SANFORD AIRPORT AUTHORITY
Sanford, Florida

Financial Statements

Years Ended September 30, 2022 and 2021

INTRODUCTORY SECTION

SANFORD AIRPORT AUTHORITY

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SANFORD AIRPORT AUTHORITY

(As of September 30, 2022)

BOARD OF DIRECTORS

Jennifer T. Dane, Esq., Chairman

Clyde H. Robertson, Jr., Vice Chairman	Kenneth Bentley, Secretary/Treasurer
Benny Crosby, Board Director	Tom Green, Board Director
Charles W. Gregg, Sr., Board Director	Frank S. Ioppolo, Jr., Esq., Board Director
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President and Chief Executive Officer

Nicole Martz

Executive Vice President and Chief Operating Officer

George Speake

Executive Vice President and Chief Financial Officer

Jason Watkins

FINANCIAL SECTION

MSL
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

The Board of Directors
Sanford Airport Authority
Sanford, Florida

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the Sanford Airport Authority (the Authority) as of and for the fiscal years ended September 30, 2022 and 2021, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Authority as of September 30, 2022 and 2021, and the changes in its financial position and its cash flows for the fiscal years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Emphasis-of-Matter

Change in Accounting Principle

As discussed in Note 5 to the financial statements, in the fiscal year ended September 30, 2022, the Authority adopted the provisions of Government Accounting Standards Board Statement ("GASBS") Number 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 these financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

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

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

Required Supplementary Information

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

The Board of Directors
Sanford Airport Authority

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 accompanying schedule of expenditures of federal awards and passenger facility charges (the Schedule), as required by Title 2 U.S. *Code of Federal Regulations,* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and *Passenger Facility Charge Audit Guide for Public Agencies,* are presented for purposes of additional analysis and is not a required part of 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 schedule of passenger facility charges are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory section 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 April 26, 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 to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

MSL, P.A.

Certified Public Accountants

Orlando, Florida
April 26, 2023

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following discussion and analysis of the Sanford Airport Authority (the Authority) is to provide an introduction of the basic financial statements for the fiscal year ended September 30, 2022 with selected comparative information for the years ended September 30, 2021. This discussion has been prepared by management and should be read in conjunction with the financial statements and notes to financial statements found in this report. Following this Management Discussion and Analysis (MD&A) are the basic financial statements of the Authority. This information taken collectively is designed to provide readers with an understanding of the Authority's finances.

Overview of the Financial Statements

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

The Statements of Net Position presents information on the Authority's assets, deferred outflows, liabilities, and deferred inflows with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of the Authority's financial position.

The Statements of Revenues, Expenses and Changes in Net Position presents information showing how the Authority's net position changed during the most recent and previous fiscal years. 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 these statements for some items that will result in cash flows in future fiscal periods.

The Statements of Cash Flows relates to the flows of cash and cash equivalents. Consequently, only transactions that affect the Authority's cash accounts are recorded in these statements. A reconciliation follows these statements to assist in the understanding of the difference between cash flows from operating activities and operating loss.

Airport Activity Highlights

Passenger counts per the Federal Aviation Administration (FAA) are based upon a calendar year, as opposed to the federal fiscal year (October 1 to the following September 30). Air carrier passenger counts at the airport continue to be one of the best indicators of the overall business environment at the airport. Calendar year 2022 provided continuing recovery vs. calendar year 2021 as passengers improved 17% to 2,801,478.

Passenger Counts 2013 to 2022

2013	2,032,680	**2014**	2,184,701	**2015**	2,480,122	**2016**	2,752,410
2017	2,922,446	**2018**	3,094,487	**2019**	3,291,112	**2020**	1,545,041
2021	2,395,398	**2022**	2,801,478				

Fiscal Year (FY) 2021-2022 Highlights

This section contains more than just highlights; it contains all major events or trends that affected the FY 2021-2022 performance. The specific major events are as follows:

Revenue Overview

Overall, total revenues from operations were $13.3M, exceeding budget by $573K. FY 2021-2022 operating revenues were $1.5M higher than the prior year, with 89% of the increase coming from Terminal revenues.

In March 2020, the Authority, like thousands of airports across the world, was severely affected by the COVID-19 virus pandemic. Initial predictions of recovery duration varied from 6 months to 5 years. FY 2020-2021 was a year of recovery, albeit not back to the activity levels preceding the pandemic. Federal assistance was provided through multiple Coronavirus related relief packages and has totaled $40.7M, which has been near fully drawn. These grants reimburse the Authority for O&M expenses and debt service and provide rent relief to airport concessions.

The Authority enjoys a diverse revenue portfolio of non-aviation revenues with non-airline categories providing nearly 68% of the airport's operating revenues.

The term 'Force Account' is used in conjunction with FAA funded construction grants where the airport utilizes its own employees to fill the roles usually filled by a contractor or an engineering consulting firm. The FAA requires that each airport employee utilized in these roles must prove, by resume, that they have the required education and experience to competently fill each position where Force Account work is requested. These positions are generally the project's Construction Manager, Project Coordinator, and Resident Project Representative (RPR), but virtually any position within a project could be requested to be a Force Account position.

When the airport receives a grant payment for the Force Account work, the full amount must be listed as a project expense and the FAA/FDOT reimburses the airport for 90% of the project expense. During the fiscal year, the Force Account grant revenue is reflected in the Operating Revenue section of the financial statements, so that actual received revenues may be compared to those revenues that were anticipated in the airport's annual budget at the end of the fiscal year. As a result, net overall labor/personnel expenses may be reduced by much as several hundred thousands of dollars.

During FY 2021-2022, the Authority received Force Account grant revenue totaling $53K. The Force Account revenue for FY 2021-2022 was earned entirely from work completed on the Taxiway Bravo (B), Charlie (C) and Lima (L) grant. This category is driven by the nature of applicable projects during the fiscal year and can differ greatly year over year.

Miscellaneous Revenue and Fees

This account is for unexpected revenue items, from various sources, and in varying amounts. This category can be more difficult to budget and forecast. The bulk of this type is derived from such items as the insurance payments for excess profits, recycled scrap, millings, or reimbursement for capital expenditures. FY 2021-2022 Miscellaneous Revenue increased by 6.5% in comparison to the prior year.

Fiscal Year (FY) 2021-2022 Highlights (continued)

Aviation Lease Revenue

The exact categorization of revenue type with many of our properties is dependent upon the specific tenant involved. When a particular property's tenant changes its associated revenue category, there will be a change in classification from Commerce Park Revenue to Aviation Building Revenue or vice-versa. FY 2021-2022 Aviation revenue ($4.2M) increased 3.6% from prior year, the effect of which was principally related to CPI related adjustments.

Parking Revenue and Customer Facility Charges (CFCs)

Customer Facility Charges (CFCs) are fees charged by the Authority on the car rental operators renting cars at the airport. The level of these fees is set by the Authority's Board of Directors. Resolution 2016-10 set the current rate $2.25 per rental car transaction day, up to a maximum of five days, or $11.25 on any single car rental period, regardless of the duration. This rate was last set at the regularly scheduled meeting of the Authority's Board of Directors in December of 2016 and became effective for retail rental on January 1, 2017 and wholesale retails on July 1, 2017.

Customer Facility Charges generated $1.5M in FY 2021-2022, a 23% increase from the prior fiscal year, which is utilized to fund the airport's Police operations and capital expenditures which benefit rental car companies.

Terminal Revenues are $1.4M higher than the prior fiscal year, as the airport experienced continued recovery through the year. Although parking and rental cars play a part, the leading driver is the increase of terminal specific revenues due to increased passenger traffic in the current fiscal year.

Air Carrier Landing Fees & Public Safety Fees

Landing Fees and Public Safety Fees exceeded budget ($78K) and prior year ($45K). These revenues were directly and dramatically affected by the COVID-19 pandemic, but now demonstrate passenger driven recovery. Domestic Landing fees increased 27.5% over the last year. International landing fees decreased by more than 28%. Two new Canadian carriers commenced service to the Authority in late FY2020-2021, but there has been a lull in international travel due to Canadian restrictions related to the pandemic, reducing the number of passengers initially expected for the fiscal year, thus affecting international landing fees.

Unrestricted Interest Earned

Interest rates on deposited funds sharply increased to $308K in FY2021-2022. Short term investment yields have risen under the Federal Reserve's aggressive monetary policy in efforts to raise interest rates to combat inflation post-pandemic. In FY 2022-2023, the Authority intends to invest surplus funds principally in designated Local Government Investment Pools (LGIPs) while ensuring cash on hand is sufficient to meet operating needs. It should be noted that the funds invested in LGIPs can typically be drawn from the same day to next day should any short-term liquidity considerations arise.

Fiscal Year (FY) 2021-2022 Highlights (continued)

Expense Overview

Salaries and Benefits

Salaries and Benefits were over budget by $179K (1.8%). This is a result of the GASB 68 annual non-cash year-end adjustment of the airport's net pension liability valuation from the Florida Retirement System, resulting in the Authority recognizing a pension net expense of $365K. A GASB 75 valuation of Other Post Employment Benefits (OPEB) for retirees was completed during this year and resulted in the recognition of an $11K net expense. Absent the GASB 68 and GASB 75 adjusting journal entries, the Authority's Salaries and Benefits category would have been $159K under budget.

Properties, Marketing, and Advertising

Properties, Marketing, and Advertising were under budget by $341K (53%). This was a result of the performance of the airline incentive program with the airport's international carriers, Flair and Swoop Airlines. Based on specific incentive agreements, there is a minimum number of flight offerings required to trigger airline origination marketing spend. Unfortunately, these thresholds were not met by the airlines, accounting for the majority of the variance.

Debt Service - Interest Paid

During FY 2021-2022, the Authority remitted $712K in debt service payments, combination of terminal expansion project credit facility interest expense and fixed rate permanent financing interest expense which was funded by a combination of PFCs and local Authority funds. Going forward, due to the utilization of ARPA grant funds to pay down the non-PFC portion of debt in FY 2021-2022, all debt service payments related to the Truist permanent financing will be fully funded by PFCs. The Authority is slated to make principal and interest payments each year through fiscal year 2031-2032 under a 10-year fixed rate financing at 2.82% initiated in May 2022.

(continued on next page)

Overview of the Financial Statements

A summarized comparison of the Authority's total assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position at September 30 is as follows:

	2022	2021*
Assets:		
Current and other assets	$ 41,624,654	$ 34,409,811
Capital assets, net	259,073,821	267,244,754
Total Assets	300,698,475	301,654,565
Deferred outflows of resources	3,272,837	2,450,383
Total assets and deferred outflows	303,971,312	304,104,948
Liabilities:		
Current liabilities	5,176,364	7,249,648
Noncurrent liabilities	33,073,187	43,100,266
Total Liabilities	38,249,551	50,349,914
Deferred inflows of resources	6,855,292	12,567,135
Total liabilities and deferred inflows	45,104,843	62,917,049
Net position:		
Net investment in capital assets	232,559,956	222,122,050
Restricted	1,489,057	511,070
Unrestricted	24,817,456	18,554,779
Total Net Position	$ 258,866,469	$ 241,187,899

Changes in Net Position

	2022	2021*
Operating revenues	$ 13,321,104	$ 11,552,538
Operating expenses	(14,351,554)	(11,766,888)
Operating income before depreciation	(1,030,450)	(214,350)
Depreciation	(15,358,435)	(14,187,393)
Operating loss	(16,388,885)	(14,401,743)
Non-operating revenues/expenses and capital contributions	34,067,455	31,477,051
Increase in net position	$ 17,678,570	$ 17,075,307

*Fiscal year 2021 figures have been restated to conform to GASB Statement No. 87, *Leases*

Capital Planning and Financing

Typically, airports in the United State develop Master Plans every 10 years that aim to help define capacity and facility requirements over the next 20-year time horizon. Master Plans do not normally provide detailed information to determine funding strategies.

The Plan's overriding objective is to place the Authority in a healthy financial position, without overburdening the air carriers, while still maintaining competitive airline rates and charges. Funding and improvements are brought online when needed, based on established trigger points. Funding is done in a manner that preserves the Authority's competitive cost structure and maintains maximum flexibility under changing circumstances. The Capital Improvement Plan is the long-range plan for all individual capital improvement projects and funding sources. Construction in Progress (CIP) projects are unique construction projects that provide improvements or additions such as land, buildings, and infrastructure.

There was a total of $6.5M in additions to CIP during FY 2021-2022 due primarily to the final phase of a few scheduled projects such as the Rehabilitation of Taxiway Bravo, Charlie, and Lima Phase 3 Project ($4.9M) and drainage repair related to Taxiway Lima.

A total of $105M was capitalized from CIP to fixed assets due to the completion of the Terminal Expansion project ($73.6M), closeout of the Taxiway Bravo, Charlie, Lima rehabilitation across all phases ($29.2), and a few other miscellaneous projects.

The Authority recently completed its 2021 Airport Master Plan update which details out airfield, terminal and landside capacity and safety requirements for the next twenty years. It also provides a long-range passenger and aircraft operations forecast. The plan includes a Capital Improvement program which provides an outline of potential funding mechanisms to accommodate the requirements.

Debt Service

During FY 2017-2018, the Authority produced an RFQ for acquisition of a financing package to facilitate the Terminal Expansion project. This project was undertaken utilizing PFC funding joined with FDOT grant funding and limited Authority local funds. The Series 2018 note was a three-year credit facility with a maximum draw of $60.5M at a rate of LIBOR plus 90BPS. Cumulative draws against the line totaled $44.8M. In January 2022, the Authority's federal American Rescue Plan Act of 2021 relief fund allocation of $12.5M was applied to the credit facility to pay down the non-PFC share of the outstanding loan obligation.

The Authority has since defeased the Series 2018 note and awarded a permanent fixed rate loan, the Series 2022 note, with future PFC revenues as primary collateral with general airport revenues pledged as the secondary revenue stream. Interest is payable semi-annually with principal paid on an annual basis. Total principal remaining as of September 30, 2022, is $25.4M. For the 12-month period ended September 30, 2022, interest paid was $712K and total pledged revenues for the year were $5.6M.

Passenger Facility Charges

As part of the Safety and Capacity Act of 1990, the Authority received approval from the FAA to impose a Passenger Facility Charge (PFC) of $1 per enplaned passenger at Orlando Sanford Airport and has imposed the PFC since December 2000. PFCs may be used either to pay for eligible capital improvements or to pay debt service on bonds issued to finance projects eligible for PFC funding. Since 2000, the FAA has incrementally increased the allowable PFC at airports to $4.50. The airport, over the past couple of decades, has increased its PFC to the current $4 per enplaned passenger as the capital program has evolved. Orlando Sanford International Airports is one of only a handful of airports that does not charge the max PFC of $4.50.

On January 23, 2018, The FAA approved application number 17-04-C-OO-SFB. This application ("4") included reimbursement for $1,974,940 in past completed projects and $30,319,836 for the Terminal Expansion project that recently reached substantial completion. On March 4, 2019, an amendment to application #4 for additional funding was approved bringing the total authorization to $51,033,661.

A copy of the Authority's FAA approved PFC #4 Final Agency Decision is available online at http://www.osaa.net/documents/bids/01-28-2018-144740.pdf.

As of fiscal year end, the Terminal Expansion project was significantly completed and capitalized in the amount of $73.6M. Of total expenditures, the project was funded via a combination of sources including PFC receipts, FDOT grant funding, local Authority funds, ARPA grant funding, with the remainder financed with a loan to be paid down with future PFC receipts.

Requests for Information

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

BASIC FINANCIAL STATEMENTS

SANFORD AIRPORT AUTHORITY
STATEMENTS OF NET POSITION

	September 30, 2022	September 30, 2021 (As Restated)
Assets and Deferred Outflows of Resources		
Current assets:		
Cash and cash equivalents	$ 31,169,935	$ 21,891,259
Accounts receivable, net	809,014	653,397
Federal grants receivable	1,081,549	2,612,533
State grants receivable	14,222	698,430
Leases receivable - current	1,842,366	1,832,511
Prepaid expenses	610,747	889,847
Total current assets	35,527,833	28,577,977
Noncurrent assets:		
Restricted cash	1,489,057	511,070
Lease receivable - noncurrent	4,607,764	5,320,764
Capital assets, net of accumulated depreciation	259,073,821	267,244,754
Total noncurrent assets	265,170,642	273,076,588
Total assets	300,698,475	301,654,565
Deferred outflows of resources:		
Deferred outflows related to pensions	3,259,468	2,450,383
Deferred outflows related to OPEB	13,369	-
Total deferred outflows of resources	3,272,837	2,450,383
Liabilities, Deferred Inflows of Resources, and Net Position		
Current liabilities (payable from current assets):		
Current portion of notes payable	2,291,000	1,189,959
Accounts payable and accrued liabilities	1,944,693	5,159,829
Rent collected in advance and deposits	480,609	465,553
Accrued sick and vacation pay	328,700	344,341
Unearned revenue	131,362	89,966
Total current liabilities	5,176,364	7,249,648
Noncurrent liabilities:		
Notes payable, net of current portion	23,072,000	39,306,537
Net pension liability	9,811,567	3,552,974
OPEB liability	189,620	240,755
Total noncurrent liabilities	33,073,187	43,100,266
Total liabilities	38,249,551	50,349,914
Deferred inflows of resources:		
Deferred inflows related to leases	6,450,130	7,153,275
Deferred inflows related to pensions	329,631	5,413,860
Deferred inflows related to OPEB	75,531	-
Total deferred inflows	6,855,292	12,567,135
Net position:		
Net investment in capital assets	232,559,956	222,122,050
Restricted for:		
Passenger facility charges	1,489,057	511,070
Unrestricted	24,817,456	18,554,779
Total net position	$ 258,866,469	$ 241,187,899

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

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

	Years Ended September 30, 2022	2021 (As Restated)
Operating revenues:		
Commerce park	$ 2,145,419	$ 2,125,929
Other leases and miscellaneous	999,544	938,576
Aviation rents	4,199,963	4,053,990
Terminal	4,826,771	3,424,830
Airfield	704,756	696,203
Ground transportation	280,918	186,010
Public safety fees	163,733	127,000
Total operating revenues	13,321,104	11,552,538
Operating expenses:		
Salaries and fringe benefits	10,255,916	8,267,734
Office and administrative	680,617	614,740
Professional fees and contract services	1,185,932	1,029,282
Marketing and advertising	291,706	143,412
Fuel, tools, and supplies	418,621	342,004
Repairs and maintenance	743,507	783,810
Utilities	193,830	179,724
Insurance	581,425	406,182
Total operating expenses	14,351,554	11,766,888
Operating income (loss) before depreciation	(1,030,450)	(214,350)
Depreciation	(15,358,435)	(14,187,393)
Operating loss	(16,388,885)	(14,401,743)
Nonoperating revenues (expenses):		
Investment income	131,019	16,648
Lease interest	176,905	196,190
Interest expense	(711,533)	(697,436)
Passenger facility charges	5,577,648	4,292,704
Gain on disposal of capital assets	26,763	259,162
Operating grants - COVID-19	22,427,347	13,005,418
Miscellaneous income (expense)	14,709	176,901
Total nonoperating revenues	27,642,858	17,249,587
Gain before capital contributions	11,253,973	2,847,843
Capital contributions	6,424,597	14,227,464
Change in net position	17,678,570	17,075,307
Net position at beginning of year	241,187,899	224,112,592
Net position at end of year	$ 258,866,469	$ 241,187,899

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

SANFORD AIRPORT AUTHORITY
STATEMENTS OF CASH FLOWS

	Years Ended September 30, 2022	2021 (As Restated)
Cash flows from operating activities:		
Receipts from customers and tenants	$ 13,925,084	$ 11,641,053
Payments to suppliers	(3,556,331)	(3,901,188)
Payments to employees	(10,598,396)	(8,876,633)
Net cash used in operating activities	(229,643)	(1,136,768)
Cash flows from noncapital financing activities:		
Operating grants - COVID-19	22,654,041	11,002,698
FAA grant reimbursement	-	(693,000)
Net cash provided by noncapital financing activities	22,654,041	10,309,698
Cash flows from capital and related financing activities:		
Acquisition and construction of capital assets	(10,648,136)	(24,543,355)
Proceeds from sale of capital assets	26,763	259,162
Proceeds from refunding notes payable	25,363,000	-
Principal paid on notes payable	(40,496,496)	(435,455)
Capital grants and contributions received	8,413,095	15,085,165
Interest paid	(711,533)	(697,436)
Passenger facility charges received	5,577,648	4,292,704
Net cash used in capital and related financing activities	(12,475,659)	(6,039,215)
Cash flows from investing activities:		
Interest income	131,019	16,648
Lease interest	176,905	196,190
Net cash provided by investing activities	307,924	212,838
Net increase in cash and cash equivalents	10,256,663	3,346,553
Cash and cash equivalents at beginning of year	22,402,329	19,055,776
Cash and cash equivalents at end of year*	$ 32,658,992	$ 22,402,329

*Classified as:		
Cash and cash equivalents - current assets	$ 31,169,935	$ 21,891,259
Cash and cash equivalents - restricted assets	1,489,057	511,070
	$ 32,658,992	$ 22,402,329

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

SANFORD AIRPORT AUTHORITY
STATEMENTS OF CASH FLOWS (CONTINUED)

	Years Ended September 30, 2022	2021 (As Restated)
Reconciliation of operating income to net cash used in operating activities:		
Operating loss	$ (16,388,885)	$ (14,401,743)
Adjustments to reconcile operating income to net cash used in operating activities:		
Depreciation	15,358,435	14,187,393
Changes in assets and liabilities:		
Allowance for doubtful accounts	(30,462)	51,988
Accounts receivable	(125,155)	(40,771)
Leases receivable	703,145	-
Prepaid expenses	279,100	(388,798)
Deferred outflows of resources	(822,454)	1,153,721
Accounts payable and accrued liabilities	260,207	(13,236)
Rents collected in advance	15,056	376
Accrued sick and vacation pay	(15,641)	(11,379)
Unearned revenue	41,396	76,923
Net pension liability	6,258,593	(6,948,499)
OPEB liability	(51,135)	(5,248)
Deferred inflows of resources	(5,711,843)	5,202,505
Net cash used in operating activities	$ (229,643)	$ (1,136,768)
Noncash investing, capital, and financing activities:		
Change in capital grants receivable	$ (1,988,498)	$ (857,701)

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

Note 1 - Summary of Significant Accounting Policies

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

A. Reporting entity

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

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

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

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

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

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

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

1. Cash and cash equivalents

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

Note 1 - Summary of Significant Accounting Policies (Continued)

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

2. Accounts receivable

Receivables are reported at their gross value when earned and reduced by the estimated portion that is expected to be uncollectible. An allowance for uncollectible accounts is based on an analysis of past due amounts. The provision for uncollectible accounts at September 30, 2022 and 2021 was $77,831 and $108,293, respectively.

3. Prepaid expense and inventory

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

4. Lease and concession agreements

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

5. Lease receivables

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

6. Capital assets

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

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

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

Note 1 - Summary of Significant Accounting Policies (Continued)

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

7. Pensions

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

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

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

8. Deferred outflows/inflows of resources

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

Deferred outflows related to pensions - These deferred outflows of resources are an aggregate of items related to pensions as calculated in accordance with GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*. The deferred outflows related to pensions totaled $3,259,468 and $2,450,383 at September 30, 2022 and 2021, respectively, and will be recognized as either pension expense or a reduction in the net pension liability in future reporting years. Details on the composition of the deferred outflows of resources related to pensions are further discussed in Note 6.

Note 1 - Summary of Significant Accounting Policies (Continued)

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

8. Deferred outflows/inflows of resources (continued)

Deferred outflows related to OPEB - These deferred outflows of resources are an aggregate of items related to Other Post-Employment Benefits (OPEB) as calculated in accordance with GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions.* The deferred outflows related to OPEB totaled $13,369 at September 30, 2022 and will be recognized as either OPEB contribution expense or a reduction in the net OPEB liability in future reporting years. Details on the composition of the deferred outflows of resources related to OPEB are further discussed in Note 7.

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

Deferred inflows related to pensions - These deferred inflows of resources are an aggregate of items related to pensions as calculated in accordance with GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*. The deferred inflows related to pensions totaled $329,631 and $5,413,857 at September 30, 2022 and 2021, respectively, and will be recognized as an increase to pension expense in future reporting years. Details on the composition of the deferred inflows of resources related to pensions are further discussed in Note 6.

Deferred outflows related to OPEB - These deferred inflows of resources are an aggregate of items related to OPEB as calculated in accordance with GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions.* The deferred inflows related to OPEB totaled $75,531 at September 30, 2022 and will be recognized as an increase to OPEB contribution expense in future reporting years. Details on the composition of the deferred inflows of resources related to OPEB are further discussed in Note 7.

Deferred inflows related to leases - These deferred inflows of resources are an aggregate of items related to leases as calculated in accordance with GASB Statement No. 87, *Accounting and Financial Reporting for Leases*. The deferred inflows related to leases totaled $6,450,130 and $7,153,275 at September 30, 2022 and 2021, respectively, and will be recognized as a reduction to lease receivable in future reporting years. Details on the composition of the deferred inflows of resources related to leases are further discussed in Note 5.

Note 1 - Summary of Significant Accounting Policies (Continued)

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

8. Net position flow assumption

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

D. Revenues and expenses

1. Passenger facility charges

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

2. Customer Facility Charges

The Authority approved the collection of customer facility charges (CFCs) on August 2, 2011. All rental car companies (RACs) agreed to assess and collect CFCs to pay the costs and expenses of financing, designing, constructing and relocating the rental automobile-related facilities. The collection rate was most recently increased on January 1, 2017 to $2.25 per day up to a maximum of $11.25 per transaction. The RACs collect and remit this revenue to the Authority and the Authority records this as operating revenue.

3. Capital contributions

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

4. Compensated Absences

The Authority recognizes expenses relating to compensated absences as incurred and includes those liabilities in accrued expenses. The Authority maintains liability accounts for all accrued sick and vacation time, accrued taxes, and accrued pension associated with time off. The Authority revalues the compensated liability each year and recognizes an expense relating to the incremental difference.

Note 1 - Summary of Significant Accounting Policies (Continued)

E. Other significant accounting policies

1. *Fair value of financial instruments*

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

2. *Estimates*

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

3. *Reclassifications*

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

Note 2 - Cash Deposits and Investments:

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

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

Investments are presented at fair value, which is based on available market values. The LGIP (Florida Prime) operated by the State of Florida State Board of Administration is a "2a-7-like" pool; therefore, it is not presented at fair value but at its actual pooled share price which approximates fair value. Adjustments of the carrying value of investments to fair value is presented as a component of investment income.

Note 2 - Cash Deposits and Investments (Continued)

The LGIP is not a registrant with the Securities and Exchange Commission (SEC); however, the state of Florida does provide regulatory oversight.

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

Following are the components of the Authority’s cash and investments at September 30:

A. Cash deposits with financial institutions

On September 30, 2022 and 2021, the carrying amounts of deposits were $17,230,730 and $7,094,719, respectively. The bank balances were $17,302,677 and $7,307,222 respectively, on September 30, 2022 and 2021.

	2022	2021
Cash and cash equivalents - current assets	$ 31,169,935	$ 21,891,259
Cash and cash equivalents - restricted assets	1,489,057	511,070
	$ 32,658,992	$ 22,402,329

B. Investments

Investment income is recognized as earned and is allocated to the participating funds based on their equity participation. At September 30, 2022, the Authority’s investments were held in interest-bearing time deposits in qualified public depositories.

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

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

Note 2 - Cash Deposits and Investments (Continued)

B. Investments (Continued)

At September 30, 2022 and 2021, the Authority had the following investment:

	2022 Fair Value	2021 Fair Value	Credit Rating	Weighted Average Maturity
Local government investment pool:				
Florida Prime	$ 5,930,230	$ 5,880,167	AAAm	26 days
Florida Star	9,497,531	9,426,945	AAAm	26 days
Total	$ 15,427,761	$ 15,307,112		

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

As of September 30, 2022 and 2021, there were no redemption fees or maximum transaction amounts, or any other requirements that served to limit the Authority's access to 100% of its account value in the external investment pools.

Note 3 - Restricted Assets

At September 30, 2022 and 2021, the Authority had a restricted cash balance of $1,489,057 and $511,070, respectively, for Passenger Facility Charges.

Note 4 - Capital Assets

A summary of capital assets activity for the years ended September 30, 2022 and 2021 follows:

	Balance October 1, 2021	Additions	Deductions and Reclass-ifications	Balance September 30, 2022
Capital assets, not being depreciated				
Land	$ 54,074,167	$ -	$ -	$ 54,074,167
Construction in progress	100,559,187	6,505,596	(105,292,169)	1,772,614
Total capital assets, not being depreciated	154,633,354	6,505,596	(105,292,169)	55,846,781
Capital assets, being depreciated				
Buildings & improvements	250,774,277	105,411,756	-	356,186,033
T-Hangars	1,621,318	-	-	1,621,318
Street construction	11,083,393	-	-	11,083,393
Equipment & vehicles	40,608,723	562,320	(133,154)	41,037,889
Total capital assets, being depreciated	304,087,711	105,974,076	(133,154)	409,928,633
Less accumulated depreciation				
Buildings & improvements	(155,461,576)	(12,076,445)	-	(167,538,021)
T-Hangars	(1,440,280)	(26,727)	-	(1,467,007)
Street construction	(6,632,143)	(434,496)	-	(7,066,639)
Equipment & vehicles	(27,942,312)	(2,820,767)	133,154	(30,629,925)
Total accumulated depreciation	(191,476,311)	(15,358,435)	133,154	(206,701,592)
Total capital assets, being depreciated, net	112,611,400	90,615,641	-	203,227,041
Capital assets, net	$ 267,244,754	$ 97,121,237	$ (105,292,169)	$ 259,073,822

Note 4 - Capital Assets (Continued)

	Balance October 1, 2020	Additions	Deductions and Reclass-ifications	Balance September 30, 2021
Capital assets, not being depreciated				
Land	$ 54,074,167	$ -	$ -	$ 54,074,167
Construction in progress	80,575,745	20,538,794	(555,352)	100,559,187
Total capital assets, not being depreciated	134,649,912	20,538,794	(555,352)	154,633,354
Capital assets, being depreciated				
Buildings & improvements	249,904,335	869,942	-	250,774,277
T-Hangars	1,621,318	-	-	1,621,318
Street construction	11,083,393	-	-	11,083,393
Equipment & vehicles	40,184,970	853,680	(429,927)	40,608,723
Total capital assets, being depreciated	302,794,016	1,723,622	(429,927)	304,087,711
Less accumulated depreciation				
Buildings & improvements	(144,570,646)	(10,890,930)	-	(155,461,576)
T-Hangars	(1,412,436)	(27,844)	-	(1,440,280)
Street construction	(6,195,192)	(436,951)	-	(6,632,143)
Equipment & vehicles	(25,540,572)	(2,831,667)	429,927	(27,942,312)
Total accumulated depreciation	(177,718,846)	(14,187,392)	429,927	(191,476,311)
Total capital assets, being depreciated, net	125,075,170	(12,463,770)	-	112,611,400
Capital assets, net	$ 259,725,082	$ 8,075,024	$ (555,352)	$ 267,244,754

Note 5 - Lessor Airport Lease Agreements

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

The Authority's operations consist of agreements for use of land, buildings, rental car center space, etc. which expire between the years 2023 and 2042. Unique from most airports, the Sanford Airport Authority contracts management of its terminal with a private operator, Orlando-Sanford International Inc. As such, some in-terminal leasehold arrangements typically seen at commercial service airports are not carried in the Authority's financial statements as a lessor relative to GASB 87. The Authority reports lease receivable with a carrying amount of $6,450,130 as of September 30, 2022 and $7,153,275 as of September 30, 2021. The Authority also reports a deferred inflow of resources for leases in the amount of $6,450,130 as of September 30, 2022 and $7,153,275 as of September 30, 2021. The deferred inflow of resources for leases will be recognized as revenue over the term of the lease agreements.

The Authority recognized $1,832,668 of lease revenue principal as of September 30, 2022 and $1,508,853 as of September 30, 2021.

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

Year Ending September 30,	Principal	Interest	Total Future Minimum Lease Payments
2023	$ 1,847,139	$ 125,910	$ 1,973,049
2024	1,167,259	91,412	1,258,671
2025	896,073	66,808	962,880
2026	402,657	55,764	458,421
2027	297,222	47,612	344,834
2028-2032	997,161	157,536	1,154,696
2033-2037	738,829	32,750	771,579
Total minimum future revenues	$ 6,346,340	$ 577,792	$ 6,924,132

Note 5 - Lessor Airport Lease Agreements (Continued)

Regulated Leases

The Authority's operations include certain lease agreements that are classified as regulated leases under paragraph 42 of GASB Statement No. 87, *Leases.* These agreements consist of aeronautical lease agreements, as defined by the FAA, which are made up of air carrier agreements, facility agreements that directly or substantially relate to the movement of passengers, ticketing, baggage, mail and cargo, and aircraft storage and maintenance service agreements. For these agreements, lease rates cannot exceed a reasonable amount and the Authority cannot deny potential lessees the right to enter into leases if the facilities are available, provided that the potential lessee's use of the facilities complies with use restrictions. The Authority recognizes the revenues from these lease agreements as inflows each year based on the payment provisions of each lease contract. The Authority recognized $3,112,995 and $3,056,007 of regulated lease revenue in September 2022 and 2021, respectively.

Year Ending September 30,		
2023	$	3,004,938
2024		2,334,015
2025		2,257,407
2026		2,167,100
2027		2,109,838
2028-2032		6,106,887
Total minimum future revenues	$	17,980,185

Note 6 - Retirement Plans

Plan Descriptions

Florida Retirement System

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

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

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

Note 6 - Retirement Plans (Continued)

Plan Descriptions (Continued)

Florida Retirement System (Continued)

In addition to the above benefits, the FRS administers a Deferred Retirement Option Program (DROP). This program allows eligible employees to defer receipt of monthly retirement benefit payments, while continuing employment with an FRS employer for a period not to exceed 60 months after electing to participate. Deferred monthly benefits are held in the FRS Trust Fund and accrue interest.

The FRS has six classes of membership. Only three apply to the Authority's eligible employees. These three classes, with descriptions and contribution rates in effect during the two-year period ended September 30, 2022 are as follows:

Regular Class – Members not qualifying for other classes (8.47% from 7/1/19 to 6/30/20, 10.00% from 7/1/20 to 6/30/21, 10.82% from 7/1/21 to 6/30/22, 11.91% from 7/1/22 to 9/30/22).

Senior Management Class – Members of senior management (25.41% from 7/1/19 to 6/30/20, 27.29% from 7/1/20 to 6/30/21, 29.01% from 7/1/21 to 6/30/22, 31.57% from 7/1/22 to 9/30/22).

Special Risk Class – Members employed as law enforcement officers, fire fighters, or correctional officers and meeting the criteria set to qualify for this class (25.48% from 7/1/19 to 6/30/20, 24.45% from 7/1/20 to 6/30/21, 25.89% from 7/1/21 to 6/30/22, 27.83% from 7/1/22 to 9/30/22).

Retiree Health Insurance Subsidy (HIS) Program

The Authority's employees also participate in the HIS Program, which is a cost-sharing, multiple-employer defined benefit pension plan established and administered in accordance with Section 112.363, Florida Statutes. The benefit is a monthly payment to assist retirees of the state-administered retirement system in paying their health insurance costs. Eligible retirees and beneficiaries receive a monthly HIS payment equal to the number of years of service credited at retirement multiplied by $5. The minimum payment is $30 and the maximum is $150 per month per Section 112.363, Florida Statutes. To be eligible to receive a HIS benefit, a retiree under one of the state-administered retirement systems must provide proof of eligible health insurance coverage, which can include Medicare.

Public Employee Optional Retirement Program

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

Note 6 - Retirement Plans (Continued)

Contributions

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

The fiscal year 2022 contribution rate applied to regular employee salaries was 10.82%, including 1.66% for a post-retirement HIS. The fiscal year 2021 contribution was 10.00%, which included 1.66% for HIS. The fiscal year 2022 contribution rate applied to senior management salaries was 29.01% including 1.66% HIS. The fiscal year 2021 contribution rate was 27.29% which included 1.66% for HIS. The fiscal year 2022 contribution rate applied to the salaries of the employees in the Special Risk Class was 25.89%, including 1.66% for HIS. The fiscal year 2021 contribution rate was 24.45% which included 1.66% for HIS. The fiscal year 2022 contribution rate applied to the salaries of the employees in DROP was 18.34%, including 1.66% for HIS. The fiscal year 2021 contribution rate was 16.98% which included 1.66% for HIS.

The Authority's contributions to FRS for the years ended September 30, 2022 and 2021 were $1,246,515 and $979,308, respectively, equal to the required contributions for each year.

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

At September 30, 2022 and 2021, the Authority reported a liability of $9,811,567 and $3,552,971, respectively, for its proportionate share of the net pension liability of the Pension Plan and HIS Program. The net pension liability was measured as of June 30, 2022 and 2021, respectively, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of those dates. The Authority's proportion of the net pension liability was based on the Authority's historical employer contributions to the pension plans for fiscal year 2022 and 2021 relative to the historical contributions of all participating employers. At June 30, 2022, the Authority's proportion was 0.02112% and 0.01842% for the Pension Plan and HIS Program, respectively, which was an increase of 0.0011% and 0.0018% from its respective proportion measured as of June 30, 2021. For the years ended September 30, 2022 and 2021, the Authority recognized a pension expense and pension credit, of $365,279 and ($592,272), respectively.

Note 6 - Retirement Plans (Continued)

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

At September 30, 2022, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources (in thousands):

Pension Plan

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 373,354	$ -
Changes of assumptions	968,119	-
Differences between projected and actual earnings on pension plan investments	-	-
Changes in proportion	561,559	11,662
Authority's contributions subsequent to the measurement date	264,994	-
Total	$ 2,168,026	$ 11,662

HIS Program

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 59,203	$ 8,583
Changes of assumptions	111,806	301,749
Differences between projected and actual earnings on pension plan investments	2,824	-
Changes in proportion	368,072	7,637
Authority's contributions subsequent to the measurement date	30,475	-
Total	$ 572,380	$ 317,969

$264,994 and $30,475 reported as deferred outflows of resources related to pensions for the Pension Plan and HIS Program, respectively, resulting from the Authority's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended September 30, 2022.

Note 6 - Retirement Plans (Continued)

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

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

Years Ending September 30:	Pension Plan Expense	HIS Expense
2023	$ 515,878	$ 158,800
2024	$ 512,941	$ 163,861
2025	$ 474,240	$ 151,401
2026	$ 409,836	$ 136,332
2027	$ 375,586	$ 116,284
Thereafter	$ 145,277	$ 133,192

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

The actuarial assumptions that determined the total pension liability as of June 30, 2022 and 2021, were based on the results of an actuarial experience study for the period July 1, 2013 – June 30, 2018. Because the HIS Program is funded on a pay-as-you-go basis, no experience study has been completed.

Valuation date	July 1, 2021	July 1, 2020
Measurement date	June 30, 2021	June 30, 2020
Inflation	2.40%	2.40%
Salary increases including inflation	3.25%	3.25%
Mortality	PUB2010 base table varies by member category and sex, projected generationally with Scale MP-2018 details in valuation report	PUB2010 base table varies by member category and sex, projected generationally with Scale MP-2018 details in valuation report
Actuarial cost method	Individual Entry Age	Individual Entry Age

Note 6 - Retirement Plans (Continued)

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

The long-term expected rate of return, net of investment expense on the Pension Plan investments was 6.70% as of June 30, 2022 and 6.80% as of June 30, 2021. This rate was determined using a forward-looking capital market economic model. The table below shows the assumptions for each of the asset classes in which the plan was invested at that time based on the long-term target asset allocation. The allocation policy's description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions and includes an adjustment for the inflation assumption. The expected real rate of return is presented in arithmetic means.

Asset Class	Target Allocation	Annual Arithmetic Return
Cash	1.0%	2.6%
Fixed income	19.7%	4.4%
Global equity	54.1%	8.8%
Real estate (property)	10.3%	7.4%
Private equity	11.1%	12.0%
Strategic investments	3.8%	6.2%
Total	100.0%	

Discount Rate - The discount rate used to measure the total pension liability for the Pension Plan was 6.70% for June 30, 2022 and 6.80% for June 30, 2021. The discount rate used to measure the total pension liability for the HIS Program was 3.54% for June 30, 2022 and 2.16% for June 30, 2021. For the Pension Plan, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return. Because the HIS benefit is essentially funded on a pay-as-you-go basis, the depletion date is considered to be immediate, and the single equivalent discount rate is equal to the municipal bond rate selected by the plan sponsor. The discount rates used at the two dates differ due to changes in the applicable bond index.

Note 6 - Retirement Plans (Continued)

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

Sensitivity of the Authority's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - The following presents the Authority's proportionate share of the net pension liability calculated using the discount rate for FRS of 6.70% for September 30, 2022 and 6.80% for September 30, 2021. The discount rate of 3.54% and 2.16% was used for the HIS Program for September 30, 2022 and 2021, respectively. The following also presents what the Authority's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the respective current rate:

	As of September 30, 2022		
	Pension Plan		
	1% Decrease 5.70%	Current Discount Rate 6.70%	1% Increase 7.70%
Authority's proportionate share of the net pension liability (asset)	$ 13,595,112	$ 7,861,031	$ 3,066,656
	HIS Program		
	1% Decrease 2.54%	Current Discount Rate 3.54%	1% Increase 4.54%
Authority's proportionate share of the net pension liability (asset)	$ 2,231,573	$ 1,950,536	$ 1,717,983

	As of September 30, 2021		
	Pension Plan		
	1% Decrease 5.80%	Current Discount Rate 6.80%	1% Increase 7.80%
Authority's proportionate share of the net pension liability (asset)	$ 6,759,725	$ 1,511,544	$ (2,875,347)
	HIS Program		
	1% Decrease 1.16%	Current Discount Rate 2.16%	1% Increase 3.16%
Authority's proportionate share of the net pension liability (asset)	$ 2,360,091	$ 2,041,430	$ 1,780,359

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

Note 6 - Retirement Plans (Continued)

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

Note 7 - Postemployment Benefits Other Than Pension Benefits (OPEB)

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

Plan Description:

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

Plan Membership as of October 1, 2021:

Inactive Plan Members or Beneficiaries Currently Receiving Benefits	1
Active Plan Members	101
	102

Benefits Provided:

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

Total OPEB Liability

The measurement date was September 30, 2022 and September 30, 2021 for fiscal year 2022 and 2021, respectively. The measurement and reporting periods for the OPEB expense for fiscal year 2022 and 2021 were the years ended September 30, 2022 and 2021, respectively.

Note 7 - Postemployment Benefits Other Than Pension Benefits (Continued)

Total OPEB Liability (Continued)

The Sponsor's Total OPEB Liability was measured as of September 30, 2022 for fiscal year 2022 and as of September 30, 2021 for fiscal year 2021.

Deferred Inflow/Outflow of Resources

At September 30, 2022, the Authority reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources (in thousands):

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 75,531
Changes of assumptions	13,369	-
Total	$ 13,369	$ 75,531

Amounts reported as Deferred Outflows of Resources and Deferred Inflows of Resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended September 30,	
2023	$ (5,180)
2024	(5,180)
2025	(5,180)
2026	(5,180)
2027	(5,180)
Thereafter	(36,262)
Total	$ (62,162)

Actuarial Assumptions:

The Total OPEB Liability was determined by an actuarial valuation as of October 1, 2021 using the following actuarial assumptions:

	2022	2021
Inflation	2.50%	2.50%
Salary Increases	2.50%	2.50%
Discount Rate	4.77%	2.43%
Initial Trend Rate	7.50%	7.50%
Ultimate Trend Rate	4.00%	4.00%
Years to Ultimate	53	55

For all lives, mortality rates were Pub-2010 Mortality Tables projected to the valuation date using Projection Scale MP-2021.

Note 7 - Postemployment Benefits Other Than Pension Benefits (Continued)

Discount Rate

Given the Authority's decision not to fund the program, all future benefit payments were discounted using a high-quality municipal bond rate of 4.77%. The high-quality municipal bond rate was based on the measurement date of the S&P Municipal Bond 20 Year High Grade Rate Index as published by S&P Dow Jones Indices. The S&P Municipal 20 Year High Grade Rate Index consists of bonds in the S&P Municipal Bond Index with a maturity of 20 years. Eligible bonds must be rated at least AA by Standard and Poor's Ratings Services, Aa2 by Moody's or AA by Fitch. If there are multiple ratings, the lowest rating is used.

OPEB Expense

For the year ended September 30, 2022, the Authority will recognize OPEB Expense (increase of OPEB liability) of $11,027.

Changes in Total OPEB Liability

Reporting Period Ending	9/30/2022	9/30/2021
Measurement Date	9/30/2022	9/30/2021
Service Cost	$ 13,465	$ 11,031
Interest	4,172	5,368
Differences in Experience	(81,825)	-
Changes of Assumptions	14,483	(9,272)
Benefit Payments	(1,430)	(12,375)
Net Changes	(51,135)	(5,248)
Total OPEB Liability - Beginning	240,755	246,003
Total OPEB Liability - Ending	$ 189,620	$ 240,755

Changes of assumptions reflect a change in the discount rate from 2.43% for the fiscal year ended September 30, 2021 to 4.73% for the fiscal year ending September 30, 2022.

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

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

	As of September 30, 2022		
	1% Decrease 3.77%	Current Discount Rate 4.77%	1% Increase 5.77%
Total OPEB liability	$ 212,795	$ 189,620	$ 169,087

	As of September 30, 2021		
	1% Decrease 1.43%	Current Discount Rate 2.43%	1% Increase 3.43%
Total OPEB liability	$ 275,007	$ 240,755	$ 212,289

Note 7 - Postemployment Benefits Other Than Pension Benefits (Continued)

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

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

	As of September 30, 2022		
	1% Decrease 3.00% - 6.50%	Healthcare Cost Trend Rates 4.00% – 7.50%	1% Increase 5.00% - 8.50%
Total OPEB liability	$ 162,113	$ 189,620	$ 222,830

	As of September 30, 2021		
	1% Decrease 3.00% - 6.50%	Healthcare Cost Trend Rates 4.00% – 7.50%	1% Increase 5.00% - 8.50%
Total OPEB liability	$ 205,540	$ 240,755	$ 284,049

Note 8 - Notes Payable - Bank

On April 16, 2018, the Authority entered into a $60.5 million construction loan, which was a direct borrowing. The purpose of this loan was the funding of the Terminal Expansion. The Authority pledged "Gross Authority Revenues," passenger facility charges (PFCs), and a related Florida Department of Transportation (FDOT) grant. The loan was for temporary financing covering the construction period only. Now that construction has been completed, permanent financing was solicited and awarded to Truist Bank in 2022 with a principal value of $25.4 million. Under the refinancing, interest is payable semi-annually on the principal balance outstanding. The Series 2022 Revenue Note bears a favorable interest rate of 2.82%.

In concert with procurement of the loan, all other outstanding notes and lines of credit were paid off and terminated. No other financing activities were in place at September 30, 2022 and 2021.

Note 9 - Non-Current Liabilities

A summary of non-current liability activity for the years ended September 30, 2022 and 2021 is as follows:

	October 1, 2021	Addition	Deductions	September 30, 2022	Due Within One Year	Due After One Year
Notes Payable						
Revenue Notes:						
Series 2018 Construction Note	$40,496,496	$ -	$40,496,496	$ -	$ -	$ -
Series 2022 Revenue Note	-	25,363,000	-	25,363,000	2,291,000	23,072,000
Total Notes Payable	**40,496,496**	**25,363,000**	**40,496,496**	**25,363,000**	**2,291,000**	**23,072,000**
Other Long-Term Liabilities						
Net Pension Liability	3,552,974	6,258,593	-	9,811,567	-	9,811,567
Other Post Employment Benefits	240,755	-	51,135	189,620	-	189,620
Total Other Long-Term Liabilities	**3,793,729**	**6,328,593**	**51,135**	**10,001,187**	**-**	**10,001,187**
Total Non-Current Liabilities	**$44,290,225**	**$31,621,593**	**$40,547,631**	**$ 35,364,187**	**$ 2,291,000**	**$33,073,187**

	October 1, 2020	Addition	Deductions	September 30, 2021	Due Within One Year	Due After One Year
Notes Payable						
Revenue Notes:						
Series 2018 Construction Note	$39,516,412	$ 980,084	$ -	$ 40,496,496	$ 1,189,959	$39,306,537
Florida Dept of Transportation	1,415,539	-	1,415,539	-	-	-
Total Notes Payable	**40,931,951**	**980,084**	**1,415,539**	**40,496,496**	**1,189,959**	**39,306,537**
Other Long-Term Liabilities						
Net Pension Liability	10,501,473	-	6,948,499	3,552,974	-	3,552,974
Other Post Employment Benefits	246,003	-	5,248	240,755	-	240,755
Total Other Long-Term Liabilities	**10,747,476**	**-**	**6,953,747**	**3,793,729**	**-**	**3,793,729**
Total Non-Current Liabilities	**$51,679,427**	**$ 980,084**	**$ 8,369,286**	**$ 44,290,225**	**$ 1,189,959**	**$ 43,100,266**

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

Year Ending September 30,	Principal	Interest
2023	$ 2,291,000	$ 647,686
2024	2,288,000	650,630
2025	2,352,000	586,109
2026	2,419,000	519,782
2027	2,487,000	451,567
2028-2032	13,526,000	1,165,506
	$ 25,363,000	$ 4,021,280

Note 9 - Non-Current Liabilities (Continued)

Notes payable at September 30 are summarized as follows:

	2022	2021
Truist Bank Series 2022 Revenue Note - collateralized by pledge of PFC's; 2.82% fixed interest payable semi-annually. Interest and principal payable through April 2032 (or until refinanced)	$ 25,363,000	$ -
Construction Note Payable Series 2018 - bank; collateralized by pledge of gross airport revenues, PFC's and grant revenues; variable interest payable quarterly at LIBOR plus 90 bps. Defeased May 2022.	-	40,496,496
	$ 25,363,000	$ 40,496,496

The Authority's notes payable contain various restrictive covenants, including the maintenance of certain liquidity ratios. All covenants have been met through September 30, 2022.

As stated in Note 8, Notes Payable, the Authority awarded a permanent financing of the remainder of the Series 2018 note with future PFC revenues as collateral. Interest is payable semi-annually with principal paid on an annual basis. Total principal remaining as of September 30, 2022 is $25,363,000. For the 12-month period ended September 30, 2022, interest paid was $711,533 and total pledged revenues for the year was $5,579,578.

Note 10 - Grants and Contributions

Grants and contributions used for capital assets are classified as capital contributions in the Statements of Revenues, Expenses and Changes in Net Position. Grants and contributions consisted of the following at September 30, 2022 and 2021:

	2022	2021
Federal grants	$ 6,326,059	$ 10,605,089
State of Florida grants	98,538	3,763,998
	$ 6,424,597	$ 14,369,087

Note 11 - Related Party Transactions

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

Note 12 - Commitments and Contingencies

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

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

Note 13 - Risk Management

The Authority is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions and natural disasters for which the Authority carries commercial insurance. There have been no significant reductions in coverage from the prior year and settlements have not exceeded coverage in the past five years.

Note 14 - COVID-19 Pandemic

The Airport was adversely affected by the Covid-19 pandemic. The primary focus at the time had been on the welfare of customers and employees. Numerous processes were initiated such as teleconferencing, telecommuting, modified working hours and shift modifications to mitigate the effects and safeguard employees. The effect to the airline industry was significant; however, approximately 50% of all revenues the Authority receives come from the commerce park rather than airlines. In addition, the FAA awarded $40.7 million to the Authority to offset O&M and financing costs over the four years since the pandemic began. As of September 30, 2022, a total of $40.6 million has been drawn from the total award and passenger traffic has increased to near 2019 pre-pandemic levels.

REQUIRED SUPPLEMENTARY INFORMATION

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

Florida Retirement System (FRS) Defined Benefit Pension Plan

	2022	2021	2020	2019	2018	2017	2016	2015	2014
Proportion of the net pension liability	0.021127239%	0.020010208%	0.019843962%	0.018666859%	0.017402196%	0.016528885%	0.017732946%	0.016769923%	0.017440249%
Proportionate share of the net pension liability	$ 7,861,031	$ 1,511,544	$ 8,600,666	$ 6,428,606	$ 5,241,631	$ 4,889,133	$ 4,477,583	$ 2,166,060	$ 1,064,112
Covered payroll	$ 6,841,015	$ 6,053,589	$ 5,402,022	$ 4,988,440	$ 4,688,161	$ 4,102,304	$ 4,108,811	$ 4,041,507	$ 4,029,429
Proportionate share of the net pension liability as a percentage of its covered payroll	114.91%	24.97%	159.21%	128.87%	111.81%	119.18%	108.98%	53.60%	26.41%
Plan fiduciary net position as a percentage of the total pension liability (2)	82.89%	96.40%	78.85%	82.61%	84.26%	83.89%	84.88%	92.00%	96.09%

Retiree Health Insurance Subsidy (HIS) Program

	2022	2021	2020	2019	2018	2017	2016	2015	2014
Proportion of the net pension liability	0.018415881%	0.016642316%	0.015567830%	0.015066629%	0.014057046%	0.012836939%	0.013302314%	0.013290973%	0.013559918%
Proportionate share of the net pension liability	$ 1,950,536	$ 2,041,430	$ 1,900,807	$ 1,685,767	$ 1,487,813	$ 1,372,585	$ 1,550,330	$ 1,355,470	$ 1,267,885
Covered payroll	$ 6,841,015	$ 6,053,589	$ 5,402,022	$ 4,988,440	$ 4,688,161	$ 4,102,304	$ 4,108,811	$ 4,041,507	$ 4,029,429
Proportionate share of the net pension liability as a percentage of its covered payroll	28.51%	33.72%	35.19%	33.79%	31.74%	33.46%	37.73%	33.54%	31.47%
Plan fiduciary net position as a percentage of the total pension liability (2)	4.81%	3.56%	3.00%	2.63%	2.15%	1.64%	0.97%	0.50%	0.99%

Notes:

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

(2) The Plan's fiduciary net position as a percentage of the total pension liability is published in Note 4 of the FRS Annual Comprehensive Financial Report.

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

Florida Retirement System (FRS) Defined Benefit Pension Plan

	2022	2021	2020	2019	2018	2017	2016	2015	2014
Actuarially Determined Contribution	$ 901,538	$ 762,302	$ 659,327	$ 578,807	$ 495,949	$ 430,288	$ 432,446	$ 408,865	$ 382,015
Contributions in relation to the Actuarially Determined Contributions	901,538	762,302	659,327	578,807	495,949	430,288	432,446	408,865	382,015
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered payroll	$6,841,015	$ 6,053,589	$ 5,402,022	$ 4,988,440	$ 4,688,161	$ 4,102,304	$ 4,108,811	$ 4,041,507	$ 4,029,429
Contributions as a percentage of covered payroll	13.18%	12.59%	12.21%	11.60%	10.58%	10.49%	10.52%	10.12%	9.48%

Retiree Health Insurance Subsidy (HIS) Program

	2022	2021	2020	2019	2018	2017	2016	2015	2014
Actuarially Determined Contribution	$ 111,432	$ 97,824	$ 89,710	$ 83,664	$ 76,232	$ 67,937	$ 68,183	$ 50,806	$ 46,452
Contributions in relation to the Actuarially Determined Contributions	111,432	97,824	89,710	83,664	76,232	67,937	68,183	50,806	46,452
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered payroll	$6,841,015	$ 6,053,589	$ 5,402,022	$ 4,988,440	$ 4,688,161	$ 4,102,304	$ 4,108,811	$ 4,041,507	$ 4,029,429
Contributions as a percentage of covered payroll	1.63%	1.62%	1.66%	1.68%	1.63%	1.66%	1.66%	1.26%	1.15%

Notes:

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

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

Reporting Period Ending	9/30/2022	9/30/2021	9/30/2020	9/30/2019	9/30/2018
Measurement Date	9/30/2022	9/30/2021	9/30/2020	9/30/2019	9/30/2018
Total OPEB Liability					
Service Cost	$ 13,465	$ 11,031	$ 9,948	$ 9,010	$ 9,582
Interest	4,172	5,368	8,492	10,741	10,115
Difference between Expected and Actual Experience	(81,825)	-	(36,808)	-	-
Changes of Assumptions	14,483	(9,272)	7,302	16,538	(14,817)
Benefit Payments	(1,430)	(12,375)	(13,908)	(26,255)	(24,198)
Net Change in Total OPEB Liability	(51,135)	(5,248)	(24,974)	10,034	(19,318)
Total OPEB Liability - Beginning	240,755	246,003	270,977	260,943	280,261
Total OPEB Liability - Ending	$ 189,620	$ 240,755	$ 246,003	$ 270,977	$ 260,943
Covered Employee Payroll	$ 6,182,320	$ 5,431,985	$ 5,299,497	$ 4,641,650	$ 4,417,989
Total OPEB Liability as a Percentage of Covered Employee Payroll	3.07%	4.43%	4.64%	5.84%	5.91%

Notes:

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

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

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

COMPLIANCE SECTION

MSL

Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

The Board of Directors
Sanford Airport Authority
Sanford, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the basic financial statements, as listed in the table of contents, of the Sanford Airport Authority (the Authority) as of and for the fiscal year ended September 30, 2022, and have issued our report thereon dated April 26, 2023.

Report on Internal Control over Financial Reporting

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

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

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

The Board of Directors
Sanford Airport Authority

Report on Compliance and Other Matters

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

Pursuant to provisions of Chapter 10.550, *Rules of the Auditor General,* we reported certain matters to management in a separate management letter and Independent Accountant's Report dated April 26, 2023.

Purpose of this Report

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

MSL, P.A.

Certified Public Accountants

Orlando, Florida
April 26, 2023

MSL

Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND THE PASSENGER FACILITY CHARGE PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE AND *PASSENGER FACILITY CHARGE AUDIT GUIDE FOR PUBLIC AGENCIES*

The Board of Directors
Sanford Airport Authority
Sanford, Florida

Report on Compliance for Each Major Federal Program and the Passenger Facility Charge Program

Opinion on Each Major Federal Program and the Passenger Facility Charge Program

We have audited the compliance of the Sanford Airport Authority (the Authority), with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* and the requirements described in the *Passenger Facility Charge Audit Guide for Public Agencies* issued by the Federal Aviation Administration (the Guide) that could have a direct and material effect on each of the Authority's major federal programs and the passenger facility charge program for the fiscal year ended September 30, 2022. The Authority's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

In our opinion, the Authority complied, in all material respects, with the types of compliance requirements referred to in the first paragraph that could have a direct and material effect on each of the Authority's major federal programs and the passenger facility charge program for the fiscal year ended September 30, 2022.

Basis for Opinion on Each Major Federal Program and the Passenger Facility Charge Program

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

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

Responsibility of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, Uniform Guidance, and the Guide, we:

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

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

The Board of Directors
Sanford Airport Authority

Report on Internal Control over Compliance

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

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

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

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

MSL, P.A.

Certified Public Accountants

Orlando, Florida
April 26, 2023

SANFORD AIRPORT AUTHORITY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND PASSENGER FACILITY CHARGES

Year Ended September 30, 2022

Grantor Pass-through grantor Federal Program	AL Number	Contract/Grant Number		Expenditures
United States Department of Transportation				
Federal Aviation Administration				
Airport Improvement Program				
	20.106	3-12-0069-079-2018	$	119,042
	20.106	COVID-19 - 3-12-0069-082-2020		9,888,569
	20.106	3-12-0069-083-2020		1,322,083
	20.106	3-12-0069-084-2021		4,427,936
	20.106	COVID-19 - 3-12-0069-085-2021		11,032
	20.106	COVID-19 - 3-12-0069-086-2021		2,311
	20.106	COVID-19 - 3-12-0069-087-2022		12,525,435
	20.106	3-12-0069-089-2022		456,998
Total Federal Awards			$	28,753,406

See accompanying Notes to the Schedule of Expenditures of Federal Awards and Passenger Facility Charges.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND PASSENGER FACILITY CHARGES (CONTINUED)

Year Ended September 30, 2022

Sanford Airport Authority is approved by the FAA to collect Passenger Facility Charges (PFC's) under PFC #3 Final Agency Decision. The Authority collected $5,579,578 in PFC's in fiscal year 2022. Total expended as of September 30, 2022 amounted to $4,607,897. These amounts were determined on the cash basis of accounting and, therefore, may differ from amounts presented in the basic financial statements. Although administered by the U.S. Department of Transportation, PFC's are not considered federal awards as defined by Uniform Guidance and are not included in this schedule.

See accompanying Notes to the Schedule of Expenditures of Federal Awards and Passenger Facility Charges.

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND PASSENGER FACILITY CHARGES

Year Ended September 30, 2022

Note 1 – Basis of Presentation:

The accompanying schedule of expenditures of federal awards and passenger facility charges (the "Schedule") includes the federal and state grant activity of the Sanford Airport Authority (the "Authority") under programs of the federal government for the year ended September 30, 2022. The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations*, Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Authority, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Authority.

Note 2 – Summary of Significant Accounting Policies:

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

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

Note 3 – Indirect Costs:

The Authority did not charge indirect costs to its federal program for the year ended September 30, 2022.

SANFORD AIRPORT AUTHORITY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended September 30, 2022

SECTION I - SUMMARY OF INDEPENDENT AUDITOR'S RESULTS

Financial Statements

Type of Auditor's Report Issued:	**Unmodified Opinion**	
Internal control over financial reporting:		
• Material weakness(es) identified?	____ Yes	_X_ No
• Significant deficiency(ies) identified?	____ Yes	_X_ None reported
Noncompliance material to financial statements noted?	____ Yes	_X_ No

Federal Awards

Internal control over major programs/projects:		
• Material weakness(es) identified?	____ Yes	_X_ No
• Significant deficiency(ies) identified?	____ Yes	_X_ None reported
Type of report issued on compliance for major federal programs:	**Unmodified Opinion**	
Any audit findings disclosed that are required to be reported in accordance with 2 CFR Section 200.516(a) of the Uniform Guidance?	____ Yes	_X_ No

Identification of Major Federal Programs:

AL Number	Name of Federal Program
20.106	FAA: Airport Improvement Program

Dollar threshold used to distinguish between Type A and Type B programs: Federal	$862,602	
Auditee qualified as low-risk auditee pursuant to the Uniform Guidance?	_X_ Yes	____ No

SECTION II - FINANCIAL STATEMENT FINDINGS

None reported.

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS SECTION

None reported.

SECTION IV - PRIOR AUDIT FINDINGS

No matters were reported over federal awards or passenger facility charges in prior year.

MSL

Certified Public Accountants

INDEPENDENT ACCOUNTANT'S REPORT

The Board of Directors
Sanford Airport Authority
Sanford, Florida

We have examined the compliance of the Sanford Airport Authority (the Authority) with the requirements of Section 218.415, Florida Statutes, during the fiscal year ended September 30, 2022. Management is responsible for the Authority's compliance with those requirements. Our responsibility is to express an opinion on the Authority's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the Authority complied with those requirements, in all material respects. An examination involves performing procedures to obtain evidence about the Authority's compliance with those requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of noncompliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion. Our examination does not provide a legal determination on the Authority's compliance with 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 for the fiscal year ended September 30, 2022.

MSL, P.A.

Certified Public Accountants

Orlando, Florida
April 26, 2023

MSL
Certified Public Accountants

MANAGEMENT LETTER

The Board of Directors
Sanford Airport Authority
Sanford, Florida

Report on the Financial Statements

We have audited the basic financial statements of the Sanford Airport Authority (the Authority) as of and for the fiscal year ended September 30, 2022, and have issued our report thereon dated April 26, 2023.

Auditor's Responsibility

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

Other Reporting Requirements

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards;* Independent Auditor's Report on Compliance for Each Major Federal Program and the Passenger Facility Charge Program and on Internal Control over Compliance and Report on Schedule of Expenditures of Federal Awards and Schedule of Passenger Facility Charges Required by the Uniform Guidance, and *Passenger Facility Charge Audit Guide for Public Agencies;* Schedule of Findings and Questioned Costs; and Independent Accountant's Report on an examination conducted in accordance with *AICPA Professional Standards,* AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, *Rules of the Auditor General.* Disclosures in those reports and schedule, which are dated April 26, 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. There were no findings or recommendations made in the preceding annual financial report.

Official Title and Legal Authority

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

The Board of Directors
Sanford Airport Authority

Financial Condition and Management

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

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

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

Special District Component Units

Section 10.554(1)(i)5.c., *Rules of the Auditor General,* requires that we determine whether or not a special district that is a component unit of a county, municipality, or special district, provided the financial information necessary for proper reporting of the component unit, within the audited financial statements of the county, municipality, or special district in accordance with Section 218.39(3)(b), Florida Statutes. There were no special district component units that were required to provide financial information to the Authority for the fiscal year ended September 30, 2022.

As required by Section 218.39(3)(c), Florida Statutes, and Section 10.544(1)(i)6, *Rules of the Auditor General,* the Authority reported:

a. The total number of Authority employees compensated in the last pay period of the district's fiscal year as 109.

b. The total number of independent contractors to whom nonemployee compensation was paid in the last month of the Authority's fiscal year as 1.

c. All compensation earned by or awarded to employees, whether paid or accrued, regardless of contingency as $10,255,908.

d. All compensation earned by or awarded to nonemployee independent contractors, whether paid or accrued, regardless of contingency as $1,058.

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

Project Name	**FY22 Expenditures**
IT Redundancy Project	$ 43,193
Taxiway Bravo Drainage Repair	$ 136,196
Rehabilitate, Mark, & Light Taxiways B, C, & L Phase 3 Add Alt 2	$ 4,923,818
Control Center Relocation	$ 26,887
ARFF Station Generator Replacement	$ 27,738
Taxiway Lima Lighting and Signage Improvements	$ 48,074

f. A budget variance based on the budget adopted under Section 189.016(4), Florida Statutes, before the beginning of the fiscal year being reported if the Authority amends a final adopted budget under Section 189.016(6), Florida Statutes, as ($389,000).

Additional Matters

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

Purpose of this Letter

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, federal, and other granting agencies, the Authority's Board, and applicable management, and is not intended to be, and should not be, used by anyone other than these specified parties.

MSL, P.A.

Certified Public Accountants

Orlando, Florida
April 26, 2023