January 1, 2006 are eligible to receive a graduated earned percentage of benefits upon retirement based on years of service.

For the year ended September 30, 2023, the portion of contribution attributed to the Authority is \$1,532, which includes both an estimate of the implied subsidy described above and the explicit subsidy paid on behalf of eligible retirees.

***Plan Membership***

Plan membership was as follows:

<i>Year ended September 30,</i>	<b>2023</b>
Active participants	<b>13</b>
Inactive retirees	<b>2</b>

***Actuarial Assumptions and Other Inputs***

These calculations are based on the Entry Age Normal cost method required by GASB Codification P52: *Other Postemployment Benefits*. The total OPEB liability in the September 30, 2023, actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Salary increases	<b>2.00%</b>
Discount Rate	<b>4.77%</b>
Healthcare cost trend rates	
Decreasing by 0.5% per year to 5% in 2024	<b>7.00%</b>
Retirees' share of benefit-related costs	<b>44%</b>

**Titusville-Cocoa Airport Authority**  
**Notes to Financial Statements**

**Note 5 – POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Continued)**

***Actuarial Assumptions and Other Inputs***

The discount rate was based on the December average of the Municipal Bond Index Rate used is of the Bond Buyer GO 20-year Municipal Bond Index published by The Bond Buyer.

<b>2023</b>	
Mortality rates	PUB-2010 General Headcount-Weighted Mortality, projected using MP-2021
Valuation date	October 1, 2022
Measurement date	September 30, 2022
Disability rates	None assumed.
Participation	75% of active participants are assumed to participate at retirement, and will remain in the same plan as they currently are enrolled.
Claims cost	\$12,494 - \$13,969
Retirement marriage assumptions	70% are assumed to be married with husbands three years older than wives. Actual spouse data used for retirees not missing spouse date of birth and the assumptions that husbands are three years older than wives used for retirees missing spouse date of birth.
Administrative expenses	Implicitly included in premiums for all the fully-insured plans and not included in Per Capita Costs for the self-insured plans.
Changes since last valuation	<ul style="list-style-type: none"> <li>• The trend rate applicable to retiree contributions was reduced to reflect projected medical trend for the underlying claim costs, resulting in a substantial increase in expected future net employer costs.</li> <li>• There were no changes in the valuation assumptions since the last report.</li> </ul>

The Authority reported an OPEB liability of \$28,925 at September 30, 2023.

**Titusville-Cocoa Airport Authority**  
**Notes to Financial Statements**

**Note 5 – POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Continued)**

**Actuarial Assumptions and Other Inputs**

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
	(a)	(b)	(a) - (b)
Balance as of October 1, 2022 for FYE 2022	\$ 16,954	\$ -	\$ 16,954
Changes for the year:			
Service cost	4,295	-	4,295
Interest	1,068	-	1,068
Changes of assumptions	8,267	-	8,267
Difference between expected and actual experience	-	-	-
Benefit payments	(1,659)	-	(1,659)
Net changes in total OPEB liability	11,971	-	11,971
Balance as of October 1, 2023 for FYE 2023	\$ 28,925	\$ -	\$ 28,925

**Sensitivity of the OPEB liability**

The following table represents the Authority's total OPEB liability calculated using the current discount rate as well as what the Authority's total OPEB liability would be at September 30, 2023 if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

	1% Decrease	Discount Rate	1% Increase
<i>September 30, 2023</i>	3.77%	4.77%	5.77%
Total OPEB Liability	\$ 31,598	\$ 28,925	\$ 26,590

The following table represents the Authority's total and net OPEB liability calculated using the current healthcare cost trend rate as well as what the Authority's net OPEB liability would be if it were calculated using a health care cost trend rate that is one percentage point lower or one percentage point higher than the current rate:

	Healthcare Cost		
	1% Decrease	Trend Rate	1% Increase
<i>September 30, 2023</i>			
Total OPEB Liability	\$ 26,530	\$ 28,925	\$ 31,665

**Titusville-Cocoa Airport Authority**  
**Notes to Financial Statements**

**Note 5 – POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Continued)**

***OPEB expense and deferred outflows of resources and deferred inflows of resources related to OPEB***

For the fiscal year ended September 30, 2023, the Authority recognized an OPEB benefit of \$3,358. In addition, the Authority reported deferred outflows of resources and deferred inflows of resources related to the OPEB plan from the following sources:

<i>September 30, 2023</i>	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 5,022	\$ -
Change of assumptions	9,022	-
<b>Total</b>	<b>\$ 14,044</b>	<b>\$ -</b>

Other amounts reported as deferred inflows of resources related to the OPEB plan will be recognized in expenses as follows:

<i>Year ending September 30,</i>	
2024	1,917
2025	1,917
2026	1,917
2027	2,327
2028	2,268
Thereafter	3,698
<b>Total</b>	<b>\$ 14,044</b>

**Note 6 – RISK MANAGEMENT**

The Authority is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Authority purchases separate commercial insurance coverage for workers' compensation, liability, and property damage. Coverage for workers' compensation and automobile claims are limited to the maximum liability exposure the Authority faces under Florida statutes. Coverage for general liability claims is a maximum of \$1,000,000 combined single limit.

The commercial insurance carried is a claims incurred policy for which the Authority is covered for claims originating against the Authority during the policy period. The amount of coverage is dependent on the date of the liability-imposing event. The Authority has maintained continuous coverage and does not believe it has any exposure to events which occurred prior to the year ended September 30, 2023.

**Titusville-Cocoa Airport Authority**  
**Notes to Financial Statements**

**Note 6 – RISK MANAGEMENT (Continued)**

During the ordinary course of its operation, the Authority is party to various claims, legal actions, and complaints. While the ultimate effect of such litigation cannot be ascertained at this time, in the opinion of counsel for the Authority, except as noted below, the liabilities which may arise from such actions would not result in losses which would exceed the liability insurance limits in effect at the time the claim arose or otherwise materially affect the financial condition of the Authority or results of activities.

**Note 7 – COMMITMENTS AND CONTINGENCIES**

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal and state governments. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable fund(s). The amount, if any, of expenditures from current or prior years which may be disallowed by the grantor cannot be determined at this time although the Authority expects such amounts not recorded, if any, to be immaterial.

The Authority has active construction projects as of September 30, 2023. At year-end, the Authority's commitments with contractors are as follows:

<u>September 30,</u>	<u>2023</u>
Space Coast Regional Airport Authority	\$ 1,104,621
Merritt Island Airport	1,324,180
Arthur Dunn Airpark	388,406
<u>Total outstanding commitments</u>	<u>\$ 2,817,207</u>

**Note 8 – DEFERRED COMPENSATION PLAN**

The Authority offers its employees a deferred compensation plan, created in accordance with Internal Revenue Code Section 457, which is administered by the International City Managers Association. The plan is available to all Authority employees and permits them to defer a portion of their salary until future years. Participation in the plan is optional. Deferred compensation balances are not available to employees until termination, retirement, death, or an unforeseeable emergency. All assets and income of the plan are held in trust for the exclusive benefit of the participants in the plan; therefore, assets of the plan are not reported in the accompanying financial statements.

**Note 9 – AD-VALOREM TAXES**

The Authority has statutory authority to levy ad valorem taxes up to 1 mil annually on all taxable property within the Authority's district boundaries. The Authority has not levied a property tax since 2005.

## Titusville-Cocoa Airport Authority Notes to Financial Statements

### **Note 10 – RELATED PARTY TRANSACTIONS**

The Authority has entered into a construction and leasing agreement with a Company whose primary shareholder is also a Board member of the Authority. The terms of the agreement require the related party to match 50% of a grant from the Florida Department of Transportation and required an up-front payment of \$337,235 which was received by the Authority in May 2021. The Authority commenced construction in fiscal year 2021 and remains incomplete as of September 30, 2023. The Authority has recorded a liability of \$330,735 for prepaid rent at September 30, 2023.

The lease commenced on June 1, 2021 and terminates 20 years from that date with two five-year extension options.

The annual base rent for the hangar and surrounding site is \$8,101 paid in 12 equal monthly installments. Annual base rent increases annually based on the CPI and there will be fair market value readjustments every five years. During the period of construction (or the first 12 months of the lease) base rent is abated in consideration of the construction contribution.

### **NOTE 11 – SUBSEQUENT EVENTS**

In November 2023, the Authority extended and renewed their terms with the bank on the line of credit through November 26, 2024.



THIS PAGE IS INTENTIONALLY LEFT BLANK



**REQUIRED SUPPLEMENTARY INFORMATION**

**Titusville-Cocoa Airport Authority**  
**Schedule of Proportionate Share of Net Pension Liability**  
**Last Ten Fiscal Years**

	Florida Retirement System (FRS)			
	2023	2022	2021	2020
Authority's proportion of the net pension liability	<b>0.0025%</b>	0.0023%	0.0023%	0.0027%
Authority's proportionate share of the net pension liability	\$ <b>987,570</b>	\$ 860,693	\$ 176,586	\$ 1,166,299
Authority's covered payroll	<b>918,456</b>	738,147	662,926	664,225
Authority's proportionate share of the net pension liability as a percentage of its covered payroll	<b>107.53%</b>	116.60%	26.64%	175.59%
Plan fiduciary net position as a percentage of the total pension liability	<b>82.38%</b>	82.89%	96.40%	78.85%
	Health Insurance Subsidy (HIS)			
	2023	2022	2021	2020
Authority's proportion of the net pension liability	<b>0.0024%</b>	0.0020%	0.0018%	0.0020%
Authority's proportionate share of the net pension liability	\$ <b>380,279</b>	\$ 208,694	\$ 220,100	\$ 240,785
Authority's covered payroll	<b>918,456</b>	738,147	662,926	664,225
Authority's proportionate share of the net pension liability as a percentage of its covered payroll	<b>41.40%</b>	28.27%	33.20%	36.25%
Plan fiduciary net position as a percentage of the total pension liability	<b>4.12%</b>	4.81%	3.56%	3.00%

Note 1: The Plan's fiduciary net position as a percentage of the total pension liability is published in Note 2 of the Plan's Comprehensive Annual Financial Report.

Note 2: Amounts presented for each fiscal year were determined as of 6/30.

Note 3: GASB Statement No. 82, was implemented during fiscal year 2017. Covered payroll shown includes the payroll for defined benefit actives, members in DROP, and investment plan members.

**Titusville-Cocoa Airport Authority**  
**Schedule of Proportionate Share of Net Pension Liability**  
**Last Ten Fiscal Years (Continued)**

2019	2018	2017	2016	2015	2014
0.0029%	0.0031%	0.0033%	0.0033%	0.0033%	0.0270%
\$ 1,010,082	\$ 923,794	\$ 958,751	\$ 823,542	\$ 422,590	\$ 167,042
824,093	790,921	776,263	797,929	792,257	768,559
122.57%	116.80%	123.51%	103.21%	53.34%	21.73%
82.61%	84.26%	83.89%	84.88%	92.00%	96.09%
2019	2018	2017	2016	2015	2014
0.0023%	0.0023%	0.0025%	0.0025%	0.0026%	0.0024%
\$ 252,041	\$ 246,459	\$ 263,220	\$ 296,470	\$ 260,186	\$ 225,462
824,093	790,921	776,263	797,929	792,257	768,559
30.58%	31.16%	33.91%	37.15%	32.84%	29.34%
2.63%	2.15%	1.64%	0.97%	0.50%	0.99%

**Titusville-Cocoa Airport Authority  
Schedule of Contributions  
Last Ten Fiscal Years**

	<b>2023</b>	2022	2021	2020
Contractually required contribution	\$ <b>149,691</b>	\$ 120,561	\$ 85,252	\$ 89,409
Contributions in relation to the contractually required contribution	<b>(149,691)</b>	(120,561)	(85,252)	(89,409)
<b>Contribution deficiency (excess)</b>	<b>\$ -</b>	\$ -	\$ -	\$ -
Authority's covered payroll	<b>903,482</b>	807,506	620,189	679,566
Contributions as a percentage of covered payroll	<b>16.57%</b>	14.93%	13.75%	13.16%
<b>Health Insurance Subsidy (HIS)</b>				
	<b>2023</b>	2022	2021	2020
Contractually required contribution	\$ <b>16,386</b>	\$ 13,386	\$ 9,653	\$ 11,364
Contributions in relation to the contractually required contribution	<b>(16,386)</b>	(13,386)	(9,653)	(11,364)
<b>Contribution deficiency (excess)</b>	<b>\$ -</b>	\$ -	\$ -	\$ -
Authority's covered payroll	<b>903,482</b>	807,506	620,189	679,566
Contributions as a percentage of covered payroll	<b>1.81%</b>	1.66%	1.56%	1.67%

Note 1: Amounts presented for each fiscal year were determined as of 6/30.

**Titusville-Cocoa Airport Authority  
Schedule of Contributions  
Last Ten Fiscal Years (Continued)**

	2019	2018	2017	2016	2015	2014
\$	90,944	\$ 87,407	\$ 84,379	\$ 79,538	\$ 79,768	\$ 59,968
	(90,944)	(87,407)	(84,379)	(79,538)	(79,768)	(59,968)
\$	-	\$ -	\$ -	\$ -	\$ -	\$ -
	739,555	790,971	776,273	797,929	792,257	768,559
	7.84%	7.50%	7.62%	7.48%	8.18%	7.80%

	2019	2018	2017	2016	2015	2015
\$	12,508	\$ 12,730	\$ 13,028	\$ 13,039	\$ 9,752	\$ 8,260
	(12,508)	(12,730)	(13,028)	(13,039)	(9,752)	(8,260)
\$	-	\$ -	\$ -	\$ -	\$ -	\$ -
	739,555	790,971	776,263	797,929	792,257	768,559
	1.62%	1.66%	1.66%	1.63%	1.26%	1.07%

**Titusville-Cocoa Airport Authority**  
**Schedule of Changes in Other Post-Employment Benefits**  
**Liability and Related Ratios - Last Six Fiscal Years**

<i>Fiscal year ending September 30,</i>	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>
Total OPEB liability						
Service cost	\$ 4,295	\$ 1,532	\$ 2,152	1,177	\$ 1,102	\$ 725
Interest	1,068	501	763	1,736	2,102	3,939
Differences between expected and actual experience		(2,518)	(15,985)	(21,453)	56	(55,812)
Changes of assumptions	8,267	(2,775)	(934)	12,436	2,333	(2,362)
Benefit payments	(1,659)	(822)	(1,209)	(10,683)	(4,247)	(6,633)
Net changes in total OPEB liability	11,971	(4,082)	(15,213)	(16,787)	1,346	(60,143)
Total OPEB liability - beginning	16,954	21,036	36,249	53,036	51,690	111,833
Total OPEB liability - ending	\$ 28,925	\$ 16,954	\$ 21,036	\$ 36,249	\$ 53,036	\$ 51,690
Covered-employee payroll for the measurement period	\$ 938,958	\$ 753,613	\$ 579,167	\$ 679,565	\$ 790,921	\$ 790,921
Total OPEB liability as a percentage of covered-employee payroll	3.08%	2.25%	3.63%	5.33%	6.71%	6.54%

**Notes to the schedule:**

The District implemented GASB 75 for the fiscal year ended September 30, 2018. As a result, this information is only available for the years following 2018.

The amounts presented for each fiscal year were determined as of 9/30.



**ADDITIONAL SUPPLEMENTARY INFORMATION**



THIS PAGE IS INTENTIONALLY LEFT BLANK

**Titusville-Cocoa Airport Authority**  
**Operating Budget to Actual Comparison**  
**Budgetary Basis**

<i>For the year ended September 30, 2023</i>	Original and Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Operating revenues</b>			
T-hangars	\$ 1,247,257	\$ 1,256,508	9,251
Fixed base operations	490,818	411,873	(78,945)
Building, land and other leases	1,361,926	2,067,278	705,352
Miscellaneous	2,500	50,388	47,888
<b>Total operating revenues</b>	<b>3,102,501</b>	<b>3,786,047</b>	<b>683,546</b>
<b>Operating expenses</b>			
<b>Wages and benefits</b>			
Salaries	1,073,813	1,002,504	71,309
Workers compensation insurance	13,000	12,063	937
Employee benefits	343,772	401,866	(58,094)
<b>Total wages and benefits</b>	<b>1,430,585</b>	<b>1,416,433</b>	<b>14,152</b>
<b>Repairs, maintenance, and other services</b>			
Repairs and maintenance	277,900	339,447	(61,547)
Insurance	344,012	343,423	589
Communications and utilities	210,300	201,251	9,049
Professional services	199,000	131,417	67,583
Advertising and marketing	28,319	3,917	24,402
Taxes and other obligations	-	17,633	(17,633)
Travel and training	13,000	10,788	2,212
Dues and subscriptions	6,000	16,343	(10,343)
<b>Total repairs, maintenance, and other services</b>	<b>1,078,531</b>	<b>1,064,219</b>	<b>14,312</b>
Materials and supplies	75,700	96,890	(21,190)
Depreciation	-	2,397,809	(2,397,809)
Bad debt expense	-	25,455	(25,455)
Contingencies	100,885	-	100,885
<b>Total operating expenses</b>	<b>2,685,701</b>	<b>5,000,806</b>	<b>(2,315,105)</b>
<b>Operating income (loss)</b>	<b>416,800</b>	<b>(1,214,759)</b>	<b>(1,631,559)</b>
<b>Non-operating revenues (expenses)</b>			
Interest income	-	634,935	634,935
Loss on disposal of assets	-	(198,338)	(198,338)
Debt payments	-	(21,814)	(21,814)
Property, plant, equipment and fees	(416,500)	(578,141)	(161,641)
<b>Total non-operating revenues (expenses)</b>	<b>(416,500)</b>	<b>(163,358)</b>	<b>253,142</b>
<b>Income (loss) before contributions</b>	<b>\$ 300</b>	<b>\$ (1,378,117)</b>	<b>\$ (1,378,417)</b>

**Titusville-Cocoa Airport Authority**  
**Budgetary Notes to Supplementary Information**

**Note 1 – BUDGETARY INFORMATION**

The Authority prepares its annual budget on the cash basis of accounting. Reconciliations to amounts reported on the Statement of Revenues, Expenses and Changes in Net Position are as follows:

<b>Wages and benefits</b>	
As reported in the financial statements	\$ 1,599,275
Accruals related to:	
Other post-employment benefits	(3,494)
Pension benefits	(179,348)
<b>Wages and benefits - budgetary basis</b>	<b>\$ 1,416,433</b>
<b>Non-operating revenues (expenses)</b>	
As reported in the financial statements	\$ 414,783
Accruals related to:	
Debt principal payments	(21,814)
Property, plant, equipment and fees	(578,141)
<b>Non-operating revenues (expenses) - budgetary basis</b>	<b>\$ (185,172)</b>

# Titusville-Cocoa Airport Authority

## Schedule of Capital Projects Summary

Project	Funding Source	Item Number	Funding			Expenditures			Balance 9/30/2023	
			Balance 9/30/2022	Additions and Adjustments	Transfers and Adjustments	Balance 9/30/2022	Additions and Adjustments	Adjustments		
			\$	\$	\$	\$	\$	\$		
COI North Area Security & Infrastructure Status: OPEN	FDOT TCAA	435310-1-94-01 435310-2-94-01	418,515 93,339 128,122	- 383,838 95,960	- - -	418,515 477,177 224,082	639,976	479,798	-	1,119,774
COI AWOS Status: OPEN	FDOT TCAA	450522-1-94-01	14,529 3,632	19,991 4,998	- -	34,520 8,630	18,161	24,989	-	43,150
COI COI Master Plan Status: OPEN	FAA FDOT TCAA	3-12-0013-26-2022 438464-1-94-01	7,196 640 160	165,104 14,307 2,927	- - -	172,300 14,947 3,087	7,996	182,338	-	190,334
X21 AWOS Status: Open	FDOT TCAA	442480-1-94-01	13,023 3,256	8,252 2,063	- -	21,275 5,319	16,279	10,315	-	26,594
X21 Master Plan Status: Open	FAA FDOT TCAA	3-12-0101-018-2022 4384011-94-01	2,449 218 54	208,417 18,326 4,831	- - -	210,866 18,544 4,885	2,721	231,574	-	234,295
TIX VAC East Side Apron Status: CLOSED	FDOT TCAA	447540-1-94-01	331,725 331,725	78,553 93,965	(410,278) (425,690)	- -	663,450	172,518	(835,968)	-
TIX Taxiilane and apron Status: CLOSED	FDOT TCAA	447540-2-94-01	761,838 190,460	372,919 103,777	(1,134,757) (294,237)	- -	952,298	476,696	(1,428,994)	-
TIX Runway 9/27 Status: CLOSED	FAA FDOT TCAA	3-12-0080-032-2021 447533-1-94-01	3,371,277 331,241 70,085	68,467 - -	(3,439,744) (331,241) (70,085)	- -	3,772,603	68,467	(3,841,070)	-
TIX Hanger 52 Demolition Status: CLOSED	FDOT TCAA	437021-1-94-01	255,321 63,832	- 8,250	(255,321) (72,082)	- -	319,153	8,250	(327,403)	-
TIX ATCT Site Study Status: OPEN	FDOT TCAA	438494-1-94-01	147,057 36,764	547,089 121,398	- -	694,146 158,162	183,821	668,487	-	852,308
TIX Fuel Farm Status: OPEN	FDOT TCAA	446673-1-94-01	62,290 15,572	4,997 1,249	- -	67,287 16,821	77,862	6,246	-	84,108
TIX Update Master Plan Status: OPEN	FAA FDOT TCAA	3-12-0080-035-2022 451369-1-94-01	3,348 298 75	309,874 27,264 7,167	- - -	313,222 27,562 7,242	3,721	344,305	-	348,026

(Continued)

# Titusville-Cocoa Airport Authority

## Schedule of Capital Projects Summary

Project	Funding Source	Item Number	Funding				Expenditures			
			Balance	Additions and	Transfers and	Balance	Additions and	Transfers and	Balance	
			09/30/2022	Adjustments	Adjustments	09/30/2023	Adjustments	Adjustments	09/30/2023	
COI Grainger Corporate Hangar Status: OPEN	FDOT TCAA	438461-1-94-01	97,660	227,632	-	325,292	460,096	-	97,660	557,756
				232,464	-	232,464				
COI EA T-Hangar Status: OPEN	FAA	3-12-0013-023-021	87,298	30,976	-	118,274	30,976	-	87,298	118,274
TIX Spaceport Master Plan Status: Open	TCAA	Space Florida	2,917	253,188	-	256,105	253,188	-	2,917	256,105
TIX Runway 18/36 Status: Open	FAA FDOT TCAA	3-12-0080-036-2023 453054-1-94-01	-	50,436	-	50,436	56,040	-	-	56,040
			-	2,340	-	2,340				
			-	3,264	-	3,264				
TIX Challenger Avenue Extension	TCAA	NBEDZ	-	200,326	-	200,326	200,326	-	-	200,326
			<b>\$ 6,845,916</b>	<b>\$ 3,674,609</b>	<b>\$ (6,433,435)</b>	<b>\$ 4,087,090</b>	<b>\$ 3,674,609</b>	<b>\$ (6,433,435)</b>	<b>\$ 6,845,916</b>	<b>\$ 4,087,090</b>

(Concluded)



Carr, Riggs & Ingram, LLC  
215 Baytree Drive  
Melbourne, Florida 32940  
  
321.255.0088  
386.336.4189 (fax)  
CRIcpa.com

**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***

To the Board of Directors  
Titusville-Cocoa Airport Authority

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Titusville-Cocoa Airport Authority as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the Titusville-Cocoa Airport Authority's basic financial statements, and have issued our report thereon dated April 24, 2024.

**Report on Internal Control Over Financial Reporting**

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items MW 2023-001 and MW-2023-004 to be a material weaknesses.

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. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items SD 2023-002 and SD 2023-003 to be significant deficiencies.

#### **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Titusville-Cocoa Airport Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and are described in the accompanying schedule of findings and questioned costs as item SD 2023-002 and SD 2023-003.

#### **Titusville-Cocoa Airport Authority's Response to Findings**

*Government Auditing Standards* requires the auditor to perform limited procedures on the Titusville-Cocoa Airport Authority's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. Titusville Cocoa Airport Authority's response was not subject to the other auditing procedures applied in the audit of the financial statement and, accordingly, we express no opinion on the response.

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

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

Melbourne, Florida  
April 24, 2024



Carr, Riggs & Ingram, LLC  
215 Baytree Drive  
Melbourne, Florida 32940

321.255.0088  
386.336.4189 (fax)  
CRlcpa.com

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND STATE PROJECT AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE AND CHAPTER 10.550, RULES OF THE FLORIDA AUDITOR GENERAL**

To the Board of Directors  
Titusville-Cocoa Airport Authority

**Report on Compliance for Each Major Federal Program and State Project**

***Opinion on Each Major Federal Program and State Project***

We have audited the Titusville-Cocoa Airport Authority's compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on the Titusville-Cocoa Airport Authority's major federal program and state project for the year ended September 30, 2023. The Titusville-Cocoa Airport Authority's major federal program and state project are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Titusville-Cocoa Airport Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal program and state project for the year ended September 30, 2023.

***Basis for Opinion on Each Major Federal Program and State Project***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); and Chapter 10.550, Rules of the Florida Auditor General. Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Titusville-Cocoa Airport 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 project. Our audit does not provide a legal determination of Titusville-Cocoa Airport 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 Titusville-Cocoa Airport Authority's federal programs and state projects.

### ***Auditor's Responsibilities for the Audit 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 Titusville-Cocoa Airport 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 generally accepted auditing standards, *Government Auditing Standards*, the Uniform Guidance, and Chapter 10.550 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 Titusville-Cocoa Airport Authority's compliance with the requirements of each major federal program and state project as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, the Uniform Guidance, and Chapter 10.550 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 Titusville-Cocoa Airport 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 Titusville-Cocoa Airport 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 10.550, but not for the purpose of expressing an opinion on the effectiveness of Titusville-Cocoa Airport 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 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 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 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 10.550. Accordingly, this report is not suitable for any other purpose.

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

Melbourne, Florida  
April 24, 2024

**Titusville-Cocoa Airport Authority**  
**Schedule of Expenditures of Federal Awards and State Financial Assistance**  
**For the Year Ended September 30, 2023**

Federal Agency, Pass-through Entity, Federal Program	Assistance Listing Number	Grant/Contract No.	Federal Expenditures	Transfers to Subrecipients
<b>U.S. Department of Transportation</b>				
<b>Federal Aviation Administration</b>				
Airport Improvement Program	20.106	3-12-0101-018-2022	\$ 208,417	-
Airport Improvement Program	20.106	3-12-0101-017-2022	32,000	-
Airport Improvement Program	20.106	3-12-0080-035-2022	309,874	-
Airport Improvement Program	20.106	3-12-0080-032-2021	68,467	-
Airport Improvement Program	20.106	3-12-0080-034-2022	32,000	-
Airport Improvement Program	20.106	3-12-0013-023-2021	30,977	-
Airport Improvement Program	20.106	3-12-0013-026-2022	164,104	-
Airport Improvement Program	20.106	3-12-0013-025-2022	32,000	-
Airport Improvement Program	20.106	3-12-0080-036-2023	50,436	-
COVID-19 Airport Improvement Program	20.106	3-12-0080-033-2021	47,162	-
COVID-19 Airport Improvement Program	20.106	3-12-0101-016-2021	13,000	-
COVID-19 Airport Improvement Program	20.106	3-12-0013-024-2021	13,000	-
<b>Total US Department of Transportation</b>			<b>1,001,437</b>	<b>-</b>
<b>Total Expenditures of Federal Awards</b>			<b>\$ 1,001,437</b>	<b>\$ -</b>

State Agency, Pass-through Entity, State Project	CSFA No.	Grant/ Contract No.	State Expenditures	Transfers to Subrecipients
<b>Florida Department of Transportation</b>				
<b>Joint Participation Agreements</b>				
Aviation Grant Programs	55.004	438401-1-94-01	\$ 18,326	\$ -
Aviation Grant Programs	55.004	450523-1-94-01	8,252	-
Aviation Grant Programs	55.004	451369-1-94-01	27,264	-
Aviation Grant Programs	55.004	446673-1-94-01	4,996	-
Aviation Grant Programs	55.004	438494-1-94-01	547,089	-
Aviation Grant Programs	55.004	447540-2-94-01	372,919	-
Aviation Grant Programs	55.004	447540-1-94-01	78,553	-
Aviation Grant Programs	55.004	450522-1-94-01	19,991	-
Aviation Grant Programs	55.004	438461-1-94-01	230,048	-
Aviation Grant Programs	55.004	438464-1-94-01	14,307	-
Aviation Grant Programs	55.004	435310-2-94-01	383,838	-
Aviation Grant Programs	55.004	452683-1-94-01	500,000	-
Aviation Grant Programs	55.004	453054-1-94-01	2,340	-
<i>Passed through Space Florida</i>				
Spaceport Improvement Program	55.037	C21502	253,188	-
<b>Total Florida Department of Transportation</b>			<b>2,461,111</b>	<b>-</b>
<b>Total Expenditures of State Financial Assistance</b>			<b>\$ 2,461,111</b>	<b>\$ -</b>

**Titusville-Cocoa Airport Authority**  
**Notes to the Schedule of Expenditures of Federal Awards**  
**and State Financial Assistance**  
**For the Year Ended September 30, 2023**

**Note 1:**

The Schedule of Expenditures of Federal Awards and State Financial Assistance is a summary of the activity of the Titusville-Cocoa Airport Authority Federal Awards and State Financial Assistance presented on the accrual basis of accounting in accordance with generally accepted accounting principles.

**Note 2:**

The Uniform Guidance allows the Titusville-Cocoa Airport Authority to elect a 10% de minimis indirect cost rate. For the year ended September 30, 2023, the Titusville-Cocoa Airport Authority has elected to use the 10% de minimis cost rate, if applicable.

**Note 3:**

The Titusville-Cocoa Airport Authority did not receive any noncash assistance during the year ended September 30, 2023.

**Titusville-Cocoa Airport Authority  
Corrective Action Plan**

**Section I—Summary of Auditor’s Results**

*Financial Statements*

- |  |            |
|--|------------|
| 1. Type of auditor’s report issued:  | Unmodified |
| 2. Internal control over major financial reporting:                              |            |
| a. Material weakness identified?   | Yes        |
| b. Significant deficiencies identified not considered to be material weaknesses? | Yes        |
| c. Noncompliance material to the financial statements noted?                     | No         |

*Federal Awards*

- |   |                             |
|---|-----------------------------|
| 1. Type of auditor’s report issued on compliance for major federal awards                             | Unmodified                  |
| 2. Internal control over major programs:  |                             |
| a. Material weakness identified?  | No                          |
| b. Significant deficiency identified?   | None noted                  |
| 3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? | No                          |
| 4. Identification of major federal programs:  |                             |
| <u>Assistance Listing Number</u>  | <u>Federal Program</u>      |
| 20.106  | Airport Improvement Program |
| 5. Dollar threshold used to distinguish between type A and B programs :                               | \$750,000                   |
| 6. Auditee qualified as a low-risk auditee for federal purpose?                                       | No                          |

**Titusville-Cocoa Airport Authority  
Corrective Action Plan**

*State Financial Assistance*

- |  |                         |
|--|-------------------------|
| 1. Type of auditor’s report issued on compliance for major state project                                     | Unmodified              |
| 2. Internal control over major programs:   |                         |
| a. Material weakness identified?   | No                      |
| b. Significant deficiency identified?  | None noted              |
| 3. Any audit findings disclosed that are required to be reported in accordance with Chapter 10.554(1)(l)(4)? | No                      |
| 4. Identification of major federal programs:   |                         |
| <u>State CSFA Number</u>   | <u>State Project</u>    |
| 55.004   | Aviation Grant Programs |
| 5. Dollar threshold used to distinguish between type A and B programs :                                      | \$738,334               |
| 6. Auditee qualified as a low-risk auditee for state purpose?  | No                      |

**Titusville-Cocoa Airport Authority  
Corrective Action Plan**

**Section II—Financial Statement Findings**

**MW 2023-001 REVENUE RECOGNITION**

**Criteria:** GASB Codification P80, *Proprietary Fund Accounting and Financial Reporting*, paragraph 115 defines exchange and non-exchange transactions and the related method of revenue recognition.

**Condition:** The Authority recognized approximately \$569,515 of exchange revenues as a non-exchange transaction.

**Context/Perspective:** Two tenants advanced the Authority cash in exchange for the Authority to construct a building, taxiway, or land improvements which would be leased to the respective tenant upon completion of construction. The lease agreement stipulated there would be no future cash lease payments until the amount advanced exceeded the cumulative lease payments. The Authority recognized these amounts as a non-exchange capital contribution based on timing of construction rather than the substance of the transaction, which was to allow for the future use of the facilities, i.e. recording the monies received as prepaid rent (unearned revenue). The funds received were recorded as unearned revenue however, the accounts were relieved and revenue recognized as payments for construction of the related assets were made.

**Cause of condition:** The Authority did not properly consider the beneficiary of the transaction. The lease agreements and construction contracts were written for compliance with other requirements and stipulated the advance funds were not prepaid rent and were to be recognized as revenue. However the Authority, not the lessee, holds title to the constructed improvements, and the lessee is not required to make lease payments for a period of time based on the amount of the advanced cash.

**Potential effect of condition:** In the prior fiscal year, approximately \$569,515 was incorrectly recognized as capital contributions; therefore, the September 30, 2023 beginning net position needed to be restated by \$569,515.

**Recommendation:** The Authority should consider the substance of the transaction and related GAAP when determining the appropriate accounting treatment.

**Management's Response:** *The Authority acknowledges the audit finding as a result of past administration implementation errors that carried forward into this fiscal year until all leases and rates could be reviewed. Corrective action has been taken this year to include review of these types of leases with legal counsel. Revenue recognition has been corrected for these types of leases to include anniversary dates, escalation clauses, timing of the application of rent escalations, and rates of rent escalations. All leases are being reviewed and spreadsheets updated and/or implemented to track lease terms, anniversary dates, rent escalations and rent modifications. Procedures are currently in process to document the review and approval by management of any changes to tenant billing and/or deviations from key lease terms and to ensure lease terms are compliant with GAAP.*

## Titusville-Cocoa Airport Authority Corrective Action Plan

### MW 2023-004 LEASES

**Criteria:** GASB L20 *Leases* requires variable consideration which is fixed in substance or based on a rate such as CPI to be estimated at lease inception and not updated unless a lease modification occurs. Variable consideration such as future appraisals are recognized as inflows of resources (revenues) in the period in which they occur. Additionally, L20 *Leases* requires leases to be recorded at inception.

**Condition:** CPI was adjusted and leases were re-measured when a lease modification resulting in re-measurement did not occur. A lease that did not have cash flows in the prior period was not recorded.

**Cause of condition:** The Authority does not have a system of control sufficient to allow for the tracking of key lease terms that allows for management to adequately monitor changes made to the lease schedule prepared in accordance with GAAP. Further, the current system of control does not provide for the inclusions of executed leases with no current cash payment to be recorded.

**Potential effect of condition:** A prior period adjustment for an improperly excluded lease understated lease receivable was recorded. As of September 30, 2022 lease receivables were understated by \$13,102,358, deferred inflows by 12,759,918, and interest income for the period ended September 30, 2022 was understated by \$360,020.

**Recommendation:** As the Authority continues the process of implementing new accounting software and getting accounting records caught up to date, we recommend the Authority design and implement a system to track lease agreements, including key terms of the agreements, that management can use to monitor for upcoming renewals, rent escalations, rent modifications and changes to other key terms of the lease agreements. Renewals, rent escalations, rent modifications and other changes to the terms as set forth in the lease agreements should be applied timely and consistent GAAP. Review and approval by management of any changes to tenant billing and/or deviations from key lease terms should be documented.

**Management's Response:** *The Authority acknowledges the audit finding as a result of an administration implementation error in this fiscal year until all leases and rates could be reviewed while implementing new accounting software. Corrective action has been taken this year to include monitoring for upcoming lease renewals, rent escalations, rent modifications and changes to other key terms of the lease agreements. Procedures are in place to document the review and approval by management of any changes to tenant billing and/or deviations from key lease terms. All upcoming lease implementations and expirations are provided to the Director of Airports on a weekly basis.*

## Titusville-Cocoa Airport Authority Corrective Action Plan

### SD 2023-002 LEASE VALUATION

**Criteria:** The Authority's granting agencies, the Federal Aviation Administration and the Florida Department of Transportation, require the Authority, as part of federal and state grant assurances, to lease its facilities at a "fair and reasonable rate."

**Condition:** The Authority has entered into lease agreements under which the lessee was not charged for their use of Authority-owned buildings and improvements.

**Context/Perspective:** The Authority entered into a land lease agreement at the Merritt Island Airport with a Company (Company 1) beginning in May 2011 and amended the agreement in September 2016. The rental rates in the land lease agreement are for unimproved land; however, the land lease resulted in the exclusive use of an Authority-owned building (Hangar 5) and associated infrastructure by the lessee. Under this agreement the Authority did not charge Company 1 for their use of Authority-owned buildings and improvements.

The land lease was superseded by a new land lease in May 2021 with a different Company (Company 2). Company 1 and Company 2 are owned by the same individual. The terms of the May 2021 lease require the Authority to construct a new hangar for Company 2 in exchange for advanced future lease payments. The terms of the May 2021 land lease do not include a lease of Authority-owned assets within the leased land including the new hangar, the existing Hangar 5, or the related taxiways.

Company 2 became a related party when its owner was appointed to the Authority's Board of Directors in December 2020.

**Cause of condition:** The Authority did not reconcile the structures listed in the most recent valuation to its leases. Further, the Authority did not contemplate the effect of the future improvements to the value of the leased land in the executed agreements.

#### **Potential effect of condition:**

- The Authority may not be in compliance with grant agreements.
- The Authority has not received rental income on the Authority-owned assets used by the lessee. As of the most recent valuation performed in 2021, the annual rent for Hangar 5 is \$12,844 a year and the improved land/taxiway is \$1,667 a year
- The Authority may be exposed to unintended risk related to allowing use of Authority-owned assets without a lease agreement outlining ownership and each party's responsibilities.
- The application of the lessee advanced funds, as of September 30, 2023, to future rent payments at the rates in the contract result in no cash payments to the Authority for approximately 40 years versus approximately 15 years using the 2021 market value of the actual assets under lease.

**Recommendation:** The Authority should develop a listing of all assets under lease including those identified in appraisals and reconcile those assets and appraised rates to leases and lease agreements.

## Titusville-Cocoa Airport Authority Corrective Action Plan

**Management's Response:** *The Authority acknowledges the audit finding as a result of past administration implementation errors that carried forward into this fiscal year until all leases and rates could be reviewed. Corrective action has been taken this year to correct anniversary dates, escalation clauses, timing of the application of rent escalations, and rates of rent escalations. All leases are being reviewed and spreadsheets updated and/or implemented to track lease terms, anniversary dates, rent escalations and rent modifications to include buildings, land, and ramps currently leased. Procedures are currently in process to document the review and approval by management of any changes to tenant billing and/or deviations from key lease terms.*

### **SD 2023-003 LEASE VALUATION AND DOCUMENTATION**

**Criteria:** The Authority's granting agencies, the Federal Aviation Administration and the Florida Department of Transportation, require the Authority to lease its facilities at market value.

Rule 1B-24.003(1)(a), Florida Administrative Code, *Records Retention Scheduling and Disposition*, require retention of lease agreements and related items for 10 fiscal years after the lease concludes.

**Condition:** The Authority entered in a land lease agreement for improved land using unimproved land rates. Additionally, the terms of a subsequent lease-related transaction were not documented by a written amendment to the lease agreement.

**Context/Perspective:** The Authority entered into a land lease agreement at the Space Coast Regional Airport with a non-profit company (Company 3), whereby it agreed to construct land improvements in exchange for advanced future lease payments. The terms of the lease agreement require lease payments based on unimproved land rates.

The lease agreement stipulated a maximum advanced lease payment which was subsequently informally amended by approximately \$97,000 for additional unanticipated costs.

**Cause of condition:** The Authority did not contemplate the effect of the future improvements to the value of the leased land. The Authority did not consider its requirements for the documentation of a lease amendment.

#### **Potential effect of condition:**

- The Authority may not be in compliance with grant agreements.
- In the absence of a formal agreement, the intent of the contract may be unclear and the responsibilities of each party may not be discernable. The Authority recognized the approximately \$97,000 contract amendment as prepaid future rent which may not have been the original intent of the future tenant (Company 3).

**Recommendation:** The Authority should consider the improved value of the leased premises constructed for a lessee under advance lease payment agreements. Further, the Authority should document all agreements where the consideration exchanged is greater than \$1,000 or when the period of the agreement exceeds 1 year.

**Titusville-Cocoa Airport Authority  
Corrective Action Plan**

**Management's Response:** *The Authority acknowledges the audit finding as a result of past administration implementation errors that carried forward into this fiscal year until all leases and rates could be reviewed. Corrective action has been taken this year to correct anniversary dates, escalation clauses, timing of the application of rent escalations, and rates of rent escalations. All leases are being reviewed and spreadsheets updated and/or implemented to track lease terms, anniversary dates, rent escalations and rent modifications. Procedures are currently in process to document the review and approval by management of any changes to tenant billing and/or deviations from key lease terms. Current administration does not plan to enter into lease agreements under advance lease payment agreements.*

**Section III–Federal Award Findings and Questioned Costs**

No matters were reported.

**Section IV–Prior Findings and Questioned Costs**

**MW 2022-001 TRACKING OF CAPITAL ASSETS**

Status: Resolved.

**SD 2022-002 BOARD REVIEW OF FINANCIAL STATEMENTS AND FINANCIAL REPORTING**

Status: Resolved.

**SD 2022-003 LEASES**

Status: Revised and repeated as MW 2023-004

**MW 2022-004 DISPOSITION OF GRANT-PURCHASED PROPERTY**

Status: Resolved

**SD 2022-005 PERFORMANCE REPORTS**


Status: Resolved.

**MW 2022-006 REVIEW OF REIMBURSEMENT REQUESTS**

Status: Resolved.

Titusville-Cocoa Airport Authority  
Corrective Action Plan



MEMO TO: Titusville-Cocoa Airport Authority Board of Directors  
The State Auditor General  
FROM: Kevin Daugherty, Director of Airports   
DATE: April 18, 2024  
SUBJECT: Corrective Action Plan

The Titusville-Cocoa Airport Authority respectfully submits the following corrective action plan for the year ended September 30, 2023.

Name and address of independent public accounting firm:

Carr, Riggs & Ingram, LLC  
215 Baytree Drive  
Melbourne, FL 32940

Audit Period:  
Fiscal Year October 1, 2022 – September 30, 2023

The Findings from the Schedule of Findings and Questioned Costs is discussed below. The finding number corresponds to the number assigned in the schedule.

**MW 2023-001 REVENUE RECOGNITION**

**Condition:** The Authority recognized approximately \$569,515 of exchange revenues as a non- exchange transaction.

**Recommendation:** The Authority should consider the substance of the transaction and related GAAP when determining the appropriate accounting treatment.

**Management's Response:** *The Authority acknowledges the audit finding as a result of past administration implementation errors that carried forward into this fiscal year until all leases and rates could be reviewed. Corrective action has been taken this year to include review of these types of leases with legal counsel. Revenue recognition has been corrected for these types of leases to include review of anniversary dates, escalation clauses, timing of the application of rent escalations, and rates of rent escalations. All leases are being reviewed and spreadsheets updated and/or implemented to track lease terms, anniversary dates, rent escalations and rent modifications. Procedures are currently in process to document the review and approval by management of any changes to tenant billing and/or deviations from key lease terms and to ensure lease terms are compliant with GAAP.*

**Implementation Timeline:** FYE 9/30/2023

## Titusville-Cocoa Airport Authority Corrective Action Plan

**Responsible Parties:** Kevin Daugherty, Director of Airports and Christina Kinard, Deputy Director of Finance & Administration.

### **MW 2023-004 LEASES**

**Condition:** CPI was adjusted, and leases were re-measured when a lease modification resulting in re-measurement did not occur. A lease that did not have cash flows in the prior period was not recorded.

**Recommendation:** As the Authority continues the process of implementing new accounting software and getting accounting records caught up to date, we recommend the Authority design and implement a system to track lease agreements, including key terms of the agreements, that management can use to monitor for upcoming renewals, rent escalations, rent modifications and changes to other key terms of the lease agreements. Renewals, rent escalations, rent modifications and other changes to the terms as set forth in the lease agreements should be applied timely and consistent GAAP. Review and approval by management of any changes to tenant billing and/or deviations from key lease terms should be documented.

**Management's Response:** *The Authority acknowledges the audit finding as a result of an administration implementation error in this fiscal year until all leases and rates could be reviewed while implementing new accounting software. Corrective action has been taken this year to include monitoring for upcoming lease renewals, rent escalations, rent modifications and changes to other key terms of the lease agreements. Procedures are in place to document the review and approval by management of any changes to tenant billing and/or deviations from key lease terms. All upcoming lease implementations and expirations are provided to the Director of Airports on a weekly basis.*

**Implementation Timeline:** FYE 9/30/2023

**Responsible Parties:** Kevin Daugherty, Director of Airports and Christina Kinard, Deputy Director of Finance & Administration.

### **SD 2023-002 L E A S E VALUATION**

**Condition:** The Authority has entered into lease agreements under which the lessee was not charged for their use of Authority-owned buildings and improvements.

**Recommendation:** The Authority should develop a listing of all assets under lease including those identified in appraisals and reconcile those assets and appraised rates to leases and lease agreements.

**Management's Response:** *The Authority acknowledges the audit finding as a result of past administration implementation errors that carried forward into this fiscal year until all leases and rates could be reviewed. Corrective action has been taken this year to correct anniversary dates, escalation clauses, timing of the application of rent escalations, and rates of rent escalations. All leases are being reviewed and spreadsheets updated and/or implemented to*

## Titusville-Cocoa Airport Authority Corrective Action Plan

*track lease terms, anniversary dates, rent escalations and rent modifications to include buildings, land, and ramps currently leased. Procedures are currently in place to document the review and approval by management of any changes to tenant billing and/or deviations from key lease terms.*

**Implementation Timeline:** No later than FYE 9/30/2024

**Responsible Parties:** Kevin Daugherty, Director of Airports

### **SD 2023-003 L E A S E VALUATION AND DOCUMENTATION**

**Condition:** The Authority entered into a land lease agreement for improved land using unimproved land rates. Additionally, the terms of a subsequent lease-related transaction were not documented by a written amendment to the lease agreement.

**Recommendation:** The Authority should consider the improved value of the leased premises constructed for a lessee under advance lease payment agreements. Further, the Authority should document all agreements where the consideration exchanged is greater than \$1,000 or when the period of the agreement exceeds 1 year.

**Management's Response:** *The Authority acknowledges the audit finding as a result of past administration implementation errors that carried forward into this fiscal year until all leases and rates could be reviewed. Corrective action has been taken this year to correct anniversary dates, escalation clauses, timing of the application of rent escalations, and rates of rent escalations. All leases are being reviewed and spreadsheets updated and/or implemented to track lease terms, anniversary dates, rent escalations and rent modifications. Procedures are currently in process to document the review and approval by management of any changes to tenant billing and/or deviations from key lease terms. Current administration does not plan to enter into lease agreements under advance lease payment agreements.*

**Implementation Timeline:** No later than FYE 9/30/2024

**Responsible Parties:** Kevin Daugherty, Director of Airports



THIS PAGE IS INTENTIONALLY LEFT BLANK



Carr, Riggs & Ingram, LLC  
 215 Baytree Drive  
 Melbourne, Florida 32940  
 321.255.0088  
 386.336.4189 (fax)  
 CRlcpa.com

**INDEPENDENT AUDITOR’S MANAGEMENT LETTER**

To the Board of Directors  
 Titusville-Cocoa Airport Authority

**Report on the Financial Statements**

We have audited the financial statements of the Titusville-Cocoa Airport Authority, as of and for the fiscal year ended September 30, 2023, and have issued our report thereon dated April 24, 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 for Federal Awards* (Uniform Guidance); and Chapter 10.550, 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 the Financial Statements Performed in Accordance with *Government Auditing Standards*; Independent Auditor’s Report on Compliance for Each Major Federal and State Program 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 *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports, which are dated April 24, 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 financial audit report. Corrective actions have been taken to address findings and recommendations made in the preceding financial audit report as noted below.

<b>2021-002</b> Tracking of Capital Assets	Comment cleared
<b>2021-005</b> Board Review of Financial Statements and Financial Reporting	Comment cleared
<b>2021-007</b> Review of Reimbursement Requests	Comment cleared

<b>2021-008</b> Performance Reports	Comment cleared
<b>2021-010</b> Review of Payroll Expenses	Comment cleared
<b>2022-003</b> Leases	Revised and repeated as 2023-004
<b>2022-004</b> Disposition of Grant-Purchased Property	Comment cleared

**Official Title and Legal Authority**

Section 10.554(1)(i)4., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. The legal authority of the Titusville-Cocoa Airport Authority is disclosed in the footnotes. Titusville-Cocoa Airport Authority has no component units.

**Financial Condition and Management**

Section 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 Titusville-Cocoa Airport Authority has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and to identify the specific condition(s) met. In connection with our audit, we determined that the Titusville-Cocoa Airport 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 Titusville-Cocoa Airport Authority. It is management's responsibility to monitor the Titusville-Cocoa Airport 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 have the following recommendation:

**OM 2023-005 REVENUE CLASSIFICATION**

**Criteria:** GASB Codification P80, *Proprietary Fund Accounting and Financial Reporting*, paragraph 113 requires revenue to be reported by major source.

**Condition:** In previous fiscal years, the Authority misclassified operating revenues between fixed based operator's (FBO) and land leases. Corrections made to the accounting classification in the current year resulted in revenue balances that are not consistent with prior years, which impacted comparisons of current year financial results to prior years.

**Cause of condition:** The Authority classifies its leases within its accounting system based on major source. However, when lessee operations changed or a lessee relocated their operations to a different location, the changes were not consistently updated within the accounting software.

**Potential effect of condition:** In prior year approximately \$272,096 was incorrectly presented as FBO revenue and should have been presented as building, land, and other leases. As a result, comparisons of financial information between fiscal years loses its relevancy to management and to the Board.

**Recommendation:** The Authority should, no less than annually, review the classification of its revenues.

**Management's Response:** *The Authority acknowledges the audit finding as a result of past administration implementation errors that carried forward into this fiscal year until all leases and rates could be reviewed. Corrective action has been taken this year to correct anniversary dates, escalation clauses, timing of the application of rent escalations, and rates of rent escalations. All leases have been reviewed and spreadsheets updated and/or implemented to track lease terms, anniversary dates, rent escalations and rent modifications. Procedures are currently in process to document the review and approval by management of any changes to tenant billing and/or deviations from key lease terms.*

**Specific Information (Unaudited)**

As required by Section 218.39(3)(c), Florida Statutes, and Section 10.554(1)(i)6-8, Rules of the Auditor General, the Titusville Cocoa Airport Authority reported the information below. This information has not been subjected to the auditing procedures applied in the audit of the financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

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

- a. The total number of Authority employees compensated in the last pay period of the Authority's fiscal year as 13
  
- b. The total number of independent contractors to whom nonemployee compensation was paid in the last month of the Authority's fiscal year as 1
  
- c. All compensation earned by or awarded to employees, whether paid or accrued, regardless of contingency. \$ 1,068,163
  
- d. All compensation earned by or awarded to nonemployee independent contractors, whether paid or accrued, regardless of contingency. \$ 143,099

e. Each construction project with a total cost of at least \$65,000 approved by the Authority that is scheduled to begin on or after October 1 of the fiscal year being reported, together with the total expenditures for such projects as

**The Authority has does not have any new Construction Projects set to start in Fiscal Year 24.**

f. A budget variance based on the budget adopted under Section 189.016(4), Florida Statutes, before the beginning of the fiscal year being reported if the Authority amends a final adopted budget under Section 189.016(6), Florida Statutes.

**See page 55**

As required by Section 218.39(3)(c), Florida Statutes, and Section 10.554(1)(i)7, Rules of the Auditor General, the Titusville Cocoa Airport Authority reported:

- |   |             |
|---|-------------|
| a. The millage rate or rates imposed by the Authority.  | <b>None</b> |
| b. The total amount of ad valorem taxes collected by or on behalf of the Authority.             | <b>None</b> |
| c. The total amount of outstanding bonds issued by the Authority and the terms of such bonds as | <b>None</b> |

Information required by Section 218.39(3)(c), Florida Statutes, and Section 10.554(1)(i)8, Rules of the Auditor General: The Titusville Cocoa Airport Authority has not imposed any special assessments and therefore no reporting is required by Section 218.39(3)(c), Florida Statutes.

#### **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 note any such findings.

#### **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 the Florida House of Representatives, the Florida Auditor General, Federal and other granting agencies, the Board of Directors, and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.

*Carr, Rigggs & Ingram, L.L.C.*

Melbourne, Florida  
April 24, 2024



Carr, Riggs & Ingram, LLC  
215 Baytree Drive  
Melbourne, Florida 32940

321.255.0088  
386.336.4189 (fax)  
CRlcpa.com

## INDEPENDENT ACCOUNTANT'S REPORT ON COMPLIANCE WITH LOCAL GOVERNMENT INVESTMENT POLICIES

To the Board of Directors  
Titusville-Cocoa Airport Authority

We have examined Titusville-Cocoa Airport Authority's compliance with the requirements of Section 218.415, Florida Statutes, *Local Government Investment Policies*, during the year ended September 30, 2023. Management of Titusville-Cocoa Airport Authority is responsible for Titusville-Cocoa Airport Authority's compliance with the specified requirements. Our responsibility is to express an opinion on Titusville-Cocoa Airport 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 Titusville-Cocoa Airport Authority complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether Titusville-Cocoa Airport Authority complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including as assessment of the risks of material noncompliance, whether due to fraud or error. We believe that the evidence obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

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

Our examination does not provide a legal determination on Titusville-Cocoa Airport Authority's compliance with specified requirements.

In our opinion, Titusville-Cocoa Airport Authority complied, in all material respects, with the requirements of Section 218.415, Florida Statutes, *Local Government Investment Policies*, for the year ended September 30, 2023.

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

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

Melbourne, Florida  
April 24, 2024