

**SANFORD AIRPORT AUTHORITY**

**Sanford, Florida**

**Financial Statements**

**Years Ended September 30, 2024 and 2023**

## **INTRODUCTORY SECTION**

# SANFORD AIRPORT AUTHORITY

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# **SANFORD AIRPORT AUTHORITY**

(As of September 30, 2024)

## **BOARD OF DIRECTORS**

Clyde H Robertson, Jr , Esq., Chairman

Kenneth Bentley, Jr., Vice Chairman  
Benny Crosby, Board Director  
Jennifer T. Dane, Esq., Board Director  
William R. Miller, Board Director

Charles W. Gregg, Sr., Secretary/Treasurer  
Richard Sweat, Board Director  
Frank S. Ioppolo, Jr., Esq., Board Director  
Stephen P. Smith, Board Director

## **President and Chief Executive Officer**

Nicole Martz

## **Executive Vice President and Deputy Chief Executive Officer**

George Speake

## **Vice President and Chief Financial Officer**

Gino Martinez

## **FINANCIAL SECTION**

## **Independent Auditor's Report**

The Authority Board  
Sanford Airport Authority  
Sanford, Florida

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

#### ***Opinion***

We have audited the accompanying financial statements of the Sanford Airport Authority (the "Authority") as of and for the fiscal year ended September 30, 2024, 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 Authority as of September 30, 2024, and the changes in its financial position and its cash flows for the fiscal years 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 Authority, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### ***Other Matter***

##### ***Prior Year Audited by Other Auditors***

The 2023 financial statements were audited by other auditors, and their report thereon, dated April 30, 2024, expressed an unmodified opinion.

#### ***Responsibilities of Management for the Financial Statements***

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

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

### ***Auditor's Responsibility 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 Authority's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for a reasonable period of time.

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

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the required supplementary information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, 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 audits of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

***Other Information***

Management is responsible for the other information included in the Financial Statements. The other information comprises the introductory section, as listed in the table of contents, but does not include the basic financial statements and our auditor's report thereon. Our opinion on the basic financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audits 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 May 30, 2025, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

***Forvis Mazars, LLP***

**Orlando, Florida  
May 30, 2025**

## MANAGEMENT'S DISCUSSION AND ANALYSIS

The following Management's Discussion and Analysis (MD&A) provides an overview of the financial performance of the Sanford Airport Authority (the Authority) for the fiscal year ended September 30, 2024, including selected comparative data from the fiscal years ended September 30, 2023 and 2022. This analysis is intended to assist readers in understanding the Authority's financial position, results of operations, and key economic factors influencing its performance.

This discussion has been prepared by management and should be reviewed in conjunction with the accompanying financial statements and related notes. The basic financial statements, which follow this MD&A, offer a comprehensive view of the Authority's financial condition and operating results, ensuring transparency and clarity for stakeholders.

### Overview of the Financial Statements

The Authority, a Dependent Special District of the City of Sanford, is structured as an Enterprise fund. Its financial statements are prepared using the accrual basis of accounting, whereby revenues are recognized when earned, and expenses are recognized when incurred. Capital assets, with the exception of land, are capitalized and depreciated over their estimated useful lives. Refer to the notes to the financial statements for a summary of the Authority's significant accounting policies.

The Statement of Net Position provides a snapshot of the Authority's financial standing by detailing its assets, deferred outflows, liabilities, and deferred inflows, with the residual amount reported as net position. Over time, fluctuations in net position serve as a key indicator of the Authority's overall financial health.

The Statement of Revenues, Expenses, and Changes in Net Position outlines the Authority's financial performance over the most recent and prior fiscal years. This statement recognizes all changes in net position as they occur, irrespective of cash flow timing. As a result, certain revenues and expenses reflected in the statement may not impact cash flows until future periods.

The Statement of Cash Flows focuses on cash and cash equivalents, capturing only transactions that directly affect the Authority's cash accounts. A reconciliation is included to clarify differences between cash flows from operating activities and operating losses, providing additional insight into the Authority's liquidity and financial operations.

### Airport Activity Highlights

The Federal Aviation Administration (FAA) reports passenger counts on a calendar-year basis, which differs from the federal fiscal year running from October 1 to September 30. Passenger volume at the airport remains a key indicator of overall business performance. In calendar year 2024, the Authority faced challenging market conditions related to reduced flight operations specifically on the International side, resulting in a 2% decline in passenger traffic to 2,877,526, representing 87% of 2019 pre-COVID-19 levels.

#### Calendar Year Passenger Counts 2013 to 2024

<b>2013</b>	2,032,680	<b>2014</b>	2,184,701	<b>2015</b>	2,480,122	<b>2016</b>	2,752,410
<b>2017</b>	2,922,446	<b>2018</b>	3,094,487	<b>2019</b>	3,291,112	<b>2020</b>	1,545,041
<b>2021</b>	2,395,398	<b>2022</b>	2,801,478	<b>2023</b>	2,941,456	<b>2024</b>	<b>2,877,526</b>

### **Fiscal Year (FY) 2023-2024 Highlights**

This section provides a comprehensive overview of key events and trends that significantly impacted the financial performance for FY 2023-2024. The following major events contributed to these results.

#### **Transition of Terminal, Fueling, Ground Handling, & Passenger Service Operations**

On September 18, 2023, the Authority's Board of Directors voted to terminate the agreement with OSI, Inc. for the operation and management of the Orlando-Sanford International Airport terminals and parking structure, effective February 28, 2024. In early FY 2023-2024, Authority staff initiated a comprehensive transition plan to ensure the seamless transfer of operational responsibilities.

To facilitate this transition, staff proposed multiple budget amendments to the FY 2023-2024 budget to secure the necessary funding authorizations. These adjustments enabled the execution of critical near-term capital expenditures, including the procurement of ground handling vehicles and other terminal-related equipment, as well as funding for workforce expansion and new operational expenses. Additionally, the transition resulted in increased revenues associated with the Authority's assumption of these operations. Given the mid-year timing of this shift, the Authority's expenditure profile for FY 2023-2024 reflects a significant departure from prior fiscal years.

#### **Revenue Overview**

Total operating revenues for FY 2023-2024 reached \$28.2 million, representing a substantial year-over-year increase of \$14.4 million compared to the prior year's \$13.8 million. Notably, 67% of this growth is attributed to higher Terminal revenues, which were previously subject to the OSI, Inc. revenue share agreement. These results exceeded budgetary projections by \$290K.

Historically, the Authority's revenue composition was dominated by non-aviation revenue streams, with non-airline categories accounting for approximately 68% of total operating revenues. However, with the recent terminal transition, the revenue model has shifted toward a more aeronautically driven structure, reflecting a fundamental realignment in revenue distribution.

#### **Aviation Lease Revenue**

The precise classification of revenue types across our program is contingent upon the tenants associated with each property. As tenants transition, the revenue categorization may shift between Commerce Park Revenue and Aviation Building Revenue, depending on the nature of the tenant's operations. In FY 2022-2023, aviation revenue experienced a slight decline, totaling \$4.4 million, a 1.2% decrease from the prior year. This downturn was primarily driven by a rent abatement related to aircraft operating scheduling conflicts stemming from the 2023 Air Show, which took place at the start of FY 2024, fluctuations in the occupancy of rented aviation facilities due to the terminal transition, and the unsuccessful execution of an aviation land lease agreement. Despite these challenges, the Authority effectively navigated these disruptions, limiting the revenue impact to a modest 1.2% year-over-year decline.

#### **Parking Revenue and Customer Facility Charges (CFCs)**

Customer Facility Charges (CFCs) represent fees imposed by the Authority on car rental operators conducting business at the airport. The determination of these fees is overseen by the Authority's esteemed Board of Directors. Resolution 2016-10 set the current rate \$2.25 per rental car transaction day, up to a maximum of five days, or \$11.25 on any single car rental period, regardless of the duration. The collection rate was subsequently increased on May 5, 2023, to \$3.25 per day up to a maximum of \$16.25

## MANAGEMENT'S DISCUSSION AND ANALYSIS

per transaction. The RACs collect and remit this revenue to the Authority and the Authority records this as operating revenue.

In FY 2023-2024, CFC revenue totaled \$2.3 million, reflecting a significant 35% year-over-year increase. This revenue stream remains a critical funding source for essential airport police operations and capital expenditures that directly benefit the rental car industry.

Additionally, Terminal Revenues experienced a substantial increase of \$13.9 million compared to the prior fiscal year. This growth is exclusively attributable to operational changes, with control of terminal operations reverting to the Authority.

### **Air Carrier Landing Fees & Public Safety Fees**

Airport landing fees are charges imposed on aircraft operators for the use of airport facilities, specifically for landing and runway utilization. These fees are generally determined based on factors such as aircraft weight, type, and duration of stay. Revenue generated from landing fees supports the maintenance and operation of critical airport infrastructure, including runways, taxiways, and terminal facilities, while also contributing to administrative costs associated with air traffic management and airport safety.

The FAA-approved Public Safety Fee is a federally authorized charge assessed to airlines and aircraft operators to fund essential public safety and security services at the airport. These fees support airport police and fire departments, emergency response teams, security personnel, and related infrastructure and equipment. The Federal Aviation Administration (FAA) oversees the establishment and implementation of these fees to ensure compliance with federal regulations and to maintain high safety and security standards across airport operations.

For the fiscal year, Landing Fees and Public Safety Fees increased significantly, totaling \$990K—reflecting a 13.7% year-over-year growth. This increase occurred despite a decline in passenger volume, primarily due to the expiration of international fee waivers granted under the Air Service Incentive Programs (ASIP). These waivers, originally extended to encourage international carriers, particularly two Canadian airlines that commenced operations in FY 2020-2021, were no longer applicable to many carriers and routes throughout the reporting period. As a result, fee collections returned to standard levels, driving overall revenue growth in this category.

### **Unrestricted Interest Earned**

In FY 2023-2024, interest revenue on deposited funds increased by \$78K, or 6%, reflecting the Authority's ability to capitalize on favorable short-term investment yields. This growth was primarily driven by the Federal Reserve's monetary policy stance, which included proactive interest rate hikes aimed at curbing post-pandemic inflation. The resulting rise in short-term yields positively impacted the Authority's interest income.

Looking ahead, the investment outlook remains more measured, with anticipated rate cuts expected to moderate returns. While investment income will continue to serve as a key contributor to non-operating revenue, it is projected to do so at a slightly reduced scale. The Authority remains committed to its investment strategy, which prioritizes the placement of surplus funds in designated Local Government Investment Pools (LGIPs) while maintaining sufficient liquidity to meet operational requirements. Notably, LGIP funds are highly liquid, with availability typically ranging from same-day to next-day access, ensuring flexibility in managing short-term cash flow needs.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

This performance underscores the Authority's ability to adapt to evolving economic conditions while effectively leveraging monetary policy shifts. As we navigate the coming fiscal year, we will continue to monitor market trends and refine our investment approach to optimize returns and support financial sustainability.

### **Grants**

The Authority undertakes numerous capital projects in coordination with federal and state partners, including the Federal Aviation Administration (FAA), Environmental Protection Agency (EPA), Florida Department of Transportation (FDOT), and Florida Department of Environmental Protection (FDEP), among others. Depending on the scope of each project, multiple non-operating revenue sources may be available in the form of advance or reimbursement grants, supporting the continued development of the Airport. Due to the structure of the Airport Improvement Program (AIP), grant revenues do not follow a consistent trend across fiscal years.

The term "Force Account" refers to FAA-funded construction grants wherein airport personnel assume roles typically outsourced to contractors or engineering consulting firms. To qualify, each designated employee must provide a resume demonstrating the requisite education and experience, as required by the FAA. Common Force Account roles include Construction Manager, Project Coordinator, and Resident Project Representative (RPR), though any project-specific position may be eligible.

Upon receipt of grant payments for Force Account work, the entire amount is recorded as a project expense, with the FAA and FDOT reimbursing the Authority for up to 90% of the incurred costs. These reimbursements are reported under Non-Operating Revenue in the Authority's financial statements.

In contrast to the prior fiscal year, the Authority did not receive Force Account grant revenue in FY 2023-2024 due to the absence of projects specifically eligible under the program. While the overall volume of federally funded capital projects has increased since last fiscal year, none met the criteria for Force Account designation during the fiscal year. This revenue category is expected to resume in future fiscal years, as its recognition depends on the presence of qualifying projects, resulting in inherent year-over-year fluctuations.

### **Expense Overview**

#### **Salaries and Benefits**

The transition of terminal, fueling, and ground handling operations resulted in a significant year-over-year variance in Salaries and Benefits. This category increased by \$4.3 million, or 35%, primarily due to a rise in headcount from 115 to 275. Additionally, this increase reflects only a prorated impact, as the transition occurred mid-year on February 29, 2024. A full-year impact of the expanded workforce is expected in the next fiscal year, with total Salaries and Benefits expenditures projected to exceed \$20 million.

Salaries and Benefits exceeded budgetary projections by \$372K, reflecting a variance of 2.3%. This overage is primarily attributable to the annual non-cash adjustment required under GASB 68, which governs the valuation of the Authority's net pension liability within the Florida Retirement System. As a result, the Authority recognized a pension net expense of \$407K. Additionally, the completion of a GASB 75 valuation for Other Post-Employment Benefits (OPEB) resulted in a \$15K net expense. Excluding these non-cash adjustments related to GASB 68 and GASB 75, the Authority's Salaries and Benefits expenditures remained \$50K below budget.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

### **Professional & Contract Services**

Professional and Contract Services expenses increased by \$1.8 million (97%), primarily due to legal fees incurred in connection with the ongoing dispute between the Authority and Orlando Sanford Inc., the third-party terminal manager previously responsible for overseeing terminal operations. Additionally, following the transition of terminal operations, the Authority assumed direct management of the Parking Access Revenue Control System (PARCS), all parking structures, and the Fuel Farm on campus. These facilities were previously operated under revenue-sharing and management fee agreements with third-party entities.

### **Repair & Maintenance**

The Repair and Maintenance category experienced a significant year-over-year increase of \$551K, approximately 45%, driven by several key factors. Foremost, the Authority maintained a strong focus on building maintenance initiatives under the Real Estate program. Additionally, expenditures increased due to deferred maintenance issues that emerged during the fiscal year following the terminal transition. These maintenance deficiencies, stemming from previous underinvestment by OSI, Inc., required remediation by the Authority.

Further contributing to the increase were costs incurred for hurricane-related damage, necessitating extensive repairs across both real estate assets and airfield infrastructure. In particular, substantial investments were allocated to restoring stormwater drainage structures compromised by severe weather events, with remediation efforts extending into fiscal year 2023-2024. To mitigate the financial burden of these repairs, the Authority collaborated with the Federal Emergency Management Agency (FEMA) and the State of Florida to secure reimbursement funding. This proactive approach underscores the Authority's commitment to prudent financial management and the strategic utilization of available funding sources to offset the fiscal impact of natural disasters.

Additionally, the Authority continues to manage increasing maintenance costs related to its Aircraft Rescue and Firefighting (ARFF) fleet. Similar to the prior fiscal year, the current ARFF truck inventory is approaching the end of its useful life, necessitating heightened maintenance expenditures to sustain operational readiness. Given the significant costs associated with ARFF fleet upkeep, the Authority is actively engaging with vendors to negotiate competitive pricing agreements, ensuring cost efficiency while maintaining critical emergency response capabilities.

### **Utilities**

The Authority experienced a significant increase in Utilities expenses, with year-over-year spending rising by \$963K (255%). This increase is primarily attributable to the termination of the OSI, Inc. agreement, which resulted in the Authority assuming responsibility for terminal-related utility costs for the first time. These costs encompass electricity and water usage for the Terminal building and parking structures.

### **Debt Service –Interest Paid**

During FY 2023-2024, the Authority remitted \$2.29 million in principal payments and \$617K in interest payments on its fixed-rate permanent financing, both fully funded by PFC revenues. These payments are part of a structured debt service schedule under a 10-year fixed-rate financing arrangement, secured at 2.82% to support the Terminal Expansion project. The Authority remains committed to fulfilling its annual principal and semi-annual interest obligations through FY 2031-2032, in accordance with the established repayment terms initiated in FY 2021-2022.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

### Overview of the Financial Statements

#### Statements of Net Position

A summarized comparison of the Authority's total assets, deferred outflows, liabilities and net position on September 30, 2024, 2023, and 2022 is as follows:

	2024	2023	2022
<b>Assets:</b>			
Current and other assets	46,594,594	43,512,939	41,624,654
Capital Assets, net	238,870,719	245,424,671	259,219,436
<b>Total Assets</b>	<b>285,465,313</b>	<b>288,937,610</b>	<b>300,844,090</b>
Deferred outflows	5,233,486	2,901,409	3,272,837
<b>Total assets and deferred outflows</b>	<b>\$ 290,698,799</b>	<b>\$ 291,839,019</b>	<b>\$ 304,116,927</b>
<b>Liabilities:</b>			
Current liabilities	7,451,872	5,184,933	5,225,677
Noncurrent liabilities	32,159,459	32,418,334	33,160,094
<b>Total liabilities</b>	<b>39,611,331</b>	<b>37,603,267</b>	<b>38,385,771</b>
Deferred inflows of resources	9,940,017	7,713,344	6,855,292
<b>Total liabilities and deferred inflows</b>	<b>\$ 49,551,348</b>	<b>\$ 45,316,611</b>	<b>\$ 45,241,063</b>
<b>Net position:</b>			
Net investment in capital assets	217,371,459	221,482,049	232,569,351
Restricted	5,555,439	3,751,603	1,579,919
Unrestricted	18,220,553	21,288,756	24,726,594
<b>Total net position</b>	<b>\$ 241,147,451</b>	<b>\$ 246,522,420</b>	<b>\$ 258,875,864</b>

#### Changes in Net Position

	2024	2023	2022
Operating revenues	28,245,929	13,820,675	13,321,104
Operating expenses	(27,981,957)	(17,536,430)	(14,301,054)
Operating income before depreciation	263,972	(3,715,755)	(979,950)
Depreciation & Amortization	(15,183,017)	(16,939,381)	(15,396,479)
Operating loss	(14,919,045)	(20,655,136)	(16,376,429)
Non-operating revenues/expenses and capital contributions, net	9,544,088	8,301,692	34,064,394
<b>Increase in net position</b>	<b>\$ (5,374,957)</b>	<b>\$ (12,353,444)</b>	<b>\$ 17,687,965</b>

### **Capital Planning and Financing**

In the United States, airports typically develop Master Plans on a decadal basis, with the primary objective of outlining capacity and facility requirements over a 20-year planning horizon. While these plans do not provide detailed funding strategies, they serve as critical frameworks guiding the Authority's long-term strategic direction.

A key priority of the Master Plan is to ensure the Authority maintains a strong financial position, supporting sustainability while minimizing cost burdens on air carriers. This is achieved by maintaining competitive airline rates and charges while strategically aligning funding and capital improvements with demand-driven trigger points. The Authority's funding strategy is designed to uphold a competitive cost structure while ensuring flexibility to adapt to evolving operational needs. The Capital Improvement Plan (CIP) serves as the primary roadmap for all capital projects and associated funding sources, encompassing infrastructure enhancements, facility expansions, and other strategic investments. Construction in Progress (CIP) projects represent targeted initiatives aimed at expanding operational capacity and service quality, including land acquisitions, building construction, and infrastructure upgrades.

During FY 2023-2024, the Authority invested \$5.1 million in CIP additions, primarily driven by a \$2.1 million allocation toward the construction of the new Maintenance Facility. Additionally, \$1 million was dedicated to the design phase for the rehabilitation of Runway 9L-27R, with further investments allocated to projects such as Taxiway Alpha rehabilitation and the ARFF station generator.

Over the same period, \$3.4 million was capitalized to fixed assets, reflecting the Authority's ongoing transition into Terminal, Ground Handling, and Fueling operations. These capitalized investments included shuttles, fuel trucks, and ground handling equipment, among other planned acquisitions. Notable asset transfers from CIP to fixed assets included the completion of police vehicle retrofitting for law enforcement, commerce park infrastructure enhancements, and recurring HVAC and roofing replacements across campus. These strategic capital investments reinforce the Authority's commitment to enhancing infrastructure resiliency and operational efficiency, positioning it for sustained growth and long-term financial stability.

The Authority recently finalized an Airport Master Plan update, providing a comprehensive assessment of airfield, terminal, and landside capacity, as well as long-term safety and operational requirements. The updated plan also includes a detailed forecast of passenger and aircraft operations over the next two decades. Integral to the Master Plan is the Capital Improvement Program, which outlines potential funding mechanisms to systematically address identified infrastructure needs. The Authority remains committed to executing its strategic objectives in alignment with the Master Plan, ensuring continued operational excellence and financial sustainability across all facets of its operations.

### **Debt Service**

In FY 2023-2024, the Authority maintained its existing debt structure, opting not to issue new debt and instead retaining its permanent fixed-rate loan under the Series 2022 note. Future Passenger Facility Charge (PFC) revenues serve as the primary pledged collateral, supplemented by general airport revenues as a secondary security source. Interest payments are made semi-annually, with principal repayments occurring annually. As of September 30, 2024, the outstanding principal balance stands at \$20.8 million. For the twelve-month period ending September 30, 2024, interest payments totaled \$617K, while pledged revenues for the year amounted to \$5.6 million.

### **Passenger Facility Charges**

In compliance with the Safety and Capacity Expansion Act of 1990, the Authority obtained Federal Aviation Administration (FAA) approval to implement a Passenger Facility Charge (PFC) at Orlando Sanford International Airport, a program initiated in December 2000. PFC revenues may be utilized to fund eligible capital improvement projects or to service debt associated with bonds issued for PFC-eligible initiatives. Since the program's inception, the FAA has incrementally raised the maximum allowable PFC, currently capped at \$4.50 per enplaned passenger. In alignment with its capital program, Orlando Sanford International Airport has adjusted its PFC rate over time, maintaining the current charge at \$4 per enplaned passenger.

On January 23, 2018, the FAA approved PFC Application No. 17-04-C-00-SFB, authorizing the reimbursement of \$2 million for previously completed projects and allocating \$30.3 million toward the Authority's Terminal Expansion Project, which was completed in 2022. An amendment to this application, approved on March 4, 2019, increased the total authorized funding to \$52.7 million. The existing PFC authorization is scheduled to expire in May 2028, at which point the newly approved PFC Application No. 24-06-C-00-SFB will take effect.

On May 8, 2024, the FAA approved PFC Application No. 24-06-C-00-SFB, authorizing the reimbursement of \$870K for completed airfield projects and allocating \$25.8 million for the rehabilitation of Runway 9L-27R and the Terminal Apron. This application is set to become effective in June 2028, at which time the PFC rate will increase from \$4.00 to \$4.50 per enplaned passenger.

For fiscal year 2023-2024, PFC revenues declined by \$236K compared to the prior year, reflecting a corresponding decrease in passenger traffic.

### **Requests for Information**

This financial report is designed to provide a general overview of the Authority's finances for all those with an interest in the Authority's finances. Questions concerning any information provided in this report or requests for additional information should be addressed to the Chief Financial Officer, *Sanford Airport Authority*, 1200 Red Cleveland Blvd, Sanford, FL 32773.

## **BASIC FINANCIAL STATEMENTS**

**SANFORD AIRPORT AUTHORITY  
STATEMENTS OF NET POSITION**

	September 30,	
	2024	2023
<b>Assets and Deferred Outflows of Resources</b>		
<b>Current assets:</b>		
Cash and cash equivalents	\$ 28,197,807	\$ 30,381,620
Accounts receivable, net	2,171,003	681,261
Federal grants receivable	58,428	105,876
State grants receivable	254,532	465,672
Leases receivable - current	4,287,504	1,937,327
Prepaid expenses	1,590,039	765,619
<b>Total current assets</b>	<b>36,559,313</b>	<b>34,337,375</b>
<b>Noncurrent assets:</b>		
Restricted cash	5,555,439	3,751,603
Lease receivable - noncurrent	4,479,842	5,423,961
Capital assets, nondepreciable	62,279,366	57,631,292
Capital assets, net of accumulated depreciation/amortization	176,591,353	187,793,379
<b>Total noncurrent assets</b>	<b>248,906,000</b>	<b>254,600,235</b>
<b>Total assets</b>	<b>285,465,313</b>	<b>288,937,610</b>
<b>Deferred outflows of resources:</b>		
Deferred outflows related to pensions	5,222,345	2,889,154
Deferred outflows related to OPEB	11,141	12,255
<b>Total deferred outflows of resources</b>	<b>5,233,486</b>	<b>2,901,409</b>
<b>Liabilities, Deferred Inflows of Resources, and Net Position</b>		
<b>Current liabilities (payable from current assets):</b>		
Current portion of notes payable	2,352,000	2,288,000
Current portion of lease liability	162,024	-
Current portion of SBITA liability	86,152	48,016
Accounts payable and accrued liabilities	2,273,467	1,867,491
Rent collected in advance and deposits	491,782	496,800
Accrued sick and vacation pay	556,005	366,665
Unearned revenue	1,530,442	117,961
<b>Total current liabilities</b>	<b>7,451,872</b>	<b>5,184,933</b>
<b>Noncurrent liabilities:</b>		
Notes payable, net of current portion	18,432,000	20,784,000
Lease liability, net of current portion	168,858	-
SBITA liability, net of current portion	29,633	38,891
Net pension liability	13,318,919	11,387,220
OPEB liability	210,049	208,223
<b>Total noncurrent liabilities</b>	<b>32,159,459</b>	<b>32,418,334</b>
<b>Total liabilities</b>	<b>39,611,331</b>	<b>37,603,267</b>
<b>Deferred inflows of resources:</b>		
Deferred inflows related to leases	8,767,346	7,361,288
Deferred inflows related to pensions	1,089,008	280,637
Deferred inflows related to OPEB	83,663	71,419
<b>Total deferred inflows</b>	<b>9,940,017</b>	<b>7,713,344</b>
<b>Net position:</b>		
Net investment in capital assets	217,371,459	221,530,065
Restricted for:		
Passenger facility charges	5,490,248	3,687,635
Law enforcement	65,191	63,968
Unrestricted	18,220,553	21,240,740
<b>Total net position</b>	<b>\$ 241,147,451</b>	<b>\$ 246,522,408</b>

The accompanying Notes to the Financial Statements are an integral part of these statements.

**SANFORD AIRPORT AUTHORITY**  
**STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**

	<b>Years Ended September 30,</b>	
	<b>2024</b>	<b>2023</b>
<b>Operating revenues:</b>		
Commerce park	\$ 2,437,594	\$ 2,251,402
Other leases and miscellaneous	864,787	724,651
Aviation rents	4,968,745	4,463,145
Terminal	18,343,535	5,197,754
Airfield	990,282	871,273
Ground transportation	640,986	312,450
	<b>28,245,929</b>	<b>13,820,675</b>
<b>Operating expenses:</b>		
Salaries and fringe benefits	16,672,232	12,372,039
Office and administrative	542,324	474,307
Professional fees and contract services	3,160,635	1,868,252
Marketing and advertising	419,693	294,115
Fuel, tools, and supplies	2,654,468	484,682
Repairs and maintenance	1,765,584	1,214,747
Utilities	1,339,680	377,029
Insurance	1,427,341	515,254
	<b>27,981,957</b>	<b>17,600,425</b>
<b>Operating income (loss) before depreciation</b>	<b>263,972</b>	<b>(3,779,750)</b>
<b>Depreciation &amp; Amortization</b>	<b>(15,183,017)</b>	<b>(16,878,396)</b>
<b>Operating loss</b>	<b>(14,919,045)</b>	<b>(20,658,146)</b>
<b>Nonoperating revenues (expenses):</b>		
Investment income	1,425,860	1,334,733
Lease interest	240,458	201,895
Interest expense	(620,172)	(685,279)
Passenger facility charges	5,548,162	5,796,373
Gain on disposal of capital assets	33,491	173,184
Operating grants - COVID-19	-	173,236
Miscellaneous income (expense)	5,674	-
	<b>6,633,473</b>	<b>6,994,142</b>
<b>Gain (loss) before capital contributions</b>	<b>(8,285,572)</b>	<b>(13,664,004)</b>
Capital contributions	2,910,615	1,310,548
<b>Change in net position</b>	<b>(5,374,957)</b>	<b>(12,353,456)</b>
<b>Net position at beginning of year</b>	<b>246,522,408</b>	<b>258,875,864</b>
<b>Net position at end of year</b>	<b>\$ 241,147,451</b>	<b>\$ 246,522,408</b>

The accompanying Notes to the Financial Statements are an integral part of these statements.

**SANFORD AIRPORT AUTHORITY  
STATEMENTS OF CASH FLOWS**

	<b>Years Ended September 30,</b>	
	<b>2024</b>	<b>2023</b>
<b>Cash flows from operating activities:</b>		
Receipts from customers and tenants	\$ 26,757,592	\$ 13,038,920
Payments to suppliers	(11,469,753)	(5,094,244)
Payments to employees	(14,654,771)	(9,510,338)
<b>Net cash provided by (used in) operating activities</b>	<b>633,068</b>	<b>(1,565,662)</b>
<b>Cash flows from noncapital financing activities:</b>		
Operating grants - COVID-19	-	1,148,909
FAA grant reimbursement	105,876	-
<b>Net cash provided by noncapital financing activities</b>	<b>105,876</b>	<b>1,148,909</b>
<b>Cash flows from capital and related financing activities:</b>		
Acquisition and construction of capital assets	(8,193,069)	(3,452,477)
Proceeds from sale of capital assets	33,491	173,184
Principal paid on notes payable	(2,288,000)	(2,291,000)
Principal paid on SBITA/lease liabilities	(328,978)	(46,683)
Capital grants and contributions received	3,063,327	859,098
Interest paid	(620,172)	(685,279)
Passenger facility charges received	5,548,162	5,796,373
<b>Net cash provided by (used in) capital and related financing activities</b>	<b>(2,785,239)</b>	<b>353,216</b>
<b>Cash flows from investing activities:</b>		
Interest income	1,425,860	1,334,733
Lease interest	240,458	201,895
<b>Net cash provided by investing activities</b>	<b>1,666,318</b>	<b>1,536,628</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(379,977)</b>	<b>1,473,091</b>
<b>Cash and cash equivalents at beginning of year</b>	<b>34,133,223</b>	<b>32,660,132</b>
<b>Cash and cash equivalents at end of year*</b>	<b>\$ 33,753,246</b>	<b>\$ 34,133,223</b>
*Classified as:		
Cash and cash equivalents - current assets	\$ 28,197,807	\$ 30,381,620
Cash and cash equivalents - restricted assets	5,555,439	3,751,603
	<b>\$ 33,753,246</b>	<b>\$ 34,133,223</b>

The accompanying Notes to the Financial Statements are an integral part of these statements.

**SANFORD AIRPORT AUTHORITY  
STATEMENTS OF CASH FLOWS (CONTINUED)**

	<b>Years Ended September 30,</b>	
	<b>2024</b>	<b>2023</b>
<b>Reconciliation of operating income to net cash used in operating activities:</b>		
Operating loss	\$ (14,919,045)	\$ (20,658,146)
Adjustments to reconcile operating income to net cash used in operating activities:		
Depreciation	15,183,017	16,878,396
Changes in assets and liabilities:		
Allowance for doubtful accounts	(158,286)	111,185
Accounts receivable	(1,331,456)	15,428
Leases receivable	(1,406,058)	(911,158)
Prepaid expenses	(824,420)	(154,872)
Deferred outflows of resources	(2,332,077)	371,428
Accounts payable and accrued liabilities	664,392	289,014
Rents collected in advance	(5,018)	16,191
Accrued sick and vacation pay	189,340	37,965
Unearned revenue	1,412,481	(13,401)
Net pension liability	1,931,699	1,575,653
OPEB liability	1,826	18,603
Deferred inflows of resources	2,226,673	858,052
<b>Net cash provided by (used in) operating activities</b>	<b>\$ 633,068</b>	<b>\$ (1,565,662)</b>
<b>Noncash investing, capital, and financing activities:</b>		
Issuance of SBITA/Leases Payable	\$ 688,738	\$ -
Change in capital grants receivable	\$ (152,712)	\$ 451,450

The accompanying Notes to the Financial Statements are an integral part of these statements.

**SANFORD AIRPORT AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
Years Ended September 30, 2024, and 2023

**Note 1 - Summary of Significant Accounting Policies**

The Sanford Airport Authority (the Authority) was established as a dependent special district of the City of Sanford by Chapter 71-924 of the laws of the State of Florida and operates the Orlando Sanford International Airport. For reporting purposes, this airport is reported as a business-type activity.

**A. Reporting entity**

The Authority is a discretely presented component unit of the City of Sanford, Florida (the City). The City's governing board appoints all members of the Board of Directors of the Authority and approves the Authority's annual operating budget, as well as any budget adjustments or amendments.

In defining the Authority for financial reporting purposes, management applied the requirements as set forth by the Governmental Accounting Standard Board (GASB). These requirements establish the basis for defining the reporting entity and whether it is considered a component unit of another entity and whether other entities are component units. Based on these criteria, the reporting includes only the accounts of the Authority in the reporting entity. The Authority identified no potential component units to include in these statements.

**B. Basis of presentation, measurement focus, and basis of accounting**

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured, such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The Authority's financial statements are prepared using the flow of economic resources measurement focus using the accrual basis of accounting. Revenues are recognized when they are earned, and expenses are recognized when incurred.

The principal operating revenues of the Authority are from sources, such as airlines, concessions, rental cars, customer facility charges, parking, and the commerce park. Investment income, passenger facility charges, federal and state operating grants and other revenues not related to the operations of the airport are considered non-operating revenues. Operating expenses include the cost of airport and related facilities maintenance, administrative expenses, and depreciation on capital assets. Interest expenses and financial costs are reported as non-operating expenses.

On September 18, 2023, the Sanford Airport Authority Board of Directors voted to terminate the Agreement for the Operation and Management of the Orlando-Sanford International Airport Terminals and Parking Structure effective February 28, 2024. This had a significant impact on many facets of the Orlando Sanford International Airport such as revenues, expenditures, leases, personnel, etc. in fiscal year 2024. In reviewing activity in comparison to fiscal year 2023, there are many items that have increased substantially. This is due to the transition of multiple operations over to the Authority such as Terminal Operations, Terminal Janitorial Services, Fueling

**SANFORD AIRPORT AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
Years Ended September 30, 2024, and 2023

**Note 1 - Summary of Significant Accounting Policies (Continued)**

**B. Basis of presentation, measurement focus, and basis of accounting (Continued)**

Operations, Passenger Services, Ground Service Equipment Maintenance and Ground Handling Operations. The personnel, revenues, expenses, leases, and other items associated with the significant change in organizational structure have been accounted for in fiscal year 2024.

**C. Assets, liabilities, deferred outflows/inflows of resources, and net position**

*1. Cash and cash equivalents*

The Authority's cash and cash equivalents are on-demand deposits, certificates of deposit, cash on hand and repurchase agreements, with original maturities of three months or less from the date of acquisition.

*2. Accounts receivable*

Receivables are reported at their gross value when earned and reduced by the estimated portion that is expected to be uncollectible. An allowance for uncollectible accounts is based on an analysis of past due amounts. The provision for uncollectible accounts on September 30, 2024 and 2023 was \$30,730 and \$189,016, respectively.

*3. Prepaid expense and inventory*

Prepaid expenses consist primarily of expenditures expected to benefit future periods. Inventory primarily consists of both aviation and vehicle fuel held for consumption and is valued using the average cost method.

*4. Lease and concession agreements*

The Authority's operations consist of agreements for the use of land, buildings, terminal space and privileges to airlines and concessionaires. The T-Hangar leases are primarily month-to-month, cancelable leases. The building, office, residential and land leases are generally non-cancelable leases, with terms ranging from one to fifty years. The Authority accounts for revenue from these agreements under the operating method and reports over the terms of the agreements.

*5. Lease Receivables*

The Authority's lease receivables are measured at the present value of lease payments expected to be received during the lease term.

**SANFORD AIRPORT AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
Years Ended September 30, 2024, and 2023

**Note 1 - Summary of Significant Accounting Policies (Continued)**

**C. Assets, liabilities, deferred outflows/inflows of resources, and net position  
(Continued)**

6. *Right to Use Assets*

The Authority's right to use assets consist of subscription-based information technology arrangements (SBITAs) and other leased tangible equipment. A SBITA is a contract that conveys control of the right to use another party's (a SBITA vendor's) IT software, alone or in combination with tangible capital assets (the underlying IT assets), as specified in the contract for a period of time in an exchange or exchange-like transaction. The right to use asset is amortized from the lease commencement date (the date the lessee begins to make payments) to the end of the lease's term.

7. *Capital assets*

Capital assets are recorded at cost when purchased or constructed and at fair market value when donated. Capital assets are defined by the Authority as assets with an initial cost of more than \$5,000 and an estimated useful life in excess of one year. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Land and construction in progress are not depreciated. The other capital assets are depreciated using the straight-line method over the following estimated useful lives:

Buildings, improvements, water and sewer system	12 - 50 years
T-Hangars	30 years
Streets	20 - 40 years
Equipment and vehicles	3 - 20 years

8. *Pensions*

On the balance sheet, net pension liability represents the Authority's proportionate share of the net pension liability of the cost-sharing pension plans in which it participates. This proportionate amount represents a share of the present value of projected benefit payments to be provided through the cost-sharing pension plan to current active and inactive employees that is attributed to those employees past periods of service (total pension liability), less the amount of the cost-sharing pension plan's fiduciary net position.

The Authority participates in both the Florida Retirement System's (FRS) defined benefit pension plan and the Retiree Health Insurance Subsidy Program (HIS) defined benefit pension plan administered by the Florida Division of Retirement (collectively, FRS/HIS).

For purposes of measuring the Authority's net pension liability, deferred outflows of

**SANFORD AIRPORT AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
Years Ended September 30, 2024, and 2023

**Note 1 - Summary of Significant Accounting Policies (Continued)**

**C. Assets, liabilities, deferred outflows/inflows of resources, and net position  
(Continued)**

resources and deferred inflows of resources related to pensions and pension expense, information about the fiduciary net position of FRS/HIS, and additions to/deductions from FRS/HIS's fiduciary net position have been determined on the same basis as they are reported by FRS/HIS. 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.

**9. *Deferred outflows/inflows of resources***

In addition to assets, the Authority reports a separate section for deferred outflows of resources in its statements of net position. Deferred outflows of resources represent a consumption of net position that applies to a future period(s) and will *not* be recognized as an outflow of resources (expense) until then. The Authority has two items that qualify for reporting as deferred outflows of resources.

*Deferred outflows related to pensions* - These deferred outflows of resources are an aggregate of items related to pensions as calculated in accordance with GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*. The deferred outflows related to pensions totaled \$5,222,345 and \$2,889,154 on September 30, 2024, and 2023, respectively, and will be recognized as either pension expense or a reduction in the net pension liability in future reporting years. Details on the composition of the deferred outflows of resources related to pensions are further discussed in Note 7.

*Deferred outflows related to OPEB* - These deferred outflows of resources are an aggregate of items related to Other Post-Employment Benefits (OPEB) as calculated in accordance with GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*. The deferred outflows related to OPEB totaled \$11,141 and \$12,255 on September 30, 2024, and 2023, respectively, and will be recognized as either OPEB contribution expense or a reduction in the net OPEB liability in future reporting years. Details on the composition of the deferred outflows of resources related to OPEB are further discussed in Note 8.

In addition to liabilities, the Authority reports a separate section for deferred inflows of resources in its statements of net position. Deferred inflows of resources represent an acquisition of net position that applies to a future period(s) and will *not* be recognized as an inflow of resources (revenue) until then. The Authority has three items that qualify for reporting as deferred inflows of resources.

*Deferred inflows related to pensions* - These deferred inflows of resources are an aggregate of items related to pensions as calculated in accordance with GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*. The deferred inflows related to pensions totaled \$1,089,008 and \$280,637 on September 30, 2024

**SANFORD AIRPORT AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
Years Ended September 30, 2024, and 2023

**Note 1 - Summary of Significant Accounting Policies (Continued)**

**C. Assets, liabilities, deferred outflows/inflows of resources, and net position  
(Continued)**

and 2023, respectively, and will be recognized as an increase to pension expense in future reporting years. Details on the composition of the deferred inflows of resources related to pensions are further discussed in Note 7.

*Deferred inflows related to OPEB* - These deferred inflows of resources are an aggregate of items related to Other Post-Employment Benefits (OPEB) as calculated in accordance with GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*. The deferred inflows related to OPEB totaled \$83,663 and \$71,419 on September 30, 2024, and 2023, respectively, and will be recognized as a decrease to OPEB contribution expense in future reporting years. Details on the composition of the deferred inflows of resources related to OPEB are further discussed in Note 8.

*Deferred inflows related to leases* - These deferred inflows of resources are an aggregate of items related to leases as calculated in accordance with GASB Statement No. 87, *Accounting and Financial Reporting for Leases*. The deferred inflows related to leases totaled \$8,767,346 and \$7,361,288 on September 30, 2024, and 2023, respectively, and will be recognized as a reduction to lease receivable in future reporting years. Details on the composition of the deferred inflows of resources related to leases are further discussed in Note 5.

*10. Net position flow assumption*

Sometimes the Authority will fund outlays for a particular purpose from both restricted and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the statements of 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.

**D. Revenues and expenses**

*1. Passenger facility charges*

The Federal Aviation Administration (FAA) approved the collection of passenger facility charges (PFCs). The Authority uses PFCs for pre-approved airport projects that meet at least one of the following criteria: preserve or enhance safety, security or capacity of the national air transportation system; reduce noise or mitigate noise impacts resulting from an airport; or furnish opportunities for enhanced competition between or among carriers. The airlines collect and remit this revenue to the Authority and the Authority records this as non-operating revenue. The max PFC is \$4.50 (less \$0.11 handling charge), although the Authority currently collects \$4.00 (less \$0.11 handling charge).

**SANFORD AIRPORT AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
Years Ended September 30, 2024, and 2023

**Note 1 - Summary of Significant Accounting Policies (Continued)**

**D. Revenues and expenses (Continued)**

*2. Customer Facility Charges*

The Authority approved the collection of customer facility charges (CFCs) on August 2, 2011. All rental car companies (RACs) agreed to assess and collect CFCs to pay the costs and expenses of financing, designing, constructing, and relocating the rental automobile-related facilities. The collection rate was most recently increased on May 5, 2023 to \$3.25 per day up to a maximum of \$16.25 per transaction. The RACs collect and remit this revenue to the Authority and the Authority records this as operating revenue.

*3. Capital contributions*

Capital contributions consist primarily of grants and contributions from federal and state governmental agencies. The Authority recognizes contributions as earned as related project costs are incurred. The Authority recognizes donated property at acquisition value when received.

*4. Compensated Absences*

SAA maintains liability accounts for all accrued sick and vacation time, accrued taxes, and accrued pension associated with time off. The Authority revalues the compensated liability each year and recognizes an expense relating to the incremental difference.

**E. Other significant accounting policies**

*1. Fair value of financial instruments*

The Authority has accounted for all investments, regardless of time to maturity or their acquisition date, at fair value on the balance sheets, with unrealized gains and losses charged or credited to investment income. The Authority uses available market information to determine these fair values.

*2. Estimates*

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

*3. Reclassifications*

Certain amounts in the prior-year financial statements may have been reclassified to conform to the current-year presentation.

**SANFORD AIRPORT AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
Years Ended September 30, 2024, and 2023

**Note 1 - Summary of Significant Accounting Policies (Continued)**

**E. Other significant accounting policies (Continued)**

*4. Change in Accounting Principle*

In fiscal year 2023, the Authority implemented GASB Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITA)*. The objective of this Statement was to better meet the information needs of financial statement users by improving accounting and financial reporting for subscription-based IT arrangements by governments. This statement increased the usefulness of governments' financial statements by requiring a government to recognize a right to use subscription asset—an intangible asset—and a corresponding subscription liability. A government should recognize the subscription liability at the commencement of the subscription term, —which is when the subscription asset is placed into service. The subscription liability should be initially measured at the present value of subscription payments expected to be made during the subscription term. Future subscription payments should be discounted using the interest rate the SBITA vendor charges the government, which may be implicit, or the government's incremental borrowing rate if the interest rate is not readily determinable. A government should recognize amortization of the discount on the subscription liability as an outflow of resources (for example, interest expense) in subsequent financial reporting periods.

**Note 2 - Cash Deposits and Investments**

The Authority's cash and cash equivalents balances include amounts deposited with commercial banks in interest-bearing and non-interest-bearing demand deposit accounts, as well as the Florida State Board of Administration's Local Government Surplus Investment Pool (LGIP) and Florida Short Term Asset Reserve Government Fund (FLSTAR). The commercial bank balances are entirely insured by federal depository insurance or by collateral pursuant to the Florida Security for Public Deposits Act of the State of Florida (the Act).

The Act establishes guidelines for qualification and participation by banks and savings associations, procedures for the administration of the collateral requirements and characteristics of eligible collateral. Under the Act, the Authority's deposits in qualified public depositories are considered totally insured. The qualified public depository must pledge at least 50% of the average daily balance for each month of all public deposits in excess of any applicable deposit insurance. Additional collateral, up to a maximum of 125% may be required, if deemed necessary under the conditions set forth in the Act. Obligations pledged to secure deposits must be delivered to the State of Florida's Chief Financial Officer (State's CFO) or, with the approval of the State's CFO, to a bank, savings association, or trust company, provided that a power of attorney is delivered to the State's CFO.

**SANFORD AIRPORT AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
Years Ended September 30, 2024, and 2023

**Note 2 - Cash Deposits and Investments (Continued)**

Investments are presented at fair value, which is based on available market values. The LGIP (Florida Prime) operated by the State of Florida State Board of Administration is a “2a-7-like” pool; therefore, it is not presented at fair value but at its actual pooled share price which approximates fair value. Adjustments of the carrying value of investments to fair value is presented as a component of investment income. The LGIP is not a registrant with the Securities and Exchange Commission (SEC); however, the state of Florida does provide regulatory oversight.

FLSTAR is an intergovernmental investment pool as described in Section 218.415, Florida Statutes. All funds and investment assets are held in trust and managed by a Board of Trustees for the benefit of the Participants. Similar to the LGIP, the FLSTAR is a “2a-7-like” pool in accordance with GASB 31; therefore, it is not presented at fair value but at its actual pooled share price which approximates fair value.

**A. Cash deposits with financial institutions**

On September 30, 2024 and 2023, the carrying amounts of deposits were \$6,817,960 and \$4,408,546, respectively. The bank balances were \$7,305,246 and \$4,859,909 respectively, on September 30, 2024 and 2023.

**B. Investments**

Investment income is recognized as earned and is allocated to the participating funds based on their equity participation. On September 30, 2024, the Authority’s investments were held in interest-bearing time deposits in qualified public depositories.

Florida Statutes authorize the Authority to invest in direct obligations of or obligations guaranteed by the United States of America, LGIP, SEC-registered money market funds, and interest-bearing time deposits or savings accounts in qualified public depositories.

The Authority adopted an Investment Policy in September 2019. The policy addresses credit risk, concentration of credit risk, custodial credit risk and interest rate risk. It is understood all deposits are potentially subject to custodial credit risk. The Authority’s policy requires that bank deposits be secured, as provided by Chapter 280, Florida Statutes. This law requires local governments to deposit funds only in financial institutions designated as qualified public depositories by the State’s CFO, and creates the Public Deposit Trust Fund, a multiple financial institution pool with the ability to assess its member financial institutions for collateral shortfalls if a default or insolvency has occurred.

**SANFORD AIRPORT AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
Years Ended September 30, 2024, and 2023

**Note 2 - Cash Deposits and Investments (Continued)**

**B. Investments (Continued)**

On September 30, 2024 and 2023, the Authority had the following investments:

	<u>2024</u> Fair Value	<u>2023</u> Fair Value	<u>Credit</u> <u>Rating</u>	<u>Weighted</u> <u>Average</u> <u>Maturity</u>
Local government investment pool:				
Florida Prime	\$ 12,645,885	\$ 12,530,505	AAAm	39 days
Florida Star	<u>14,286,910</u>	<u>17,194,118</u>	AAAm	43 days
Total	<u>\$26,932,795</u>	<u>\$29,724,622</u>		

\*Both Florida Prime and Florida Star are measured at amortized cost.

As of September 30, 2024 and 2023, there were no redemption fees or maximum transaction amounts, or any other requirements that served to limit the Authority's access to 100 percent of its account value in the external investment pools.

**Note 3 - Restricted Assets:**

On September 30, 2024, and 2023, the Authority has a restricted cash balance of \$5,490,248 and \$3,687,635, respectively, for Passenger Facility Charges and a restricted cash balance of \$65,191 and \$63,968, respectively, for Law Enforcement related restricted funds.

**SANFORD AIRPORT AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
Years Ended September 30, 2024, and 2023

**Note 4 – Capital Assets:**

A summary of capital assets activity for the years ended September 30, 2024 and 2023 follows:

	Balance October 1, 2023	Additions	Deductions and Reclas- sifications	Balance September 30, 2024
Capital assets, not being depreciated/amortized				
Land	\$ 54,134,842	\$ 145,874	\$ -	\$ 54,280,715
Construction in progress	3,496,450	5,054,452	(552,251)	7,998,651
Total capital assets, not being depreciated/amortized	<u>57,631,292</u>	<u>5,200,326</u>	<u>(552,251)</u>	<u>62,279,366</u>
Capital assets, being depreciated/amortized				
Buildings & improvements	356,852,136	967,715	-	357,819,851
T-Hangars	1,621,317	-	-	1,621,317
Street construction	11,083,393	9,691	-	11,093,084
Equipment & vehicles	41,660,731	2,341,287	(107,315)	43,894,702
Right to Use Assets (Vehicles)	-	583,571	-	583,571
Subscription Assets (SBITAs)	183,658	166,163	-	349,821
Total capital assets, being depreciated/amortized	<u>411,401,235</u>	<u>4,068,427</u>	<u>(107,315)</u>	<u>415,362,347</u>
Less accumulated depreciation/amortization				
Buildings & improvements	(181,249,637)	(11,691,973)	-	(192,941,610)
T-Hangars	(1,485,163)	(18,144)	-	(1,503,308)
Street construction	(7,499,471)	(427,649)	-	(7,927,120)
Equipment & vehicles	(33,287,080)	(2,760,093)	107,315	(35,939,857)
Right to Use Assets (Vehicles)	-	(248,363)	-	(248,363)
SBITAs	(86,505)	(124,229)	-	(210,734)
Total accumulated depreciation/amortization	<u>(223,607,856)</u>	<u>(15,270,451)</u>	<u>107,315</u>	<u>(238,770,992)</u>
Total capital assets, being depreciated/amortized, net	<u>187,793,379</u>	<u>(11,202,025)</u>	<u>-</u>	<u>176,591,355</u>
Capital assets, net	<u>\$ 245,424,671</u>	<u>\$ (6,001,699)</u>	<u>\$ (552,251)</u>	<u>\$ 238,870,719</u>

**SANFORD AIRPORT AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

Years Ended September 30, 2024, and 2023

**Note 4 – Capital Assets: (Continued)**

	Balance October 1, 2022	Additions	Deductions and Reclas- sifications	Balance September 30, 2023
Capital assets, not being depreciated/amortized				
Land	\$ 54,074,167	\$ 60,675	\$ -	\$ 54,134,842
Construction in progress	1,772,614	2,831,892	(1,108,056)	3,496,450
Total capital assets, not being depreciated/amortized	<u>55,846,781</u>	<u>2,892,567</u>	<u>(1,108,056)</u>	<u>57,631,292</u>
Capital assets, being depreciated/amortized				
Buildings & improvements	356,186,034	790,680	(124,578)	356,852,136
T-Hangars	1,621,317	-	-	1,621,317
Street construction	11,083,393	-	-	11,083,393
Equipment & vehicles	41,037,890	633,019	(10,178)	41,660,731
Subscription Assets (SBITAs)	183,658	-	-	183,658
Total capital assets, being depreciated/amortized	<u>410,112,292</u>	<u>1,423,699</u>	<u>(134,756)</u>	<u>411,401,235</u>
Less accumulated depreciation/amortization				
Buildings & improvements	(167,538,022)	(13,711,615)	-	(181,249,637)
T-Hangars	(1,467,007)	(18,156)	-	(1,485,163)
Street construction	(7,066,639)	(432,832)	-	(7,499,471)
Equipment & vehicles	(30,629,925)	(2,667,333)	10,178	(33,287,080)
SBITAs	(38,044)	(48,461)	-	(86,505)
Total accumulated depreciation/amortization	<u>(206,739,637)</u>	<u>(16,878,397)</u>	<u>10,178</u>	<u>(223,607,856)</u>
Total capital assets, being depreciated/amortized, net	<u>203,372,655</u>	<u>(15,454,698)</u>	<u>(124,578)</u>	<u>187,793,379</u>
Capital assets, net	<u>\$ 259,219,436</u>	<u>\$ (12,562,131)</u>	<u>\$ (1,232,635)</u>	<u>\$ 245,424,671</u>

**SANFORD AIRPORT AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
Years Ended September 30, 2024, and 2023

**Note 5 – Lessor Airport Tenant Lease Agreements:**

In accordance with GASB Statement No. 87, the Authority recognizes a lease receivable and deferred inflow of resources at the commencement of the lease term. As lessor, the asset underlying the lease is not derecognized. The lease receivable is measured at the present value of lease payments expected to be received during the lease term at a discount rate of 2.82%, the borrowing rate of the airport’s permanent financing awarded in fiscal year 2022. The deferred inflow of resources should be measured at the value of the lease receivable in addition to any payments received at or before the commencement of the lease term that relates to future periods.

The Authority’s operations consist of agreements for use of land, buildings, rental car center space, etc. which expire between the years 2024 and 2075. Unique to most airports, in the beginning of fiscal year 2024, the Sanford Airport Authority contracted management of its terminal with a private operator, Orlando-Sanford International Inc. As such, some inter-terminal leasehold arrangements typically seen at commercial service airports were not carried in the Authority’s financial statements as a lessor relative to GASB 87 in 2023 and years prior. Due to the termination of this agreement in early fiscal year 2024, the valuation of these previously excluded leasehold arrangements has now been accounted for in the associated schedules. The Authority reports lease receivable with a carrying amount of \$8,767,346 as of September 30, 2024 and \$7,361,288 as of September 30, 2023. The Authority also reports a deferred inflow of resources for leases in the amount of \$8,767,346 as of September 30, 2024 and \$7,361,288 as of September 30, 2023. The deferred inflow of resources for leases will be recognized as revenue over the term of the lease agreements.

The Authority recognized \$3,449,756 of lease revenue principal as of September 30, 2024 and \$1,992,456 as of September 30, 2023.

The following is a schedule by years of minimum future revenues from agreements as of September 30, 2024:

Year Ending September 30,	Principal	Interest	Total Future Minimum Lease Payments
2025	\$4,715,559	\$158,825	\$4,874,384
2026	1,877,904	107,321	1,877,904
2027	1,251,352	73,000	1,251,352
2028	668,254	54,672	668,254
2029	548,519	39,628	548,519
2030-2034	1,063,888	105,439	1,063,888
2035-2039	380,999	7,570	380,999
Total minimum future revenues	<u>\$10,506,476</u>	<u>\$546,455</u>	<u>\$11,052,932</u>

**SANFORD AIRPORT AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
Years Ended September 30, 2024, and 2023

**Note 5 – Lessor Airport Tenant Lease Agreements: (Continued)**

**Regulated Leases**

The Authority’s operations include certain lease agreements that are classified as regulated leases under paragraph 42 of GASB Statement No. 87, Leases. These agreements consist of aeronautical lease agreements, as defined by the Federal Aviation Administration (FAA), which are made up of air carrier agreements, facility agreements that directly or substantially relate to the movement of passengers, ticketing, baggage, mail and cargo, and aircraft storage and maintenance service agreements. For these agreements, lease rates cannot exceed a reasonable amount and the Authority cannot deny potential lessees the right to enter into leases if the facilities are available, provided that the potential lessee’s use of the facilities complies with use restrictions. The Authority recognizes the revenues from these lease agreements as inflows each year based on the payment provisions of each lease contract. The Authority recognized \$3,352,257 and \$2,953,684 of regulated lease revenue in September 2024 and 2023, respectively.

The following is a ten year schedule by years of minimum future revenues from regulated lease agreements as of September 30, 2024:

<u>Year Ending September 30,</u>	
2025	\$3,363,035
2026	2,654,462
2027	2,334,590
2028	2,174,634
2029	1,474,870
2030-2034	<u>5,133,610</u>
Total minimum future revenues	<u>\$ 17,135,199</u>

**Note 6 – Right to Use Assets**

The Authority’s operations include certain leased assets of which, until fiscal year 2024, did not reach the level of materiality to be accounted for under GASB Statement No. 87, accounting for leases, specifically on the lessee side. These agreements consist of control of the right to use another party’s tangible capital asset, as specified in a contract for a period of time in an exchange or exchange-like transaction. This entails a right to use asset and a corresponding lease liability that is amortized over the term of the agreement. The authority measures the right to use asset at the present value of lease payments expected to be made during the lease term at an incremental borrowing rate of 2.82%, the rate of the airport’s most recent permanent financing awarded in fiscal year 2021-2022. The agreements are treated more similar to a financing with a principal and interest expense element instead of a standard operating expense as was the prior historical treatment.

In addition to leased tangible capital assets, the Authority’s operations also include certain software agreements that are classified as subscription-based IT arrangements (SBITAs) under GASB Statement No. 96, SBITAs. These agreements consist of control of the right to use another party’s (a SBITA vendor’s) IT software, alone or in combination with tangible capital assets (the underlying IT assets), as specified in the contract for a period of time in

**SANFORD AIRPORT AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

Years Ended September 30, 2024, and 2023

**Note 6 – Right to Use Assets (Continued)**

an exchange or exchange-like transaction. This entails a subscription right to use asset and a corresponding subscription liability that is amortized over the term of the agreement. Similar to leased tangible capital assets, the authority measures the subscription asset at the present value of subscription payments expected to be made during the subscription term at the same incremental borrowing rate of 2.82%, the rate of the airport’s most recent permanent financing awarded in fiscal year 2021-2022.

The Authority is currently engaged in twenty-two right to use agreements, with eighteen agreements qualifying as leased tangible capital assets and four agreements qualifying as SBITAs, across multiple departments of the organization. Fortbrand services provides the Authority with fueling equipment over a multi-year term to support the Airlines Services Department and the Fueling section. Enterprise Fleet Management provides the Authority with 17 vehicles as part of our operations and maintenance fleet.

The valuation of the leased Right to use (RTU) assets amounts to \$583,571 with \$248,363 of accumulated amortization as of September 30, 2024. The max term of these leases spans 36 months, and the last contract is set to conclude on 2/28/2027.

Gatekeeper Systems furnishes the Authority with software tailored to Part 139 compliance, facilitating the tracking and execution of FAA-mandated daily airfield inspections. Similarly, Vector Airport Systems delivers software specialized in Noise and Operations Management (NOMS), featuring an extensive database of airport operations and noise events intricately integrated with flight track data, enabling the public to access flight track information and lodge noise complaints. Additionally, the software serves as a pivotal tool in training airport personnel on the proper utilization, maintenance, and updating of NOMS requisite supporting documentation. EPIC Engineering & Consulting Group has created a customized work order management system for the Authority tracking all open requests in the terminal and campus-wide. Lastly, SHI corporation provides the Authority with multi-year Microsoft licenses for all staff.

The valuation of the subscription-based IT arrangements (SBITAs) amounts to \$349,821 with \$210,734 of accumulated amortization as of September 30, 2024. The subscription period for these arrangements spans 48 months at the longest term, and the last contract is set to conclude on 11/30/2026.

The following is a schedule by years of the present value of minimum future payments for Leased Right to use assets and SBITAs as of September 30, 2024:

Year Ending September 30,	Principal	Interest	Total Future Minimum Lease Payments
2025	\$162,024	\$6,873	\$168,897
2026	118,490	3,238	121,728
2027	50,364	356	50,720
Total minimum future payments	<u>\$330,878</u>	<u>\$10,466</u>	<u>\$341,345</u>

**SANFORD AIRPORT AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
Years Ended September 30, 2024, and 2023

**Note 6 – Right to Use Assets (Continued)**

Year Ending September 30,	Principal	Interest	Total Future Minimum SBITA Payments
2025	\$89,722	\$1,791	\$91,513
2026	22,286	448	22,734
2027	3,776	13	3,789
Total minimum future payments	<u>\$115,783</u>	<u>\$2,253</u>	<u>\$118,036</u>

**Note 7 - Retirement Plans**

**Plan Descriptions**

Florida Retirement System

The Authority’s authorized permanent full and part-time employees participate in the Florida Retirement System (FRS), a cost-sharing, multiple-employer defined-benefit public retirement plan. Effective December 1, 2000, the City of Sanford, Florida (the City) and, consequently, the Authority, terminated its single-employer, defined benefit pension plan and re-entered the FRS.

The FRS provides retirement and disability benefits, cost-of-living adjustments, and death benefits to plan participants and beneficiaries. Florida Statutes establish benefit provisions, and the plan is administered by the Florida Department of Administration, Division of Retirement.

FRS members are eligible for retirement after vesting, which occurs at six or eight years of creditable service for regular members, depending upon the employee’s hire date. Normal retirement age is attained at the earlier of 30 years of creditable service, regardless of age, or retirement at age 62, with at least 10 years of creditable service. Early retirement may be taken anytime; however, there is a 5% benefit reduction for each year prior to normal retirement age. Members are also eligible for in-line-of-duty or regular disability benefits if permanently disabled and unable to work. Benefits are computed on the basis of age, average final compensation and service credit.

In addition to the above benefits, the FRS administers a Deferred Retirement Option Program (“DROP”). This program allows eligible employees to defer receipt of monthly retirement benefit payments, while continuing employment with an FRS employer for a period not to exceed 96 months after electing to participate. Deferred monthly benefits are held in the FRS Trust Fund and accrue interest.

The FRS has nine classes of membership. Only three apply to the Authority’s eligible employees. These three classes, with descriptions and contribution rates in effect during the two-year period ended September 30, 2024 are as follows:

**SANFORD AIRPORT AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

Years Ended September 30, 2024, and 2023

**Note 7 - Retirement Plans (Continued)**

**Plan Descriptions (Continued)**

**Regular Class** – Members not qualifying for other classes (11.91% from 7/1/22 to 6/30/23, 13.57% from 7/1/23 to 6/30/24, and 13.63% from 7/1/24 to 9/30/24).

**Senior Management Class** – Members of senior management (31.57% from 7/1/22 to 6/30/23, 34.52% from 7/1/23 to 6/30/24, 34.52% from 7/1/24 to 9/30/24).

**Special Risk Class** – Members employed as law enforcement officers, fire fighters, or correctional officers and meeting the criteria set to qualify for this class (27.83% from 7/1/22 to 6/30/23, 32.67% from 7/1/23 to 6/30/24, 32.79% from 7/1/24 to 9/30/24).

**Retiree Health Insurance Subsidy (HIS) Program**

The Authority's employees also participate in the Retiree Health Insurance Subsidy (HIS) Program, which 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 system in paying their health insurance costs. 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 is \$150 per month per Section 112.363, Florida Statutes. To be eligible to receive a HIS benefit, a retiree under one of the state-administered retirement systems must provide proof of eligible health insurance coverage, which can include Medicare.

**Public Employee Optional Retirement Program**

Employees may participate in the Public Employee Optional Retirement Program (the "Investment Plan"), a defined contribution retirement program, in lieu of participation in the defined-benefit retirement plan ("Pension Plan"). If the Investment Plan is elected, active membership in the defined-benefit retirement plan is terminated. Eligible members of the Investment Plan are vested at one year of service and receive a contribution for self-direction in an investment product with a third-party administrator selected by the State Board of Administration. The contribution rates for both plans are identical.

**Contributions**

The contribution requirements to the Pension Plan and HIS Program are established and may be amended by FRS. Effective July 1, 2011, all FRS employees, with the exception of DROP participants and re-employed retirees who are initially re-employed under covered employment on or after July 1, 2010, are required to make pretax retirement contributions of 3% of their gross salary to the plan.

The fiscal year 2024 contribution rate applied to regular employee salaries was initially 13.57%, then adjusted to 13.63%, both including 2.00% for a post-retirement health insurance subsidy ("HIS"). The fiscal year 2023 contribution was initially 11.91%, then adjusted to 13.57%, which included 2.00% for HIS. The fiscal year 2024 contribution rate

**SANFORD AIRPORT AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
Years Ended September 30, 2024, and 2023

**Note 7 - Retirement Plans (Continued)**

**Contributions (Continued)**

applied to senior management salaries was initially 34.52%, and kept constant effective 7/1/24, including 2.00% HIS. The fiscal year 2023 contribution rate was initially 31.57%, then adjusted to 34.52%, which included 2.00% for HIS. The fiscal year 2024 contribution rate applied to the salaries of the employees in the Special Risk Class was initially 32.67%, then adjusted to 32.79%, including 2.00% for HIS. The fiscal year 2022 contribution rate was initially 27.83%, then adjusted to 32.67%, which included 2.00% for HIS. The fiscal year 2024 contribution rate applied to the salaries of the employees in DROP was initially 21.13%, and kept constant effective 7/1/24, both including 2.00% for HIS. The fiscal year 2023 contribution rate was initially 18.60%, then adjusted to 21.13%, which included 2.00% for HIS.

The Authority's contributions to FRS for the years ended September 30, 2024 and 2023 were \$2,112,478 and \$1,401,337, respectively, equal to the required contributions for each year.

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

On September 30, 2024 and 2023, the Authority reported a liability of \$13,318,919 and \$11,387,220, respectively, for its proportionate share of the net pension liability of the Pension Plan and HIS Program. The net pension liability was measured as of June 30, 2024 and 2023, respectively, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of those dates. The Authority's proportion of the net pension liability was based on the Authority's historical employer contributions to the pension plans for fiscal year 2024 and 2023 relative to the historical contributions of all participating employers. On June 30, 2024, the Authority's proportion was 0.02133% and 0.02283% for the Pension Plan and HIS Program, respectively, which was a change of 0.0042% and 0.0046% from its respective proportion measured as of June 30, 2023. For the years ended September 30, 2024 and 2023, the Authority recognized a pension expense of \$406,879 and \$1,896,973, respectively.

**SANFORD AIRPORT AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
Years Ended September 30, 2024, and 2023

**Note 7 - Retirement Plans (Continued)**

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)**

On September 30, 2024, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources (in thousands):

Pension Plan

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 999,635	\$ -
Changes of assumptions	1,356,166	-
Differences between projected and actual earnings on pension plan investments	-	657,656
Changes in proportion	1,349,748	-
Authority's contributions subsequent to the measurement date	509,725	-
	<hr/>	<hr/>
Total	<u>\$ 4,215,274</u>	<u>\$ 657,656</u>

HIS Program

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 33,063	\$ 6,575
Changes of assumptions	60,600	405,379
Differences between projected and actual earnings on pension plan investments	-	1,239
Changes in proportion	839,455	18,159
Authority's contributions subsequent to the measurement date	73,954	-
	<hr/>	<hr/>
Total	<u>\$ 1,007,071</u>	<u>\$ 431,352</u>

\$509,725 and \$73,953 were reported as deferred outflows of resources related to pensions for the Pension Plan and HIS Program, respectively, resulting from the Authority's contributions subsequent to the measurement date and will be recognized as a reduction of the net pension liability in the year ending September 30, 2024.

**SANFORD AIRPORT AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
Years Ended September 30, 2024, and 2023

**Note 7 - Retirement Plans (Continued)**

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)**

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

<b>Years Ending September 30:</b>	<b>Pension Plan Expense</b>	<b>HIS Expense</b>
2025	\$ 705,568	\$ 143,301
2026	641,164	128,232
2027	606,914	108,184
2028	571,394	80,299
2029	389,506	70,630
Thereafter	133,347	(28,879)
Total	\$ 3,047,893	\$501,768

*Actuarial Assumptions* - Actuarial assumptions for both the Pension Plan and HIS Program are reviewed annually by the Florida Retirement System Actuarial Assumption Conference. The Pension Plan has a valuation performed annually. The HIS Program has a valuation performed biennially that is updated for GASB reporting in the year a valuation is not performed.

The actuarial assumptions that determined the total pension liability as of June 30, 2024 and 2023, were based on the results of an actuarial experience study for the period July 1, 2018 – June 30, 2023. Because the HIS Program is funded on a pay-as-you-go basis, no experience study has been completed.

Valuation date	July 1, 2023	July 1, 2024
Measurement date	June 30, 2023	June 30, 2024
Inflation	2.40%	2.40%
Salary increases including inflation	3.25%	3.50%
Mortality	PUB2010 base table varies by member category and sex, projected generationally with Scale MP-2018 details in valuation report	PUB2010 base table varies by member category and sex, projected generationally with Scale MP-2021 details in valuation report
Actuarial cost method	Individual Entry Age	Individual Entry Age

**SANFORD AIRPORT AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
Years Ended September 30, 2024, and 2023

**Note 7 - Retirement Plans (Continued)**

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)**

The long-term expected rate of return, net of investment expense on the Pension Plan investments was 6.70% as of June 30, 2024 and 6.70% as of June 30, 2023. This rate was determined using a forward-looking capital market economic model. The table below shows the assumptions for each of the asset classes in which the plan was invested at that time based on the long-term target asset allocation. The allocation policy's description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions and includes an adjustment for the inflation assumption. The expected real rate of return is presented in arithmetic means.

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Annual Arithmetic Return</u>
Cash	1.0%	3.3%
Fixed income	29.0%	5.7%
Global equity	45.0%	8.6%
Real estate	12.0%	8.1%
Private equity	11.0%	12.4%
Strategic investments	2.0%	6.6%
Total	<u>100.0%</u>	

*Discount Rate* - The discount rate used to measure the total pension liability for the Pension Plan was 6.70% for June 30, 2024 and 6.70% for June 30, 2023. The discount rate used to measure the total pension liability for the HIS Program was 3.93% for June 30, 2024 and 3.65% for June 30, 2023. For the Pension Plan, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return. Because the HIS benefit is essentially funded on a pay-as-you-go basis, the depletion date is considered to be immediate, and the single equivalent discount rate is equal to the municipal bond rate selected by the plan sponsor. The discount rates used on the two dates differ due to changes in the applicable bond index.

**SANFORD AIRPORT AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
Years Ended September 30, 2024, and 2023

**Note 7 - Retirement Plans (Continued)**

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)**

*Sensitivity of the Authority's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate* - The following presents the Authority's proportionate share of the net pension liability calculated using the discount rate for FRS of 6.70% for September 30, 2024 and 6.70% for September 30, 2023. The discount rate of 3.93% and 3.65% was used for the HIS Program for September 30, 2024 and 2023, respectively. The following also presents what the Authority's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the respective current rate:

As of September 30, 2024			
Pension Plan			
	1% Decrease 5.70%	Current Discount Rate 6.70%	1% Increase 7.70%
Authority's proportionate share of the net pension liability (asset)	\$ 17,404,516	\$ 9,894,748	\$ 3,603,725
HIS Program			
	1% Decrease 2.93%	Current Discount Rate 3.93%	1% Increase 4.93%
Authority's proportionate share of the net pension liability (asset)	\$ 3,897,978	\$ 3,424,171	\$ 3,030,834
As of September 30, 2023			
Pension Plan			
	1% Decrease 5.70%	Current Discount Rate 6.70%	1% Increase 7.70%
Authority's proportionate share of the net pension liability (asset)	\$ 14,519,413	\$ 8,499,814	\$ 3,463,699
HIS Program			
	1% Decrease 2.65%	Current Discount Rate 3.65%	1% Increase 4.65%
Authority's proportionate share of the net pension liability (asset)	\$ 3,294,080	\$ 2,887,406	\$ 2,550,301

*Pension Plan Fiduciary Net Position* - Detailed information about FRS and HIS fiduciary net position is available in the separately issued FRS financial report. The latest available report may be obtained by writing to the Department of Management Services, Office of the Secretary, 4050 Esplanade Way, Tallahassee, FL 32399-0950 or from the website: [http://www.dms.myflorida.com/workforce\\_operations/retirement/publications/annual\\_reports](http://www.dms.myflorida.com/workforce_operations/retirement/publications/annual_reports).

**SANFORD AIRPORT AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
Years Ended September 30, 2024, and 2023

**Note 7 - Retirement Plans (Continued)**

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)**

*Deferred Compensation* - The Authority has a deferred compensation plan (the Plan) created in accordance with Internal Revenue Code 457, in which all employees may voluntarily elect to participate. The Plan permits participants to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseen emergency. Because the Plan assets are held in trust for the exclusive benefit of Plan participants and their beneficiaries, the Plan is not accounted for in the Authority's financial statements.

**Note 8 - Postemployment Benefits Other Than Pension Benefits (OPEB)**

In accordance with Florida Statutes, Section 112.0801, the Authority makes continuation of group health insurance through the Authority's current provider available to retirees and eligible dependents provided certain service requirements and normal age retirement requirements have been met. This benefit has no cost to the Authority other than the implicit cost of including retirees in the group calculation. All premiums are paid by the retiree. The Authority has chosen pay-as-you-go funding but is recording the liability in the financial statements. This plan does not issue stand-alone financial statements.

**Plan Description:**

The Sanford Airport Authority's Retiree Health Care Plan (Plan) is a single employer defined benefit post-employment health care plan that covers eligible retired employees of the Authority. The Plan, which is administered by the Authority, allows employees who retire and meet retirement eligibility requirements under the applicable retirement plan to continue medical insurance coverage as a participant in the Authority's plan. For purposes of applying Paragraph 4 under Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, the Plan does not meet the requirements for an OPEB plan administered through a trust.

*Plan Membership as of October 1, 2023:*

Inactive Plan Members or Beneficiaries Currently Receiving Benefits	1
Active Plan Members	<u>101</u>
	<u>102</u>

**Benefits Provided:**

The benefits provided are the same as those provided for active employees. Spouses and dependents of eligible retirees are also eligible for medical coverage. All employees of the Authority are eligible to receive postemployment health care benefits. All retiree and dependent coverage is at the expense of the retiree. Medicare is assumed to be primary at age 65.

**SANFORD AIRPORT AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
Years Ended September 30, 2024, and 2023

**Note 8 - Postemployment Benefits Other Than Pension Benefits (Continued)**

**Total OPEB Liability**

The measurement date was September 30, 2024 and September 30, 2023 for fiscal year 2024 and 2023, respectively. The Sponsor's valuation date for the OPEB expense and liability for fiscal year 2024 and 2023 was September 30, 2023 and 2021, respectively.

**Deferred Inflow/Outflow of Resources**

On September 30, 2024, the Authority reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources (in thousands):

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 77,757
Changes of assumptions	11,141	5,906
Total	<u>\$ 11,141</u>	<u>\$ 83,663</u>

Amounts reported as Deferred Outflows of Resources and Deferred Inflows of Resources related to OPEB expense as follows:

<u>Years Ending September 30:</u>	<u>OPEB Plan Expense</u>
2025	\$ (6,803)
2026	(6,803)
2027	(6,803)
2028	(6,803)
2029	(6,803)
Thereafter	<u>(38,507)</u>
Total	<u>(72,522)</u>

Actuarial Assumptions:

The Total OPEB Liability was determined by an actuarial valuation as of October 1, 2023 using the following actuarial assumptions:

	<u>2024</u>	<u>2023</u>
Inflation	2.50%	2.50%
Salary Increases	2.50%	2.50%
Discount Rate	4.06%	4.87%
Initial Trend Rate	7.00%	7.50%
Ultimate Trend Rate	4.00%	4.00%
Years to Ultimate	51	53

**SANFORD AIRPORT AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
Years Ended September 30, 2024, and 2023

**Note 8 - Postemployment Benefits Other Than Pension Benefits (Continued)**

**Deferred Inflow/Outflow of Resources (Continued)**

All mortality rates were based on the Pub-2010 mortality tables with fully generational improvement using Scale MP-2021.

**Discount Rate**

Given the Authority's decision not to fund the program, all future benefit payments were discounted using a high-quality municipal bond rate of 4.06%. The high-quality municipal bond rate was based on the measurement date of the S&P Municipal Bond 20 Year High Grade Rate Index as published by S&P Dow Jones Indices. The S&P Municipal 20 Year High Grade Rate Index consists of bonds in the S&P Municipal Bond Index with a maturity of 20 years. Eligible bonds must be rated at least AA by Standard and Poor's Ratings Services, Aa2 by Moody's or AA by Fitch. If there are multiple ratings, the lowest rating is used.

**OPEB Expense**

For the year ended September 30, 2024, the Authority will recognize OPEB Expense (increase of OPEB liability) of \$15,184.

Changes in Total OPEB Liability

Reporting Period Ending Measurement Date	9/30/2024 <u>9/30/2024</u>	9/30/2023 <u>9/30/2023</u>
Service Cost	\$ 14,502	\$ 13,511
Interest	10,009	9,638
Differences in Experience	(15,954)	-
Changes of Assumptions	(4,207)	(2,364)
Benefit Payments	<u>(2,524)</u>	<u>(2,182)</u>
Net Changes	1,826	18,603
Total OPEB Liability - Beginning	208,223	189,620
Total OPEB Liability - Ending	<u>\$ 210,049</u>	<u>\$ 208,223</u>

Changes of assumptions reflect a change in the discount rate from 4.87% for the fiscal year ending September 30, 2023 to 4.06% for the fiscal year ending September 30, 2024.

**SANFORD AIRPORT AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
Years Ended September 30, 2024, and 2023

**Note 8 - Postemployment Benefits Other Than Pension Benefits (Continued)**

**Sensitivity of the Total OPEB Liability to Changes in the Discount Rate**

The following presents the Total OPEB Liability of the Authority, as well as what the Authority's Total OPEB Liability would be if it were calculated at a discount rate that is one percentage-point lower or one percentage-point higher than the current discount rate:

As of September 30, 2024			
OPEB			
1% Decrease 3.06%	Current Discount Rate 4.06%	1% Increase 5.06%	
Total OPEB Liability (Asset)	\$ 234,790	\$ 210,049	\$ 188,023

As of September 30, 2023			
OPEB			
1% Decrease 3.87%	Current Discount Rate 4.87%	1% Increase 5.87%	
Total OPEB Liability (Asset)	\$ 233,179	\$ 208,223	\$ 186,112

**Sensitivity of the Total OPEB Liability to changes in the Healthcare Cost Trend Rates**

The following presents the Total OPEB Liability of the Authority, as well as what the Authority's Total OPEB Liability would be if it were calculated using healthcare cost trend rates that are one percentage-point lower or one percentage-point higher than the current healthcare cost trend rates:

As of September 30, 2024			
OPEB			
1% Decrease 3.00% - 6.00%	Healthcare Cost Trend Rates 4.00% - 7.00%	1% Increase 5.00% - 8.00%	
Total OPEB Liability (Asset)	\$ 179,986	\$ 210,049	\$ 246,556

As of September 30, 2023			
OPEB			
1% Decrease 3.00% - 6.50%	Healthcare Cost Trend Rates 4.00% - 7.50%	1% Increase 5.00% - 8.50%	
Total OPEB Liability (Asset)	\$ 177,017	\$ 208,223	\$ 246,157

**SANFORD AIRPORT AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
Years Ended September 30, 2024, and 2023

**Note 9 – Notes Payable – Bank**

The authority has a permanent financing related to the recent terminal expansion with Truist Bank originally issued in 2022 with a current principal value of \$20.8 million. Under the financing, interest is payable semi-annually on the principal balance outstanding. The Series 2022 Revenue Note bears an interest rate of 2.82%. The payment of the loan is facilitated by passenger facility charges (PFCs) which the Authority pledged under PFC Application #4.

No other financing activities were in place on September 30, 2024 and 2023.

**Note 10 - Non-Current Liabilities**

A summary of non-current liability activity for the years ended September 30, 2024 and 2023 is as follows:

	Non-Current Liabilities					
	October 1, 2023	Additions	Deductions	September 30, 2024	Due Within One Year	Due After One Year
<b>Notes Payable</b>						
Revenue Notes:						
Series 2022 Revenue Note - Truist Bank	23,072,000	-	2,288,000	20,784,000	2,352,000	18,432,000
<b>Total Notes Payable</b>	<b>23,072,000</b>	<b>-</b>	<b>2,288,000</b>	<b>20,784,000</b>	<b>2,352,000</b>	<b>18,432,000</b>
<b>Other Long-Term Liabilities</b>						
SBITA Liability	86,907	166,163	137,285	115,785	86,152	29,633
RTU Asset Lease Liability	-	583,571	252,690	330,882	162,024	168,858
Net Pension Liability	11,387,220	1,931,699	-	13,318,919	-	13,318,919
Other Post Employment Benefits	208,223	1,826	-	210,049	-	210,049
<b>Total Other Long-Term Liabilities</b>	<b>11,682,350</b>	<b>2,683,259</b>	<b>389,975</b>	<b>13,975,634</b>	<b>248,176</b>	<b>13,727,458</b>
<b>Total Non-Current Liabilities</b>	<b>34,754,350</b>	<b>2,683,259</b>	<b>2,677,975</b>	<b>34,759,634</b>	<b>2,600,176</b>	<b>32,159,458</b>

	Non-Current Liabilities					
	October 1, 2022	Additions	Deductions	September 30, 2023	Due Within One Year	Due After One Year
<b>Notes Payable</b>						
Revenue Notes:						
Series 2022 Revenue Note - Truist Bank	25,363,000	-	2,291,000	23,072,000	2,288,000	20,784,000
<b>Total Notes Payable</b>	<b>25,363,000</b>	<b>-</b>	<b>2,291,000</b>	<b>23,072,000</b>	<b>2,288,000</b>	<b>20,784,000</b>
<b>Other Long-Term Liabilities</b>						
SBITA Liability	133,590	-	46,683	86,907	48,016	38,891
RTU Asset Lease Liability	-	-	-	-	-	-
Net Pension Liability	9,811,567	1,575,653	-	11,387,220	-	11,387,220
Other Post Employment Benefits	189,620	18,603	-	208,223	-	208,223
<b>Total Other Long-Term Liabilities</b>	<b>10,134,777</b>	<b>1,594,256</b>	<b>46,683</b>	<b>11,682,350</b>	<b>48,016</b>	<b>11,634,334</b>
<b>Total Non-Current Liabilities</b>	<b>35,497,777</b>	<b>1,594,256</b>	<b>2,337,683</b>	<b>34,754,350</b>	<b>2,336,016</b>	<b>32,418,334</b>

**SANFORD AIRPORT AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
Years Ended September 30, 2024, and 2023

**Note 10 - Non-Current Liabilities (Continued)**

The required principal and interest payments of the Series 2022 fixed rate loan are listed below:

<u>Year Ending September 30,</u>	<u>Principal</u>	<u>Interest</u>
2025	2,352,000	586,109
2026	2,419,000	519,782
2027	2,487,000	451,567
2028	2,557,000	381,433
2029	2,629,000	329,326
2030-2032	8,340,000	474,747
	<u>\$ 20,784,000</u>	<u>\$ 2,722,964</u>

Notes payable on September 30, 2024 and 2023 are summarized as follows:

	<u>2024</u>	<u>2023</u>
Truist Bank Series 2022 Revenue Note - collateralized by pledge of PFC's; 2.82% fixed interest payable semi-annually. Interest and principal payable through April 2032 (or until refinanced)	\$ 20,784,000	\$ 23,072,000
	<u>\$ 20,784,000</u>	<u>\$ 23,072,000</u>

The Authority's notes payable contains various restrictive covenants, including the maintenance of certain liquidity ratios. All covenants have been met through September 30, 2024.

For the twelve-month period ended September 30, 2024, interest paid was \$616,577 and total pledged revenues for the year were \$5,577,080.

**Note 11 – Grants and Contributions**

Grants and contributions used for capital assets are classified as capital contributions in the Statements of Revenues, Expenses and Changes in Net Position. Grants and contributions consisted of the following on September 30, 2024, and 2023:

	<u>2024</u>	<u>2023</u>
Federal grants	\$ 1,170,571	\$ 705,880
State of Florida grants	1,733,794	604,668
Local grants and contributions	6,250	-
	<u>\$ 2,910,615</u>	<u>\$ 1,310,548</u>

**SANFORD AIRPORT AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
Years Ended September 30, 2024, and 2023

**Note 12 - Related Party Transactions**

**Airport Lease** – The City of Sanford, Florida granted the Authority the exclusive right to occupy, operate, control, maintain and use the Orlando Sanford Airport for a term of 50 years starting in 2009. After 50 years, the grant automatically renews every ten (10) years unless expressly rejected in writing by the City. The purpose of the grant is for public airport purposes, subject to easements, deed restrictions, grant assurances with the United States, State of Florida, applicable laws and ordinances and other restrictions of record.

**Note 13 – Commitments and Contingencies**

**Litigation** – During the ordinary course of its operations, the Authority is a party to various claims, legal actions, and complaints. Although the outcome of these lawsuits is not determinable at the time of an audit, in the opinion of the Authority’s management, these matters are not anticipated to have a material adverse effect on the financial condition of the Authority.

**Grant Compliance** - The Authority receives grants from federal and state assistance programs. Amounts received or receivable under these programs are subject to audit and adjustment. The amount, if any, of disallowed claims, including amounts already collected, cannot be determined at this time, although the Authority expects such amounts, if any, to be immaterial, except as noted below.

**Note 14 – Risk Management**

The Authority is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions and natural disasters for which the Authority carries commercial insurance. There have been no significant reductions in coverage from the prior year and settlements have not exceeded coverage in the past five years. In addition, due to the transition of terminal operations back to the Authority on February 29<sup>th</sup>, 2024, there has been a substantial increase in coverage related to the Terminal and Welcome Center buildings, Fueling, and Ground Handling operations.

**Note 15 – COVID-19 Pandemic**

Orlando Sanford International Airport was adversely affected by the Covid-19 pandemic. The primary focus at the time had been on the welfare of customers and employees. Numerous processes were initiated such as teleconferencing, telecommuting, modified working hours and shift modifications to mitigate the effects and safeguard employees. The effect on the airline industry was significant; however, approximately 50% of all revenues the Authority received during this time came from the commerce park rather than airlines.

In addition, the FAA awarded \$40.7 million to the Authority to offset O&M and financing costs over the 4 years since the pandemic began. This was in the form of the CARES

**SANFORD AIRPORT AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
Years Ended September 30, 2024, and 2023

**Note 15 – COVID-19 Pandemic (Continued)**

Act, the CRRSA Act (Airport Sponsor), the CRRSA Act (Concessions), and the ARPA Act (Airport Sponsor) relief funding. As of September 30, 2023, the full amount was drawn from the total award of these funding sources and passenger traffic has increased to near-2019 pre-pandemic levels.

The Airport Sponsor recently completed the necessary documentation to receive funding associated with the ARPA Act (Concessions) that grants rent relief to concessionaires operating at the airport during a specific period during the pandemic. Over the course of the upcoming fiscal year 2025, the Authority will be granting this concession relief to concessionaires and recognizing the non-operating grant revenues associated with the relief. These relief funds are estimated to last until late FY2025. Upon exhaustion, this will account for all relief funds from federal programs associated with the pandemic at the airport.

**REQUIRED SUPPLEMENTARY INFORMATION**

**SANFORD AIRPORT AUTHORITY**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY**  
**Last 10 Fiscal Years (1)(2)**

**Florida Retirement System (FRS) Defined Benefit Pension Plan**

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Proportion of the net pension liability	0.025577935%	0.021331214%	0.021127239%	0.020010208%	0.019843962%	0.018666859%	0.017402196%	0.016528885%	0.017732946%	0.016769923%
Proportionate share of the net pension liability	\$ 9,894,748	\$ 8,499,814	\$ 7,861,031	\$ 1,511,544	\$ 8,600,666	\$ 6,428,606	\$ 5,241,631	\$ 4,889,133	\$ 4,477,583	\$ 2,166,060
Covered payroll	\$ 11,390,726	\$ 7,344,229	\$ 6,841,015	\$ 6,053,589	\$ 5,402,022	\$ 4,988,440	\$ 4,688,161	\$ 4,102,304	\$ 4,108,811	\$ 4,041,507
Proportionate share of the net pension liability as a percentage of its covered payroll	86.87%	115.73%	114.91%	24.97%	159.21%	128.87%	111.81%	119.18%	108.98%	53.60%
Plan fiduciary net position as a percentage of the total pension liability (2)	83.70%	82.38%	82.89%	96.40%	78.85%	82.61%	84.26%	83.89%	84.88%	92.00%

**Retiree Health Insurance Subsidy (HIS) Program**

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Proportion of the net pension liability	0.022826319%	0.018181130%	0.018415881%	0.016642316%	0.015567830%	0.015066629%	0.014057046%	0.012836939%	0.013302314%	0.013290973%
Proportionate share of the net pension liability	\$ 3,424,171	\$ 2,887,406	\$ 1,950,536	\$ 2,041,430	\$ 1,900,807	\$ 1,685,767	\$ 1,487,813	\$ 1,372,585	\$ 1,550,330	\$ 1,355,470
Covered payroll	\$ 11,390,726	\$ 7,344,229	\$ 6,841,015	\$ 6,053,589	\$ 5,402,022	\$ 4,988,440	\$ 4,688,161	\$ 4,102,304	\$ 4,108,811	\$ 4,041,507
Proportionate share of the net pension liability as a percentage of its covered payroll	30.06%	39.32%	28.51%	33.72%	35.19%	33.79%	31.74%	33.46%	37.73%	33.54%
Plan fiduciary net position as a percentage of the total pension liability (2)	4.80%	4.12%	4.81%	3.56%	3.00%	2.63%	2.15%	1.64%	0.97%	0.50%

Notes:

- (1) The Authority implemented GASB Statement No. 68 for fiscal year 2015, including a restatement for fiscal year 2014. Information for prior years is not available.
- (2) The Plan's fiduciary net position as a percentage of the total pension liability is published in Note 4 of the FRS Annual Comprehensive Financial Report.

**SANFORD AIRPORT AUTHORITY**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF CONTRIBUTIONS**  
**Last 10 Fiscal Years (1)**

**Florida Retirement System (FRS) Defined Benefit Pension Plan**

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Actuarially Determined Contribution	\$ 1,448,385	\$ 1,026,169	\$ 901,538	\$ 762,302	\$ 659,327	\$ 578,807	\$ 495,949	\$ 430,288	\$ 432,446	\$ 408,865
Contributions in relation to the Actuarially Determined Contributions	1,448,385	1,026,169	901,538	762,302	659,327	578,807	495,949	430,288	432,446	408,865
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 11,390,726	\$ 7,344,229	\$ 6,841,015	\$ 6,053,589	\$ 5,402,022	\$ 4,988,440	\$ 4,688,161	\$ 4,102,304	\$ 4,108,811	\$ 4,041,507
Contributions as a percentage of covered payroll	12.72%	13.97%	13.18%	12.59%	12.21%	11.60%	10.58%	10.49%	10.52%	10.12%

**Retiree Health Insurance Subsidy (HIS) Program**

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Actuarially Determined Contribution	\$ 193,254	\$ 119,599	\$ 111,432	\$ 97,824	\$ 89,710	\$ 83,664	\$ 76,232	\$ 67,937	\$ 68,183	\$ 50,806
Contributions in relation to the Actuarially Determined Contributions	193,254	119,599	111,432	97,824	89,710	83,664	76,232	67,937	68,183	50,806
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 11,390,726	\$ 7,344,229	\$ 6,841,015	\$ 6,053,589	\$ 5,402,022	\$ 4,988,440	\$ 4,688,161	\$ 4,102,304	\$ 4,108,811	\$ 4,041,507
Contributions as a percentage of covered payroll	1.70%	1.63%	1.63%	1.62%	1.66%	1.68%	1.63%	1.66%	1.66%	1.26%

Notes:

(1) The Authority implemented GASB Statement No. 68 for fiscal year 2015, including a restatement for fiscal year 2014. Information for prior years is not available.

**SANFORD AIRPORT AUTHORITY**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS**  
**Last 10 Fiscal Years (1)**

Reporting Period Ending Measurement Date	9/30/2024	9/30/2023	9/30/2022	9/30/2021	9/30/2020	9/30/2019	9/30/2018
	9/30/2024	9/30/2023	9/30/2022	9/30/2021	9/30/2020	9/30/2019	9/30/2018
<b>Total OPEB Liability</b>							
Service Cost	\$ 14,502	\$ 13,511	\$ 13,465	\$ 11,031	\$ 9,948	\$ 9,010	\$ 9,582
Interest	10,009	9,638	4,172	5,368	8,492	10,741	10,115
Difference between Expected and Actual Experience	(15,954)	-	(81,825)	-	(36,808)	-	-
Changes of Assumptions	(4,207)	(2,364)	14,483	(9,272)	7,302	16,538	(14,817)
Benefit Payments	(2,524)	(2,182)	(1,430)	(12,375)	(13,908)	(26,255)	(24,198)
Net Change in Total OPEB Liability	1,826	18,603	(51,135)	(5,248)	(24,974)	10,034	(19,318)
Total OPEB Liability - Beginning	208,223	189,620	240,755	246,003	270,977	260,943	280,261
Total OPEB Liability - Ending	<u>\$ 210,049</u>	<u>\$ 208,223</u>	<u>\$ 189,620</u>	<u>\$ 240,755</u>	<u>\$ 246,003</u>	<u>\$ 270,977</u>	<u>\$ 260,943</u>
Covered Employee Payroll	\$ 6,360,125	\$ 6,336,878	\$ 6,182,320	\$ 5,431,985	\$ 5,299,497	\$ 4,641,650	\$ 4,417,989
Total OPEB Liability as a Percentage of Covered Employee Payroll	3.30%	3.29%	3.07%	4.43%	4.64%	5.84%	5.91%

Notes:

*Changes of assumption:* Changes of assumptions and other inputs reflect the effects of changes in the discount rate each period. The following are the discount rates used in each period:

Fiscal Year Ended September 30, 2024:	4.06%
Fiscal Year Ended September 30, 2023:	4.87%
Fiscal Year Ended September 30, 2022:	4.77%
Fiscal Year Ended September 30, 2021:	2.43%
Fiscal Year Ended September 30, 2020:	2.14%
Fiscal Year Ended September 30, 2019:	3.58%
Fiscal Year Ended September 30, 2018:	4.18%

(1) The Authority implemented GASB Statement No. 75 for fiscal year 2018. Information for prior years is not available.

## **COMPLIANCE SECTION**

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

### **Independent Auditor's Report**

The Authority Board  
Sanford Airport Authority  
Sanford, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the basic financial statements, as listed in the table of contents, of the Sanford Airport Authority (the "Authority") as of and for the fiscal year ended September 30, 2024, and have issued our report thereon May 30, 2025.

### **Report on Internal Control over Financial Reporting**

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

As part of obtaining reasonable assurance about whether the Authority's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Pursuant to provisions of Chapter 10.550, *Rules of the Auditor General*, we reported certain matters to management in a separate management letter and Independent Accountant's Report dated May 30, 2025.

***Purpose of this Report***

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

***Forvis Mazars, LLP***

**Orlando, Florida  
May 30, 2025**

**Report on Compliance for Each Major Federal Program, Major State Project, and the Passenger Facility Charge Program and on Internal Control over Compliance and Report on Schedule of Expenditures of Federal Awards, State Financial Assistance and Schedule of Passenger Facility Charges Required by the Uniform Guidance, Chapter 10.550, Rules of the Auditor General, and Passenger Facility Charge Audit Guide for Public Agencies**

**Independent Auditor's Report**

The Authority Board  
Sanford Airport Authority  
Sanford, Florida

**Report on Compliance for Each Major Federal Program, Major State Project, and the Passenger Facility Charge Program**

***Opinion on Each Major Federal Program, Major State Project, and the Passenger Facility Charge Program***

We have audited the compliance of the Sanford Airport Authority (the "Authority") with the types of compliance requirements described in the U.S. Office of Management and Budget ("OMB") *Compliance Supplement*, the requirements described in the Department of Financial Services' *State Projects Compliance Supplement*, and the requirements described in the *Passenger Facility Charge Audit Guide for Public Agencies* issued by the Federal Aviation Administration (the "Guide") that could have a direct and material effect on each of the Authority's major federal programs, major state projects, and the passenger facility charge program for the fiscal year ended September 30, 2024. The Authority's major federal programs and major state projects are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

In our opinion, the Authority complied, in all material respects, with the types of compliance requirements referred to in the first paragraph that could have a direct and material effect on each of the Authority's major federal programs, major state projects, and the passenger facility charge program for the fiscal year ended September 30, 2024.

***Basis for Opinion on Each Major Federal Program, Major State Project, and the Passenger Facility Charge Program***

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 the Audit Requirements for Federal Awards* ("Uniform Guidance"); and Chapter 10.550, *Rules of the Auditor General*; and the Guide. 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 the Authority and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program, major state project, and the passenger facility charge program. Our audit does not provide a legal determination of the Authority's compliance with the compliance requirements referred to above.

### ***Responsibility of Management for Compliance***

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

### ***Auditor's Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Authority's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, the Uniform Guidance, Chapter 10.550, *Rules of the Auditor General*; and the Guide will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Authority's compliance with the requirements of each major federal program, major state project, and the passenger facility charge program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, Uniform Guidance, Chapter 10.550, *Rules of the Auditor General*, and the Guide, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Authority's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Authority's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, Chapter 10.550, *Rules of the Auditor General*, and the Guide, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control over compliance. Accordingly, no such opinion is expressed.

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

## Report on Internal Control over Compliance

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct noncompliance with a type of compliance requirement of a federal program, state project, or the passenger facility charge program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program, state project, or the passenger facility charge program will not be prevented, or detected and corrected on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program, state project, or the passenger facility charge program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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, Chapter 10.550, *Rules of the Auditor General*, and the Guide. Accordingly, this report is not suitable for any other purpose.

## Report on Schedule of Expenditures of Federal Awards, State Financial Assistance and Schedule of Passenger Facility Charges

We have audited the basic financial statements of the Authority as of and for the fiscal year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements. We issued our report thereon dated May 30, 2025, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards, state financial assistance, and schedule of passenger facility charges are presented for purposes of additional analysis, as required by the Uniform Guidance, Chapter 10.550, *Rules of the Auditor General*, and the Guide, 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 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 financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

**Forvis Mazars, LLP**

**Orlando, Florida  
May 30, 2025**

**SANFORD AIRPORT AUTHORITY**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS, STATE  
FINANCIAL ASSISTANCE, AND PASSENGER FACILITY CHARGES**

**Year Ended September 30, 2024**

<b>Grantor</b>	<b>AL</b>	<b>Contract/Grant Number</b>	<b>Expenditures</b>
<b>Pass-through grantor</b>	<b>Number</b>	<b>Contract/Grant Number</b>	<b>Expenditures</b>
<b>Federal Program</b>	<b>Number</b>	<b>Contract/Grant Number</b>	<b>Expenditures</b>
<b>United States Department of Transportation</b>			
Federal Aviation Administration			
Airport Improvement Program			
	20.106	3-12-0069-090-2023	\$ 923,861
	20.106	3-12-0069-091-2023	318,856
	20.106	3-12-0069-092-2024	23,750
	20.106	3-12-0069-094-2024	94,780
<b>Total U.S. Department of Transportation</b>			<b>1,361,247</b>
<b>United States Department of Homeland Security</b>			
FEMA - Hurricane Ian Reimbursement			
	97.036	DR 4673-FL	190,231
<b>Total U.S. Department of Homeland Security</b>			<b>190,231</b>
<b>Total Federal Awards</b>			<b>\$ 1,551,478</b>
<b>State Program</b>	<b>CFSA</b>	<b>Contract/Grant Number</b>	<b>Expenditures</b>
<b>Florida Department of Transportation</b>	<b>Number</b>	<b>Contract/Grant Number</b>	<b>Expenditures</b>
Aviation Development Grants			
	55.004	450865	\$ 1,158,934
	55.004	437713	16,761
	55.004	452650	8,877
	55.004	455000	1,250
	55.004	452890	51,345
	55.004	452891	16,588
	55.004	452985	100,381
<b>Total Florida Department of Transportation</b>			<b>1,354,137</b>
<b>Total State Financial Assistance</b>			<b>\$ 1,354,137</b>

See accompanying Notes to the Schedule of Expenditures of Federal Awards, State  
Financial Assistance, and Passenger Facility Charges.

**SANFORD AIRPORT AUTHORITY**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS, STATE FINANCIAL ASSISTANCE, AND PASSENGER FACILITY CHARGES (CONTINUED)**  
Year Ended September 30, 2024

**FY24 PFC Collections & Expenditures**

Sanford Airport Authority  
Orlando Sanford Intl Airport (SFB)  
Passenger Facility Charge (PFC)

	Q1 - October 2023 - December 2023	Q1 YTD	Q2 - January 2024 - March 2024	Q2 YTD	Q3 - April 2024 - June 2024	Q3 YTD	Q4 - July 2024 - September 2024	Total FY24
PFC Revenue Received	1,055,440	1,055,440	1,377,379	2,432,820	1,647,843	4,080,662	1,467,499	5,548,162
PFC Interest Earned	6,029	6,029	7,283	13,312	7,092	20,404	8,514	28,918
<b>Total Collections</b>	<b>\$ 1,061,469</b>	<b>\$ 1,061,470</b>	<b>\$ 1,384,662</b>	<b>\$ 2,446,132</b>	<b>\$ 1,654,935</b>	<b>\$ 4,101,066</b>	<b>\$ 1,476,013</b>	<b>\$ 5,577,080</b>
<b>Application 4 Expenditures</b>								
2024 Taxiway Bravo Debt Service	-	-	-	-	733,684	-	-	733,684
2024 Airfield Drainage Debt Service	-	-	-	-	136,196	-	-	136,196
2018 Terminal Expansion Debt Service	-	-	2,613,315	2,613,315	-	2,613,315	291,262	2,904,577
<b>Total Application 4 Project Expenditures</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 2,613,315</b>	<b>\$ 2,613,315</b>	<b>\$ 869,880</b>	<b>\$ 2,613,315</b>	<b>\$ 291,262</b>	<b>\$ 3,774,457</b>

See accompanying Notes to the Schedule of Expenditures of Federal Awards,  
State Financial Assistance, and Passenger Facility Charges

**SANFORD AIRPORT AUTHORITY**

**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS, STATE  
FINANCIAL ASSISTANCE AND PASSENGER FACILITY CHARGES**

**Year Ended September 30, 2024**

**Note 1 – Basis of Presentation:**

The accompanying schedule of expenditures of federal awards, state financial assistance, and passenger facility charges (the “Schedule”) includes the state and federal grant activity of the Sanford Airport Authority (the “Authority”) under programs of the federal government for the year ended September 30, 2024. The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations*, Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Authority, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Authority.

**Note 2 – Summary of Significant Accounting Policies:**

Expenditures reported on the Schedule are reported on the accrual basis of accounting.

Federal expenditures are recognized following the cost principles contained in OMB’s Uniform Guidance (2 CFR part 200, subpart E), wherein certain types of expenditures are not allowable or are limited as to reimbursement. If applicable, negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Pass-through entity identifying numbers are presented where available.

**Note 3 – Indirect Costs:**

The Authority did not charge indirect costs to its federal program for the year ended September 30, 2024.

**Sanford Airport Authority  
 Schedule of Findings & Questioned Costs  
 Year Ended September 30, 2024**

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

**Financial Statements**

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

(Check each description that applies)

- Unmodified       Qualified       Adverse       Disclaimer

2. Internal control over financial reporting:

Material weakness(es) identified?       Yes       No

Significant deficiency(ies) identified?       Yes       None reported

3. Noncompliance material to the financial statements noted?       Yes       No

**Federal Awards and State Financial Assistance**

4. Internal control over major federal programs and major state projects:

Material weakness(es) identified?       Yes       No

Significant deficiency(ies) identified?       Yes       None reported

5. Type of auditor’s report issued on compliance for major federal program(s) and major state project(s):

(Check each description that applies. If any other than unmodified apply, also list the name of each major program by the type of opinion applicable to that program.)

- Unmodified       Qualified       Adverse       Disclaimer

6. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a) and Chapter 10.557, *Rules of the Auditor General*?       Yes       No

7. Identification of major federal programs and major state projects:

<b>Assistance Listing Number(s)</b>	<b>Name of Federal Program or Cluster</b>
20.106	Airport Improvement Program
<b>CSFA Numbers</b>	<b>Name of State Projects</b>
55.004	FDOT: Aviation Development Grants

8. Dollar threshold used to distinguish between Type A and Type B programs:

Federal: \$750,000  
 State: \$406,241

9. Auditee qualified as a low-risk auditee?       Yes       No

**Sanford Airport Authority  
Schedule of Findings & Questioned Costs (continued)  
Year Ended September 30, 2024**

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**Section II – Financial Statement Findings**

<b>Reference Number</b>	<b>Finding</b>
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No matters are reportable.

**Section III – Federal Award and State Financial Assistance Findings and Questioned Costs**

<b>Reference Number</b>	<b>Finding</b>
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No matters are reportable.

**Section IV – Prior Audit Findings**

<b>Reference Number</b>	<b>Finding</b>
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No matters were reported over federal awards, state financial assistance, or passenger facility charges in the prior year.

## Independent Accountant's Report

The Authority Board  
Sanford Airport Authority  
Sanford, Florida

We have examined the compliance of the Sanford Airport Authority (the "Authority") with the requirements of Section 218.415, Florida Statutes, during the fiscal year ended September 30, 2024. Management is responsible for the Authority's compliance with those requirements. Our responsibility is to express an opinion on the Authority's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the Authority complied with those requirements, in all material respects. An examination involves performing procedures to obtain evidence about the Authority's compliance with those requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of noncompliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

We are required to be independent and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to the engagement. Our examination does not provide a legal determination on the Authority's compliance with specified requirements.

In our opinion, the Authority complied, in all material respects, with the aforementioned requirements for the fiscal year ended September 30, 2024.

**Forvis Mazars, LLP**

**Orlando, Florida**  
**May 30, 2025**

## **Independent Auditor's Management Letter**

The Authority Board  
Sanford Airport Authority  
Sanford, Florida

### **Report on the Financial Statements**

We have audited the financial statements of the Sanford Airport Authority (the "Authority") as of and for the fiscal year ended September 30, 2024, and have issued our report thereon dated May 30, 2025.

#### ***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 the Audit Requirements for Federal Awards* ("Uniform Guidance"); Chapter 10.550, *Rules of the Auditor General*; and the *Passenger Facility Charge Audit Guide for Public Agencies*.

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

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*; Independent Auditor's Report on Compliance for Each Major Federal Program, Major State Project, and the Passenger Facility Charge Program and on Internal Control over Compliance and Report on Schedule of Expenditures of Federal Awards and State Financial Assistance and Schedule of Passenger Facility Charges Required by the Uniform Guidance, Chapter 10.550, *Rules of the Auditor General*, and *Passenger Facility Charge Audit Guide for Public Agencies*; 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 and schedule, which are dated May 30, 2025, should be considered in conjunction with this management letter.

#### ***Prior Audit Findings***

Section 10.554(1)(i)1., *Rules of the Auditor General*, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. There were no findings or recommendations made in the preceding annual financial report.

#### ***Official Title and Legal Authority***

Section 10.554(1)(i)4., *Rules of the Auditor General*, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. The legal authority is disclosed in the notes to the financial statements.

### **Financial Condition and Management**

Sections 10.554(1)(i)5.a. and 10.556(7), *Rules of the Auditor General*, require us to apply appropriate procedures and communicate the results of our determination as to whether or not the Authority met one or more of the conditions described in Section 218.503(1), Florida Statutes, and to identify the specific condition(s) met. In connection with our audit, we determined that the Authority did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

Pursuant to Sections 10.554(1)(i)5.b. and 10.556(8), *Rules of the Auditor General*, we applied financial condition assessment procedures for the Authority. It is management's responsibility to monitor the Authority's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.

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

### **Property Assessed Clean Energy (PACE) Programs**

As required by Section 10.554(1)(i)6.a., *Rules of the Auditor General*, a PACE program authorized pursuant to Section 163.081 or Section 163.082, Florida Statutes, did not operate within the Authority's geographical boundaries during the fiscal year under audit.

### **Special District Component Units**

Section 10.554(1)(i)5.c., *Rules of the Auditor General*, requires, if appropriate, that we communicate the failure of a special district that is a component unit of a county, municipality, or special district, to provide the financial information necessary for proper reporting of the component unit within the audited financial statements of the county, municipality, or special district in accordance with Section 218.39(3)(b), Florida Statutes. In connection with our audit, we did not note any special district components that failed to provide the necessary information for proper reporting in accordance with Section 218.39(3)(b), Florida Statutes.

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

1. The total number of Authority employees compensated in the last pay period of the Authority's fiscal year as 256.
2. The total number of independent contractors to whom nonemployee compensation was paid in the last month of the Authority's fiscal year as 1.
3. All compensation earned by or awarded to employees, whether paid or accrued, regardless of contingency as \$16,152,805.
4. All compensation earned by or awarded to nonemployee independent contractors, whether paid or accrued, regardless of contingency as \$7,193.
5. 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 project as:
  - (A) Parking Lot- Design - \$224,263
  - (B) Tenant Roof Replace '24 - \$149,750
  - (C) Tenant AC Units '24 - \$71,802
  - (D) Sterile Corridor Wall Removal - \$100,000
  - (E) Fuel Pump Upgrades - \$68,666

6. 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 district amends a final adopted budget under Section 189.016(6), Florida Statutes as \$10,546,749.

***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 Authority's Board, and applicable management, and is not intended to be, and should not be, used by anyone other than these specified parties.

***Forvis Mazars, LLP***

**Orlando, Florida  
May 30, 2025**