



**Titusville-Cocoa Airport Authority, Florida**  
**FINANCIAL STATEMENTS**  
**September 30, 2022**





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**Titusville-Cocoa Airport Authority  
Board of Directors and Authority Officials  
As of September 30, 2022**

Chairman  
John Craig

Vice Chairman/Treasurer  
Donn Mount

Board Members  
Jessica Curry  
Mark Grainger  
Roger Molitor  
Brad Whitmore  
Albert Voss

Director of Airports  
Kevin Daugherty, AAE

Attorney  
Adam Bird



**FINANCIAL SECTION**



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## **INDEPENDENT AUDITORS' REPORT**

To the Board of Directors  
Titusville-Cocoa Airport Authority

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

#### ***Opinion***

We have audited the accompanying financial statements of the Titusville-Cocoa Airport Authority (the "Authority"), a component unit of Brevard County, Florida, as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

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

#### ***Basis for Opinion***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Titusville-Cocoa Airport Authority and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### **Emphasis of Matter**

As described in Note 2 to the financial statements, in fiscal year 2022, the District adopted new accounting guidance, GASB Statement No. 87, *Leases*. Our opinion is not modified with respect to this matter.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair

presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

### ***Supplementary Information***

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Titusville-Cocoa Airport Authority's basic financial statements. The accompanying schedule of expenditures of federal awards and state financial assistance, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and Chapter 10.550, Rules of the Florida Auditor General is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards and state financial assistance is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### ***Other Information***

Management is responsible for the other information included in the annual report. The other information comprises the introductory section, the accompanying budgetary comparison information and the capital projects summary but does not include the basic financial statements and our auditor's report thereon. Our opinion on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated.



If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated March 30, 2023, on our consideration of the Titusville-Cocoa Airport Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Titusville-Cocoa Airport Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Titusville-Cocoa Airport Authority's internal control over financial reporting and compliance.

*Carr, Riggs & Ingram, L.L.C.*

Melbourne, Florida  
March 30, 2023

## Titusville-Cocoa Airport Authority Management Discussion and Analysis

This section of the Titusville-Cocoa Airport Authority's (the Authority) annual financial report presents our discussion and analysis of the Authority's financial performance during the year ended September 30, 2022. Please read it in conjunction with the Authority's financial statements, which follows this section.

### **FINANCIAL HIGHLIGHTS** (all dollar values rounded)

- The Authority's net position increased \$3,159,000 or 1%. In comparison, last year's net position increased \$853,000 or 1%.
- Operating revenues increased \$728,000 or 27%, and operating expenses increased \$1,789,000 or 46%. Operating expenses exceeded revenues by \$2,310,000, compared to \$1,249,000 in the prior year.
- Total non-operating expenses increased \$164,000. This change is primarily due to losses on disposition of assets in the current year.
- Capital contributions from federal, state, and other third parties totaled \$5,582,000, compared to \$2,191,000 in the prior year.

### **OVERVIEW OF THE FINANCIAL STATEMENTS**

This annual financial report consists of three parts: management's discussion and analysis (this section); the financial statements and notes to the financial statements; and supplementary information. The notes to the financial statements explain some of the information in the financial statements and provide more detailed data. The financial statements are followed by required and other supplementary information that further explains and supports the information in the financial statements.

The financial statements include information about the Authority using accounting methods similar to those used by private sector companies. The statement of net position includes all of the Authority's assets, deferred outflows, liabilities, and deferred inflows. All of the current year's revenues and expenses are accounted for in the statement of revenues, expenses, and changes in net position, regardless of when cash is received or paid (accrual method of accounting). These two statements report the Authority's net position and how it has changed. Net position is the difference between the Authority's assets and deferred outflows, and liabilities and deferred inflows, and is one way to measure the Authority's financial health or position.

Over time, increases or decreases in the Authority's net position is an indicator of whether its financial position is improving or deteriorating, respectively. To assess the overall financial position of the Authority, one must consider additional nonfinancial factors, such as the condition of the Authority's significant assets such as runways and buildings.

### **FINANCIAL ANALYSIS**

#### *A. Net Position*

The Authority's net position increased \$3,159,000 or 1%. In comparison, last year's net position increased \$853,000 or 1%. The following table summarizes these results.

## Titusville-Cocoa Airport Authority Management Discussion and Analysis

### FINANCIAL ANALYSIS *(continued)*

**Table A-1  
Net Position**

	2022	2021 (Restated)	Change
<b>Assets</b>			
Current and other assets	\$ 4,046,589	\$ 4,669,730	-13%
Capital assets, net	63,336,816	59,563,344	6%
Other noncurrent assets	4,487,433	4,220,057	6%
<b>Total assets</b>	<b>71,870,838</b>	<b>68,453,131</b>	<b>5%</b>
Deferred outflows of resources	277,837	345,035	-19%
<b>Liabilities</b>			
Current liabilities	2,357,447	1,310,364	80%
Noncurrent liabilities	1,086,341	1,595,126	-32%
<b>Total liabilities</b>	<b>3,443,788</b>	<b>2,905,490</b>	<b>19%</b>
Deferred inflows of resources	4,738,251	5,085,395	-7%
<b>Net position</b>			
Net investment in capital assets	62,453,521	57,953,427	8%
Restricted for airport improvements	995,081	1,310,700	0%
Unrestricted net position	518,034	1,543,154	-66%
<b>Total net position</b>	<b>\$ 63,966,636</b>	<b>\$ 60,807,281</b>	<b>5%</b>

#### *B. Changes in Net Position*

Operating revenues increased \$728,000 or 27%, and operating expenses increased \$1,789,000 or 46%. Operating expenses exceeded revenues by \$2,310,000, compared to \$1,249,000 in the prior year.

Non-operating expenses increased \$164,000. This change is primarily due to the increase in loss on disposition of assets of \$196,000 offset by a decrease in interest expense as long-term debt is paid down.

Capital contributions from federal, state, and other third parties totaled \$5,582,000, compared to \$2,191,000 in the prior year. The increase is a result of an increase in grant-funded capital activity, as large projects were started in the current year, including master planning projects.

The following table summarizes these results.

## Titusville-Cocoa Airport Authority Management Discussion and Analysis

### FINANCIAL ANALYSIS *(continued)*

**Table A-2  
Changes in Net Position**

	2022	2021	Change
<b>Operating revenues</b>			
T-hangars	\$ 1,228,893	\$ 1,168,352	5%
Fixed base operations	681,368	481,701	41%
Building, land, and other leases	1,264,053	1,028,578	23%
Other revenues	233,525	1,120	20750%
<b>Total operating revenues</b>	<b>3,407,839</b>	<b>2,679,751</b>	<b>27%</b>
<b>Operating expenses</b>			
Wages and benefits	1,259,860	603,389	109%
Repairs, maintenance, and other services	1,357,908	1,218,277	11%
Materials and supplies	601,680	54,164	1011%
Bad debt expense	32,751	80,258	0%
Uncollectible capital contributions	-	20,392	0%
Depreciation	2,465,786	1,952,749	26%
<b>Total operating expenses</b>	<b>5,717,985</b>	<b>3,929,229</b>	<b>46%</b>
<b>Operating loss</b>	<b>(2,310,146)</b>	<b>(1,249,478)</b>	<b>85%</b>
<b>Nonoperating revenues (expenses):</b>			
Interest income	139,757	6	2329183%
Loss on disposal of assets	(224,891)	(28,551)	688%
Interest	(27,694)	(60,091)	-54%
<b>Total nonoperating revenues (expenses)</b>	<b>(112,828)</b>	<b>(88,636)</b>	<b>27%</b>
<b>Loss before contributions</b>	<b>(2,422,974)</b>	<b>(1,338,114)</b>	<b>81%</b>
<b>Capital contributions</b>			
Other governmental	5,582,329	2,191,162	155%
<b>Change in net position</b>	<b>3,159,355</b>	<b>853,048</b>	<b>270%</b>
<b>Total net position, beginning of year</b>	<b>60,807,281</b>	<b>59,954,233</b>	<b>1%</b>
<b>Total net position, end of year</b>	<b>\$ 63,966,636</b>	<b>\$ 60,807,281</b>	<b>5%</b>

# Titusville-Cocoa Airport Authority Management Discussion and Analysis

**FINANCIAL ANALYSIS** *(continued)*

*C. Budgetary Highlights*

The Authority prepares their budget on the cash basis. The budgetary comparison presented as required supplementary information removes accruals in order to present actual results on the same basis as the budgeted amounts. There were no amendments to the fiscal year 2022 budget from what was originally adopted.

T-Hangar revenues exceeded budget by \$41,000 due to demand and the ability to turn vacancies in a timely manner. Fixed base operations revenues exceeded budget by \$236,000 primarily from increased fuel flowage fees. Overall revenues were more than budgeted by \$587,000 due primarily to T-Hangar rentals and fixed based operations. Other rental activity increased as vacancies were filled, including Mini Sales (Airport Storage) at Merritt Island that contributed to the increased other rental income of \$78,000.

The following expenditure categories were over (under) budget, but full results are available at “Operating Budget to Actual Comparison, Budgetary Basis” on page 55.

	Budget	Actual	Difference
Salaries	\$ 837,919	\$ 918,455	9%
Employee benefits	252,902	258,658	2%
Repairs and maintenance	258,000	304,688	15%
Insurance	330,124	313,168	-5%

Employee salaries and benefits were over-budget due to hiring of additional personnel and pay adjustments that occurred during the fiscal year.

Professional services exceeded the budget by \$274,000 as a result of the need for temporary contract labor in the implementation of the new accounting software and for litigation support. However, these excess expenses were offset in part with Contingency funds totaling \$86,000. Full results are available at “Operating Budget to Actual Comparison, Budgetary Basis” on page 55.

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

*A. Capital Assets*

The following is a summary of large construction projects in progress as of September 30, 2022.

Major projects in progress:

<b>Project Name:</b>	<b>Costs to Date</b>
TIX Runway 9-27 Rehab	\$ 3,772,603
TiX Taxilane and Apron	952,298
COI North Area Security	639,976
	<u>\$ 5,364,877</u>

# Titusville-Cocoa Airport Authority Management Discussion and Analysis

**CAPITAL ASSETS AND DEBT ADMINISTRATION** *(continued)*

The following is a summary of capital assets shown net of related accumulated depreciation/amortization.

**Table A-3  
Summary of Changes in Capital Assets**

	2022	2021	Change
Land	\$ 10,341,428	\$ 9,819,667	5%
Buildings and improvements	19,549,439	20,606,999	-5%
Runways and lighting	25,483,200	23,619,582	8%
Furniture, fixtures, and equipment	975,358	1,028,194	-5%
Vehicles	141,475	200,139	-29%
Construction in process	6,845,916	4,288,763	60%
Total	\$ 63,336,816	\$ 59,563,344	6%

***B. Long-term Debt***

During the current fiscal year, the Authority paid off all notes outstanding resulting in a decrease of \$1,296,000 in long-term debt.

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGET**

As of September 30, 2022, the Authority has several on-going projects which include the AWOS project at Arthur Dunn, AWOS project at Merritt Island, North Area Security and Infrastructure Project at Merritt Island, Runway 11-29 rehabilitation project at Merritt Island, South Apron Project at Merritt Island, Corporate Hangar project at Merritt Island, Hangar 52 Demo project at Space Coast Regional, Valiant Air Command Ramp at Space Coast Regional, Design and Construction of Runway 09/27 Rehab at Space Coast Regional, and updates to the Master Plan for all three (3) airports. These projects receive funding assistance from the Federal Aviation Administration (FAA), the Florida Department of Transportation (FDOT) and from private sources.

For fiscal year ending September 30, 2022, the Authority expects to complete the North Area Security and Infrastructure project at Merritt Island, AWOS project at Merritt Island, the Runway 9/27 project at Space Coast Regional, the VAC Apron and East Side Apron projects at Space Coast Regional and the AWOS project at Arthur Dunn. These projects are essential to the backbone of our airports and provide much needed improvements to our facilities, which in turn benefits our tenants and traveling public.

## **Titusville-Cocoa Airport Authority Management Discussion and Analysis**

### **CONTACTING THE AUTHORITY'S FINANCIAL MANAGEMENT**

This annual financial report is designed to provide citizens, taxpayers, customers, and creditors with a general overview of the Authority's finances and to demonstrate the Authority's accountability for the money it receives. If you have questions about this report, or need additional financial information, contact the Authority's office at (321) 267-8780, or write them at 355 Golden Knights Boulevard, Titusville, Florida 32780.



**TITUSVILLE-COCOA AIRPORT AUTHORITY**

Basic Financial Statements



**Titusville-Cocoa Airport Authority**  
**Statement of Net Position**

<i>September 30,</i>	<b>2022</b>
<b>ASSETS</b>	
<b>Current assets</b>	
Cash and cash equivalents	\$ 2,036,711
Restricted cash and cash equivalents	233,030
Accounts receivable	238,763
Leases receivable	240,319
Due from other governments	1,277,145
Prepaid expenses	20,621
<b>Total current assets</b>	<b>4,046,589</b>
<b>Noncurrent assets</b>	
Capital assets:	
Land	10,341,428
Buildings and improvements	34,205,899
Runways and lighting	42,252,914
Furniture, fixtures, and equipment	3,259,070
Vehicles	1,211,698
Construction in process	6,845,916
Accumulated depreciation	(34,780,109)
Leases receivable	4,487,433
<b>Total noncurrent assets</b>	<b>67,824,249</b>
<b>Total assets</b>	<b>71,870,838</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred outflows related to pensions	272,270
Deferred outflows related to other post-employment benefits	5,567
<b>Total deferred outflows of resources</b>	<b>277,837</b>

*The accompanying notes are an integral part of this financial statement.*

September 30,

2022

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**LIABILITIES**

**Current liabilities**

Accounts payable	826,672
Retainage payable	369,218
Accrued expenses and other liabilities	60,978
Legal settlement	470,000
Refundable deposits	233,030
Unearned revenue	348,869
Compensated absences	48,680

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Total current liabilities	2,357,447
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**Noncurrent liabilities**

Net pension liabilities	1,069,387
Other post-employment benefits liability	16,954

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Total noncurrent liabilities	1,086,341
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**Total liabilities**

**3,443,788**

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**DEFERRED INFLOWS OF RESOURCES**

Deferred inflows related to pensions	198,131
Deferred inflows related to leases	4,540,120

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<b>Total deferred inflows of resources</b>	<b>4,738,251</b>
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**NET POSITION**

Net investment in capital assets	62,453,521
Restricted for airport improvements	995,081
Unrestricted	518,034

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<b>Total net position</b>	<b>\$ 63,966,636</b>
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**Titusville-Cocoa Airport Authority**  
**Statement of Revenues, Expenses, and Changes in Net Position**

<i>For the years ended September 30,</i>	<b>2022</b>
<b>Operating revenues</b>	
T-hangars	\$ 1,228,893
Fixed base operations	681,368
Building, land, and other leases	1,264,053
Miscellaneous revenue	233,525
<b>Total operating revenues</b>	<b>3,407,839</b>
<b>Operating and maintenance expenses</b>	
Wages and benefits	1,259,860
Repairs, maintenance, and other services	1,357,908
Materials and supplies	601,680
Depreciation	2,465,786
Bad debt expense	32,751
<b>Total operating and maintenance expenses</b>	<b>5,717,985</b>
<b>Operating loss</b>	<b>(2,310,146)</b>
Non-operating revenues (expenses)	
Interest income	139,757
Loss on disposal of assets	(224,891)
Interest expense	(27,694)
<b>Total non-operating revenues (expenses)</b>	<b>(112,828)</b>
<b>Loss before contributions</b>	<b>(2,422,974)</b>
<b>Capital contributions</b>	<b>5,582,329</b>
<b>Change in net position</b>	<b>3,159,355</b>
<b>Net position, beginning of year</b>	<b>60,807,281</b>
<b>Net position, end of year</b>	<b>\$ 63,966,636</b>

*The accompanying notes are an integral part of this financial statement.*



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**Titusville-Cocoa Airport Authority**  
**Statement of Cash Flows**

*For the years ended September 30,* **2022**

<b>Cash flows from operating activities</b>	
Cash received from tenants	\$ 2,468,624
Cash received from other sources	233,525
Cash paid to employees for services	(1,191,250)
Cash paid to suppliers for goods and services	(1,925,505)
<b>Net cash provided by (used in) operating activities</b>	<b>(414,606)</b>
<b>Cash flows from capital and related financing activities</b>	
Cash received from capital grants and contributions	5,260,255
Cash paid for acquisition and construction of capital assets	(5,292,739)
Cash received from sale of capital assets	73,164
Cash paid for principal on notes	(1,296,141)
Cash paid for interest on notes	(27,694)
<b>Net cash provided by (used in) capital and related financing activities</b>	<b>(1,283,155)</b>
<b>Cash flows from investing activities</b>	
Cash received from sale of land held for investment	1,105,645
Cash received for interest income	139,757
<b>Net cash provided by (used in) investing activities</b>	<b>1,245,402</b>
Increase (decrease) in cash and cash equivalents	(452,359)
Cash and cash equivalents, beginning of year	2,722,100
Cash and cash equivalents, end of year	\$ 2,269,741

<i>Following is a reconciliation of the cash as of September 30,</i> <span style="float: right;"><b>2022</b></span>	
Cash and cash equivalents	\$ 2,036,711
Cash and cash equivalents, restricted	233,030
<b>Total cash and cash equivalents, end of year</b>	<b>\$ 2,269,741</b>

*The accompanying notes are an integral part of this financial statement.*

*For the years ended September 30,*

**2022**

**RECONCILIATION OF OPERATING LOSS TO NET CASH  
PROVIDED BY (USED IN) OPERATING ACTIVITIES**

Operating loss	\$ (2,310,146)
Adjustments to reconcile operating loss to net cash provided by (used in) operating activities:	
Depreciation	2,465,786
Bad debt expense	32,751
Change in assets, deferred outflows, liabilities and deferred inflows:	
(Increase) decrease in assets and deferred outflows:	
Accounts receivable	(240,786)
Leases receivable	(507,695)
Prepaid expenses	(20,621)
Deferred outflows related to pensions	66,474
Deferred outflows related to other postemployment benefits	724
Increase (decrease) in liabilities and deferred inflows:	
Accounts payable	91,875
Accrued expenses and other liabilities	(4,420)
Refundable deposits	(310,023)
Net pension liabilities	672,701
Other postemployment benefits liability	(4,082)
Deferred inflows related to pensions	(667,207)
Deferred inflows related to leases	320,063
<b>Total adjustments</b>	<b>1,895,540</b>
<b>Net cash provided by (used in) operating activities</b>	<b>\$ (414,606)</b>

*Supplemental non-cash disclosures*

**2022**

Land reclassified to held for resale	\$ 93,000
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## Titusville-Cocoa Airport Authority Notes to Financial Statements

### Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Titusville-Cocoa Airport Authority (the "Authority"), a component unit of Brevard County, Florida, operates and maintains three general aviation airports within the Titusville-Cocoa Airport District (the "District") in Brevard County, Florida. The three airports served by the District are Space Coast Regional Airport, Arthur Dunn Airpark, and Merritt Island Airport. The District is bound on the north and west by the Brevard County line, the east by the Atlantic Ocean, and on the south by the Township 25 line, which is approximately three and three-quarter miles north of the Pineda Causeway. The Authority and the District were created under the Titusville-Cocoa Airport District Act of 1963, Chapter 63- 1143, Laws of Florida, Special Acts of 1963 (the Act).

#### A. REPORTING ENTITY

The Authority is a dependent, special district of Brevard County, Florida under Chapter 189.403, Florida Statutes, and as such, Brevard County approves the Authority's annual budget. The Authority is governed by a 7 member Board of Directors which consists of two members appointed by each of the respective County Commissioners of Districts 2 and 4, one member appointed by the District 1 County Commissioner, one member appointed by the City of Titusville, and one member-at-large appointed by the Brevard County Board of County Commissioners. The Authority does not exercise control over other government agencies or authorities.

#### B. MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION

The Authority uses the *economic resources measurement focus* and the *accrual basis of accounting* for its financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. The following is a description of the sole proprietary fund of the Authority.

*Enterprise Fund* – The Authority operates as an enterprise fund that accounts for the construction, operation and maintenance of the Authority.

This fund is used to account for the acquisition, operation and maintenance of Authority facilities and services that are entirely or predominantly self-supported by user fees. The operations of enterprise funds are accounted for in such a manner as to show a profit or loss similar to comparable private enterprises.

#### C. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

##### ***Budgetary Information***

The budgetary policy for the Board of Directors of the Authority involves establishing an annual operating expense budget. A tentative annual operating expense budget is to be adopted prior to July 1 of each year, and approved by the Brevard County Board of County Commissioners. Brevard County Board of Commissioners action is required for the approval of a supplemental or amended budget.



## Titusville-Cocoa Airport Authority Notes to Financial Statements

### Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### C. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (Continued)

Budgetary control is maintained at the line item level. The budget is prepared on an accrual basis of accounting, which is consistent with generally accepted accounting principles. All appropriations that are not expensed or committed lapse at year end.

Actual results of operations presented in accordance with generally accepted accounting principles (GAAP basis) and the Authority's accounting policies do not recognize encumbrances as expenditures until the period in which the actual goods or services are received and a liability is incurred.

#### D. USE OF ESTIMATES

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts and disclosures reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

#### E. DEPOSITS AND INVESTMENTS

##### *Cash and Cash Equivalents*

The Authority's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

##### *Deposits*

As of September 30, 2022, \$500,000 of the Authority's bank balances is covered by federal depository insurance (FDIC). Monies invested in amounts greater than the insurance coverage are secured by the qualified public depositories pledging securities with the State Treasurer in such amounts required by the Florida Security for Public Depositories Act. In the event of a default or insolvency of a qualified public depositor, the State Treasurer will implement procedures for payment of losses according to the validated claims of the Authority pursuant to Section 280.08, Florida Statutes.

#### F. RECEIVABLES

*Accounts receivable* – The Authority has hangar and aeronautical (regulated) lease agreements and other receivables accrued at year-end. The Authority's hangar and aeronautical lease agreements are billed in advance on the 1st of each month, and the Authority pursues collections for those accounts in arrears. The Authority deems all amounts collectable therefore an allowance for doubtful accounts is not necessary. The Authority charges interest on delinquent accounts.

## Titusville-Cocoa Airport Authority Notes to Financial Statements

### Note 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### F. RECEIVABLES (Continued)

*Leases receivable* – The Authority has commercial lease agreements for building and land. The Authority's commercial lease receivables are measured at the present value of lease payments expected to be received during the lease term at a discount of 3.25%, which is the Authority's estimated incremental borrowing rate. Subsequently, the lease receivable is reduced by the principal portion of lease payments received over the life of the lease term. Most leases include increases of a minimum percentage or escalate with CPI or fair value adjustments.

*Due from other governments* – The Authority has recorded amounts due from other governments, primarily related to capital contributions due to the Authority arising from grant agreements with the State of Florida and the Federal Aviation Administration. Due from other governments at September 30, 2022 and 2021 was comprised of amounts which had been submitted for reimbursement (billed) as well as amounts which had been earned but not yet submitted for reimbursement (unbilled). Unbilled receivables related to grant funded projects included in due from other governments was \$512,572 and \$347,257 at September 30, 2022 and 2021, respectively.

#### G. RESTRICTED ASSETS

Certain assets of the Authority are classified as restricted cash and cash equivalents on the statement of net position because their use is limited by law through constitutional provisions or enabling legislation; or by restrictions imposed externally by creditors, grantors, contributors or laws or regulations of other governments. Special restricted asset accounts have been established in the Authority's book and records to account for the sources and uses of these limited use assets as follows:

*Customer deposit accounts* – Customer deposits are deposited in non-interest bearing accounts and refunded upon termination of rental agreement with the Authority and satisfaction of all obligations due.

#### H. DEFERRED OUTFLOWS OF RESOURCES

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until then.

The deferred outflows reported by the Authority are an aggregate of items related to pensions as calculated in accordance with GASB Codification (GASBC) Section P20: *Pension Activities – Reporting for Benefits Provided through Trusts That Meet Specified Criteria* and GASB Codification P52: *Post-employment Benefits Other Than Pensions – Reporting Benefits Not Provided Through Trusts That Meet Certain Criteria*. The deferred outflows related to pensions and other post-employment benefits will be recognized as either pension expense or a reduction in the net pension liabilities or the other post-employment benefits liability in future reporting years.

**Titusville-Cocoa Airport Authority**  
**Notes to Financial Statements**

**Note 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**I. UNEARNED REVENUE**

Unearned revenue recorded on the statement of net position represents amounts received by the Authority, but for which the Authority has not yet completed the eligibility requirements to recognize the revenue.

**J. RETAINAGE PAYABLE**

Retainage payable consists of amounts due to construction contractors for construction in process under retainage provisions of construction contracts.

**K. CAPITAL ASSETS**

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g. roads, runways, taxiways, buildings, and similar items), are reported in the financial statements. Capital assets are defined by the Authority as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost, if purchased or constructed, and at acquisition value at the date of donation, if donated. Major additions are capitalized while maintenance and repairs, which do not improve or materially extend the life of the respective assets are charged to expense. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Capital assets are depreciated or amortized using the straight-line method over the following average useful lives:

Buildings and improvements	5 – 39 years
Runways, lighting, and ramps	7 – 33 years
Furniture, fixtures, equipment, and vehicles	3 – 10 years

**L. LONG-TERM DEBT**

Long-term debt and other long-term obligations are reported as liabilities in the statement of net position. In accordance with GASB Codification Section I30: *Interest Costs – Imputation*, debt issuance costs are expensed in the period incurred except for prepaid insurance costs.

**M. COMPENSATED ABSENCES**

The Authority's policy permits employees to accumulate earned but unused vacation benefits, which are eligible for payment upon separation from government service. The liability for compensated absences includes salary-related benefits, where applicable. Thirty-three percent (33%) of any unused accumulated sick leave earned – not to exceed 240 hours – is payable when an employee properly resigns, is laid off, or otherwise separates from service in good standing.

## Titusville-Cocoa Airport Authority Notes to Financial Statements

### Note 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### N. OTHER POST-EMPLOYMENT BENEFITS (OPEB)

The Authority participates in a cost-sharing multiple-employer post-employment health plan administered by Brevard County, Florida. The Authority's proportionate share of OPEB amounts were further allocated to each participating employer based on the contributions paid by each employer. There are no investments as this is a pay-as you-go plan.

#### O. PENSIONS

The Authority participates in cost-sharing, multiple-employer, defined benefit pension plans that are administered by the State Board of Administration, the Florida Retirement System.

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

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.

#### P. DEFERRED INFLOWS OF RESOURCES

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The deferred inflows related to pensions are an aggregate of items related to pensions as calculated in accordance with GASB Codification Section P20: *Pension Activities – Reporting for Benefits Provided through Trusts That Meet Specified Criteria*. The deferred inflows related to pensions will be recognized as a reduction to pension expense in future reporting years.

The deferred inflows related to other post-employment benefits (OPEB) are an aggregate of items related to other post-employment benefits as calculated in accordance with GASB Codification P52: *Postemployment Benefits other Than Pensions – Reporting for Benefits not Provided through Trusts that Meet Specified Criteria*. The deferred inflows related to OPEB will be recognized as a reduction to employee benefit expense in future reporting years.

The deferred inflows of resources related to leases are associated with amounts owed to the Authority, as lessor, by entities leasing the Authority's capital assets as calculated in accordance with GASB Codification L20: *Leases*. The deferred inflow of resources is recorded at the initiation of the lease in an amount equal to the initial recording of the lease receivable. The deferred inflow of resources is recognized as revenue on a straight-line basis over the term of the lease.

## Titusville-Cocoa Airport Authority Notes to Financial Statements

### Note 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Q. NET POSITION

##### *Categories and Classification of Net Position*

Net position flow assumption – Sometimes the Authority will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted and as 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.

The provisions of GASB Codification P80: *Proprietary Fund Accounting and Financial Reporting*, specifies the following classifications:

*Net investment in capital assets* – Consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt also should be included in this component of net position.

*Restricted net position* – Restricted net position are restricted when constraints placed on the use of resources are either: (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation. There was no restricted net position at September 30, 2022.

*Unrestricted net position* – Unrestricted net position is the residual classification.

#### R. REVENUES AND EXPENSES

The Authority distinguishes operating revenues and expenses from nonoperating items in accordance with GASB Codification P80: *Proprietary Fund Accounting and Financial Reporting*. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Authority are charges to customers for hangar rentals, building leases, rent and fuel flowage fees from fixed base operators, revenue from mini warehouses. Operating expenses for enterprise funds and include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

#### S. GRANTS/CAPITAL CONTRIBUTIONS

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

## Titusville-Cocoa Airport Authority Notes to Financial Statements

### Note 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### T. SUBSEQUENT EVENTS

Management has evaluated subsequent events through the date that the financial statements were available to be issued, March 30, 2023. See Note 16 for relevant disclosure(s). No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

#### U. FUTURE ACCOUNTING PRONOUNCEMENTS

The Governmental Accounting Standards Board has issued statements that will become effective in future years. These statements are as follows:

GASB Statement No. 96, *Subscriptions-Based Information Technology Arrangements*, provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset an intangible asset-and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended. The requirements of this Statement are effective for reporting periods beginning after June 15, 2022.

GASB Statement No. 100, *Accounting Changes and Error Corrections*, This Statement establishes accounting and financial reporting requirements for (a) accounting changes and (b) the correction of an error in previously issued financial statements (error correction). This Statement defines accounting changes as changes in accounting principles, changes in accounting estimates, and changes to or within the financial reporting entity and describes the transactions or other events that constitute those changes. This Statement prescribes the accounting and financial reporting for (1) each type of accounting change and (2) error corrections. This Statement requires that (a) changes in accounting principles and error corrections be reported retroactively by restating prior periods, (b) changes to or within the financial reporting entity be reported by adjusting beginning balances of the current period, and (c) changes in accounting estimates be reported prospectively by recognizing the change in the current period. This Statement requires disclosure in notes to financial statements of descriptive information about accounting changes and error corrections, such as their nature. In addition, information about the quantitative effects on beginning balances of each accounting change and error correction should be disclosed by reporting unit in a tabular format to reconcile beginning balances as previously reported to beginning balances as restated. Furthermore, this Statement addresses how information that is affected by a change in accounting principle or error correction should be presented in required supplementary information (RSI) and supplementary information (SI). The requirements of this Statement are effective for accounting changes and error corrections made in fiscal years beginning after June 15, 2023, and all reporting periods thereafter.

**Titusville-Cocoa Airport Authority**  
**Notes to Financial Statements**

**Note 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**U. FUTURE ACCOUNTING PRONOUNCEMENTS (Continued)**

GASB Statement No. 101, *Compensated Absences*, The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The requirements of this Statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter.

The Authority is evaluating the requirements of the above statements and the impact on reporting.

**Note 2 – CHANGE IN ACCOUNTING PRINCIPLE**

In fiscal year 2022, the Authority implemented GASB Statement No. 87, *Leases*. The statement required the restatement of the September 30, 2021 net position to record the difference in the deferred inflows under the new standard. This change is in accordance with generally accepted accounting principles.

Net position, September 30, 2021, as previously reported	\$ 60,807,281
Lease receivable	4,220,057
Deferred inflow of resources related to leases	(4,220,057)
<hr/>	
Net position, September 30, 2021, as restated	<u>\$ 60,807,281</u>

**Note 3 – DEPOSITS**

As discussed in Note 1E, the Authority maintains its cash deposits in Qualified Public Depositories as defined and in accordance with Florida Statutes. At September 30, 2022 the Authority reported a carrying amount of deposits of \$2,269,741 and a bank balance of \$2,125,676.

**Titusville-Cocoa Airport Authority**  
**Notes to Financial Statements**

**Note 4 – CAPITAL ASSETS**

The following is a summary of changes in capital assets during the year ended September 30, 2022.

	Beginning Balance	Increases and transfers	Decreases and transfers	Ending Balance
<b>Capital assets not being depreciated:</b>				
Land	\$ 9,819,667	\$ 621,761	\$ (100,000)	\$ 10,341,428
Construction in process	4,288,763	5,617,094	(3,059,941)	6,845,916
<b>Total capital assets not being depreciated</b>	<b>14,108,430</b>	<b>6,238,855</b>	<b>(3,159,941)</b>	<b>17,187,344</b>
<b>Capital assets, being depreciated:</b>				
Runways and lighting	39,236,932	3,015,982	-	42,252,914
Buildings and improvements	34,116,136	89,763	-	34,205,899
Furniture, fixtures, and equipment	3,204,471	54,599	-	3,259,070
Vehicles	1,273,675	-	(61,977)	1,211,698
<b>Total capital assets being depreciated</b>	<b>77,831,214</b>	<b>3,160,344</b>	<b>(61,977)</b>	<b>80,929,581</b>
<b>Less accumulated depreciation for:</b>				
Runways and lighting	15,617,350	1,152,364	-	16,769,714
Buildings and improvements	13,509,137	1,147,323	-	14,656,460
Furniture, fixtures, and equipment	2,176,277	107,435	-	2,283,712
Vehicles	1,073,536	58,664	(61,977)	1,070,223
<b>Total accumulated depreciation</b>	<b>32,376,300</b>	<b>2,465,786</b>	<b>(61,977)</b>	<b>34,780,109</b>
<b>Total capital assets, being depreciated, net</b>	<b>45,454,914</b>	<b>694,558</b>	<b>-</b>	<b>46,149,472</b>
<b>Total capital assets, net</b>	<b>\$ 59,563,344</b>	<b>\$ 6,933,413</b>	<b>\$ (3,159,941)</b>	<b>\$ 63,336,816</b>

Depreciation expense was \$2,465,786 for the year ended September 30, 2022.

**Note 5 – NOTE PAYABLE**

**Revenue and refunding note series 2015** - In February 2015, the Authority entered into a note payable with a bank in the principal amount of \$2,000,000 at an interest rate, of 3.69% multiplied by one minus one times the highest corporate income tax rate divided by 0.65, payable in equal installments over 15 years. The note is secured by a pledge of all income, rates, fees, rentals, other charges, and any investment income. The note includes a penalty for prepayment. In January 2018, due to a reduction of the maximum corporate income tax rate the interest rate was adjusted by the note holder from 3.69% to 4.485% effective January 1, 2018. The note was issued to refund the Authority's Capital Improvement Refunding Note, Series 2003 and to pay for the cost of issuance. In October 2021, the Authority paid off the remaining balance of this note for the amount of \$1,116,712 which included a prepayment penalty of \$22,857.



**Titusville-Cocoa Airport Authority**  
**Notes to Financial Statements**

**Note 6 – CHANGES IN LONG-TERM LIABILITIES**

Long-term liability activity for the year ended September 30, 2022, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Notes from direct borrowings:					
Note payable	\$ 1,296,141	\$ -	\$(1,296,141)	\$ -	\$ -
Total notes from direct borrowings	1,296,141	-	(1,296,141)	-	-
Compensated absences	51,092	45,427	(47,839)	48,680	48,680
<b>Total long-term liabilities</b>	<b>\$ 1,347,233</b>	<b>\$ 45,427</b>	<b>\$(1,343,980)</b>	<b>\$ 48,680</b>	<b>\$ 48,680</b>

**Note 7 – NET INVESTMENT IN CAPITAL ASSETS**

The details of the Authority's investment in capital assets, net of related debt, accounts payable, and retainage payable is as follows:

<i>September 30,</i>	<b>2022</b>
Capital assets, net	<b>\$ 63,336,816</b>
Accounts payable related to capital assets	<b>(514,077)</b>
Retainage payable	<b>(369,218)</b>
<b>Net investment in capital assets</b>	<b>\$ 62,453,521</b>

**Note 8 - RETIREMENT PLANS**

**A. DESCRIPTION OF PLANS**

The Authority participates in two defined benefit pension plans that are administered by the State of Florida, Department of Management Services, Division of Retirement. The plans provide retirement, disability or death benefits to retirees or their designated beneficiaries.

Chapter 121, Florida Statutes, establishes the authority for benefit provisions. Changes to the law can only occur through an act of the Florida Legislature.

The State of Florida issues a publicly available financial report that includes financial statements and required supplementary information for the plans. That report is available from the Florida Department of Management Services' website ([www.dms.myflorida.com](http://www.dms.myflorida.com)).

The Florida Retirement System (FRS) Pension Plan is a cost-sharing, multiple-employer defined benefit pension plan with a Deferred Retirement Option Program (DROP) available for eligible employees.

**Note 8 - RETIREMENT PLANS (Continued)**

The FRS was established and is administered in accordance with Chapter 121, Florida Statutes. Retirees receive a lifetime pension benefit with joint and survivor payment options. FRS membership is compulsory for employees filling regularly established positions in a state agency, county agency, state university, state college, or district school board, unless restricted from FRS membership under Sections 121.053 or 121.122, Florida Statutes, or allowed to participate in a defined contribution plan in lieu of FRS membership. Participation by cities, municipalities, special districts, charter schools and metropolitan planning organizations is optional.

The Retiree Health Insurance Subsidy (HIS) Program 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 systems in paying their health insurance costs. To be eligible to receive a HIS benefit, a retiree under a state administered retirement system must provide proof of eligible health insurance coverage, which can include Medicare.

**B. PLAN BENEFITS**

Benefits under the FRS Pension Plan are computed on the basis of age and/or years of service, average final compensation, and service credit. Credit for each year of service is expressed as a percentage of the average final compensation. For members initially enrolled before July 1, 2011, the average final compensation is the average of the five highest fiscal years' earnings; for members initially enrolled on or after July 1, 2011, the average final compensation is the average of the eight highest fiscal years' earnings. The total percentage value of the benefit received is determined by calculating the total value of all service, which is based on the retirement plan and/or class to which the member belonged when the service credit was earned.

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 payment is \$150 per month, pursuant to Section 112.363, Florida Statutes.

**C. CONTRIBUTIONS**

The contribution requirements of plan members and the employer are established and may be amended by the Florida Legislature. Employees are required to contribute 3.00% of their salary to the FRS Pension Plan.

**Titusville-Cocoa Airport Authority**  
**Notes to Financial Statements**

**Note 8 - RETIREMENT PLANS (Continued)**

**C. CONTRIBUTIONS (Continued)**

The employer's contribution rates as of September 30, 2022, were as follows:

<i>September 30,</i>	<b>2022</b>	
	<b>FRS</b>	<b>HIS</b>
Regular class	<b>11.91%</b>	<b>1.66%</b>
Special risk class	<b>27.83%</b>	<b>1.66%</b>
Senior management service class	<b>31.57%</b>	<b>1.66%</b>
Elected officials	<b>57.00%</b>	<b>1.66%</b>
DROP from FRS	<b>18.60%</b>	<b>1.66%</b>

The employer's contributions for the year ended September 30, 2022 were \$98,708 to the FRS Pension Plan and \$11,922 to the HIS Program.

**D. PENSION LIABILITIES, PENSION EXPENSE, DEFERRED OUTFLOWS, AND DEFERRED INFLOWS**

In its financial statements for the year ended September 30, 2022, the Authority reported liabilities for its proportionate share of the net pension liability of the FRS Pension Plan and its proportionate share of the net pension liability of the HIS Program. The net pension liabilities were measured as of June 30, 2022. The Authority's proportions of the net pension liabilities were based on its share of contributions to the pension plans relative to the contributions of all participating entities, actuarially determined.

<i>September 30,</i>	<b>2022</b>	
	<b>FRS</b>	<b>HIS</b>
Net Pension Liability	<b>\$ 860,693</b>	<b>\$ 208,694</b>
Proportion at:		
Measurement date, respectively	<b>0.0023%</b>	<b>0.0020%</b>
Pension expense (benefit)	<b>\$ 80,164</b>	<b>\$ 2,840</b>

**Titusville-Cocoa Airport Authority**  
**Notes to Financial Statements**

**Note 8 – RETIREMENT PLANS (Continued)**

**D. PENSION LIABILITIES, PENSION EXPENSE, DEFERRED OUTFLOWS, AND DEFERRED INFLOWS (Continued)**

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

	FRS		HIS	
	Deferred Outflow of Resources	Deferred Inflow of Resources	Deferred Outflow of Resources	Deferred Inflow of Resources
Differences between expected and actual experience	\$ 40,878	\$ -	\$ 6,334	\$ (918)
Change of assumptions	105,998	-	11,962	(32,285)
Net difference between projected and actual earnings on pension plan investments	56,831		302	-
Employer specific amounts due to changes in Authority's proportionate share	-	(124,602)	16,919	(40,326)
Authority pension plan contribution subsequent to the measurement date	29,263	-	3,783	-
<b>Total</b>	<b>\$ 232,970</b>	<b>\$ (124,602)</b>	<b>\$ 39,300</b>	<b>\$ (73,529)</b>

Deferred outflows of resources related to employer contributions paid subsequent to the measurement date and prior to the employer's fiscal year end will be recognized as a reduction of the net pension liabilities in the reporting period ending September 30, 2023.

Other pension-related amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

<i>Year Ending September 30:</i>	FRS		HIS	
2023	\$ 19,130	\$	(9,103)	\$
2024	7,219		(4,909)	
2025	(6,460)		(2,244)	
2026	56,211		(4,968)	
2027	3,005		(11,532)	
Thereafter	-		(5,256)	
<b>Total</b>	<b>\$ 79,105</b>	<b>\$</b>	<b>(38,012)</b>	<b>\$</b>

**Titusville-Cocoa Airport Authority**  
**Notes to Financial Statements**

**Note 8 – RETIREMENT PLANS (Continued)**

**E. ACTUARIAL ASSUMPTIONS AND OTHER INPUTS**

The total pension liability for each of the defined benefit plans was measured as of June 30, 2022. The total pension liability for the FRS Pension Plan was determined by an actuarial valuation dated July 1, 2022. For the HIS Program, the total pension liability was determined by an actuarial valuation dated July 1, 2021.

The individual entry age normal actuarial cost method was used for each plan, along with the following significant actuarial assumptions:

	<b>FRS</b>	<b>HIS</b>
Inflation	<b>2.40%</b>	<b>2.40%</b>
Salary increases, including inflation	<b>3.25%</b>	<b>3.25%</b>
Investment rate of return	<b>6.70%</b>	<b>N/A</b>
Discount rate	<b>6.70%</b>	<b>3.54%</b>

**2022**

Mortality assumptions	
FRS	PUB-2010 with projected generations with scale MP-2018
HIS	PUB-2010 with projected generations with scale MP-2018
Actuarial experience study FRS and HIS	Period July 1, 2013 through June 30, 2018

The following key changes in actuarial assumptions occurred in:

**2022**

FRS	The long-term expected rate of return and the discount rate used to determine the total pension liability was decreased from 6.80% to 6.70%.
HIS	The municipal bond index rate and the discount rate used to determine the total pension liability was adjusted from 2.16% to 3.54%.
	The demographic assumptions for the Special Risk class were updated to reflect plan changes due to HB5007, HB689, and SB838.
	The election assumption for vested terminated members was updated from 20% to 50% to reflect recent experience.

**Titusville-Cocoa Airport Authority**  
**Notes to Financial Statements**

**Note 8 – RETIREMENT PLANS (Continued)**

**E. ACTUARIAL ASSUMPTIONS AND OTHER INPUTS (Continued)**

The long-term expected investment rate of return was not based on historical returns, but instead was based on a forward-looking capital market economic model. Each asset class assumption is based on a consistent set of underlying assumptions, and includes an adjustment for the inflation assumption of 2.4%.

For the FRS Pension Plan, the table below summarizes the consulting actuary's assumptions based on the long-term target asset allocation at July 1, 2022:

Asset Class	Target Allocation	Annual Arithmetic Return	Compound Annual (Geometric) Return
Cash	1.0%	2.60%	2.60%
Fixed income	19.8%	4.40%	4.40%
Global equity	54.0%	8.80%	7.30%
Real estate	10.3%	7.40%	6.30%
Private equity	11.1%	12.00%	8.90%
Strategic investments	3.8%	6.20%	5.90%
<b>Total</b>	<b>100%</b>		

*Discount Rate* – The discount rate used to measure the total pension liability for the FRS Pension Plan was 6.70% for the year ended June 30, 2022. FRS' 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 for both years.

Because the HIS Program is essentially funded on a pay-as-you-go basis, a municipal bond rate of 3.54% at June 30, 2022, was used to determine the total pension liability for the program. The Bond Buyer General Obligation Bond 20-Bond Municipal Bond Index was used as the applicable municipal bond index.

*Sensitivity Analysis* – The following tables demonstrate the sensitivity of the net pension liability to changes in the discount rate. The sensitivity analysis shows the impact to the employer's proportionate share of the net pension liability if the discount rate was 1.00% higher or 1.00% lower than the current discount rate.

	FRS			HIS		
	1% Decrease (5.70%)	Current Discount Rate (6.70%)	1% Increase (7.70%)	1% Decrease (2.54%)	Current Discount Rate (3.54%)	1% Increase (4.54%)
Authority's proportionate share of the net pension liability (asset)	<b>\$ 1,488,510</b>	<b>\$ 860,693</b>	<b>\$ 355,764</b>	<b>\$ 238,763</b>	<b>\$ 208,694</b>	<b>\$ 183,812</b>

**Titusville-Cocoa Airport Authority**  
**Notes to Financial Statements**

**Note 8 – RETIREMENT PLANS (Continued)**

**E. ACTUARIAL ASSUMPTIONS AND OTHER INPUTS (Continued)**

Detailed information about the pension plans' fiduciary net position is available in the Plan's separately issued financial reports.

**Note 9 – OTHER POST-EMPLOYMENT BENEFITS (OPEB) PLAN**

**A. PLAN DESCRIPTION**

As a dependent Special District of Brevard County, Florida (the "County"), the Authority is a member of the County's benefit plan. The Brevard County Board of County Commissioners (the "Board") administers a single employer defined benefit healthcare plan (the "Plan") that provides health care benefits including medical coverage and prescription drug benefits to its employees and their eligible dependents.

Pursuant to Section 112.0801 Florida Statutes, the Authority is required to provide eligible retirees (as defined in the County's pension plan) the opportunity to participate in this Plan at the same cost that is applicable to active employees. Employees who are active participants in the Plan at the time of retirement and are either age 62 with completion of six years of service or have 30 years of service are eligible to receive benefits.

Plan membership was as follows:

<i>Year ended September 30,</i>	<b>2022</b>
Active participants	<b>13</b>
Inactive retirees	<b>2</b>

Benefit provisions can only be amended by the Board. On at least an annual basis, and prior to the enrollment process, the Board approves the rates for the coming year for the retiree, employee and County contributions. The Board or Authority does not issue stand-alone financial statements for this Plan. All financial information related to the Plan is accounted for in the Authority's basic financial statements.

**B. FUNDING POLICY**

For the year ended September 30, 2022, the maximum employer contribution target is 56% of the annual premium cost of the Plan. The annual premium costs are between \$7,711 and \$12,921 for retirees and spouses under age 65 and between \$1,933 and \$5,945 for retirees and spouses over age 65. Employees hired prior to January 1, 2006 are eligible to receive 100% of the earned percentage of benefits for their lifetime upon attainment of age 62 and completion of six years of service or upon completing 30 years of service, if earlier. Employees hired on or after January 1, 2006 are eligible to receive a graduated earned percentage of benefits upon retirement based on years of service.

**Titusville-Cocoa Airport Authority**  
**Notes to Financial Statements**

**Note 9 – OTHER POST-EMPLOYMENT BENEFITS (OPEB) PLAN (Continued)**

**B. FUNDING POLICY (Continued)**

For the year ended September 30, 2022, the portion of contribution attributed to the Authority is \$1,532, which includes both an estimate of the implied subsidy described above and the explicit subsidy paid on behalf of eligible retirees.

**C. ACTUARIAL ASSUMPTIONS AND OTHER INPUTS**

These calculations are based on the Entry Age Normal cost method required by GASB Codification P52: *Other Postemployment Benefits*. The total OPEB liability in the September 30, 2022, actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

	<b>2022</b>
Salary increases	<b>2.00%</b>
Discount Rate	<b>4.77%</b>
Healthcare cost trend rates	
Decreasing by 0.5% per year to 5% in 2024	<b>7.00%</b>
Retirees' share of benefit-related costs	<b>44%</b>

The discount rate was based on the December average of the Municipal Bond Index Rate used is of the Bond Buyer GO 20-year Municipal Bond Index published by The Bond Buyer.

<b>2022</b>	
Mortality rates	PUB-2010 General Headcount-Weighted Mortality, projected using MP-2021
Valuation date	October 1, 2022
Measurement date	September 30, 2022
Disability rates	None assumed.
Participation	75% of active participants are assumed to participate at retirement, and will remain in the same plan as they currently are enrolled.
Claims cost	\$12,494 - \$13,969
Retirement marriage assumptions	70% are assumed to be married with husbands three years older than wives. Actual spouse data used for retirees not missing spouse date of birth and the assumptions that husbands are three years older than wives used for retirees missing spouse date of birth.



**Titusville-Cocoa Airport Authority**  
**Notes to Financial Statements**

**Note 9 – OTHER POST-EMPLOYMENT BENEFITS (OPEB) PLAN (Continued)**

**C. ACTUARIAL ASSUMPTIONS AND OTHER INPUTS (Continued)**

**2022**

Administrative expenses      Implicitly included in premiums for all the fully-insured plans and not included in Per Capita Costs for the self-insured plans.

Changes since last valuation

- The discount rate was changed from 2.43% to 4.77%.
- The healthcare trend rate was changed from 6.00% to 7.00%.
- The Per Capita Claim Costs were updated as shown above.

The Authority reported an OPEB liability of \$16,954 at September 30, 2022.

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balance as of October 1, 2021 for FYE 2021	\$ 21,036	\$ -	\$ 21,036
Changes for the year:			
Service cost	1,532	-	1,532
Interest	501	-	501
Changes of assumptions	(2,775)	-	(2,775)
Difference between expected and actual experience	(2,518)	-	(2,518)
Benefit payments	(822)	-	(822)
Net changes in total OPEB liability	(4,082)	-	(4,082)
Balance as of October 1, 2022 for FYE 2022	\$ 16,954	\$ -	\$ 16,954

*Sensitivity of the OPEB liability* – The following table represents the Authority’s total OPEB liability calculated using the current discount rate as well as what the Authority’s total OPEB liability would be at September 30, 2022 if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

	1% Decrease (3.77%)	Discount Rate (4.77%)	1% Increase (5.77%)
<i>September 30, 2022</i>			
Total OPEB Liability	\$ 18,060	\$ 16,954	\$ 15,952

**Titusville-Cocoa Airport Authority**  
**Notes to Financial Statements**

**Note 9 – OTHER POST-EMPLOYMENT BENEFITS PLANS (Continued)**

**C. ACTUARIAL ASSUMPTIONS AND OTHER INPUTS (Continued)**

The following table represents the Authority’s total and net OPEB liability calculated using the current healthcare cost trend rate as well as what the Authority’s net OPEB liability would be if it were calculated using a health care cost trend rate that is one percentage point lower or one percentage point higher than the current rate:

<i>September 30, 2022</i>	Healthcare Cost		
	1% Decrease	Trend Rate	1% Increase
Total OPEB Liability	\$ 15,875	\$ 16,954	\$ 18,156

**D. OPEB EXPENSE AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO OPEB**

For the fiscal year ended September 30, 2022, the Authority recognized an OPEB benefit of \$3,358. In addition, the Authority reported deferred outflows of resources and deferred inflows of resources related to the OPEB plan from the following sources:

<i>September 30, 2022</i>	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 4,873	\$ -
Change of assumptions	694	-
<b>Total</b>	<b>\$ 5,567</b>	<b>\$ -</b>

Other amounts reported as deferred inflows of resources related to the OPEB plan will be recognized in expenses as follows:

<i>Year ending September 30,</i>	
2023	\$ 743
2024	743
2025	743
2026	743
2027	1,099
Thereafter	1,496
<b>Total</b>	<b>\$ 5,567</b>

**Titusville-Cocoa Airport Authority**  
**Notes to Financial Statements**

**Note 10 – LEASING ARRANGEMENTS**

*Leases receivable* – The Authority accounts for leases in accordance with GASB Codification L20: *Leases*. The Authority’s operations consist of agreements for use of land, buildings and other facilities. The agreements are made up of various noncancellable agreements which expire between the years 2023 and 2053. The Authority recognized \$330,830 of lease revenue and \$139,754 of lease interest for the year ended September 30, 2022.

The following is a schedule by years of minimum future revenues from noncancellable agreements:

<i>Year ending September 30,</i>	Principal	Interest	Total Future Minimum Lease Payments
2023	\$ 240,319	\$ 150,136	\$ 390,455
2024	261,253	141,990	403,243
2025	270,976	133,341	404,317
2026	212,405	125,036	337,441
2027	151,616	119,362	270,978
2028 - 2032	730,996	527,564	1,258,560
2033 - 2037	965,907	392,239	1,358,146
2038 - 2042	1,364,182	205,061	1,569,243
2043 - 2047	303,214	53,854	357,068
2048 - 2052	211,524	20,433	231,957
2053	15,360	104	15,464
<b>Total</b>	<b>\$ 4,727,752</b>	<b>\$ 1,869,120</b>	<b>\$ 6,596,872</b>

*Regulated leases* – The Authority’s operations include certain lease agreements that are classified as regulated leases under paragraphs 137 – 140 of GASB Codification L20: *Leases*. These agreements consist of aeronautical lease agreements, as defined by the Federal Aviation Administration, which are made up of land or facility agreements that directly or substantially relate to aircraft storage, flight training and other aeronautical use. Regulated leases provide for the exclusive use of the premises for the term of the agreement. Upon conclusion of the lease and options, or upon default, ownership of the premises reverts to the Authority. For these agreements, lease rates cannot exceed a reasonable amount and the Authority cannot deny potential lessees the right to enter into leases if facilities are available, provided that the potential lessee’s use of the facilities complies with use restrictions. The Authority recognized the revenues from these leases agreements as inflows each year based on the payment provisions of each lease contract. The Authority recognized \$966,754 of regulated lease revenue principal and \$318,385 of regulated lease interest for the year ended September 30, 2022.

**Titusville-Cocoa Airport Authority**  
**Notes to Financial Statements**

**Note 10 – LEASING ARRANGEMENTS (Continued)**

The following is a schedule by years of minimum future revenues from regulated leases:

<i>Year ending September 30,</i>	Principal	Interest	Total Future Minimum Lease Payments
2023	\$ 737,494	\$ 325,979	\$ 1,063,473
2024	596,221	303,951	900,172
2025	603,877	284,602	888,479
2026	632,902	264,449	897,351
2027	664,383	243,479	907,862
2028 - 2032	2,859,154	907,870	3,767,024
2033 - 2037	2,451,994	503,132	2,955,126
2038 - 2042	1,710,012	149,603	1,859,616
2043 - 2047	61,273	12,573	73,846
2048 - 2051	46,356	2,683	49,039
Total	\$ 10,363,667	\$ 2,998,321	\$ 13,361,988

**Note 11 – 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; injuries to employees; and natural disasters. The Authority purchases separate commercial insurance coverage for workers' compensation, liability, and property damage. Coverage for workers' compensation and automobile claims are limited to the maximum liability exposure the Authority faces under Florida statutes. Coverage for general liability claims is a maximum of \$1,000,000 combined single limit.

The commercial insurance carried is a claims incurred policy for which the Authority is covered for claims originating against the Authority during the policy period. The amount of coverage is dependent on the date of the liability-imposing event. The Authority has maintained continuous coverage and does not believe it has any exposure to events which occurred prior to the year ended September 30, 2022.

During the ordinary course of its operation, the Authority is party to various claims, legal actions, and complaints. While the ultimate effect of such litigation cannot be ascertained at this time, in the opinion of counsel for the Authority, except as noted below, the liabilities which may arise from such actions would not result in losses which would exceed the liability insurance limits in effect at the time the claim arose or otherwise materially affect the financial condition of the Authority or results of activities. Subsequent to year-end, the Authority reached a settlement agreement, which has been accrued in the statement of net position at September 30, 2022. See Note 16.

## Titusville-Cocoa Airport Authority Notes to Financial Statements

### Note 12 – COMMITMENTS AND CONTINGENCIES

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal and state governments. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable fund(s). The amount, if any, of expenditures from current or prior years which may be disallowed by the grantor cannot be determined at this time although the Authority expects such amounts not recorded, if any, to be immaterial.

The Authority has active construction projects as of September 30, 2022. At year-end, the Authority's commitments with contractors are as follows:

<i>September 30,</i>	<b>2022</b>
Space Coast Regional Airport Authority	\$ <b>2,393,362</b>
Merritt Island Airport	<b>1,734,162</b>
Arthur Dunn Airpark	<b>457,473</b>
Total outstanding commitments	<b>\$ 4,584,997</b>

### Note 13 – DEFERRED COMPENSATION PLAN

The Authority offers its employees a deferred compensation plan, created in accordance with Internal Revenue Code Section 457, which is administered by the International City Managers Association. The plan is available to all Authority employees and permits them to defer a portion of their salary until future years. Participation in the plan is optional. Deferred compensation balances are not available to employees until termination, retirement, death, or an unforeseeable emergency. All assets and income of the plan are held in trust for the exclusive benefit of the participants in the plan; therefore, assets of the plan are not reported in the accompanying financial statements.

### Note 14 – AD-VALOREM TAXES

The Authority has statutory authority to levy ad valorem taxes up to 1 mil annually on all taxable property within the Authority's district boundaries. The Authority has not levied a property tax since 2005.

## Titusville-Cocoa Airport Authority Notes to Financial Statements

### **Note 15 – RELATED PARTY TRANSACTIONS**

The Authority has entered into a construction and leasing agreement with a Company whose primary shareholder is also a Board member of the Authority. The terms of the agreement require the related party to match 50% of a grant from the Florida Department of Transportation and required an up-front payment of \$337,235 which was received by the Authority in May 2021. The Authority commenced construction in fiscal year 2021 and revenue of \$5,227 from the related party was recognized during the year ended September 30, 2022. At September 30, 2022, \$289,905 of the up-front payment remained and was included in unearned revenue.

The lease commenced on June 1, 2021 and terminates 20 years from that date with two five-year extension options.

The annual base rent for the hangar and surrounding site is \$8,101 paid in 12 equal monthly installments. Annual base rent increases annually based on the CPI and there will be fair market value readjustments every five years. During the period of construction (or the first 12 months of the lease) base rent is abated in consideration of the construction contribution.

### **NOTE 16 – SUBSEQUENT EVENTS**

In November 2022, the Authority entered in to a settlement agreement with a vendor in the amount of \$470,000. The settlement check was delivered in January 2023 and a satisfaction of judgement was filed to conclude the matter. The Authority has accrued the settlement amount at September 30, 2022.



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**REQUIRED SUPPLEMENTARY INFORMATION**



**Titusville-Cocoa Airport Authority**  
**Schedule of Proportionate Share of Net Pension Liability**  
**Last Nine Fiscal Years**

	Florida Retirement System (FRS)			
	2022	2021	2020	2019
Authority's proportion of the net pension liability	<b>0.0023%</b>	0.0023%	0.0027%	0.0029%
Authority's proportionate share of the net pension liability	\$ <b>860,693</b>	\$ 176,586	\$ 1,166,299	\$ 1,010,082
Authority's covered payroll	<b>738,147</b>	662,926	664,225	824,093
Authority's proportionate share of the net pension liability as a percentage of its covered payroll	116.60%	26.64%	175.59%	122.57%
Plan fiduciary net position as a percentage of the total pension liability	<b>82.89%</b>	96.40%	78.85%	82.61%
	Health Insurance Subsidy (HIS)			
	2022	2021	2020	2019
Authority's proportion of the net pension liability	<b>0.0020%</b>	0.0018%	0.0020%	0.0023%
Authority's proportionate share of the net pension liability	\$ <b>208,694</b>	\$ 220,100	\$ 240,785	\$ 252,041
Authority's covered payroll	<b>738,147</b>	662,926	664,225	824,093
Authority's proportionate share of the net pension liability as a percentage of its covered payroll	28.27%	33.20%	36.25%	30.58%
Plan fiduciary net position as a percentage of the total pension liability	<b>4.81%</b>	3.56%	3.00%	2.63%

Note 1: GASB 68 requires information for 10 years. However, until a full 10-year trend is compiled, the Authority is presenting information for only the years for which information is available.

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

Note 3: Amounts presented for each fiscal year were determined as of 6/30.

Note 4: GASB Statement No. 82, was implemented during fiscal year 2017. Covered payroll shown includes the payroll for defined benefit actives, members in DROP, and investment plan members.

	2018	2017	2016	2015	2014
	0.0031%	0.0033%	0.0033%	0.0033%	0.0270%
\$	923,794	\$ 958,751	\$ 823,542	\$ 422,590	\$ 167,042
	790,921	776,263	797,929	792,257	768,559
	116.80%	123.51%	103.21%	53.34%	21.73%
	84.26%	83.89%	84.88%	92.00%	96.09%

	2018	2017	2016	2015	2014
	0.0023%	0.0025%	0.0025%	0.0026%	0.0024%
\$	246,459	\$ 263,220	\$ 296,470	\$ 260,186	\$ 225,462
	790,921	776,263	797,929	792,257	768,559
	31.16%	33.91%	37.15%	32.84%	29.34%
	2.15%	1.64%	0.97%	0.50%	0.99%

**Titusville-Cocoa Airport Authority**  
**Schedule of Contributions**  
**Last Nine Fiscal Years**

Florida Retirement System (FRS)				
	2022	2021	2020	2019
Contractually required contribution	\$ <b>120,561</b>	\$ 85,252	\$ 89,409	\$ 90,944
Contributions in relation to the contractually required contribution	<b>(120,561)</b>	(85,252)	(89,409)	(90,944)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
Authority's covered payroll	<b>807,506</b>	620,189	679,566	739,555
Contributions as a percentage of covered payroll	<b>14.93%</b>	13.75%	13.16%	7.84%
Health Insurance Subsidy (HIS)				
	2022	2021	2020	2019
Contractually required contribution	\$ <b>13,386</b>	\$ 9,653	\$ 11,364	\$ 12,508
Contributions in relation to the contractually required contribution	<b>(13,386)</b>	(9,653)	(11,364)	(12,508)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
Authority's covered payroll	<b>807,506</b>	<b>620,189</b>	679,566	739,555
Contributions as a percentage of covered payroll	<b>1.66%</b>	<b>1.56%</b>	1.67%	1.62%

Note 1: GASB 68 requires information for 10 years. However, until a full 10-year trend is compiled, the Authority is presenting information for only the years for which information is available.

	2018	2017	2016	2015	2014
\$	87,407	\$ 84,379	\$ 79,538	\$ 79,768	\$ 59,968
	(87,407)	(84,379)	(79,538)	(79,768)	(59,968)
\$	-	\$ -	\$ -	\$ -	\$ -
	790,971	776,273	797,929	792,257	768,559
	7.50%	7.62%	7.48%	8.18%	7.80%

	2018	2017	2016	2015	2014
\$	12,730	\$ 13,028	\$ 13,039	\$ 9,752	\$ 8,260
	(12,730)	(13,028)	(13,039)	(9,752)	(8,260)
\$	-	\$ -	\$ -	\$ -	\$ -
	790,971	776,263	797,929	792,257	768,559
	1.66%	1.66%	1.63%	1.26%	1.07%

**Titusville-Cocoa Airport Authority**  
**Schedule of Changes in Other Post-Employment Benefits**  
**Liability and Related Ratios - Last Five Fiscal Years**

<i>Fiscal year ending September 30,</i>	<b>2022</b>	2021	2020	2019	2018
Total OPEB liability					
Service cost	\$ 1,532	\$ 2,152	1,310,700	\$ 1,102	\$ 725
Interest	501	763	1,736	2,102	3,939
Differences between expected and actual experience	<b>(2,518)</b>	(15,985)	(21,453)	56	(55,812)
Changes of assumptions	<b>(2,775)</b>	(934)	12,436	2,333	(2,362)
Benefit payments	<b>(822)</b>	(1,209)	(10,683)	(4,247)	(6,633)
Net changes in total OPEB liability	<b>(4,082)</b>	(15,213)	(16,787)	1,346	(60,143)
Total OPEB liability - beginning	<b>21,036</b>	36,249	53,036	51,690	111,833
Total OPEB liability - ending	<b>\$ 16,954</b>	\$ 21,036	\$ 36,249	\$ 53,036	\$ 51,690

Covered-employee payroll for the measurement period	\$ 753,613	\$ 579,167	\$ 679,565	\$ 790,921	\$ 790,921
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Total OPEB liability as a percentage of covered-employee payroll	<b>2.25%</b>	3.63%	5.33%	6.71%	6.54%
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**Notes to the schedule:**

The District implemented GASB 75 for the fiscal year ended September 30, 2018. As a result, this information is only available for the past 5 years.



**ADDITIONAL SUPPLEMENTARY INFORMATION**



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**Titusville-Cocoa Airport Authority**  
**Operating Budget to Actual Comparison**  
**Budgetary Basis**

<i>For the year ended September 30, 2022</i>	Original and Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Operating revenues</b>			
T-hangars	\$ 1,187,527	\$ 1,228,893	\$ 41,366
Fixed base operations	445,011	681,368	236,357
Building, land and other leases	1,186,003	1,264,053	78,050
Miscellaneous	2,500	233,525	231,025
<b>Total operating revenues</b>	<b>2,821,041</b>	<b>3,407,839</b>	<b>586,798</b>
<b>Operating expenses</b>			
Wages and benefits			
Salaries	837,919	918,455	(80,536)
Workers compensation insurance	12,593	14,137	(1,544)
Employee benefits	252,902	258,658	(5,756)
<b>Total wages and benefits</b>	<b>1,103,414</b>	<b>1,191,250</b>	<b>(87,836)</b>
<b>Repairs, maintenance, and other services</b>			
Repairs and maintenance	258,000	304,688	(46,688)
Insurance	330,124	313,168	16,956
Communications and utilities	209,400	201,052	8,348
Professional services	120,200	393,746	(273,546)
Advertising and marketing	29,000	17,043	11,957
Taxes and other obligations	-	74,803	(74,803)
Travel and training	10,000	8,020	1,980
Dues and subscriptions	5,000	45,388	(40,388)
<b>Total repairs, maintenance, and other services</b>	<b>961,724</b>	<b>1,357,908</b>	<b>(396,184)</b>
Materials and supplies	64,700	601,680	(536,980)
Depreciation	-	2,465,786	(2,465,786)
Bad debt expense	-	32,751	(32,751)
Contingencies	85,855	-	85,855
<b>Total operating expenses</b>	<b>2,215,693</b>	<b>5,649,375</b>	<b>(3,433,682)</b>
<b>Operating income (loss)</b>	<b>605,348</b>	<b>(2,241,536)</b>	<b>(2,846,884)</b>
<b>Non-operating revenues (expenses)</b>			
Interest income	-	139,757	139,757
132383	-	(27,694)	(27,694)
Loss on disposal of assets	-	(224,891)	(224,891)
Debt payments	(174,445)	(1,323,835)	(1,149,390)
Property, plant, equipment and fees	(332,116)	(578,141)	(246,025)
<b>Total non-operating revenues (expenses)</b>	<b>(506,561)</b>	<b>(2,014,804)</b>	<b>(1,508,243)</b>
<b>Income (loss) before contributions</b>	<b>\$ 98,787</b>	<b>\$ (4,256,340)</b>	<b>\$ (4,355,127)</b>



**Titusville-Cocoa Airport Authority**  
**Budgetary Notes to Supplementary Information**

**Note 1 – BUDGETARY INFORMATION**

The Authority prepares its annual budget on the cash basis of accounting. Reconciliations to amounts reported on the Statement of Revenues, Expenses and Changes in Net Position are as follows:

<b>Wages and benefits</b>	
As reported in the financial statements	\$ 1,259,860
Accruals related to:	
Other post-employment benefits	3,358
Pension benefits	(71,968)
<u>Wages and benefits - budgetary basis</u>	<u>\$ 1,191,250</u>
<b>Non-operating revenues (expenses)</b>	
As reported in the financial statements	\$ (112,828)
Accruals related to:	
Debt principal payments	(1,323,835)
Property, plant, equipment and fees	(578,141)
<u>Non-operating revenues (expenses) - budgetary basis</u>	<u>\$ (2,014,804)</u>

## Titusville-Cocoa Airport Authority Schedule of Capital Projects Summary

Project	Funding Source	Item Number	Funding				Expenditures			
			Balance 9/30/2021	Additions and Adjustments	Transfers and Adjustments	Balance 9/30/2022	Balance 9/30/2021	Additions and Adjustments	Adjustments	Balance 9/30/2022
COI North Area Security & Infrastructure	FDOT	435310-1-94-01	\$ 173,678	\$ 244,837	\$ -	\$ 418,515	\$ 217,256	\$ 422,720	\$ -	\$ 639,976
Status: OPEN	FDOT	435310-2-94-01	-	93,339	-	93,339	-	-	-	-
	TCAA		43,578	84,544	-	128,122	-	-	-	-
COI Runway 11/29 Rehabilitation	FAA	3-12-0013-021-2019	58,550	-	(58,550)	-	65,056	-	(65,056)	-
Status: Closed	FDOT design	443338-1	3,253	-	(3,253)	-	-	-	-	-
	FDOT construction	443338-2	-	-	-	-	-	-	-	-
	TCAA		3,253	-	(3,253)	-	-	-	-	-
COI South Apron Rehabilitation	FAA	3-12-0013-021-2019	2,434,579	8,866	(2,443,445)	-	2,705,088	9,851	(2,714,939)	-
Status: Closed	FDOT design	438462-1	14,216	-	(14,216)	-	-	-	-	-
	FDOT construction	438462-2	195,559	-	(195,559)	-	-	-	-	-
	TCAA		60,734	985	(61,719)	-	-	-	-	-
COI Replace Precision Approach Path Indicator (PAPI)	FDOT	409457-2-94-01	188,790	1,951	(190,741)	-	235,988	2,439	(238,427)	-
Status: Closed	TCAA		47,198	488	(47,686)	-	-	-	-	-
COI AWOS	FDOT	450522-1-94-01	-	14,529	-	14,529	-	18,161	-	18,161
Status: OPEN	TCAA		-	3,632	-	3,632	-	-	-	-
COI COI Master Plan	FAA	3-12-0013-26-2022	-	7,196	-	7,196	-	7,996	-	7,996
Status: OPEN	FDOT	438464-1-94-01	-	640	-	640	-	-	-	-
	TCAA		-	160	-	160	-	-	-	-
X21 AWOS	FDOT	442480-1-94-01	-	13,023	-	13,023	-	16,279	-	16,279
Status: Open	TCAA		-	3,256	-	3,256	-	-	-	-
X21 Master Plan	FAA	3-12-0101-018-2022	-	2,449	-	2,449	-	2,721	-	2,721
Status: Open	FDOT	4384011-94-01	-	218	-	218	-	-	-	-
	TCAA		-	54	-	54	-	-	-	-

(Continued)

## Titusville-Cocoa Airport Authority Schedule of Capital Projects Summary

Project	Funding Source	Item Number	Funding				Expenditures			
			Balance 09/30/2021	Additions and Adjustments	Transfers and Adjustments	Balance 09/30/2022	Balance 09/30/2021	Additions and Adjustments	Transfers and Adjustments	Balance 09/30/2022
TIX VAC East Side Apron Status: OPEN	FDOT	447540-1-94-01	59,171	272,554	-	331,725	118,342	545,108	-	663,450
	Private sources		59,171	272,554	-	331,725	-	-	-	-
TIX Taxilane and Apron Status: OPEN	FDOT	447540-2-94-01	66,131	695,707	-	761,838	82,665	869,633	-	952,298
	Private Sources		-	173,926	-	173,926	-	-	-	-
	TCAA		16,534	-	-	16,534	-	-	-	-
TIX Runway 9/27 Status: OPEN	FAA	3-12-0080-032-2021	-	3,371,277	-	3,371,277	414,051	3,371,277	(12,725)	3,772,603
	FDOT	447533-1-94-01	331,241	-	-	331,241	-	-	-	-
	TCAA		82,810	-	(12,725)	70,085	-	-	-	-
TIX Hangar 52 Demolition Status: OPEN	FDOT	437021-1-94-01	255,321	-	-	255,321	319,153	-	-	319,153
	TCAA		63,832	-	-	63,832	-	-	-	-
TIX ATCT Site Study Status: OPEN	FDOT	438494-1-94-01	-	147,057	-	147,057	-	183,821	-	183,821
	TCAA		-	36,764	-	36,764	-	-	-	-
TIX Fuel Farm Status: OPEN	FDOT	446673-1-94-01	-	62,290	-	62,290	-	77,862	-	77,862
	TCAA		-	15,572	-	15,572	-	-	-	-
TIX Update Master Plan Status: OPEN	FAA	3-12-0080-035-2022	-	3,348	-	3,348	-	3,721	-	3,721
	FDOT	451369-1-94-01	-	298	-	298	-	-	-	-
	TCAA		-	75	-	75	-	-	-	-
COI Cares Act Grants Status: Closed	FAA	3-12-0013022-2020	39,458	69,000	(108,458)	-	39,458	69,000	(108,458)	-
TIX Cares Act projects Status: Closed	FAA	3-12-0013022-2020	4,500	30,000	(34,500)	-	4,500	30,000	(34,500)	-
COI Grainger Corporate Hangar Status: OPEN	FDOT	438461-1-94-01	42,103	5,227	-	97,660	87,206	10,454	-	97,660
	Private sources		42,103	5,227	-	-	-	-	-	-
	TCAA		3,000	-	-	-	-	-	-	-

(Continued)

## Titusville-Cocoa Airport Authority Schedule of Capital Projects Summary

Project	Funding Source	Item Number	Funding				Expenditures			
			Balance 09/30/2021	Additions and Adjustments	Transfers and Adjustments	Balance 09/30/2022	Balance 09/30/2021	Additions and Adjustments	Transfers and Adjustments	Balance 09/30/2022
COI EA T-Hangar Status: OPEN	FAA	3-12-0013-023-021	-	87,298	-	87,298	-	87,298	-	87,298
TIX Spaceport Master Plan Status: Open	Private sources		-	2,917	-	2,917	-	2,917	-	2,917
TIX CARES Grant	FAA	3-12-0101-015-2020	-	354	(354)	-	-	354	(354)	-
			\$ 4,288,763	\$ 5,731,612	\$ (3,174,459)	\$ 6,845,916	\$ 4,288,763	\$ 5,731,612	\$ (3,174,459)	\$ 6,845,916

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**INDEPENDENT AUDITORS' 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***

To the Board of Directors  
Titusville-Cocoa Airport Authority

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Titusville-Cocoa Airport Authority as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the Titusville-Cocoa Airport Authority's basic financial statements, and have issued our report thereon dated March 30, 2023.

**Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Titusville-Cocoa Airport Authority's internal control over financial reporting (internal control) as a basis for designing the 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 Titusville-Cocoa Airport Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of Titusville-Cocoa Airport Authority's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item MW 2022-001 to be a material weaknesses.

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. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items SD 2022-002 and SD 2022-003 to be significant deficiencies

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

As part of obtaining reasonable assurance about whether Titusville-Cocoa Airport Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and are described in the accompanying schedule of findings and questioned costs as item SD 2022-005.

### **Titusville-Cocoa Airport Authority's Response to Findings**

*Government Auditing Standards* requires the auditor to perform limited procedures on the Titusville-Cocoa Airport Authority's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. Titusville Cocoa Airport Authority's response was not subject to the other auditing procedures applied in the audit of the financial statement and, accordingly, we express no opinion on the response.

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

*Carr, Riggs & Ingram, L.L.C.*

Melbourne, Florida

March 30, 2023



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**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND STATE PROJECT AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE AND CHAPTER 10.550, RULES OF THE FLORIDA AUDITOR GENERAL**

To the Board of Directors  
Titusville-Cocoa Airport Authority

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

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

We have audited the Titusville-Cocoa Airport Authority's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the Titusville-Cocoa Airport Authority's major federal program and state project for the year ended September 30, 2022. The Titusville-Cocoa Airport Authority's major federal program and state project are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, Titusville-Cocoa Airport Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal program and state project for the year ended September 30, 2022.

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

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); and Chapter 10.550, Rules of the Florida Auditor General. Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

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



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

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

### ***Auditors' Responsibilities for the Audit 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 Titusville-Cocoa Airport 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 Chapter 10.550 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 Titusville-Cocoa Airport Authority's compliance with the requirements of each major federal program and state project as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, the Uniform Guidance, and Chapter 10.550 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 Titusville-Cocoa Airport 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 Titusville-Cocoa Airport 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 Chapter 10.550, but not for the purpose of expressing an opinion on the effectiveness of Titusville-Cocoa Airport Authority's internal control over compliance. Accordingly, no such opinion is expressed.

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

## Report on Internal Control over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be material weaknesses or significant deficiencies.

*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 state project on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program or state project will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program or state project that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item MW 2022-004 to be a material weakness. We also identified deficiencies in internal control over compliance, as described in the accompanying schedule of findings and questions costs as SD 2022-005 and SD 2022-006 that we consider to be significant deficiencies.

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.

*Government Auditing Standards* requires the auditor to perform limited procedures on Titusville-Cocoa Airport Authority's response to the internal control over compliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. Titusville-Cocoa Airport Authority's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance and Chapter 10.550. Accordingly, this report is not suitable for any other purpose.

*Carr, Riggs & Ingram, L.L.C.*

Melbourne, Florida  
March 30, 2023

**Titusville-Cocoa Airport Authority**  
**Schedule of Expenditures of Federal Awards and State Financial Assistance**  
**For the Year Ended September 30, 2022**

Federal Agency, Pass-through Entity, Federal Program	Assistance Listing Number	Grant/Contract No.	Federal Expenditures	Transfers to Subrecipients
<b>U.S. Department of Transportation</b>				
<b>Federal Aviation Administration</b>				
Airport Improvement Program	20.106	3-12-0013-021-2019	\$ 8,866	-
Airport Improvement Program	20.106	3-12-0013-023-2021	87,298	-
Airport Improvement Program	20.106	3-12-0013-026-2022	7,196	-
Airport Improvement Program	20.106	3-12-0101-018-2022	2,449	-
Airport Improvement Program	20.106	3-12-0080-035-2022	3,349	-
Airport Improvement Program	20.106	3-12-0080-032-2021	3,422,180	-
COVID-19 Airport Improvement Program	20.106	3-12-0013-022-2020	29,542	-
COVID-19 Airport Improvement Program	20.106	3-12-0080-031-2020	30,000	-
COVID-19 Airport Improvement Program	20.106	3-12-0101-015-2020	354	-
<b>Total US Department of Transportation</b>			3,591,234	-
<b>Total Expenditures of Federal Awards</b>			<b>\$ 3,591,234</b>	<b>\$ -</b>

State Agency, Pass-through Entity, State Project	CSFA No.	Grant/ Contract No.	State Expenditures	Transfers to Subrecipients
<b>Florida Department of Transportation</b>				
<b>Joint Participation Agreements</b>				
Aviation Grant Programs	55.004	435310-1-94-01	\$ 244,837	\$ -
Aviation Grant Programs	55.004	435310-2-94-01	93,339	-
Aviation Grant Programs	55.004	438461-1-94-01	5,227	-
Aviation Grant Programs	55.004	447540-1-94-01	272,554	-
Aviation Grant Programs	55.004	447540-2-94-01	695,707	-
Aviation Grant Programs	55.004	450522-1-94-01	14,529	-
Aviation Grant Programs	55.004	450523-1-94-01	13,023	-
Aviation Grant Programs	55.004	438464-1-94-01	640	-
Aviation Grant Programs	55.004	451369-1-94-01	298	-
Aviation Grant Programs	55.004	438401-1-94-01	218	-
Aviation Grant Programs	55.004	446673-1-94-01	62,290	-
Aviation Grant Programs	55.004	438494-1-94-01	147,057	-
<b>Total Florida Department of Transportation</b>			1,549,719	-
<b>Total Expenditures of State Financial Assistance</b>			<b>\$ 1,549,719</b>	<b>\$ -</b>

**Titusville-Cocoa Airport Authority**  
**Notes to the Schedule of Expenditures of Federal Awards**  
**and State Financial Assistance**  
**For the Year Ended September 30, 2022**

**Note 1:**

The Schedule of Expenditures of Federal Awards and State Financial Assistance is a summary of the activity of the Titusville-Cocoa Airport Authority Federal Awards and State Financial Assistance presented on the accrual basis of accounting in accordance with generally accepted accounting principles.

**Note 2:**

The Uniform Guidance allows the Titusville-Cocoa Airport Authority to elect a 10% de minimis indirect cost rate. For the year ended September 30, 2022, the Titusville-Cocoa Airport Authority elected not to use the rate.

**Note 3:**

The Titusville-Cocoa Airport Authority did not receive any noncash assistance during the year ended September 30, 2022.

**Titusville-Cocoa Airport Authority  
Schedule of Findings and Questioned Costs  
For the Year Ended September 30, 2022**

**Section I—Summary of Auditors’ Results**

*Financial Statements*

- |  |            |
|--|------------|
| 1. Type of auditors’ report issued:  | Unmodified |
| 2. Internal control over major financial reporting:                              |            |
| a. Material weakness identified?   | Yes        |
| b. Significant deficiencies identified not considered to be material weaknesses? | Yes        |
| c. Noncompliance material to the financial statements noted?                     | No         |

*Federal Awards*

- |   |                             |
|---|-----------------------------|
| 1. Type of auditors’ report issued on compliance for major federal awards                             | Unmodified                  |
| 2. Internal control over major programs:  |                             |
| a. Material weakness identified?  | Yes                         |
| b. Significant deficiency identified?   | Yes                         |
| 3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? | Yes                         |
| 4. Identification of major federal programs:  |                             |
| <u>Assistance Listing Number</u>  | <u>Federal Program</u>      |
| 20.106  | Airport Improvement Program |
| 5. Dollar threshold used to distinguish between type A and B programs :                               | \$750,000                   |
| 6. Auditee qualified as a low-risk auditee for federal purpose?                                       | No                          |

**Titusville-Cocoa Airport Authority  
Schedule of Findings and Questioned Costs  
For the Year Ended September 30, 2022**

*State Financial Assistance*

- |  |                         |
|--|-------------------------|
| 1. Type of auditors' report issued on compliance for major state project                                     | Unmodified              |
| 2. Internal control over major programs:   |                         |
| a. Material weakness identified?   | No                      |
| b. Significant deficiency identified?  | Yes                     |
| 3. Any audit findings disclosed that are required to be reported in accordance with Chapter 10.554(1)(l)(4)? | Yes                     |
| 4. Identification of major federal programs:   |                         |
| <u>State CSFA Number</u>   | <u>State Project</u>    |
| 55.004   | Aviation Grant Programs |
| 5. Dollar threshold used to distinguish between type A and B programs :                                      | \$464,916               |
| 6. Auditee qualified as a low-risk auditee for state purpose?  | No                      |

**Titusville-Cocoa Airport Authority  
Schedule of Findings and Questioned Costs  
For the Year Ended September 30, 2022**

**Section II—Financial Statement Findings**

**MW 2022-001 TRACKING OF CAPITAL ASSETS**

**Criteria:** The Authority must maintain records for compliance with various requirements including Generally Accepted Accounting Principles as promulgated in the GASB Codification 1400: *Reporting Capital Assets*; provisions of Federal awards or state financial assistance, as applicable; Rule 69I-73, Florida Administrative Code, *Tangible Personal Property Owned by Local Governments*; and document retention requirements in Rule 1B-24.003(1)(a), Florida Administrative Code. This finding was previously reported in the 2020 and 2021 audits and has been updated/ revised in the current year.

**Condition:** Capital asset records maintained by the Authority are deficient due to:

- I. Insufficient detail to identify the specific assets;
- II. Inconsistent description of the capital asset in the asset listing used for financial reporting, the name/number used in billing of tenants, and as they are identified in the asset listing used by Authority personnel to monitor inventory; and
- III. Missing information related to the source of funding used for acquisition.

During the fiscal year, the Authority sold property that was later determined to have been originally acquired in part with funds from federal awards and state financial assistance. Further, the detail of the asset records were not in sufficient detail to identify the specific parcels sold. A combination of information from the asset listing used for monitoring asset inventory and a search of property tax records was used to determine the basis for the entry to record the sale of the properties.

**Cause of condition:** The Authority has multiple capital asset listings being used for different purposes, such as financial reporting, inventory monitoring, construction budgeting, and insurance. These listings are not reconciled to verify each listing is complete and accurate.

**Potential effect of condition:** There is potential for a material error in financial reporting of capital assets. Further, there is an increased risk of non-compliance with grantor requirements for those assets purchased with funds from Federal awards or state financial assistance.

**Recommendation:** The Authority should maintain its asset listing in sufficient detail to readily describe the asset using unique identifiers such as serial number or other identifying number, model name and number, or the legal description for real property. The Authority should reconsider the design of the control to determine if it is more efficient to keep a single listing with all the various attributes required by the standard setting or oversight bodies for which the Authority must comply, or keeping multiple listings and reconciling them no less than annually.

**Management's Response:** *The Authority acknowledges the audit finding and corrective action is being taken. All capital assets purchased and donated will be recorded in the listing of capital assets and recorded in the accounting software. All assets in the listing of capital will be those at five thousand (\$5,000) dollars or more, and the normal expected life of which is one year or more.*

**Titusville-Cocoa Airport Authority  
Schedule of Findings and Questioned Costs  
For the Year Ended September 30, 2022**

*Attractive items with a value or cost that is less than \$5,000 shall be recorded in the capital asset schedule for inventory purposes.*

*The Authority will be redesigning the control to be more efficient and deciding whether to keep a single listing with all various attributes required by the standard setting or oversight bodies for which the Authority must comply or keeping multiple listings and reconciling them no less than annually.*

**SD 2022-002 BOARD REVIEW OF FINANCIAL STATEMENTS AND FINANCIAL REPORTING**

**Criteria:** Fundamental elements of internal control include the review of information prepared by others in sufficient detail to detect and correct an error. With a limited number of staff at the Authority to participate in the financial reporting process, routine review of financial reports by the Board serves as a supplemental (or mitigating) control. This finding was previously reported in the 2021 audit and has been repeated in the current year.

**Condition:** The Board of Authority did not receive timely relevant financial reporting for review and approval.

**Cause of condition:** Due to changes in management, staffing, and difficulties in reconciling transactions, the Board did not receive financial statements to review for much of the year.

**Potential effect of condition:** Without review of financial reports, the Board does not have relevant information in making decisions related to the status of the Authority's spending as compared to the budget, they cannot monitor the status of key accounts, and controls for which review of the financial reports served as a supplemental or mitigating control will not operate as intended.

**Recommendation:** We acknowledge the Authority is continuing the process of getting the accounting records reconciled, in conjunction with the implementation of new accounting software. We recommend the Authority continue to focus on implementing policies and procedures such that the Authority can generate monthly financial reports to be presented to the Board for their review and approval.

**Management's Response:** *The Authority acknowledges the audit finding and corrective action has been taken. With the implementation of new accounting software and consolidating five companies into one, the ability to present financial statements to the Board on a consistent basis for their review and approval has been enabled.*

**SD 2022-003 LEASES**

**Criteria:** Fundamental elements of internal control include the tracking of key terms in lease agreements to ensure that renewals, escalation clauses and other terms that have an effect on the billing of tenants are executed consistent with the lease agreements.



**Titusville-Cocoa Airport Authority**  
**Schedule of Findings and Questioned Costs**  
**For the Year Ended September 30, 2022**

**Condition:** During our audit, we noted lease agreements for which the timing and/or the rates applied to escalation clauses were inconsistent with the terms of the lease agreements. Most leases include terms providing for rent escalations (or rent modifications based on an appraisal) to occur on the anniversary of the original lease agreement; however, we noted the escalations on some of the leases were deferred to October 1<sup>st</sup> and then applied annually thereafter. Further, we noted escalation clauses in some of the leases that called for an increase based on CPI, but for which a rate increase less than CPI was applied to the tenant billing. Management's approval of changes to the timing of the application of rent escalations and/or of the rate of the escalation was not documented.

**Cause of condition:** The Authority does not have a system of control sufficient to allow for the tracking of key lease terms that allows for management to adequately monitor changes made to the tenant billings. Further, the current system of control does not provide for the documentation of management's approval of any deviations from the lease terms nor the review and approval of rate changes applied to the tenant billings.

**Potential effect of condition:** Inconsistent application of rent escalations, rent modifications and other key terms could have a significant impact on the lease revenue collected by the Authority.

**Recommendation:** As the Authority continues the process of implementing new accounting software and getting accounting records caught up to date, we recommend the Authority design and implement a system to track lease agreements, including key terms of the agreements, that management can use to monitor for upcoming renewals, rent escalations, rent modifications and changes to other key terms of the lease agreements. Renewals, rent escalations, rent modifications and other changes to the terms as set forth in the lease agreements should be applied timely and consistent with the lease agreement. Review and approval by management of any changes to tenant billing and/or deviations from key lease terms should be documented.

**Management's Response:** *The Authority acknowledges the audit finding as a result of past administration implementation errors that carried forward into this fiscal year until all leases and rates could be reviewed. Corrective action has been taken this year to correct anniversary dates, escalation clauses, timing of the application of rent escalations, and rates of rent escalations. All leases have been reviewed and spreadsheets updated and/or implemented to track lease terms, anniversary dates, rent escalations and rent modifications. Procedures are currently in process to document the review and approval by management of any changes to tenant billing and/or deviations from key lease terms.*

**Titusville-Cocoa Airport Authority  
Schedule of Findings and Questioned Costs  
For the Year Ended September 30, 2022**

**Section III—Federal Award Findings and Questioned Costs**

**MW 2022-004 DISPOSITION OF GRANT-PURCHASED PROPERTY**

US Department of Transportation – Federal Aviation Administration  
ALN: 20.106 Airport Improvement Program  
Contract No. Undetermined

Florida Department of Transportation  
CSFA: 55.004 Aviation Grant Programs  
Contract No. Undetermined

**Criteria:** 2 CFR section 200.303 and Section 215.97(10), Florida Statutes, require award recipients to establish and maintain effective internal controls over compliance with federal awards and state financial assistance programs. Award recipients under the Airport Improvement Program and the Aviation Grant Program are subject to assurance that proper records are maintained for equipment and real property acquired with federal awards or state financial assistance such that the disposition of any equipment and real property is in accordance with federal and state requirements, and the federal or state awarding agency has appropriately authorized the use of any proceeds from property sold or authorized its conversion to nonfederal or nonstate use.

**Condition:** In December 2021, the Authority disposed of real property whose acquisition was funded in part with federal awards and state financial assistance. The Authority did not properly maintain records that identified the source of funds used to acquire property and other capital assets. As a result, the properties were sold without prior authorization of the Federal Aviation Authority and the Florida Department of Transportation.

**Cause of condition:** The properties at issue were originally acquired in and around 2005 and 2006. In the past few years, the Authority has seen turnover in positions key to the grant compliance process. Additionally, as noted in the fiscal year 2021 audit as finding MW 2021-002, the Authority's capital asset records have not been maintained in sufficient detail to identify specific assets or that identified the source of funding used to acquire property and capital assets. As a result, current management initiated the sale of these properties without consulting the FAA or the Florida Department of Transportation.

**Questioned costs:** None

**Potential effect of condition** While the Florida Department of Transportation has since retroactively acknowledged the sale of the properties and has released their portion of the proceeds from the sales to the Authority, ultimate resolution of the portion of the proceeds from the sales attributed to funding from the FAA is with the FAA.

**Perspective:** When the new Director of Airports arrived at the Authority in fiscal year 2021, he was presented with concerns from the Board about the condition of these properties and the decision

**Titusville-Cocoa Airport Authority  
Schedule of Findings and Questioned Costs  
For the Year Ended September 30, 2022**

was made by the Authority to sell them. The proceeds from the sale of the properties was reported as restricted net position as of September 30, 2021, pending investigation into the original source of funding for the purchases. In addition to the lack of detail in the capital asset records, the prior management did not provide an Exhibit A with the Master Plan, which would have documented properties purchased with federal funds.

**Recommendation:** The Authority should maintain its asset listing in sufficient detail to readily describe the asset using unique identifiers such as the legal description for real property and the source of funding used for the acquisition. For property or equipment acquired using federal or state grant funds, the Authority should ensure compliance with any requirements of the grant(s) related to disposition of property.

**Management's Response:** *The Authority acknowledges the audit finding and corrective action is being taken. All capital assets purchased and donated will be recorded in the listing of capital assets and recorded in the accounting software.*

*The Authority will be redesigning the control to be more efficient and deciding whether to keep a single listing with all various attributes required by the standard setting or oversight bodies for which the Authority must comply or keeping multiple listings and reconciling them no less than annually. The Authority will report restricted net position for the proceeds from the sale of the property referred to in the finding. Research is being conducted into the origin of the funds used for the original property purchases through the Master Plan.*

**SD 2022-005 PERFORMANCE REPORTS**

US Department of Transportation – Federal Aviation Administration  
ALN: 20.106 Airport Improvement Program  
Contract No. 3-12-0013-023-2021 (for 2021)  
3-12-0080-032-2021 (for 2021)

**Criteria:** 2 CFR section 200.303 requires non-federal entities to establish and maintain effective internal controls. The award agreements require performance reporting and quarterly performance reporting (for construction expenditures), to ensure grant funded projects are progressing timely.

**Condition:** Annual reports for award 3-12-0013-023-2021 and quarterly reports for award 3-12-0080-032-2021 were not submitted to the Federal Aviation Authority as required.

**Cause of condition:** After the resignation of both the CEO and the Manager of Finance and Grant Administration in March 2021, the management of Federal awards was assumed by the Deputy Director of Operations on an interim basis. In fiscal year 2022, there was turnover of the project management consultants hired to assist in the grant management process, which was to include the preparation of all required reporting. The Authority did not have adequate controls in place to ensure that required performance reports were being prepared and remitted for review and approval prior to being submitted to the FAA.

**Titusville-Cocoa Airport Authority  
Schedule of Findings and Questioned Costs  
For the Year Ended September 30, 2022**

**Questioned costs:** None

**Potential effect of condition:** The Authority was not in-compliance with program requirements and award terms for annual quarterly performance reporting.

**Perspective:** New personnel was placed in charge of the grant management process, which included the requirements for performance reporting. There was a lapse in knowledge of the performance reports required to be submitted to the FAA.

**Recommendation:** In the event of changes in key personnel, the person assuming responsibility for a role essential to reporting compliance should consider reaching out to the grantor to ensure that information about the nature and timing of any annual and/or quarterly performance reporting requirements is clarified. The Authority should implement controls to ensure that all required reports are prepared by the project management consultants and reviewed by the Authority prior to being submitted to the FAA on a timely basis.

**Management's Response:** *The Authority acknowledges the audit finding and corrective action is in process. Management is currently working with our project management consultants requesting quarterly reports on active projects for timely filings with the FAA. Once performance reports are received, the reports will be reviewed by management and submitted on a quarterly and/or annual basis.*

**SD 2022-006    REVIEW OF REIMBURSEMENT REQUESTS**

Florida Department of Transportation  
CSFA No. 55.004 Aviation Grant Programs  
Contract No. 447540-2-94-01 (for 2020)  
446673-1-94-01 (for 2022)

**Criteria:** Section 215.97(10), Florida Statutes, *the Florida Single Audit Act*, requires auditors to perform tests of controls over compliance with the provisions of laws, regulations, and other rules pertaining to state awards to determine whether the program recipient has controls in place to provide for reasonable assurance of compliance. To provide for effective internal controls over the completeness, accuracy, validity and timeliness of reporting, requests for reimbursement should be subject to independent review by someone other than the preparer. Independent review of the requests for reimbursement also provides for internal control over grant matching requirements.

**Condition:** Two of the reimbursement requests tested as part of our sample did not have documentation that the requests were subjected to independent review prior to submission.

**Cause of condition:** During fiscal year 2022, there was turnover in the consultant hired to be the grant program manager. During this time of transition to a new grant program manager, documentation of independent review of reimbursement requests was not consistent.

**Titusville-Cocoa Airport Authority  
Schedule of Findings and Questioned Costs  
For the Year Ended September 30, 2022**

**Questioned costs:** None.

**Potential effect of condition:** Reimbursement requests not subject to review may contain errors or include ineligible expenses. Further, the calculation (reporting) of local match funds may be inaccurate.

**Perspective:** Management maintains that reimbursement requests were reviewed, although the documentation of that review was not consistently retained.

**Recommendation:** The Authority should review their procedures to ensure that documentation of an independent review of reimbursement requests prior to submission is retained.

**Management's Response:** *The Authority acknowledges the audit finding and correction action was taken with current administration. Current management practices include the required process of an independent review of reimbursement requests prior to submission.*

**Section IV—Prior Findings and Questioned Costs**

**MW 2021-001 Journal Entries**

Status: Resolved

**MW 2021-002 Tracking of Capital Assets**

Status: Revised and repeated as MW 2022-001

**MW 2021-003 Accounting Software and Fund Accounting**

Status: Resolved

**SD 2021-004 Requests for Reimbursements**

Status: Resolved

**SD 2021-005 Board Review of Financial Statements and Financial Reporting**

Status: Repeated as SD 2022-002

**SD 2021-006 Segregation of Duties**

Status: Resolved

**Titusville-Cocoa Airport Authority  
Schedule of Findings and Questioned Costs  
For the Year Ended September 30, 2022**

**MW 2021-007 Review of Reimbursement Requests**

Status: Revised and repeated as MW 2022-006

**SD 2021-008 Annual Reports**

Status: Revised and repeated as SD 2022-005

**MW 2021-009 Wage Rate Compliance**

Status: Resolved




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**Titusville-Cocoa Airport Authority**  
**Corrective Action Plan**  
**For the Year Ended September 30, 2022**



MEMO TO: Titusville-Cocoa Airport Authority Board of Directors  
The State Auditor General

FROM: Kevin Daugherty, Director of Airports 

DATE: March 30, 2023

SUBJECT: Corrective Action Plan

The Titusville-Cocoa Airport Authority respectfully submits the following corrective action plan for the year ended September 30, 2022.

Name and address of independent public accounting firm:  
Carr, Riggs & Ingram, LLC  
215 Baytree Drive  
Melbourne, FL 32940

Audit Period:  
Fiscal Year October 1, 2021 – September 30, 2022

The Findings from the Schedule of Findings and Questioned Costs is discussed below. The finding number corresponds to the number assigned in the schedule.

**MW 2022-001 TRACKING OF CAPITAL ASSETS**

**Criteria:** The Authority must maintain records for compliance with various requirements including Generally Accepted Accounting Principles as promulgated in the GASB Codification 1400: *Reporting Capital Assets*; provisions of Federal awards or state financial assistance, as applicable; Rule 69I-73, Florida Administrative Code, *Tangible Personal Property Owned by Local Governments*; and document retention requirements in Rule 1B-24.003(1)(a), Florida Administrative Code. This finding was previously reported in the 2020 audit and has been updated/revise in the current year.

**Condition:** Capital asset records maintained by the Authority are deficient due to:

- I. Insufficient detail to identify the specific assets;
- II. Inconsistent description of the capital asset in the asset listing used for financial reporting, the name/number used in billing of tenants, and as they are identified in the asset listing used by Authority personnel to monitor inventory; and
- III. Missing information related to the source of funding used for acquisition.

During the fiscal year, the Authority sold property that was later determined to have been originally



**Titusville-Cocoa Airport Authority  
Corrective Action Plan (continued)  
For the Year Ended September 30, 2022**

acquired in part with funds from federal awards and state financial assistance. Further, the detail of the asset records were not in sufficient detail to identify the specific parcels sold. A combination of information from the asset listing used for monitoring asset inventory and a search of property tax records was used to determine the basis for the entry to record the sale of the properties.

**Cause of condition:** The Authority has multiple capital asset listings being used for different purposes, such as financial reporting, inventory monitoring, construction budgeting, and insurance. These listings are not reconciled to verify each listing is complete and accurate.

**Potential effect of condition:** There is potential for a material error in financial reporting of capital assets. Further, there is an increased risk of non-compliance with grantor requirements for those assets purchased with funds from Federal awards or state financial assistance.

**Recommendation:** The Authority should maintain its asset listing in sufficient detail to readily describe the asset using unique identifiers such as serial number or other identifying number, model name and number, or the legal description for real property. The Authority should reconsider the design of the control to determine if it is more efficient to keep a single listing with all the various attributes required by the standard setting or oversight bodies for which the Authority must comply, or keeping multiple listings and reconciling them no less than annually.

**Management's Response:** *Acknowledges the audit finding and corrective action is being taken. All capital assets purchased and donated will be recorded in the listing of capital assets and recorded in the accounting software. All assets in the listing of capital will be those at five thousand (\$5,000) dollars or more, and the normal expected life of which is one year or more. Attractive items with a value or cost that is less than \$5,000 shall be recorded in the capital asset schedule for inventory purposes.*

*The Authority will be re-designing the control to be more efficient and deciding whether to keep a single listing with all various attributes required by the standard setting or oversight bodies for which the Authority must comply or keeping multiple listings and reconciling them no less than annually. The Authority will report restricted net position for assets held for resale. Research is being conducted into the origin of the funds used for the original property purchases through the Master Plan.*

**Implementation Timeline:** *No later than FYE 9/30/2023*

**Responsible Parties:** *Kevin Daugherty, Director of Airports, Justin Hopman, Deputy Director of Operations and Maintenance, Christina Kinard, Deputy Director of Finance & Administration.*

**SD 2022-002 BOARD REVIEW OF FINANCIAL STATEMENTS AND FINANCIAL REPORTING**

**Criteria:** Fundamental elements of internal control include the review of information prepared by others in sufficient detail to detect and correct an error. With a limited number of staff at the Authority to participate in the financial reporting process, routine review of financial reports by the Board serves as a supplemental (or mitigating) control. This finding was previously reported in the

**Titusville-Cocoa Airport Authority  
Corrective Action Plan (continued)  
For the Year Ended September 30, 2022**

2021 audit and has been repeated in the current year.

**Condition:** The Board of Authority did not receive timely relevant financial reporting for review and approval.

**Cause of condition:** Due to changes in management, staffing, and difficulties in reconciling transactions, the Board did not receive financial statements to review for much of the year.

**Potential effect of condition:** Without review of financial reports, the Board does not have relevant information in making decisions related to the status of the Authority's spending as compared to the budget, they cannot monitor the status of key accounts, and controls for which review of the financial reports served as a supplemental or mitigating control will not operate as intended.

**Recommendation:** We acknowledge the Authority is continuing the process of getting the accounting records reconciled, in conjunction with the implementation of new accounting software. We recommend the Authority continue to focus on implementing policies and procedures such that the Authority can generate monthly financial reports to be presented to the Board for their review and approval.

**Management's Response:** *Acknowledges the audit finding and corrective action has been taken. With the implementation of new accounting software and consolidating five companies into one, the ability to present financial statements to the Board on a consistent basis for their review and approval has been enabled.*

**Implementation Timeline:** *1<sup>st</sup> Quarter, FY 2022-2023*

**Responsible Parties:** *Kevin Daugherty, Director of Airports & Christina Kinard, Deputy Director of Finance & Administration*

**SD 2022-003 LEASES**

**Criteria:** Fundamental elements of internal control include the tracking of key terms in lease agreements to ensure that renewals, escalation clauses and other terms that have an effect on the billing of tenants are executed consistent with the lease agreements.

**Condition:** During our audit, we noted lease agreements for which the timing and/or the rates applied to escalation clauses were inconsistent with the terms of the lease agreements. Most leases include terms providing for rent escalations (or rent modifications based on an appraisal) to occur on the anniversary of the original lease agreement; however, we noted the escalations on some of the leases were deferred to October 1<sup>st</sup> and then applied annually thereafter. Further, we noted escalation clauses in some of the leases that called for an increase based on CPI, but for which a rate increase less than CPI was applied to the tenant billing. Management's approval of changes to the timing of the application of rent escalations and/or of the rate of the escalation was not documented.

**Cause of condition:** The Authority does not have a system of control sufficient to allow for the tracking of key lease terms that allows for management to adequately monitor changes made to the

**Titusville-Cocoa Airport Authority  
Corrective Action Plan (continued)  
For the Year Ended September 30, 2022**

tenant billings. Further, the current system of control does not provide for the documentation of management's approval of any deviations from the lease terms nor the review and approval of rate changes applied to the tenant billings.

**Potential effect of condition:** Inconsistent application of rent escalations, rent modifications and other key terms could have a significant impact on the lease revenue collected by the Authority.

**Recommendation:** As the Authority continues the process of implementing new accounting software and getting accounting records caught up to date, we recommend the Authority design and implement a system to track lease agreements, including key terms of the agreements, that management can use to monitor for upcoming renewals, rent escalations, rent modifications and changes to other key terms of the lease agreements. Renewals, rent escalations, rent modifications and other changes to the terms as set forth in the lease agreements should be applied timely and consistent with the lease agreement. Review and approval by management of any changes to tenant billing and/or deviations from key lease terms should be documented.

**Management's Response:** *Acknowledges the audit finding as a result of past administration implementation errors that carried forward into this fiscal year until all leases and rates could be reviewed. Corrective action has been taken this year to correct anniversary dates, escalation clauses, timing of the application of rent escalations, and rates of rent escalations. All leases have been reviewed and spreadsheets updated and/or implemented to track lease terms, anniversary dates, rent escalations and rent modifications. Procedures are currently in process to document review and approval by management of any changes to tenant billing and/or deviations from key lease terms.*

**Implementation Timeline:** FY 2022-2023

**Responsible Parties:** *Kevin Daugherty, Director of Airports & Christina Kinard, Deputy Director of Finance & Administration*

**Federal Award Findings and Questioned Costs**

**MW 2022-004 DISPOSITION OF GRANT-PURCHASED PROPERTY**

US Department of Transportation – Federal Aviation Administration  
ALN: 20.106 Airport Improvement Program  
Contract No. Undetermined

Florida Department of  
Transportation CSFA: 55.004  
Aviation Grant Programs Contract  
No. Undetermined

**Criteria:** 2 CFR section 200.303 and Section 215.97(10), Florida Statutes, require award recipients to establish and maintain effective internal controls over compliance with federal awards and state financial assistance programs. Award recipients under the Airport Improvement Program and the

**Titusville-Cocoa Airport Authority  
Corrective Action Plan (continued)  
For the Year Ended September 30, 2022**

Aviation Grant Program are subject to assurance that proper records are maintained for equipment and real property acquired with federal awards or state financial assistance such that the disposition of any equipment and real property is in accordance with federal and state requirements, and the federal or state awarding agency has appropriately authorized the use of any proceeds from property sold or authorized its conversion to nonfederal or nonstate use.

**Condition:** In fiscal year 2021, the Authority disposed of real property whose acquisition was funded in part with federal awards and state financial assistance. The Authority did not properly maintain records that identified the source of funds used to acquire property and other capital assets. As a result, the properties were sold without prior authorization of the Federal Aviation Authority and the Florida Department of Transportation.

**Cause of condition:** The properties at issue were originally acquired in and around 2005 and 2006. In the past few years, the Authority has seen turnover in positions key to the grant compliance process. Additionally, as noted in the fiscal year 2021 audit as finding MW 2021-002, the Authority's capital asset records have not been maintained in sufficient detail to identify specific assets or that identified the source of funding used to acquire property and capital assets. As a result, current management initiated the sale of these properties without consulting the FAA or the Florida Department of Transportation.

Questioned costs: None

**Potential effect of condition** While the Florida Department of Transportation has since retroactively acknowledged the sale of the properties and has released their portion of the proceeds from the sales to the Authority, ultimate resolution of the portion of the proceeds from the sales attributed to funding from the FAA is with the FAA.

**Perspective:** When the new Director of Airports arrived at the Authority in fiscal year 2021, he was presented with concerns from the Board about the condition of these properties and the decision was made by the Authority to sell them. The proceeds from the sale of the properties was reported as restricted net position as of September 30, 2021, pending investigation into the original source of funding for the purchases. In addition to the lack of detail in the capital asset records, the prior management did not provide an Exhibit A with the Master Plan, which would have documented properties purchased with federal funds.

**Recommendation:** The Authority should maintain its asset listing in sufficient detail to readily describe the asset using unique identifiers such as the legal description for real property and the source of funding used for the acquisition. For property or equipment acquired using federal or state grant funds, the Authority should ensure compliance with any requirements of the grant(s) related to disposition of property.

**Management's Response:** *Acknowledges the audit finding and corrective action is in process. The Authority will review legal descriptions for real property and the source of funding used for the acquisition and will comply with any requirements of the grant(s) related to disposition of property or equipment acquired using federal or state grant funds.*

**Titusville-Cocoa Airport Authority  
Corrective Action Plan (continued)  
For the Year Ended September 30, 2022**

**Implementation Timeline:** *FY 2022-2023*

**Responsible Parties:** *Kevin Daugherty, Director of Airports, Justin Hopman, Deputy Director of Operations, and Christina Kinard Deputy Director of Finance & Administration*

**SD 2022-005 PERFORMANCE REPORTS**

US Department of Transportation – Federal Aviation Administration  
ALN: 20.106 Airport Improvement Program  
Contract No. 3-12-0013-023-2021 (for 2021)  
3-12-0080-032-2021 (for 2021)

**Criteria:** 2 CFR section 200.303 requires non-federal entities to establish and maintain effective internal controls. The award agreements require performance reporting and quarterly performance reporting (for construction expenditures), to ensure grant funded projects are progressing timely.

**Condition:** Annual reports for award 3-12-0013-023-2021 and quarterly reports for award 3-12-0080-032-2021 were not submitted to the Federal Aviation Authority as required.

**Cause of condition:** After the resignation of both the CEO and the Manager of Finance and Grant Administration in March 2021, the management of Federal awards was assumed by the Deputy Director of Operations on an interim basis. In fiscal year 2022, there was turnover of the project management consultants hired to assist in the grant management process, which was to include the preparation of all required reporting. The Authority did not have adequate controls in place to ensure that required performance reports were being prepared and remitted for review and approval prior to being submitted to the FAA.

Questioned costs: None

**Potential effect of condition:** The Authority was not in-compliance with program requirements and award terms for annual quarterly performance reporting.

**Perspective:** New personnel were placed in charge of the grant management process, which included the requirements for performance reporting. There was a lapse in knowledge of the performance reports required to be submitted to the FAA.

**Recommendation:** In the event of changes in key personnel, the person assuming responsibility for a role essential to reporting compliance should consider reaching out to the grantor to ensure that information about the nature and timing of any annual and/or quarterly performance reporting requirements is clarified. The Authority should implement controls to ensure that all required reports are prepared by the project management consultants and reviewed by the Authority prior to being submitted to the FAA on a timely basis.

**Titusville-Cocoa Airport Authority  
Corrective Action Plan (continued)  
For the Year Ended September 30, 2022**

**Management's Response:** *Acknowledges the audit finding and corrective action is in process. Management is currently working with our project management consultants requesting quarterly reports on active projects for timely filings with the FAA. Once performance reports are received, the reports will be reviewed by management and submitted on a quarterly and/or annual basis.*

**Implementation Timeline:** *FY 2022-2023*

**Responsible Parties:** *Kevin Daugherty, Director of Airports & Justin Hopman, Deputy Director of Airport Operations, & Christina Kinard, Deputy Director of Finance & Administration*

**SD 2022-006 REVIEW OF REIMBURSEMENT REQUESTS**

Florida Department of Transportation  
CSFA No. 55.004 Aviation Grant  
Programs Contract No. 447540-2-94-  
01 (for 2020)

446673-1-94-01 (for 2022)

**Criteria:** Section 215.97(10), Florida Statutes, *the Florida Single Audit Act*, requires auditors to perform tests of controls over compliance with the provisions of laws, regulations, and other rules pertaining to state awards to determine whether the program recipient has controls in place to provide for reasonable assurance of compliance. To provide for effective internal controls over the completeness, accuracy, validity and timeliness of reporting, requests for reimbursement should be subject to independent review by someone other than the preparer. Independent review of the requests for reimbursement also provides for internal control over grant matching requirements.

**Condition:** Two of the reimbursement requests tested as part of our sample did not have documentation that the requests were subjected to independent review prior to submission.

**Cause of condition:** During fiscal year 2022, there was turnover in the consultant hired to be the grant program manager. During this time of transition to a new grant program manager, documentation of independent review of reimbursement requests was not consistent.

**Questioned costs:** None.

**Potential effect of condition:** Reimbursement requests not subject to review may contain errors or include ineligible expenses. Further, the calculation (reporting) of local match funds may be inaccurate.

**Perspective:** Management maintains that reimbursement requests were reviewed, although the documentation of that review was not consistently retained.

**Implementation Timeline:** FY 2022-2023

**Titusville-Cocoa Airport Authority  
Corrective Action Plan (continued)  
For the Year Ended September 30, 2022**

**Responsible Parties:** *Kevin Daugherty, Director of Operations & Justin Hopman, Deputy Director of Airport Operations, & Christina Kinard, Deputy Director of Finance & Administration*



Carr, Riggs & Ingram, LLC  
 215 Baytree Drive  
 Melbourne, Florida 32940  
  
 321.255.0088  
 386.336.4189 (fax)  
 CRlcpa.com

**INDEPENDENT AUDITORS’ MANAGEMENT LETTER**

To the Board of Directors  
 Titusville-Cocoa Airport Authority

**Report on the Financial Statements**

We have audited the financial statements of the Titusville-Cocoa Airport Authority, as of and for the fiscal year ended September 30, 2022, and have issued our report thereon dated March 30, 2023.

**Auditors’ Responsibility**

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

**Other Reporting Requirements**

We have issued our Independent Auditors’ Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*; Independent Auditors’ Report on Compliance for Each Major Federal and State Program and Report on Internal Control over Compliance; Schedule of Findings and Questioned Costs; and Independent Accountants’ 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, which are dated March 30, 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 financial audit report. Corrective actions have been taken to address findings and recommendations made in the preceding financial audit report as noted below.

<b>2021-001</b> Review of Journal Entries	Comment cleared
<b>2021-002</b> Tracking of Capital Assets	Revised and repeated as <b>2022-001</b>
<b>2021-003</b> Use of Accounting Software and Fund Accounting	Comment cleared



<b>2021-004</b> Requests for Reimbursements	Comment cleared
<b>2021-005</b> Board Review of Financial Statements and Financial Reporting	Repeated as <b>2022-002</b>
<b>2021-006</b> Segregation of Duties	Comment cleared
<b>2021-007</b> Review of Reimbursement Requests	Revised and repeated as <b>2022-006</b>
<b>2021-008</b> Annual Reports	Revised and repeated as <b>2022-005</b>
<b>2021-009</b> Wage Rate Compliance	Comment cleared
<b>2021-010</b> Review of Payroll Expenses	Revised and repeated as <b>2022-007</b>

### **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 of the Titusville-Cocoa Airport Authority is disclosed in the footnotes. Titusville-Cocoa Airport Authority has no component units.

### **Financial Condition and Management**

Section 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 Titusville-Cocoa Airport Authority has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and to identify the specific condition(s) met. In connection with our audit, we determined that the Titusville-Cocoa Airport 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 Titusville-Cocoa Airport Authority. It is management's responsibility to monitor the Titusville-Cocoa Airport Authority's financial condition, and our financial condition assessment was based in part on representations made by management and 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 have the following recommendation:

### **OM 2022-007 REVIEW OF PAYROLL EXPENSES**

**Criteria:** 2 CFR section 200.303 requires non-federal entities to establish and maintain effective internal controls. Award recipients under the Airport Improvement Program are subject to Revenue Diversion compliance requirements, which mandate the use of all revenues generated by a public airport for the capital or operating costs of the airport, the local airport system, or other local facilities that are owned or operated by the owner or operator of the airport and are directly and substantially related to the actual air transportation of passengers or property. The Authority's policies and

procedures provide for a review and approval process such that only expenses that support the capital or operating needs of the Authority are incurred.

**Condition:** During our testing, we noted payroll registers for which the Authority did not document their review and approval process. This finding was originally reported in the fiscal year 2021 audit and identified as OM 2021-010.

**Cause of condition:** The management team implemented a process to document the review and approval of the payroll registers to ensure controls over compliance were operating effectively once the fiscal year 2021 audit was complete. However, there was no documentation of the approval of the payroll registers prior to April 2022.

**Potential effect of condition:** Payroll expenses may contain errors, be unauthorized, or in violation of the Revenue Diversion rules for permitted use of airport revenue.

**Perspective:** The audit findings were isolated to before the change in controls by the Authority. Once the controls were implemented (in April 2022), the Authority has documented the review and approval of the payroll registers.

**Recommendation:** The Authority should continue to document the review and approval of payroll registers to help ensure compliance with grant requirements.

**Management's Response:** *The Authority acknowledges the audit finding and the finding is not the current administration's standard operating procedure. Current administration will ensure all expenses including payroll will be reviewed and approved prior to payment.*

### **Specific Information (Unaudited)**

As required by Section 218.39(3)(c), Florida Statutes, and Section 10.554(1)(i)6-8, Rules of the Auditor General, the Titusville Cocoa Airport Authority reported the information below. This information has not been subjected to the auditing procedures applied in the audit of the financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

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

- a. The total number of Authority employees compensated in the last pay period of the Authority's fiscal year as **13**
  
- b. The total number of independent contractors to whom nonemployee compensation was paid in the last month of the Authority's fiscal year as **4**
  
- c. All compensation earned by or awarded to employees, whether paid or accrued, regardless of contingency. **\$ 918,455**
  
- d. All compensation earned by or awarded to nonemployee independent contractors, whether paid or accrued, regardless of contingency. **\$ 106,180**
  
- 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 projects as

**The Authority has does not have any new Construction Projects set to start in Fiscal Year 23.**

- 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.

**See page 55**

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

- a. The millage rate or rates imposed by the Authority. **None**
  
- b. The total amount of ad valorem taxes collected by or on behalf of the Authority. **None**
  
- c. The total amount of outstanding bonds issued by the Authority and the terms of such bonds as **None**

Information required by Section 218.39(3)(c), Florida Statutes, and Section 10.554(1)(i)8, Rules of the Auditor General: The Titusville Cocoa Airport Authority has not imposed any special assessments and therefore no reporting is required by Section 218.39(3)(c), Florida Statutes.

### **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 Board of Directors, and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.

*Carr, Riggs & Ingram, L.L.C.*

Melbourne, Florida

March 30, 2023



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## **INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH LOCAL GOVERNMENT INVESTMENT POLICIES**

To the Board of Directors  
Titusville-Cocoa Airport Authority

We have examined Titusville-Cocoa Airport Authority's compliance with the requirements of Section 218.415, Florida Statutes, *Local Government Investment Policies*, during the year ended September 30, 2022. Management of Titusville-Cocoa Airport Authority is responsible for Titusville-Cocoa Airport Authority's compliance with the specified requirements. Our responsibility is to express an opinion on Titusville-Cocoa Airport Authority's compliance with the specified requirements based on our examination.

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

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

Our examination does not provide a legal determination on Titusville-Cocoa Airport Authority's compliance with specified requirements.

In our opinion, Titusville-Cocoa Airport Authority complied, in all material respects, with the requirements of Section 218.415, Florida Statutes, *Local Government Investment Policies*, for the year ended September 30, 2022.

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

*Carr, Riggs & Ingram, L.L.C.*

Melbourne, Florida  
March 30, 2023