



**Titusville-Cocoa Airport Authority, Florida**  
**FINANCIAL STATEMENTS**  
**September 30, 2020**

**Titusville-Cocoa Airport Authority**  
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**September 30, 2020**

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**Titusville-Cocoa Airport Authority  
Board of Directors and Authority Officials  
As of September 30, 2020**

Chairman  
Jerry Sansom

Vice Chairman  
John Craig

Treasurer  
Harry Carswell

Secretary  
Al Elebash

Board Members  
Roger Molitor  
Donn Mount  
Albert Voss

Chief Executive Officer  
Michael D. Powell, CM, ACE



FINANCIAL SECTION





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## **INDEPENDENT AUDITORS' REPORT**

Board of Directors  
Titusville-Cocoa Airport Authority

### **Report on the Financial Statements**

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, 2020, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

#### ***Management's Responsibility for the Financial Statements***

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

#### ***Auditors' Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audit. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Authority as of September 30, 2020, and the changes in its financial position, and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Other Matters***Required Supplementary Information*

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

*Other Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements of the Authority. The accompanying budgetary schedule and schedule of capital projects are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards and state financial assistance is presented for purposes of additional analysis 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 is also not a required part of the basic financial statements.

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



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

In accordance with *Government Auditing Standards*, we have also issued our report dated March 31, 2021, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

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

Melbourne, Florida

March 31, 2021



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## 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, 2020. 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 \$1,282,000 or 2%. In comparison, last year's net position decreased \$1,393,000 or 2%.
- Operating revenues increased \$250,000 or 10%, and operating expenses decreased \$76,000 or 2%. Operating expenses exceeded revenues by \$1,363,000, compared to \$1,689,000 in the prior year.
- Total non-operating expenses decreased \$4,700. This change is primarily due to regular amortization of the long-term debt.
- Capital contributions from federal, state, and other third parties totaled \$2,711,000, compared to \$3,152,000 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 statements of net position include 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 statements 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 \$1,282,000 or 2%. In comparison, last year's net position increased \$1,393,000 or 2%. The following table summarizes these results.

## Titusville-Cocoa Airport Authority Management Discussion and Analysis

### FINANCIAL ANALYSIS *(continued)*

Table A-1  
Net Position

	2020	2019	Change
Assets			
Current and other assets	\$ 3,254,929	\$ 3,486,726	-7%
Net capital assets	60,234,397	59,208,681	2%
Total assets	63,489,326	62,695,407	1%
Deferred outflows of resources	409,718	407,918	0%
Liabilities			
Current liabilities	1,058,522	1,550,976	-32%
Noncurrent liabilities	2,739,477	2,724,842	1%
Total liabilities	3,797,999	4,275,818	-11%
Deferred inflows of resources	146,812	155,365	-6%
Net position			
Invested in capital assets, net of related debt	58,380,903	56,727,268	3%
Unrestricted net position	1,573,330	1,944,874	-19%
Total net position	\$ 59,954,233	\$ 58,672,142	2%

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

Operating revenues increased \$250,000 or 10%, and operating expenses decreased \$76,000 or 2%. Operating expenses exceeded revenues by \$1,363,000, compared to \$1,689,000 in the prior year.

Non-operating expenses decreased \$4,700. This change is primarily due to the decrease in interest expense as long-term debt is paid down.

Capital contributions from federal, state, and other third parties totaled \$2,711,000, compared to \$3,152,000 in the prior year. The decrease is a result of a decrease in grant-funded capital activity, as large projects were completed in the prior fiscal year.

The following table summarizes these results.



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

**FINANCIAL ANALYSIS** *(continued)*

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

	2020	2019	Change
Operating revenues			
T-hangars	\$ 1,144,508	\$ 1,090,372	5%
Fixed base operations	476,208	468,963	2%
Other sales, houses, and mini warehouses	1,039,506	1,026,224	1%
Other revenues	205,150	30,117	581%
Total operating revenue	2,865,372	2,615,676	10%
Operating expenses			
Wages and benefits	1,176,946	1,200,251	-2%
Repairs, maintenance, and other services	786,765	887,733	-11%
Materials and supplies	52,591	83,985	-37%
Uncollectible capital contributions	168,867	-	0%
Depreciation	2,043,692	2,132,396	-4%
Total operating expenses	4,228,861	4,304,365	-2%
Operating loss	(1,363,489)	(1,688,689)	-19%
Nonoperating revenues (expenses):			
Interest income	27	42	-36%
Interest	(65,877)	(70,630)	-7%
Total nonoperating revenues (expenses)	(65,850)	(70,588)	-7%
Loss before contributions	(1,429,339)	(1,759,277)	-19%
Capital contributions			
Other governmental	2,711,430	3,152,323	-14%
Change in net position	1,282,091	1,393,046	-8%
Total net position, beginning of year	58,672,142	57,279,096	2%
Total net position, end of year	\$ 59,954,233	\$ 58,672,142	2%



## 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 2020 budget from what was originally adopted.

T-Hangar revenues were less than budgeted by \$27,000 due to construction delays with the Box Hangars project at Merritt Island Airport and structural repairs to 4 units in T-Hangar building T-9 at Space Coast Regional Airport. However, overall revenues were more than budgeted by \$192,000 due primarily to \$138,000 in proceeds from auction of scrap equipment not included in the budget and \$26,500 of FEMA revenue for Hurricane Dorian.

The following expenditure categories were under budget, but full results are available at "Budget to Actual Comparison, Cash Basis".

		Budget	Actual	Difference
Salaries	\$	817,694	\$ 754,688	-8%
Repairs and maintenance		295,000	233,721	-26%
Insurance		312,231	281,879	-11%
Communications and utilities		206,150	169,064	-22%
Professional services		135,500	82,720	-64%

Employee benefits were over-budget by \$49,000 due to rate increases. However, these excess expenses were off-set with Contingency funds totaling \$101,000. The following table summarizes these results, but full results are available at "Budget to Actual Comparison, Cash Basis".

### **CAPITAL ASSETS AND DEBT ADMINISTRATION**

#### *A. Capital Assets*

The following is a summary of large construction projects in progress as of September 30, 2020.

Major projects in progress:

<b>Project Name:</b>	<b>Costs to Date</b>
Airfield Lighting	\$ 2,825,142
Port-O-Port Replacement	1,794,926
South Apron Rehabilitation	1,386,967
	<u>\$ 6,007,035</u>

## Titusville-Cocoa Airport Authority Management Discussion and Analysis

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

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

	2020	2019	Change
Land	\$ 11,130,367	\$ 11,130,367	0%
Buildings and improvements	32,665,990	32,665,990	0%
Runways and lighting	36,751,532	36,751,532	0%
Furniture, fixtures, and equipment	2,730,887	2,632,148	4%
Vehicles	1,184,779	1,169,867	1%
Construction in process	7,735,176	4,923,736	57%
<b>Total</b>	<b>\$ 92,198,731</b>	<b>\$ 89,273,640</b>	<b>3%</b>

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

At year end, the Authority had \$1,410,000 in notes outstanding, a decrease of \$109,000 over the prior year. The Authority incurred no new debt during the year ended September 30, 2020.

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

As of September 30, 2020, the Authority has several on-going projects which include the North Area Security and Infrastructure Project at Merritt Island, South Apron and RWY 11-29 Rehab at Merritt Island, Box Hangars at Merritt Island, PAPI Replacement and Markings at Arthur Dunn, Hangar 52 Demo at Space Coast Regional, ATCT Equipment Replacement at Space Coast Regional, and the Taxilane and Apron Project at Space Coast Regional. These projects received funding assistance from the Federal Aviation Administration (FAA) and the Florida Department of Transportation (FDOT).

For fiscal year ending September 30, 2021, the Authority expects to complete the South Apron and RWY 11-29 Rehab at Merritt Island, PAPI/Marking Project at Arthur Dunn, Hangar 52 Demo at Space Coast Regional, ATCT Equipment Replacement at Space Coast Regional and the RWY 09-27 Rehab Design at Space Coast Regional. On-going projects include the EA at Merritt Island and the RWY 09-27 Construction at Space Coast Regional. Any single project offers improvements, but when considered together these projects provide dramatic enhancement of facilities for the tenants and traveling public served by the Titusville-Cocoa Airport Authority.

### **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.



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**TITUSVILLE-COCOA AIRPORT AUTHORITY**

Basic Financial Statements



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

<i>September 30,</i>	<b>2020</b>	<b>2019</b>
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	\$ 1,306,695	\$ 1,511,375
Restricted cash and cash equivalents	244,823	234,470
Accounts receivable	50,321	49,058
Due from other governments	1,653,090	1,691,823
Total current assets	3,254,929	3,486,726
<b>Noncurrent capital assets</b>		
Land	11,130,367	11,130,367
Buildings and improvements	32,665,990	32,665,990
Runways and lighting	36,751,532	36,751,532
Furniture, fixtures, and equipment	2,730,887	2,632,148
Vehicles	1,184,779	1,169,867
Construction in process	7,735,176	4,923,736
Accumulated depreciation	(31,964,334)	(30,064,959)
Total noncurrent capital assets	60,234,397	59,208,681
Total assets	63,489,326	62,695,407
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Deferred outflows related to pensions	398,564	407,918
Deferred outflows related to other post-employment benefits	11,154	-
Total deferred outflows of resources	409,718	407,918

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

<i>September 30,</i>	<b>2020</b>	<b>2019</b>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Accounts payable	<b>348,448</b>	798,915
Retainage payable	<b>108,926</b>	223,552
Accrued expenses and other liabilities	<b>132,687</b>	75,371
Refundable deposits	<b>244,823</b>	234,470
Current portion of long-term liabilities	<b>223,638</b>	218,668
Total current liabilities	<b>1,058,522</b>	1,550,976
<b>Noncurrent liabilities</b>		
Long-term liabilities	<b>1,296,144</b>	1,409,683
Net pension liabilities	<b>1,407,084</b>	1,262,123
Post-employment benefit liability	<b>36,249</b>	53,036
Total noncurrent liabilities	<b>2,739,477</b>	2,724,842
<b>Total liabilities</b>	<b>3,797,999</b>	4,275,818
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Deferred inflows related to pensions	<b>145,424</b>	145,122
Deferred inflows related to other post-employment benefits	<b>1,388</b>	10,243
<b>Total deferred inflows of resources</b>	<b>146,812</b>	155,365
<b>NET POSITION</b>		
Net investment in capital assets	<b>58,380,903</b>	56,727,268
Unrestricted	<b>1,573,330</b>	1,944,874
<b>Total net position</b>	<b>\$ 59,954,233</b>	<b>\$ 58,672,142</b>

**Titusville-Cocoa Airport Authority**  
**Statements of Revenues, Expenses, and Changes in Net Position**

<i>For the years ended September 30,</i>	<b>2020</b>	<b>2019</b>
<b>Operating revenues</b>		
T-hangars	\$ 1,144,508	\$ 1,090,372
Fixed base operations	476,208	468,963
Other sales, houses, and mini warehouses	1,039,506	1,026,224
Miscellaneous revenue	205,150	30,117
<b>Total operating revenues</b>	<b>2,865,372</b>	<b>2,615,676</b>
<b>Operating and maintenance expenses</b>		
Wages and benefits	1,176,946	1,200,251
Repairs, maintenance, and other services	786,765	887,733
Materials and supplies	52,591	83,985
Depreciation	2,043,692	2,132,396
Uncollectible capital contribution	168,867	-
<b>Total operating and maintenance expenses</b>	<b>4,228,861</b>	<b>4,304,365</b>
<b>Operating loss</b>	<b>(1,363,489)</b>	<b>(1,688,689)</b>
<b>Non-operating revenues (expenses)</b>		
Interest income	27	42
Interest expense	(65,877)	(70,630)
<b>Total non-operating revenues (expenses)</b>	<b>(65,850)</b>	<b>(70,588)</b>
<b>Loss before contributions</b>	<b>(1,429,339)</b>	<b>(1,759,277)</b>
<b>Capital contributions</b>	<b>2,711,430</b>	<b>3,152,323</b>
<b>Change in net position</b>	<b>1,282,091</b>	<b>1,393,046</b>
<b>Net position, beginning of year</b>	<b>58,672,142</b>	<b>57,279,096</b>
<b>Net position, end of year</b>	<b>\$ 59,954,233</b>	<b>\$ 58,672,142</b>



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

<i>For the years ended September 30,</i>	<b>2020</b>	<b>2019</b>
<b>Cash flows from operating activities</b>		
Cash received from tenants	\$ 2,554,686	\$ 2,973,366
Cash received from other sources	205,150	30,117
Cash paid to employees for services	(1,001,809)	(1,041,976)
Cash paid to suppliers for goods and services	(2,053,483)	(1,003,001)
<b>Net cash provided by (used in) operating activities</b>	<b>(295,456)</b>	<b>958,506</b>
<b>Cash flows from capital and related financing activities</b>		
Cash received from capital grants and contributions	2,581,296	2,028,557
Cash paid for acquisition and construction of capital assets	(2,305,748)	(2,966,804)
Cash paid for principal on notes	(108,569)	(103,815)
Cash paid for interest on notes	(65,877)	(70,630)
<b>Net cash provided by (used in) capital and related financing activities</b>	<b>101,102</b>	<b>(1,112,692)</b>
<b>Cash flows from investing activities</b>		
Cash received for interest income	27	42
<b>Net cash provided by investing activities</b>	<b>27</b>	<b>42</b>
Decrease in cash and cash equivalents	(194,327)	(154,144)
Cash and cash equivalents, beginning of year	1,745,845	1,899,989
Cash and cash equivalents, end of year	\$ 1,551,518	\$ 1,745,845

<i>Following is a reconciliation of the cash as of September 30,</i>	<b>2020</b>	<b>2019</b>
Cash and cash equivalents	\$ 1,306,695	\$ 1,511,375
Cash and cash equivalents, restricted	244,823	234,470
Total cash and cash equivalents, end of year	\$ 1,551,518	\$ 1,745,845

<i>For the years ended September 30,</i>	<b>2020</b>	<b>2019</b>
<b>RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>		
Operating loss	<b>\$ (1,363,489)</b>	<b>\$ (1,688,689)</b>
Adjustments to reconcile operating loss to net cash provided by operating activities:		
Depreciation	<b>2,043,692</b>	2,132,396
Uncollectible capital contribution	<b>168,867</b>	-
Change in assets, deferred outflows, liabilities and deferred inflows:		
(Increase) decrease in assets and deferred outflows:		
Accounts receivable	<b>(1,263)</b>	161,468
Deferred outflows related to pensions	<b>(1,800)</b>	98,004
Increase (decrease) in liabilities and deferred inflows:		
Accounts payable	<b>(1,214,127)</b>	(31,283)
Retainage payable	<b>(114,626)</b>	223,552
Accrued expenses and other liabilities	<b>57,316</b>	22,926
Deposits	<b>10,353</b>	2,787
Net pension liability	<b>144,961</b>	91,870
Other post employment benefit liability	<b>(16,787)</b>	1,346
Deferred inflows related to pensions	<b>55,035</b>	(1,138)
Deferred inflows related to other post-employment benefits	<b>(63,588)</b>	(54,733)
Total adjustments	<b>1,068,033</b>	2,647,195
Net cash provided by (used in) operating activities	<b>\$ (295,456)</b>	<b>\$ 958,506</b>



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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") operates and maintains three general aviation airports within the Titusville-Cocoa Airport District (the "District"), 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



## Titusville-Cocoa Airport Authority

### Notes to Financial Statements

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

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

July 1 of each year, and approved by the Brevard County Board of County Commissioners. Brevard County Board of County Commissioners action is required for the approval of a supplemental or amended budget.

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, 2020, \$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**

The Authority's hangar 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)

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, 2020 and 2019 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).

#### 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* – Deposited in non-interest bearing accounts and refunded upon termination of rental agreement with the Authority and satisfaction of all obligations due.

#### H. RETAINAGE PAYABLE

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

#### I. 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 \$750 and an estimated useful life in excess of one year. Such assets are recorded at historical cost, if purchased or constructed, and at estimated fair market value at date of gift, 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



## Titusville-Cocoa Airport Authority

### Notes to Financial Statements

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

##### J. 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/ expenditure) 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 in future reporting years.

##### K. LONG-TERM DEBT

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

##### L. ACCUMULATED UNUSED 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. Accumulated sick leave lapses when employees leave the employment of the Authority and, accordingly upon separation from service, no monetary obligation exists.

##### M. OTHER POST-EMPLOYMENT BENEFITS

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.

##### N. 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.

## Titusville-Cocoa Airport Authority

### Notes to Financial Statements

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

##### N. PENSIONS (Continued)

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.

##### O. 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 pensions 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 OPEB expense in future reporting years.

##### P. 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:



## Titusville-Cocoa Airport Authority

### Notes to Financial Statements

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

##### P. NET POSITION

*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 are no restricted funds at September 30, 2020 or 2019.

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

##### Q. REVENUES AND EXPENDITURES/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.

##### R. LEASES

Leases involving buildings, hangars, mini warehouses and other airport facilities are accounted for as operating leases which recognize rental income over the term of the lease.

##### S. GRANTS

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 31, 2021 and determined there were no events that occurred that required disclosure. 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:

In June 2017, the GASB issued Statement No. 87, *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset.

Under this Statement, a lessee is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of this Statement are effective for reporting periods beginning after June 15, 2021.

In June 2018, the GASB issued Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*. The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. The requirements of this Statement are effective for reporting periods beginning after December 15, 2020.

In May 2020, the GASB issued GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. This Statement 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.



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

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

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

The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. Assets and liabilities resulting from SBITAs should be recognized and measured using the facts and circumstances that existed at the beginning of the fiscal year in which this Statement is implemented. Governments are permitted, but are not required, to include in the measurement of the subscription asset capitalizable outlays associated with the initial implementation stage and the operation and additional implementation stage incurred prior to the implementation of this Statement.

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

**Note 2 – CAPITAL ASSETS**

The following is a summary of changes in capital assets during the year ended September 30, 2020.

	Beginning Balance	Increases and transfers	Decreases and transfers	Ending Balance
Capital assets not being depreciated:				
Land	\$ 11,130,367	\$ -	\$ -	\$ 11,130,367
Construction in process	4,923,736	2,811,440	-	7,735,176
Total capital assets not being depreciated	16,054,103	2,811,440	-	18,865,543
Capital assets, being depreciated:				
Runways and lighting	36,751,532	-	-	36,751,532
Buildings and improvements	32,665,990	-	-	32,665,990
Equipment	2,632,148	177,781	(79,042)	2,730,887
Vehicles	1,169,867	80,187	(65,275)	1,184,779
Total capital assets being depreciated	73,219,537	257,968	(144,317)	73,333,188
Less accumulated depreciation for:				
Runways and lighting	14,222,913	1,114,485	-	15,337,398
Buildings and improvements	12,219,352	835,491	-	13,054,843
Equipment	2,534,087	67,554	(79,042)	2,522,599
Vehicles	1,088,607	26,162	(65,275)	1,049,494
Total accumulated depreciation	30,064,959	2,043,692	(144,317)	31,964,334
Total capital assets, being depreciated, net	43,154,578	(1,785,724)	-	41,368,854
Total capital assets, net	\$ 59,208,681	\$ 1,025,716	\$ -	\$ 60,234,397

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

**Note 2 – CAPITAL ASSETS (Continued)**

The following is a summary of changes in capital assets during the year ended September 30, 2019.

	Beginning Balance	Increases and transfers	Decreases and transfers	Ending Balance
Capital assets not being depreciated:				
Land	\$11,130,367	\$ -	\$ -	\$11,130,367
Construction in process	1,715,267	3,652,152	(443,683)	4,923,736
Total capital assets not being depreciated	12,845,634	3,652,152	(443,683)	16,054,103
Capital assets, being depreciated:				
Runways and lighting	36,751,532	-	-	36,751,532
Buildings and improvements	32,222,307	443,683	-	32,665,990
Equipment	2,577,350	54,798	-	2,632,148
Vehicles	1,232,253	23,514	(85,900)	1,169,867
Total capital assets being depreciated	72,783,442	521,995	(85,900)	73,219,537
Less accumulated depreciation for:				
Runways and lighting	13,160,050	1,062,863	-	14,222,913
Buildings and improvements	11,391,987	827,365	-	12,219,352
Equipment	2,487,493	46,594	-	2,534,087
Vehicles	978,934	195,573	(85,900)	1,088,607
Total accumulated depreciation	28,018,464	2,132,395	(85,900)	30,064,959
Total capital assets, being depreciated, net	44,764,978	(1,610,400)	-	43,154,578
Total capital assets, net	\$57,610,612	\$ 2,041,752	\$ (443,683)	\$59,208,681

Depreciation expense was \$2,043,692 and \$2,132,395 for the years ended September 30, 2020 and 2019, respectively.

**Note 3 – 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. Proceeds from the issuance of the note were restricted for refunding the Capital Improvement Refunding Note, Series 2003, payment of note issuance costs, and capital projects.



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

**Note 3 – NOTE PAYABLE (Continued)**

Annual debt service requirements to maturity for the Authority's note payable is as follows:

<i>September 30,</i>	Principal	Interest	Total
2021	\$ 113,539	\$ 60,906	\$ 174,445
2022	118,737	55,708	174,445
2023	124,173	50,273	174,446
2024	129,858	44,588	174,446
2025	135,803	38,643	174,446
2026 to 2030	787,573	89,487	877,060
Total	\$ 1,409,683	\$ 339,605	\$ 1,749,288

**Note 4 – CHANGES IN LONG-TERM LIABILITIES**

Long-term liability activity for the year ended September 30, 2020, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Notes from direct borrowings:					
Note payable	\$ 1,518,252	\$ -	\$ (108,569)	\$ 1,409,683	\$ 113,539
Total notes from direct borrowings	1,518,252	-	(108,569)	1,409,683	113,539
Compensated absences	110,099	75,393	(75,393)	110,099	110,099
Total long-term liabilities	\$ 1,628,351	\$ 75,393	\$ (183,962)	\$ 1,519,782	\$ 223,638

Long-term liability activity for the year ended September 30, 2019, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Notes from direct borrowings:					
Note payable	\$ 1,622,067	\$ -	\$ (103,815)	\$ 1,518,252	\$ 108,569
Total notes from direct borrowings	1,622,067	-	(103,815)	1,518,252	108,569
Compensated absences	110,099	71,250	(71,250)	110,099	110,099
Total long-term liabilities	\$ 1,732,166	\$ 71,250	\$ (175,065)	\$ 1,628,351	\$ 218,668

## Titusville-Cocoa Airport Authority

### Notes to Financial Statements

#### Note 5 – PLEDGED REVENUES

Pledged revenues and principal and interest payments for the year ended September 30, 2020 are as follows:

Pledged revenue	Amount of Issue	Future Principal and Interest	Current Pledged Revenue	Current Principal & Interest	Current Percentage of Revenue
Revenue and Refunding Note, Series 2015	\$ 2,000,000	\$ 1,749,288	\$ 2,865,399	\$ 174,445	6.1%

Pledged revenues and principal and interest payments for the year ended September 30, 2019 are as follows:

Pledged revenue	Amount of Issue	Future Principal and Interest	Current Pledged Revenue	Current Principal & Interest	Current Percentage of Revenue
Revenue and Refunding Note, Series 2015	\$ 2,000,000	\$ 1,926,576	\$ 2,043,692	\$ 174,445	8.5%

#### Note 6 – 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>	2020	2019
Capital assets, net	\$ 60,234,397	\$ 59,208,681
Outstanding debt, payables, and retainage payable related to capital assets	(1,853,494)	(2,481,413)
Invested in capital assets	\$ 58,380,903	\$ 56,727,268

#### Note 7 - 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.

## **Titusville-Cocoa Airport Authority**

### **Notes to Financial Statements**

#### **Note 7 - RETIREMENT PLANS (Continued)**

##### **A. DESCRIPTION OF PLANS (Continued)**

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.

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.



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

**Note 7 - RETIREMENT PLANS (Continued)**

**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.

The employer's contribution rates as of September 30, 2020 and September 30, 2019, were as follows:

<i>September 30,</i>	<b>2020</b>		<b>2019</b>	
	<b>FRS</b>	<b>HIS</b>	<b>FRS</b>	<b>HIS</b>
Regular class	<b>8.34%</b>	<b>1.66%</b>	6.81%	1.66%
Special risk class	<b>22.79%</b>	<b>1.66%</b>	23.82%	1.66%
Senior management service class	<b>25.63%</b>	<b>1.66%</b>	23.75%	1.66%
Elected officials	<b>47.52%</b>	<b>1.66%</b>	47.16%	1.66%
DROP from FRS	<b>15.32%</b>	<b>1.66%</b>	12.94%	1.66%

The employer's contributions for the year ended September 30, 2020 and 2019 were \$89,409 and \$90,944 to the FRS Pension Plan, respectively; and \$11,364 and \$12,508 to the HIS Program, respectively.

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

In its financial statements for the year ended September 30, 2020 and 2019, 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, 2020 and June 30, 2019, respectively. 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>2020</b>		<b>2019</b>	
	<b>FRS</b>	<b>HIS</b>	<b>FRS</b>	<b>HIS</b>
Net Pension Liability	<b>\$ 1,166,299</b>	<b>\$ 240,785</b>	<b>\$ 1,010,082</b>	<b>\$ 252,041</b>
Proportion at:				
Measurement date, respectively	<b>0.0027%</b>	<b>0.0020%</b>	0.0031%	0.0023%
Pension expense	<b>\$ 243,834</b>	<b>\$ 14,701</b>	<b>\$ 376,705</b>	<b>\$ 48,545</b>



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

**Note 7 – RETIREMENT PLANS (Continued)**

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

At September 30, 2020, 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	\$ 44,637	\$ -	\$ 9,850	\$ (186)
Change of assumptions	211,138	-	25,891	(14,001)
Net difference between projected and actual earnings on pension plan investments	69,443	-	192	-
Changes in proportion and differences between Authority pension plan contributions and proportionate share of contributions	3,967	(87,774)	2,400	(43,463)
Authority pension plan contribution subsequent to the measurement date	27,833	-	3,213	-
<b>Total</b>	<b>\$ 357,018</b>	<b>\$ (87,774)</b>	<b>\$ 41,546</b>	<b>\$ (57,650)</b>

At September 30, 2019, 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	\$ 59,911	\$ (627)	\$ 3,061	\$ (309)
Change of assumptions	259,433	-	29,184	(20,600)
Net difference between projected and actual earnings on pension plan investments	-	(55,373)	163	-
Changes in proportion and differences between Authority pension plan contributions and proportionate share of contributions	23,135	(46,351)	5,640	(21,862)
Authority pension plan contribution subsequent to the measurement date	24,327	-	3,064	-
<b>Total</b>	<b>\$ 366,806</b>	<b>\$ (102,351)</b>	<b>\$ 41,112</b>	<b>\$ (42,771)</b>

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

**Note 7 – RETIREMENT PLANS (Continued)**

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

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, 2021 and 2020, respectively.

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	
2021	\$	52,022	\$	(217)
2022		83,963		(3,438)
2023		68,087		(6,972)
2024		35,423		(4,533)
2025		1,916		(1,935)
Thereafter		-		(2,222)
<b>Total</b>	<b>\$</b>	<b>241,411</b>	<b>\$</b>	<b>(19,317)</b>

**E. ACTUARIAL ASSUMPTIONS AND OTHER INPUTS**

The total pension liability for each of the defined benefit plans was measured as of June 30, 2020 and June 30, 2019, respectively. The total pension liability for the FRS Pension Plan was determined by an actuarial valuation dated July 1, 2020, and July 1, 2019, respectively. For the HIS Program, the total pension liability was determined by an actuarial valuation dated July 1, 2020, and July 1, 2018, respectively.

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

<i>July 1,</i>	2020		2019 <sup>(*)</sup>	
	FRS	HIS	FRS	HIS
Inflation	2.40%	2.40%	2.60%	2.60%
Salary increases, including inflation	3.25%	3.25%	3.25%	3.25%
Investment rate of return	6.80%	N/A	6.90%	N/A
Discount rate	6.80%	2.21%	6.90%	3.50%

(\*) The HIS plan used an actuarial roll forward method where the discount rate was revised however the last complete valuation was performed July 1, 2018.

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

**Note 7 – RETIREMENT PLANS (Continued)**

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

	<u>2020</u>	<u>2019</u>
Mortality assumptions		
FRS	PUB-2010 with projected generations with scale MP-2018	Generational RP-2000 with projection scale BB
HIS	Generational RP-2000 with projection scale BB	
Actuarial experience study	Period July 1, 2014 through June 30, 2018	Period July 1, 2008 through June 30, 2013.
FRS and HIS		

The following key changes in actuarial assumptions occurred in:

	<u>2020</u>	<u>2019</u>
FRS	The long-term expected rate of return and the discount rate used to determine the total pension liability decreased from 6.90% to 6.80%.	The long-term expected rate of return and the discount rate used to determine the total pension liability decreased from 7.00% to 6.90%.
HIS	The municipal bond index rate and the discount rate used to determine the total pension liability was adjusted from 3.50% to 2.21%.	The municipal bond index rate and the discount rate used to determine the total pension liability was adjusted from 3.87% to 3.50%.

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. 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, 2020:

Asset Class	Target Allocation (1)	Annual Arithmetic Return	Compound Annual (Geometric) Return
Cash	1.0%	2.20%	2.20%
Fixed income	19.0%	3.00%	2.90%
Global equity	54.2%	8.00%	6.70%
Real estate	10.3%	6.40%	5.80%
Private equity	11.1%	10.80%	8.10%
Strategic investments	4.4%	5.50%	5.30%
Total	100%		

Assumed Inflation - Mean

(1) As outlined in the Pension Plan's investment policy



## Titusville-Cocoa Airport Authority Notes to Financial Statements

### Note 7 – RETIREMENT PLANS (Continued)

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

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, 2019:

Asset Class	Target Allocation (1)	Annual Arithmetic Return	Compound Annual (Geometric) Return
Cash	1%	3.30%	3.30%
Fixed income	18%	4.10%	4.10%
Global equity	54%	8.00%	6.80%
Real estate	11%	6.70%	6.10%
Private equity	10%	11.20%	8.40%
Strategic investments	6%	5.90%	5.70%
<b>Total</b>	<b>100%</b>		

Assumed Inflation - Mean

(1) As outlined in the Pension Plan's investment policy

#### **Discount Rate**

The discount rate used to measure the total pension liability for the FRS Pension Plan was 6.80%, and 6.90% for the years ended June 30, 2020 and 2019, respectively. 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 2.21%, and 3.50% at June 30, 2020 and 2019, respectively, 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.



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

**Note 7 – RETIREMENT PLANS (Continued)**

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

	FRS			HIS		
	1%	Current	1%	1%	Current	1%
	Decrease	Discount	Increase	Decrease	Discount	Increase
	Rate	Rate	Rate	Rate	Rate	Rate
<i>September 30, 2020</i>	(5.80%)	(6.80%)	(7.80%)	(1.21%)	(2.21%)	(3.21%)
Authority's proportionate share of the net pension liability	<u>\$ 1,862,384</u>	<u>\$ 1,166,299</u>	<u>\$ 584,926</u>	<u>\$ 278,337</u>	<u>\$ 240,785</u>	<u>\$ 210,049</u>

  

	FRS			HIS		
	1%	Current	1%	1%	Current	1%
	Decrease	Discount	Increase	Decrease	Discount	Increase
	Rate	Rate	Rate	Rate	Rate	Rate
<i>September 30, 2019</i>	(5.90%)	(6.90%)	(7.90%)	(2.50%)	(3.50%)	(4.50%)
Authority's proportionate share of the net pension liability	<u>\$ 1,746,096</u>	<u>\$ 1,010,082</u>	<u>\$ 395,386</u>	<u>\$ 287,718</u>	<u>\$ 252,041</u>	<u>\$ 222,327</u>

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

**Note 8 - OTHER POST-EMPLOYMENT BENEFITS PLANS**

**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.

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

**Note 8 - OTHER POST-EMPLOYMENT BENEFITS PLANS (Continued)**

**A. PLAN DESCRIPTION (Continued)**

Plan membership was as follows:

<i>Year ended September 30,</i>	<b>2020</b>	<b>2019</b>
Active participants	<b>11</b>	12
Inactive retirees	<b>1</b>	2

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, 2020, the maximum employer contribution target is 56% of the annual premium cost of the Plan. The annual premium costs are between \$7,152 and \$11,388 for retirees and spouses under age 65 and between \$1,881 and \$7,118 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.

For the year ended September 30, 2019, the maximum employer contribution target is 56% of the annual premium cost of the Plan. The annual premium costs are between \$4,056 and \$8,616 for retirees and spouses under age 65 and between \$1,872 and \$6,312 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.

For the year ended September 30, 2020 and 2019, the portion of contribution attributed to the Authority is \$1,177 and \$1,102, respectively 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 Post-employment Benefits*. The total OPEB liability in the September 30, 2020, and 2019 actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

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

**Note 8 - OTHER POST-EMPLOYMENT BENEFITS PLANS (Continued)**

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

	2020	2019
Salary increases	3.50%	3.50%
Discount Rate	2.14%	3.64%
Healthcare cost trend rates		
Decreasing by 0.5% per year to 5% in 2023	6.00%	6.50%
Retirees' share of benefit-related costs	44%	44%

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.

	2020	2019
Mortality rates	PUB-2010 General Headcount- Weighted Mortality, projected using MP-2020	RPF-2014 Fully Generational Mortality adjust to 2006 projected using scale MP-2018
Valuation date	October 1, 2020	October 1, 2018
Measurement date	September 30, 2020	September 30, 2019
Disability	None assumed	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	\$7,152 - 11,388	\$9,820 - \$11,710
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.	
Medicare eligibility	All participants are assumed to be Medicare eligible upon reaching age.	
Exposure to excise tax	None	10% of per capita costs
Administrative expenses	Implicitly included in Per Capita Costs for all the self-insured plans and in premiums for the fully-insured plans.	



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

## **Note 8 - OTHER POST-EMPLOYMENT BENEFITS PLANS (Continued)**

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

	2020	2019
Changes since last valuation	<ul style="list-style-type: none"> <li>• The mortality table was changed from the General Headcount-Weighted Mortality, PUB-2010 projected using MP-2018 to the Pub-2010 projected using MP-2020.</li> <li>• The discount rate was changed as shown above.</li> <li>• The excise tax has been repealed and no longer reflected in the valuation</li> </ul>	<ul style="list-style-type: none"> <li>• The mortality table was changed from the RP-2014 Fully Generational Mortality Table adjusted to 2006, projected using MP-2016 to the RP-2014 Fully Generational Mortality Table adjusted to 2006, projected using MP-2018.</li> <li>• The discount rate was changed as shown above.</li> <li>• Per capita medical costs were changed to the rates shown above.</li> </ul>

The Authority reported an OPEB liability of \$36,249, and \$53,036 at September 30, 2020, and 2019, respectively.

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balance as of October 1, 2019 for FYE 2019	\$ 53,036	\$ -	\$ 53,036
Changes for the year:			
Service cost	1,177	-	1,177
Interest	1,736	-	1,736
Changes of assumptions	12,436	-	12,436
Difference between expected and actual experience	(21,453)	-	(21,453)
Benefit payments	(10,683)	-	(10,683)
Net changes in total OPEB liability	(16,787)	-	(16,787)
Balance as of October 1, 2020 for FYE 2020	\$ 36,249	\$ -	\$ 36,249



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

**Note 8 - OTHER POST-EMPLOYMENT BENEFITS PLANS (Continued)**

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

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balance as of October 1, 2018 for FYE 2018	\$ 51,690	\$ -	\$ 51,690
Changes for the year:			
Service cost	1,102	-	1,102
Interest	2,102	-	2,102
Changes of assumptions	2,333	-	2,333
Difference between expected and actual experience	56	-	56
Benefit payments	(4,247)	-	(4,247)
Net changes in total OPEB liability	1,346	-	1,346
Balance as of October 1, 2019 for FYE 2019	\$ 53,036	\$ -	\$ 53,036

***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, 2020, and 2019 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 (3.14%)	Discount Rate (2.14%)	1% Increase (1.14%)
<i>September 30, 2020</i>			
Total OPEB Liability	\$ 39,133	\$ 36,249	\$ 33,669
	1% Decrease (4.64%)	Discount Rate (3.64%)	1% Increase (2.54%)
<i>September 30, 2019</i>			
Total OPEB Liability	\$ 56,426	\$ 53,036	\$ 49,950

The following table represents the Authority's total and net OPEB liability calculated using the health current care 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:

	Healthcare Cost		
	1% Decrease	Trend Rate	1% Increase
<i>September 30, 2020</i>			
Total OPEB Liability	\$ 33,448	\$ 36,249	\$ 39,418

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

**Note 8 - OTHER POST-EMPLOYMENT BENEFITS PLANS (Continued)**

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

<i>September 30, 2019</i>	1% Decrease	Healthcare Cost Trend Rate	1% Increase
Total OPEB Liability	\$ 49,539	\$ 53,036	\$ 56,925

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

For the fiscal year ended September 30, 2020 and 2019 the Authority recognized an OPEB benefit of \$36,797 and \$53,384, respectively. 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, 2020</i>	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ (1,388)
Change of assumptions	11,154	-
Total	\$ 11,154	\$ (1,388)

<i>September 30, 2019</i>	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ (10,454)
Change of assumptions	-	211
Total	\$ -	\$ (10,243)

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

<i>Year ending September 30,</i>	
2021	\$ 1,035
2022	1,035
2023	1,035
2024	1,035
2025	1,035
Thereafter	4,591
Total	\$ 9,766

## Titusville-Cocoa Airport Authority

### Notes to Financial Statements

#### Note 9 - 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, 2020 or 2019.

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, 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.

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, 2020, and 2019. At year-end, the Authority's commitments with contractors are as follows:

<i>September 30,</i>	<b>2020</b>	2019
Space Coast Regional Airport Authority	\$ 579,080	\$ 579,080
Merritt Island Airport	2,207,730	4,250,673
Arthur Dunn Airpark	-	325,588
Total outstanding commitments	\$ 2,786,810	\$ 5,155,341



## Titusville-Cocoa Airport Authority

### Notes to Financial Statements

#### Note 10 - 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 11 - LEASING ARRANGEMENTS

The Authority leases facilities at its three airports to fixed base operators and other tenants on leases terms which range from month to month, to periods up through 2038. Buildings and service areas leased and available for lease are as follows:

<i>Year ended September 30,</i>	<b>2020</b>	2019	2020 and 2019
	<b>Buildings and Hangars</b>	Buildings and Hangars	Land
Historical cost	\$ 27,245,000	\$ 27,245,000	\$ 5,020,767
Less: accumulated depreciation	12,417,699	11,647,706	-
Net book value	\$ 14,827,301	\$ 15,597,294	\$ 5,020,767

A summary of the minimum future rentals on non-cancelable leases is as follows:

<i>Year ending September 30,</i>	
2021	\$ 867,296
2022	706,721
2023	588,123
2024	585,563
2025	574,060
2025 - 2029	2,255,353
2030 - 2034	2,142,898
2035 - 2038	40,560
Total	\$ 7,760,574

#### NOTE 12: 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 13: UNCERTAINTIES**

In March 2020, the World Health Organization made the assessment that the outbreak of a novel coronavirus (COVID-19) can be characterized as a pandemic. As a result, uncertainties have arisen that may have a significant negative impact on the operating activities and results of the Company. The occurrence and extent of such an impact will depend on future developments, including (i) the duration and spread of the virus, (ii) government quarantine measures, (iii) voluntary and precautionary restrictions on travel or meetings, (iv) the effects on the financial markets, and (v) the effects on the economy overall, all of which are uncertain.



**REQUIRED SUPPLEMENTARY INFORMATION**

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

	Florida Retirement System (FRS)			
	2020	2019	2018	2017
Authority's proportion of the net pension liability	<b>0.0027%</b>	0.0029%	0.0031%	0.0033%
Authority's proportionate share of the net pension liability	<b>\$ 1,166,299</b>	\$ 1,010,082	\$ 923,794	\$ 958,751
Authority's covered payroll	<b>664,225</b>	824,093	790,921	776,263
Authority's proportionate share of the net pension liability as a percentage of its covered payroll	<b>175.59%</b>	122.57%	116.80%	123.51%
Plan fiduciary net position as a percentage of the total pension liability	<b>78.85%</b>	82.61%	84.26%	83.89%
	Health Insurance Subsidy (HIS)			
	2020	2019	2018	2017
Authority's proportion of the net pension liability	<b>0.0020%</b>	0.0023%	0.0023%	0.0025%
Authority's proportionate share of the net pension liability	<b>\$ 240,785</b>	\$ 252,041	\$ 246,459	\$ 263,220
Authority's covered payroll	<b>664,225</b>	824,093	790,921	776,263
Authority's proportionate share of the net pension liability as a percentage of its covered payroll	<b>36.25%</b>	30.58%	31.16%	33.91%
Plan fiduciary net position as a percentage of the total pension liability	<b>3.00%</b>	2.63%	2.15%	1.64%

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 3A 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. 83, was implemented during fiscal year 2017. Covered payroll shown includes the payroll for defined benefit actives, members in DROP, and investment plan members.

	2016	2015	2014
	0.0033%	0.0033%	0.0270%
\$ 823,542	\$ 422,590	\$ 167,042	
797,929	792,257	768,559	
	103.21%	53.34%	21.73%
	84.88%	92.00%	96.09%

	2016	2015	2014
	0.0025%	0.0026%	0.0024%
\$ 296,470	\$ 260,186	\$ 225,462	
797,929	792,257	768,559	
	37.15%	32.84%	29.34%
	0.97%	0.50%	0.99%



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

Florida Retirement System (FRS)				
	2020	2019	2018	2017
Contractually required contribution	\$ 89,409	\$ 90,944	\$ 87,407	\$ 84,379
Contributions in relation to the contractually required contribution	(89,409)	(90,944)	(87,407)	(84,379)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
Authority's covered payroll	679,566	739,555	790,971	776,273
Contributions as a percentage of covered payroll	13.16%	7.84%	7.50%	7.62%
Health Insurance Subsidy (HIS)				
	2019	2018	2017	
Contractually required contribution	\$ 11,364	\$ 12,508	\$ 12,730	\$ 13,028
Contributions in relation to the contractually required contribution	(11,364)	(12,508)	(12,730)	(13,028)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
Authority's covered payroll	679,566	739,555	790,971	776,263
Contributions as a percentage of covered payroll	1.67%	1.62%	1.66%	1.66%

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.

	2016		2015		2014
\$	79,538	\$	79,768	\$	59,968
	(79,538)		(79,768)		(59,968)
\$	-	\$	-	\$	-
	797,929		792,257		768,559
	7.48%		8.18%		7.80%

	2016		2015		2014
\$	13,039	\$	9,752	\$	8,260
	(13,039)		(9,752)		(8,260)
\$	-	\$	-	\$	-
	797,929		792,257		768,559
	1.63%		1.26%		1.07%

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

<i>Fiscal year ending September 30,</i>	<b>2020</b>	<b>2019</b>	<b>2018</b>
Total OPEB liability			
Service cost	\$ 1,177	\$ 1,102	\$ 725
Interest	1,736	2,102	3,939
Differences between expected and actual experience	(21,453)	56	(55,812)
Changes of assumptions	12,436	2,333	(2,362)
Benefit payments	(10,683)	(4,247)	(6,633)
Net changes in total OPEB liability	(16,787)	1,346	(60,143)
Total OPEB liability - beginning	53,036	51,690	111,833
Total OPEB liability - ending	\$ 36,249	\$ 53,036	\$ 51,690
<hr/>			
Covered-employee payroll for the measurement period	\$ 679,565	\$ 790,921	\$ 790,921
Total OPEB liability as a percentage of covered-employee payroll	5.33%	6.71%	6.54%

**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 3 years.





**ADDITIONAL SUPPLEMENTARY INFORMATION**

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

<i>For the year ended September 30, 2020</i>	Original and Final Budget	Actual	Variance with Final Budget Positive (Negative)
Operating revenues			
T-hangars	\$ 1,171,796	\$ 1,144,508	\$ (27,288)
Fixed base operations	447,901	476,208	28,307
Other sales, houses, and mini warehouses	1,050,929	1,039,506	(11,423)
Miscellaneous	2,500	205,150	202,650
Total operating revenues	2,673,126	2,865,372	192,246
Operating expenses			
Wages and benefits			
Salaries	817,694	754,688	63,006
Workers compensation insurance	20,000	13,486	6,514
Employee benefits	241,969	290,950	(48,981)
Total wages and benefits	1,079,663	1,059,124	20,539
Repairs, maintenance, and other services			
Repairs and maintenance	295,000	233,721	61,279
Insurance	312,231	281,879	30,352
Communications and utilities	206,150	169,064	37,086
Professional services	135,500	82,720	52,780
Advertising and marketing	27,550	5,198	22,352
Taxes and other obligations	23,000	10,064	12,936
Travel and training	18,000	106	17,894
Dues and subscriptions	5,000	4,013	987
Total repairs, maintenance, and other services	1,022,431	786,765	235,666
Materials and supplies	69,800	52,591	17,209
Depreciation	-	2,043,692	(2,043,692)
Uncollectible capital contribution	-	168,867	(168,867)
Contingencies	101,229	-	101,229
Total operating expenses	2,273,123	4,111,039	(1,837,916)
Operating income (loss)	400,003	(1,245,667)	(1,645,670)
Non-operating revenues (expenses)			
Interest income	-	27	(27)
Interest expense	-	(65,877)	65,877
Property, plant, equipment and fees	(400,000)	(578,141)	178,141
Total non-operating revenues (expenses)	(400,000)	(643,991)	243,991
Income (loss) before contributions	\$ 3	\$ (1,889,658)	\$ (1,401,679)

**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:

**Wages and benefits**

As reported in the financial statements	\$ 1,176,946
Accruals related to:	
Other post-employment benefits	36,796
Pension benefits	(154,618)
<u>Wages and benefits - budgetary basis</u>	<u>\$ 1,059,124</u>

**Non-operating revenues (expenses)**

As reported in the financial statements	\$ (65,850)
Accruals related to:	
Property, plant, equipment and fees	(578,141)
<u>Non-operating revenues (expenses) -</u> <u>budgetary basis</u>	<u>\$ (643,991)</u>



# Titusville-Cocoa Airport Authority

## Schedule of Capital Projects Summary

Project	Funding Source	Item Number	Funding			Expenditures		
			Balance Additions and Transfers and		Balance	Balance Additions and Transfers and		Balance
			9/30/2019	Adjustments		9/30/2019	Adjustments	
TIX	Spaceport License		\$ 275,000	\$ -	\$ 275,000	\$ 678,521	\$ -	\$ 678,521
Status: OPEN	SPACE FL		403,521	-	403,521			
	TCAA							
TIX	Airfield Lighting	3-12-0080-028-2018	1,764,558	698,949	(168,867)	2,294,640	862,110	2,825,142
Status: OPEN	FAA	247401-1-94-01						
	FDOT	247401-2-94-01						
		247401-3-94-01	146,511	69,162		215,673		
	TCAA		51,963	262,866		314,829		
COI	RSA Mitigation	433520-1	3,051	389		3,440	7,781	68,792
Status: OPEN	FDOT		57,960	7,392		65,352		
	TCAA							
COI	North Area Security & Infrastructure	435310-1-94-01	133,594	-		133,594	158	167,151
Status: OPEN	FDOT		33,399	158		33,557		
	TCAA							
COI	Port-A-Port Replacement	441448-1-94-01						
Status: OPEN	FDOT	438463-1-94-01	1,335,238	100,701		1,435,939	125,877	1,794,926
	TCAA		333,811	25,176		358,987		
COI	Runway 11/29 Rehabilitation	3-12-0013-021-2019	58,550	-		58,550	-	65,056
Status: OPEN	FAA	443338-1	3,253	-		3,253		
	FDOT design	443338-2	-	-		-		
	FDOT construction		3,253	-		3,253		
	TCAA							
COI	South Apron Rehabilitation	3-12-0013-021-2019	234,537	1,013,733		1,248,270	1,126,370	1,386,967
Status: OPEN	FAA	438462-1	14,216	-		14,216		
	FDOT design		-	-		-		
	FDOT construction	438462-2	90,109	90,109		90,109		
	TCAA		11,844	22,528		34,372		
COI	Replace Precision Approach Path Indicator (PAPI)	409457-2-94-01	15,319	171,520		186,839		233,549
Status: OPEN	FDOT		3,829	42,881		46,710	214,401	
	TCAA							
X21	Replace Precision Approach Path Indicator (PAPI)	3-12-0101-014-2019	27,746	215,915		243,661	239,906	270,735
Status: OPEN	FAA		2,466	19,193		21,659		
	FDOT	442480-1-94-01	617	4,798		5,415		
	TCAA							
X21	Airfield Markings	3-12-0101-014-2019	8,550	53,666		62,216	59,629	69,129
Status: OPEN	FAA		760	4,770		5,530		
	FDOT	442480-2-94-01	190	1,193		1,383		
	TCAA							

# Titusville-Cocoa Airport Authority

## Schedule of Capital Projects Summary

Project	Funding Source	Item Number	Funding			Expenditures		
			Balance 9/30/2019	Additions and Adjustments	Transfers and Adjustments	Balance 9/30/2020	Balance 9/30/2019	Transfers and Adjustments 9/30/2020
TIX VAC East Side Apron	FDOT TCAA	447540-1-94-01	-	10,844	-	10,844	-	21,689
			-	10,845	-	10,845	-	
TIX Taxiilane and apron	FDOT TCAA	447540-2-94-01	-	17,351	-	17,351	-	21,689
			-	4,338	-	4,338	-	
TIX Runway 9/27	FDOT TCAA	447533-1-94-01	-	30,757	-	30,757	-	38,446
			-	7,689	-	7,689	-	
TIX M.E.L. Tower Equipment	FAA	3-12-0080-30-2020	-	20,392	-	20,392	-	20,392
TIX Hangar 52 Demolition	FDOT TCAA	437021-1-94-01	-	23,226	-	23,226	-	29,034
			-	5,808	-	5,808	-	
COI Cares Act projects	FAA		-	39,458	-	39,458	-	39,458
TIX Cares Act projects	FAA		-	4,500	-	4,500	-	4,500
			\$ 4,967,474	\$ 2,980,307	\$ (168,867)	\$ 7,779,280	\$ 4,967,474	\$ 2,811,440
							-	\$ 7,779,280



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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, 2020, 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 31, 2021.

**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 have not been identified. However, as described in the accompanying schedule of findings and questioned costs, we did identify 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 deficiencies described in the accompanying schedule of findings and questioned costs as items MW 2020-001, MW 2020-002, and MW 2020-003 to be 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 2020-004 and SD 2020-005 to be significant deficiencies.

### **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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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

Titusville-Cocoa Airport Authority's responses to the internal control over financial reporting findings identified in our audit are described in the accompanying schedule of findings and questioned costs. Titusville-Cocoa Airport Authority's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

### **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 31, 2021



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND ON  
INTERNAL CONTROL OVER COMPLIANCE; REQUIRED BY THE UNIFORM GUIDANCE**

To the Board of Directors  
Titusville-Cocoa Airport Authority

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

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 for the year ended September 30, 2020. The Titusville-Cocoa Airport Authority's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

***Auditors' Responsibility***

Our responsibility is to express an opinion on compliance for Titusville-Cocoa Airport Authority's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Titusville-Cocoa Airport Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance with the major federal program. However, our audit does not provide a legal determination of Titusville-Cocoa Airport Authority's compliance.

### ***Opinion on Each Major Federal Program***

In our opinion, the 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 major federal program for the year ended September 30, 2020.

### **Report on Internal Control over Compliance**

Management of the Titusville-Cocoa Airport Authority is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Titusville-Cocoa Airport Authority's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Titusville-Cocoa Airport Authority's internal control over compliance.

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

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

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

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

Melbourne, Florida  
March 31, 2021



**Titusville-Cocoa Airport Authority**

**Schedule of Expenditures of Federal Awards and State Financial Assistance**  
**For the Year Ended September 30, 2020**

Federal Agency, Pass-through Entity, Federal Program	CFDA No.	Grant/Contract No.	Federal Expenditures	Transfers to Subrecipients
<b>U.S. Department of Transportation</b>				
Airport Improvement Program	20.106	3-12-0080-028-2018	\$ 565,448	\$ -
Airport Improvement Program	20.106	3-12-0013-021-2019	1,013,733	-
Airport Improvement Program	20.106	3-12-0080-029-2019	274,815	-
Airport Improvement Program	20.106	3-12-0101-014-2019	265,188	-
Airport Improvement Program	20.106	3-12-0080-030-2020	17,208	-
COVID-19 Airport Improvement Program	20.106	3-12-0080-031-2020	4,500	-
COVID-19 Airport Improvement Program	20.106	3-12-0013-022-2020	39,458	-
<b>Total US Department of Transportation</b>			<b>2,180,350</b>	<b>-</b>
<b>U.S. Department of Homeland Security</b>				
<b>Passed through Florida Division of Emergency Management</b>				
Disaster Grants - Public Assistance (Presidentially Declared Disasters)				
Hurricane Dorian	97.036	Z1634	25,675	-
<b>Total US Department of Transportation</b>			<b>25,675</b>	<b>-</b>
<b>Total Expenditures of Federal Awards</b>			<b>\$ 2,206,025</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	447540-1-94-01	\$ 10,845	\$ -
Aviation Grant Programs	55.004	447533-1-94-01	30,757	-
Aviation Grant Programs	55.004	447540-2-94-01	17,351	-
Aviation Grant Programs	55.004	438463-1-94-01	153,931	-
<b>Total Florida Department of Transportation</b>			<b>212,884</b>	<b>-</b>
<b>Total Expenditures of State Financial Assistance</b>			<b>\$ 212,884</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, 2020**

**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, 2020, 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, 2020.

**Titusville-Cocoa Airport Authority**  
**Schedule of Findings and Questioned Costs**  
**For the Year Ended September 30, 2020**

**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?  | No                          |
| b. Significant deficiency identified?   | None noted                  |
| 3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? | No                          |
| 4. Identification of major federal programs:  |                             |
| <u>CFDA 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 for federal programs  |                             |
| 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, 2020**

**Section II—Financial Statement Findings**

**MW 2020-001 JOURNAL ENTRIES**

**Criteria:** Journal entries should be prepared and supported with appropriate schedules or documentation in such a manner that their purpose and propriety can be readily ascertained. This finding was previously reported in the 2019 audit and has been updated/revised in the current year.

**Condition:** Journal entries were prepared in such a manner that the purpose and/or propriety of the amounts posted to accounts could not be readily determined. Research and resolution to potential posting errors is not possible without significant effort. As a result, while the journal entries had evidence of review, the potential of the journal entry review control to fail to identify and correct a material error is probable. Miscellaneous revenue for the year ended September 30, 2020 includes approximately \$33,000 of adjustments which could not be identified as to their specific source. Additionally, capital contributions are overstated by approximately \$75,000; however we were unable to identify other affected account(s) in order to propose a correcting entry.

**Cause of condition:** Journal entries are prepared and posted monthly using the cash account as a "clearing account." Subsequently, any differences between the cash account and the bank reconciliation require additional journal entries to resolve. These adjusting entries were combined in such a manner as the individual underlying transactions were not able to be readily identified.

**Potential effect of condition:** There is the potential for material errors or irregularities to occur and not be identified and corrected in a timely manner. Using the cash account as a clearing account may result in inaccurate reporting of cash balances on monthly reporting presented to management and to the Board.

**Recommendation:** The Authority should not use the cash account as a clearing account. Journal entries should be prepared related to common accounting cycles such as revenue and accounts receivable, expenses, capital assets, or accounts payable. Journal entries should be supported by schedules and/or other documentation that allows the reviewer to readily identify the source of amounts included in the journal entry.

**Management's Response:** Acknowledges the audit finding and corrective action has been taken. The cash account will no longer be used as a clearing account. Journal entries resulting from the bank reconciliation will not relate to items that should be recorded based on common accounting cycle items such as revenues and accounts receivables, expenses, capital assets, or accounts payable. Journal entries will be supported with supporting documentation.



**Titusville-Cocoa Airport Authority**  
**Schedule of Findings and Questioned Costs**  
**For the Year Ended September 30, 2020**

**MW 2020-002 ACCRUAL ACCOUNTING AND REQUESTS FOR REIMBURSEMENT**

**Criteria:** The Authority's annual financial reporting is on an accrual basis of accounting as prescribed under GASB Codification 1600: *Basis of Accounting*. This finding was previously reported in the 2019 audit and has been updated/revised in the current year.

**Condition:** The Authority does not record amounts due from granting agencies or record amounts payable for goods and services when incurred within its accounting system. The Authority uses manual spreadsheets and other documents to track amounts due from granting agencies and vendor payables, which must be manually reconciled and amounts posted to the accounting system at year end for the annual financial report; however, these manual systems do not contain the software application controls of an accounting system.

**Cause of condition:** The Authority is not using tools within its accounting system to track payables, and amounts due from granting agencies. Additionally, manual records are not always reconciled to amounts reported in the Authority's general ledger.

**Potential effect of condition:**

- The Authority was unable to track the timeliness of grant reimbursement requests and, as a result, \$168,867 in reimbursable costs was denied by the grantor due to not requesting reimbursement within the grant period.
- Amounts available for reimbursement may be understated due to not recording expenses when incurred and eligibility requirements have been satisfied. An estimated \$417,000 included in amounts due from other governments as of year-end are for amounts expended and eligible for reimbursement in prior fiscal years.
- The Authority collected \$42,774 from a granting agency in a prior fiscal year which was not identified in the manual spreadsheet as being paid, resulting in an overstatement of amounts due from other governments.
- The Authority may not recognize, in the proper period for financial statement reporting purposes, the amounts due to others for construction related activities and the amounts due the Authority from granting agencies, which, depending on timing, may affect the Authority's financial statements.
- The Authority does not have the ability to effectively monitor its compliance with FS 218.70, *Local Government Prompt Payment Act*. Manual reconciliation of spreadsheets and other documents outside of the accounting software are more prone to error.
- Interim financial statements presented to management and the Board may not be accurate due to the significance of the year end entries.
- The Authority may overspend budgeted amounts for operating costs or grant-funded projects. Further, amounts available for reimbursement may be inaccurately reported to granting agencies.

**Recommendation:** The Authority should use its accounting system to track payables and amounts due to the Authority. Manual spreadsheets that remain in use should be routinely reconciled to the

**Titusville-Cocoa Airport Authority**  
**Schedule of Findings and Questioned Costs**  
**For the Year Ended September 30, 2020**

Authority's general ledger. Further, the Authority should develop and implement policies and procedures to ensure accurate and timely remittance of reimbursement requests to granting agencies.

**Management's Response:** Acknowledges the audit finding and corrective action has been taken. The Authority will use the accounts payable and accounts receivable modules in the accounting software. The Authority will record monthly a wage and benefit accrual and record other incurred expenses to ensure all eligible expenses are recorded in the accounting software. The Authority will use the amounts recorded in the accounting software for reimbursement purposes as well as amounts due others. The Authority will reconcile monthly all amounts in the accounting software. Any manual spreadsheets will be used to reconcile to the general ledger in the accounting software. The Authority will develop and implement procedures to ensure all amounts in the general ledger are reconciled monthly and ensure timely remittance of reimbursement requests to granting agencies.

**MW 2020-003 DONATED CAPITAL ASSETS AND TRACKING OF CAPITAL ASSETS**

**Criteria:** The Authority's should report and account for capital assets consistent with GASB Codification 1400: *Reporting Capital Assets*. The Authority should adhere to its *Control of Tangible Personal Property* policy.

**Condition:** The Authority reported proceeds from auction for sale of assets which were not recorded in the listing of capital assets when originally received. Additionally, the Authority's listing of capital assets includes items whose original cost is below the Authority's capitalization threshold. The Authority is also carrying forward a reconciliation variance of \$65,667 in accumulated depreciation between the amount in the Authority's general ledger and the depreciation schedule.

**Cause of condition:** The Authority obtains surplus equipment from the Federal Government surplus program administered by the GSA as a donation, but does not record the acquisition value of donated items at the time of receipt. Donated assets with an acquisition value of \$750 or more are not being added to the Authority's capital asset listing. Additionally, the Authority does not consistently identify buildings with the same name and numbering scheme between the administering rental agreement and for financial reporting.

**Potential effect of condition:** The Authority may not accurately report the economic impact of financial assets it has obtained from surplus or donors. The Authority may not be readily able to reconcile differences between its physical inventory of tangible property versus its financial listing due to different naming and numbering conventions and as a result, will be unable to follow its policies and procedures.

**Recommendation:** The Authority should identify the assets acquired through the federal surplus program and record their acquisition value in accordance with GAAP. The Authority should determine a uniform naming and numbering scheme for its buildings and hangars. The Authority should comply with its *Control of Tangible Personal Property* policy and uniquely identify assets for tracking and seek



**Titusville-Cocoa Airport Authority**  
**Schedule of Findings and Questioned Costs**  
**For the Year Ended September 30, 2020**

improvements, such as recording serial or VIN numbers where possible, to assist in uniquely identifying and inventorying its tangible assets. This listing should be reconciled to the listing used for financial reporting and the differences evaluated. Assets acquired that meet the Authority's capitalization threshold should be added to the Authority's capital asset listing and depreciation schedule, which should be reconciled no less than annually to the Authority's general ledger. Items currently included in the Authority's depreciation schedule below the \$750 threshold should be removed.

**Management's Response:** Acknowledges the audit finding and corrective action has been taken. All capital assets purchases and donated will be recorded in the listing of capital assets and recorded in the accounting software. All assets in the listing of capital assets will be those at \$750 or more based on the Authority's capitalization policy. The Authority will reconcile quarterly the amount recorded in the listing of capital assets to the amount recorded in the general ledger of the accounting system. Any items on the listing of capital assets below the \$750 threshold will be removed.

**SD 2020-004 PASS-THROUGH BILLING**

**Criteria:** The Authority has entered into an arrangement with a tenant whereby the Authority's insurance extends to the tenant hangar, and the tenant reimburses the Authority for its share of the expense.

**Condition:** The Authority did not bill the tenant for their portion of the insurance premium timely. The tenant emailed the Authority requesting to be billed. The Authority did not bill the tenant until approximately 5 months after the expense was incurred.

**Cause of condition:** The Authority's current system of control, including review of revenue and budget to actual, is not in sufficient detail to detect and correct the billing error on a timely basis.

**Potential effect of condition:** The Authority may not receive reimbursement from the tenant, resulting in overstating insurance expense.

**Recommendation:** The Authority should develop a control to identify, track, and verify leasing provisions beyond rental payments with its tenants or other leaseholders. This control should extend to timely billing for expenses to be reimbursed by tenants.

**Management's Response:** Acknowledges the audit finding and corrective action has been taken. The Authority will develop a control to identify, track, and verify leasing provisions with its tenants or leaseholders to ensure all monies due are recorded. This control will include timely billing for all amounts due.

**Titusville-Cocoa Airport Authority**  
**Schedule of Findings and Questioned Costs**  
**For the Year Ended September 30, 2020**

**SD 2020-005 BUDGETING**

**Criteria:** The Authority should prepare its budget to include regular recurring payments such as debt service.

**Condition:** The Authority prepared and presented a budget to the Board for approval without a known annual cash expenditure for debt service payments. Further, the inclusion of debt service in the budget allows the Authority to evaluate a pricing policy for fees and charges that includes those costs.

**Cause of condition:** The Authority did not include payments of principal and interest in its current budget.

**Potential effect of condition:** The inclusion of debt service in the budget allows the Authority to evaluate a pricing policy for fees and charges that includes the recovery of all costs, including debt service. Under the current approach, the Authority may draft a budget that does not identify the use of carry-forward fund balance (net position).

**Recommendation:** The Authority include debt service payments in its annual budget.

**Management's Response:** Acknowledges the audit finding and corrective action has been taken. The Authority's budget going forward will include debt service,



**Titusville-Cocoa Airport Authority  
Schedule of Findings and Questioned Costs  
For the Year Ended September 30, 2020**

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

No matters were reported.

**Section IV—Prior Findings and Questioned Costs for Federal Awards**

No matters were reported in the prior year.



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**Titusville-Cocoa Airport Authority**  
**Corrective Action Plan**  
**For the Year Ended September 30, 2020**



TIX → SPACE COAST REGIONAL AIRPORT  
COI → MERRITT ISLAND AIRPORT  
X21 → ARTHUR DUNN AIRPARK

355 Golden Knights Blvd. → Titusville, Florida 32780 → 321.267.8780 → fax: 321.383.4284 → email: [admins@flairport.com](mailto:admins@flairport.com)

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

FROM: Justin J. Hopman, ACE, Interim Airport Director

DATE: March 30, 2021

SUBJECT: Corrective Action Plan

The Titusville-Cocoa Airport Authority respectfully submits the following corrective action plan for the year ended September 30, 2020.

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

Audit Period:  
Fiscal Year October 1, 2019 – September 30, 2020

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 2020-001 JOURNAL ENTRIES

Recommendation: The Authority should not use the cash account as a clearing account. Journal entries should be prepared related to common accounting cycles such as revenue and accounts receivable, expenses, capital assets, or accounts payable. Journal entries should be supported by schedules and/or other documentation that allows the reviewer to readily identify the source of amounts included in the journal entry.

Corrective Action: Acknowledges the audit finding and corrective action has been taken. The cash account will no longer be used as a clearing account. Journal entries resulting from the bank reconciliation will not relate to items that should be recorded based on common accounting cycle items such as revenues and accounts receivables, expenses, capital assets, or accounts payable. Journal entries will be supported with supporting documentation.

MW 2020-002 ACCRUAL ACCOUNTING AND REQUESTS FOR REIMBURSEMENT

Recommendation: The Authority should use its accounting system to track payables and amounts due to the Authority. Manual spreadsheets that remain in use should be routinely reconciled to the



**Titusville-Cocoa Airport Authority**  
**Corrective Action Plan (continued)**  
**For the Year Ended September 30, 2020**

Authority's general ledger. Further, the Authority should develop and implement policies and procedures to ensure accurate and timely remittance of reimbursement requests to granting agencies.

Corrective Action: Acknowledges the audit finding and corrective action has been taken. The Authority will use the accounts payable and accounts receivable modules in the accounting software.

The Authority will record monthly a wage and benefit accrual and record other incurred expenses to ensure all eligible expenses are recorded in the accounting software. The authority will use the amounts recorded in the accounting software for reimbursement purposes as well as amounts due to others.

The Authority will reconcile monthly all amounts in the accounting software. Any manual spreadsheets will be used to reconcile to the general ledger in the accounting software.

The Authority will develop and implement procedures to ensure all amounts in the general ledger are reconciled monthly and ensure timely remittance of reimbursement request to granting agencies.

**MW 2020-003 DONATED CAPITAL ASSETS AND TRACKING OF CAPITAL ASSETS**

Recommendation: The Authority should identify the assets acquired through the federal surplus program and record their acquisition value in accordance with GAAP. The Authority should determine a uniform naming and numbering scheme for its buildings and hangars. The Authority should comply with its *Control of Tangible Personal Property* policy and uniquely identify assets for tracking and seek improvements, such as recording serial or VIN numbers where possible, to assist in uniquely identifying and inventorying its tangible assets. This listing should be reconciled to the listing used for financial reporting and the differences evaluated. Assets acquired that meet the Authority's capitalization threshold should be added to the Authority's capital asset listing and depreciation schedule, which should be reconciled no less than annually to the Authority's general ledger. Items currently included in the Authority's depreciation schedule below the \$750 threshold should be removed.

Corrective Action: Acknowledges the audit finding and corrective action has been 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 \$750 or more based on the Authority's capitalization policy.

The Authority will reconcile quarterly the amount recorded in the listing of capital assets to the amount recorded in the general ledger of the accounting system. Any items on the listing of capital assets below the \$750 threshold will be removed.

**SD 2020-004 PASS-THROUGH BILLING**

Recommendation: The Authority should develop a control to identify, track, and verify leasing provisions beyond rental payments with its tenants or other leaseholders. This control should extend to timely billing for expenses to be reimbursed by tenants.

Corrective Action: Acknowledges the audit finding and corrective action has been taken. The Authority will develop a control to identify, track and verify leasing provisions with its tenants or leaseholders to ensure all monies due are recorded. This control will include timely billing for all amounts due.

**Titusville-Cocoa Airport Authority**  
**Corrective Action Plan (continued)**  
**For the Year Ended September 30, 2020**

SD 2020-005 BUDGETING

Recommendation: The Authority include debt service payments in its annual budget.

Corrective Action: Acknowledges the audit finding and corrective action has been taken. The Authority's budget going forward will include debt service.



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Carr, Riggs & Ingram, LLC  
215 Baytree Drive  
Melbourne, Florida 32940

(321) 255-0088  
(321) 259-8648 (fax)  
www.cricpa.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, 2020, and have issued our report thereon dated March 31, 2021.

### 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 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* 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 31, 2021, 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>2019-001</b> Review of Schedule of Expenditures of Federal Awards and State Financial Assistance	Corrected
<b>2019-004</b> Review of Service Organization Control Report	Corrected
<b>2019-002</b> Review of Journal Entries	Repeated and Revised as <b>2020-001</b>
<b>2019-003</b> Accrual Accounting	Repeated and Revised as <b>2020-002</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 did not have any such recommendations.

### **Additional Matters**

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

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

Melbourne, Florida  
March 31, 2021





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215 Baytree Drive  
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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, 2020. 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 as 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.

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, 2020.

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, LLC*

Melbourne, Florida  
March 31, 2021

