

# **Canaveral Port Authority**

Financial Report  
September 30, 2022

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**Public Officials**  
**September 30, 2022**

Jerry Allender  
Chairman

Kevin Markey  
Vice Chairman

Robyn Hattaway  
Secretary/Treasurer

Micah Loyd  
Commissioner

Wayne Justice  
Commissioner

Captain John Murray  
Chief Executive Officer

Harold Bistline  
Port Attorney

Michael Poole  
Chief Financial Officer

Patricia Poston  
Senior Director of Finance

Diana Mims-Reid  
Controller

## Independent Auditor's Report

Members of the Board of Commissioners  
Canaveral Port Authority

### Report on the Audit of the Financial Statements

#### **Opinion**

We have audited the financial statements of the Canaveral Port Authority (the Authority), as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the Authority, as of September 30, 2022, and the changes in financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### **Basis for Opinion**

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

#### **Emphasis of Matter**

As discussed in Notes 1 and 3C to the basic financial statements, the Authority adopted the provisions of Governmental Accounting Standards Board Statement No. 87, Leases. Our opinion is not modified with respect to this matter.

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

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

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

***Auditor's Responsibilities for the Audit of the Financial Statements***

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for a reasonable period of time.

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

***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis (MD&A) and the schedule of changes in total OPEB liability be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

**Supplementary Information**

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the 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*, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards and state financial assistance is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

**Other Information**

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

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

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated March 31, 2023 on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Authority's internal control over financial reporting and compliance.

*RSM US LLP*

Jacksonville, Florida  
March 31, 2023

## 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 year ended September 30, 2022. **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 \$403,101 (*net position*). Of this amount, \$117,049 is the unrestricted net position and is available to meet the Authority's ongoing obligations to creditors.
- The Authority's total net position increased by \$85,109. This consists of an increase in net investment in capital assets of \$22,474, an increase in restricted net position of \$148, and an increase in unrestricted net position of \$62,487.
- At the end of the current fiscal year, the unrestricted net position was 105% of total expenses.

#### Overview of the Financial Statements

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

The basic financial statements report information about the Authority using the full accrual basis of accounting as utilized by similar business activities in the private sector. The 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 9-32 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 34 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, 2022 by \$403,101.

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

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

	2022	2021	Change	
			Amount	%
Current and other assets	\$ 193,386	\$ 93,197	\$ 100,189	107.5%
Capital assets	669,611	676,214	(6,603)	-0.01
Total assets	862,997	769,411	93,586	0.12
Deferred outflows of resources	581	712	(131)	-0.18
Current liabilities	33,608	34,849	(1,241)	-0.04
Noncurrent liabilities	385,922	416,841	(30,919)	-0.07
Total liabilities	419,530	451,690	(32,160)	-0.07
Deferred inflows of resources	40,947	441	40,506	91.85
Net position:				
Net investment in capital assets	273,281	250,807	22,474	0.09
Restricted	12,771	12,623	148	0.01
Unrestricted	117,049	54,562	62,487	1.15
Total net position	\$ 403,101	\$ 317,992	\$ 85,109	26.8%

Current assets increased as a result of a full year of cruise operations. Due primarily to the implementation of Government Accounting Standards Board Statement No. 87, *Leases*, lease receivable (current and other assets) and deferred inflows increased by \$40.5 million. The Authority's net position as of September 30, 2022, 67.8%, reflects its investment in capital assets (e.g., land, buildings, improvements, equipment, intangibles and construction in progress); less any related debt used to acquire those assets that are still outstanding. These assets are not available for future spending. Although the Authority's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from operations, since the capital assets themselves cannot be used to liquidate these liabilities. At the end of the current fiscal year, the Authority's net investment in capital assets increased by \$22,474.

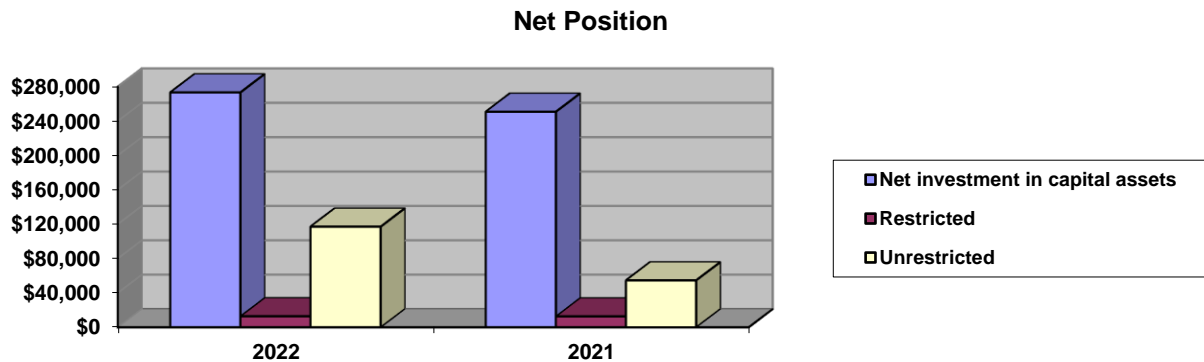
In addition, a portion of the Authority's net position as of September 30, 2022, 3.2%, represents the reserve for maximum debt service restricted in accordance with existing bond covenants. The remaining balance of unrestricted net position may be used to meet the Authority's ongoing obligations to creditors. At the end of the current fiscal year, the Authority's unrestricted net position increased by \$62,487.



## Canaveral Port Authority

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

The Authority's total net position increased by \$85,109 during the current fiscal year. Of this amount, an increase of \$61,606 represents net income before capital contributions. The remaining increase of \$23,502 represents the capital contributions (grant proceeds) from federal and state sources. There is no assurance that these capital contributions from other sources will continue in the future.



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

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

	2022	2021	Change		
			Amount	#	%
Operating revenues:					
Fees and charges for services	\$ 128,955	\$ 34,549	\$ 94,406		273.3%
Non-operating revenues:					
Investment earnings (loss)	(804)	218	(1,022)		-4.69
Other	44,907	18,394	26,513		1.44
Total non-operating revenues	44,103	18,612	25,491		1.37
Total revenues	173,058	53,161	119,897		2.26
Operating expenses:					
Operations, facilities and public safety	30,889	20,313	10,576		0.52
Executive, finance and administration	11,878	10,803	1,075		0.10
Engineering and environmental	1,885	1,712	173		0.10
Other	5,005	4,330	675		0.16
Depreciation and amortization	49,247	49,690	(443)		-0.01
Total operating expenses	98,904	86,848	12,056		0.14
Non-operating expenses:					
Interest	12,077	12,379	(302)		-0.02
Other	470	2,552	(2,082)		-0.82
Total non-operating expenses	12,547	14,931	(2,384)		-0.16
Total expenses	111,451	101,779	9,672		0.10
(Loss) Income before contributions	61,607	(48,618)	110,225		-2.27
Capital contributions	23,502	287	23,215		80.89
Change in net position	85,109	(48,331)	133,440		-2.76
Net position – beginning	317,992	366,323	(48,331)		-0.13
Net position – ending	\$ 403,101	\$ 317,992	\$ 85,109		26.8%

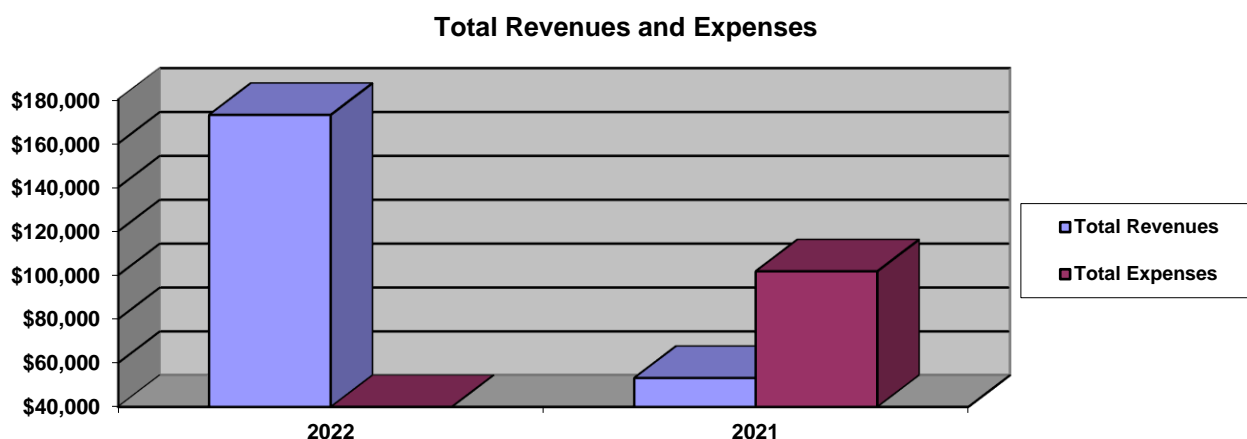
## Canaveral Port Authority

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

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Key elements of the increase in net position for the fiscal year ending September 30, 2022, are as follows.

- Overall fees and charges for services increased 273.3%. Included in the overall fees and charges were revenues from a full year of cruise operations (including parking), and recreation (Jetty Park and Exploration Tower), which increased 872% and 27%, respectively. Additional operating revenues for cargo increased 21% and leases increased 5%, respectively.
- Overall, non-operating revenues increased, which include investment earnings(loss), grant revenue and gains on sale of assets or legal settlements. Investment earnings decreased by 4.7%, or \$1,022 thousand, 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 increased during the current fiscal year by \$23.2 million. This increase was mainly due to the collection of previously approved grant funds associated with work on the North Cargo Berth 3.



### Capital Asset and Debt Administration

**Capital assets.** The Canaveral Port Authority's capital assets as of September 30, 2022 and 2021, amount to \$669,611 and \$676,214, 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 1% for fiscal year 2022.

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 improvements, Cruise Terminal 8 renovations, Road and Utility improvements and Security projects. The total investment in these projects totaled \$38,123, and were offset by the total value of projects completed and moved from Construction in Progress to capital assets of \$7,338.

Several major projects included in Construction in Progress on September 30, 2021, were completed during fiscal year 2022 including:

- Cruise Terminal 5 Upgrades \$2,432
- Road Wayfinding, and Tenant Improvements at \$1,018

## Canaveral Port Authority

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

- Improvements to Port Security and Public Safety projects at \$574
- Cruise Terminal 3 Improvements at \$711

Additions for the year ended September 30, 2022, were offset by depreciation expense of \$48,790 and amortization expense of \$457.

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

	2022	2021	Change	
			Amount	%
Land	\$ 5,471	\$ 5,471	\$ -	0.0%
Buildings	193,063	206,739	(13,676)	-0.07
Improvements other than Buildings	392,157	412,227	(20,070)	-0.05
Equipment	36,393	44,201	(7,808)	-0.18
Intangibles	657	1,018	(361)	-0.35
Construction in progress	41,870	6,558	35,312	5.38
Total	<u>\$ 669,611</u>	<u>\$ 676,214</u>	<u>\$ (6,603)</u>	<u>-1.0%</u>

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

**Long-term debt.** On September 30, 2022, the Canaveral Port Authority had total bonded debt outstanding of \$369,141. 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 \$15,904 (4.13%). The major factor for the decrease during the current year was due to regular scheduled principal payments and no new issuances this year.

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

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

For FY2023, the Authority has budgeted the following:

- Charges for services of \$154 million due to increased cruise and cargo related business.
- Operating expenses of \$109 million (includes \$51 million for depreciation) which contains funding for cruise activities.
- Non-operating revenues of \$21 million which is predominately American Rescue Plan Act (ARPA) funding.

**Canaveral Port Authority****Management's Discussion and Analysis (Unaudited)**

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**Requests for Information**

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

## **BASIC FINANCIAL STATEMENTS**

**Canaveral Port Authority**

**Statement of Net Position  
September 30, 2022**

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**Assets**

Current assets:

Cash and cash equivalents	\$ 72,454,777
Restricted cash and cash equivalents	2,383,940
Investments	29,569,647
Accounts receivable – trade, net	11,817,189
Interest receivable	192,226
Lease receivable	3,328,218
Prepaid expenses	3,023,246
Due from other governmental units	14,814,242
Inventory	540,981
Deposits and other receivables, current	18,630
<b>Total current assets</b>	<b>138,143,096</b>

Noncurrent assets:

Restricted cash and equivalents	12,770,940
Lease receivable	37,013,116
Deposits and other receivables, long-term	5,459,117
Capital assets (net of accumulated depreciation and amortization):	
Land (non-depreciable)	5,470,630
Buildings	193,063,149
Improvements other than buildings	392,156,887
Equipment	36,392,968
Intangible assets	657,071
Construction in progress (non-depreciable)	41,869,961
<b>Total noncurrent assets</b>	<b>724,853,839</b>

<b>Total assets</b>	<b>862,996,935</b>
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Deferred outflows of resources:

Other post employment benefits (OPEB) related amounts	466,698
Deferred loss on bond refunding	114,144
<b>Total deferred outflows of resources</b>	<b>580,842</b>

(Continued)

**Canaveral Port Authority**

**Statement of Net Position (Continued)**  
**September 30, 2022**

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**Liabilities**

Current liabilities:

Accounts payable and accrued expenses	\$ 9,774,156
Unearned revenue	1,487,862
Payroll and sales taxes payable	246,917
Revenue bonds payable, current portion	16,308,333
Compensated absences, current portion	2,724
Other liabilities, current portion	1,671,536
Payable from restricted assets:	
Accrued interest payable	3,880,021
Revenue bonds payable, current portion	236,667
<b>Total current liabilities</b>	<b><u>33,608,216</u></b>

Noncurrent liabilities:

Revenue bonds payable, less current portion	357,838,962
Compensated absences, less current portion	1,454,209
Line of credit	24,000,000
Total OPEB liability	1,512,130
Other liabilities, long-term portion	1,116,911
<b>Total noncurrent liabilities</b>	<b><u>385,922,212</u></b>

<b>Total liabilities</b>	<b><u>419,530,428</u></b>
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Deferred inflows of resources:

Leases	39,645,260
OPEB related amounts	1,301,323
<b>Total deferred inflows of resources</b>	<b><u>40,946,583</u></b>

Net position:

Net investment in capital assets	273,280,898
Restricted for debt service	12,770,940
Unrestricted	117,048,928
<b>Total net position</b>	<b><u>\$ 403,100,766</u></b>

See notes to financial statements.

## Canaveral Port Authority

### Statement of Revenues, Expenses and Changes in Net Position Year Ended September 30, 2022

Operating revenues:	
Fees and charges for services	<u>\$ 128,955,474</u>
Operating expenses:	
Operations	8,937,881
Facilities	11,602,275
Parks and recreation	1,949,872
Exploration tower	251,150
Public safety	10,349,329
Fire training facility	295,153
Commission	303,020
Executive	1,853,660
Finance and accounting	1,900,724
Administrative services	8,122,811
Engineering and environmental	1,884,835
Business development	773,530
Real estate	329,526
Government and strategic communications	1,103,323
Depreciation	48,790,189
Amortization	456,770
<b>Total operating expenses</b>	<u>98,904,048</u>
<b>Operating income</b>	<u>30,051,426</u>
Non-operating revenues:	
Investment loss	(804,109)
Grant revenue	43,411,126
Gain on sale of capital assets	25,476
Gain on legal settlement	1,470,000
<b>Total non-operating revenues</b>	<u>44,102,493</u>
Non-operating expenses:	
Interest expense	12,076,856
Other non-operating expenses	471,010
<b>Total non-operating expenses</b>	<u>12,547,866</u>
<b>Income before capital contributions</b>	61,606,053
Capital contributions	23,502,430
<b>Change in net position</b>	<u>85,108,483</u>
Net position, beginning of year	<u>317,992,283</u>
Net position, end of year	<u><u>\$ 403,100,766</u></u>

See notes to financial statements.



**Canaveral Port Authority**

**Statement of Cash Flows**  
**Year Ended September 30, 2022**

Cash flows from operating activities:	
Cash received from customers and users	\$ 116,489,957
Cash paid to suppliers for goods and services	(34,703,114)
Cash payments to employees for services	(13,614,548)
<b>Net cash provided by operating activities</b>	<u>68,172,295</u>
Cash flows from non-capital financing activities:	
Grant revenue received	31,931,146
Legal settlement received	1,470,000
<b>Net cash provided by non-capital financing activities</b>	<u>33,401,146</u>
Cash flows from capital and related financing activities:	
Interest paid on revenue bonds	(12,435,950)
Proceeds from interest on leases	1,092,011
Principal paid on revenue bonds	(15,904,062)
Acquisition and construction of capital assets	(40,306,791)
Proceeds from line of credit	5,000,000
Payments made on line of credit	(18,649,080)
Proceeds from sale of capital assets	25,476
Contributed capital	13,994,267
<b>Net cash used in capital and related financing activities</b>	<u>(67,184,129)</u>
Cash flows from investing activities:	
Interest received on investments	612,313
Sale of investments	
Purchase of investments	(4,851,929)
<b>Net cash used in investing activities</b>	<u>(4,239,616)</u>
<b>Net increase in cash and equivalents</b>	30,149,696
Cash and cash equivalents:	
Beginning of year	<u>57,459,961</u>
End of year	<u>\$ 87,609,657</u>

(Continued)

**Canaveral Port Authority**

**Statement of Cash Flows (Continued)**  
**Year Ended September 30, 2022**

Reconciliation of operating loss to net cash provided by operating activities:	
Operating income	<u>\$ 30,051,426</u>
Adjustment to reconcile operating income to net cash provided by operating activities	
Depreciation expense	48,790,189
Amortization expense	456,770
(Increase) decrease in assets:	
Accounts receivable	(6,440,374)
Inventory	(64,816)
Lease receivables	(7,622,274)
Deposits and other receivables	(4,967,315)
Prepaid expenses	(114,360)
Deferred outflows of resources - OPEB	68,919
Increase (decrease) in liabilities:	
Accounts payable and accrued expenses	447,977
Unearned revenue	922,483
Compensated absences	389,976
Total OPEB liability	(837,191)
Deferred inflows of resources - leases	5,641,963
Deferred inflows of resources - OPEB	860,066
Other liabilities	400,054
Payroll and sales tax payable	<u>188,802</u>
<b>Total adjustments</b>	<u><b>38,120,869</b></u>
<b>Net cash provided by operating activities</b>	<u><b>\$ 68,172,295</b></u>

Supplemental schedule of noncash investing, capital and financing activities:

During 2022, the Authority recorded an unrealized (loss)/gain on investments of (\$1,416,422).

During 2022, the Authority's balance in due from other governmental units relating to capital contributions is \$9,838,556.

On September 30, 2022, the Authority had capital asset additions included in accounts payable of \$3,326,152.

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

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

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

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

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

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

##### **C. Assets, 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 year ended September 31, 2022, was \$50,000.

###### **3. Leases**

The Authority has entered into various leases with the tenants for the use of warehouses, terminals, offices and land at Port Canaveral (Port). For certain regulated leases and short-term leases, the Authority recognizes rental income based on the provisions of the lease agreement in the Statement of Revenues, Expenses, and Changes in Net Position. For all other leases, the Authority recognizes a lease receivable and a deferred inflow of resources in the statement of net position.

The Authority implemented Governmental Accounting Standards Board (GASB) Statement No. 87 (GASB 87), *Leases* in fiscal year 2022. As a lessor, the Authority recognizes a lease receivable and a deferred inflow of resources at the commencement of the lease term, with certain exceptions for leases of assets held as investments, certain regulated leases, short-term leases and leases that transfer ownership of the underlying asset. The lease receivable is measured at the present value of the lease payments expected to be received during the lease term. The deferred inflow of resources is measured as the value of the lease receivable in addition to any payments received at or before the commencement of the lease term that relate to future periods. Lease receivable is reduced as payments are received, applying principal against receivable and interest to revenue, based on the amortization schedule. Deferred inflow is recognized as revenue on a straight-line basis over the life of the lease term.

The Authority uses the following estimates and judgments to measure the GASB 87 leases:

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

###### **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.

## 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)

##### 5. Restricted Cash and Cash Equivalents

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

##### 6. Inventory

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

##### 7. 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 increase the potential service utility of the port and are recorded as a non-depreciable capital asset.

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

##### 8. Deferred Outflows of Resources

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

##### 9. Compensated Absences

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

## **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)**

##### **10. Other Post-Employment Benefits (OPEB):**

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

##### **11. Unearned Revenue**

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

##### **12. 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 assets that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The Authority currently reports items related to OPEB and leases in this section.

##### **13. 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.

##### **14. Net Position – Restricted**

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

##### **15. Net Position – Unrestricted**

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

##### **D. Revenues and Expenses**

##### **1. Operating Revenues and Expenses**

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



## Canaveral Port Authority

### Notes to Financial Statements

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

##### D. Revenues and Expenses (Continued)

###### 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	3-5	Straight-line
Trademarks	5	Straight-line
Risk Assessment Plan	5	Straight-line
Master Plan	7	Straight-line

##### 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. GASB Pronouncements

Recent accounting pronouncements: GASB 87, *Leases*, revises and expands the definition of a lease and requires the recognition of certain lease assets and liabilities and deferred inflows of resources based on the terms of the payment provisions of the lease agreements. It establishes a single model for lease accounting based on the foundational principle that leases are financing of the right to use an underlying asset. This 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. Certain types of the Authority's leases may be classified as regulated leases within the scope of exceptions.

Lease receivable for lessor and payable for lessee are required to be recorded at the lease commencement. The Authority implemented this statement in fiscal year 2022. The adoption of this standard has a material impact on the financial statements of the Authority. (See Note 3.C. for details).

#### Note 2. Budgetary Information

The Authority's Enabling Act requires adoption of an annual operating budget. The Board adopts an annual operating and capital improvement budget resolution prior to September 30, for the next ensuing fiscal year. The Authority's budgets are prepared on the accrual basis of accounting which is consistent with 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.

## **Canaveral Port Authority**

### **Notes to Financial Statements**

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#### **Note 2. Budgetary Information (Continued)**

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, 2022, the carrying amount of the Authority's recorded deposits with financial institutions was \$37,038,716, and the bank balance was \$37,244,638. In addition, the Authority held \$500 of petty cash on September 30, 2022.

The investing of public funds Florida PRIME is governed by Section 218.407, Florida Statutes. Florida PRIME is under the regulatory oversight of the state of Florida. This investment pool consists of bank instruments, asset-backed securities and commercial paper. The pool operates as a money market fund, but is classified as an external investment pool. The weighted average days to maturity of Florida PRIME was 28 days as of September 30, 2022. On September 30, 2022, the Authority had \$1,242,079 invested in Florida PRIME.

As of September 30, 2022, cash equivalents placed in money market accounts with PALM was \$49,328,862.

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.

## Canaveral Port Authority

### Notes to Financial Statements

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

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

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

Deposits with financial institutions	\$ 37,038,716
Deposits with Florida PRIME	1,242,079
Deposits with PALM	<u>49,328,862</u>
Total cash and cash equivalents	<u>\$ 87,609,657</u>
Reconciliation to the statement of net position:	
Cash and cash equivalents, current	\$ 72,454,777
Cash and cash equivalents, current – restricted	2,383,940
Cash and cash equivalents, noncurrent	<u>12,770,940</u>
Total cash and cash equivalents	<u>\$ 87,609,657</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 measured by the assignment of a rating by a nationally recognized statistical rating organization. The Authority's investment policy permits the following investments, which are limited to credit quality ratings from nationally recognized rating agencies as described below:

- Commercial paper of any United States company or foreign company domiciled in the United States that is rated, at the time of purchase, "Prime-1" by Moody's and "A-1" by Standard & Poor's (prime commercial paper), or equivalent, as provided by two nationally recognized rating agencies. If the commercial paper is backed by a letter of credit (LOC), the long-term debt of the LOC provider must be rated "A" or better by at least two nationally recognized rating agencies.
- Local Intergovernmental Pools with the highest fund quality rating of AAAm or equivalent. Florida PRIME and PALM were rated AAAm by Standard & Poor's on September 30, 2022.
- 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.

## Canaveral Port Authority

### Notes to Financial Statements

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

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

###### ***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, 2022, the Authority's investment portfolio was held with a third-party custodian and designated as Authority assets and held in the Authority's name, as required by the Authority's investment policy.

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

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

###### ***Fair Value Measurements***

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

As of September 30, 2022, the Authority reported investments at fair value. Fair value for all of the Authority's investments in, which approximates fair value, debt was measured using Level 1 and Level 2 techniques. Florida PRIME is valued at amortized cost and PALM is measured at fair value using net asset value (NAV). Certificates of deposits are not subject to fair value hierarchy.

At September 30, 2022, the Authority's summary of the fair value hierarchy of investments are as follows:

Investments	Amount	Fair Value Measurements Using		
		Quoted Prices in Active Market for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by Fair Value Level:				
U.S. Government Securities	\$ 17,531,041	\$ 12,618,620	\$ 4,912,421	\$ -
Corporate Issues	9,385,514	-	9,385,514	-
Supranationals	1,152,765	-	1,152,765	-
Municipal Issues	1,029,220	-	1,029,220	-
Total Investments by Fair Value Level	\$ 29,098,540	\$ 12,618,620	\$ 16,479,920	\$ -
Certificates of Deposit	471,107			
Total Investments	\$ 29,569,647			

## Canaveral Port Authority

### Notes to Financial Statements

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

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

U.S. Government securities totaling \$12.6 million in fiscal year 2022 are classified in Level 1 of the fair value hierarchy, and are valued using quoted prices in active markets.

U.S. Government securities totaling \$4.9 million, corporate issues totaling \$9.4 million, supranationals totaling \$1.2 million and municipal issues totaling \$1 million in fiscal year 2022 are classified in Level 2 of the fair value hierarchy, and are valued using matrix pricing techniques maintained by various pricing vendors. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. These prices are obtained from a pricing source. The Authority has no investments classified in Level 3.

##### Concentration of Credit Risk

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

At September 30, 2022, 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	\$ 471,107	\$ 471,107	\$ -	\$ -	\$ -	Not Rated	-
U.S. Government Securities	17,531,041	5,643,546	11,604,480	223,355	59,660	AA	S&P
Corporate Issues	9,385,514	129,367	9,256,147	-	-	BBB-AAA	S&P
Supranationals	1,152,765	1,152,765	-	-	-	AAA	S&P
Municipal Issues	1,029,220	584,538	444,682	-	-	A-AAA	S&P
Total	<u>\$ 29,569,647</u>	<u>\$ 7,981,323</u>	<u>\$ 21,305,309</u>	<u>\$ 223,355</u>	<u>\$ 59,660</u>		

The Authority is required to disclose, by amount and issuer, investments in any one issuer that represent 5 percent or more of total investments. The Authority's investments include a 7% investment in Federal Home Loan Mortgage bonds and a 9% investment in Federal Home Loan bank bonds at September 30, 2022.

##### B. Restricted Cash and Cash Equivalents

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.

	2022
Debt proceeds	\$ 2,383,940
Bond reserve	12,770,940
Total	<u>\$ 15,154,880</u>

## Canaveral Port Authority

### Notes to Financial Statements

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

##### C. Leases

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

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

##### 1. GASB 87 Leases – Included

In accordance with GASB 87, the Authority recognizes a lease receivable and a deferred inflow of resources for leases that the Authority categorizes as GASB 87 – Included Leases. The incremental borrowing rates of 3% is used to discount the expected lease receipts to present value. At the beginning of fiscal year 2022, there were fifty-six (56) leases, with a receivable balance of \$34 million. As of September 30, 2022, lease receivable is \$40.3 million (\$3.3 million current assets; \$37 million non-current assets) relating to fifty-nine (59) leases, with interest income of \$1.1 million related to the lease payments received and included in fees and charges for services on the statement of revenues, expenses and changes in net position.

For deferred inflows, the Authority reported deferred inflows related to leases of \$34 million at the beginning of fiscal year 2022. As of September 30, 2022, deferred inflows are \$39.6 million, and recognized revenues are \$4.1 million.

Future payments included in the measurement of the lease receivable, as of September 30, 2022, are as follows:

	Principal	Interest	Total
2023	\$ 3,328,138	\$ 1,061,413	\$ 4,389,551
2024	3,214,280	968,798	4,183,078
2025	2,989,031	874,025	3,863,056
2026	2,689,685	791,902	3,481,587
2027	2,373,765	717,094	3,090,859
2028 to 2032	11,319,011	2,600,227	13,919,238
2033 to 2037	2,964,851	1,589,225	4,554,076
2038 to 2042	1,672,943	1,327,428	3,000,371
2043 to 2047	1,087,787	1,241,548	2,329,335
2048 to Thereafter	8,701,843	9,680,093	18,381,936
Total	\$ 40,341,334	\$ 20,851,753	\$ 61,193,087

## Canaveral Port Authority

### Notes to Financial Statements

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

##### C. Leases (Continued)

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

In accordance with GASB 87, the Authority does not recognize a lease receivable and a deferred inflow of resources for regulated leases and short-term leases. Regulated leases are certain leases that are subject to external laws, regulations, or legal rulings. For the Authority, the Federal Maritime Commission regulates leases between ports and ocean carriers and other users. The Authority includes commercial cargo and cruise agreements as regulated leases. Short-term leases are certain leases that, at the commencement of the lease term, have a maximum possible term under the lease contract of 12 months (or less) including any options to extend. For the regulated agreements for fiscal year 2022, the total amount of Inflows of resources was \$80,796,507 which includes minimum payments of \$34,108,632 and variable payments of \$46,687,875.

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

Years Ending September 30:

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2023	\$ 46,252,156
2024	59,608,163
2025	56,690,294
2026	58,139,119
2027	58,639,366
2028 to 2032	259,426,056
2033 to 2037	254,462,793
2038 to 2042	199,099,053
2043 to 2047	52,175,045
Total	<u><u>\$ 1,044,492,046</u></u>

## Canaveral Port Authority

### Notes to Financial Statements

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

##### D. Capital Assets

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

	2022			Balance September 30, 2022
	Balance October 1, 2021	Increases	Decreases	
Capital assets, not being depreciated/amortized:				
Land	\$ 5,470,630	\$ -	\$ -	\$ 5,470,630
Construction in progress	6,558,099	42,649,542	(7,337,680)	41,869,961
Total capital assets, not being depreciated/amortized	12,028,729	42,649,542	(7,337,680)	47,340,591
Capital assets, being depreciated/amortized:				
Buildings	277,788,888	754,757	(8,929)	278,534,716
Improvements other than buildings	712,701,609	4,230,697	(5,634)	716,926,672
Equipment	121,390,947	2,256,576	(1,044,647)	122,602,876
Intangible assets	17,286,723	95,650	(1,217,630)	16,164,743
Total capital assets being depreciated/amortized	1,129,168,167	7,337,680	(2,276,840)	1,134,229,007
Less accumulated depreciation/amortization for:				
Buildings	(71,050,413)	(14,430,082)	8,928	(85,471,567)
Improvements other than buildings	(300,474,324)	(24,301,096)	5,635	(324,769,785)
Equipment	(77,189,476)	(10,058,361)	1,037,929	(86,209,908)
Intangible assets	(16,268,533)	(456,770)	1,217,631	(15,507,672)
Total accumulated depreciation/amortization	(464,982,746)	(49,246,309)	2,270,123	(511,958,932)
Total capital assets, being depreciated/ amortized, net	664,185,421	(41,908,629)	(6,717)	622,270,075
Capital assets, net	\$ 676,214,150	\$ 740,913	\$ (7,344,397)	\$ 669,610,666

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

##### E. Accounts Payable and Accrued Expenses

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

	2022
Accounts and contracts payable	\$ 7,646,960
Retainage payable	626,170
Accrued payroll and employee benefits	1,501,026
	<u>\$ 9,774,156</u>



## Canaveral Port Authority

### Notes to Financial Statements

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

##### F. Other Liabilities

As required by GASB Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*, the Authority recognizes certain remediation obligations in its financial statements. The Authority's staff, working in conjunction with outside environmental specialists, developed detailed plans and cost estimates for the pollution remediation. The total estimated and recorded liabilities for the remediation on September 30, 2022, are \$637,156. Such amounts are recorded as a component of accounts payable as accrued expenses in the statement of net position.

##### G. 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 year ended September 30, 2022.

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

	2022
Port Revenue Refunding Bonds, Series 2016A	\$ 21,970,000
Port Revenue Refunding Bonds, Series 2016B	36,225,000
Port Improvement and Refunding Revenue Bonds, Series 2016C	33,775,000
Port Improvement Revenue Bonds, Series 2016D	27,145,000
Port Improvement Revenue Bonds, Series 2018A	44,995,000
Port Improvement Revenue Bonds, Series 2018B	30,000,000
Port Improvement Revenue Bonds, Series 2018C	34,070,000
Port Revenue Refunding Bonds, Series 2019A	6,933,000
Port Revenue Refunding Bonds, Series 2019B	15,813,000
Port Revenue Refunding Bonds, Series 2019C	52,249,000
Port Revenue Refunding Bonds, Series 2019D	32,166,000
Port Improvement Revenue Bonds, Series 2020A	33,800,000
Total revenue bonds	369,141,000
Plus: unamortized premiums	5,242,962
Less: current maturities	(16,545,000)
Revenue bonds payable, less current portion	<u>\$ 357,838,962</u>

## **Canaveral Port Authority**

### **Notes to Financial Statements**

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

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

###### **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.

###### **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: (i) to finance various cruise terminal improvements and other capital investments, a portion of which may have been previously financed using short-term funds, and (ii) to pay bond issuance costs. Gross revenues are pledged for repayment of these bonds.

The Series 2016B 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.

## **Canaveral Port Authority**

### **Notes to Financial Statements**

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

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

###### **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.

###### **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.

## **Canaveral Port Authority**

### **Notes to Financial Statements**

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

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

###### **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.

###### **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.

## **Canaveral Port Authority**

### **Notes to Financial Statements**

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

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

###### **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.

###### **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

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

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

##### FUTURE MATURITIES

Future maturities requirements for all outstanding revenue bonds payable, as of September 30, 2022, are as follows:

	Principal	Interest	Total
2023	\$ 16,545,000	\$ 11,589,791	\$ 28,134,791
2024	16,910,000	11,230,362	28,140,362
2025	17,296,000	10,846,121	28,142,121
2026	17,694,000	10,452,347	28,146,347
2027	18,344,000	10,048,419	28,392,419
2028 to 2032	94,027,000	44,060,370	138,087,370
2033 to 2037	62,725,000	34,121,086	96,846,086
2038 to 2042	57,180,000	24,114,016	81,294,016
2043 to 2047	59,170,000	10,620,494	69,790,494
2048 to 2052	9,250,000	462,500	9,712,500
Total	\$ 369,141,000	\$ 167,545,506	\$ 536,686,506

The total future principal and interest on all the bonds is \$536,686,506, and the current principal and interest is \$28,134,791. The pledged revenue recognized during FY22 was \$129,092,957. The amount of the pledge is equal to the remaining principal and interest payments. The bonds may be redeemed at the option of the Authority.

#### H. 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 0.68% per annum. The tax-exempt rate is 79% of 30-day LIBOR, plus 0.55% per annum. The maturity date is December 15, 2022. The line of credit balance on September 30, 2022, was \$24,000,000. Subsequent to year end, the line of credit was extended to December 15, 2025, and, accordingly, is recorded as non-current on the statement of net position.

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

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

	Balance October 1, 2021	Additions	Reductions	Balance September 30, 2022	Due Within One Year
Revenue bonds payable	\$ 385,045,062	\$ -	\$ (15,904,062)	\$ 369,141,000	\$ 16,545,000
Unamortized bond premiums	5,485,945	-	(242,983)	5,242,962	-
Line of credit	37,646,680	5,000,000	(18,646,680)	24,000,000	-
Compensated absences	1,066,957	1,456,933	(1,066,957)	1,456,933	2,724
Other liabilities	2,362,859	462,636	(37,048)	2,788,447	1,671,536
Long-term liabilities	\$ 431,607,503	\$ 6,919,569	\$ (35,897,730)	\$ 402,629,342	\$ 18,219,260

## Canaveral Port Authority

### Notes to Financial Statements

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

##### J. Restricted Net Position

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

	2022
Bond Reserve	
Series 2016C	\$ 3,034,923
Series 2016D	2,199,813
Series 2018A	4,769,059
Series 2018B	2,767,145
Total debt service restrictions	<u>\$ 12,770,940</u>

##### K. Defined Contribution Plan

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

The Plan is administered by the Authority as a Qualified Retirement Plan as defined by Section 401 (a) of the Internal Revenue Code. Plan provisions and contribution requirements are established and may be amended by the Board. The Authority contributes 10.77% of the employees' eligible compensation to the Plan; employee contributions to the Plan are not permitted. The amount of covered payroll by the Plan for the year ended September 30, 2022, was \$13,193,499. The amount of retirement expense related to the Plan for the year ended September 30, 2022, was \$1,420,940.

##### L. Other Post-Employment Benefits

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

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

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

Plan Membership	2022
Active	160
Inactive, receiving benefits	3
Total membership	<u>163</u>

## Canaveral Port Authority

### Notes to Financial Statements

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

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

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

For the year ended September 30, 2022, the amount of benefits paid by the Authority for the Healthcare Plan was \$30,584.

##### (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:

	2022
Measurement date	09/30/2022
Actuarial valuation date	09/30/2022
Health care cost trend rate	7.5% for 2022 graded down by 0.5% per year to 5.0 % in 2026/27
Discount rate	2.43% (2.14% on September 30, 2021)
Mortality tables used	PUB-2010 Combined Mortality Table with fully generational improvements in mortality using Scale MP-2021

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, 2022, are as follows:

Year	
2021 to 2022	7.5%
2022 to 2023	7.0%
2023 to 2024	6.5%
2024 to 2025	6.0%
2025 to 2026	5.5%
2026 to 2027+	5.0%



## Canaveral Port Authority

### Notes to Financial Statements

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

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

As of the measurement date, September 30, 2022, the Authority did not have any assets accumulated in a trust that was dedicated to providing benefits to Healthcare Plan members.

##### (c) Changes in Total OPEB Liability

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

	2022
Balance, beginning of year	\$ 2,349,321
Changes for the year:	
Service cost	180,797
Expected interest growth	61,112
Demographic experience	(506,672)
Assumption changes	(541,844)
Benefit payments	(30,584)
Net change	(837,191)
Balance, end of year	\$ 1,512,130

##### (d) OPEB Expense

For the year ended September 30, 2022, the amount of OPEB expense recognized by the Authority was \$91,794.

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

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

	2022	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Demographic gain/loss	\$ 106,483	\$ 647,532
Assumption changes	360,215	653,791
Total	\$ 466,698	\$ 1,301,323

## Canaveral Port Authority

### Notes to Financial Statements

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

##### L. 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:

Year Ending September 30:	Deferred Outflows(Inflows)
2023	\$ (111,283)
2024	(111,283)
2025	(111,283)
2026	(111,283)
2027	(111,283)
Thereafter	(278,210)

##### (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:

	Discount Rate	Total OPEB Liability		
		1% Decrease	Current Rate	1% Increase
As of September 30, 2022	7.50%	\$ 1,319,217	\$ 1,512,130	\$ 1,745,744

###### ii) Discount Rate Sensitivity

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

	Discount Rate	Total OPEB Liability		
		1% Decrease	Current Rate	1% Increase
As of September 30, 2022	2.43%	\$ 1,676,161	\$ 1,512,130	\$ 1,370,117

##### M. Major Customers

Gross revenues from the top three companies totaled \$28,245,313, \$24,366,378 and \$10,559,061 in 2022, respectively. The top three are cruise companies. At September 30, 2022, the outstanding trade accounts receivable balances of these three companies amounted to \$4,536,873, \$1,193,751 and \$576,675, respectively.

## **Canaveral Port Authority**

### **Notes to Financial Statements**

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

##### **N. Risk Management**

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

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

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

##### **O. Concentration – Collective Bargaining Unit**

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

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

For the year ended September 30, 2022, the Authority recognized capital contributions of \$23,502,430, 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, 2022, totaled \$34,924,185.

##### **B. Litigation**

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

##### **C. Grants Programs**

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

## Canaveral Port Authority

### Notes to Financial Statements

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#### Note 5. Future Accounting Pronouncements

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

- 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.
- GASB Statement No. 99, *OMNIBUS*—was issued in April 2022 and will be effective for the Authority in fiscal year 2023. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The Authority has yet to determine the impact of adopting the Statement on its financial statements.
- GASB Statement No. 100, *Accounting Changes and Error Corrections –An Amendment of GASB Statement No. 62* was issued in June 2022 and will be effective for the Authority in fiscal year 2024. The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent and comparable information for making decisions or assessing accountability. The management does not expect a material impact of adopting this standard on the Authority's financial statements.
- GASB Statement No. 101, *Compensated Absences* was issued in June 2022 and will be effective for the Authority in fiscal year 2025. The objective of this Statement is to better meet the information needs of financial statement users by the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. Management will evaluate the impact of this standard to the Authority's financial statements.

#### Note 6. Subsequent Events

##### Line of credits:

On October 5, 2022, the Authority entered into a Line of Credit for \$20,000,000 with Truist Bank with a maturity date of October 10, 2023.

On October 26, 2022, the Authority modified a Line of Credit with PNC Bank which reduced the total amount available to \$30,000,000 and extended the maturity date to December 15, 2025.

## **REQUIRED SUPPLEMENTARY INFORMATION**

# Canaveral Port Authority

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

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

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

## **SUPPLEMENTARY INFORMATION**

## Canaveral Port Authority

### Schedule of Expenditures of Federal Awards and State Financial Assistance Fiscal Year Ended September 30, 2022

Federal Agency/Program Title/Pass-through Entity	Assistance Listing Number	Contract/Pass Through Entity Identifying Number	Expenditures
<b>Federal Programs:</b>			
<u>U.S. Department of Homeland Security</u>			
Direct Programs:			
Port Security Grant Program			
FY 2021 Port Security Grant Program	97.056	EMW-2021-PU-00248-S01	\$ 49,138
FY 2020 Port Security Grant Program	97.056	EMW-2020-PU-00453-S01	883,616
FY 2019 Port Security Grant Program	97.056	EMW-2019-PU-00340-S01	74,954
FY 2018 Port Security Grant Program	97.056	EMW-2018-PU-00411-S01	282,720
Total Port Security Grant Program			<u>1,290,428</u>
<u>U.S. Department of Transportation</u>			
Direct Programs:			
Port Infrastructure Development Program 2019	20.823	693JF72040022	<u>9,762,643</u>
<u>U.S. Department of Treasury</u>			
Direct Programs:			
Passthrough from the State of Florida			
Division of Transportation:			
COVID 19 – American Rescue Plan Act of 2021	21.027	G1Z80/449498-1-84-01	<u>43,234,901</u>
Total expenditures of federal awards			<u><b>\$ 54,287,972</b></u>

(continued)



## Canaveral Port Authority

### Schedule of Expenditures of Federal Awards and State Financial Assistance (Continued) Fiscal Year Ended September 30, 2022

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:			
North Cargo Berth 3 Demolition and Rehabilitation	55.005	G1B85/440323-1-94-02	\$ 2,707,207
Port Canaveral's North Cargo Berth 3 Rehabilitation Deferred PTGA	55.005	G1P26/440323-2-A8-01	800,000
North Cargo Berth 3 and 4 Improvements	55.005	G1C70/440323-1-94-03	9,123,102
Total Florida Department of Transportation			<u>12,630,309</u>
<u>Florida Department of Environmental Protection</u>			
Direct Programs:			
Canaveral Inlet Management Plan	37.003	15BE2	<u>56,724</u>
Total expenditures of state financial assistance			<u>\$ 12,687,033</u>
Total expenditures of federal awards and state financial assistance			<u><u>\$ 66,975,005</u></u>

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

## Canaveral Port Authority

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

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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, 2022. 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 position, 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.

**(4) Subrecipients**

All federal and state funds were used by the Authority. No funds were redistributed to subrecipients.

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

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

**Independent Auditor's Report**

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the Canaveral Port Authority (the Authority), as of and for the year ended September 30, 2022, 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 31, 2023. Our report contains an emphasis of a matter paragraph related to the implementation of GASB Statement No. 87, *Leases*. Our opinion is not modified with respect to this matter.

**Report on Internal Control Over Financial Reporting**

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

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

**Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Authority's 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*

Jacksonville, Florida  
March 31, 2023

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

**Independent Auditor's Report**

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

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

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

We have audited the Canaveral Port Authority's (the Authority's) compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* and in the State of Florida's *Department of Financial Services' State Projects Compliance Supplement* that could have a direct and material effect on each of the Authority's major federal programs and state financial assistance projects for the year ended September 30, 2022. The Authority's major federal programs and state financial assistance projects are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs and state financial assistance projects for the year ended September 30, 2022.

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

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*); the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); and the State of Florida Chapter 10.650, *Rules of the Auditor General* (Chapter 10.650). Our responsibilities under those standards, the Uniform Guidance and Chapter 10.650 are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

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

### ***Responsibilities of Management for Compliance***

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

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

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

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

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

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

### ***Report on Internal Control Over Compliance***

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit, we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance and Chapter 10.650. Accordingly, this report is not suitable for any other purpose.

*RSM US LLP*

Jacksonville, Florida  
March 31, 2023



**Canaveral Port Authority, Florida**

**Schedule of Findings and Questioned Costs  
Year Ended September 30, 2022**

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

Financial Statements

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

Unmodified

Internal control over financial reporting:

Material weakness(es) identified?

           Yes       X       No

Significant deficiency(ies) identified?

           Yes       X       None Reported

Noncompliance material to financial statements noted?

           Yes       X       No

Federal Awards

Internal control over major federal programs:

Material weakness(es) identified?

           Yes       X       No

Significant deficiency(ies) identified?

           Yes       X       None Reported

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

Unmodified

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

           Yes       X       No

Identification of major federal program:

Assistance Listing Number(s)

21.027

20.823

Name of Federal Program

American Rescue Plan Act of 2021 - COVID 19

Port Infrastructure Development Program 2019

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

\$1,628,639

Auditee qualified as a low risk auditee?

      X       Yes            No

Canaveral Port Authority, Florida

Schedule of Findings and Questioned Costs  
Year Ended September 30, 2022

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

State Financial Assistance

Type of auditor's report issued:

Unmodified

Internal control over financial reporting:

Material weakness(es) identified?

\_\_\_\_\_ Yes          X     No

Significant deficiency(ies) identified?

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

Noncompliance material to the financial statements noted?

\_\_\_\_\_ Yes          X     No

Internal control over major state projects:

Material weakness(es) identified?

\_\_\_\_\_ Yes          X     No

Significant deficiency(ies) identified?

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

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

Unmodified

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

\_\_\_\_\_ Yes          X     No

Identification of major projects:

CSFA Number(s)

55.005

Name of State Project

Seaport Grants

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

\$750,000

**Canaveral Port Authority, Florida**

**Schedule of Findings and Questioned Costs (Continued)**  
**Year Ended September 30, 2022**

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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.

**IV – State Financial Assistance Findings and Questioned Costs**

A. Internal Control Over Compliance

No Matters to Report.

B. Compliance

No Matters to Report.

**Canaveral Port Authority, Florida**

**Summary Schedule of Prior Audit Findings  
Year Ended September 30, 2022**

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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  
Cape Canaveral, Florida

**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, 2022, and issued our report thereon dated March 31, 2023.

**Auditor's Responsibility**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*); the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance); and Chapter 10.550, Rules of the Auditor General.

**Other Reporting Requirements**

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 Each Major Federal Program and State Financial Assistance Project and Report on Internal Control Over Compliance; Schedule of Findings and Questioned Costs; and Independent Accountant's Report on an examination conducted in accordance with *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 31, 2023, 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. In that regard, there were no recommendations made in the preceding financial 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**

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

Pursuant to sections 10.554(1)(i)5b. and 10.556(8), Rules of the Auditor General, we applied financial condition assessment procedures for the Authority. It is management's responsibility to monitor the Authority's financial condition, and our financial condition assessment was based in part on representations made by management and the review of 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 that we address noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but which warrants the attention of those charged with governance. In connection with our audit, we did not have any such findings.

### **Specific Information**

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

- (1) Total number of district employees compensated in the last pay period of the fiscal year:  
**197**
- (2) Total number of independent contractors compensated in the last month of the fiscal year:  
**26**
- (3) All compensation paid or accrued to employees:  
**\$20,685,816**
- (4) All compensation paid or accrued to independent contractors:  
**\$14,536,355**
- (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**  
**FY22**  
**10/01/2021 - 9/30/2022**  
**Schedule of Construction in Progress and Capital Costs**  
**Compared with Budget**

	<b>Expenditures</b> <b>10/01/2021-9/30/2022</b>	<b>Approved</b> <b>Budget</b>
<b><i>Year Ended September 30, 2022</i></b>	<b>Current Year</b>	<b>Cumulative Total</b>
Maintenance Dredging	65,605	79,500
CT10 Terminal Improvements	181,488	336,488
PSGP 2019 Projects	95,650	100,000
PSGP 2020 Projects CPA	1,122,052	1,153,035
PSGP 2021 Projects	2,941	282,000
CBP Tech Upgrades	335,399	345,000
West Side Infrastructure	18,398	2,789,917
<b>Total</b>	\$ 1,821,534	\$ 5,085,940

- (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 2022**

	Current YTD Actual	Current YTD Budget	Budget Variance
<b>REVENUES</b>			
Cruise	72,864,678	69,085,825	3,778,853
Cruise Parking	26,150,224	15,236,500	10,913,724
Cargo	18,488,881	15,209,660	3,279,221
Leases	5,380,030	4,363,970	1,016,060
Recreation	4,056,137	3,396,300	659,837
Miscellaneous	2,015,524	1,862,200	153,324
<b>TOTAL OPERATING REVENUES</b>	<b>\$ 128,955,474</b>	<b>\$ 109,154,455</b>	<b>\$ 19,801,019</b>
<b>EXPENSES</b>			
Operations	8,937,881	8,733,385	204,496
Facilities	11,602,275	11,403,109	199,166
Parks and Recreation	1,949,872	1,940,057	9,815
Exploration Tower	251,150	248,828	2,322
Public Safety	10,349,329	10,329,259	20,070
Fire Training Facility	295,153	295,153	0
Commission	303,020	340,985	(37,965)
Executive	1,853,660	1,781,779	71,881
Finance & Accounting	1,900,724	1,838,682	62,042
Administrative Services	8,122,811	8,065,232	57,579
Engineering & Environmental	1,884,835	1,864,055	20,780
Business Development	773,530	741,614	31,916
Tenant & Property Development	329,526	308,875	20,651
Government & Strategic Comm.	1,103,323	1,064,087	39,236
Depreciation	49,246,959	48,485,330	761,629
<b>OPERATING EXPENSES</b>	<b>98,904,048</b>	<b>97,440,430</b>	<b>1,463,618</b>
<b>OPERATING INCOME (LOSS)</b>	<b>30,051,426</b>	<b>11,714,025</b>	<b>18,337,401</b>
<b>NON-OPERATING REVENUES</b>	<b>44,102,493</b>	<b>49,884,470</b>	<b>(5,781,977)</b>
<b>NON-OPERATING EXPENSES</b>	<b>12,547,866</b>	<b>12,518,235</b>	<b>29,631</b>
<b>INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS</b>	<b>61,606,053</b>	<b>49,080,260</b>	<b>12,525,793</b>
<b>CAPITAL CONTRIBUTIONS</b>	<b>23,502,430</b>	<b>19,378,140</b>	<b>4,124,290</b>
<b>CHANGE IN NET POSITION</b>	<b>\$ 85,108,483</b>	<b>\$ 68,458,400</b>	<b>\$ 16,650,083</b>



**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*

Jacksonville, Florida  
March 31, 2023

## **OTHER INFORMATION**

## Canaveral Port Authority

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

<i>Years Ended September 30,</i>	2022	2021	2020	2019	2018
<b>Operating revenues</b>					
Dockage	\$ 16,332,621	\$ 8,279,495	\$ 9,072,939	\$ 8,695,601	\$ 8,992,071
Wharfage	67,372,871	9,215,706	32,608,638	60,375,728	57,003,115
Water	713,535	412,511	905,464	1,175,649	1,230,951
Parking	26,150,224	1,876,428	9,405,128	19,604,009	19,211,928
Line handling	1,856,065	903,220	1,067,417	1,254,120	1,407,933
Terminal/crane/RORO	542,015	640,225	668,407	81,800	29,950
Leases	9,916,482	9,258,649	9,699,530	9,252,306	8,414,872
Permits	84,984	74,729	78,857	78,753	70,294
Badging fees	-	221	17,221	27,855	23,727
Commercial vehicle	1,162,170	40,701	908,927	1,584,389	1,460,186
Miscellaneous	521,191	483,002	523,804	859,343	556,663
Camping	2,535,781	1,894,699	1,134,554	1,796,460	1,742,063
Recreational parking	1,004,441	951,256	539,215	789,638	749,406
Fire training	247,179	182,801	114,158	207,812	126,703
Other park revenues	387,923	246,400	139,649	269,129	251,291
Exploration Tower	117,192	82,951	216,039	448,204	426,439
Concessions	10,800	6,300	4,223	10,636	11,113
<b>Total operating revenues</b>	<b>128,955,474</b>	<b>34,549,294</b>	<b>67,104,170</b>	<b>106,511,432</b>	<b>101,708,705</b>
<b>Non-operating revenues</b>					
Investment earnings (loss)	(804,109)	217,578	1,600,821	3,412,808	809,438
Insurance proceeds	-	-	-	658,975	646,534
Grant revenue	43,411,126	15,440,776	460,826	567,455	765,757
Gain on sale/ disposal of assets	25,476	2,953,254	7,356	45,621	77,412
Gain on legal settlement	1,470,000	-	-	-	-
<b>Total revenues</b>	<b>\$ 173,057,967</b>	<b>\$ 53,160,902</b>	<b>\$ 69,173,173</b>	<b>\$ 111,196,291</b>	<b>\$ 104,007,846</b>
<b>Operating expenses</b>					
<b>Operations:</b>					
Salaries	\$ 3,334,601	\$ 1,675,206	\$ 2,885,231	\$ 3,317,835	\$ 3,084,720
Benefits	1,768,982	915,918	1,780,026	2,040,946	1,572,625
Service contracts	756,683	110,058	385,963	527,294	568,503
Utilities	75,145	67,915	41,030	31,247	41,827
Maintenance and supplies	148,836	163,079	132,669	151,718	184,458
Office	26,339	34,368	49,431	89,157	60,293
Fuel	13,120	11,245	10,503	12,490	39,646
Contractual obligations	2,790,239	(35,538)	1,652,670	3,003,307	856,783
Advertising	-	199	-	562	-
Travel	4,117	42	6,360	14,990	8,942
Education and seminars	-	-	77	38	822
Cruise terminal maintenance	19,819	-	-	-	24,786
Other	-	15,317	22,240	27,119	-
<b>Total operations</b>	<b>8,937,881</b>	<b>2,957,809</b>	<b>6,966,200</b>	<b>9,216,703</b>	<b>6,443,405</b>
<b>Facilities:</b>					
Salaries	2,738,201	2,365,248	2,872,865	2,874,142	2,533,548
Benefits	1,483,918	1,662,277	1,804,374	1,620,975	1,460,719
Service contracts	2,395,489	1,167,913	1,567,174	1,937,217	2,033,688
Utilities	3,324,140	2,361,444	2,838,991	3,532,838	4,018,158
Maintenance and support	1,466,845	599,019	823,972	649,137	1,134,509
Office	14,766	16,676	18,394	23,193	26,218

## Canaveral Port Authority

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

<i>Years Ended September 30,</i>	2022	2021	2020	2019	2018
Computer support and training	9,302	9,302	8,568	-	-
Fuel	145,856	87,192	82,238	110,439	118,147
Publications	89	-	-	-	-
Travel	1,923	1,436	1,403	3,899	4,458
Education and seminars	3,095	1,595	2,376	2,760	2,663
Other	18,651	5,439	7,998	18,219	18,645
<b>Total facilities</b>	<b>11,602,275</b>	<b>8,277,541</b>	<b>10,028,353</b>	<b>10,772,819</b>	<b>11,350,753</b>
<b>Public Safety:</b>					
Salaries	435,539	323,917	484,675	484,497	414,486
Benefits	140,711	110,084	153,722	163,230	139,437
Service contracts	-	2,476	712	4,746	1,304
Fire protection	2,463,962	2,385,004	2,432,225	2,291,582	2,277,483
Police services	7,263,714	6,231,291	7,000,101	6,692,578	6,275,308
Security badging	-	-	-	-	2,118
Maintenance and supplies	8,209	7,471	6,881	9,585	6,157
Office	10,278	2,516	3,927	18,752	16,852
Computer support and training	-	-	1,244	-	-
Communications services	4,276	4,296	3,444	10,267	4,818
Travel	8,286	1,084	8,523	20,233	14,023
Education and seminars	3,296	-	787	3,323	1,869
Other	11,058	9,835	6,567	2,006	1,706
<b>Total public safety</b>	<b>10,349,329</b>	<b>9,077,974</b>	<b>10,102,808</b>	<b>9,700,799</b>	<b>9,155,561</b>
<b>Parks and recreation:</b>					
Salaries	740,753	532,024	582,975	642,480	541,507
Benefits	436,112	340,719	387,978	395,850	360,602
Service contracts	388,243	308,523	226,011	235,520	205,540
Store merchandise	60,423	18,757	22,906	47,275	59,569
Utilities	258,419	183,124	164,362	206,286	280,660
Maintenance and supplies	32,300	20,022	12,832	19,502	17,456
Office	24,168	16,663	18,632	30,430	30,487
Computer support and training	3,945	-	-	-	-
Advertising	415	-	-	-	-
Travel	529	401	239	1,774	2,130
Education and seminars	372	450	279	1,743	1,158
Other park expense	4,193	2,223	6,988	6,096	14,259
<b>Total parks and recreation</b>	<b>1,949,872</b>	<b>1,422,906</b>	<b>1,423,202</b>	<b>1,586,956</b>	<b>1,513,368</b>
<b>Exploration tower:</b>					
Salaries	107,053	114,299	201,726	301,073	327,179
Benefits	58,110	63,008	121,286	144,175	183,946
Service contracts	3,237	8,602	10,755	22,154	19,348
Store merchandise	34,803	37,783	46,641	77,533	61,087
Utilities	38,654	8,229	11,681	14,369	24,231
Exhibit and special events	4,272	2,383	12,632	30,737	41,754
Maintenance and supplies	878	921	2,005	5,544	5,210
Office	326	591	3,637	6,621	5,924
Promotions	1,500	(65)	987	5,963	2,347
Advertising	1,659	-	19,526	23,452	18,273
Trade development	424	-	3,276	905	-
Travel	234	-	325	320	666
Education and seminars	-	-	-	408	353
Other expenses	-	-	138	1,215	1,477
<b>Total exploration tower</b>	<b>251,150</b>	<b>235,751</b>	<b>434,615</b>	<b>634,469</b>	<b>691,795</b>

## Canaveral Port Authority

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

<i>Years Ended September 30,</i>	2022	2021	2020	2019	2018
<b>Fire training facility:</b>					
Service contracts	190,322	135,897	170,625	180,024	98,024
Utilities	29,558	43,322	17,923	23,020	31,298
Insurance	39,390	38,240	35,727	42,244	38,329
Maintenance and supplies	35,383	20,759	10,809	53,264	34,482
Office	-	-	355	76	-
Accounting	500	-	-	475	-
<b>Total fire training facility</b>	<b>295,153</b>	<b>238,218</b>	<b>235,439</b>	<b>299,103</b>	<b>202,133</b>
<b>Commission:</b>					
Salaries	128,242	110,104	120,200	116,547	113,339
Benefits	119,511	115,414	106,443	104,833	101,992
Legal	40,408	31,873	43,178	59,795	55,429
Maintenance and supplies	59	46	10	14	-
Office	4,288	4,710	5,832	8,046	8,154
Promotions	356	3,020	4,750	2,980	4,000
Advertising	400	341	850	836	633
Travel	9,156	250	9,782	37,628	21,935
Education and seminars	600	-	1,723	995	-
<b>Total commission</b>	<b>303,020</b>	<b>265,758</b>	<b>292,768</b>	<b>331,674</b>	<b>305,482</b>
<b>Executive:</b>					
Salaries	1,331,597	1,138,853	1,139,195	1,063,625	795,659
Benefits	355,072	318,024	311,905	329,762	254,752
Legal	47,148	97,952	59,810	209,586	281,126
Maintenance and supplies	70	64	89	7	-
Office	107,332	152,437	205,299	201,812	196,492
Fraud hotline	2,626	4,163	2,699	2,579	2,456
Travel	5,968	1,840	8,377	18,669	9,855
Education and seminars	3,847	89	4,802	3,068	1,520
Other expenses	-	583	9,000	-	-
<b>Total executive</b>	<b>1,853,660</b>	<b>1,714,005</b>	<b>1,741,176</b>	<b>1,829,108</b>	<b>1,541,860</b>
<b>Finance and accounting:</b>					
Salaries	1,184,217	1,108,949	1,114,472	999,710	920,613
Benefits	462,994	393,768	410,875	409,324	411,398
Service contracts	71,570	281	30,787	63,338	92,628
Maintenance and supplies	268	77	100	-	-
Office	42,512	9,426	44,715	70,906	141,999
Computer support and training	-	-	-	22,667	105,502
Advertising	3,647	6,733	1,923	4,979	3,960
Travel	7,078	696	1,486	5,513	8,614
Education and seminars	1,339	869	395	2,343	9,837
Accounting	127,099	122,064	100,841	137,835	130,539
<b>Total finance and accounting</b>	<b>1,900,724</b>	<b>1,642,863</b>	<b>1,705,594</b>	<b>1,716,615</b>	<b>1,825,090</b>
<b>Administrative services:</b>					
Salaries	2,032,280	1,744,807	2,211,261	1,894,792	1,492,086
Benefits	772,052	720,471	901,759	783,879	652,305
Service contracts	162,431	171,651	62,173	73,002	79,701
Utilities	-	376	222	-	-
Legal	10,634	77,645	100,443	35,491	79,586
Insurance	3,848,529	3,574,932	3,112,167	2,259,514	2,355,214

## Canaveral Port Authority

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

<i>Years Ended September 30,</i>	2022	2021	2020	2019	2018
Maintenance and supplies	7,541	5,815	4,334	545	-
Office	73,576	73,082	113,780	136,044	154,682
Recruiting	125,965	10,288	83,092	189,375	165,457
Computer support and training	1,076,680	1,066,899	1,459,466	1,084,255	1,039,675
Advertising	89	-	457	2,009	1,031
Travel	2,065	77	6,901	16,230	11,992
Education and seminars	10,969	(206)	22,450	25,577	14,212
<b>Total administrative services</b>	<b>8,122,811</b>	<b>7,445,837</b>	<b>8,078,505</b>	<b>6,500,713</b>	<b>6,045,941</b>
<b>Engineering and environmental:</b>					
Salaries	998,883	899,608	1,144,243	1,083,798	946,397
Benefits	405,682	336,522	455,823	439,692	407,134
Service contracts	90,912	85,553	113,214	43,118	-
Maintenance and supplies	1,300	321	86,335	-	-
Office	5,817	3,586	6,260	20,387	27,893
Advertising	2,705	-	1,796	-	3,176
Travel	5,610	516	1,409	17,073	19,897
Education and seminars	4,374	311	95	7,511	6,213
Engineering – general	99,920	76,853	285,163	493,619	976,411
Engineering – environment	269,632	309,113	265,097	450,676	351,907
<b>Total engineering and environmental</b>	<b>1,884,835</b>	<b>1,712,383</b>	<b>2,359,435</b>	<b>2,555,874</b>	<b>2,739,028</b>
<b>Business development:</b>					
Salaries	462,773	526,207	816,761	693,611	669,985
Benefits	177,527	198,774	313,127	274,486	267,194
Service contracts	-	-	-	-	7,669
Maintenance and supplies	211	125	22,420	7	-
Office	21,093	13,186	54,063	59,399	61,860
Promotions	-	-	242	490	316
Advertising	-	(3,500)	139,470	271,369	281,036
Trade development	102,571	(753)	140,601	309,476	223,300
Travel	9,355	2,230	38,262	104,719	94,216
Education and seminars	-	-	29	177	299
<b>Total business development</b>	<b>773,530</b>	<b>736,269</b>	<b>1,524,975</b>	<b>1,713,734</b>	<b>1,605,875</b>
<b>Real estate:</b>					
Salaries	191,317	46,399	172,584	271,865	233,983
Benefits	53,109	17,741	69,223	81,533	68,790
Service contracts	956	3,003	1,820	266	-
Maintenance and supplies	4,490	9,640	2,284	-	-
Legal	-	-	475	-	-
Office	2,403	78,010	1,112	41,986	5,500
Land use planning	15,900	11,100	12,000	5,700	35,433
Lease preparation	61,351	325,837	250,805	396,035	543,449
Promotions	-	-	23	299	420
Advertising	-	-	-	-	3,500
Travel	-	-	46	33	820
Education and seminars	-	-	-	290	1,090
<b>Total real estate</b>	<b>329,526</b>	<b>491,730</b>	<b>510,372</b>	<b>798,007</b>	<b>892,985</b>

# Canaveral Port Authority

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

Years Ended September 30,	2022	2021	2020	2019	2018
<b>Government and strategic communications:</b>					
Salaries	599,665	533,241	604,819	518,503	493,321
Benefits	166,915	159,823	193,581	160,704	142,657
Maintenance and supplies	62	95	138	-	-
Office	9,433	4,053	8,836	11,656	9,662
Computer support and training	-	1,188	1,663	-	-
Planning and studies	-	-	5,300	83,500	-
Promotions	26,757	2,545	29,157	61,116	34,827
Publications	992	3,907	3,469	4,169	6,153
Electronic media	16,455	9,972	38,050	9,789	27,041
Advertising	-	9,100	25,276	46,393	65,600
Sponsorship	33,815	360	54,950	64,390	79,530
Travel	16,301	1,851	8,209	13,931	17,243
Professional services	230,000	213,000	206,300	202,400	138,199
Education and seminars	2,928	411	1,382	2,944	3,872
<b>Total government and strategic communications</b>	<b>1,103,323</b>	<b>939,546</b>	<b>1,181,130</b>	<b>1,179,495</b>	<b>1,018,105</b>
Depreciation	48,790,189	49,078,633	38,956,733	38,554,203	43,139,638
Amortization	456,770	611,115	577,821	531,532	481,862
<b>Total operating expenses</b>	<b>98,904,048</b>	<b>86,848,338</b>	<b>86,119,126</b>	<b>87,921,804</b>	<b>88,952,881</b>
<b>Non-operating expenses</b>					
Amortization of bond discounts	62,768	137,675	175,129	175,129	175,129
Commissions and fees	148,622	183,030	424,935	827,550	104,312
Interest expense	12,076,856	12,379,203	9,757,523	13,046,982	9,352,013
Loss on disposal of capital assets	-	1,658,837	505,000	5,026	931,634
Litigation expense	25,159	488,132	76,638	117,489	-
Covid expense	-	83,067	45,403	-	-
Hurricane repairs	234,461	880	20,279	77,712	533,770
<b>Total non-operating expense</b>	<b>12,547,866</b>	<b>14,930,824</b>	<b>11,004,907</b>	<b>14,249,888</b>	<b>11,096,858</b>
<b>Total expenses</b>	<b>\$ 111,451,914</b>	<b>\$ 101,779,162</b>	<b>\$ 97,124,033</b>	<b>\$ 102,171,692</b>	<b>\$ 100,049,739</b>
Total operating revenues	\$ 128,955,474	\$ 34,549,294	\$ 67,104,170	\$ 106,511,432	\$ 101,708,705
Total operating expenses	98,904,048	86,848,338	86,119,126	87,921,804	88,952,881
<b>Net operating (loss) income</b>	<b>\$ 30,051,426</b>	<b>\$ (52,299,044)</b>	<b>\$ (19,014,956)</b>	<b>\$ 18,589,628</b>	<b>\$ 12,755,824</b>
Total non-operating revenues	\$ 44,102,493	\$ 18,611,608	\$ 2,069,003	\$ 4,684,859	\$ 2,299,141
Total non-operating expenses	12,547,866	14,930,824	11,004,907	14,249,888	11,096,858
<b>Net non-operating (loss) income</b>	<b>\$ 31,554,627</b>	<b>\$ 3,680,784</b>	<b>\$ (8,935,904)</b>	<b>\$ (9,565,029)</b>	<b>\$ (8,797,717)</b>
Total revenues	\$ 173,057,967	\$ 53,160,902	\$ 69,173,173	\$ 111,196,291	\$ 104,007,846
Total expenses	111,451,914	101,779,162	97,124,033	102,171,692	100,049,739
<b>Net (loss) income before capital contributions</b>	<b>61,606,053</b>	<b>(48,618,260)</b>	<b>(27,950,860)</b>	<b>9,024,599</b>	<b>3,958,107</b>
Capital contributions	23,502,430	287,128	11,896,455	15,239,301	9,834,725
<b>Changes in net position</b>	<b>\$ 85,108,483</b>	<b>\$ (48,331,132)</b>	<b>\$ (16,054,405)</b>	<b>\$ 24,263,900</b>	<b>\$ 13,792,832</b>

## Canaveral Port Authority

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

<i>Years Ended September 30,</i>	2022	2021	2020	2019	2018
Cruise ships	\$ 99,014,902	\$ 10,184,479	\$ 44,097,826	\$ 81,914,307	\$ 77,734,133
Cargo ships	13,952,429	11,143,105	9,629,868	9,272,598	10,141,812
<b>Total ship related operating revenue</b>	<b>112,967,331</b>	<b>21,327,584</b>	<b>53,727,694</b>	<b>91,186,905</b>	<b>87,875,945</b>
Leases	9,916,482	9,258,649	9,699,530	9,252,306	8,414,872
Recreation	4,056,137	3,181,606	2,032,900	3,311,850	3,178,419
Miscellaneous	2,015,524	781,455	1,644,046	2,760,371	2,239,469
<b>Total non-ship related operating revenue</b>	<b>15,988,143</b>	<b>13,221,710</b>	<b>13,376,476</b>	<b>15,324,527</b>	<b>13,832,760</b>
<b>Total operating revenue</b>	<b>\$ 128,955,474</b>	<b>\$ 34,549,294</b>	<b>\$ 67,104,170</b>	<b>\$ 106,511,432</b>	<b>\$ 101,708,705</b>



**Canaveral Port Authority**

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

	Actual			Budget
<i><b>Year Ended September 30, 2022</b></i>	Prior Years	Current Year	Cumulative Total	Cumulative Total
Road Improvements	\$ 146,048	\$ 266,291	\$ 412,339	\$ 418,856
Portwide Parking Lot Improvement	27,060	226,293	253,353	2,865,395
Security Fencing/Lighting	-	24,963	24,963	50,000
Maintenance Dredging	-	65,605	65,605	79,500
Other Computer Equipment	47,869	231,100	278,969	449,000
Park Upgrades	83,728	23,896	107,624	107,624
Improve Piers,Bldgs,Structures	147,315	586,983	734,298	3,279,562
Fire Equipment	-	22,611	22,611	25,000
Fire Training Equipment	-	27,320	27,320	27,320
Utilities and Improvements	138,440	82,292	220,732	221,170
Minor Equipment	-	39,779	39,779	50,000
CT Furniture/Equipment	-	171,729	171,729	360,000
Stormwater Improvements	32,415	270,478	302,893	302,955
Financial System Upgrade	38,038	-	38,038	38,038
Cove Roads Phase 2	502,292	-	502,292	502,292
Equipment	-	571,513	571,513	576,138
CT 5 Terminal Upgrades	296,819	2,355,768	2,652,588	2,829,458
CT 10 Terminal Improvements	-	181,488	181,488	336,488
Maritime Ctr Tenant Improvement	71,954	565,807	637,760	906,681
CT# 8 Renovations	547,180	2,732,235	3,279,415	3,450,521
WTB Channel Entrance Phase 2	2,419,556	-	2,419,556	2,419,556
Public Safety Projects	250,826	227,124	477,951	607,922
PSGP 2019 Projects	-	95,650	95,650	100,000
PSGP 2020 Projects CPA	-	1,122,052	1,122,052	1,153,035
PSGP 2021 Projects	-	2,941	2,941	282,000
North Cargo Berth 4	1,053,619	307,936	1,361,556	1,403,619
North Cargo Berth 3	496,006	31,206,073	31,702,078	48,350,000
Auto Terminal	95,390	-	95,390	95,390
Cruise Terminal 3	60	710,515	710,575	710,967
North Cargo Power Project	49,796	-	49,796	49,796
CT Pax Bridge Renovation	22,327	105,549	127,875	272,405
Mobile Harbor Crane FY2020	21,167	71,754	92,921	159,446
LNG Fire Trainer Expansion	70,194	-	70,194	70,194
CBP Tech Upgrades	-	335,399	335,399	345,000
West Side Infrastructure	-	18,398	18,398	3,184,917
	<b>\$ 6,558,099</b>	<b>\$ 42,649,542</b>	<b>\$ 49,207,641</b>	<b>\$ 76,080,245</b>

**Canaveral Port Authority****Appendix A – Schedule of Insurance in Force (Unaudited)  
Year Ended September 30, 2022**

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**Property Coverage**

Total insured values	\$ 869,960,087
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 & Non-Owned Auto Liability	\$ 1,000,000

**Excess Port Liability**

Per occurrence/aggregate	\$ 75,000,000
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**Public Officials Liability, Claims Made Policy, includes 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

**Hull & Machinery / Protection & Indemnity / Vessel Pollution Liability**

Hull Limit	\$ 5,567,200
P&I Limit	\$ 1,000,000
Excess P&I	\$ 5,000,000
Vessel Pollution Limit	\$ 5,000,000

**Independent Accountant's Report on Compliance with  
Local Government Investment Policies**

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

We have examined the Canaveral Port Authority's (the Authority) compliance with the local government investment policy requirements of Section 218.415, *Florida Statutes* (specific requirements) during the period October 1, 2021 to September 30, 2022. Management of the Authority is responsible for the Authority's compliance with the specific requirements. Our responsibility is to express an opinion on Authority's compliance with the specified requirements based on our examination.

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

Our examination does not provide a legal determination of the Authority's compliance with the specified requirements.

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

In our opinion, the Authority complied, in all material respects, with the aforementioned requirements of Section 218.415, *Florida Statutes*, during the period October 1, 2021 to September 30, 2022.

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

**RSM US LLP**

Jacksonville, Florida  
March 31, 2023