

# **Canaveral Port Authority**

Financial Statements

Years Ended September 30, 2021 and 2020

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**Public Officials**  
**September 30, 2021**

Wayne Justice  
Chairman

Jerry Allender  
Vice Chairman

Robyn Hattaway  
Secretary/Treasurer

Micah Loyd  
Commissioner

Kevin Markey  
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

Members of the Board of Commissioners  
Canaveral Port Authority

We have audited the accompanying financial statements of the Canaveral Port Authority (the Authority), as of and for the years ended September 30, 2021 and 2020, 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, 2021 and 2020, 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 of federal awards and state financial assistance, as required by *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal awards*, and Chapter 10.550, *Rules of the Auditor General, State of Florida*, 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 (prior to transfer of completed projects to capital assets), 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 federal awards and state financial assistance 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 (prior to transfer of completed projects to capital assets), 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 March 16, 2022 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  
March 16, 2022



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## Canaveral Port Authority

### Management's Discussion and Analysis (Unaudited)

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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, 2021 and 2020. **All amounts, unless otherwise indicated, are expressed in thousands of dollars.**

#### Financial Highlights

- The assets and deferred outflows of the Authority exceeded its liabilities and deferred inflows at the close of the most recent fiscal year by \$317,992 (*net position*). Of this amount, \$54,562 is the unrestricted net position and is available to meet the Authority's ongoing obligations to creditors.
- The Authority's total net position decreased by \$48,331. This reduction is a result of a decrease in net investment in capital assets of \$39,617 an increase restricted net position of \$262, and a decrease in unrestricted net position of \$8,976.
- At the end of the current fiscal year, the unrestricted net position was 53.6% of total expenses.

#### Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the Authority's basic financial statements. The Authority's basic financial statements are comprised of two components: enterprise financial statements and notes to the financial statements. This report also contains 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 9-34 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 36-47 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 and deferred outflows exceeded liabilities as of September 30, 2021 and 2020 by \$317,992 and \$366,323, respectively.

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

	<b>Canaveral Port Authority's Net Position</b> <b>(In thousands)</b>		
	2021	2020	2019
Current and other assets	\$ 93,197	\$ 121,202	\$ 185,278
Capital assets	676,214	725,715	658,616
Total assets	769,411	846,917	843,894
Deferred outflows of resources	712	437	628
Current liabilities	34,849	55,246	57,033
Noncurrent liabilities	416,841	425,279	404,833
Total liabilities	451,690	480,525	461,866
Deferred inflows of resources	441	505	279
Net position:			
Net investment in capital assets	250,807	290,424	305,092
Restricted	12,623	12,361	12,152
Unrestricted	54,562	63,538	65,134
Total net position	\$ 317,992	\$ 366,323	\$ 382,378

By far the largest portion of the Authority's net position as of September 30, 2021 and 2020, (78.9% and 79.3%, 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. At the end of the current fiscal year, the Authority's net investment in capital assets decreased by \$39,617. In the prior year, net investment in capital assets decreased by \$14,668.

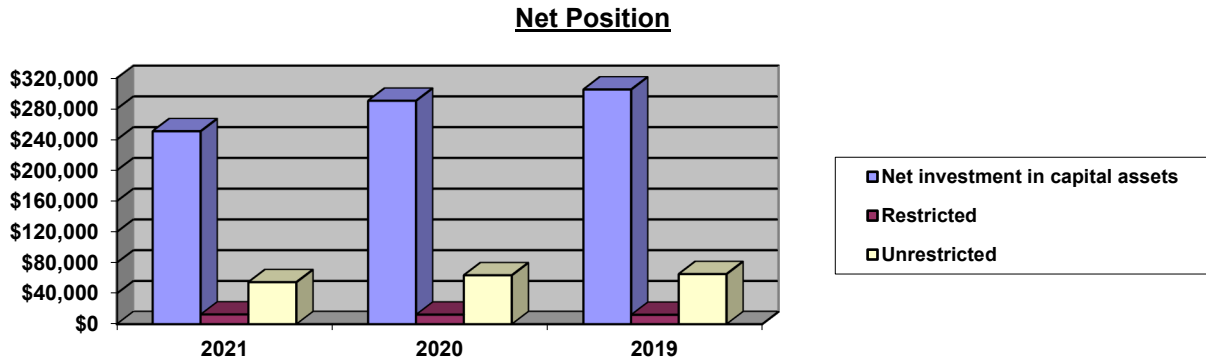
In addition, a portion of the Authority's net position as of September 30, 2021 and 2020, (4.0% and 3.4%, respectively), represents the reserve for maximum debt service restricted in accordance with existing bond covenants. The remaining balance of unrestricted net position may be used to meet the Authority's ongoing obligations to creditors. At the end of the current fiscal year, the Authority's unrestricted net position decreased by \$8,976. In the prior year, unrestricted net position decreased by \$1,596.

## Canaveral Port Authority

### Management's Discussion and Analysis (Unaudited)

The Authority's total net position decreased by \$48,331 during the current fiscal year. Of this amount, a decrease of \$48,618 represents net income before capital contributions. The remaining increase of \$287 represents the capital contributions (grant proceeds) from federal and state sources. There is no assurance that these capital contributions from other sources will continue in the future.

The Authority's total net position decreased by \$16,055 during the 2020 fiscal year. Of this amount, a decrease of \$27,951 represents net income before capital contributions.



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

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

	2021	2020	2019
Operating revenues:			
Fees and charges for services	\$ 34,549	\$ 67,104	\$ 106,511
Non-operating revenues:			
Investment earnings	218	1,601	3,413
Other	18,394	468	1,272
Total non-operating revenues	18,612	2,069	4,685
Total revenues	53,161	69,173	111,196
Operating expenses:			
Operations, facilities and public safety	20,313	27,097	29,691
Executive, finance and administration	10,803	11,525	10,046
Engineering and environmental	1,712	2,359	2,556
Other	4,330	5,603	6,543
Depreciation and amortization	49,690	39,535	39,086
Total operating expenses	86,848	86,119	87,922
Non-operating expenses:			
Interest	12,379	9,758	13,222
Other	2,552	1,247	1,027
Total non-operating expenses	14,931	11,005	14,249
Total expenses	101,779	97,124	102,171
(Loss) Income before contributions	(48,618)	(27,951)	9,025
Capital contributions	287	11,896	15,239
Change in net position	(48,331)	(16,055)	24,264
Net position – beginning	366,323	382,378	358,114
Net position – ending	\$ 317,992	\$ 366,323	\$ 382,378

## **Canaveral Port Authority**

### **Management's Discussion and Analysis (Unaudited)**

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Key elements of the decrease in net position for the fiscal year ended September 30, 2021, are as follows.

- Overall fees and charges for services decreased 49%. Fees and charges consist of revenues from cruise operations (including parking) and recreation (Jetty Park and Exploration Tower) which decreased 77% and increased 57% respectively. The effect of the COVID-19 pandemic resulted in the suspension of cruise activities in March 2020 and a reduction in usage of the recreation facilities. Cruise activities resumed in July 2021. Additional operating revenues for cargo increased 16% and leases decreased 5% respectively.
- Overall, non-operating revenues increased which include investment earnings, insurance proceeds, grant revenue and gains on sale of assets or legal settlements. Investment earnings decreased by 86% due to a reduction in restricted cash and investments (bond proceeds used for construction projects). Grant revenue increased in large part due to an increase in American Rescue Plan Act (ARPA) operating grants.
- Capital contributions from federal and state grants for capitalized projects decreased during the current fiscal year by \$11.6 million or 98%. This decrease was mainly due to a reduced capital budget in FY 2021. Grant funds contributed \$287 thousand to the change in net position in the current fiscal year.

Key elements of the decrease in net position for the fiscal year ended September 30, 2020, are as follows.

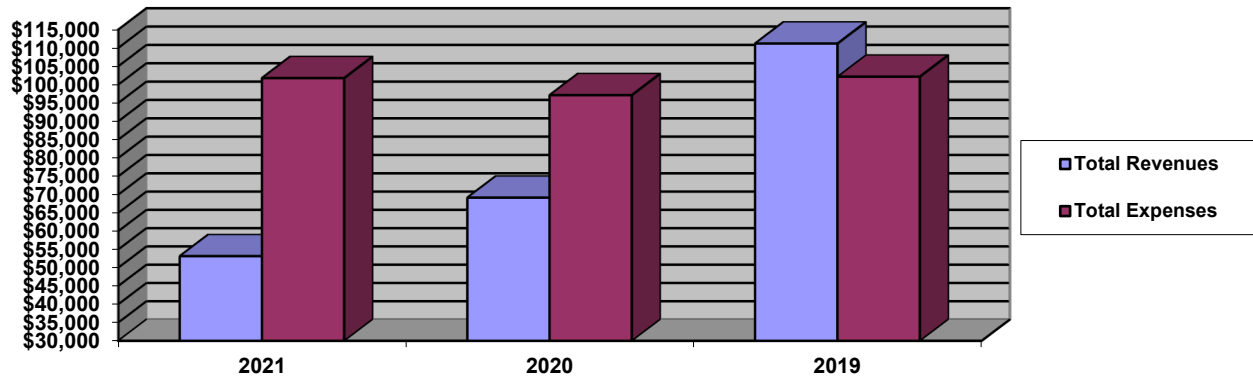
- Overall fees and charges for services decreased 37%. Fees and charges consist of revenues from cruise operations (including parking) and recreation (Jetty Park and Exploration Tower) which decreased 46% and 39% respectively. The effect of the COVID-19 pandemic resulted in the suspension of cruise activities in March 2020 and a reduction in usage of the recreation facilities. Additional operating revenues are cargo and leases which increased 4% and 5% respectively.
- Overall, non-operating revenues decreased by 56%. Non-operating revenues include investment earnings, insurance proceeds, grant revenue and gains on sale of assets or legal settlements. Investment earnings decreased by 53% due to a reduction in restricted cash and investments (bond proceeds used for construction projects). Insurance proceeds were received in FY 2019 in relation to Hurricane Irma. Grant revenue decreased by 19% due to a reduction in federal operating grants.
- Capital contributions from federal and state grants for capitalized projects decreased during the current fiscal year by \$3.3 million or 22%. This decrease was mainly due to a reduced capital budget in FY 2020 and several projects (Mobile Harbor Crane, Road Improvements and Wayfinding) which received state funding being completed in FY 2019. These grant funds contributed \$11.9 million to the change in net position in the 2020 fiscal year.

## Canaveral Port Authority

### Management's Discussion and Analysis (Unaudited)

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#### Total Revenues and Expenses



#### Capital Asset and Debt Administration

**Capital assets.** The Canaveral Port Authority's capital assets as of September 30, 2021 and 2020, amount to \$ 676,214 and \$725,715, respectively, (net of accumulated depreciation). These balances include land, buildings, improvements, equipment, intangibles and construction in progress. The total decrease in the Authority's capital assets was 7% and an increase of 10% for fiscal years 2021 and 2020, respectively.

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

- Construction continued on several major projects for the Authority, including Rehabilitation and Reconstruction of North Cargo Berth 3, Cruise Terminal 5 mooring improvements, Road and Utility improvements and Security projects. The total investment in these projects totaled \$15,227 and were offset by the total value of projects completed and moved from Construction in Progress to capital assets of \$41,408.

Several major projects included in Construction in Progress on September 30, 2020 were completed during fiscal year 2021 including:

- Cruise Terminal 8 improvements, including garage, berth, and passing boarding bridge at \$33,982
- Improvements to Port Security and Public Safety projects at \$5,201
- Cruise Terminal 10 Improvements at \$450
- Road Wayfinding Improvements at \$277

Additions for the year ended September 30, 2021, were offset by depreciation expense of \$49,079 and amortization expense of \$611

## Canaveral Port Authority

### Management's Discussion and Analysis (Unaudited)

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Major capital asset events during the fiscal year 2020 include the following:

- Construction continued on several major projects for the Authority, including construction of a new Cruise Terminal 3 including terminal, garage, berth and passenger boarding bridges, North Cargo Berth 8 improvements, and renovations to Cruise Terminal 8. The total investment in these projects totaled \$107,139 and were offset by the total value of projects completed and moved from Construction in Progress to capital assets of \$186,891.

Several major projects included in Construction in Progress on September 30, 2019 were completed during fiscal year 2020 including:

- Cruise Terminal 3, including garage, berth, and passing boarding bridge at \$155,800
- North Cargo Berth 8 improvements at \$10,387
- Portwide Wayfinding at \$7,755
- Road Improvements at \$7,311
- Improvements to Port Security and Public Safety projects at \$1,051

Additions for the year ended September 30, 2020, were offset by depreciation expense of \$38,957 and amortization expense of \$578.

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

	2021	2020	2019
Land	\$ 5,471	\$ 5,471	\$ 5,471
Buildings	206,739	214,790	147,349
Improvements other than Buildings	412,227	423,779	362,879
Equipment	44,201	47,592	28,645
Intangibles	1,018	1,344	1,781
Construction in progress	6,558	32,739	112,491
Total	<u>\$ 676,214</u>	<u>\$ 725,715</u>	<u>\$ 658,616</u>

Additional information on the Canaveral Port Authority's capital assets can be found in Note 3.C. on pages 18-19 of this report.

**Long-term debt.** At September 30, 2021 and 2020, the Canaveral Port Authority had total bonded debt outstanding of \$385,045 and \$400,201. The Canaveral Port Authority's debt represents bonds secured solely by operating revenues (i.e., revenue bonds).

The Canaveral Port Authority's total revenue bonds decreased by \$15,156 (3.79%) during the current fiscal year and increased by \$22,510 (5.96%) during the prior year. The major factor for the decrease during the current year was due to regular scheduled principal payments and no new issuances this year.

Additional information on the Canaveral Port Authority's long-term debt can be found in Note 3.F. on pages 20-26 of this report.

## **Canaveral Port Authority**

### **Management's Discussion and Analysis (Unaudited)**

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#### **Economic Factors and Next Year's Budgets and Rates**

For FY2022, the Authority has budgeted the following:

- Charges for services of \$109 million due to increased cruise and cargo related business.
- Operating expenses of \$97 million (includes \$48 million for depreciation) which contains funding for cruise activities.
- Non-operating revenues of \$49 million which is predominately ARPA funding.

#### **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, 2021 and 2020**

	2021	2020
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 32,626,875	\$ 43,630,309
Restricted cash and cash equivalents	12,210,012	29,556,279
Investments	26,134,140	26,966,174
Accounts receivable – trade, net	5,376,815	1,360,639
Prepaid expenses	2,908,886	3,096,696
Due from other governmental units	330,393	3,166,795
Inventory	476,165	482,875
Other receivables, current	51,314	106,914
<b>Total current assets</b>	<b>80,114,600</b>	<b>108,366,681</b>
Noncurrent assets:		
Restricted cash and equivalents	12,623,074	12,361,408
Other receivables, long-term	459,117	473,441
Capital assets (net of accumulated depreciation and amortization):		
Land	5,470,630	5,470,630
Buildings	206,738,475	214,790,483
Improvements other than buildings	412,227,286	423,778,833
Equipment	44,201,470	47,591,608
Intangible assets	1,018,190	1,344,489
Construction in progress	6,558,099	32,739,010
<b>Total noncurrent assets</b>	<b>689,296,341</b>	<b>738,549,902</b>
<b>Total assets</b>	<b>769,410,941</b>	<b>846,916,583</b>
Deferred outflows of resources:		
Deferred outflows – other post employment benefits (OPEB)	535,617	122,406
Deferred loss on bond refunding	176,912	314,588
<b>Total deferred outflows of resources</b>	<b>712,529</b>	<b>436,994</b>

(Continued)

**Canaveral Port Authority**

**Statements of Net Position (Continued)**  
**September 30, 2021 and 2020**

	2021	2020
<b>Liabilities</b>		
Current liabilities:		
Accounts payable and accrued expenses	\$ 6,609,186	\$ 19,245,538
Unearned revenue	7,069,673	402,712
Payroll and sales taxes payable	58,115	48,725
Revenue bonds payable, current portion	15,679,062	14,997,667
Compensated absences, current portion	3,021	15,419
Line of credit	-	14,985,543
Other liabilities, current portion	1,208,900	1,292,181
Payable from restricted assets:		
Accrued interest payable	3,996,132	4,099,999
Revenue bonds payable, current portion	225,000	158,333
<b>Total current liabilities</b>	<b>34,849,089</b>	<b>55,246,117</b>
Noncurrent liabilities:		
Revenue bonds payable, less current portion	374,626,945	390,773,990
Compensated absences, less current portion	1,063,936	1,069,336
Line of credit	37,646,680	30,786,492
Total OPEB liability	2,349,321	1,527,960
Other liabilities, long-term portion	1,153,959	1,120,792
<b>Total noncurrent liabilities</b>	<b>416,840,841</b>	<b>425,278,570</b>
<b>Total liabilities</b>	<b>451,689,930</b>	<b>480,524,687</b>
Deferred inflows of resources:		
Deferred inflows – OPEB	441,257	505,475
Net position:		
Net investment in capital assets	250,806,697	290,424,388
Restricted for debt service	12,623,074	12,361,408
Unrestricted	54,562,512	63,537,619
<b>Total net position</b>	<b>\$ 317,992,283</b>	<b>\$ 366,323,415</b>

See notes to financial statements.

# Canaveral Port Authority

## Statements of Revenues, Expenses and Changes in Net Position Years Ended September 30, 2021 and 2020

	2021	2020
Operating revenues:		
Fees and charges for services	\$ 34,549,294	\$ 67,104,170
Operating expenses:		
Operations	2,957,809	6,966,200
Facilities	8,277,541	10,028,353
Parks and recreation	1,422,906	1,423,202
Exploration tower	235,751	434,615
Public safety	9,077,974	10,102,808
Fire training facility	238,218	235,439
Commission	265,758	292,768
Executive	1,714,005	1,741,176
Finance and accounting	1,642,863	1,705,594
Administrative services	7,445,837	8,078,505
Engineering and environmental	1,712,383	2,359,435
Business development	736,269	1,524,975
Tenant and property development	491,730	510,372
Government and strategic communications	939,546	1,181,130
Depreciation	49,078,633	38,956,733
Amortization	611,115	577,821
<b>Total operating expenses</b>	<b>86,848,338</b>	<b>86,119,126</b>
<b>Operating loss</b>	<b>(52,299,044)</b>	<b>(19,014,956)</b>
Non-operating revenues:		
Investment earnings	217,578	1,600,821
Grant revenue	15,440,776	460,826
Gain on sale of capital assets	2,953,254	7,356
<b>Total non-operating revenues</b>	<b>18,611,608</b>	<b>2,069,003</b>
Non-operating expenses:		
Interest expense	12,379,203	9,757,523
Loss on disposal of capital assets	1,658,837	505,000
Other non-operating expenses	892,784	742,384
<b>Total non-operating expenses</b>	<b>14,930,824</b>	<b>11,004,907</b>
<b>Loss before capital contributions</b>	<b>(48,618,260)</b>	<b>(27,950,860)</b>
Capital contributions	287,128	11,896,455
<b>Change in net position</b>	<b>(48,331,132)</b>	<b>(16,054,405)</b>
Net position, beginning of year	366,323,415	382,377,820
Net position, end of year	\$ 317,992,283	\$ 366,323,415

See notes to financial statements.

**Canaveral Port Authority**

**Statements of Cash Flows**

**For the Years Ended September 30, 2021 and 2020**

	2021	2020
Cash flows from operating activities:		
Cash received from customers and users	\$ 30,765,709	\$ 72,745,480
Cash paid to suppliers for goods and services	(26,394,524)	(32,268,556)
Cash payments to employees for services	(10,783,338)	(14,242,036)
<b>Net cash (used in) provided by operating activities</b>	<b>(6,412,153)</b>	<b>26,234,888</b>
Cash flows from non-capital financing activities:		
Grant revenue received	21,945,069	460,826
<b>Net cash provided by non-capital financing activities</b>	<b>21,945,069</b>	<b>460,826</b>
Cash flows from capital and related financing activities:		
Interest paid on revenue bonds	(12,726,052)	(13,762,863)
Proceeds from revenue bonds	-	170,504,000
Debt issuance costs	(121,422)	(366,434)
Principal paid on revenue bonds	(15,156,000)	(147,993,609)
Acquisition and construction of capital assets	(29,191,227)	(107,252,728)
Proceeds from line of credit	6,860,188	14,985,543
Payments made on line of credit	(14,985,543)	(14,985,543)
Proceeds from sale of capital assets	17,525,963	7,356
Contributed capital	3,123,530	17,351,748
<b>Net cash used in capital and related financing activities</b>	<b>(44,670,563)</b>	<b>(81,512,530)</b>
Cash flows from investing activities:		
Interest received on investments	533,365	1,252,896
Purchase of investments	-	(2,108,020)
Proceeds from sale of investments	516,247	31,200,000
<b>Net cash provided by investing activities</b>	<b>1,049,612</b>	<b>30,344,876</b>
<b>Net decrease in cash and equivalents</b>	<b>(28,088,035)</b>	<b>(24,471,940)</b>
Cash and cash equivalents:		
Beginning of year	85,547,996	110,019,936
End of year	<b>\$ 57,459,961</b>	<b>\$ 85,547,996</b>

(Continued)

**Canaveral Port Authority**

**Statements of Cash Flows (Continued)**  
**For the Years Ended September 30, 2021 and 2020**

	2021	2020
Reconciliation of operating loss to net cash provided by operating activities:		
Operating loss	\$ (52,299,044)	\$ (19,014,956)
Adjustment to reconcile operating income to net cash provided by operating activities		
Depreciation expense	49,078,633	38,956,733
Amortization expense	611,115	577,821
(Increase) decrease in assets:		
Accounts receivable	(4,016,176)	5,619,267
Inventory	6,710	(69,962)
Other receivables	69,924	111,365
Prepaid expenses	187,810	(254,886)
Deferred outflows of resources – OPEB	(413,211)	16,342
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	(499,201)	332,805
Unearned revenue	162,667	(89,322)
Compensated absences	(17,798)	97,169
Total OPEB liability	821,361	(100,117)
Deferred inflows of resources – OPEB	(64,218)	226,767
Other liabilities	(50,114)	(42,946)
Payroll and sales tax payable	9,389	(131,192)
<b>Total adjustments</b>	<b>45,886,891</b>	<b>45,249,844</b>
<b>Net cash (used in) provided by operating activities</b>	<b>\$ (6,412,153)</b>	<b>\$ 26,234,888</b>

Supplemental schedule of noncash investing, capital and financing activities:

During 2021 and 2020, the Authority recorded an unrealized (loss)/gain on investments of (\$315,787) and \$347,925, respectively.

During 2021 and 2020, the Authority's balance in due from other governmental units relating to capital contributions is \$330,393 and \$3,166,795, respectively.

On September 30, 2021 and 2020, the Authority had capital asset additions included in accounts payable of \$983,401 and \$13,459,507, respectively.

See notes to financial statements.

## **Canaveral Port Authority**

### **Notes to Financial Statements**

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## **Canaveral Port Authority**

### **Notes to Financial Statements**

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#### **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 Enabling Act). 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**

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

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

## Canaveral Port Authority

### Notes to Financial Statements

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#### 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, 2021 and 2020, was \$50,000.

###### 3. Inventory

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

###### 4. Prepaid Expenses

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

###### 5. 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

###### 6. 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 other post-employment benefits (OPEB) in this section.

## **Canaveral Port Authority**

### **Notes to Financial Statements**

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#### **Note 1. Summary of Significant Accounting Policies (Continued)**

##### **C. Assets, Liabilities and Net Position (Continued)**

###### **7. 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.

###### **8. 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.

###### **9. Unearned Revenue**

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

###### **10. 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 OPEB 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, notes or other borrowings that are attributable to the acquisition, construction or improvements of those assets and any deferred losses on bond refunding. Significant portions of unexpended capital debt are not included in this category of net position.

###### **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.

## Canaveral Port Authority

### Notes to Financial Statements

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#### Note 1. Summary of Significant Accounting Policies (Continued)

##### 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.

###### 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

Prior to the implementation of Government Accounting Standards Board (GASB) Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, the Authority's policy is to capitalize interest costs related to construction projects. During the years ended September 30, 2021 and 2020, \$0 and \$3,301,461, respectively, of interest expense was capitalized. The Authority implemented the provisions of GASB 89 as of October 1, 2020 and subsequent to that date, all interest is expensed.

##### E. Estimates

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

##### F. Reclassification

In the current year, certain amounts in the prior year financial statements have been reclassified to conform to the 2021 presentation.

## **Canaveral Port Authority**

### **Notes to Financial Statements**

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#### **Note 2. Budgetary Information**

The Authority's Enabling Act requires adoption of an annual operating budget. The Board of Commissioners (Board) of 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. 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, 2021 and 2020, the carrying amount of the Authority's recorded deposits with financial institutions was \$39,914,123 and \$28,468,219, respectively, and the bank balance was \$28,819,682 and \$31,938,503, respectively. In addition, the Authority held \$500 of petty cash on September 30, 2021 and 2020.

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 49 days, as of September 30, 2021. On September 30, 2021 and 2020, the Authority had \$1,231,593 and \$1,229,678, respectively, invested in Florida PRIME.

As of September 30, 2021 and 2020, cash equivalents placed in money market accounts with PALM was \$16,314,245 and \$55,850,099, respectively.

## Canaveral Port Authority

### Notes to Financial Statements

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#### Note 3. Detail Notes (Continued)

##### A. Deposits and Investments (Continued)

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 the Act. Under the Act, every qualified public depository shall deposit with the Florida Treasury eligible collateral of the depository to be held subject to his or her order. The Florida Treasurer, by rule, shall establish minimum required collateral pledging levels. The pledging level may range from 25% to 200% of the average monthly balance of public deposits with an approved financial institution. The Public Deposit Security Trust Funds (Florida PRIME and PALM) have a procedure to allocate and recover losses in the event of default or insolvency. The Authority depositories at year end were designated as qualified public depositories. All bank balances were covered by the FDIC and the banks' participation in the Act.

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

	2021	2020
Deposits with financial institutions	\$ 39,914,123	\$ 28,468,219
Deposits with Florida PRIME	1,231,593	1,229,678
Deposits with PALM	16,314,245	55,850,099
Total cash and cash equivalents	<u>\$ 57,459,961</u>	<u>\$ 85,547,996</u>
Reconciliation to the statement of Net Position:		
Cash and cash equivalents, current	\$ 32,626,875	\$ 43,630,309
Cash and cash equivalents, current – restricted	12,210,012	29,556,279
Cash and cash equivalents, noncurrent	12,623,074	12,361,408
Total cash equivalents	<u>\$ 57,459,961</u>	<u>\$ 85,547,996</u>

#### Credit Risk

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

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.

## **Canaveral Port Authority**

### **Notes to Financial Statements**

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#### **Note 3. Detail Notes (Continued)**

##### **A. Deposits and Investments (Continued)**

Local Intergovernmental Pools with the highest fund quality rating of AAAm or equivalent. Florida PRIME and PALM were rated AAAm by Standard & Poor's on September 30, 2021 and at September 30, 2020.

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, 2021 and 2020, the Authority's investment portfolio was held with a third-party custodian and designated as Authority assets and held in the Authority's name, as required by the Authority's investment policy.

##### ***Interest Rate Risk***

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. 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 GASB Statement No. 72, *Fair Value Measurements*. Fair value is defined by GASB 72, as the price that would be received to sell an asset or to transfer a liability in an orderly transaction between market participants at the measurement date. 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, 2021 and 2020 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 PALM is measured at NAV. Certificates of deposits are not subject to fair value hierarchy.

## Canaveral Port Authority

### Notes to Financial Statements

#### Note 3. Detail Notes (Continued)

##### A. Deposits and Investments (Continued)

At September 30, 2021, the Authority's summary of the fair value hierarchy of investments are as follows:

Investments	Amount	Fair Value Measurements Using	
		Quoted Prices in Active Market for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)
Investments by Fair Value Level:			
U.S. Government Securities	\$ 15,053,689	\$ 8,658,585	\$ 6,395,104
Corporate Issues	7,752,433	-	7,752,433
Supranationals	1,615,818	-	1,615,818
Municipal Issues	1,241,116	-	1,241,116
Total Investments by Fair Value Level	\$ 25,663,056	\$ 8,658,585	\$ 17,004,471

At September 30, 2020, the Authority's summary of the fair value hierarchy of investments are as follows:

Investments	Amount	Fair Value Measurements Using	
		Quoted Prices in Active Market for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)
Investments by Fair Value Level:			
U.S. Government Securities	\$ 13,320,034	\$ 4,938,643	\$ 8,381,391
Corporate Issues	11,794,584	-	11,794,584
Supranationals	260,120	-	260,120
Municipal Issues	1,119,521	-	1,119,521
Total Investments by Fair Value Level	\$ 26,494,259	\$ 4,938,643	\$ 21,555,616

#### 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, 2021, the Authority had the following investments:

Investment Type	Amount	Investment Maturities (in years)				Rating	Agency
		Less than 1	1-5	6-10	Over 10		
Investments:							
Certificates of Deposit	\$ 471,084	\$ 471,084	\$ -	\$ -	\$ -	Not Rated	-
U.S. Government Securities	15,053,689	655,657	13,723,144	406,549	268,339	AA	S&P
Corporate Issues	7,752,433	-	7,637,665	114,768	-	BBB-AAA	S&P
Supranationals	1,615,818	-	1,615,818	-	-	AAA	S&P
Municipal Issues	1,241,116	5,086	1,236,030	-	-	A-AAA	S&P
	\$ 26,134,140	\$ 1,131,827	\$ 24,212,657	\$ 521,317	\$ 268,339		



## Canaveral Port Authority

### Notes to Financial Statements

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#### Note 3. Detail Notes (Continued)

##### A. Deposits and Investments (Continued)

At September 30, 2020, the Authority had the following investments:

Investment Type	Amount	Investment Maturities (in years)				Rating	Agency
		Less than 1	1-5	6-10	Over 10		
Investments:							
Certificates of Deposit	\$ 471,915	\$ 471,915	\$ -	\$ -	\$ -	Not Rated	-
U.S. Government Securities	13,320,034	-	12,243,094	706,870	370,070	AA	S&P
Corporate Issues	11,794,584	-	11,794,584	-	-	BBB-AAA	S&P
Supranationals	260,120	-	260,120	-	-	AAA	S&P
Municipal Issues	1,119,521	-	1,119,521	-	-	A-AAA	S&P
	<u>\$ 26,966,174</u>	<u>\$ 471,915</u>	<u>\$ 25,417,319</u>	<u>\$ 706,870</u>	<u>\$ 370,070</u>		

##### 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.

	2021	2020
Debt proceeds	\$ 5,705,718	\$ 29,556,279
Federal Grant Proceeds	6,504,294	-
Bond reserve	12,623,074	12,361,408
Total	<u>\$ 24,833,086</u>	<u>\$ 41,917,687</u>

# Canaveral Port Authority

## Notes to Financial Statements

### Note 3. Detail Notes (Continued)

#### C. Capital Assets

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

	2021			
	Balance October 1, 2020	Increases	Decreases	Balance September 30, 2021
Capital assets, not being depreciated/amortized:				
Land	\$ 5,470,630	\$ -	\$ -	\$ 5,470,630
Construction in progress	32,739,010	16,715,121	(42,896,032)	6,558,099
Total capital assets, not being depreciated/amortized	38,209,640	16,715,121	(42,896,032)	12,028,729
Capital assets, being depreciated/amortized:				
Buildings	274,628,752	21,126,416	(17,966,280)	277,788,888
Improvements other than buildings	701,379,113	12,692,953	(1,370,457)	712,701,609
Equipment	116,146,835	7,303,813	(2,059,701)	121,390,947
Intangible assets	17,001,907	284,816	-	17,286,723
Total capital assets being depreciated/amortized	1,109,156,607	41,407,998	(21,396,438)	1,129,168,167
Less accumulated depreciation/amortization for:				
Buildings	(59,838,269)	(13,961,283)	2,749,139	(71,050,413)
Improvements other than buildings	(277,600,280)	(24,244,501)	1,370,457	(300,474,324)
Equipment	(68,555,227)	(10,658,850)	2,024,601	(77,189,476)
Intangible assets	(15,657,418)	(611,115)	-	(16,268,533)
Total accumulated depreciation/amortization	(421,651,194)	(49,475,749)	6,144,197	(464,982,746)
Total capital assets, being depreciated/amortized, net	687,505,413	(8,067,751)	(15,252,241)	664,185,421
Capital assets, net	\$ 725,715,053	\$ 8,647,370	\$ (58,148,273)	\$ 676,214,150

## Canaveral Port Authority

### Notes to Financial Statements

#### Note 3. Detail Notes (Continued)

##### C. Capital Assets (Continued)

	2020		
	Balance October 1, 2019	Increases	Decreases
			Balance September 30, 2020
Capital assets, not being depreciated/amortized:			
Land	\$ 5,470,630	\$ -	\$ -
Construction in progress	112,491,025	107,138,941	(186,890,956)
Total capital assets, not being depreciated/amortized	117,961,655	107,138,941	(186,890,956)
Capital assets, being depreciated/amortized:			
Buildings	197,506,633	77,692,119	(570,000)
Improvements other than buildings	622,360,595	81,525,919	(2,507,401)
Equipment	89,052,413	27,531,718	(437,296)
Intangible assets	16,860,707	141,200	-
Total capital assets being depreciated/amortized	925,780,348	186,890,956	(3,514,697)
Less accumulated depreciation/amortization for:			
Buildings	(50,158,177)	(9,799,792)	119,700
Improvements other than buildings	(259,481,392)	(20,554,631)	2,435,743
Equipment	(60,407,171)	(8,585,352)	437,296
Intangible assets	(15,079,597)	(577,821)	-
Total accumulated depreciation/amortization	(385,126,337)	(39,517,596)	2,992,739
Total capital assets, being depreciated/amortized, net	540,654,011	147,373,360	(521,958)
Capital assets, net	\$ 658,615,666	\$ 254,512,301	\$ (187,412,914)

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:

	2021	2020
Accounts and contracts payable	\$ 5,456,345	\$ 14,055,019
Retainages payable	58,601	4,347,511
Accrued payroll and employee benefits	1,094,240	843,008
	\$ 6,609,186	\$ 19,245,538

## Canaveral Port Authority

### Notes to Financial Statements

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#### Note 3. Detail Notes (Continued)

##### E. Other Liabilities

As required by GASB Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*, the Authority recognizes certain remediation obligations in its financial statements. The Authority's staff, working in conjunction with outside environmental specialists, developed detailed plans and cost estimates of the pollution remediation. The total estimated and recorded liabilities for the remediation on September 30, 2021 and 2020 are \$637,156 and \$681,255, respectively. Such amounts are recorded as a component of accounts payable as accrued expenses in the statements of net position.

##### 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, 2021 and 2020.

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

	2021	2020
Port Revenue Refunding Bonds, Series 2012	\$ -	\$ 1,030,000
Port Revenue Refunding Bonds, Series 2015	-	1,870,000
Port Revenue Refunding Bonds, Series 2016A	23,773,062	23,773,062
Port Revenue Refunding Bonds, Series 2016B	38,000,000	38,000,000
Port Improvement and Refunding Revenue Bonds, Series 2016C	34,450,000	34,925,000
Port Improvement Revenue Bonds, Series 2016D	27,145,000	27,145,000
Port Improvement Revenue Bonds, Series 2018A	44,995,000	44,995,000
Port Improvement Revenue Bonds, Series 2018B	30,000,000	30,000,000
Port Improvement Revenue Bonds, Series 2018C	35,080,000	36,055,000
Port Revenue Refunding Bonds, Series 2019A	8,020,000	9,087,000
Port Revenue Refunding Bonds, Series 2019B	21,489,000	27,067,000
Port Revenue Refunding Bonds, Series 2019C	53,737,000	55,865,000
Port Revenue Refunding Bonds, Series 2019D	33,081,000	34,389,000
Port Improvement Revenue Bonds, Series 2020A	35,275,000	36,000,000
Total revenue bonds	385,045,062	400,201,062
Plus: unamortized premiums	5,485,945	5,728,928
Less: current maturities	(15,904,062)	(15,156,000)
Revenue bonds payable, less current portion	\$ 374,626,945	\$ 390,773,990

## **Canaveral Port Authority**

### **Notes to Financial Statements**

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#### **Note 3. Detail Notes (Continued)**

##### **F. Revenue Bonds Payable (Continued)**

###### **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.

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 with a June 1, 2012 amount of \$27,000 and a final payment of \$1,030,000 in 2021.

The Series 2012 bonds maturing on or after June 1, 2017, are subject to redemption upon notice prior to maturity, in whole or in part on any interest date payment, at a redemption price equal to 100% of the principal amount of the Series 2012 bonds to be 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 with a June 1, 2015 amount of \$420,000 and a final payment of \$1,870,000 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 with a June 1, 2022 amount of \$2,100,000 and a final payment of \$2,695,000 in 2031.

## **Canaveral Port Authority**

### **Notes to Financial Statements**

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#### **Note 3. Detail Notes (Continued)**

##### **F. Revenue Bonds Payable (Continued)**

###### **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, and (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 with a June 1, 2022 amount of \$1,775,000 and a final payment of \$5,040,000 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.

###### **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, and (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 with a June 1, 2017 amount of \$315,000 and a final payment of \$2,650,000 in 2046.

The Series 2016C bonds are subject to redemption prior to their respective dates of maturity, at any time, 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, and (ii) to pay bond issuance costs. Gross revenues are pledged for repayment of these bonds.

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 with a June 1, 2032 amount of \$1,300,000 and a final payment of \$2,440,000 in 2046.

The Series 2016D bonds are subject to redemption prior to their respective dates of maturity, at any time, 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.

## **Canaveral Port Authority**

### **Notes to Financial Statements**

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#### **Note 3. Detail Notes (Continued)**

##### **F. Revenue Bonds Payable (Continued)**

###### **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), and (ii) to pay bond issuance costs. Gross revenues are pledged for repayment of these bonds.

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

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

###### **PORT IMPROVEMENT REVENUE BONDS, SERIES 2018B**

On December 13, 2018, the Authority issued Port Improvement Revenue Bonds, Series 2018B 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 with a June 1, 2045 amount of \$3,550,000 and a final payment of \$9,250,000 in 2048.

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

###### **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), and (ii) to pay bond issuance costs. Gross revenues are pledged for repayment of these bonds.

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

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

## **Canaveral Port Authority**

### **Notes to Financial Statements**

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#### **Note 3. Detail Notes (Continued)**

##### **F. Revenue Bonds Payable (Continued)**

###### **PORT REVENUE REFUNDING BONDS, SERIES 2019A**

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

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

###### **PORT REVENUE REFUNDING BONDS, SERIES 2019B**

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

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

###### **PORT REVENUE REFUNDING BONDS, SERIES 2019C**

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

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

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



## **Canaveral Port Authority**

### **Notes to Financial Statements**

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#### **Note 3. Detail Notes (Continued)**

##### **F. Revenue Bonds Payable (Continued)**

###### **PORT REVENUE REFUNDING BONDS, SERIES 2019D**

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

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

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

###### **PORT IMPROVEMENT REVENUE BONDS, SERIES 2020A**

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

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

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

## Canaveral Port Authority

### Notes to Financial Statements

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#### Note 3. Detail Notes (Continued)

#### F. Revenue Bonds Payable (Continued)

##### FUTURE MATURITIES

Future maturities requirements for all outstanding revenue bonds payable, as of September 30, 2021, are as follows:

2022	\$ 6,503,509
2023	5,276,959
2024	4,638,098
2025	4,358,415
2026	4,141,924
2027 to 2031	18,181,469
2032 to 2036	15,655,180
2037 to 2041	8,588,504
2042 to 2046	5,042,444
2047 to 2051	1,178,795
2052 to 2056	380,794
2057 to 2061	380,794
2062 to 2066	304,635
Total	<u>\$ 74,631,520</u>

The total future principal and interest on all the bonds is \$564,529,247 and the current principal and interest is \$27,842,741. The pledged revenue recognized during FY21 was \$34,537,272. The amount of the pledge is equal to the remaining principal and interest payments. The bonds may be redeemed at the option of the Authority.

#### 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 0.78% per annum. The tax-exempt rate is 79% of 30-day LIBOR plus 0.67% per annum. The maturity date is December 15, 2021. The line of credit balance on September 30, 2021 was \$37,646,680 and 2020 was \$30,786,492. Subsequent to year end the line of credit was extended until December 15, 2022 and accordingly is recorded as non-current on the statement of net position.

##### Truist Bank

As of September 30, 2021, the Authority had an agreement with Truist Bank for a line of credit not to exceed \$20,000,000 with a maturity date of November 2, 2022. The taxable interest rate on the debt is the greater of 1.85% or the 30-day LIBOR plus 0.85% per annum. The line of credit balance on September 30, 2021 was \$0 and 2020, was \$14,985,543.

## Canaveral Port Authority

### Notes to Financial Statements

#### Note 3. Detail Notes (Continued)

##### H. Changes in Long-Term Liabilities

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

	Balance October 1, 2020	Additions	Reductions	Balance September 30, 2021	Due Within One Year
Revenue bonds payable	\$ 400,201,062	\$ -	\$ (15,156,000)	\$ 385,045,062	\$ 15,904,062
Unamortized bond premiums	5,728,928	-	(242,983)	5,485,945	-
Line of credit	45,772,035	6,860,188	(14,985,543)	37,646,680	-
Compensated absences	1,084,755	1,066,957	(1,084,755)	1,066,957	3,021
Long-term liabilities	<u>\$ 452,786,780</u>	<u>\$ 7,927,145</u>	<u>\$ (31,469,281)</u>	<u>\$ 429,244,644</u>	<u>\$ 15,907,083</u>

	Balance October 1, 2019	Additions	Reductions	Balance September 30, 2020	Due Within One Year
Revenue bonds payable	\$ 377,690,671	\$ 170,504,000	\$ (147,993,609)	\$ 400,201,062	\$ 15,156,000
Unamortized bond premiums	5,971,910	-	(242,982)	5,728,928	-
Line of credit	45,772,035	14,985,543	(14,985,543)	45,772,035	14,985,543
Compensated absences	987,586	1,084,755	(987,586)	1,084,755	15,419
Long-term liabilities	<u>\$ 430,422,202</u>	<u>\$ 186,574,298</u>	<u>\$ (164,209,720)</u>	<u>\$ 452,786,780</u>	<u>\$ 30,156,962</u>

##### 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.

	2021	2020
Bond Reserve		
Series 2016C	\$ 3,034,923	\$ 3,034,923
Series 2016D	2,199,813	2,199,813
Series 2018A	4,621,193	4,359,527
Series 2018B	2,767,145	2,767,145
Total debt service restrictions	<u>\$ 12,623,074</u>	<u>\$ 12,361,408</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.

## Canaveral Port Authority

### Notes to Financial Statements

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#### Note 3. Detail Notes (Continued)

##### J. Defined Contribution Plan (Continued)

The Plan is administered by the Authority as a Qualified Retirement Plan as defined by Section 401 (a) of the Internal Revenue Code. Plan provisions and contribution requirements are established and may be amended by the Board. The Authority contributes 10.77% of the employees' eligible compensation to the Plan; employee contributions to the Plan are not permitted. The amount of covered payroll by the Plan for the years ended September 30, 2021 and 2020, was \$10,539,750 and \$13,704,942, respectively. The amount of retirement expense related to the Plan for the years ended September 30, 2021 and 2020, was \$1,135,131 and \$1,476,022, respectively.

##### K. Other Post-Employment Benefits

###### (a) Description of OPEB Plans

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

Employees who are active participants in the Healthcare Plan at the time of retirement and are either 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, 2021 and 2020:

Plan Membership	September 30, 2021	September 30, 2020
Active	234	209
Inactive, receiving benefits	4	3
Total membership	238	212

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, 2021 and 2020, the amount of benefits paid by the Authority for the Healthcare Plan was \$53,126 and \$51,263, respectively.

## Canaveral Port Authority

### Notes to Financial Statements

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#### Note 3. Detail Notes (Continued)

##### K. Other Post-Employment Benefits (Continued)

##### (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:

	<u>September 30, 2021</u>	<u>September 30, 2020</u>
Measurement date	09/30/2020	09/30/2019
Actuarial valuation date	10/01/2019	10/01/2018
Health care cost trend rate	6.0% for 2021 graded down by 0.5% per year to 5.0 % in 2023	6.5% for 2020 graded down by 0.5% per year to 5.0 % in 2023
Discount rate	2.14%	3.58%
Mortality tables used	PUB-2010 Combined Mortality Table with full generational improvements in mortality using Scale MP-2020	PUB-2010 Combined Mortality Table with full generational improvements in mortality using Scale MP-2017

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, 2021, are as follows:

<u>Year</u>	
2020 to 2021	6.0%
2021 to 2022	5.5%
2022 to 2023+	5.0%

As of the measurement date, September 30, 2021, the Authority did not have any assets accumulated in a trust that was dedicated to providing benefits to Healthcare Plan members.

# Canaveral Port Authority

## Notes to Financial Statements

### Note 3. Detail Notes (Continued)

#### K. Other Post-Employment Benefits (Continued)

##### (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:

	2021	2020
Balance, beginning of year	\$ 1,527,960	\$ 1,628,077
Changes for the year:		
Service cost	352,677	178,370
Expected interest growth	39,680	63,761
Demographic experience	136,185	(30,559)
Assumption changes	345,945	(260,426)
Benefit payments	(53,126)	(51,263)
Net change	821,361	(100,117)
Balance, end of year	\$ 2,349,321	\$ 1,527,960

##### (d) OPEB Expense

For the years ended September 30, 2021 and 2020, the amount of OPEB expense recognized by the Authority was \$343,932 and \$142,992, respectively.

##### (e) OPEB Deferred Outflows and Inflows of Resources

Changes in the OPEB Deferred Outflows and Inflows of Resources for the fiscal years ended September 30, are as follows:

	2021	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Demographic gain/loss	\$ 121,334	\$ 237,017
Assumption changes	414,283	204,240
Total	\$ 535,617	\$ 441,257

	2020	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Demographic gain/loss	\$ -	\$ 283,066
Assumption changes	122,406	222,409
Total	\$ 122,406	\$ 505,475

## Canaveral Port Authority

### Notes to Financial Statements

#### Note 3. Detail Notes (Continued)

##### K. Other Post-Employment Benefits (Continued)

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

	Amount
2022	\$ 12,581
2023	12,581
2024	12,581
2025	12,581
2026	12,581
Thereafter	31,455

(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, 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, 2021	6.00%	\$ 2,019,763	\$ 2,349,321	\$ 2,756,827
As of September 30, 2020	6.50%	\$ 1,339,304	\$ 1,527,960	\$ 1,756,030

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.

	Total OPEB Liability			
	Rate	1% Decrease	Current Rate	1% Increase
As of September 30, 2021	2.14%	\$ 2,633,067	\$ 2,349,321	\$ 2,107,349
As of September 30, 2020	3.58%	\$ 1,693,688	\$ 1,527,960	\$ 1,385,185

## Canaveral Port Authority

### Notes to Financial Statements

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#### Note 3. Detail Notes (Continued)

##### 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 area. All of the leases and agreements are accounted for as operating leases and agreements. Revenue from leases and agreements was \$9,246,620 for 2021 and \$9,699,530 for 2020. Future minimum lease payments to be received are as follows:

2022	\$ 6,503,509
2023	5,276,959
2024	4,638,098
2025	4,358,415
2026	4,141,924
2027 to 2031	18,181,469
2032 to 2036	15,655,180
2037 to 2041	8,588,504
2042 to 2046	5,042,444
2047 to 2051	1,178,795
2052 to 2056	380,794
2057 to 2061	380,794
2062 to 2066	304,635
Total	<u>\$ 74,631,520</u>

##### M. Major Customers

Gross revenues from the top three companies totaled \$4,470,416, \$2,611,938, and \$2,348,438 in 2021, respectively. The last two were from cruise companies. At September 30, 2021, the outstanding trade accounts receivable balances of these three companies amounted to \$266,556, \$1,096,367 and \$862,933, respectively.

Gross revenues from three cruise line companies totaled \$11,881,114, \$9,618,765, and \$7,109,510 in 2020, respectively. At September 30, 2020, the outstanding trade accounts receivable balances of these three cruise line companies amounted to \$0, \$0 and \$74,208, respectively.

##### 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.

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



## **Canaveral Port Authority**

### **Notes to Financial Statements**

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#### **Note 3. Detail Notes (Continued)**

##### **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. This agreement was subsequently renewed through September 30, 2024.

##### **P. Capital Contributions**

For the years ended September 30, 2021 and 2020, the Authority recognized capital contributions of \$287,128 and \$11,896,455, respectively, composed primarily of federal and state grants used for various capital projects.

#### **Note 4. Commitments and Contingencies**

##### **A. Construction**

Commitments for the repair, modification, improvements, materials and new construction of Authority owned property at September 30, 2021 totaled \$55,048,679.

##### **B. Marine Terminal**

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 cost of the new construction is \$155 million. The construction was completed in June 2020. The cruise line company has guaranteed a repayment of \$62 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 be recognized 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 \$36 million. The construction is estimated to be completed in May 2022. The cruise line company has guaranteed a repayment of \$36 million (plus the debt service interest). This repayment is considered as revenue from the cruise line and will be recognized 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.

## Canaveral Port Authority

### Notes to Financial Statements

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#### Note 4. Commitments and Contingencies (Continued)

##### 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.

#### Note 5. 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 2022. 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 87 is expected to have a significant impact on the Authority's financial statements.
- GASB Statement No. 96, *Subscription –Based Information Technology Arrangements* was issued in May 2020 and will be effective for the Authority in fiscal year 2023. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users. This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in GASB 87, *Leases*, as amended. Management is currently evaluating the impact of this standard to the Authority's financial statements.

#### Note 6. Subsequent Events

**Line of credit:** On October 15, 2021, the Authority extended the Line of Credit with PNC Bank to a maturity date of December 15, 2022.

**Lease:** On December 8, 2021, the Authority approved a lease termination agreement with a tenant. The lease premises consists of 11.7 acres including 1,700 feet of bulkhead. The primary lease term expires in 2035 with a 20-year renewal option. The mutual early termination of the leasehold interest will provide the Authority with control of this strategically located property. The lease termination fee (not to exceed \$21.2 million) is payable in five payments over the course of a maximum five-year period with discounts provided for early payment (with the minimum termination fee being \$20.25 million).

## **REQUIRED SUPPLEMENTARY INFORMATION**

**Canaveral Port Authority**

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

<i>Years Ended September 30,</i>	2021	2020	2019	2018
<b>The Authority's liability:</b>				
Service cost	\$ 352,677	\$ 178,370	\$ 201,759	\$ 248,419
Interest	39,680	63,761	63,691	51,675
Demographic experience	136,185	(30,559)	(311,536)	-
Assumption changes	345,945	(260,426)	155,090	-
Benefit payments	(53,126)	(51,263)	(57,314)	(35,371)
Net change in total OPEB liability	821,361	(100,117)	51,690	264,723
Total OPEB liability – beginning	1,527,960	1,628,077	1,576,387	1,311,664
Total OPEB liability – ending	<u>\$ 2,349,321</u>	<u>\$ 1,527,960</u>	<u>\$ 1,628,077</u>	<u>\$ 1,576,387</u>
Covered employee payroll	13,069,476	11,304,940	11,120,726	10,025,200
Total OPEB liability as a percentage of covered employee payroll	17.98%	13.52%	14.64%	15.72%

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

## SUPPLEMENTARY INFORMATION

**Canaveral Port Authority**

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

<i>Years Ended September 30,</i>	2021	2020	2019	2018	2017
<b>Operating revenues</b>					
Dockage	\$ 8,279,495	\$ 9,072,939	\$ 8,695,601	\$ 8,992,071	\$ 7,837,207
Wharfage	9,215,706	32,608,638	60,375,728	57,003,115	54,157,885
Water	412,511	905,464	1,175,649	1,230,951	1,459,841
Parking	1,876,428	9,405,128	19,604,009	19,211,928	16,739,081
Line handling	903,220	1,067,417	1,254,120	1,407,933	1,160,118
Terminal/crane/RORO	640,225	668,407	81,800	29,950	15,750
Leases	9,258,649	9,699,530	9,252,306	8,414,872	6,914,194
Permits	74,729	78,857	78,753	70,294	64,709
Badging fees	221	17,221	27,855	23,727	36,859
Commercial vehicle	40,701	908,927	1,584,389	1,460,186	1,104,587
Miscellaneous	483,002	523,804	859,343	556,663	987,466
Camping	1,894,699	1,134,554	1,796,460	1,742,063	1,383,394
Recreational parking	951,256	539,215	789,638	749,406	698,411
Fire training	182,801	114,158	207,812	126,703	112,847
Other park revenues	246,400	139,649	269,129	251,291	180,565
Exploration Tower	82,951	216,039	448,204	426,439	417,248
Concessions	6,300	4,223	10,636	11,113	9,357
<b>Total operating revenues</b>	<b>34,549,294</b>	<b>67,104,170</b>	<b>106,511,432</b>	<b>101,708,705</b>	<b>93,279,519</b>
<b>Non-operating revenues</b>					
Investment earnings	217,578	1,600,821	3,412,808	809,438	445,598
Insurance proceeds	-	-	658,975	646,534	-
Grant revenue	15,440,776	460,826	567,455	765,757	288,411
Gain on sale/ disposal of assets	2,953,254	7,356	45,621	77,412	3,629,087
Gain on legal settlement	-	-	-	-	369,850
<b>Total revenues</b>	<b>\$ 53,160,902</b>	<b>\$ 69,173,173</b>	<b>\$ 111,196,291</b>	<b>\$ 104,007,846</b>	<b>\$ 98,012,465</b>
<b>Operating expenses</b>					
Operations:					
Salaries	\$ 1,675,206	\$ 2,885,231	\$ 3,317,835	\$ 3,084,720	\$ 2,865,888
Benefits	915,918	1,780,026	2,040,946	1,572,625	1,680,365
Service contracts	110,058	385,963	527,294	568,503	546,934
Utilities	67,915	41,030	31,247	41,827	59,580
Maintenance and supplies	163,079	132,669	151,718	184,458	182,216
Fender maintenance	-	-	-	-	18,630
Office	34,368	49,431	89,157	60,293	62,138
Fuel	11,245	10,503	12,490	39,646	88,016
Contractual obligations	(35,538)	1,652,670	3,003,307	856,783	1,394,194
Advertising	199	-	562	-	-
Travel	42	6,360	14,990	8,942	21,144
Education and seminars	-	77	38	822	1,750
Cruise terminal maintenance	-	-	-	24,786	-
Other	15,317	22,240	27,119	-	22,792
<b>Total operations</b>	<b>2,957,809</b>	<b>6,966,200</b>	<b>9,216,703</b>	<b>6,443,405</b>	<b>6,943,647</b>
Facilities:					
Salaries	2,365,248	2,872,865	2,874,142	2,533,548	2,459,606
Benefits	1,662,277	1,804,374	1,620,975	1,460,719	1,464,822
Service contracts	1,167,913	1,567,174	1,937,217	2,033,688	2,078,573
Utilities	2,361,444	2,838,991	3,532,838	4,018,158	3,659,201
Maintenance and support	599,019	823,972	649,137	1,134,509	808,414

**Canaveral Port Authority**

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

<i>Years Ended September 30,</i>	2021	2020	2019	2018	2017
Office	16,676	18,394	23,193	26,218	26,291
Computer support and training	9,302	8,568	-	-	-
Fuel	87,192	82,238	110,439	118,147	86,804
Travel	1,436	1,403	3,899	4,458	1,574
Education and seminars	1,595	2,376	2,760	2,663	4,042
Other	5,439	7,998	18,219	18,645	14,417
<b>Total facilities</b>	<b>8,277,541</b>	<b>10,028,353</b>	<b>10,772,819</b>	<b>11,350,753</b>	<b>10,603,744</b>
Public Safety:					
Salaries	323,917	484,675	484,497	414,486	345,309
Benefits	110,084	153,722	163,230	139,437	112,597
Service contracts	2,476	712	4,746	1,304	2,220
Fire protection	2,385,004	2,432,225	2,291,582	2,277,483	2,199,799
Police services	6,231,291	7,000,101	6,692,578	6,275,308	5,965,973
Security badging	-	-	-	2,118	3,360
Maintenance and supplies	7,471	6,881	9,585	6,157	13,683
Office	2,516	3,927	18,752	16,852	15,738
Computer support and training	-	1,244	-	-	-
Communications services	4,296	3,444	10,267	4,818	6,216
Travel	1,084	8,523	20,233	14,023	4,533
Education and seminars	-	787	3,323	1,869	3,169
Other	9,835	6,567	2,006	1,706	3,495
<b>Total public safety</b>	<b>9,077,974</b>	<b>10,102,808</b>	<b>9,700,799</b>	<b>9,155,561</b>	<b>8,676,092</b>
Parks and recreation:					
Salaries	532,024	582,975	642,480	541,507	484,981
Benefits	340,719	387,978	395,850	360,602	370,389
Service contracts	308,523	226,011	235,520	205,540	229,434
Store merchandise	18,757	22,906	47,275	59,569	75,733
Utilities	183,124	164,362	206,286	280,660	243,584
Maintenance and supplies	20,022	12,832	19,502	17,456	14,510
Office	16,663	18,632	30,430	30,487	24,147
Travel	401	239	1,774	2,130	378
Education and seminars	450	279	1,743	1,158	1,211
Other park expense	2,223	6,988	6,096	14,259	12,614
<b>Total parks and recreation</b>	<b>1,422,906</b>	<b>1,423,202</b>	<b>1,586,956</b>	<b>1,513,368</b>	<b>1,456,981</b>
Exploration tower:					
Salaries	114,299	201,726	301,073	327,179	285,170
Benefits	63,008	121,286	144,175	183,946	192,561
Service contracts	8,602	10,755	22,154	19,348	23,808
Store merchandise	37,783	46,641	77,533	61,087	24,440
Utilities	8,229	11,681	14,369	24,231	46,817
Exhibit and special events	2,383	12,632	30,737	41,754	23,438
Maintenance and supplies	921	2,005	5,544	5,210	11,574
Office	591	3,637	6,621	5,924	5,582
Promotions	(65)	987	5,963	2,347	585
Advertising	-	19,526	23,452	18,273	16,124
Trade development	-	3,276	905	-	-
Travel	-	325	320	666	701
Education and seminars	-	-	408	353	288
Other expenses	-	138	1,215	1,477	658
<b>Total exploration tower</b>	<b>235,751</b>	<b>434,615</b>	<b>634,469</b>	<b>691,795</b>	<b>631,746</b>

**Canaveral Port Authority**

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

<i>Years Ended September 30,</i>	2021	2020	2019	2018	2017
Fire training facility:					
Service contracts	135,897	170,625	180,024	98,024	90,326
Utilities	43,322	17,923	23,020	31,298	24,807
Insurance	38,240	35,727	42,244	38,329	42,468
Maintenance and supplies	20,759	10,809	53,264	34,482	32,564
Office	-	355	76	-	-
Accounting	-	-	475	-	-
<b>Total fire training facility</b>	<b>238,218</b>	<b>235,439</b>	<b>299,103</b>	<b>202,133</b>	<b>190,165</b>
Commission:					
Salaries	110,104	120,200	116,547	113,339	113,018
Benefits	115,414	106,443	104,833	101,992	102,631
Legal	31,873	43,178	59,795	55,429	55,847
Maintenance and supplies	46	10	14	-	-
Office	4,710	5,832	8,046	8,154	8,580
Promotions	3,020	4,750	2,980	4,000	26,900
Advertising	341	850	836	633	557
Travel	250	9,782	37,628	21,935	18,522
Education and seminars	-	1,723	995	-	1,252
<b>Total commission</b>	<b>265,758</b>	<b>292,768</b>	<b>331,674</b>	<b>305,482</b>	<b>327,307</b>
Executive:					
Salaries	1,138,853	1,139,195	1,063,625	795,659	865,868 *
Benefits	318,024	311,905	329,762	254,752	268,949 *
Legal	97,952	59,810	209,586	281,126	134,277
Maintenance and supplies	64	89	7	-	-
Office	152,437	205,299	201,812	196,492	195,092 *
Planning and studies	-	-	-	-	15,519 *
Fraud hotline	4,163	2,699	2,579	2,456	2,339 *
Sponsorship	-	-	-	-	20,000
Travel	1,840	8,377	18,669	9,855	10,783 *
Federal legislative consultant	-	-	-	-	8,000 *
Education and seminars	89	4,802	3,068	1,520	1,267
Other expenses	583	9,000	-	-	-
<b>Total executive</b>	<b>1,714,005</b>	<b>1,741,176</b>	<b>1,829,108</b>	<b>1,541,860</b>	<b>1,522,094</b>
Finance and accounting:					
Salaries	1,108,949	1,114,472	999,710	920,613	856,557
Benefits	393,768	410,875	409,324	411,398	391,511
Service contracts	281	30,787	63,338	92,628	517
Maintenance and supplies	77	100	-	-	-
Office	9,426	44,715	70,906	141,999	82,922
Computer support and training	-	-	22,667	105,502	216,189
Advertising	6,733	1,923	4,979	3,960	7,444
Travel	696	1,486	5,513	8,614	4,490
Education and seminars	869	395	2,343	9,837	1,788
Accounting	122,064	100,841	137,835	130,539	93,377
<b>Total finance and accounting</b>	<b>1,642,863</b>	<b>1,705,594</b>	<b>1,716,615</b>	<b>1,825,090</b>	<b>1,654,795</b>

\* These items have been reclassified to conform to the FY18 financial statement presentation.



**Canaveral Port Authority**

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

<i>Years Ended September 30,</i>	2021	2020	2019	2018	2017
Administrative services:					
Salaries	1,744,807	2,211,261	1,894,792	1,492,086	1,287,872
Benefits	720,471	901,759	783,879	652,305	596,528
Service contracts	171,651	62,173	73,002	79,701	63,517
Utilities	376	222	-	-	230
Legal	77,645	100,443	35,491	79,586	27,142
Insurance	3,574,932	3,112,167	2,259,514	2,355,214	2,535,975
Maintenance and supplies	5,815	4,334	545	-	-
Office	73,082	113,780	136,044	154,682	95,098
Personnel training and recruiting	10,288	83,092	189,375	165,457	156,098
Computer support and training	1,066,899	1,459,466	1,084,255	1,039,675	1,076,282
Advertising	-	457	2,009	1,031	1,871
Travel	77	6,901	16,230	11,992	7,603
Education and seminars	(206)	22,450	25,577	14,212	5,566
<b>Total administrative services</b>	<b>7,445,837</b>	<b>8,078,505</b>	<b>6,500,713</b>	<b>6,045,941</b>	<b>5,853,782</b>
Engineering and environmental:					
Salaries	899,608	1,144,243	1,083,798	946,397	849,096
Benefits	336,522	455,823	439,692	407,134	391,406
Service contracts	85,553	113,214	43,118	-	-
Maintenance and supplies	321	86,335	-	-	-
Office	3,586	6,260	20,387	27,893	28,093
Advertising	-	1,796	-	3,176	1,392
Travel	516	1,409	17,073	19,897	12,151
Education and seminars	311	95	7,511	6,213	5,659
Engineering – general	76,853	285,163	493,619	976,411	4,028,254
Engineering – environment	309,113	265,097	450,676	351,907	316,809
<b>Total engineering and environmental</b>	<b>1,712,383</b>	<b>2,359,435</b>	<b>2,555,874</b>	<b>2,739,028</b>	<b>5,632,860</b>
Business development:					
Salaries	526,207	816,761	693,611	669,985	452,974
Benefits	198,774	313,127	274,486	267,194	158,523
Service contracts	-	-	-	7,669	-
Maintenance and supplies	125	22,420	7	-	-
Office	13,186	54,063	59,399	61,860	61,790
Promotions	-	242	490	316	810
Advertising	(3,500)	139,470	271,369	281,036	254,914
Trade development	(753)	140,601	309,476	223,300	186,819
Travel	2,230	38,262	104,719	94,216	58,070
Education and seminars	-	29	177	299	613
<b>Total business development</b>	<b>736,269</b>	<b>1,524,975</b>	<b>1,713,734</b>	<b>1,605,875</b>	<b>1,174,513</b>
Tenant development:					
Salaries	46,399	172,584	271,865	233,983	213,416
Benefits	17,741	69,223	81,533	68,790	71,558
Service contracts	3,003	1,820	266	-	-
Maintenance and supplies	9,640	2,284	-	-	-
Legal	-	475	-	-	-
Office	78,010	1,112	41,986	5,500	11,329
Land use planning	11,100	12,000	5,700	35,433	66,030
Lease preparation	325,837	250,805	396,035	543,449	255,452
Promotions	-	23	299	420	162
Advertising	-	-	-	3,500	12,018
Travel	-	46	33	820	76
Education and seminars	-	-	290	1,090	205
<b>Total tenant development</b>	<b>491,730</b>	<b>510,372</b>	<b>798,007</b>	<b>892,985</b>	<b>630,246</b>

**Canaveral Port Authority**

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

<i>Years Ended September 30,</i>	2021	2020	2019	2018	2017	
Government and strategic communications:						
Salaries	533,241	604,819	518,503	493,321	404,419	*
Benefits	159,823	193,581	160,704	142,657	140,223	*
Maintenance and supplies	95	138	-	-	-	
Office	4,053	8,836	11,656	9,662	8,808	*
Computer support and training	1,188	1,663	-	-	-	
Planning and studies	-	5,300	83,500	-	52,830	*
Promotions	2,545	29,157	61,116	34,827	72,075	
Publications	3,907	3,469	4,169	6,153	79,513	
Electronic media	9,972	38,050	9,789	27,041	57,660	
Advertising	9,100	25,276	46,393	65,600	38,828	
Sponsorship	360	54,950	64,390	79,530	40,150	
Travel	1,851	8,209	13,931	17,243	27,088	*
Professional services	213,000	206,300	202,400	138,199	189,000	*
Education and seminars	411	1,382	2,944	3,872	7,509	*
<b>Total government and strategic communications</b>	<b>939,546</b>	<b>1,181,130</b>	<b>1,179,495</b>	<b>1,018,105</b>	<b>1,118,103</b>	
Depreciation	49,078,633	38,956,733	38,554,203	43,139,638	38,515,405	
Amortization	611,115	577,821	531,532	481,862	365,005	
<b>Total operating expenses</b>	<b>86,848,338</b>	<b>86,119,126</b>	<b>87,921,804</b>	<b>88,952,881</b>	<b>85,296,485</b>	
<b>Non-operating expenses</b>						
Amortization of bond discounts	137,675	175,129	175,129	175,129	175,129	
Commissions and fees	183,030	424,935	827,550	104,312	923,113	*
Interest expense	12,379,203	9,757,523	13,046,982	9,352,013	8,725,519	
Loss on disposal of capital assets	1,658,837	505,000	5,026	931,634	78,981	
Litigation expense	488,132	76,638	117,489	-	-	
Covid expense	83,067	45,403	-	-	-	
Hurricane repairs	880	20,279	77,712	533,770	-	
<b>Total non-operating expense</b>	<b>14,930,824</b>	<b>11,004,907</b>	<b>14,249,888</b>	<b>11,096,858</b>	<b>9,902,742</b>	
<b>Total expenses</b>	<b>\$ 101,779,162</b>	<b>\$ 97,124,033</b>	<b>\$ 102,171,692</b>	<b>\$ 100,049,739</b>	<b>\$ 95,199,227</b>	
Total operating revenues	\$ 34,549,294	\$ 67,104,170	\$ 106,511,432	\$ 101,708,705	\$ 93,279,519	
Total operating expenses	86,848,338	86,119,126	87,921,804	88,952,881	85,296,485	
<b>Net operating (loss) income</b>	<b>\$ (52,299,044)</b>	<b>\$ (19,014,956)</b>	<b>\$ 18,589,628</b>	<b>\$ 12,755,824</b>	<b>\$ 7,983,034</b>	
Total non-operating revenues	\$ 18,611,608	\$ 2,069,003	\$ 4,684,859	\$ 2,299,141	\$ 4,732,946	
Total non-operating expenses	14,930,824	11,004,907	14,249,888	11,096,858	9,902,742	
<b>Net non-operating (loss) income</b>	<b>\$ 3,680,784</b>	<b>\$ (8,935,904)</b>	<b>\$ (9,565,029)</b>	<b>\$ (8,797,717)</b>	<b>\$ (5,169,796)</b>	
Total revenues	\$ 53,160,902	\$ 69,173,173	\$ 111,196,291	\$ 104,007,846	\$ 98,012,465	
Total expenses	101,779,162	97,124,033	102,171,692	100,049,739	95,199,227	
<b>Net (loss) income before capital contributions</b>	<b>(48,618,260)</b>	<b>(27,950,860)</b>	<b>9,024,599</b>	<b>3,958,107</b>	<b>2,813,238</b>	
Capital contributions	287,128	11,896,455	15,239,301	9,834,725	4,854,580	
<b>Changes in net position</b>	<b>\$ (48,331,132)</b>	<b>\$ (16,054,405)</b>	<b>\$ 24,263,900</b>	<b>\$ 13,792,832</b>	<b>\$ 7,667,818</b>	

\* These items have been reclassified to conform to the FY18 financial statement presentation.

**Canaveral Port Authority**

**Schedule of Comparative Operating Revenues by Activity (Unaudited)**

<i>Years Ended September 30,</i>	2021	2020	2019	2018	2017
Cruise ships	\$ 10,184,479	\$ 44,097,826	\$ 81,914,307	\$ 77,734,133	\$ 72,799,989
Cargo ships	11,143,105	9,629,868	9,272,598	10,141,812	8,569,893
<b>Total ship related operating revenue</b>	<b>21,327,584</b>	<b>53,727,694</b>	<b>91,186,905</b>	<b>87,875,945</b>	<b>81,369,882</b>
Land leases	9,258,649	9,699,530	9,252,306	8,414,872	6,914,194
Recreation	3,181,606	2,032,900	3,311,850	3,178,419	2,686,091 *
Miscellaneous	781,455	1,644,046	2,760,371	2,239,469	2,309,352 *
<b>Total non-ship related operating revenue</b>	<b>13,221,710</b>	<b>13,376,476</b>	<b>15,324,527</b>	<b>13,832,760</b>	<b>11,909,637</b>
<b>Total operating revenue</b>	<b>\$ 34,549,294</b>	<b>\$ 67,104,170</b>	<b>\$ 106,511,432</b>	<b>\$ 101,708,705</b>	<b>\$ 93,279,519</b>

\* These items have been reclassified to conform to the FY18 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)

Year Ended September 30, 2021	Actual			Budget
	Prior Years	Current Year	Cumulative Total	Cumulative Total
Road Improvements	\$ 145,710	\$ 6,223	\$ 151,933	\$ 178,267
Portwide Parking Lot Improvement	17,905	(8,750)	9,155	69,905
Security Fencing/Lighting	-	1,344	1,344	1,344
Maintenance Dredging	-	-	-	-
Other Computer Equipment	149,655	147,038	296,693	397,540
Park Upgrades	83,728	-	83,728	83,728
Improve Piers,Bldgs,Structures	95,847	59,943	155,790	166,195
Fire Equipment	-	16,452	16,452	50,000
Utilities and Improvements	138,440	-	138,440	138,440
Minor Equipment	-	11,071	11,071	43,088
Welcome Center	-	-	-	-
CT Furniture/Equipment	-	63,473	63,473	63,473
Stormwater Improvements	-	59,576	59,576	104,706
Reuse Irrigation System	-	-	-	24,538
North Cargo Pier 8	-	44,390	44,390	45,278
Financial System Upgrade	38,038	-	38,038	50,038
Cove Roads Phase 2	502,292	-	502,292	502,292
Equipment	-	74,000	74,000	549,913
CT 5 Terminal Upgrades	191,859	104,960	296,819	297,921
CT10 Terminal Improvements	35,690	414,759	450,449	450,690
Maritime Ctr Tenant Improvemnt	200,361	592,907	793,268	799,217
CT# 8 Renovations	22,268,610	12,260,198	34,528,808	35,976,875
WTB Channel Entrance Phase 2	2,419,556	-	2,419,556	2,419,556
PSGP FY2017 Projects	179,175	28,710	207,885	207,885
Public Safety Projects	-	250,826	250,826	486,655
PSGP 2019 Projects	2,914,092	1,979,665	4,893,757	4,893,757
North Cargo Berth 4	881,792	195,018	1,076,810	1,071,792
North Cargo Berth 3	404,655	91,354	496,009	543,498
Auto Terminal	95,390	-	95,390	95,390
Cruise Terminal 3	-	64,557	64,557	50,060
NCP 3-A Barge Berth	-	-	-	-
North Cargo Power Project	49,796	-	49,796	49,796
Portwide Wayfinding	-	276,566	276,566	276,566
CT Pax Bridge Renovation	31,302	8,975	40,277	40,277
Security Items	295,939	11,433	307,372	320,409
Mobile Harbor Crane FY2020	21,167	-	21,167	21,167
LNG Fire Trainer Expansion	70,194	-	70,194	70,194
	<u>\$ 31,231,193</u>	<u>\$ 16,754,688</u>	<u>\$ 47,985,881</u>	<u>\$ 50,540,450</u>

**Canaveral Port Authority****Schedule of Expenditures of Federal Awards and State Financial Assistance  
For the Fiscal Year Ended September 30, 2021**

<u>Federal Agency/Program Title/Pass-through Entity</u>	<u>Assistance Listing Number</u>	<u>Contract/Pass Through Entity Identifying Number</u>	<u>Expenditures</u>
<b>Federal Programs:</b>			
<u>U.S. Department of Homeland Security</u>			
Direct Programs:			
Port Security Grant Program			
FY 2019 Port Security Grant Program	97.056	EMW-2019-PU-00340-S01	\$ 4,504
FY 2018 Port Security Grant Program	97.056	EMW-2018-PU-00411-S01	181,642
FY 2017 Port Security Grant Program	97.056	EMW-2017-PU-00534-S01	<u>42,859</u>
Total Port Security Grant Program			<u>229,005</u>
Passthrough from the State of Florida Division of Emergency Management:	97.036	PA-00-06-15-09-243	<u>26,805</u>
Public Assistance – COVID-19			
 <u>U.S. Department of Treasury</u>			
Passthrough from the State of Florida Division of Transportation:			
American Rescue Plan Act of 2021 – COVID 19	21.027	G1Z80/449498-1-84-01	<u>15,311,379</u>
Total expenditures of federal awards			<u><b>\$ 15,567,189</b></u> (continued)

**Canaveral Port Authority**

**Schedule of Expenditures of Federal Awards and State Financial Assistance (Continued)**  
**For the Fiscal Year Ended September 30, 2021**

State Agency/Program Title/Pass-through Entity	CSFA Number	Contract/Pass Through Entity Identifying Number	Expenditures
<b>State Projects:</b>			
<u>Florida Department of Transportation</u>			
Direct Programs:			
Seaport Grants:			
Cruise Terminal Security Bollard Installation	55.005	G1176/412652-2-94-02	\$ 22,837
Cruise Terminal Security Bollard Installation	55.005	G1C70/440323-1-94-03	111,776
Total Florida Department of Transportation			134,613
<u>Florida Department of Environmental Protection</u>			
Direct Programs:			
Canaveral Inlet Management Plan	37.003	15BE2	39,578
Total expenditures of state financial assistance			\$ 174,191
Total expenditures of federal awards and state financial assistance			\$ 15,741,380

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

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**(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 Canaveral Port Authority (Authority) for the year ended September 30, 2021. 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. 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 elected not to 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*, THE UNIFORM  
GUIDENCE 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**

Members of the Board of Commissioners  
Canaveral Port Authority

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Canaveral Port Authority (the Authority), as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated March 16, 2022.

**Internal Control Over Financial Reporting**

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

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Purpose of This Report**

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

*RSM US LLP*

Melbourne, Florida  
March 16, 2022

**Report on Compliance for the Major Federal Program;  
and Report on Internal Control Over Compliance;  
Required by the Uniform Guidance**

**Independent Auditor's Report**

Members of the Board of Commissioners  
Canaveral Port Authority

**Report on Compliance for the Major Federal Program**

We have audited the Canaveral Port Authority's (the Authority) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the Authority's major federal program for the year ended September 30, 2021. The Authority's major federal program is 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 federal statutes, regulations and the terms and conditions of its federal awards applicable to its federal programs.

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for the Authority's major federal program 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; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance 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 federal program 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 federal program. However, our audit does not provide a legal determination of the Authority's compliance.

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

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 federal program for the year ended September 30, 2021.

### **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 federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, 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 federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program 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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

*RSM US LLP*

Melbourne, Florida  
March 16, 2022

Canaveral Port Authority, Florida

Schedule of Findings and Questioned Costs  
For the Year Ended September 30, 2021

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I – Summary of Independent Auditor's Results

Financial Statements

Type of auditor's report issued:

Unmodified

Internal control over financial reporting:

Material weakness(es) identified?

\_\_\_\_\_ Yes          X     No

Significant deficiency(ies) identified?

\_\_\_\_\_ Yes          X     None Reported

Noncompliance material to financial statements noted?

\_\_\_\_\_ Yes          X     No

Federal Awards

Internal control over major programs:

Material weakness(es) identified?

\_\_\_\_\_ Yes          X     No

Significant deficiency(ies) identified?

\_\_\_\_\_ Yes          X     None Reported

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

Unmodified

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

\_\_\_\_\_ Yes          X     No

Identification of major program:

Assistance Listing Number(s)

21.207

Name of Federal Program

American Rescue Plan Act of 2021 - COVID

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

\$750,000

Auditee qualified as a low risk auditee?

\_\_\_\_\_ Yes          X     No

**Canaveral Port Authority, Florida**

**Schedule of Findings and Questioned Costs (Continued)  
For the Year Ended September 30, 2021**

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**II – Financial Statement Findings**

A. Internal Control Over Financial Reporting

No Matters to Report.

B. Compliance and Other Matters

No Matters to Report.

**III – Federal Awards 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, 2021**

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None Reported.



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

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, 2021, and issued our report thereon dated March 16, 2022.

**Auditor's Responsibility**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); and 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 Federal Program and Report on Internal Control Over Compliance; Schedule of Findings and Questioned Costs; and Independent Accountant's Report on an examination conducted in accordance with AICPA Professional Standards, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports and schedule, which are dated March 16, 2022, should be considered in conjunction with this management letter.

**Prior Audit Findings**

Section 10.554(1)(i)1, Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. There were no findings or 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 communicate any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

**Additional Matters**

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

**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  
March 16, 2022

**Data Request:**

**ATTACHMENT**

**Canaveral Port District**

Please provide the following:

- The following information in the management letter as required by Sections 218.39(3)(c), and 218.32(1)(e)2-3, Florida Statutes:
  - (1) the total number of district employees compensated in the last pay period of the fiscal year,
  - (2) the total number of independent contractors compensated in the last month of the fiscal year,
  - (3) all compensation paid or accrued to employees,
  - (4) all compensation paid or accrued to independent contractors,
  - (5) each construction project with cost of at least \$65,000 approved by the district and scheduled to begin after October 1 of the reporting year and total expenditures of such project, and
  - (6) a budget variance report based on the budget adopted under Section 189.016(4), Florida Statutes, and the amended budget under Section 189.016(6), Florida Statutes.

Reference: Sections 218.39(3)(c), and 218.32(1)(e)2-3, Florida Statutes, and Section 10.554(1)(i)6, Rules of the Auditor General.

Note: Please provide this information in a revised management letter or in an addendum to the current one.

**Responses:**

- (1) Total number of district employees compensated in the last pay period of the fiscal year:

**184**

- (2) Total number of independent contractors compensated in the last month of the fiscal year:

**25**

- (3) All compensation paid or accrued to employees:

**\$16,471,405**

- (4) All compensation paid or accrued to independent contractors:

**\$3,213,634**

- (5) Construction projects of at least \$65,000 approved by the district and scheduled to begin after October 1 of the reporting year and total of each project (see following schedule):

**Canaveral Port Authority**  
**FY 2021**  
**10/1/20 - 9/30/21**  
**Schedule of Construction in Progress and Capital Costs**  
**Compared with Budget**

	<b>Expenditures</b>	<b>Approved</b>
	<b>10/1/20-9/30/21</b>	<b>Budget</b>
<b><i>Year Ended September 30, 2021</i></b>	<b>Current Year</b>	<b>Cumulative</b>
		<b>Total</b>
Stormwater Improvements	59,576	104,706
Public Safety Projects	250,826	486,655
Portwide Wayfinding	276,566	276,566
<b>Total</b>	<b>\$ 586,969</b>	<b>\$ 867,927</b>

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

## Canaveral Port Authority

## Income Statement YTD

September 2021

	Current YTD Actual	Current YTD Budget	Budget Variance
REVENUES			
Cruise	8,308,051	8,273,841	34,210
Cruise Parking	1,876,428	1,861,024	15,404
Cargo	11,143,105	11,170,015	(26,910)
Leases	9,258,649	9,246,620	12,029
Recreation	3,181,606	3,181,215	391
Miscellaneous	781,454	777,600	3,854
TOTAL OPERATING REVENUES	\$ 34,549,294	\$ 34,510,315	\$ 38,979
EXPENSES			
Operations	2,957,809	2,959,300	(1,491)
Facilities	8,277,541	7,998,890	278,651
Parks and Recreation	1,422,906	1,428,615	(5,709)
Exploration Tower	235,751	275,495	(39,744)
Public Safety	9,077,974	9,017,875	60,099
Fire Training Facility	238,218	239,215	(997)
Commission	265,758	268,215	(2,457)
Executive	1,714,005	1,643,135	70,870
Finance & Accounting	1,642,863	1,632,230	10,633
Administrative Services	7,445,837	7,692,585	(246,748)
Engineering & Environmental	1,712,383	1,640,750	71,633
Business Development	736,269	914,485	(178,216)
Tenant & Property Development	491,731	419,860	71,871
Government & Strategic Comm.	939,546	913,420	26,126
OPERATING EXPENSES BEFORE DEPRECIATION	37,158,590	37,044,070	114,520
OPERATING INCOME (LOSS) BEFORE INTEREST EXPENSE AND DEPRECIATION	(2,609,296)	(2,533,755)	(75,541)
INTEREST EXPENSE	12,379,203	12,943,175	(563,972)
INCOME (LOSS) BEFORE DEPRECIATION	(14,988,499)	(15,476,930)	488,431
DEPRECIATION	49,689,747	43,976,000	5,713,747
INCOME (LOSS)	(64,678,246)	(59,452,930)	(5,225,316)
NON-OPERATING REVENUES	18,611,608	18,568,000	43,608
NON-OPERATING EXPENSES	2,551,621	385,330	2,166,291
CAPITAL CONTRIBUTIONS	287,128	209,725	77,403
CHANGE IN NET POSITION	\$ (48,331,132)	\$ (41,060,535)	\$ (7,270,597)

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**Independent Accountant's Report**

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, 2021. 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 the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion. Our examination does not provide a legal determination on the Authority's compliance with specified requirements.

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 specified requirements for the year ended September 30, 2021.

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.



Melbourne, Florida  
March 16, 2022

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## Canaveral Port Authority

### Appendix A – Schedule of Insurance in Force (Unaudited) For the Year Ended September 30, 2021

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#### Property Coverage

Total insured values	\$ 794,113,726
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	\$ 3,000,000
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#### Comprehensive Crime insurance

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

#### Florida Storage Tank

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

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

Privacy Liability, Network Security per occurrence/aggregate	\$ 5,000,000
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#### Workers' Compensation, Employers Liability

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