SANFORD AIRPORT AUTHORITY
Sanford, Florida

Financial Statements

Years Ended September 30, 2023 and 2022

INTRODUCTORY SECTION

SANFORD AIRPORT AUTHORITY

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SANFORD AIRPORT AUTHORITY

(As of September 30, 2023)

BOARD OF DIRECTORS

Jennifer T. Dane, Esq., Chairman

Clyde H. Robertson, Jr., Vice Chairman

Kenneth Bentley, Secretary/Treasurer

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Tom Green, Board Director

Charles W. Gregg, Sr., Board Director

Frank S. Ioppolo, Jr., Esq., Board Director

William R. Miller, Board Director

Stephen P. Smith, Board Director

President and Chief Executive Officer

Nicole Martz

Executive Vice President and Deputy Chief Executive Officer

George Speake

Executive Vice President and Chief Financial Officer

Jason Watkins

FINANCIAL SECTION

MSL
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

The Board of Directors
Sanford Airport Authority
Sanford, Florida

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the Sanford Airport Authority (the Authority) as of and for the fiscal years ended September 30, 2023 and 2022, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Authority as of September 30, 2023 and 2022, and the changes in its financial position and its cash flows for the fiscal years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Emphasis-of-Matter

Change in Accounting Principle

As discussed in Note 1.F and Note 6 to the financial statements, in the fiscal year ended September 30, 2023, the Authority adopted the provisions of Government Accounting Standards Board Statement ("GASBS") Number 96, *Subscription-Based Information Technology Arrangements*. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

The Board of Directors
Sanford Airport Authority

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Authority's basic financial statements. The accompanying schedule of expenditures of federal awards and passenger facility charges (the Schedule), as required by Title 2 U.S. *Code of Federal Regulations,* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and *Passenger Facility Charge Audit Guide for Public Agencies,* are presented for purposes of additional analysis and is not a required part of the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards and schedule of passenger facility charges are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards,* we have also issued our report dated April 30, 2024, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

MSL, P.A.

Certified Public Accountants

Orlando, Florida
April 30, 2024

The following discussion and analysis of the Sanford Airport Authority (the Authority) is to provide an introduction of the basic financial statements for the fiscal year ended September 30, 2023 with selected comparative information for the year ended September 30, 2022. This discussion has been prepared by management and should be read in conjunction with the financial statements and notes to financial statements found in this report. Following this Management Discussion and Analysis (MD&A) are the basic financial statements of the Authority. This information taken collectively is designed to provide readers with an understanding of the Authority's finances.

Overview of the Financial Statements

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

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

The Statement of Revenues, Expenses and Changes in Net Position presents information showing how the Authority's net position changed during the most recent and previous fiscal years. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in these statements for some items that will result in cash flows in future fiscal periods.

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

Airport Activity Highlights

The Federal Aviation Administration (FAA) utilizes a calendar year for passenger counts, diverging from the federal fiscal year spanning from October 1 to September 30. The number of air carrier passengers at the airport remains a paramount gauge of the overall business landscape. In the continuing trajectory of recovery, calendar year 2023 demonstrated significant progress in comparison to 2022, witnessing a 5% increase in passengers, reaching a total of 2,941,456, 89% of 2019 pre-Covid-19 passenger counts.

Calendar Year Passenger Counts 2013 to 2023

2013	2,032,680	**2014**	2,184,701	**2015**	2,480,122	**2016**	2,752,410
2017	2,922,446	**2018**	3,094,487	**2019**	3,291,112	**2020**	1,545,041
2021	2,395,398	**2022**	2,801,478	**2023**	2,941,456		

Fiscal Year (FY) 2022-2023 Highlights

This section contains more than just highlights; it contains all major events or trends that affected the FY 2022-2023 performance. The specific major events are as follows.

Revenue Overview

Overall, total revenues derived from operations amounted to $13.8M, surpassing the budgetary projections by $306K. FY 2022-2023 operating revenues witnessed a noteworthy increase of $500K compared to the preceding year, with 67% of the increase attributed to Terminal revenues.

In March of 2020, the Airport, akin to numerous airports globally, confronted severe repercussions due to the Covid-19 pandemic. Initial prognostications regarding the recovery duration spanned from six months to five years. 2020-2023 have constituted a protracted period of recuperation, although not restoring activity levels to pre-pandemic standards. Federal assistance, emanating from various Coronavirus-related relief packages, amounted to $40.7 million and has been entirely expended as of FY 2022-2023. These grants played a crucial role during a period of uncertainty, facilitating reimbursement for the Authority's operational and maintenance expenses, addressing debt service obligations, and offering indispensable rent relief to airport concessions.

The Authority benefits from a diversified revenue portfolio, wherein non-aviation revenue streams, specifically non-airline categories, contribute significantly, comprising almost 68% of the airport's overall operating revenues.

Aviation Lease Revenue

The precise classification of revenue types across our program is contingent upon the tenants associated with each property. As tenants transition, the revenue categorization may shift between Commerce Park Revenue and Aviation Building Revenue, depending on the nature of the tenant's operations. Notably, in FY 2022-2023, Aviation revenue experienced a notable increase, totaling $4.5 million, representing a 6.3% rise from the previous year. This growth can be primarily attributed to adjustments linked to CPI and strategic additions to our building and land leases, reflecting our commitment to enhancing revenue streams through prudent financial management and strategic lease agreements.

Parking Revenue and Customer Facility Charges (CFCs)

CFCs represent fees imposed by the Authority on car rental operators conducting business at the airport. The determination of these fees is overseen by the Authority's esteemed Board of Directors. Resolution 2016-10 set the current rate $2.25 per rental car transaction day, up to a maximum of five days, or $11.25 on any single car rental period, regardless of the duration. The collection rate was subsequently increased on May 5, 2023 to $3.25 per day up to a maximum of $16.25 per transaction. The RACs collect and remit this revenue to the Authority and the Authority records this as operating revenue.

Revenue generated through CFCs amounted to $1.7 million in FY 2022-2023, marking a notable 10% increase from the previous fiscal period. This revenue stream substantially contributes to funding essential airport Police operations and facilitating capital expenditures beneficial to rental car companies.

Parking Revenue and Customer Facility Charges (CFCs) ***(Continued)***

Moreover, Terminal Revenues witnessed a commendable surge, surpassing the previous fiscal year by $371K. This augmentation can be attributed not only to the enhanced CFC revenues but also to heightened passenger traffic and increased parking revenues, emblematic of the airport's ongoing recovery efforts.

Air Carrier Landing Fees & Public Safety Fees

Airport landing fees are charges levied on aircraft operators for the use of airport facilities, specifically the landing and utilization of runways and associated services. These fees are typically calculated based on factors such as aircraft weight, type, and the duration of stay at the airport. Landing fees contribute to the maintenance and operation of airport infrastructure, including runways, taxiways, and terminal facilities, as well as covering administrative costs associated with air traffic management and airport safety.

The FAA-approved public safety fee refers to a fee imposed by an airport, which has been authorized and approved by the FAA, to cover the costs associated with providing essential public safety and security services at the airport. These fees are assessed to airlines or aircraft operators and are typically utilized to fund measures such as airport police and fire departments, emergency response teams, security personnel, and related infrastructure and equipment. The FAA oversees the establishment and implementation of public safety fees to ensure compliance with federal regulations and standards while supporting the safety and security of passengers, aircraft, and airport facilities nationwide.

Both Landing Fees and Public Safety Fees held steady in the fiscal year, maintaining a total of $871K, consistent with the figures reported in the preceding fiscal period. Notably, these revenues did not witness a proportional increase alongside passenger growth. This divergence can be attributed to the prevalence of international waivers granted for landing and public safety fees, particularly stemming from the Air Service Incentive programs (ASIP) initiated at the airport. Notably, waivers were extended to accommodate two Canadian carriers that commenced operations at the airport towards the latter part of FY 2020-2021.

Unrestricted Interest Earned

In FY 2022-2023, interest revenues on deposited funds sharply increased by $1.2M in FY 2022-2023. The authority has experienced a notable increase in interest income, primarily attributed to favorable short-term investment yields. This uptick in returns can be attributed to the Federal Reserve's proactive approach towards monetary policy, characterized by assertive measures aimed at raising interest rates to address post-pandemic inflation concerns. The Federal Reserve's commitment to managing inflationary pressures has led to a significant rise in short-term investment yields, positively impacting the organization's interest income. It has been the Authority's goal to invest surplus funds principally in designated Local Government Investment Pools (LGIPs) while ensuring cash on hand is sufficient to meet operating needs. It should be noted that the funds invested in LGIPs can typically be drawn from the same day to the next day should any short-term liquidity considerations arise. This outcome underscores our ability to adapt to evolving economic conditions and capitalize on opportunities presented by shifts in monetary policy. As we navigate the fiscal landscape, we remain vigilant in monitoring market trends and adjusting our investment strategies accordingly to optimize returns for our stakeholders.

Grants

The term 'Force Account' pertains to FAA-funded construction grants, wherein the airport deploys its staff to assume roles typically handled by a contractor or engineering consulting firm. The FAA mandates that each airport employee in these roles must substantiate their qualifications through a resume, demonstrating the requisite education and experience. Common positions include Construction Manager, Project Coordinator, and Resident Project Representative (RPR), but any project position may be designated as a Force Account role.

Upon grant payment for Force Account work, the entire amount is recorded as a project expense, with the FAA/FDOT reimbursing the airport for 90% of the incurred expenses. The Authority reflects Force Account grant revenue in the Non-Operating Revenue section of its financial statements.

In contrast to the previous fiscal year, the Authority did not receive Force Account grant revenue in FY 2022-2023, primarily due to a notable disparity in the number of ongoing projects eligible for federal grant funding. The expectation is that this revenue category will resume in the forthcoming fiscal years, as its occurrence is contingent upon the nature of eligible projects during each fiscal year, displaying significant variations from one year to the next.

Expense Overview

Salaries and Benefits

Salaries and Benefits exceeded budgetary projections by $1.8M, representing a deviation of 17.2%. This variance primarily stems from the annual non-cash adjustment mandated by GASB 68, pertaining to the airport's net pension liability valuation under the Florida Retirement System. Consequently, the Authority incurred a pension net expense of $1.9M. Additionally, the completion of a GASB 75 valuation concerning Other Post Employment Benefits (OPEB) for retirees led to the recognition of a $15.6K net expense. Excluding the adjusting journal entries associated with GASB 68 and GASB 75, the Authority's Salaries & Benefits category would have remained $100K under budget.

Professional & Contract Services

Professional and Contract Services experienced a notable increase of $590K (46%). This escalation is predominantly attributed to a dispute between the Authority and Orlando Sanford Inc., the third-party terminal manager entrusted with overseeing terminal operations. Furthermore, real estate development has emerged as a pivotal focal point for the Authority, with an emphasis on revenue generation through the exploration of development opportunities, encompassing both aeronautical and non-aeronautical ventures. Consequently, the Authority has engaged the services of a reputable real estate development consultant to actively pursue additional opportunities within this program, aligning with our strategic objectives aimed at enhancing revenue diversification and optimizing asset utilization.

Repair & Maintenance

The category of Repair and Maintenance witnessed a substantial increase of $471K from the previous fiscal year, approximately 63%, driven by several key factors. Firstly, the Authority prioritized addressing previously deferred building maintenance tasks associated with the Real Estate program. Additionally, the Authority incurred expenses related to significant hurricane-related damages, necessitating extensive repair and maintenance efforts across both the real estate program and the airfield.

Repair & Maintenance *(Continued)*

Notably, investments were made to rectify stormwater drainage structures affected by these weather events, with initiatives extending into the subsequent fiscal year 2023-2024. The Authority is actively engaged in collaborative efforts with the Federal Emergency Management Agency (FEMA) and the State of Florida to secure reimbursement funds aimed at mitigating a portion of the expenses incurred as a result of repairs necessitated by storm damage. This strategic initiative reflects our commitment to prudent financial management and leveraging available resources to offset the financial impact of adverse weather events. By pursuing reimbursement opportunities through established channels with FEMA and the state government, we aim to optimize financial resilience and ensure the continued stability of our operations amidst unforeseen challenges.

Furthermore, the current inventory of Aircraft Rescue and Firefighting (ARFF) trucks is nearing the end of its useful life, prompting heightened maintenance requirements to ensure operational readiness. Given the substantial upkeep costs associated with ARFF trucks, the Authority is diligently collaborating with vendors to secure competitive pricing arrangements, thereby effectively managing expenditures and optimizing operational efficiency within this critical area.

Utilities

The Authority achieved a noteworthy reduction in expenses within the Utilities category, specifically $71K (15%) decrease in year over year spend owing to a strategic IT initiative aimed at enhancing the granularity of analysis concerning telephone utility billings. Through meticulous examination, the Authority identified discrepancies within the original agreement with the internet provider, subsequently rectifying these variances and securing credits throughout the fiscal year. This initiative underscores the unwavering dedication of our staff to cost containment measures, exemplifying our commitment to prudent financial stewardship and the diligent pursuit of operational efficiencies.

Debt Service –Interest Paid

During FY 2022-2023, the Authority remitted $2.29M & $682K in debt service payments, covering principal paydown and fixed-rate permanent financing interest expense, respectively. These payments were entirely funded by PFC revenues. The Authority is committed to annual principal and semi-annual interest payments until fiscal year 2031-2032, following a 10-year fixed-rate financing arrangement facilitating the Terminal Expansion project at 2.82%, initiated back in FY 2021-2022.

Overview of the Financial Statements

Statements of Net Position

A summarized comparison of the Authority's total assets, deferred outflows, liabilities and net position on September 30, 2023, 2022, and 2021 is as follows:

	2023	2022*	2021
Assets:			
Current and other assets	$ 43,512,939	$ 41,624,654	$ 34,409,811
Capital Assets, net	245,424,671	259,219,436	267,244,754
Total Assets	288,937,610	300,844,090	301,654,565
Deferred outflows	2,901,409	3,272,837	2,450,383
Total assets and deferred outflows	291,839,019	304,116,927	304,104,948
Liabilities:			
Current liabilities	5,184,933	5,225,677	7,249,648
Noncurrent liabilities	32,418,334	33,160,094	43,100,266
Total liabilities	37,603,267	38,385,771	50,349,914
Deferred inflows of resources	7,713,344	6,855,292	12,567,135
Total liabilities and deferred inflows	45,316,611	45,241,063	62,917,049
Net position:			
Net investment in capital assets	221,482,049	232,569,351	222,122,050
Restricted	3,751,603	1,579,919	511,070
Unrestricted	21,288,756	24,726,594	18,554,779
Total net position	$ 246,522,408	$ 258,875,864	$ 241,187,899

Changes in Net Position

	2023	2022*	2021
Operating revenues	$ 13,820,675	$ 13,321,104	$ 11,552,538
Operating expenses	(17,600,425)	(14,301,054)	(11,766,888)
Operating income before depreciation	(3,779,750)	(979,950)	(214,350)
Depreciation & Amortization	(16,878,396)	(15,396,479)	(14,187,393)
Operating loss	(20,658,146)	(16,376,429)	(14,401,743)
Non-operating revenues/expenses and capital contributions, net	8,304,690	34,064,394	31,477,051
Increase in net position	$ (12,353,456)	$ 17,687,965	$ 17,075,307

*Fiscal year 2022 figures have been restated to conform to GASB Statement No. 96, SBITAs

Capital Planning and Financing

In the United States, airports typically undergo the development of Master Plans every decade, with the primary objective of delineating capacity and facility requirements over a 20-year timeframe. While Master Plans traditionally do not offer granular insights into funding strategies, they serve as indispensable blueprints guiding the Authority's strategic direction.

Central to these plans is the overarching goal of positioning the Authority in a robust financial stance, fostering sustainability without imposing undue burdens on air carriers. This entails maintaining competitive airline rates and charges while judiciously bringing funding and improvements online as dictated by established trigger points. Our funding approach is meticulously structured to uphold the Authority's competitive cost structure and adaptability to evolving circumstances. The Capital Improvement Plan serves as the comprehensive roadmap for all capital projects and funding sources, encompassing a spectrum of endeavors ranging from infrastructure enhancements to facility expansions. Notably, Construction in Progress (CIP) projects represent distinct initiatives delivering improvements or additions such as land acquisitions, construction of buildings, and infrastructure enrichments, emblematic of our commitment to advancing operational capabilities and maintaining excellence in service delivery.

During FY 2022-2023, a total of $2.8M in additions were made to CIP, primarily driven by key infrastructure projects. Notably, significant investments totaling $1.4M were allocated towards the construction of the Authority's new Maintenance facility. Additionally, enhancements encompassing lighting and signage on the airfield, specifically covering Taxiway Lima, incurred expenditures totaling $212K during the fiscal year. Furthermore, a fiber redundancy project aimed at bolstering internet connectivity across the airport campus saw activity amounting to $297K for the year, alongside the procurement of new patrol cars for the Airport Police Department, totaling $119K. Moreover, a total of $991K was capitalized from CIP to fixed assets, facilitated by the completion of various projects including the aforementioned fiber redundancy initiative ($341K), airfield lighting and signage improvements ($260K), as well as several projects pertaining to roof replacements under the real estate program and critical enhancements to the cell phone lot. These strategic investments underscore our commitment to enhancing infrastructure capabilities and operational efficiencies, ultimately fortifying our position for sustained growth and performance excellence.

The Authority recently finalized its Airport Master Plan update, outlining comprehensive assessments of airfield, terminal, and landside capacity, as well as safety requirements spanning the forthcoming two decades. Additionally, this comprehensive document encompasses a meticulous long-range forecast of passenger and aircraft operations. Integral to the Master Plan is the Capital Improvement Program, delineating potential funding mechanisms to address identified requirements systematically. Our commitment to operational excellence is underscored by our unwavering dedication to aligning with the strategic goals and objectives outlined within the current master plan across all facets of our operations.

Debt Service

In 2023, the Authority refrained from issuing new debt and opted to uphold its permanent fixed-rate loan, represented by the Series 2022 note. Future Passenger Facility Charge (PFC) revenues serve as the primary collateral, with general airport revenues designated as the secondary revenue stream. Interest payments are made semi-annually, and principal repayment occurs annually. As of September 30, 2023, the outstanding principal is $23M. Over the twelve-month period ending September 30, 2023, interest payments amounted to $682K, while the total pledged revenues for the year reached $5.8M.

Passenger Facility Charges

In accordance with the Safety and Capacity Act of 1990, the Authority obtained FAA approval to implement a PFC for each eligible enplaned passenger at Orlando Sanford Airport, a practice initiated in December 2000. PFC funds may be allocated towards eligible capital improvements or utilized to service debt on bonds issued for projects eligible for PFC funding. Since 2000, the FAA has gradually increased the allowable PFC cap at airports to $4.50. Over the past two decades, Orlando Sanford International Airport has adjusted its PFC to the current rate of $4 per enplaned passenger, aligning with the evolution of the capital program. Notably, the airport maintains a rate below the maximum PFC limit of $4.50, distinguishing it among a select few.

On January 23, 2018, the FAA approved application number 17-04-C-OO-SFB, encompassing reimbursement for $1,974,940 in previously completed projects and $30,319,836 allocated for the Authority's Terminal Expansion project, completed in 2022. An amendment to application #4 was granted on March 4, 2019, securing additional funding, and bringing the total authorization to $52,708,601.

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

FY 2022-2023 PFC revenues experienced a notable upswing, registering a substantial increase of $233K compared to the previous year, aligning with the concurrent 5% rise in passenger traffic.

Requests for Information

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

BASIC FINANCIAL STATEMENTS

SANFORD AIRPORT AUTHORITY
STATEMENTS OF NET POSITION

	September 30, 2023	September 30, 2022 (As Restated)
Assets and Deferred Outflows of Resources		
Current assets:		
Cash and cash equivalents	$ 30,381,620	$ 31,080,213
Accounts receivable, net	681,261	807,874
Federal grants receivable	105,876	1,081,549
State grants receivable	465,672	14,222
Leases receivable - current	1,937,327	1,842,366
Prepaid expenses	765,619	610,747
Total current assets	34,337,375	35,436,971
Noncurrent assets:		
Restricted cash	3,751,603	1,579,919
Lease receivable - noncurrent	5,423,961	4,607,764
Right to use assets, net of accumulated amortization	97,153	145,615
Capital assets, net of accumulated depreciation	245,327,518	259,073,821
Total noncurrent assets	254,600,235	265,407,119
Total assets	288,937,610	300,844,090
Deferred outflows of resources:		
Deferred outflows related to pensions	2,889,154	3,259,468
Deferred outflows related to OPEB	12,255	13,369
Total deferred outflows of resources	2,901,409	3,272,837
Liabilities, Deferred Inflows of Resources, and Net Position		
Current liabilities (payable from current assets):		
Current portion of notes payable	2,288,000	2,291,000
Accounts payable and accrued liabilities	1,867,491	1,947,323
SBITA liability	48,016	46,683
Rent collected in advance and deposits	496,800	480,609
Accrued sick and vacation pay	366,665	328,700
Unearned revenue	117,961	131,362
Total current liabilities	5,184,933	5,225,677
Noncurrent liabilities:		
Notes payable, net of current portion	20,784,000	23,072,000
SBITA liability, net of current portion	38,891	86,907
Net pension liability	11,387,220	9,811,567
OPEB liability	208,223	189,620
Total noncurrent liabilities	32,418,334	33,160,094
Total liabilities	37,603,267	38,385,771
Deferred inflows of resources:		
Deferred inflows related to leases	7,361,288	6,450,130
Deferred inflows related to pensions	280,637	329,631
Deferred inflows related to OPEB	71,419	75,531
Total deferred inflows	7,713,344	6,855,292
Net position:		
Net investment in capital assets	221,482,049	232,569,351
Restricted for:		
Passenger facility charges	3,751,603	1,579,919
Unrestricted	21,288,756	24,726,594
Total net position	$ 246,522,408	$ 258,875,864

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

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

	Years Ended September 30, 2023	2022 (As Restated)
Operating revenues:		
Commerce park	$ 2,251,402	$ 2,141,164
Other leases and miscellaneous	724,651	1,003,799
Aviation rents	4,463,145	4,199,963
Terminal	5,197,754	4,826,771
Airfield	871,273	868,489
Ground transportation	312,450	280,918
Total operating revenues	13,820,675	13,321,104
Operating expenses:		
Salaries and fringe benefits	12,372,039	10,255,916
Office and administrative	474,307	367,303
Professional fees and contract services	1,868,252	1,278,441
Marketing and advertising	294,115	291,706
Fuel, tools, and supplies	484,682	437,863
Repairs and maintenance	1,214,747	743,507
Utilities	377,029	447,902
Insurance	515,254	478,416
Total operating expenses	17,600,425	14,301,054
Operating income (loss) before depreciation	(3,779,750)	(979,950)
Depreciation & Amortization	(16,878,396)	(15,396,479)
Operating loss	(20,658,146)	(16,376,429)
Nonoperating revenues (expenses):		
Investment income	1,334,733	131,019
Lease interest	201,895	176,905
Interest expense	(685,279)	(714,594)
Passenger facility charges	5,796,373	5,577,648
Gain on disposal of capital assets	173,184	26,763
Operating grants - COVID-19	173,236	22,427,347
Miscellaneous income (expense)	-	14,709
Total nonoperating revenues	6,994,142	27,639,797
Gain (loss) before capital contributions	(13,664,004)	11,263,368
Capital contributions	1,310,548	6,424,597
Change in net position	(12,353,456)	17,687,965
Net position at beginning of year	258,875,864	241,187,899
Net position at end of year	$ 246,522,408	$ 258,875,864

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

SANFORD AIRPORT AUTHORITY
STATEMENTS OF CASH FLOWS

	Years Ended September 30, 2023	Years Ended September 30, 2022 (As Restated)
Cash flows from operating activities:		
Receipts from customers and tenants	$ 13,038,920	$ 13,926,224
Payments to suppliers	(5,140,927)	(3,369,611)
Payments to employees	(9,510,338)	(10,598,396)
Net cash used in operating activities	(1,612,345)	(41,783)
Cash flows from noncapital financing activities:		
Operating grants - COVID-19	1,148,909	22,654,041
Net cash provided by noncapital financing activities	1,148,909	22,654,041
Cash flows from capital and related financing activities:		
Acquisition and construction of capital assets	(3,452,477)	(10,831,795)
Proceeds from sale of capital assets	173,184	26,763
Proceeds from refunding notes payable	-	25,363,000
Principal paid on notes payable	(2,291,000)	(40,496,496)
Capital grants and contributions received	859,098	8,413,095
Interest paid	(685,279)	(714,594)
Passenger facility charges received	5,796,373	5,577,648
Net cash used in capital and related financing activities	399,899	(12,662,379)
Cash flows from investing activities:		
Interest income	1,334,733	131,019
Lease interest	201,895	176,905
Net cash provided by investing activities	1,536,628	307,924
Net increase in cash and cash equivalents	1,473,091	10,257,803
Cash and cash equivalents at beginning of year	32,660,132	22,402,329
Cash and cash equivalents at end of year*	$ 34,133,223	$ 32,660,132
*Classified as:		
Cash and cash equivalents - current assets	$ 30,381,620	$ 31,080,213
Cash and cash equivalents - restricted assets	3,751,603	1,579,919
	$ 34,133,223	$ 32,660,132

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

SANFORD AIRPORT AUTHORITY
STATEMENTS OF CASH FLOWS (CONTINUED)

	Years Ended September 30, 2023	2022 (As Restated)
Reconciliation of operating income to net cash used in operating activities:		
Operating loss	$ (20,658,146)	$ (16,376,429)
Adjustments to reconcile operating income to net cash used in operating activities:		
Depreciation	16,878,396	15,396,479
Changes in assets and liabilities:		
Allowance for doubtful accounts	111,185	(30,462)
Accounts receivable	15,428	(124,015)
Leases receivable	(911,158)	703,145
Prepaid expenses	(154,872)	279,100
Deferred outflows of resources	371,428	(822,454)
Accounts payable and accrued liabilities	289,014	262,837
SBITA Liability	(46,683)	133,590
Rents collected in advance	16,191	15,056
Accrued sick and vacation pay	37,965	(15,641)
Unearned revenue	(13,401)	41,396
Net pension liability	1,575,653	6,258,593
OPEB liability	18,603	(51,135)
Deferred inflows of resources	858,052	(5,711,843)
Net cash used in operating activities	$ (1,612,345)	$ (41,783)
Noncash investing, capital, and financing activities:		
Change in capital grants receivable	$ 451,450	$ (1,988,498)

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

Note 1 - Summary of Significant Accounting Policies:

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

A. Reporting entity

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

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

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

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

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

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

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

1. Cash and cash equivalents

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

Note 1 - Summary of Significant Accounting Policies: (Continued)

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

2. *Accounts receivable*

Receivables are reported at their gross value when earned and reduced by the estimated portion that is expected to be uncollectible. An allowance for uncollectible accounts is based on an analysis of past due amounts. The provision for uncollectible accounts on September 30, 2023 and 2022 was $189,016 and $77,831, respectively.

3. *Prepaid expense and inventory*

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

4. *Lease and concession agreements*

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

5. *Lease Receivables*

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

6. *Right to Use Assets*

The Authority's right to use assets consist of Subscription-Based Information Technology arrangements (SBITAs). A SBITA is a contract that conveys control of the right to use another party's (a SBITA vendor's) IT software, alone or in combination with tangible capital assets (the underlying IT assets), as specified in the contract for a period of time in an exchange or exchange-like transaction. The right to use asset is amortized from the lease commencement date (the date the lessee begins to make payments) to the end of the lease's term.

7. *Capital assets*

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

Note 1 - Summary of Significant Accounting Policies: (Continued)

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

7. Capital assets (Continued)

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

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

8. Pensions

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

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

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

9. Deferred outflows/inflows of resources

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

Note 1 - Summary of Significant Accounting Policies: (Continued)

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

9. Deferred outflows/inflows of resources (Continued)

Deferred outflows related to pensions - These deferred outflows of resources are an aggregate of items related to pensions as calculated in accordance with GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*. The deferred outflows related to pensions totaled $2,889,154 and $3,259,468 on September 30, 2023, and 2022, respectively, and will be recognized as either pension expense or a reduction in the net pension liability in future reporting years. Details on the composition of the deferred outflows of resources related to pensions are further discussed in Note 7.

Deferred outflows related to OPEB - These deferred outflows of resources are an aggregate of items related to Other Post-Employment Benefits (OPEB) as calculated in accordance with GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions.* The deferred outflows related to OPEB totaled $12,255 and $13,369 on September 30, 2023, and 2022, respectively, and will be recognized as either OPEB contribution expense or a reduction in the net OPEB liability in future reporting years. Details on the composition of the deferred outflows of resources related to OPEB are further discussed in Note 8.

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

Deferred inflows related to pensions - These deferred inflows of resources are an aggregate of items related to pensions as calculated in accordance with GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*. The deferred inflows related to pensions totaled $280,637 and $329,631 on September 30, 2023, and 2022, respectively, and will be recognized as an increase to pension expense in future reporting years. Details on the composition of the deferred inflows of resources related to pensions are further discussed in Note 6.

Deferred outflows related to OPEB - These deferred inflows of resources are an aggregate of items related to OPEB as calculated in accordance with GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions.* The deferred inflows related to OPEB totaled $71,419 and $75,531 on September 30, 2023, and 2022, respectively, and will be recognized as an increase to OPEB contribution expense in future reporting years. Details on the composition of the deferred inflows of resources related to OPEB are further discussed in Note 8.

Note 1 - Summary of Significant Accounting Policies: (Continued)

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

9. Deferred outflows/inflows of resources (Continued)

Deferred inflows related to leases - These deferred inflows of resources are an aggregate of items related to leases as calculated in accordance with GASB Statement No. 87, *Accounting and Financial Reporting for Leases*. The deferred inflows related to leases totaled $7,361,288 and $6,450,130 on September 30, 2023, and 2022, respectively, and will be recognized as a reduction to lease receivable in future reporting years. Details on the composition of the deferred inflows of resources related to leases are further discussed in Note 5.

10. Net position flow assumption

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

D. Revenues and expenses

1. Passenger facility charges

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

2. Customer Facility Charges

The Authority approved the collection of customer facility charges (CFCs) on August 2, 2011. All rental car companies (RACs) agreed to assess and collect CFCs to pay the costs and expenses of financing, designing, constructing, and relocating the rental automobile-related facilities. The collection rate was most recently increased on May 5, 2023 to $3.25 per day up to a maximum of $16.25 per transaction. The RACs collect and remit this revenue to the Authority and the Authority records this as operating revenue.

Note 1 - Summary of Significant Accounting Policies: (Continued)

D. Revenues and expenses (Continued)

3. Capital contributions

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

4. Compensated Absences

SAA maintains liability accounts for all accrued sick and vacation time, accrued taxes, and accrued pension associated with time off. The Authority revalues the compensated liability each year and recognizes an expense relating to the incremental difference.

E. Other significant accounting policies

1. Fair value of financial instruments

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

2. Estimates

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

3. Reclassifications

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

F. Change in Accounting Principle

In fiscal year 2023, the Authority implemented GASB statement No. 96, *SBITAs.* The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and reporting for subscription-based IT arrangements by governments. This statement increases the usefulness of governments' financial statements by requiring a government in recognizing a right-to-use subscription asset, an intangible asset, and a corresponding subscription liability.

Note 1 - Summary of Significant Accounting Policies: (Continued)

F. Change in Accounting Principle (Continued)

A government should recognize the subscription liability at the commencement of the subscription term, —which is when the subscription asset is placed into service. The subscription liability should be initially measured at the present value of subscription payments expected to be made during the subscription term. Future subscription payments should be discounted using the interest rate the SBITA vendor charges the government, which may be implicit, or the government's incremental borrowing rate if the interest rate is not readily determinable. A government should recognize amortization of the discount on the subscription liability as an outflow of resources (for example, interest expense) in subsequent financial reporting periods.

This Statement also will enhance the relevance and reliability of a government's financial statements by requiring a government to report a subscription asset and subscription liability for a SBITA and to disclose essential information about the arrangement. It establishes a single model for SBITA accounting based on the foundational principle that SBITAs are financings of the right to use an underlying asset.

The statement required the restatement of the September 30, 2022 financials as follows:

	As originally Shown September 30, 2022	Net Change	As Restated September 30, 2022
Subscription Right to use asset, net	$ -	$145,615	$ 145,615
Subscription Liability, current	-	46,683	46,683
Subscription Liability, non-current	-	86,907	86,907
Accounts Payable and Accrued Liabilities	1,944,693	2,630	1,947,323
Interest Expense	711,533	3,061	714,594
Operating Expenses – Office and Administrative	407,303	(40,000)	367,303
Operating Expenses – Professional & Contract Services	1,288,941	(10,500)	1,278,441
Depreciation / Amortization	15,358,435	38,044	15,396,479
Increase in Net Position	17,678,570	9,395	17,687,965
Total Net position End of Year	258,866,469	9,395	258,875,864

Note 2 - Cash Deposits and Investments:

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

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

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

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

A. Cash deposits with financial institutions

On September 30, 2023 and 2022, the carrying amounts of deposits were $4,407,802 and $17,232,194, respectively. The bank balances were $4,859,909 and $17,302,677 respectively, on September 30, 2023 and 2022.

Note 2 - Cash Deposits and Investments (Continued):

B. Investments

Investment income is recognized as earned and is allocated to the participating funds based on their equity participation. On September 30, 2023, the Authority's investments were held in interest-bearing time deposits in qualified public depositories.

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

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

On September 30, 2023 and 2022, the Authority had the following investments:

	2023 Fair Value	2022 Fair Value	Credit Rating	Weighted Average Maturity
Local government investment pool:				
Florida Prime	$ 12,530,505	$ 5,930,230	AAAm	35 days
Florida Star	17,194,118	9,497,531	AAAm	28 days
Total	$ 29,724,623	$ 15,427,761		

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

As of September 30, 2023 and 2022, there were no redemption fees or maximum transaction amounts, or any other requirements that served to limit the Authority's access to 100 percent of its account value in the external investment pools.

Note 3 - Restricted Assets:

On September 30, 2023, and 2022, the Authority has a restricted cash balance of $3,751,603 and $1,579,919, respectively, for Passenger Facility Charges.

Note 4 - Capital Assets:

A summary of capital assets activity for the years ended September 30, 2023 and 2022 follows:

	Balance October 1, 2022	Additions	Deductions and Reclass-ifications	Balance September 30, 2023
Capital assets, not being Depreciated/amortized				
Land	$ 54,074,167	$ 60,675	$ -	$ 54,134,842
Construction in progress	1,772,614	2,831,892	(1,108,056)	3,496,450
Total capital assets, not being Depreciated/amortized	55,846,781	2,892,567	(1,108,056)	57,631,292
Capital assets, being depreciated/amortized				
Buildings & improvements	356,186,034	790,680	(124,578)	356,852,136
T-Hangars	1,621,317	-	-	1,621,317
Street construction	11,083,393	-	-	11,083,393
Equipment & vehicles	41,037,890	633,019	(10,178)	41,660,731
Subscription Assets (SBITAs)	183,658	-	-	183,658
Total capital assets, being Depreciated/amortized	410,112,292	1,423,699	(134,756)	411,401,235
Less accumulated depreciation/amortization				
Buildings & improvements	(167,538,022)	(13,711,615)	-	(181,249,637)
T-Hangars	(1,467,007)	(18,156)	-	(1,485,163)
Street construction	(7,066,639)	(432,832)	-	(7,499,471)
Equipment & vehicles	(30,629,925)	(2,667,333)	10,178	(33,287,080)
SBITAs	(38,044)	(48,461)	-	(86,505)
Total accumulated depreciation/amortization	(206,739,637)	(16,878,397)	10,178	(223,607,856)
Total capital assets, being Depreciated/amortized, net	203,372,655	(15,454,698)	(124,578)	187,793,379
Capital assets, net	$ 259,219,436	$ (12,562,131)	$ (1,232,635)	$ 245,424,671

Note 4 - Capital Assets (Continued):

	Balance October 1, 2021	Additions	Deductions and Reclass-ifications	Balance September 30, 2022
Capital assets, not being Depreciated/amortized				
Land	$ 54,074,167	$ -	$ -	$ 54,074,167
Construction in progress	100,559,187	6,505,596	(105,292,169)	1,772,614
Total capital assets, not being Depreciated/amortized	154,633,354	6,505,596	(105,292,169)	55,846,781
Capital assets, being depreciated/amortized				
Buildings & improvements	250,774,278	105,411,756	-	356,186,034
T-Hangars	1,621,317	-	-	1,621,317
Street construction	11,083,393	-	-	11,083,393
Equipment & vehicles	40,608,724	562,320	(133,154)	41,037,890
Subscription Assets (SBITAs)	-	183,658	-	183,658
Total capital assets, being Depreciated/amortized	304,087,712	106,157,734	(133,154)	410,112,292
Less accumulated depreciation/amortization				
Buildings & improvements	(155,461,577)	(12,076,445)	-	(167,538,022)
T-Hangars	(1,440,280)	(26,727)	-	(1,467,007)
Street construction	(6,632,143)	(434,496)	-	(7,066,639)
Equipment & vehicles	(27,942,312)	(2,820,767)	133,154	(30,629,925)
SBITAs	-	(38,044)	-	(38,044)
Total accumulated depreciation/amortization	(191,476,312)	(15,396,479)	133,154	(206,739,637)
Total capital assets, being Depreciated/amortized, net	112,611,400	90,761,255	-	203,372,655
Capital assets, net	$ 267,244,754	$ 97,266,851	$ (105,292,169)	$ 259,219,436

Note 5 - Lessor Airport Tenant Lease Agreements:

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

Note 5 - Lessor Airport Tenant Lease Agreements (*Continued)*

The Authority's operations consist of agreements for use of land, buildings, rental car center space, etc. which expire between the years 2023 and 2042. Unique from most airports, in fiscal year 2023, the Authority contracted management of its terminal with a private operator, Orlando-Sanford International Inc. As such, some in-terminal leasehold arrangements typically seen at commercial service airports are not carried in the Authority's financial statements as a lessor relative to GASB 87. The Authority reports lease receivable with a carrying amount of $7,361,288 as of September 30, 2023 and $6,450,130 as of September 30, 2022. The Authority also reports a deferred inflow of resources for leases in the amount of $7,361,288 as of September 30, 2023 and $6,450,130 as of September 30, 2022. The deferred inflow of resources for leases will be recognized as revenue over the term of the lease agreements.

The Authority recognized $1,992,456 of lease revenue principal as of September 30, 2023 and $1,832,668 as of September 30, 2022.

The following is a schedule by years of minimum future revenues from agreements as of September 30, 2023:

Year Ending September 30,	Principal	Interest	Total Future Minimum Lease Payments
2024	$1,937,327	$148,291	$2,085,618
2025	1,583,673	105,262	1,688,935
2026	1,077,570	75,772	1,153,342
2027	878,290	51,683	929,973
2028	331,111	42,602	373,713
2029-2033	1,016,237	129,956	1,146,193
2034-2037	537,080	18,020	555,100
Total minimum future revenues	$7,361,288	$571,586	$7,932,874

Regulated Leases

The Authority's operations include certain lease agreements that are classified as regulated leases under paragraph 42 of GASB Statement No. 87, *Leases.* These agreements consist of aeronautical lease agreements, as defined by the FAA, which are made up of air carrier agreements, facility agreements that directly or substantially relate to the movement of passengers, ticketing, baggage, mail and cargo, and aircraft storage and maintenance service agreements. For these agreements, lease rates cannot exceed a reasonable amount and the Authority cannot deny potential lessees the right to enter into leases if the facilities are available, provided that the potential lessee's use of the facilities complies with use restrictions. The Authority recognizes the revenues from these lease agreements as inflows each year based on the payment provisions of each lease contract. The Authority recognized $2,953,684 and $3,112,995 of regulated lease revenue in September 2023 and 2022, respectively.

Note 5 - Lessor Airport Tenant Lease Agreements (*Continued)*

The following is a schedule by years of minimum future revenues from regulated lease agreements as of September 30, 2023:

Year Ending September 30,	
2024	$3,546,959
2025	3,026,356
2026	2,668,516
2027	2,394,887
2028	2,127,224
2029-2033	4,617,418
Total minimum future revenues	$ 18,381,360

Note 6 - Subscription Based IT Arrangements (SBITAs)

The Authority's operations include certain software agreements that are classified as subscription-based IT arrangements (SBITAs) under GASB Statement No. 96, SBITAs. These agreements consist of control of the right to use another party's (a SBITA vendor's) IT software, alone or in combination with tangible capital assets (the underlying IT assets), as specified in the contract for a period of time in an exchange or exchange-like transaction. This entails a subscription right-to-use asset and a corresponding subscription liability that is amortized over the term of the agreement. The Authority measures the subscription asset at the present value of subscription payments expected to be made during the subscription term at an incremental borrowing rate of 2.82%, the rate of the airport's most recent permanent financing awarded in fiscal year 2021-2022. The agreements are treated more similar to a financing with a principal and interest expense element instead of a standard operating expense as was the prior historical treatment.

The Authority has entered into two agreements qualifying as SBITAs, both within the Operations Department of our organization. Gatekeeper Systems furnishes the Authority with software tailored to Part 139 compliance, facilitating the tracking and execution of FAA-mandated daily airfield inspections. The valuation of the subscription right-to-use asset for Gatekeeper Systems amounts to $30,561 with $19,525 of accumulated amortization as of September 30,2023. The subscription period spans 36 months, and the contract is set to conclude on 10/31/2024. Similarly, Vector Airport Systems delivers software specialized in Noise and Operations Management (NOMS), featuring an extensive database of airport operations and noise events intricately integrated with flight track data, enabling the public to access flight track information and lodge noise complaints. Additionally, the software serves as a pivotal tool in training airport personnel on the proper utilization, maintenance, and updating of NOMS requisite supporting documentation. The subscription right-to-use asset for Vector Airport Systems is valued at $153,097 with $66,980 of accumulated amortization as of September 30,2023. The subscription period spans 48 months, and the contract is slated to conclude on 12/31/2025.

Note 6 - Subscription Based IT Arrangements (SBITAs) (Continued)

The following is a schedule by years of the present value of minimum future payments for SBITAs as of September 30, 2023:

Year Ending September 30,	Principal	Interest	Total Future Minimum SBITA Payments
2024	$ 48,016	$ 1,525	$ 49,541
2025	38,891	375	39,266
Total Minimum Future Payments	$ 86,907	$ 1,900	$ 88,807

Note 7 - Retirement Plans

Plan Descriptions

Florida Retirement System

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

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

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

In addition to the above benefits, the FRS administers a Deferred Retirement Option Program ("DROP"). This program allows eligible employees to defer receipt of monthly retirement benefit payments, while continuing employment with an FRS employer for a period not to exceed 96 months after electing to participate. Deferred monthly benefits are held in the FRS Trust Fund and accrue interest.

The FRS has six classes of membership. Only three apply to the Authority's eligible employees. These three classes, with descriptions and contribution rates in effect during the two-year period ended September 30, 2023 are as follows:

Note 7 - Retirement Plans (Continued)

Plan Descriptions (Continued)

Regular Class – Members not qualifying for other classes (8.47% from 7/1/19 to 6/30/20, 10.00% from 7/1/20 to 6/30/21, 10.82% from 7/1/21 to 6/30/22, 11.91% from 7/1/22 to 6/30/23), 13.57% from 7/1/23 to 9/30/23).

Senior Management Class – Members of senior management (25.41% from 7/1/19 to 6/30/20, 27.29% from 7/1/20 to 6/30/21, 29.01% from 7/1/21 to 6/30/22, 31.57% from 7/1/22 to 6/30/23, 34.52% from 7/1/23 to 9/30/23).

Special Risk Class – Members employed as law enforcement officers, fire fighters, or correctional officers and meeting the criteria set to qualify for this class (25.48% from 7/1/19 to 6/30/20, 24.45% from 7/1/20 to 6/30/21, 25.89% from 7/1/21 to 6/30/22, 27.83% from 7/1/22 to 6/30/23, 32.67% from 7/1/23 to 9/30/23).

Retiree Health Insurance Subsidy (HIS) Program

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

Public Employee Optional Retirement Program

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

Contributions

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

Note 7 - Retirement Plans (Continued)

Contributions (Continued)

The fiscal year 2023 contribution rate applied to regular employee salaries was initially 11.91%, then adjusted to 13.57%, both including 1.66% for a post-retirement health insurance subsidy ("HIS"). The fiscal year 2022 contribution was initially 10.82%, then adjusted to 11.91%, which included 1.66% for HIS. The fiscal year 2023 contribution rate applied to senior management salaries was initially 31.57%, then adjusted to 34.52%, including 1.66% HIS. The fiscal year 2022 contribution rate was initially 29.01%, then adjusted to 31.57%, which included 1.66% for HIS. The fiscal year 2023 contribution rate applied to the salaries of the employees in the Special Risk Class was initially 27.83%, then adjusted to 32.67%, including 1.66% for HIS. The fiscal year 2022 contribution rate was initially 25.89%, then adjusted to 27.83%, which included 1.66% for HIS. The fiscal year 2023 contribution rate applied to the salaries of the employees in DROP was initially 18.60%, then adjusted to 21.13%, both including 1.66% for HIS. The fiscal year 2022 contribution rate was initially 18.34%, then adjusted to 18.60%, which included 1.66% for HIS.

The Authority's contributions to FRS for the years ended September 30, 2023 and 2022 were $1,401,337 and $1,246,515, respectively, equal to the required contributions for each year.

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

On September 30, 2022 and 2021, the Authority reported a liability of $11,387,220 and $9,811,567, respectively, for its proportionate share of the net pension liability of the Pension Plan and HIS Program. The net pension liability was measured as of June 30, 2023 and 2022, respectively, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of those dates. The Authority's proportion of the net pension liability was based on the Authority's historical employer contributions to the pension plans for fiscal year 2023 and 2022 relative to the historical contributions of all participating employers. On June 30, 2023, the Authority's proportion was 0.02133% and 0.01818% for the Pension Plan and HIS Program, respectively, which was a change of (0.0021%) and (0.0024%) from its respective proportion measured as of June 30, 2022. For the years ended September 30, 2023 and 2022, the Authority recognized a pension expense of $1,896,973 and $365,279, respectively.

Note 7 - Retirement Plans *(Continued)*

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

On September 30, 2023, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources (in thousands):

Pension Plan

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 798,059	$ -
Changes of assumptions	554,088	-
Differences between projected and actual earnings on pension plan investments	354,975	-
Changes in proportion	428,737	-
Authority's contributions subsequent to the measurement date	315,801	-
Total	$ 2,451,660	$ -

HIS Program

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 42,270	$ 6,777
Changes of assumptions	75,909	250,203
Differences between projected and actual earnings on pension plan investments	1,491	-
Changes in proportion	278,682	23,654
Authority's contributions subsequent to the measurement date	39,142	-
Total	$ 437,494	$ 280,634

$315,801 and $39,142 were reported as deferred outflows of resources related to pensions for the Pension Plan and HIS Program, respectively, resulting from the Authority's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending September 30, 2023.

Note 7 - Retirement Plans *(Continued)*

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

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

Years Ending September 30:	Pension Plan Expense	HIS Expense
2024	$ 502,272	$ 57,974
2025	463,571	45,513
2026	399,167	30,445
2027	364,917	10,397
2028	329,396	(17,488)
Thereafter	76,537	(9,123)
Total	$ 2,135,860	$ 117,718

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

The actuarial assumptions that determined the total pension liability as of June 30, 2023 and 2022, were based on the results of an actuarial experience study for the period July 1, 2013 – June 30, 2018. Because the HIS Program is funded on a pay-as-you-go basis, no experience study has been completed.

Valuation date	July 1, 2022	July 1, 2023
Measurement date	June 30, 2022	June 30, 2023
Inflation	2.40%	2.40%
Salary increases including inflation	3.25%	3.25%
Mortality	PUB2010 base table varies by member category and sex, projected generationally with Scale MP-2018 details in valuation report	PUB2010 base table varies by member category and sex, projected generationally with Scale MP-2018 details in valuation report
Actuarial cost method	Individual Entry Age	Individual Entry Age

Note 7 - Retirement Plans *(Continued)*

The long-term expected rate of return, net of investment expense on the Pension Plan investments was 6.70% as of June 30, 2023 and 6.70% as of June 30, 2022. This rate was determined using a forward-looking capital market economic model. The table below shows the assumptions for each of the asset classes in which the plan was invested at that time based on the long-term target asset allocation. The allocation policy's description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions and includes an adjustment for the inflation assumption. The expected real rate of return is presented in arithmetic means.

Asset Class	Target Allocation	Annual Arithmetic Return
Cash	1.0%	2.9%
Fixed income	19.8%	4.5%
Global equity	54.0%	8.7%
Real estate (property)	10.3%	7.6%
Private equity	11.1%	11.9%
Strategic investments	3.8%	6.3%
Total	100.0%	

Discount Rate - The discount rate used to measure the total pension liability for the Pension Plan was 6.70% for June 30, 2023 and 6.70% for June 30, 2022. The discount rate used to measure the total pension liability for the HIS Program was 3.65% for June 30, 2023 and 3.54% for June 30, 2022. For the Pension Plan, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return.

Because the HIS benefit is essentially funded on a pay-as-you-go basis, the depletion date is considered to be immediate, and the single equivalent discount rate is equal to the municipal bond rate selected by the plan sponsor. The discount rates used on the two dates differ due to changes in the applicable bond index.

Note 7 - Retirement Plans *(Continued)*

Sensitivity of the Authority's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - The following presents the Authority's proportionate share of the net pension liability calculated using the discount rate for FRS of 6.70% for September 30, 2023 and 6.70% for September 30, 2022. The discount rate of 3.65% and 3.54% was used for the HIS Program for September 30, 2023 and 2022, respectively. The following also presents what the Authority's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the respective current rate:

As of September 30, 2023

Pension Plan	1% Decrease 5.70%	Current Discount Rate 6.70%	1% Increase 7.70%
Authority's proportionate share of the net pension liability (asset)	$ 14,519,413	$ 8,499,814	$ 3,463,699

HIS Program	1% Decrease 2.65%	Current Discount Rate 3.65%	1% Increase 4.65%
Authority's proportionate share of the net pension liability (asset)	$ 3,294,080	$ 2,887,406	$ 2,550,301

As of September 30, 2022

Pension Plan	1% Decrease 5.70%	Current Discount Rate 6.70%	1% Increase 7.70%
Authority's proportionate share of the net pension liability (asset)	$ 13,595,112	$ 7,861,031	$ 3,066,656

HIS Program	1% Decrease 2.54%	Current Discount Rate 3.54%	1% Increase 4.54%
Authority's proportionate share of the net pension liability (asset)	$ 2,231,573	$ 1,950,536	$ 1,717,983

Pension Plan Fiduciary Net Position - Detailed information about FRS and HIS fiduciary net position is available in the separately issued FRS financial report.

The latest available report may be obtained by writing to the Department of Management Services, Office of the Secretary, 4050 Esplanade Way, Tallahassee, FL 32399-0950 or from the website:
http://www.dms.myflorida.com/workforce_operations/retirement/publications/annual_reports.

Note 7 - Retirement Plans *(Continued)*

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

Note 8 - Postemployment Benefits Other Than Pension Benefits (OPEB)

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

Plan Description:

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

Plan Membership as of October 1, 2022:

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

Benefits Provided:

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

Note 8 - Postemployment Benefits Other Than Pension Benefits (OPEB) (Continued)

Total OPEB Liability

The measurement date was September 30, 2023 and September 30, 2022 for fiscal year 2023 and 2022, respectively. The measurement and reporting periods for the OPEB expense for fiscal year 2023 and 2022 was the years ended September 30, 2023 and 2022, respectively.

The Sponsor's Total OPEB Liability was measured as of September 30, 2023 for fiscal year 2023 and as of September 30, 2022 for fiscal year 2022.

Deferred Inflow/Outflow of Resources

On September 30, 2023, the Authority reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources (in thousands):

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 69,237
Changes of assumptions	12,255	2,182
Total	$ 12,255	$ 71,419

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

Years Ending September 30:	OPEB Expense
2024	$ (5,362)
2025	(5,362)
2026	(5,362)
2027	(5,362)
2028	(5,362)
Thereafter	(32,354)
Total	$ (59,164)

Note 8 - Postemployment Benefits Other Than Pension Benefits (OPEB) (Continued)

Actuarial Assumptions:

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

	2023	2022
Inflation	2.50%	2.50%
Salary Increases	2.50%	2.50%
Discount Rate	4.87%	4.77%
Initial Trend Rate	7.50%	7.50%
Ultimate Trend Rate	4.00%	4.00%
Years to Ultimate	53	55

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

Discount Rate

Given the Authority's decision not to fund the program, all future benefit payments were discounted using a high-quality municipal bond rate of 4.87%. The high-quality municipal bond rate was based on the measurement date of the S&P Municipal Bond 20 Year High Grade Rate Index as published by S&P Dow Jones Indices. The S&P Municipal 20 Year High Grade Rate Index consists of bonds in the S&P Municipal Bond Index with a maturity of 20 years. Eligible bonds must be rated at least AA by Standard and Poor's Ratings Services, Aa2 by Moody's or AA by Fitch. If there are multiple ratings, the lowest rating is used.

OPEB Expense

For the year ended September 30, 2023, the Authority will recognize OPEB Expense (increase of OPEB liability) of $15,605.

Changes in Total OPEB Liability:

Reporting Period Ending	9/30/2023	9/30/2022
Measurement Date	9/30/2023	9/30/2022
Service Cost	$ 13,511	$ 13,465
Interest	9,638	4,172
Differences in Experience	-	(81,825)
Changes of Assumptions	(2,364)	14,483
Benefit Payments	(2,182)	(1,430)
Net Changes	18,603	(51,135)
Total OPEB Liability - Beginning	189,620	240,755
Total OPEB Liability - Ending	$ 208,223	$ 189,620

Changes of assumptions reflect a change in the discount rate from 4.77% for the fiscal year ending September 30, 2022 to 4.87% for the fiscal year ending September 30, 2023.

Note 8 - Postemployment Benefits Other Than Pension Benefits (OPEB) (Continued)

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

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

	As of September 30, 2023		
		OPEB	
	1% Decrease 3.87%	Current Discount Rate 4.87%	1% Increase 5.87%
Total OPEB Liability (Asset)	$ 233,179	$ 208,223	$ 186,112

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

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

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

	As of September 30, 2023		
		OPEB	
	1% Decrease 3.00% - 6.50%	Healthcare Cost Trend Rates 4.00% - 7.50%	1% Increase 5.00% - 8.50%
Total OPEB Liability (Asset)	$ 177,017	$ 208,223	$ 246,157

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

Note 9 - Notes Payable – Bank

The authority has a permanent financing related to the recent terminal expansion with Truist Bank originally issued in 2022 with a principal value of $25.4 million. Under the financing, interest is payable semi-annually on the principal balance outstanding. The Series 2022 Revenue Note bears an interest rate of 2.82%. The payment of the loan is facilitated by PFCs which the Authority pledged under PFC Application #4.

No other financing activities were in place on September 30, 2023 and 2022.

Note 10 - Non-Current Liabilities

A summary of non-current liability activity for the years ended September 30, 2023 and 2022 is as follows:

	October 1, 2022	Additions	Deductions	September 30, 2023	Due Within One Year	Due After One Year
Notes Payable						
Revenue Notes:						
Series 2022 Revenue	$ 25,363,000	$ -	$2,291,000	$ 23,072,000	$ 2,288,000	$ 20,784,000
Total Notes Payable	**25,363,000**	**-**	**2,291,000**	**23,072,000**	**2,288,000**	**20,784,000**
Other Long-Term Liabilities						
SBITA Liability	133,590	-	46,683	86,907	48,016	38,891
Net Pension Liability	9,811,567	1,575,653	-	11,387,220	-	11,387,220
Other Post Employment Benefits	189,620	18,603	-	208,223	-	208,223
Total Other Long-Term Liabilities	**10,134,777**	**1,594,256**	**46,683**	**11,682,350**	**48,016**	**11,634,334**
Total Non-Current Liabilities	**$35,497,777**	**$1,594,256**	**$2,337,683**	**$ 34,754,350**	**$ 2,336,016**	**$32,418,334**

	October 1, 2021	Additions	Deductions	September 30, 2022	Due Within One Year	Due After One Year
Notes Payable						
Revenue Notes:						
Series 2018 Construction Note	$ 40,496,496	$ -	$ 40,496,496	$ -	$ -	$ -
Series 2022 Revenue Note	-	25,363,000	-	25,363,000	2,291,000	23,072,000
Total Notes Payable	**40,496,496**	**25,363,000**	**40,496,496**	**25,363,000**	**2,291,000**	**23,072,000**
Other Long-Term Liabilities						
SBITA Liability	-	183,658	50,068	133,590	46,683	86,907
Net Pension Liability	3,552,974	6,258,593	-	9,811,567	-	9,811,567
Other Post Employment Benefits	240,755	-	51,135	189,620	-	189,620
Total Other Long-Term Liabilities	**3,793,729**	**6,442,251**	**101,203**	**10,134,777**	**46,683**	**10,088,094**
Total Non-Current Liabilities	**$44,290,225**	**$31,805,251**	**$40,597,699**	**$ 35,497,777**	**$ 2,337,683**	**$33,160,094**

Note 10 - Non-Current Liabilities (Continued)

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

Year Ending September 30,	Principal	Interest
2024	$ 2,288,000	$ 650,630
2025	2,352,000	586,109
2026	2,419,000	519,782
2027	2,487,000	451,567
2028	2,557,000	381,433
2029-2032	10,969,000	784,073
	$ 23,072,000	$ 3,373,594

Notes payable on September 30, 2023 and 2022 are summarized as follows:

	2023	2022
Truist Bank Series 2022 Revenue Note - collateralized by pledge of PFC's; 2.82% fixed interest payable semi-annually. Interest and principal payable through April 2032 (or until refinanced)	$ 23,072,000	$ 25,363,000

The Authority's notes payable contains various restrictive covenants, including the maintenance of certain liquidity ratios. All covenants have been met through September 30, 2023.

As stated in Note 9, Notes Payable, in 2022, the Authority awarded a permanent financing of the remainder on the Series 2018 note with future PFC revenues as collateral. Interest is payable semi-annually with the principal paid on an annual basis. The total principal remaining as of September 30, 2023 is $23,072,000. For the twelve-month period ended September 30, 2023, interest paid was $682,395 and total pledged revenues for the year were $5,812,975.

Note 11 - Grants and Contributions

Grants and contributions used for capital assets are classified as capital contributions in the Statements of Revenues, Expenses and Changes in Net Position. Grants and contributions consisted of the following on September 30, 2023, and 2022:

	2023	2022
Federal grants	$705,881	$6,326,059
State of Florida grants	604,667	98,538
	$ 1,310,548	$ 6,424,597

Note 12 - Related Party Transactions

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

Note 13 - Commitments and Contingencies

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

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

Note 14 - Risk Management

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

Note 15 - COVID-19 Pandemic

Orlando Sanford International Airport was adversely affected by the Covid-19 pandemic. The primary focus at the time had been on the welfare of customers and employees. Numerous processes were initiated such as teleconferencing, telecommuting, modified working hours and shift modifications to mitigate the effects and safeguard employees. The effect on the airline industry was significant; however, approximately 50% of all revenues the Authority receives come from the commerce park rather than airlines. In addition, the FAA awarded $40.7 million to the Authority to offset O&M and financing costs over the 4 years since the pandemic began. As of September 30, 2023, the full amount has been drawn from the total award and passenger traffic has increased to near-2019 pre-pandemic levels.

Note 16 - Subsequent Event

On September 18, 2023, the Sanford Airport Authority Board of Directors voted to terminate the Agreement for the Operation and Management of the Orlando-Sanford International Airport Terminals and Parking Structure effective February 28, 2024. This will have a significant impact on many facets of the Orlando Sanford International Airport such as revenues, expenditures, leases, personnel, etc. beginning in fiscal year 2024.

REQUIRED SUPPLEMENTARY INFORMATION

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

Florida Retirement System (FRS) Defined Benefit Pension Plan

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Proportion of the net pension liability	0.021331214%	0.021127239%	0.020010208%	0.019843962%	0.018666859%	0.017402196%	0.016528885%	0.017732946%	0.016769923%	0.017440249%
Proportionate share of the net pension liability	$ 8,499,814	$ 7,861,031	$ 1,511,544	$ 8,600,666	$ 6,428,606	$ 5,241,631	$ 4,889,133	$ 4,477,583	$ 2,166,060	$ 1,064,112
Covered payroll	$ 7,344,229	$ 6,841,015	$ 6,053,589	$ 5,402,022	$ 4,988,440	$ 4,688,161	$ 4,102,304	$ 4,108,811	$ 4,041,507	$ 4,029,429
Proportionate share of the net pension liability as a percentage of its covered payroll	115.73%	114.91%	24.97%	159.21%	128.87%	111.81%	119.18%	108.98%	53.60%	26.41%
Plan fiduciary net position as a percentage of the total pension liability (2)	82.38%	82.89%	96.40%	78.85%	82.61%	84.26%	83.89%	84.88%	92.00%	96.09%

Retiree Health Insurance Subsidy (HIS) Program

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Proportion of the net pension liability	0.018181130%	0.018415881%	0.016642316%	0.015567830%	0.015066629%	0.014057046%	0.012836939%	0.013302314%	0.013290973%	0.013559918%
Proportionate share of the net pension liability	$ 2,887,406	$ 1,950,536	$ 2,041,430	$ 1,900,807	$ 1,685,767	$ 1,487,813	$ 1,372,585	$ 1,550,330	$ 1,355,470	$ 1,267,885
Covered payroll	$ 7,344,229	$ 6,841,015	$ 6,053,589	$ 5,402,022	$ 4,988,440	$ 4,688,161	$ 4,102,304	$ 4,108,811	$ 4,041,507	$ 4,029,429
Proportionate share of the net pension liability as a percentage of its covered payroll	39.32%	28.51%	33.72%	35.19%	33.79%	31.74%	33.46%	37.73%	33.54%	31.47%
Plan fiduciary net position as a percentage of the total pension liability (2)	4.12%	4.81%	3.56%	3.00%	2.63%	2.15%	1.64%	0.97%	0.50%	0.99%

Notes:

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

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

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

Florida Retirement System (FRS) Defined Benefit Pension Plan

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Actuarially Determined Contribution	$1,026,169	$ 901,538	$ 762,302	$ 659,327	$ 578,807	$ 495,949	$ 430,288	$ 432,446	$ 408,865	$ 382,015
Contributions in relation to the Actuarially Determined Contributions	1,026,169	901,538	762,302	659,327	578,807	495,949	430,288	432,446	408,865	382,015
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered payroll	$7,344,229	$6,841,015	$ 6,053,589	$ 5,402,022	$ 4,988,440	$ 4,688,161	$ 4,102,304	$ 4,108,811	$ 4,041,507	$ 4,029,429
Contributions as a percentage of covered payroll	13.97%	13.18%	12.59%	12.21%	11.60%	10.58%	10.49%	10.52%	10.12%	9.48%

Retiree Health Insurance Subsidy (HIS) Program

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Actuarially Determined Contribution	$ 119,599	$ 111,432	$ 97,824	$ 89,710	$ 83,664	$ 76,232	$ 67,937	$ 68,183	$ 50,806	$ 46,452
Contributions in relation to the Actuarially Determined Contributions	119,599	111,432	97,824	89,710	83,664	76,232	67,937	68,183	50,806	46,452
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered payroll	$7,344,229	$6,841,015	$ 6,053,589	$ 5,402,022	$ 4,988,440	$ 4,688,161	$ 4,102,304	$ 4,108,811	$ 4,041,507	$ 4,029,429
Contributions as a percentage of covered payroll	1.63%	1.63%	1.62%	1.66%	1.68%	1.63%	1.66%	1.66%	1.26%	1.15%

Notes:

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

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

Reporting Period Ending	9/30/2023	9/30/2022	9/30/2021	9/30/2020	9/30/2019	9/30/2018
Measurement Date	9/30/2023	9/30/2022	9/30/2021	9/30/2020	9/30/2019	9/30/2018
Total OPEB Liability						
Service Cost	$ 13,511	$ 13,465	$ 11,031	$ 9,948	$ 9,010	$ 9,582
Interest	9,638	4,172	5,368	8,492	10,741	10,115
Difference between Expected and Actual Experience	-	(81,825)	-	(36,808)	-	-
Changes of Assumptions	(2,364)	14,483	(9,272)	7,302	16,538	(14,817)
Benefit Payments	(2,182)	(1,430)	(12,375)	(13,908)	(26,255)	(24,198)
Net Change in Total OPEB Liability	18,603	(51,135)	(5,248)	(24,974)	10,034	(19,318)
Total OPEB Liability - Beginning	189,620	240,755	246,003	270,977	260,943	280,261
Total OPEB Liability - Ending	$ 208,223	$ 189,620	$ 240,755	$ 246,003	$ 270,977	$ 260,943
Covered Employee Payroll	$ 6,336,878	$ 6,182,320	$ 5,431,985	$ 5,299,497	$ 4,641,650	$ 4,417,989
Total OPEB Liability as a Percentage of Covered Employee Payroll	3.29%	3.07%	4.43%	4.64%	5.84%	5.91%

Notes:

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

Fiscal Year Ended September 30, 2023:	4.87%
Fiscal Year Ended September 30, 2022:	4.77%
Fiscal Year Ended September 30, 2021:	2.43%
Fiscal Year Ended September 30, 2020:	2.14%
Fiscal Year Ended September 30, 2019:	3.58%
Fiscal Year Ended September 30, 2018:	4.18%

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

COMPLIANCE SECTION

MSL

Certified Public Accountants

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

The Board of Directors
Sanford Airport Authority
Sanford, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the basic financial statements, as listed in the table of contents, of the Sanford Airport Authority (the Authority) as of and for the fiscal year ended September 30, 2023, and have issued our report thereon dated April 30, 2024.

Report on Internal Control over Financial Reporting

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

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

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

The Board of Directors
Sanford Airport Authority

Report on Compliance and Other Matters

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

Pursuant to provisions of Chapter 10.550, *Rules of the Auditor General,* we reported certain matters to management in a separate management letter and Independent Accountant's Report dated April 30, 2024.

Purpose of this Report

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

MSL, P.A.

Certified Public Accountants

Orlando, Florida
April 30, 2024

MSL
Certified Public Accountants

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

The Board of Directors
Sanford Airport Authority
Sanford, Florida

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

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

We have audited the compliance of the Sanford Airport Authority (the Authority), with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* and the requirements described in the *Passenger Facility Charge Audit Guide for Public Agencies* issued by the Federal Aviation Administration (the Guide) that could have a direct and material effect on each of the Authority's major federal programs and the passenger facility charge program for the fiscal year ended September 30, 2023. The Authority's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

In our opinion, the Authority complied, in all material respects, with the types of compliance requirements referred to in the first paragraph that could have a direct and material effect on each of the Authority's major federal programs and the passenger facility charge program for the fiscal year ended September 30, 2023.

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

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

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

Responsibility of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

The Board of Directors
Sanford Airport Authority

Report on Internal Control over Compliance

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

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

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

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

MSL, P.A.

Certified Public Accountants

Orlando, Florida
April 30, 2024

SANFORD AIRPORT AUTHORITY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND PASSENGER FACILITY CHARGES

Year Ended September 30, 2023

Grantor Pass-through grantor Federal Program	AL Number	Contract/Grant Number		Expenditures
United States Department of Transportation				
Federal Aviation Administration				
Airport Improvement Program				
	20.106	COVID-19 - 3-12-0069-082-2020	$	173,236
	20.106	3-12-0069-084-2021		553,701
	20.106	3-12-0069-084-2021		8,062
	20.106	3-12-0069-090-2023		108,988
	20.106	3-12-0069-091-2023		35,129
Total Federal Expenditures			$	879,116

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

SANFORD AIRPORT AUTHORITY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND PASSENGER FACILITY CHARGES (CONTINUED)
Year Ended September 30, 2023

FY23 PFC Collections & Expenditures

Sanford Airport Authority
Orlando Sanford Intl Airport (SFB)
Passenger Facility Charge (PFC)

	Q1 - October 2022 - December 2022	Q1 YTD	Q2 - January 2023 - March 2023	Q2 YTD	Q3 - April 2023 - June 2023	Q3 YTD	Q4 - July 2023 - September 2023	Total FY23
PFC Revenue Received	1,223,379	1,223,379	1,411,121	2,634,500	1,905,864	4,540,363	1,256,010	5,796,373
PFC Interest Earned	3,240	3,240	5,062	8,302	3,064	11,366	5,235	16,602
Total Collections	$ 1,226,619	**$ 1,226,619**	$ 1,416,183	**$ 2,642,802**	$ 1,908,928	**$ 4,551,730**	$ 1,261,245	**$ 5,812,975**
Application 4 Expenditures								
2018 Terminal Expansion Debt Service	$ -	$ -	$ 2,648,618	$ 2,648,618	$ 668,295	$ 3,316,914	$ 324,777	$ 3,641,690
Total Application 4 Project Expenditures	-	**-**	2,648,618	**2,648,618**	668,295	**3,316,914**	324,777	**3,641,690**

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

Year Ended September 30, 2023

Note 1 – Basis of Presentation:

The accompanying schedule of expenditures of federal awards and passenger facility charges (the “Schedule”) includes the federal grant activity of the Sanford Airport Authority (the “Authority”) under programs of the federal government for the year ended September 30, 2023. The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations*, Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Authority, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Authority.

Note 2 – Summary of Significant Accounting Policies:

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

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

Note 3 – Indirect Costs:

The Authority did not charge indirect costs to its federal program for the year ended September 30, 2023.

SANFORD AIRPORT AUTHORITY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended September 30, 2023

SECTION I - SUMMARY OF INDEPENDENT AUDITOR'S RESULTS

Financial Statements

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

Federal Awards

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

Identification of Major Federal Programs:

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

Dollar threshold used to distinguish between Type A and Type B programs: Federal	$750,000	
Auditee qualified as low-risk auditee pursuant to the Uniform Guidance?	X Yes	____ No

SANFORD AIRPORT AUTHORITY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS *(Cont.)*

For the Year Ended September 30, 2023

SECTION II - FINANCIAL STATEMENT FINDINGS

None reported.

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS SECTION

None reported.

SECTION IV - PRIOR AUDIT FINDINGS

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

MSL

Certified Public Accountants

INDEPENDENT ACCOUNTANT'S REPORT

The Board of Directors
Sanford Airport Authority
Sanford, Florida

We have examined the compliance of the Sanford Airport Authority (the Authority) with the requirements of Section 218.415, Florida Statutes, during the fiscal year ended September 30, 2023. Management is responsible for the Authority's compliance with those requirements. Our responsibility is to express an opinion on the Authority's compliance based on our examination.

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

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

In our opinion, the Authority complied, in all material respects, with the aforementioned requirements for the fiscal year ended September 30, 2023.

MSL, P.A.

Certified Public Accountants

Orlando, Florida
April 30, 2024

Certified Public Accountants

MANAGEMENT LETTER

The Board of Directors
Sanford Airport Authority
Sanford, Florida

Report on the Financial Statements

We have audited the basic financial statements of the Sanford Airport Authority (the Authority) as of and for the fiscal year ended September 30, 2023, and have issued our report thereon dated April 30, 2024.

Auditor's Responsibility

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

Other Reporting Requirements

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards;* Independent Auditor's Report on Compliance for Each Major Federal Program and the Passenger Facility Charge Program and on Internal Control over Compliance and Report on Schedule of Expenditures of Federal Awards and Schedule of Passenger Facility Charges Required by the Uniform Guidance, and *Passenger Facility Charge Audit Guide for Public Agencies;* Schedule of Findings and Questioned Costs; and Independent Accountant's Report on an examination conducted in accordance with *AICPA Professional Standards,* AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, *Rules of the Auditor General.* Disclosures in those reports and schedule, which are dated April 30, 2024, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.554(1)(i)1., *Rules of the Auditor General,* requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. There were no findings or recommendations made in the preceding annual financial report.

Official Title and Legal Authority

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

Financial Condition and Management

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

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

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

Special District Component Units

Section 10.554(1)(i)5.c., *Rules of the Auditor General,* requires that we determine whether or not a special district that is a component unit of a county, municipality, or special district, provided the financial information necessary for proper reporting of the component unit, within the audited financial statements of the county, municipality, or special district in accordance with Section 218.39(3)(b), Florida Statutes. There were no special district component units that were required to provide financial information to the Authority for the fiscal year ended September 30, 2023.

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

a. The total number of Authority employees compensated in the last pay period of the district's fiscal year as 105.

b. The total number of independent contractors to whom nonemployee compensation was paid in the last month of the Authority's fiscal year as 0.

c. All compensation earned by or awarded to employees, whether paid or accrued, regardless of contingency as $12,372,039.

d. All compensation earned by or awarded to nonemployee independent contractors, whether paid or accrued, regardless of contingency as $0.

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

Project Name	**FY23 Expenditures**
SAA Maintenance Facility Development	$ 1,440,563
Runway 9L Rehab (Design)	$ 121,098
Taxiway Alpha Rehab	$ 45,532

f. A budget variance based on the budget adopted under Section 189.016(4), Florida Statutes, before the beginning of the fiscal year being reported if the Authority amends a final adopted budget under Section 189.016(6), Florida Statutes, as $2,457,929

The Board of Directors
Sanford Airport Authority

Additional Matters

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

Purpose of this Letter

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

MSL, P.A.

Certified Public Accountants

Orlando, Florida
April 30, 2024