

Canaveral Port Authority

Financial Statements
Years Ended September 30, 2019 and 2018

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Public Officials
September 30, 2019

Micah Loyd
Chairman

Robyn Hattaway
Vice Chairman

Bob Harvey
Secretary/Treasurer

Jerry W. Allender
Commissioner

Wayne Justice
Commissioner

Captain John Murray
Chief Executive Officer

Harold Bistline
Port Attorney

Michael Poole
Chief Financial Officer

Patricia Poston
Senior Director of Finance

Diana Mims-Reid
Controller

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Independent Auditor's Report

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

We have audited the accompanying financial statements of the Canaveral Port Authority (the Authority), as of and for the years ended September 30, 2019 and 2018, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

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, 2019 and 2018, and the changes in its financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis (MD&A) and the schedule of changes in total OPEB liability 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 audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Authority's basic financial statements. The schedule of expenditures state financial assistance, as required by Chapter 10.550, *Rules of the Auditor General, State of Florida*, the schedule of expenditures of federal awards, the schedule of comparative revenues, expenses and changes in net position, schedule of comparative operating revenues by activity, schedule of construction in progress and capital costs compared with budget, the schedule of seaport bond program projects, and the schedule of insurance in force are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The schedule of expenditures of state financial assistance and federal awards is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards and state financial assistance is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The schedule of comparative revenues, expenses and changes in net position, schedule of comparative operating revenues by activity, the schedule of construction in progress and capital costs compared with budget, the schedule of seaport bond program projects, and the schedule of insurance in force have not been subjected to the auditing procedures applied in the audit of the basic financial statements and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 24, 2020 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.

RSM US LLP

Melbourne, Florida
February 24, 2020

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Canaveral Port Authority

Management's Discussion and Analysis (Unaudited)

As management of the Canaveral Port Authority (the "Authority"), we offer readers of the Authority's financial statements this narrative overview and analysis of the financial activities of the Canaveral Port Authority for the fiscal years ended September 30, 2019 and 2018. **All amounts, unless otherwise indicated, are expressed in thousands of dollars.**

Financial Highlights

- The assets of the Authority exceeded its liabilities at the close of the most recent fiscal year by \$382,378 (*net position*). Of this amount, \$60,943 is the unrestricted net position and is available to meet the Authority's ongoing obligations to creditors.
- The Authority's total net position increased by \$24,264. This increase consists of \$9,025 of income before capital contributions and capital contributions of \$15,239.
- At the end of the current fiscal year, the unrestricted net position was 59.5% of total expenses.

Overview of the Financial Statements

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

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

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

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

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

The basic enterprise fund financial statements can be found on pages 2-6 of this report.

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the basic financial statements. The notes to the financial statements can be found on pages 7-33 of this report.

Canaveral Port Authority

Management's Discussion and Analysis (Unaudited)

In addition to the basic financial statements and accompanying notes, this report also presents other required supplementary information and other supplementary information. This supplementary information can be found on pages 35-46 of this report.

Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of an entity's financial position. Assets exceeded liabilities as of September 30, 2019 and 2018 by \$382,378 and \$358,114, respectively.

The following table reflects the condensed statement of net position:

Canaveral Port Authority's Net Position (In thousands)

	2019	2018	2017
Current and other assets	\$ 185,278	\$ 89,474	\$ 73,754
Capital assets	658,616	582,693	590,263
Total assets	843,894	672,167	664,017
Deferred outflows of resources	628	665	1,023
Current liabilities	57,033	45,494	38,959
Noncurrent liabilities	404,833	269,224	281,642
Total liabilities	461,866	314,718	320,601
Deferred inflows of resources	279	-	118
Net position:			
Net investment in capital assets	309,282	295,811	285,685
Restricted	12,152	5,235	5,235
Unrestricted	60,944	57,068	53,401
Total net position	\$ 382,378	\$ 358,114	\$ 344,321

By far the largest portion of the Authority's net position as of September 30, 2019 and 2018, (80.9% and 82.6%, respectively), reflects its investment in capital assets (e.g., land, buildings, improvements, equipment, intangibles and construction in progress); less any related debt used to acquire those assets that are still outstanding. These assets are not available for future spending. Although the Authority's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from operations, since the capital assets themselves cannot be used to liquidate these liabilities.

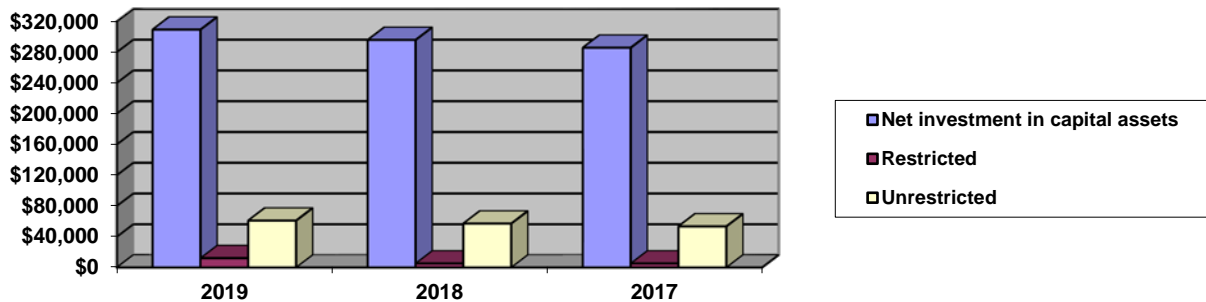
In addition, a portion of the Authority's net position as of September 30, 2019 and 2018, (3.2% and 1.5%, respectively), represents the reserve for maximum debt service restricted in accordance with existing bond covenants. The remaining balance of unrestricted net position may be used to meet the Authority's ongoing obligations to creditors. At the end of the current fiscal year, the Authority's unrestricted net position increased by \$3,876. In the prior year, unrestricted net position increased by \$3,667.

Canaveral Port Authority

Management's Discussion and Analysis (Unaudited)

The Authority's total net position increased by \$24,264 during the current fiscal year. Of this amount, \$9,025 represents net income before capital contributions. The remaining \$15,239 represents the capital contributions (grant proceeds) from federal and state sources. There is no assurance that these capital contributions from other sources will continue in the future.

Net Position



The following table shows condensed revenue and expense data:

Canaveral Port Authority's Changes in Net Position (in thousands)

	2019	2018	2017
Operating revenues:			
Fees and charges for services	\$ 106,511	\$ 101,709	\$ 93,280
Non-operating revenues:			
Investment earnings	3,413	809	446
Other	1,272	1,490	4,286
Total non-operating revenues	4,685	2,299	4,732
Total revenues	111,196	104,008	98,012
Operating expenses:			
Operations, facilities and public safety	29,691	26,950	26,223
Executive, finance and administration	10,046	9,413	9,482
Engineering and environmental	2,556	2,739	5,633
Other	6,543	6,229	5,078
Depreciation and amortization	39,086	43,622	38,880
Total operating expenses	87,922	88,953	85,296
Non-operating expenses:			
Interest	13,222	9,527	8,901
Other	1,027	1,570	1,002
Total non-operating expenses	14,249	11,097	9,903
Total expenses	102,171	100,050	95,199
Income before contributions	9,025	3,958	2,813
Capital contributions	15,239	9,835	4,855
Change in net position	24,264	13,793	7,668
Net position – beginning	358,114	344,321	336,653
Net position – ending	\$ 382,378	\$ 358,114	\$ 344,321

Canaveral Port Authority

Management's Discussion and Analysis (Unaudited)

Key elements of the increase in net position for the fiscal year ended September 30, 2019, are as follows.

- Overall fees and charges for services increased 4.7%. Included in the overall fees and charges were revenues from cruise operations, cargo and recreation which increased 5.4%, 10% and 4.2%, respectively. The growing number of cruise passengers and additional ship visits resulted in the increase of cruise revenues of nearly \$4 million and 5.4% as compared to the prior year. Parking and land leases increased 2.1% and 4.2%, respectively. Recreation which includes Jetty Park and Exploration Tower increased nearly \$521, despite the 7-day closure for Hurricane Dorian.
- Overall, non-operating revenues increased by 103.8%. Non-operating revenues include investment earnings, insurance proceeds, grant revenue and gains on sale of assets or legal settlements. Investment earnings increased by 321.9%, gain on sale/disposal of assets decreased by 41.1%. Grant revenue decreased by 25.9%. This is attributable to the increase of operating costs covered by security related grants and timing.
- Capital contributions from federal and state grants for capitalized projects increased during the current fiscal year by \$5.4 million or 55.0%. This increase was mainly due to the collection of previously approved grant funds associated with work on North Cargo Berth 8, the Mobile Harbor Crane, Cruise Terminal 3, Port Wayfinding and Northside Cruise Roadway Network. These grant funds contributed \$15.2 million to the change in net position in the current fiscal year.

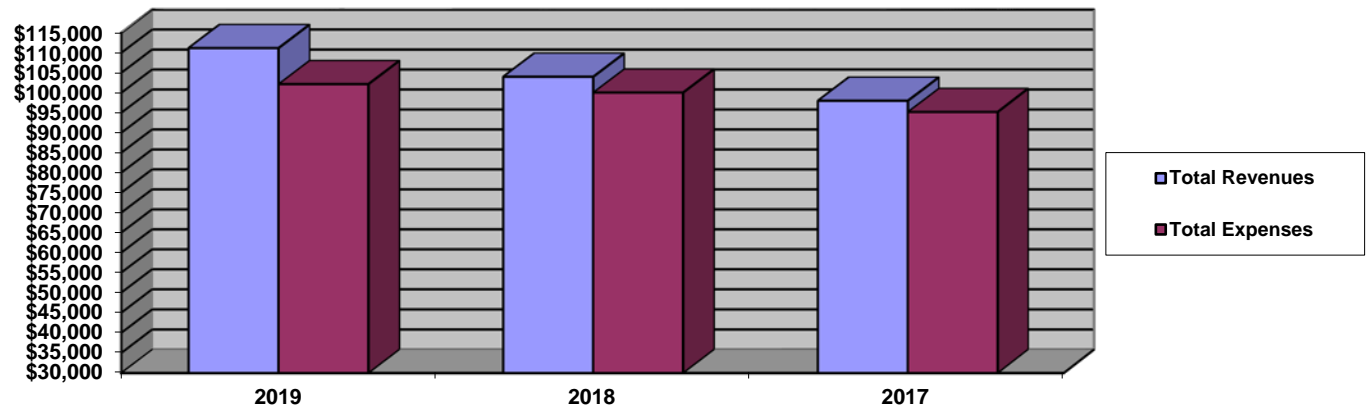
Key elements of the increase in net position for the fiscal year ended September 30, 2018, are as follows.

- Overall fees and charges for services increased 9.0%. Included in the overall fees and charges were revenues from cruise operations, cargo and recreation which increased 6.8%, 18.3% and 18.3%, respectively. The growing number of cruise passengers and additional ship visits resulted in the increase of cruise revenues of nearly \$5 million and 6.8% as compared to the prior year. Cargo tonnage increases of 426 thousand tons and \$1.6 million over the prior year were the other major component of current year fees and services increased revenues. Parking and land leases increased 14.8% and 21.7%, respectively. Recreation which includes Jetty Park and Exploration Tower increased nearly \$500 thousand as it was operational for a full year without hurricane interruption.
- Overall, non-operating revenues decreased by 51.4%. Non-operating revenues include investment earnings, insurance proceeds, grant revenue, and gains on sale of assets or legal settlements. Investment earnings increased by 81.7%, gain on sale/disposal of assets decreased by 97.9%. Grant revenue increased by 165.5%. This is attributable to the increase of operating costs covered by security related grants and timing.
- Capital contributions from federal and state grants for capitalized projects increased during the current fiscal year by \$5.0 million or 102.6%. This increase was mainly due to the collection of previously approved grant funds associated with work on the North Cargo Berth 8, North Cargo Piers 1 and 2, and the Mobile Harbor Crane. These grant funds contributed \$9.8 million to the change in net position in the current fiscal year.

Canaveral Port Authority

Management's Discussion and Analysis (Unaudited)

Total Revenues and Expenses



Capital Asset and Debt Administration

Capital assets. The Canaveral Port Authority's capital assets as of September 30, 2019 and 2018, amount to \$658,616 and \$582,693, respectively, (net of accumulated depreciation). These balances include land, buildings, improvements, equipment, intangibles and construction in progress. The total increase in the Authority's capital assets was 13.03% and a decrease of 1.28% for fiscal years 2019 and 2018, respectively.

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

- Construction continued on several major projects for the Authority, including design and construction of a new Cruise Terminal 3 including terminal, garage, berth and passenger boarding bridges, Portwide Wayfinding and Road improvements. The total investment in these projects totaled \$104,377 and were offset by the total value of projects completed and moved from Construction in Progress to capital assets of \$37,608.

Several major projects included in Construction in Progress were completed in fiscal year 2019 including:

- North Cargo Berth 8 at a cost of \$19,191
- Mobile Harbor Crane at a cost of \$6,164
- Northside Pier Rejuvenation at a cost of \$3,236
- Acquisitions and Lease Buybacks at a cost of \$2,723
- Petroleum Transfer Platform SCP4 at a cost of \$1,731
- Cruise Terminal 1 South Parking Area at a cost of \$1,321

Additions for the year ended September 30, 2019, were offset by depreciation expense of \$38,554 and amortization expense of \$532.

Canaveral Port Authority

Management's Discussion and Analysis (Unaudited)

Major capital asset events during the fiscal year 2018 include the following:

- Construction began or continued on several major projects for the Authority, including design and construction of a new Cruise Terminal 3, garage, berth and passenger boarding bridges, construction of North Cargo Berth 8, Portwide Wayfinding and a new mobile harbor crane. These additions totaled \$24,945 and were offset by the total value of projects completed and moved from Construction in Progress to capital assets of \$24,789.

Several major projects included in Construction in Progress were completed in fiscal year 2018 including:

- West Turning Basin Cargo Area Deepening at a cost of \$7,856
- North Cargo Piers 1 & 2 at a cost of \$4,245
- Commercial Access and Billing at a cost of \$1,701
- Portwide Parking Lot Improvements at a cost of \$1,431
- 30 Year Port Master Plan at a cost of \$1,192

Additions for the year ended September 30, 2018, were offset by depreciation expense of \$43,140 and amortization expense of \$482

Canaveral Port Authority's Capital Assets (net of depreciation) (in thousands)

	2019	2018	2017
Land	\$ 5,471	\$ 5,471	\$ 4,603
Buildings	147,349	153,457	159,699
Improvements other than:			
Buildings	362,879	356,759	365,719
Equipment	28,645	29,608	35,748
Intangibles	1,781	2,312	1,602
Construction in progress	112,491	35,086	22,892
Total	<u>\$ 658,616</u>	<u>\$ 582,693</u>	<u>\$ 590,263</u>

Additional information on the Canaveral Port Authority's capital assets can be found in note 3.C. on pages 16-17 of this report.

Long-term debt. At September 30, 2019 and 2018, the Canaveral Port Authority had total bonded debt outstanding of \$377,690 and \$277,749. The Canaveral Port Authority's debt represents bonds secured solely by operating revenues (i.e., revenue bonds).

The Canaveral Port Authority's total revenue bonds increased by \$99,941 (35.98%) during the current fiscal year and decreased by \$11,684 (4.04%) during the prior year. The increase during the current fiscal year was due to the new bond series 2018A, 2018B, and 2018C. The major factor for the decrease during the prior year was due to regular scheduled principal payments and no new issuances that year.

Additional information on the Canaveral Port Authority's long-term debt can be found in Note 3.F. on pages 19-25 of this report.

Canaveral Port Authority

Management's Discussion and Analysis (Unaudited)

Economic Factors and Next Year's Budgets and Rates

- Charges for services are budgeted to increase 8.7% for the fiscal year ending September 30, 2020 due to anticipated increase in cargo and cruise related business. Operating expenses are budgeted to increase 14.1%, due to a full year depreciation as a result of transfers of completed assets from construction in progress and additions in staffing requirements to support operations.
- Income before capital contributions, for the fiscal year ending September 30, 2020, is budgeted at \$8,340. This represents a 7.6% decrease over the current year.

Requests for Information

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

BASIC FINANCIAL STATEMENTS

Canaveral Port Authority

**Statements of Net Position
September 30, 2019 and 2018**

	2019	2018
Assets		
Current assets:		
Cash and cash equivalents	\$ 36,771,950	\$ 61,687,367
Restricted cash and cash equivalents	61,095,848	6,187,359
Investments	24,510,229	469,974
Investments-restricted	31,200,000	-
Accounts receivable – trade, net	6,979,906	7,548,754
Prepaid expenses	2,841,810	2,183,892
Due from other governmental units	8,622,088	5,285,510
Inventory	412,913	140,510
Other receivables, current	184,387	198,961
Total current assets	172,619,131	83,702,327
Noncurrent assets:		
Restricted cash and equivalents	12,152,138	5,234,736
Other receivables, long-term	507,333	536,661
Capital assets (net of accumulated depreciation and amortization):		
Land	5,470,630	5,470,630
Buildings	147,348,456	153,457,586
Improvements other than buildings	362,879,203	356,758,823
Equipment	28,645,242	29,607,710
Intangible assets	1,781,110	2,312,642
Construction in progress	112,491,025	35,085,883
Total noncurrent assets	671,275,137	588,464,671
Total assets	843,894,268	672,166,998
Deferred outflows of resources:		
Deferred outflows – OPEB	138,748	-
Deferred loss on bond refunding	489,716	664,845
Total deferred outflows of resources	628,464	664,845

(Continued)

Canaveral Port Authority

Statements of Net Position (Continued)
September 30, 2019 and 2018

	2019	2018
Liabilities		
Current liabilities:		
Accounts payable and accrued expenses	22,127,157	12,498,167
Unearned revenue	1,734,215	1,586,782
Payroll and sales taxes payable	179,918	201,405
Revenue bonds payable, current portion	13,224,873	11,962,016
Compensated absences, current portion	830	1,360
Line of credit	14,985,543	15,985,543
Other liabilities, current portion	100,000	167,280
Payable from restricted assets:		
Accrued interest payable	4,560,896	3,008,466
Revenue bonds payable, current portion	120,000	83,333
Total current liabilities	57,033,432	45,494,352
Noncurrent liabilities:		
Revenue bonds payable, less current portion	370,317,708	265,703,216
Compensated absences, less current portion	986,756	804,366
Line of credit	30,786,492	-
Net OPEB obligation	1,628,077	1,576,387
Other liabilities, long-term portion	1,113,739	1,139,602
Total noncurrent liabilities	404,832,772	269,223,571
Total liabilities	461,866,204	314,717,923
Deferred inflows of resources:		
Deferred inflows – Other post employment benefits (OPEB)	278,708	-
Net position:		
Net investment in capital assets	309,282,262	295,811,370
Restricted for debt service	12,152,138	5,234,736
Unrestricted	60,943,420	57,067,814
Total net position	\$ 382,377,820	\$ 358,113,920

See notes to financial statements.

Canaveral Port Authority

Statements of Revenues, Expenses and Changes in Net Position Years Ended September 30, 2019 and 2018

	2019	2018
Operating revenues:		
Fees and charges for services	\$ 106,511,432	\$ 101,708,705
Operating expenses:		
Operations	9,216,703	6,443,405
Facilities	10,772,819	11,350,753
Parks and recreation	1,586,956	1,513,368
Exploration tower	634,469	691,795
Public safety	9,700,799	9,155,561
Fire training facility	299,103	202,133
Commission	331,674	305,482
Executive	1,829,108	1,541,860
Finance and accounting	1,716,615	1,825,090
Administrative services	6,500,713	6,045,941
Engineering and environmental	2,555,874	2,739,028
Business development	1,713,734	1,605,875
Tenant and property development	798,007	892,985
Government and strategic communications	1,179,495	1,018,105
Depreciation	38,554,203	43,139,638
Amortization	531,532	481,862
Total operating expenses	87,921,804	88,952,881
Operating income	18,589,628	12,755,824
Non-operating revenues:		
Investment earnings	3,412,808	809,438
Insurance proceeds	658,975	646,534
Grant revenue	567,455	765,757
Gain on sale/disposal of assets	45,621	77,412
Total non-operating revenues	4,684,859	2,299,141
Non-operating expenses:		
Interest expense	13,222,110	9,527,142
Loss on disposal of capital assets	5,027	931,634
Other non-operating expenses	1,022,751	638,082
Total non-operating expenses	14,249,888	11,096,858
Income before capital contributions	9,024,599	3,958,107
Capital contributions	15,239,301	9,834,725
Change in net position	24,263,900	13,792,832
Net position, beginning of year	358,113,920	344,321,088
Net position, end of year	\$ 382,377,820	\$ 358,113,920

See notes to financial statements.

Canaveral Port Authority

Statements of Cash Flows

Years Ended September 30, 2019 and 2018

	2019	2018
Cash flows from operating activities:		
Cash received from customers and users	\$ 105,515,867	\$ 102,004,086
Cash paid to suppliers for goods and services	(34,391,787)	(33,712,213)
Cash payments to employees for services	(13,910,454)	(12,442,848)
Net cash provided by operating activities	57,213,626	55,849,025
Cash flows from non-capital financing activities:		
Grant revenue received	567,455	765,757
Insurance proceeds	2,053,350	2,086,224
Net cash provided by non-capital financing activities	2,620,805	2,851,981
Cash flows from capital and related financing activities:		
Interest paid	(12,025,589)	(9,468,992)
Proceeds from revenue bonds	118,155,896	-
Costs of bond issuance	(772,440)	(7,186)
Principal paid on revenue bonds	(12,052,895)	(11,684,412)
Acquisition and construction of capital assets	(106,296,357)	(32,168,466)
Proceeds from line of credit	45,772,035	-
Payments made on line of credit	(15,985,543)	
Contributed capital	12,108,383	6,472,836
Net cash provided by (used in) capital and related financing activities	28,903,490	(46,856,220)
Cash flows from investing activities:		
Interest received on investments	2,618,918	809,438
Purchase of investments	(54,916,339)	-
Proceeds from sale of investments	469,974	550
Net cash (used in) provided by investing activities	(51,827,447)	809,988
Net increase in cash and equivalents	36,910,474	12,654,774
Cash and cash equivalents:		
Beginning of Year	73,109,462	60,454,688
End of Year	\$ 110,019,936	\$ 73,109,462

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Canaveral Port Authority

Statements of Cash Flows (Continued)
Years Ended September 30, 2019 and 2018

	2019	2018
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$ 18,589,628	\$ 12,755,824
Adjustment to reconcile operating income to net cash provided by operating activities:		
Depreciation expense	38,554,203	43,139,638
Amortization expense	531,532	481,862
(Increase) decrease in assets:		
Accounts receivable	(1,157,571)	143,287
Insurance receivable	-	(1,394,375)
Inventory	(272,403)	(29,082)
Other receivables, current	14,574	89,545
Due from other governmental units	(48,975)	529,543
Prepaid expenses	(657,918)	(56,661)
Deferred outflows of resources	(138,748)	175,128
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	1,254,245	195,204
Unearned revenue	147,433	62,549
Compensated absences	181,860	136,872
Net OPEB obligation	51,690	(242,613)
Deferred inflows of resources	278,708	-
Other liabilities	(93,144)	(192,284)
Payroll and sales tax payable	(21,488)	54,588
Total adjustments	38,623,998	43,093,201
Net cash provided by operating activities	\$ 57,213,626	\$ 55,849,025

Supplemental schedule of noncash investing, capital and financing activities:

During 2019 and 2018, the Authority recorded an unrealized gain on investments of \$793,890 and \$714,608, respectively.

During 2019 and 2018, the Authority's balance in due from other governmental units relating to capital contributions is \$8,367,452 and \$5,079,850, respectively.

On September 30, 2019 and 2018, the Authority had capital asset additions included in accounts payable of \$16,874,749 and \$8,500,005 respectively.

See notes to financial statements.

Canaveral Port Authority

Notes to Financial Statements

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Canaveral Port Authority

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

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

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

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

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

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

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

C. Assets, Liabilities and Net Position

1. Cash and Cash Equivalents

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

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

Canaveral Port Authority

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

C. Assets, Liabilities and Net Position (Continued)

1. Cash and Cash Equivalents (Continued)

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

2. Accounts and Other Receivables

Management considers most accounts and other receivables to be fully collectible; however, the Authority has created an allowance for those, where based upon historical attempts at collection, it deems collection to be unlikely. The allowance for the years ended September 31, 2019 and 2018, was \$50,000.

3. Inventory

Inventory is stated at cost, using the first-in, first-out inventory method.

4. Capital Assets

Capital assets are defined by the Authority as assets with an initial cost of more than \$1,000 and an estimated useful life in excess of one year. Such assets are recorded at cost, if purchased and at acquisition value at date of gift, if donated. Major additions are capitalized while maintenance and repairs, which do not improve or extend the life of the respective assets, are charged to expense. Contributions received in aid of construction are credited to capital contributions and do not reduce the cost of the assets acquired with such contributions. Costs associated with deepening and widening the channel increases the potential service utility of the port and is recorded as a non-depreciable capital assets.

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

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

5. Deferred Outflows of Resources

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

6. Restricted Assets

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

Canaveral Port Authority

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

C. Assets, Liabilities and Net Position (Continued)

7. Compensated Absences

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

8. Deferred inflows of Resources

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

9. Net Position – Net Investment in Capital Assets

The net investment in capital assets component of net position consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction or improvements of those assets and any deferred losses on bond refunding.

10. Net Position – Restricted

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

11. Net Position – Unrestricted

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

D. Revenues and Expenses

1. Operating Revenues and Expenses

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

2. Grants

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

Canaveral Port Authority

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

D. Revenues and Expenses (Continued)

3. Amortization

The Authority recognizes amortization on these intangible assets as follows:

Category	Period (Years)	Method
Computer Software	10	Straight-line
Trademarks	5	Straight-line

4. Capitalized Interest

The Authority's policy is to capitalize interest costs related to construction projects in accordance with accounting principles generally accepted in the United States (GAAP). The net effect of interest expense and interest income generated from borrowings used for construction projects in progress are capitalized through the date the project is substantially complete and ready for its intended use. During the years ended September 30, 2019 and 2018, \$342,052 and \$279,993, respectively, of interest expense was capitalized.

Note 2. Budgetary Information

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

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

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

Note 3. Detail Notes

A. Deposits and Investments

At September 30, 2019 and 2018, the carrying amount of the Authority's recorded deposits with banks, investments and savings and loans was \$24,890,946 and \$19,796,344, respectively, and the bank balance was \$25,879,126 and \$20,039,421, respectively. In addition, the Authority held \$500 of petty cash at September 30, 2019 and 2018.

The investing of public funds Florida Prime - is governed by Section 218.407, Florida Statutes. Florida Prime is under the regulatory oversight of the State of Florida. This investment pool consists largely of bank instruments, asset-backed security and commercial paper. The pool operates essentially as a money market fund, but is classified as an external investment pool. The weighted average days to maturity of Florida Prime was 37 days, as of September 30, 2019. On September 30, 2019 and 2018, the Authority had \$1,215,264 and \$1,185,017, respectively, invested in Florida Prime.

Canaveral Port Authority

Notes to Financial Statements

Note 3. Detail Notes (Continued)

A. Deposits and Investments (Continued)

As of September 30, 2019, cash equivalents placed in money market accounts with FL PALM was \$83,913,726 and USBank \$52,128,101 at September 30, 2018.

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

Credit Risk

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

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

Commercial paper of any United States company or foreign company domiciled in the United States that is rated, at the time of purchase, "Prime-1" by Moody's and "A-1" by Standard & Poor's (prime commercial paper), or equivalent as provided by two nationally recognized rating agencies. If the commercial paper is backed by a letter of credit (LOC), the long-term debt of the LOC provider must be rated "A" or better by at least two nationally recognized rating agencies. Florida Prime and Florida PALM were rated AAAM by Standard & Poor's at September 30, 2019 and at September 30, 2018.

Corporate bonds issued by corporations organized and operating within the United States or by depository institutions licensed by the United States that have a long-term debt rating, at the time of purchase, at a minimum "A" by Moody's and a minimum long-term debt rating of "A" by Standard & Poor's, or equivalent as provided by two nationally recognized rating agencies.

Supranational in which the U.S. is a shareholder and a voting member. Must have the highest short or long term credit rating as provided by a nationally recognized credit agency.

Custodial Credit Risk

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Authority will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

The Authority's investment policy requires securities be held by a third-party custodian and be properly designated as an asset of the Authority and held in the Authority's name. As of September 30, 2019, and 2018, the Authority's investment portfolio was held with a third-party custodian, and designated as Authority assets and held in the Authority's name, as required by the Authority's investment policy.

Canaveral Port Authority

Notes to Financial Statements

Note 3. Detail Notes (Continued)

A. Deposits and Investments (Continued)

Interest Rate Risk

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

Fair Value Measurements

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

As of September 30, 2019, and 2018 the Authority reported investments at fair value. Fair value for all of the Authority's investments in debt were measured using Level 1 and Level 2 techniques. Florida Prime is valued at amortized cost and Florida PALM is measured at net asset value. Certificates of deposits are not subject to fair value hierarchy.

Concentration of Credit Risk

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

At September 30, 2019, the Authority had the following investments:

Investment Type	Total	Investment Maturities (in years)				Rating	Agency
		Less than 1	1-5	6-10	Over 10		
Florida Palm	\$ 31,200,000	31,200,000	\$ -	\$ -	\$ -	AAAm	S&P
Certificates of Deposit	470,444	470,444	-	-	-	Not Rated	-
U.S. Government Securities	10,109,326	-	9,130,823	534,851	443,652	AA	S&P
Corporate Issues	11,424,105	-	11,424,105	-	-	BBB-AAA	S&P
Supranationals	2,024,505	-	2,024,505	-	-	AAA	S&P
Municipal Issues	481,849	-	481,849	-	-	AA-AAA	S&P
	<u>\$ 55,710,229</u>	<u>\$ 31,670,444</u>	<u>\$ 23,061,282</u>	<u>\$ 534,851</u>	<u>\$ 443,652</u>		

At September 30, 2018, the Authority had the following investments:

Investment Type	Total	Investment Maturities (in years)				Rating	Agency
		Less than 1	1-5	6-10	Over 10		
Certificates of Deposit	\$ 469,974	\$ 469,974	\$ -	\$ -	\$ -	Note Rated	-

Canaveral Port Authority

Notes to Financial Statements

B. Restricted Assets

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

	2019	2018
Debt proceeds/debt reserve	\$ 92,295,848	\$ 6,187,359
Bond reserve	12,152,138	5,234,736
Total	<u>\$ 104,447,986</u>	<u>\$ 11,422,095</u>

C. Capital Assets

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

	2019			
	Balance September 30, 2018	Increases	Decreases	Balance September 30, 2019
Capital assets, not being depreciated/amortized:				
Land	\$ 5,470,630	\$ -	\$ -	\$ 5,470,630
Construction in progress	35,085,883	115,013,154	(37,608,012)	112,491,025
Total capital assets, not being depreciated/amortized	40,556,513	115,013,154	(37,608,012)	117,961,655
Capital assets, being depreciated/amortized:				
Buildings	194,300,342	3,212,101	(5,810)	197,506,633
Improvements other than buildings	598,569,675	26,461,766	(2,670,846)	622,360,595
Equipment	81,608,052	7,934,145	(489,784)	89,052,413
Intangible assets	16,860,707	-	-	16,860,707
Total capital assets being depreciated/amortized	891,338,776	37,608,012	(3,166,440)	925,780,348
Less accumulated depreciation/amortization for:				
Buildings	(40,842,756)	(9,321,231)	5,810	(50,158,177)
Improvements other than buildings	(241,810,852)	(20,347,214)	2,676,674	(259,481,392)
Equipment	(52,000,342)	(8,885,758)	478,929	(60,407,171)
Intangible assets	(14,548,065)	(531,532)	-	(15,079,597)
Total accumulated depreciation/amortization	(349,202,015)	(39,085,735)	3,161,413	(385,126,337)
Total capital assets, being depreciated/amortized, net	542,136,761	(1,477,723)	(5,027)	540,654,011
Capital assets, net	<u>\$ 582,693,274</u>	<u>\$ 113,535,431</u>	<u>\$ (37,613,039)</u>	<u>\$ 658,615,666</u>

Canaveral Port Authority

Notes to Financial Statements

Note 3. Detail Notes (Continued)

C. Capital Assets (Continued)

	2018			Balance September 30, 2018
	Balance October 1, 2017	Increases	Decreases	
Capital assets, not being depreciated/amortized:				
Land	\$ 4,602,954	\$ 867,676	\$ -	\$ 5,470,630
Construction in progress	22,891,856	36,982,800	(24,788,773)	35,085,883
Total capital assets, not being depreciated/amortized	27,494,810	37,850,476	(24,788,773)	40,556,513
Capital assets, being depreciated/amortized:				
Buildings	193,505,355	3,232,916	(2,437,929)	194,300,342
Improvements other than buildings	585,394,184	15,816,346	(2,640,855)	598,569,675
Equipment	78,467,465	3,679,766	(539,179)	81,608,052
Intangible assets	17,987,343	1,192,068	(2,318,704)	16,860,707
Total capital assets being depreciated/amortized	875,354,347	23,921,096	(7,936,667)	891,338,776
Less accumulated depreciation/amortization for:				
Buildings	(33,806,356)	(9,145,684)	2,109,284	(40,842,756)
Improvements other than buildings	(219,674,793)	(24,174,983)	2,038,924	(241,810,852)
Equipment	(42,719,492)	(9,818,971)	538,121	(52,000,342)
Intangible assets	(16,384,908)	(481,861)	2,318,704	(14,548,065)
Total accumulated depreciation/amortization	(312,585,549)	(43,621,499)	7,005,033	(349,202,015)
Total capital assets, being depreciated/amortized, net	562,768,798	(19,700,403)	(931,634)	542,136,761
Capital assets, net	\$ 590,263,608	\$ 18,150,073	\$ (25,720,407)	\$ 582,693,274

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

D. Accounts Payable and Accrued Expenses

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

	2019	2018
Accounts and contracts payable	\$ 17,170,868	\$ 10,884,399
Retainages payable	4,190,399	1,016,477
Accrued payroll and employee benefits	765,890	597,291
	<u>\$ 22,127,157</u>	<u>\$ 12,498,167</u>

Canaveral Port Authority

Notes to Financial Statements

Note 3. Detail Notes (Continued)

E. Other Liabilities

In 1995, the Authority discovered a toxic, contaminated area east of the Authority's former office. During fiscal year 1996, the Authority assessed the degree of contamination at the site, removed contaminated materials and prepared a contamination assessment report. A liability for \$1,100,000 was recorded on the balance sheet at September 30, 1996. The pollution remediation obligation is an estimate and subject to changes resulting from price increases or reductions, technology or changes in applicable laws or regulations.

During fiscal year 1996, the Authority reached an agreement, in writing, with the previous lessee of the contaminated site to indemnify the Authority for 75% of the future out-of-pocket costs incurred to monitor and clean-up the site. At September 30, 1996, the Authority accrued a receivable of \$1,299,561 for amounts due under this agreement.

During the ensuing years, the Authority retained the services of a professional site assessment and remediation firm to determine an estimated cost to complete the clean-up and recognized any additional expenses, if any, with adjustments recorded annually to the respective liability and receivable accounts.

During fiscal year 2009, the Authority implemented GASB Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*, which required a change in the methodology used to calculate the Authority's liability related to cleanup of the contaminated area. The Authority is now required to utilize the expected cash flow technique, which measures the liability as the sum of probability-weighted amounts in a range of possible estimated amounts. As a result of implementing GASB Statement No. 49 and new estimates provided by the engineers, the Authority accrued an additional liability of approximately \$1,132,000 to complete the soil decontamination. A corresponding additional receivable of approximately \$849,000 was accrued as the estimated receivable from the former lessee based on the agreement reached in 1996.

In fiscal year 2012, during a collaborative meeting between the Authority, professional site assessment and remediation firm, all related subcontracting firms and with feedback from a state monitoring agency, it was determined that the remediation plan in place was producing successful remediation of the site. It was agreed to maintain the current estimates for a period of five years, barring any unforeseen events. It was further agreed to meet again in five years to review the status of the plan and remediation progress. The group reconvened in September 2016, and again confirmed the current estimates in place were sufficient and would remain the same with plans to meet again for review in five years. During fiscal years 2013 through 2019, there were no additional estimated costs for cleanup and therefore no additional accruals necessary.

Canaveral Port Authority

Notes to Financial Statements

Note 3. Detail Notes (Continued)

E. Other Liabilities (Continued)

At September 30, 2019 and 2018, the liability balances for the clean-up are \$776,444 and \$882,828, respectively. These liabilities are reported as other liabilities, current portion in the amount of \$100,000 and \$167,280 at September 30, 2019 and 2018, respectively, and as other liabilities, long-term portion in the amount of \$676,444 and \$715,548, respectively. In accordance with GASB Statement No. 49, the September 30, 2019 pollution remediation liability of \$776,444 is based on the weighted average probability of expected outlays.

As of September 30, 2019, management believes the actual liability recorded in the statements of net position will cover the future costs expected to be incurred for the clean-up.

The receivable balances remaining at September 30, 2019 and 2018, are \$691,721 and \$735,621, respectively. These receivables are included in other receivables, current in the amount of \$184,387 and \$198,961 at September 30, 2019 and 2018, respectively, and in other receivables, long-term in the amount of \$507,333 and \$536,661, respectively.

A reconciliation of changes in the aggregate liabilities for the claims related to the contamination follows:

Claims Liability October 1, 2018	Fiscal Year 2019 Incurred Claims	Fiscal Year 2019 Payment on Claims	Claims Liability September 30, 2019
\$ 882,828	\$ -	\$ (106,384)	\$ 776,444
Claims Liability October 1, 2017	Fiscal Year 2018 Incurred Claims	Fiscal Year 2018 Payment on Claims	Claims Liability September 30, 2018
\$ 1,075,142	\$ -	\$ (192,314)	\$ 882,828

F. Revenue Bonds Payable

The revenue bonds are secured by and payable from the gross operating revenues of the Authority. The proceeds of these issues were used for capital improvements and refunding certain outstanding issues of the Authority.

The resolutions applicable to the revenue bonds require the establishment of various bond principal and interest sinking funds and reserve accounts with various requirements for deposits. These requirements have been met for the fiscal years ended September 30, 2019 and 2018.

Canaveral Port Authority

Notes to Financial Statements

Note 3. Detail Notes (Continued)

F. Revenue Bonds Payable (Continued)

A summary of long-term debt at September 30, 2019 and 2018, is as follows:

	2019	2018
Port Improvement Revenue Bonds, Series 2010	\$ 14,514,336	\$ 17,870,686
Port Revenue Refunding Bonds, Series 2012	2,041,000	3,031,000
Port Improvement Revenue Bonds, Series 2013	10,084,000	11,043,000
Port Improvement Revenue Bonds, Series 2013A	17,829,000	19,524,000
Port Improvement Revenue Bonds, Series 2014	93,324,273	96,325,000
Port Revenue Refunding Bonds, Series 2015	3,700,000	5,495,000
Port Revenue Refunding Bonds, Series 2016A	23,773,062	23,779,880
Port Revenue Refunding Bonds, Series 2016B	38,000,000	38,000,000
Port Improvement and Refunding Revenue Bonds, Series 2016C	35,285,000	35,535,000
Port Improvement Revenue Bonds, Series 2016D	27,145,000	27,145,000
Port Improvement Revenue Bonds, Series 2018A	44,995,000	-
Port Improvement Revenue Bonds, Series 2018B	30,000,000	-
Port Improvement Revenue Bonds, Series 2018C	37,000,000	-
Total revenue bonds	377,690,671	277,748,566
Plus: unamortized premiums	5,971,910	-
Less: current maturities	(13,344,873)	(12,045,350)
Revenue bonds payable, less current portion	<u>\$ 370,317,708</u>	<u>\$ 265,703,216</u>

PORT IMPROVEMENT REVENUE BONDS, SERIES 2010

On December 21, 2010, the Authority issued Port Improvement Revenue Bonds, Series 2010 in the principal amount of \$42,000,000 to fund various capital improvements. Gross revenues are pledged for repayment of these bonds.

The Series 2010 bonds bear interest at a fixed rate of 3.144% per annum, payable semi-annually on June 1 and December 1. Principal is due annually beginning June 1, 2011, in amounts increasing from \$2,702,460 to \$3,798,771 at final maturity in 2023.

At any time after June 1, 2017, the Series 2010 bonds shall be subject to redemption upon notice prior to maturity at the election of the Issuer, at any time, or in part on an interest date, at the redemption price of 100% of the principal amount being redeemed, plus accrued interest to the redemption date.

PORT REVENUE REFUNDING BONDS, SERIES 2012

On March 6, 2012, the Authority issued Port Revenue Refunding Bonds, Series 2012 in the principal amount of \$8,747,000: (i) to currently refund all of the Authority's Port Improvement Revenue Refunding Bonds, Series 2002B and (ii) to pay bond issuance costs. Gross revenues are pledged for repayment of these bonds.

Canaveral Port Authority

Notes to Financial Statements

Note 3. Detail Notes (Continued)

F. Revenue Bonds Payable (Continued)

The Series 2012 bonds bear interest at a fixed rate of 1.75% per annum, payable semi-annually on June 1 and December 1. Principal is due annually beginning June 1, 2012, in amounts increasing from \$27,000 to \$1,030,000 at final maturity in 2021.

The Series 2012 bonds maturing on or after June 1, 2016, are subject to redemption upon notice prior to maturity, in whole or in part on any interest date payment, at a redemption price set forth below, together with accrued interest to the redemption date.

Redemption Date	Redemption Price
June 1, 2016 through May 31, 2017	101%
June 1, 2017 and thereafter	105%

PORT IMPROVEMENT REVENUE BONDS, SERIES 2013

On November 15, 2013, the Authority issued Port Improvement Revenue Bonds, Series 2013 in the principal amount of \$15,053,000 to fund the capital improvement project of a welcome center at the Cove. Gross revenues are pledged for repayment of these bonds.

The Series 2013 bonds bear interest at a fixed rate of 3.10% per annum, payable semi-annually on June 1 and December 1. Principal is due annually beginning June 1, 2014, in amounts increasing from \$454,000 to \$1,262,000 at final maturity in 2028.

At any time after June 1, 2018, the Series 2013 bonds shall be subject to redemption upon notice prior to maturity at the election of the Issuer, as a whole at any time, or in part on an interest date, at the redemption price of 100% of the principal amount being redeemed, plus accrued interest to the redemption date.

PORT IMPROVEMENT REVENUE BONDS, SERIES 2013A

On November 15, 2013, the Series 2008 bonds were refinanced to the Series 2013A for \$26,613,000. All the Series 2013A bonds now bear interest at a fixed rate of 3.10% per annum, payable semi-annually on June 1 and December 1. Principal is due semi-annually beginning December 1, 2013, in amounts increasing from \$803,000 to \$2,231,000 at final maturity in 2028.

At any time after June 1, 2018, the Series 2013A bonds shall be subject to redemption in whole only, at the option of the Authority, for 100% of the principal amount being redeemed, plus accrued interest to the redemption date.

PORT IMPROVEMENT REVENUE BONDS, SERIES 2014

On June 13, 2014, the Authority issued Port Improvement Revenue Bonds, Series 2014 in the principal amount of \$105,000,000 to fund improvements to Cruise Terminal 1. Gross revenues are pledged for repayment of these bonds.

The Series 2014 bonds bear interest at a fixed rate of 3.39% per annum, payable semi-annually on June 1 and December 1. Principal is due semi-annually beginning December 1, 2014, in amounts from \$750,000 to \$5,335,000 at final maturity in 2034.

Canaveral Port Authority

Notes to Financial Statements

Note 3. Detail Notes (Continued)

F. Revenue Bonds Payable (Continued)

At any time after June 1, 2018, the Series 2014 bonds shall be subject to redemption upon notice prior to maturity at the election of the Issuer, as a whole at any time, or in part on an interest date, at the redemption price of 100% of the principal amount being redeemed, plus accrued interest to the redemption date.

PORT REVENUE REFUNDING BONDS, SERIES 2015

On March 3, 2015, the Authority issued Port Revenue Refunding Bonds, Series 2015 in the principal amount of \$11,080,000: (i) to currently refund all of the Authority's Port Revenue Refunding Bonds, Series 2005, and (ii) to pay bond issuance costs. Gross revenues are pledged for repayment of these bonds.

The Series 2015 bonds bear interest at a fixed rate of 2.08% per annum, payable semi-annually on June 1 and December 1. Principal is due annually beginning June 1, 2015, in amounts increasing from \$420,000 to \$1,870,000 at final maturity in 2021.

The Series 2015 bonds are subject to redemption prior to their respective dates of maturity, at any time, at the option of the Authority, in whole or in part, at redemption price equal to 100% of the principal amount of the Series 2015 bonds to be redeemed, plus accrued interest to the redemption date.

PORT REVENUE REFUNDING BONDS, SERIES 2016A

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

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

PORT REVENUE REFUNDING BONDS, SERIES 2016B

On August 25, 2016, the Authority issued Port Revenue Refunding Bonds, Series 2016B in the principal amount of \$38,000,000: (1) to finance various cruise terminal improvements and other capital investments a portion of which may have been previously financed using short-term funds; (ii) to pay bond issuance costs. Gross revenues are pledged for repayment of these bonds.

The Series 2016B bond bear interest at a fixed rate of 2.19% per annum, payable semiannually on June 1 and December 1. Principal is due annually beginning June 1, 2022, in the amounts increasing from \$1,775,000 to \$5,040,000 at final maturity in 2031.

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

Canaveral Port Authority

Notes to Financial Statements

Note 3. Detail Notes (Continued)

F. Revenue Bonds Payable (Continued)

PORT IMPROVEMENT AND REVENUE REFUNDING BONDS, SERIES 2016C

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

The Series 2016C bond bear interest at rates ranging from 3.00% to 5.00% per annum, payable semiannually on June 1 and December 1. Principal is due annually beginning June 1, 2017, in the amounts increasing from \$315,000 to \$2,650,000 at final maturity in 2046.

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

PORT IMPROVEMENT REVENUE BONDS, SERIES 2016D

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

The Series 2016D bond bear interest at rates ranging from 4.494% to 4.654% per annum, payable semiannually on June 1 and December 1. Principal is due annually beginning June 1, 2032, in the amounts increasing from \$1,300,000 to \$2,440,000 at final maturity in 2046.

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

PORT IMPROVEMENT REVENUE BONDS, SERIES 2018A

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

The Series 2018A bonds bear interest at a rate of 5% per annum, payable semiannually on June 1 and December 1. Principal is due annually beginning June 1, 2039 in the amounts increasing from \$5,965,000 to \$7,610,000 in 2044, with a final maturity in 2045 in the amount of \$4,440,000.

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

Canaveral Port Authority

Notes to Financial Statements

Note 3. Detail Notes (Continued)

F. Revenue Bonds Payable (Continued)

PORT IMPROVEMENT REVENUE BONDS, SERIES 2018B

On December 13, 2018, the Authority issued Port Improvement Revenue Bonds, Series 2018B in the principal amount of \$30,000,000: (i) to finance the construction of a parking garage (the 2018 Project - Parking Garage), (ii) to pay bond issuance costs.

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

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

PORT IMPROVEMENT REVENUE BONDS, SERIES 2018C

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

The Series 2018C bonds bear interest at a rate of 3.41% per annum, payable semiannually on June 1 and December 1. Principal is due annually beginning June 1, 2020, in the amounts increasing from \$945,000 to \$4,970,000 at final maturity in 2038.

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

FUTURE MATURITIES

Future maturities requirements for all outstanding revenue bonds payable, as of September 30, 2019, are as follows:

	Principal	Interest	Total
2020	\$ 13,344,873	\$ 13,650,286	\$ 26,995,159
2021	13,741,715	13,252,516	26,994,231
2022	13,854,312	12,845,658	26,699,970
2023	14,572,771	12,422,451	26,995,222
2024	15,042,000	11,958,086	27,000,086
2025 to 2029	65,330,000	43,194,224	108,524,224
2030 to 2034	83,685,000	42,536,879	126,221,879
2035 to 2039	47,845,000	31,158,088	79,003,088
2040 to 2044	53,580,000	21,483,714	75,063,714
2045 to 2048	56,695,000	7,793,601	64,488,601
Total	\$ 377,690,671	\$ 210,295,503	\$ 587,986,174

Canaveral Port Authority

Notes to Financial Statements

Note 3. Detail Notes (Continued)

F. Revenue Bonds Payable (Continued)

The total future principal and interest on all the bonds is \$587,986,174 and the current principal and interest is \$26,995,159. The current pledged revenue is \$106,511,432. The current principal and interest due are 25.3% of current pledged revenue. The bonds may be redeemed at the option of the Authority.

G. Line of Credit

PNC Bank

The Authority has an agreement with PNC bank for a line of credit not to exceed \$50,000,000. This line of credit is used to provide bridge financing for capital projects. The taxable interest rate is the 30-day LIBOR plus .78% per annum. The tax-exempt rate is 79% of 30-day LIBOR plus .67% per annum. The maturity date is December 15, 2021. The line of credit balance at September 30, 2019 and 2018, was \$30,786,492 and \$0, respectively.

SUNTRUST

The Authority has an agreement with SunTrust bank for a line of credit not to exceed \$16,000,000. This line of credit was used to purchase the Titusville Logistics Center. The interest rate on the debt is the 30-day LIBOR plus .75% per annum. The maturity date is September 23, 2020. The line of credit balance at September 30, 2019 and 2018, was \$14,985,543 and \$15,985,543, respectively.

H. Changes in Long-Term Liabilities

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

	Balance October 1, 2018	Additions	Reductions	Balance September 30, 2019	Due Within One Year
Revenue bonds payable	\$ 277,748,566	\$ 111,995,000	\$ (12,052,895)	\$ 377,690,671	\$ 13,344,873
Unamortized bond premiums	-	6,160,896	(188,986)	5,971,910	-
Line of credit	15,985,543	45,772,035	(15,985,543)	45,772,035	14,985,543
Compensated absences	805,726	182,390	(530)	987,586	830
Net OPEB liability	1,576,387	51,690	-	1,628,077	-
Other liabilities, long-term	1,306,882	13,241	(106,384)	1,213,739	100,000
Long-term liabilities	<u>\$ 297,423,104</u>	<u>\$ 164,175,252</u>	<u>\$ (28,334,338)</u>	<u>\$ 433,264,018</u>	<u>\$ 28,431,246</u>

	Balance October 1, 2017	Additions	Reductions	Balance September 30, 2018	Due Within One Year
Revenue bonds payable	\$ 289,432,978	\$ -	\$ (11,684,412)	\$ 277,748,566	\$ 12,045,350
Compensated absences	668,854	140,129	(3,257)	805,726	1,360
Net OPEB liability	1,819,000	-	(242,613)	1,576,387	-
Other liabilities, long-term	1,499,196	10,537	(202,851)	1,306,882	167,280
Long-term liabilities	<u>\$ 293,420,028</u>	<u>\$ 150,666</u>	<u>\$ (12,133,133)</u>	<u>\$ 281,437,561</u>	<u>\$ 12,213,990</u>

Canaveral Port Authority

Notes to Financial Statements

Note 3. Detail Notes (Continued)

I. Restricted Net Position

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

	2019	2018
Bond Reserve		
Series 2016C	\$ 3,034,923	\$ 3,034,923
Series 2016D	2,199,813	2,199,813
Series 2018A	4,150,257	-
Series 2018B	2,767,145	-
Total debt service restrictions	<u>\$ 12,152,138</u>	<u>\$ 5,234,736</u>

J. Defined Contribution Plan

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

The Plan is administered by the Authority as a Qualified Retirement Plan as defined by Section 401 (a) of the Internal Revenue Service Code. Plan provisions and contribution requirements are established and may be amended by the Board. The Authority contributes 10.77% of the employees' eligible compensation to the Plan; employee contributions to the Plan are not permitted. The amount of covered payroll by the Plan for the years ended September 30, 2019 and 2018, was \$13,259,711 and \$11,714,002, respectively. The amount of retirement expense related to the Plan for the years ended September 30, 2019 and 2018, was \$1,428,071 and \$1,261,598, respectively.

K. Other Post-Employment Benefits

(a) Description of OPEB Plans

The Authority adopted the provisions of GASB No. 75 *Accounting and Financial Reporting for Post-Employment Benefits Other than Pensions* as of October 1, 2017.

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

Canaveral Port Authority

Notes to Financial Statements

Note 3. Detail Notes (Continued)

K. Other Post-Employment Benefits (Continued)

Employees who are active participants in the Healthcare Plan at the time of retirement and are either age 62 with completion of 6 years of service or have 30 years of service are eligible to receive benefits. Below is a summary of the Healthcare Plan's membership as of September 30, 2019 and 2018:

Plan Membership	September 30, 2019	September 30, 2018
Active	203	203
Inactive, receiving benefits	14	14
Total membership	217	217

Benefit provisions can only be amended by the Board. The Board approves the Authority's annual budget and, therefore, indirectly approves the annual costs associated with the Healthcare Plan. The Authority has not established a trust or agency fund for the Healthcare Plan. The Authority does not issue standalone financial statements for the Healthcare Plan. All financial information related to the Healthcare Plan is accounted for in the Authority's basic financial statements.

For the years ended September 30, 2019 and 2018, the amount of benefits paid by the Authority for the Healthcare Plan was \$57,314 and \$35,371, respectively.

(b) Measurement of Total OPEB Liability

The Authority's total OPEB liability for the Healthcare Plan was determined using the following measurement dates and actuarial assumptions as of September 30, 2019 and 2018:

	September 30, 2019	September 30, 2018
Measurement date	09/30/2018	09/30/2018
Actuarial valuation date	10/01/2017	10/01/2016
Health care cost trend rate	7.0% for 2019 graded down by 0.5% per year to 5.0 % in 2023	7.5% for 2018 graded down by 0.5% per year to 5.0 % in 2023
Discount rate	3.64%	3.35%
Mortality tables used	PUB-2010 Combined Mortality Table with full generational improvements in mortality using Scale MP-2017	RP-2000 Combined Mortality Table with full generational improvements in mortality using Scale BB

Canaveral Port Authority

Notes to Financial Statements

Note 3. Detail Notes (Continued)

K. Other Post-Employment Benefits (Continued)

Multiple healthcare cost trend rate assumptions were used for different benefit components and participant groups (pre-65 and post-65 age groups). The current rates used to calculate the total OPEB liability as of September 30, 2019, are as follows:

Year	
2018 to 2019	7.0%
2019 to 2020	6.5%
2020 to 2021	6.0%
2021 to 2022	5.5%
2022 to 2023+	5.0%

As of the measurement date, September 30, 2019, the Authority did not have any assets accumulated in a trust that was dedicated to providing benefits to Healthcare Plan members.

(c) Changes in Total OPEB Liability

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

	2019	2018
Balance, beginning of year	\$ 1,576,387	\$ 1,311,664
Changes for the year:		
Service cost	201,759	248,419
Expected interest growth	63,691	51,675
Demographic experience	(311,536)	-
Assumption changes	155,090	-
Benefit payments	(57,314)	(35,371)
Net change	51,690	264,723
Balance, end of year	\$ 1,628,077	\$ 1,576,387

Canaveral Port Authority

Notes to Financial Statements

Note 3. Detail Notes (Continued)

K. Other Post-Employment Benefits (Continued)

(d) OPEB Expense

For the years ended September 30, 2019 and 2018, the amount of OPEB expense recognized by the Authority was \$191,650 and \$264,723, respectively.

(e) OPEB Deferred Outflows and Inflows of Resources

Changes in the OPEB Deferred Outflows and Inflows of Resources for the fiscal year ended September 30, 2019, are as follows (there were no balances for the fiscal year ended September 30, 2018):

	Deferred Outflows of Resources	Deferred Inflows of Resources
Amortization payments	\$ (16,342)	\$ (32,828)
Demographic gain/loss	-	311,536
Assumption changes	155,090	-
Total	<u>\$ 138,748</u>	<u>\$ 278,708</u>

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

	Amount
2020	\$ (14,749)
2021	(14,749)
2022	(14,749)
2023	(14,749)
2024	(14,749)
Thereafter	(66,215)

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

i) Health Care Cost Trend Sensitivity

The following presents the total OPEB liability for the Healthcare Plan, calculated using health care cost trend rates as of September 30, 2019 and 2018, as well as what the total OPEB liability would be if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current rates, as of the Healthcare Plan's measurement date (in thousands):

	Total OPEB Liability			
	Rate	1% Decrease	Current Rate	1% Increase
As of September 30, 2019	3.64%	\$ 1,426,652	\$ 1,628,077	\$ 1,871,685
As of September 30, 2018	3.35%	\$ 1,381,996	\$ 1,576,387	\$ 1,812,965

Canaveral Port Authority

Notes to Financial Statements

Note 3. Detail Notes (Continued)

K. Other Post-Employment Benefits (Continued)

ii) Discount Rate Sensitivity

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

	Rate	Total OPEB Liability		
		1% Decrease	Current Rate	1% Increase
As of September 30, 2019	3.64%	\$ 1,806,131	\$ 1,628,077	\$ 1,474,828
As of September 30, 2018	3.35%	\$ 1,748,517	\$ 1,576,387	\$ 1,429,033

L. Leasing and Operating Agreement Arrangements with Authority as Lessor

The Authority leases land and enters into marine terminal facilities agreements with various businesses throughout the Port Authority area. All of the leases and agreements are accounted for as operating leases and agreements. Revenue from leases and agreements was \$9,252,306 for 2019 and \$8,414,872 for 2018. Future minimum lease payments to be received are as follows:

2020	\$ 8,314,012
2021	7,279,065
2022	6,476,893
2023	5,403,109
2024	4,701,215
2025 to 2029	19,208,901
2030 to 2034	17,326,386
2035 to 2039	10,699,387
2040 to 2044	5,513,097
2045 to 2049	2,770,129
2050 to 2054	358,934
2055 to 2059	358,934
2060 to 2064	358,934
2065 to 2069	71,787
Total	<u>\$ 88,840,783</u>

M. Major Customers

Gross revenues from three cruise line companies totaled \$21,070,766, \$19,537,996 and \$12,852,768 in 2019. At September 30, 2019, the outstanding trade accounts receivable balances of these three cruise line companies amounted to \$3,454,042, \$881,857 and \$566,265.

Gross revenues from three cruise line companies totaled \$19,036,345, \$17,712,922 and \$13,334,480 in 2018. At September 30, 2018, the outstanding trade accounts receivable balances of these three cruise line companies amounted to \$2,450,312, \$1,237,284 and \$509,847.

Canaveral Port Authority

Notes to Financial Statements

Note 3. Detail Notes (Continued)

N. Risk Management

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

The Authority is exposed to various risks and losses related to alleged torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Authority manages the exposures to these risks through the purchase of commercial insurance. Below is a summary of the various insurance policies, coverage limits and corresponding deductibles for Canaveral Port Authority:

- The Property policy has a \$200,000,000 per occurrence limit, and a \$10,000 deductible, except 2% per unit of insurance subject to a \$500,000 minimum and \$1,250,000 maximum with respect to Named Windstorm. Business Interruption and Extra Expense coverage is included within the policy limit.
- The Port Liability policy has a \$100,000,000 per occurrence limit and a \$10,000 deductible. Coverage is provided for Primary Port Authority Liability (General Liability) including Rail Liability within port confines, Protection & Indemnity, Sudden & Accidental Pollution, Maritime Employers Liability, Fire Damage Legal Liability, Error's & Omissions Liability, Public Officials Liability, Employment Practices Liability, and excess Auto Liability.
- The Terrorism policy has a \$200,000,000 limit for Property and \$20,000,000 for Liability.
- The Auto policy provides a primary \$1,000,000 liability limit, and physical damage coverage is provided for owned or hired vehicles. Excess auto liability is provided in the Port Liability policy.
- The Crime policy has a \$1,000,000 limit and \$10,000 deductible per occurrence.
- The Fiduciary policy has a \$1,000,000 aggregate limit and \$5,000 retention. The policy is designed to protect from claims of mismanagement and the legal liability arising out of the Port's role as fiduciary related to employee benefit plans.
- The Storage Tank liability policy has a \$2,000,000 limit each claim and \$10,000 deductible.

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

O. Concentration – Collective Bargaining Unit

Substantially all the Authority's non-management public safety, parking operations, enforcement, support, maintenance, supply and safety employees are covered by a collective bargaining agreement which is in effect through September 30, 2021.

P. Capital Contributions

For the years ended September 30, 2019 and 2018, the Authority recognized capital contributions of \$15,239,301 and \$9,834,725, respectively, composed primarily of federal and state grants used for various capital projects.

Canaveral Port Authority

Notes to Financial Statements

Note 4. Commitments and Contingencies

A. Construction

Commitments for the repair, modification, improvements, materials and new construction of Port Authority owned property at September 30, 2019 totaled \$84,383,048.

B. Marine Terminal Leases

During 2018, the Authority entered into a marine terminal lease agreement with a commercial cruise line company. The agreement required a commitment from the cruise line company through August 31, 2043. The agreement required the Authority to construct a new cruise terminal, including building, landside and waterside improvements, gangway and parking garage. The estimated cost of the new construction is approximately \$150 million. The new construction is estimated to be completed for the facility to receive its first cruise passenger ship in May 2020. The cruise line company has guaranteed a repayment of \$50 million (plus the debt service interest) of the cost for the cruise terminal building. This repayment is considered as revenue from the cruise line and will commence when the cruise terminal is operational and will be spread over the life of the agreement. The cruise line is also providing a minimum annual revenue guarantee to the Authority.

During 2019, the Authority entered into a marine terminal lease agreement with a commercial cruise line company. The agreement required a commitment from the cruise line company through May 31, 2039. The agreement required the Authority to construct improvements to existing cruise terminals, including building, landside and waterside improvements and a new gangway. The estimated cost of the new construction is approximately \$46 million. The construction is estimated to be completed for one of the facilities in May 2021 with the second facility being completed in 2022. The cruise line company has guaranteed a repayment of \$46 million (plus the debt service interest) of the cost for the improvements. This repayment is considered as revenue from the cruise line and will commence when the cruise terminal improvements are completed and will be spread over the life of the agreement. The cruise line is also providing a minimum annual revenue guarantee to the Authority.

Revenue from these cruise contracts will be reported in the statements of revenues, expenses and changes in net position under operating revenues.

C. Litigation

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

D. Grants Programs

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

Canaveral Port Authority

Notes to Financial Statements

Note 5. Security Contract

In September 2014, the Authority executed an agreement with the Brevard County Sheriff's Department (BCSO) to provide seaport security and law enforcement services on behalf of the Authority. The three-year agreement commenced on October 1, 2014 and requires the BCSO to provide services in compliance with the Standing Port Security Plan and encompasses duties and functions under the jurisdiction of and customarily rendered by the BCSO pursuant to Florida Statutes. The agreement included provisions that both parties will agree on the contract amount every 12 months. The BCSO is responsible for security at each cruise terminal, parking lots and garages, debarkation and embarkation processing, assistance to the U.S. Customs and Border Protection agency and concealed weapons enforcement. Also included in the agreement are marine services including waterside security sweeps, vessel escort and zone enforcement as well as special event staffing.

For fiscal year 2017, the Authority agreed to a contract amount of \$5,688,000 which was paid in 12 equal monthly installments beginning on October 1, 2016. On August 29, 2017, an addendum was executed which stated a 3-year agreement commencing October 1, 2017 and ending September 30, 2020. This provides for the Authority and BCSO to renegotiate the compensation to be paid each year for the term of the contract. For fiscal year 2018, the Authority agreed to a contract amount of \$5,914,932 which was paid in 12 equal monthly installments beginning on October 1, 2017. For fiscal year 2019, the Authority agreed to a contract amount of \$6,187,296 which was paid in 12 equal monthly installments beginning on October 1, 2018. For fiscal year 2020, the Authority agreed to a contract amount of \$6,759,617 which was paid in 12 equal monthly installments beginning on October 1, 2019.

Note 6. Future Accounting Pronouncements

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

- GASB Statement No. 87, *Leases* was issued in June 2017 and will be effective for the Authority in fiscal year 2021. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities that previously were classified as inflows of resources or outflows of resources based upon payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. The Statement also includes an exception for short-term leases, and exceptions for contracts that transfer ownership, leases of assets that are investments, and certain regulated leases. GASB Statement No. 87 is expected to have a significant impact on the Authority's financial statements.

Note 7 Subsequent Events

On December 3, 2019, the Authority refunded the Series 2010, Series 2013, Series 2013A, and Series 2014 bonds with the Series 2019A, 2019B, 2019C and 2019D bonds. The new bonds have the same maturities as the refunded bonds and will produce interest savings during their terms.

REQUIRED SUPPLEMENTARY INFORMATION

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

<i>Years Ended September 30,</i>	2019	2018
The Authority's liability:		
Service cost	\$ 201,759	\$ 248,419
Interest	63,691	51,675
Demographic experience	(311,536)	-
Assumption changes	155,090	-
Benefit payments	(57,314)	(35,371)
Net change in total OPEB liability	51,690	264,723
Total OPEB liability – beginning	1,576,387	1,311,664
Total OPEB liability – ending	\$ 1,628,077	\$ 1,576,387
Covered employee payroll	11,120,726	10,025,200
Total OPEB liability as a percentage of covered employee payroll	14.64%	15.72%

*Data reported for fiscal years above is based on the Authority's Healthcare Plan's measurement dates of September 30, 2018. Changes in the total OPEB liability for the fiscal years prior to 2018 were not available and accordingly, not included in the schedule.

SUPPLEMENTARY INFORMATION

Canaveral Port Authority

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

<i>Years Ended September 30,</i>	2019	2018	2017	2016	2015
Operating revenues					
Dockage	\$ 8,695,601	\$ 8,992,071	\$ 7,837,207	\$ 7,106,444	\$ 6,571,994
Wharfage	60,375,728	57,003,115	54,157,885	50,601,459	44,584,996
Water	1,175,649	1,230,951	1,459,841	1,365,761	1,268,708
Parking	19,604,009	19,211,928	16,739,081	14,967,052	14,666,522
Line handling	1,254,120	1,407,933	1,160,118	1,048,527	1,037,664
Terminal/crane	81,800	29,950	15,750	-	-
Leases	9,252,306	8,414,872	6,914,194	5,588,459	5,069,270
Permits	78,753	70,294	64,709	63,236	85,526
Badging fees	27,855	23,727	36,859	48,777	102,573
Commercial vehicle	1,584,389	1,460,186	1,104,587	633,874	654,018
Miscellaneous	859,343	556,663	987,466	824,894	554,619
Camping	1,796,460	1,742,063	1,383,394	1,530,277	1,444,462
Recreational parking	789,638	749,406	698,411	762,217	744,002
Fire training	207,812	126,703	112,847	110,403	175,657
Other park revenues	269,129	251,291	180,565	322,005	264,090
Exploration Tower	448,204	426,439	417,248	494,102	433,417
Concessions	10,636	11,113	9,357	10,726	47,685
Total operating revenues	106,511,432	101,708,705	93,279,519	85,478,213	77,705,203
Non-operating revenues					
Investment earnings	3,412,808	809,438	445,598	164,880	193,291
Insurance proceeds	658,975	646,534	-	-	-
Grant revenue	567,455	765,757	288,411	156,592	73,179
Gain on sale/ disposal of assets	45,621	77,412	3,629,087	829,866	107,814
Gain on legal settlement	-	-	369,850	-	-
Total revenues	\$ 111,196,291	\$ 104,007,846	\$ 98,012,465	\$ 86,629,551	\$ 78,079,487
Operating expenses					
Operations:					
Salaries	\$ 3,317,835	\$ 3,084,720	\$ 2,865,888	\$ 2,089,601	\$ 2,196,696
Benefits	2,040,946	1,572,625	1,680,365	1,070,478	995,430
Service contracts	527,294	568,503	546,934	1,290,477	1,121,111
Utilities	31,247	41,827	59,580	39,865	3,451
Maintenance and supplies	151,718	184,458	182,216	132,168	96,789
Fender maintenance	-	-	18,630	-	-
Office	89,157	60,293	62,138	-	-
Fuel	12,490	39,646	88,016	-	-
Contractual obligations	3,003,307	856,783	1,394,194	1,548,017	-
Advertising	562	-	-	-	-
Travel	14,990	8,942	21,144	14,176	15,761
Education and seminars	38	822	1,750	-	-
Cruise terminal maintenance	-	24,786	-	323,251	343,243
Other	27,119	-	22,792	142,595	829,450
Total operations	9,216,703	6,443,405	6,943,647	6,650,628	5,601,931
Facilities:					
Salaries	2,874,142	2,533,548	2,459,606	2,318,349	2,164,630
Benefits	1,620,975	1,460,719	1,464,822	1,435,644	1,228,881
Service contracts	1,937,217	2,033,688	2,078,573	1,126,621	685,126
Utilities	3,532,838	4,018,158	3,659,201	3,219,918	3,380,330
Maintenance and support	649,137	1,134,509	808,414	702,277	842,568

Canaveral Port Authority

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

<i>Years Ended September 30,</i>	2019	2018	2017	2016	2015
Office	23,193	26,218	26,291	-	-
Fuel	110,439	118,147	86,804	70,643	150,971
Travel	3,899	4,458	1,574	792	1,551
Education and seminars	2,760	2,663	4,042	-	-
Other	18,219	18,645	14,417	31,922	47,541
Total facilities	10,772,819	11,350,753	10,603,744	8,906,166	8,501,598
Public Safety:					
Salaries	484,497	414,486	345,309	266,993	411,472
Benefits	163,230	139,437	112,597	97,716	206,901
Service contracts	4,746	1,304	2,220	-	-
Fire protection	2,291,582	2,277,483	2,199,799	2,156,817	2,017,754
Police services	6,692,578	6,275,308	5,965,973	5,306,799	4,861,060
Security badging	-	2,118	3,360	3,208	4,368
Maintenance and supplies	9,585	6,157	13,683	6,117	6,418
Office	18,752	16,852	15,738	-	-
Communications services	10,267	4,818	6,216	1,194	5,059
Harbor patrol	-	-	-	-	712
Travel	20,233	14,023	4,533	1,654	155
Education and seminars	3,323	1,869	3,169	-	-
Training	-	-	-	-	132
Other	2,006	1,706	3,495	26,713	29,532
Total public safety	9,700,799	9,155,561	8,676,092	7,867,211	7,543,563
Parks and recreation:					
Salaries	642,480	541,507	484,981	468,562	509,054
Benefits	395,850	360,602	370,389	331,203	314,035
Service contracts	235,520	205,540	229,434	198,808	193,824
Store merchandise	47,275	59,569	75,733	102,451	86,019
Utilities	206,286	280,660	243,584	272,422	294,622
Maintenance and supplies	19,502	17,456	14,510	16,510	12,995
Office	30,430	30,487	24,147	-	-
Travel	1,774	2,130	378	-	-
Education and seminars	1,743	1,158	1,211	-	-
Other park expense	6,096	14,259	12,614	85,970	68,631
Total parks and recreation	1,586,956	1,513,368	1,456,981	1,475,926	1,479,180
Exploration tower:					
Salaries	301,073	327,179	285,170	315,681	276,018
Benefits	144,175	183,946	192,561	216,665	158,467
Service contracts	22,154	19,348	23,808	11,976	-
Store merchandise	77,533	61,087	24,440	77,339	71,034
Utilities	14,369	24,231	46,817	79,781	100,623
Exhibit and special events	30,737	41,754	23,438	14,912	32,804
Maintenance and supplies	5,544	5,210	11,574	7,437	13,112
Office	6,621	5,924	5,582	1,882	285
Promotions	5,963	2,347	585	3,989	-
Advertising	23,452	18,273	16,124	56,523	82,827
Trade development	905	-	-	-	-
Travel	320	666	701	1,542	2,394
Education and seminars	408	353	288	-	-
Other expenses	1,215	1,477	658	1,270	7,654
Total exploration tower	634,469	691,795	631,746	788,997	745,218

Canaveral Port Authority

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

<i>Years Ended September 30,</i>	2019	2018	2017	2016	2015
Fire training facility:					
Service contracts	180,024	98,024	90,326	79,729	81,447
Utilities	23,020	31,298	24,807	16,187	31,960
Insurance	42,244	38,329	42,468	40,941	42,493
Maintenance and supplies	53,264	34,482	32,564	43,107	40,291
Office	76	-	-	-	-
Accounting	475	-	-	-	-
Other	-	-	-	-	470
Total fire training facility	299,103	202,133	190,165	179,964	196,661
Commission:					
Salaries	116,547	113,339	113,018	107,544	104,772
Benefits	104,833	101,992	102,631	96,801	87,843
Legal	59,795	55,429	55,847	92,310	57,575
Maintenance and supplies	14	-	-	-	-
Office	8,046	8,154	8,580	140,156	3,736
Promotions	2,980	4,000	26,900	1,000	16,300
Advertising	836	633	557	-	-
Travel	37,628	21,935	18,522	19,411	40,619
Education and seminars	995	-	1,252	995	-
Total commission	331,674	305,482	327,307	458,217	310,845
Executive:					
Salaries	1,063,625	795,659	865,868	* 1,063,817	712,204
Benefits	329,762	254,752	268,949	* 341,168	248,335
Legal	209,586	281,126	134,277	40,264	183,466
Maintenance and supplies	7	-	-	-	-
Office	201,812	196,492	195,092	* 198,439	198,336
Planning and studies	-	-	15,519	* 69,494	13,386
Fraud hotline	2,579	2,456	2,339	* 2,053	2,000
Sponsorship	-	-	20,000	-	-
Travel	18,669	9,855	10,783	* 21,024	36,694
Federal legislative consultant	-	-	8,000	* -	-
Education and seminars	3,068	1,520	1,267	10,839	8,573
Total executive	1,829,108	1,541,860	1,522,094	1,747,098	1,402,994
Finance and accounting:					
Salaries	999,710	920,613	856,557	775,917	754,934
Benefits	409,324	411,398	391,511	329,262	303,366
Service contracts	63,338	92,628	517	-	-
Office	70,906	141,999	82,922	60,012	76,375
Computer support and training	22,667	105,502	216,189	228,931	253,782
Advertising	4,979	3,960	7,444	-	-
Travel	5,513	8,614	4,490	6,202	4,363
Education and seminars	2,343	9,837	1,788	5,385	182
Accounting	137,835	130,539	93,377	150,660	137,152
Total finance and accounting	1,716,615	1,825,090	1,654,795	1,556,369	1,530,154

* These items have been reclassified to conform to the FY19 financial statement presentation.

Canaveral Port Authority

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

<i>Years Ended September 30,</i>	2019	2018	2017	2016	2015
Administrative services:					
Salaries	1,894,792	1,492,086	1,287,872	1,085,961	1,013,275
Benefits	783,879	652,305	596,528	511,038	425,124
Service contracts	73,002	79,701	63,517	-	-
Utilities	-	-	230	-	-
Legal	35,491	79,586	27,142	28,932	48,201
Insurance	2,259,514	2,355,214	2,535,975	2,013,410	2,439,592
Maintenance and supplies	545	-	-	-	-
Office	136,044	154,682	95,098	122,505	160,379
Personnel training and recruiting	189,375	165,457	156,098	123,733	29,028
Computer support and training	1,084,255	1,039,675	1,076,282	551,299	450,676
Advertising	2,009	1,031	1,871	-	-
Travel	16,230	11,992	7,603	5,133	7,111
Education and seminars	25,577	14,212	5,566	3,710	5,480
Total administrative services	6,500,713	6,045,941	5,853,782	4,445,721	4,578,866
Engineering and environmental:					
Salaries	1,083,798	946,397	849,096	822,085	809,214
Benefits	439,692	407,134	391,406	366,458	309,183
Service contracts	43,118	-	-	-	-
Office	20,387	27,893	28,093	25,248	62,635
Advertising	-	3,176	1,392	-	-
Travel	17,073	19,897	12,151	12,078	11,445
Education and seminars	7,511	6,213	5,659	12,631	10,391
Engineering – general	493,619	976,411	4,028,254	425,090	349,384
Engineering – environment	450,676	351,907	316,809	272,143	417,682
Total engineering and environmental	2,555,874	2,739,028	5,632,860	1,935,733	1,969,934
Business development:					
Salaries	693,611	669,985	452,974	519,532	473,610
Benefits	274,486	267,194	158,523	181,574	156,915
Service contracts	-	7,669	-	-	-
Maintenance and supplies	7	-	-	-	-
Office	59,399	61,860	61,790	-	-
Promotions	490	316	810	-	-
Advertising	271,369	281,036	254,914	250,424	285,287
Trade development	309,476	223,300	186,819	476,350	501,474
FTZ development	-	-	-	5,687	4,314
Travel	104,719	94,216	58,070	86,233	95,677
Education and seminars	177	299	613	-	-
Total business development	1,713,734	1,605,875	1,174,513	1,519,800	1,517,277
Tenant development:					
Salaries	271,865	233,983	213,416	207,126	143,239
Benefits	81,533	68,790	71,558	71,409	38,949
Service contracts	266	-	-	-	-
Utilities	5,645	-	-	-	-
Office	36,341	5,500	11,329	11,295	2,934
Land use planning	5,700	35,433	66,030	201,668	20,445
Lease preparation	396,035	543,449	255,452	585,441	310,896
Promotions	299	420	162	-	-
Advertising	-	3,500	12,018	30,431	-
Travel	33	820	76	4,190	2,925
Education and seminars	290	1,090	205	-	-
Total tenant development	798,007	892,985	630,246	1,111,560	519,388

Canaveral Port Authority

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

<i>Years Ended September 30,</i>	2019	2018	2017	2016	2015
Government and strategic communications:					
Salaries	518,503	493,321	404,419 *	231,186	227,591
Benefits	160,704	142,657	140,223 *	108,206	91,005
Office	11,656	9,662	8,808 *	6,739	4,822
Planning and studies	83,500	-	52,830 *	-	-
Promotions	61,116	34,827	72,075	87,699	84,089
Publications	4,169	6,153	79,513	147,100	145,672
Electronic media	9,789	27,041	57,660	59,409	86,522
Advertising	46,393	65,600	38,828	48,093	64,977
Sponsorship	64,390	79,530	40,150	-	-
Travel	13,931	17,243	27,088 *	7,294	6,003
Professional services	202,400	138,199	189,000 *	159,750	152,036
Education and seminars	2,944	3,872	7,509 *	-	-
Total government and strategic communications	1,179,495	1,018,105	1,118,103	855,476	862,717
Depreciation	38,554,203	43,139,638	38,515,405	34,555,085	31,506,831
Amortization	531,532	481,862	365,005	1,274,811	1,718,755
Total operating expenses	87,921,804	88,952,881	85,296,485	75,328,762	69,985,912
Non-operating expenses					
Amortization of bond discounts	175,129	175,129	175,129	226,421	182,870
Commissions and fees	827,550	104,312	923,113 *	295,368	137,340
Interest expense	13,046,982	9,352,013	8,725,519	6,976,059	5,639,606
Loss on disposal of capital assets	5,026	931,634	78,981	626,509	60,692
State grant expense	-	-	-	40,000	-
Litigation expense	117,489	-	-	-	-
Hurricane repairs	77,712	533,770	-	-	-
Total non-operating expense	14,249,888	11,096,858	9,902,742	8,164,357	6,020,508
Total expenses	\$ 102,171,692	\$ 100,049,739	\$ 95,199,227	\$ 83,493,119	\$ 76,006,420
Total operating revenues	\$ 106,511,432	\$ 101,708,705	\$ 93,279,519	\$ 85,478,213	\$ 77,705,203
Total operating expenses	87,921,804	88,952,881	85,296,485	75,328,762	69,985,912
Net operating income	\$ 18,589,628	\$ 12,755,824	\$ 7,983,034	\$ 10,149,451	\$ 7,719,291
Total non-operating revenues	\$ 4,684,859	\$ 2,299,141	\$ 4,732,946	\$ 1,151,338	\$ 374,284
Total non-operating expenses	14,249,888	11,096,858	9,902,742	8,164,357	6,020,508
Net non-operating loss	\$ (9,565,029)	\$ (8,797,717)	\$ (5,169,796)	\$ (7,013,019)	\$ (5,646,224)
Total revenues	\$ 111,196,291	\$ 104,007,846	\$ 98,012,465	\$ 86,629,551	\$ 78,079,487
Total expenses	102,171,692	100,049,739	95,199,227	83,493,119	76,006,420
Net income before capital contributions and special item	9,024,599	3,958,107	2,813,238	3,136,432	2,073,067
Special Item	-	-	-	-	(421,690)
Capital contributions	15,239,301	9,834,725	4,854,580	6,634,056	27,832,677
Changes in net position	\$ 24,263,900	\$ 13,792,832	\$ 7,667,818	\$ 9,770,488	\$ 29,484,054

* These items have been reclassified to conform to the FY19 financial statement presentation.

Canaveral Port Authority

Schedule of Comparative Operating Revenues by Activity (Unaudited)

<i>Years Ended September 30,</i>	2019	2018	2017	2016	2015
Cruise ships	\$ 81,914,307	\$ 77,734,133	\$ 72,799,989	\$ 68,214,524	\$ 63,006,688
Cargo ships	9,272,598	10,141,812	8,569,893	6,870,898	5,123,196
Total ship related operating revenue	91,186,905	87,875,945	81,369,882	75,085,422	68,129,884
Land leases	9,252,306	8,414,872	6,914,194	5,588,459	5,069,270
Recreation	3,311,850	3,178,419	2,686,091	*	2,625,225
Miscellaneous	2,760,371	2,239,469	2,309,352	*	2,005,810
Total non-ship related operating revenue	15,324,527	13,832,760	11,909,637	10,392,791	9,575,319
Total operating revenue	\$ 106,511,432	\$ 101,708,705	\$ 93,279,519	\$ 85,478,213	\$ 77,705,203

* These items have been reclassified to conform to the FY19 financial statement presentation.

Canaveral Port Authority

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

<i>Year Ended September 30, 2019</i>	Actual			Budget
	Prior Years	Current Year	Cumulative Total	Cumulative Total
Road Improvements	\$ 1,944,975	\$ 5,415,393	\$ 7,360,368	\$ 10,105,375
Portwide Parking Lot Improvement	17,905	6,882	24,787	24,787
Security Fencing/Lighting	-	17,343	17,343	17,343
Maintenance Dredging	-	-	-	1,250,000
Other Computer Equipment	-	227,344	227,344	227,490
Park Upgrades	29,926	1,124,889	1,154,815	1,159,450
Improve Piers,Bldgs,Structures	117,929	1,651,715	1,769,644	1,830,985
Northside Land Improvements	72,622	(72,622)	-	-
Fire Equipment	-	44,252	44,252	44,349
Fire Training Equipment	-	15,055	15,055	15,363
Utilities and Improvements	32,445	136,284	168,729	172,989
Minor Equipment	-	54,996	54,996	54,996
New/Replacement Vehicles	-	565,432	565,432	567,788
Welcome Center	142,640	-	142,640	142,640
CT Furniture/Equipment	-	60,793	60,793	60,793
Northside Pier Rejuvenation	3,246,467	(10,951)	3,235,516	3,235,515
North Cargo Pier 8	11,661,936	8,485,423	20,147,359	21,459,267
Financial System Upgrade	-	73,493	73,493	134,660
Southside Pier Evaluation	39,353	-	39,353	39,353
FDOT SCP Widen/Ext	274,134	-	274,134	274,134
Cove Roads Phase 2	1,797,670	-	1,797,670	1,797,670
Equipment	7,520	133,050	140,570	140,649
Maritime Ctr Tenant Improvement	195,598	640,892	836,490	2,406,345
CT# 8 Renovations	146,953	839,847	986,800	997,408
WTB Channel Entrance Phase 2	2,364,138	30,258	2,394,396	4,572,778
PSGP FY2017 Projects	-	26,155	26,155	26,155
Public Safety Projects	-	520,482	520,482	526,275
PSGP 2019 Projects	-	78,671	78,671	80,000
Improved Fender System	273,182	439	273,621	273,621
SR 401 Improvements	11,801	-	11,801	11,801
CT#1 Cruise Terminal	331,749	989,173	1,320,922	1,344,079
North Cargo Berth 4	663,398	218,394	881,792	916,194
North Cargo Berth 3	211,707	91,062	302,769	307,773
Acquisitions and Lease Buyback	-	2,722,500	2,722,500	2,722,500
Auto Terminal	95,390	-	95,390	156,210
Cruise Terminal 3	7,374,897	81,118,492	88,493,389	88,813,284
Contingency New Projects/Lease	-	-	-	1,562,347
NCP 3-A Barge Berth	57,904	8,333	66,237	66,237
North Cargo Power Project	49,796	-	49,796	49,796
Portwide Wayfinding	1,098,039	6,283,048	7,381,087	8,211,336
CT Pax Bridge Renovation	-	51,850	51,850	58,975
Mobile Harbor Crane	2,780,857	3,382,653	6,163,510	6,638,349
Security Items	-	3,587	3,587	3,587
Mobile Harbor Crane FY2020	-	7,755	7,755	9,995
LNG Fire Trainer Expansion	-	70,789	70,789	70,789
CBP Tech Upgrades	44,954	-	44,954	44,954
	\$ 35,085,885	\$ 115,013,151	\$ 150,099,036	\$ 162,626,384

Canaveral Port Authority**Schedule of Expenditures of Federal Awards and State Financial Assistance
For the Fiscal Year Ended September 30, 2019**

Federal Agency/ Program Title/ Pass-through Entity	CFDA Number	Contract / Pass Through Entity Identifying Number	Expenditures
Federal Programs:			
<u>U.S. Department of Homeland Security</u>			
Direct Programs			
Port Security Grant Program			
FY 2018 Port Security Grant Program	97.056	EMW-2018-PU-00411-S01	\$ 175,487
FY 2017 Port Security Grant Program	97.056	EMW-2017-PU-00534-S01	<u>270,128</u>
Total expenditures of federal awards			<u>\$ 445,615</u>

See notes to Schedule of Expenditures of Federal Awards and State Financial Assistance.

Canaveral Port Authority

**Schedule of Expenditures of Federal Awards and State Financial Assistance (Continued)
For the Fiscal Year Ended September 30, 2019**

State Agency/ Program Title/ Pass-through Entity	CSFA Number	Contract / Pass Through Entity Identifying Number	Expenditures
State Projects:			
<u>Florida Department of Transportation</u>			
Direct Programs			
Seaport Grants			
Seaport Security Grant – License Plate Reader System	55.005	G1398/412652-2-94-01	\$ 149,123
Cruise Terminal Southside – Cruise Terminal 3 Construction Concrete Work	55.005	G1620/444448-1-94-01	1,741,495
Cruise Terminal Southside – Cruise Terminal 3 Construction HVAC	55.005	G1C07/444448-2-94-01	190,737
North Cargo Berth Improvements – North Cargo Berth 8 Uplands and Pier Ext.	55.005	G1B85/440323-1-94-02	125,877
Port Canaveral's George King Boulevard Signals Coordination Project	55.005	G1562/442081-1-94-01	133,999
Container and Multi-purpose Berth – Purchase of Mobile Harbor Crane	55.005	G0O22/431768-1-94-06	1,330,624
North Cargo Berth Improvements – North Cargo Berth 8	55.005	G0S98/440323-1-94-01	3,093,532
Total Seaport Grants			<u>6,765,387</u>
West Turning Basin and Channel Widening – North Cargo Berth 8 Dredging	55.034	AR956/431203-1-94-02 and 431203-2-94-01	847,741
Total Florida Department of Transportation			<u>7,613,128</u>
<u>Florida Department of Environmental Protection</u>			
Direct Programs			
Canaveral Inlet Management Plan	37.003	15BE2	<u>94,084</u>
<u>Department of Economic Opportunity</u>			
Direct Program			
Florida Job Growth Infrastructure Grant			
Port Canaveral Road Access to Cruise and Cargo Terminals	40.043	G0005	<u>7,590,679</u>
Total expenditures of state financial assistance			<u>15,297,891</u>
Total expenditures of federal and state financial assistance			<u>\$ 15,743,506</u>

See notes to Schedule of Expenditures of Federal Awards and State Financial Assistance.

Canaveral Port Authority

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

(1) Basis of Presentation

The accompanying Schedules of Expenditures of Federal Awards and State Financial Assistance (the Schedules) present the activity of all federal awards and state financial assistance of the Authority for the year ended September 30, 2019. The information in the Schedules is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and Chapter 10.550 Rules of the Florida Auditor General. Because the Schedules present only a selected portion of the operations of the Authority, they are not intended to and do not present the financial position, changes in net positions, or cash flows of the Authority. The Authority's reporting entity is defined in Note 1 to the Authority basic financial statements.

(2) Summary of Significant Accounting Policies

The Schedules are presented using the accrual basis of accounting for expenses, which are described in Note 1 to the Authority's basic financial statements. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

(3) Indirect Cost Recovery

The Authority did not recover its indirect costs using the 10% de minimis indirect cost rate provided under Section 200.414 of the Uniform Guidance.

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

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

Independent Auditor's Report

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Canaveral Port Authority (the Authority), as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated February 24, 2020.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of This Report

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

RSM US LLP

Melbourne, Florida
February 24, 2020

**Report on Compliance for the Major
State Projects; and Report on Internal Control Over Compliance;
Required by Chapter 10.550, Rules of the Florida Auditor General**

Independent Auditor's Report

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

Report on Compliance for Each Major State Project

We have audited the Canaveral Port Authority's (the Authority) compliance with the types of compliance requirements described in the *Department of Financial Services' State Projects Compliance Supplement* that could have a direct and material effect on the Authority's major state projects for the year ended September 30, 2019. The Authority's major state projects are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with state statutes, regulations, and the terms and conditions of its state financial assistance applicable to its state projects.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for the Authority's major state projects based on our audit of the types of compliance requirements referred to above. 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; the audit requirements of Chapter 10.550, *Rules of the Florida Auditor General*. Those standards, and Chapter 10.550 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state project occurred. An audit includes examining, on a test basis, evidence about the Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major state projects. However, our audit does not provide a legal determination of the Authority's compliance.

Opinion on the Major State Projects

In our opinion, the Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major state projects for the year ended September 30, 2019.

Report on Internal Control Over Compliance

Management of the Authority is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Authority's internal control over compliance with the types of requirements that could have a direct and material effect on the major state projects to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major state projects and to test and report on internal control over compliance in accordance with Chapter 10.550, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Authority's 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 state project 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 state project will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a state project that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the 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.

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 Chapter 10.550. Accordingly, this report is not suitable for any other purpose.

RSM US LLP

Melbourne, Florida
February 24, 2020

Canaveral Port Authority, Florida

Schedule of Findings and Questioned Costs
For the Year Ended September 30, 2019

I – Summary of Independent Auditor’s Results (Continued)

State Financial Assistance

Type of auditor’s report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified?	<u> </u> Yes	<u> X </u> No
Significant deficiency(ies) identified?	<u> </u> Yes	<u> X </u> None Reported
Noncompliance material to the financial statements noted?	<u> </u> Yes	<u> X </u> No

Internal control over major state projects:

Material weakness(es) identified?	<u> </u> Yes	<u> X </u> No
Significant deficiency(ies) identified?	<u> </u> Yes	<u> X </u> None Reported

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

Any audit findings disclosed that are required to be reported in accordance with state projects pursuant to Chapter 10.550, Rules of the Auditor General	<u> </u> Yes	<u> X </u> No
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Identification of major projects:

CSFA Number(s)

40.043

55.034

Name of State Project

Florida Job Growth Infrastructure Grant

Seaport Investment Program

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

\$458,937

Canaveral Port Authority, Florida

**Schedule of Findings and Questioned Costs (Continued)
For the Year Ended September 30, 2019**

II – Financial Statement Findings

A. Internal Control Over Financial Reporting

No Matters to Report.

B. Compliance and Other Matters

No Matters to Report.

III – State Financial Assistance Findings and Questioned Costs

A. Internal Control Over Compliance

No Matters to Report.

B. Compliance

No Matters to Report.

Canaveral Port Authority, Florida

**Summary Schedule of Prior Audit Findings
For the Year Ended September 30, 2019**

None Reported.

**Management Letter Required By
Chapter 10.550 of the Rules of the
Auditor General of the State of Florida**

To the Members of the Board of Commissioners
Canaveral Port Authority

Report on the Financial Statements

We have audited the financial statements of the Canaveral Port Authority (the Authority) as of and for the year ended September 30, 2019, and issued our report thereon dated February 24, 2020.

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; and the audit requirements of Chapter 10.550, Rules of the Auditor General.

Other Reports and Schedule

We have issued our Independent Auditor's Report on Internal Control over Financing Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*; Independent Auditor's Report on Compliance for the Major State Projects; Report on Internal Control Over Compliance; Schedule of Findings and Questioned Costs; and Independent Accountant's Report on an examination conducted in accordance with AICPA Professional Standards, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports and schedule, which are dated February 24, 2020, 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 recommendations made in the preceding audit 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 specific legal authority that established the Authority is disclosed in Note 1 of the financial statements.

Financial Condition and Management

Sections 10.554(1)(i)5.a. and 10.556(7), Rules of the Auditor General, require that we apply appropriate procedures and report the results of our determination as to whether or not the Authority has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of 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. 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 the financial information provided by the same.

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

Additional Matters

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

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, and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.

RSM VS LLP

Melbourne, Florida
February 24, 2020

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Independent Auditor's Report

To the Members of the Board of Commissioners
Canaveral Port Authority

We have examined the Canaveral Port Authority's, (the Authority) compliance with *Section 218.415, Florida Statutes, Local Government Investment Policies* during the year ended September 30, 2019. Management is responsible for the Authority's compliance with those requirements. Our responsibility is to express an opinion on the Authority's compliance with the specified requirement based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the Authority complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the Authority complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risk of material noncompliance, whether due to fraud or error. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the Authority's compliance with specified requirements.

In our opinion, the Authority complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2019.

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

RSM US LLP

Melbourne, Florida
February 24, 2020

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Canaveral Port Authority

Appendix A – Schedule of Seaport Bond Program Projects (Unaudited)
For the Year Ended September 30, 2019

FLORIDA PORTS FINANCING COMMISSION

Project Description / Match	Project Number/ Bond Fund	Total Authorized Project Costs	Current Year Expenditures	Cumulative Expenditures	Expenditures to Total Authorized Project Costs
Cruise Terminal 8 (50/50)	97-2RP / 320.20(3)	\$ 11,000,000	\$ -	\$ 11,000,000	100%
Canaveral Cove (50/50)	96-2P / 320.20(3)	1,044,000	-	1,044,000	100%
Channel Widening & Deepening (50/50)	97-3RP / 320.20(3)	800,000	-	800,000	100%
Roro Ramp and Container Yard (50/50)	97-7 / 320.20(3)	3,316,229	-	3,316,229	100%
Parking Cruise Terminal 2&3 (50/50)	97-5 / 320.20(3)	235,885	-	235,885	100%
Wastewater (50/50)	97-1P / 320.20(3)	980,329	-	980,329	100%
Fire Training Facility (50/50)	97-10 / 320.20(3)	994,640	-	994,640	100%
Fire Station (50/50)	97-8 / 320.20(3)	595,000	-	595,000	100%
Cruise Terminal 6 & 7 (50/50)	98-1 / 320.20(3)	258,633	-	258,633	100%
South Cargo Pier 4 Extension (50/50)	99-1 / 320.20(3)	2,534,702	-	2,534,702	100%
Additions and Modifications to Cruise Terminals No. 5 & 10 (50/50)	2000-1 / 320.20(3)	1,918,599	-	1,918,599	100%
Landside and Waterside (50/50)					
Modifications to CT5 (Megaship) (50/50)	01-P-2E / 320.20(3)	1,213,658	-	1,213,658	100%
Various Bulkheads (50/50)	2000-3 / 320.20(3)	675,000	-	675,000	100%
Total of 320.20(3) Fund		25,566,675	-	25,566,675	100%
George King Interchange (75/25)	00-4P / 320.20(4)	11,979,302	-	11,979,302	100%
South Intermodal Gate (50/50)	97-9 / 320.20(4)	146,000	-	146,000	100%
Widener Widening (75/25)	00-5 / 320.20(4)	334,284	-	334,284	100%
WTB SR 401 Overpass (75/25)	00-7P / 320.20(4)	3,693,000	-	3,693,000	100%
WTB SR 401 Intermodal Gate (50/50)	00-7P / 320.20(4)	5,180,000	-	5,180,000	100%
Security Access Control (90/10)	PS1-03 / 320.20(4)	327,236	-	327,236	100%
Total 320.20(4) Fund		21,659,822	-	21,659,822	100%
WTB Channel Widening and Deepening (75/25)	AR956 / 339.0801(1)	19,164,063	804,733	18,316,322	96%
NCB 5&6 Container & Multipurpose Berths – Crane Rail System (50/50)	ARB24 / 339.0801(1)	1,550,000	-	1,550,000	100%
Total 339.0801(1) Fund		20,714,063	804,733	19,866,322	96%
Grand Total		\$ 67,940,560	\$ 804,733	\$ 67,092,819	98%

Note: The previous Bond Funds 320.20(3) and 320.20(4) were on the cash basis of accounting. The new Bond Fund 339.0801(1) is on the accrual basis of accounting.

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Canaveral Port Authority

Appendix B – Schedule of Insurance in Force (Unaudited) For the Year Ended September 30, 2019

Property Coverage

Total insured values	\$ 609,039,889
Limit on buildings, contents, EDP, flood, equipment, terrorism and boats	\$ 200,000,000

Port Liability

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

Bodily Injury and Property Damage	\$ 1,000,000
Auto Medical Payments, any one accident or loss	\$ 5,000
Personal Injury Protection	Statutory
Hired Auto Liability	\$ 1,000,000

Excess Port Liability

Per occurrence/aggregate	\$ 75,000,000
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Public Officials Liability, Claims Made Policy, includes D&O and EPLI

Each claim and aggregate, including claims expense	\$ 100,000,000
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Comprehensive Crime insurance

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

Florida Storage Tank

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

Aggregate	\$ 1,000,000
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Privacy & Network Protection Policy

Privacy Liability, Network Security per occurrence/aggregate	\$ 5,000,000
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Kidnap & Ransom

Kidnap, Ransom & Extortion – Each insured event/aggregate	\$ 1,000,000
Threat – each insured event	\$ 75,000
Death & Dismemberment – each insured person	\$ 250,000
Death & Dismemberment – each insured event/aggregate	\$ 1,250,000

Workers' Compensation, Employers Liability

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

Aviation – Drones

Single Limit Liability	\$ 1,000,000
Medical Expense	\$ 5,000

TULIP (Tenant User Liability)

Occurrence/Aggregate	\$ 1,000,000
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