SANFORD AIRPORT AUTHORITY
Sanford, Florida

Financial Statements

Years Ended September 30, 2025 and 2024

INTRODUCTORY SECTION

SANFORD AIRPORT AUTHORITY

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SANFORD AIRPORT AUTHORITY

(As of September 30, 2025)

BOARD OF DIRECTORS

Kenneth Bentley, Jr., Chairman

Charles W. Gregg, Sr., Vice Chairman
Benny Crosby, Board Director
Jennifer T. Dane, Esq., Board Director
William R. Miller, Board Director

Stephen P. Smith, Secretary/Treasurer
Emory Green, Jr, Board Director
Frank S. Ioppolo, Jr., Esq., Board Director
Richard Sweat, Board Director

President and Chief Executive Officer

Nicole Martz

Executive Vice President and Deputy Chief Executive Officer

George Speake

Interim Chief Financial Officer and Director of Finance

Katee Mathis

FINANCIAL SECTION

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Independent Auditor's Report

Authority Board
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"), a component unit of the City of Sanford, Florida, as of and for the years ended September 30, 2025 and 2024, 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, 2025 and 2024, and the changes in its financial position and its cash flows for the 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 (*Government Auditing Standards)*. Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are required to be independent of the Authority, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibility 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 GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, pension information, and other postemployment benefit information 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority's basic financial statements. The schedule of expenditures of federal awards, state financial assistance, and passenger facility charges as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, Chapter 10.550, *Rules of the Auditor General*, and the *Passenger Facility Charge Audit Guide for Public Agencies issued by the Federal Aviation Administration* (the "Guide") are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the schedule of expenditures of federal awards, state financial assistance, and 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 Financial Statements. The other information comprises the introductory section, as listed in the table of contents, but does not include the basic financial statements and our auditor's report thereon. Our opinion on the basic financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audits 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 June 30, 2026, 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.

Forvis Mazars, LLP

Orlando, Florida
June 30, 2026

The following Management's Discussion and Analysis (MD&A) provides a comprehensive overview of the Sanford Airport Authority's (the Authority) financial performance for the fiscal year ended September 30, 2025, with comparative information for the fiscal year ended September 30, 2024. This discussion is intended to assist readers in understanding the Authority's financial condition, operating results, and the economic and operational factors that influenced performance during the fiscal year. It should be read in conjunction with the accompanying financial statements and related notes, which collectively present a complete picture of the Authority's financial position and activities.

Overview of the Financial Statements

The Authority, a dependent special district of the City of Sanford, operates as an enterprise fund. Its financial statements are prepared using the accrual basis of accounting, under which revenues are recognized when earned and expenses are recognized when incurred. Capital assets, excluding land, are capitalized and depreciated over their estimated useful lives. A summary of the Authority's significant accounting policies is included in the accompanying notes to the financial statements.

The **Statement of Net Position** provides a point-in-time snapshot of the Authority's financial health by detailing assets, deferred outflows, liabilities, and deferred inflows, with the residual reported as net position. Changes in net position over time serve as a key indicator of financial stability and long-term sustainability.

The **Statement of Revenues, Expenses, and Changes in Net Position** reports the Authority's financial performance for the fiscal year, capturing all changes in net position as they occur. Because the statement is prepared on an accrual basis, certain revenues and expenses may not impact cash flows until future periods.

The **Statement of Cash Flows** presents cash inflows and outflows related to operating, capital, and financing activities. This statement provides insight into the Authority's liquidity and its ability to meet short-term obligations. A reconciliation of operating income (loss) to net cash provided by operating activities is included to clarify differences between accrual-based results and cash flows.

Airport Activity Highlights

Passenger activity remains one of the most significant indicators of the Authority's operational performance. The Federal Aviation Administration (FAA) reports passenger counts on a calendar-year basis, which differs from the Authority's fiscal year.

In calendar year 2025, the Authority experienced strong growth, with total passenger traffic increasing 10% to 3,166,417, representing approximately 96% of pre-COVID-19 levels recorded in 2019. This continued recovery underscores the resilience of the airport's market and the effectiveness of air service development efforts.

Passenger counts from 2013 through 2025 reflect long-term growth trends, temporary pandemic-related declines, and the subsequent rebound in demand.

Calendar Year Passenger Counts 2013 to 2025

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	**2024**	2,877,526	**2025**	**3,166,417**				

Fiscal Year (FY) 2024-2025 Highlights

This section provides a comprehensive overview of key events and trends that significantly impacted the financial performance for FY 2024-2025. The following major events contributed to these results.

Transition of Terminal, Fueling, Ground Handling, & Passenger Service Operations

On September 18, 2023, the Authority's Board of Directors voted to terminate the agreement with OSI, Inc. for the operation and management of the Orlando-Sanford International Airport terminals and parking structure, effective February 28, 2024. In early FY 2023-2024, Authority staff initiated a comprehensive transition plan to ensure the seamless transfer of operational responsibilities slated for the second half of FY 2023-2024.

FY 2024–2025 represents the first full fiscal year reflecting the operational transition following the Authority's decision to terminate its agreement with OSI, Inc. for terminal and parking operations, effective February 28, 2024. Throughout the year, the Authority continued to refine operational processes, staffing levels, and resource allocation to support the fully in-house operating model. As a result, several revenue and expense categories reflect significant year-over-year variances due to the shift from a partially outsourced to a fully Authority-managed structure.

Revenue Overview

Total operating revenues for FY 2024-2025 reached $36.8 million, representing a substantial year-over-year increase of $8.6 million compared to the prior year's $28.2 million. Notably, 93% of this growth is attributed to higher Terminal revenues, predominantly from October through February, the period in FY 2023-2024 prior to the transition. The results, when including certain concession abatements supplemented by federal ARPA revenues, exceeded budgetary projections by $9K, a figure less than 1%.

Historically, the Authority's revenue structure was dominated by non-aviation revenue streams, which accounted for roughly 68% of operating revenues. Under the new operating model, non-aviation revenues now represent approximately 25% of total operating revenues. This shift reflects the fundamental realignment of revenue sources following the transition of terminal operations back to the Authority.

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. In FY 2024-2025, aviation revenue performed well, totaling $4.6 million, a $235K or 5.3% increase from the prior year. This was primarily driven by additional aviation building leases in the fiscal year coupled with additional fuel flowage fees associated with increased aircraft movement, and subsequent fueling activity. In addition, there has been normalization regarding the occupancy of rented aviation facilities due to extended time since the terminal transition.

Terminal Revenue and Customer Facility Charges (CFCs)

Customer Facility Charges (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.

In FY 2024-2025, CFC revenue totaled $2.5 million, reflecting a significant 9.7% year-over-year increase and flat variance to budget. This revenue stream remains a critical funding source for essential airport police operations and capital expenditures that directly benefit the rental car industry.

Additionally, Terminal Revenues experienced a substantial increase of $8.1 million compared to the prior fiscal year. This growth is exclusively attributable to operational changes, with control of terminal operations reverting to the Authority in the first five months of the fiscal year.

Air Carrier Landing Fees & Public Safety Fees

Airport landing fees are charges imposed on aircraft operators for the use of airport facilities, specifically for landing and runway utilization. These fees are generally determined based on factors such as aircraft weight, type, and duration of stay. Revenue generated from landing fees supports the maintenance and operation of critical airport infrastructure, including runways, taxiways, and terminal facilities, while also contributing to administrative costs associated with air traffic management and airport safety.

The FAA-approved Public Safety Fee is a federally authorized charge assessed to airlines and aircraft operators to fund essential public safety and security services at the airport. These fees support airport police and fire departments, emergency response teams, security personnel, and related infrastructure and equipment. The Federal Aviation Administration (FAA) oversees the establishment and implementation of these fees to ensure compliance with federal regulations and to maintain high safety and security standards across airport operations.

For the fiscal year, Landing Fees and Public Safety Fees increased, totaling just over $1 million, reflecting 5.7% year-over-year growth and 2.6% under budget due to increased landing fee and public safety fee waivers under the air service incentive program (ASIP). Although the increase in comparison to prior year was driven by increased activity, the budget for incentivized fees was underestimated slightly due to a less concentrated route allocation for the airlines. These incentives were applicable to the Authority's signatory airline, and newly announced routes throughout the reporting period. The expectation is for fee collections for these specific routes to return to standard levels following the incentive period of two years.

Unrestricted Interest Earned

In FY 2024-2025, interest revenue on deposited funds decreased by $290K, or 20%, yet exceeding budgetary projections by $36K or 3%. The change in investment outlook was anticipated, as rate cuts during the fiscal year were expected and modeled into the investment income budget for moderate returns as opposed to significant increases seen in prior years. While investment income will continue to serve as a key contributor to non-operating revenue, it is projected to do so on a reduced scale. The Authority remains committed to its investment strategy, prioritizing the placement of surplus funds in designated Local Government Investment Pools (LGIPs) while maintaining sufficient liquidity to meet operational requirements. Notably, LGIP funds are highly liquid, with availability typically ranging from same-day to next-day access, ensuring flexibility in managing short-term cash flow needs.

This performance underscores the Authority's ability to adapt to evolving economic conditions while effectively leveraging monetary policy shifts. As we navigate the coming fiscal year, we will continue to monitor market trends and refine our investment approach to optimize returns and support financial sustainability as has been achieved historically.

Grants

The Authority undertakes numerous capital projects in coordination with federal and state partners, including the Federal Aviation Administration (FAA), Environmental Protection Agency (EPA), Florida Department of Transportation (FDOT), and Florida Department of Environmental Protection (FDEP), among others. Depending on the scope of each project, multiple non-operating revenue sources may be available in the form of advance or reimbursement grants, supporting the continued development of the Airport. Due to the structure of the Airport Improvement Program (AIP), grant revenues do not follow a consistent trend across fiscal years.

The term "Force Account" refers to FAA-funded construction grants wherein airport personnel assume roles typically outsourced to contractors or engineering consulting firms. To qualify, each designated employee must provide a resume demonstrating the requisite education and experience, as required by the FAA. Common Force Account roles include Construction Manager, Project Coordinator, and Resident Project Representative (RPR), though any project-specific position may be eligible.

Upon receipt of grant payments for Force Account work, the entire amount is recorded as a project expense, with the FAA and FDOT reimbursing the Authority for up to 90% of the incurred costs. These reimbursements are reported under Non-Operating Revenue in the Authority's financial statements.

No Force Account revenue was recognized in FY 2024–2025, consistent with the prior year, as no projects met the criteria for Force Account designation. This revenue category is expected to resume in future years as qualifying projects arise.

Expense Overview

Salaries and Benefits

The continued transition of terminal, fueling, and ground handling operations in the first half of the fiscal year resulted in another significant year-over-year variance in Salaries and Benefits. This category increased by $5.3 million, or 32%, primarily due to a full fiscal year of the previous rise in headcount from 115 to 275. In FY 2023-2024, the increase reflected only a prorated impact, as the transition occurred mid-year on February 29, 2024. A full-year impact of the expanded workforce has now been realized, with a much more normalized variance expected in future years. The variance to budgeted salaries was less than 1%, primarily due to a realignment budget amendment at the tail end of the fiscal year and a year-end adjustment to compensated absence balances. Remaining budget drivers included the annual non-cash adjustment required under GASB 68, which governs the valuation of the Authority's net pension liability within the Florida Retirement System. As a result, the Authority recognized a pension net expense of $121K. Additionally, the completion of a GASB 75 valuation for Other Post-Employment Benefits (OPEB) resulted in a $15K net expense. Excluding these non-cash adjustments related to GASB 68 and GASB 75, the Authority's Salaries and Benefits expenditures remained even further below budget.

Office and Administrative

Office and administrative expenses increased by $305K, or 55%, primarily due to the recently transitioned impact of terminal-related information technology software licenses. In addition, the transition of parking operations to the Authority resulted in merchant service and credit card processing fees, as the Authority now processes all parking-related transactions on campus. In prior fiscal years, the Authority contracted a parking operator and instead remitted management fees, captured in the Professional and Contract Services category. These factors contributed to the overall increase in administrative costs compared to the prior year. Comparisons to budget came in at 30% less than forecasted as all parking merchant service fees were not known during budget development.

Professional & Contract Services

Professional and Contract Services expenses increased by $1.1 million (30%), primarily due to legal fees incurred in connection with the ongoing dispute between the Authority and Orlando Sanford Inc. (OSI, Inc.), the third-party terminal manager previously responsible for overseeing terminal operations. Additionally, the Authority had a one-time study conducted during the fiscal year to analyze potential landside improvements to connectivity and current Rental Car and Parking locations. Similar to other categories, other costs incurred throughout the year increased as a function of a full fiscal year in comparison to a partial year in FY2023-2024. An example is the cost of resale fuel purchased for sale for twelve months as opposed to seven months in the prior year.

Repair & Maintenance

The Repair and Maintenance category experienced a significant year-over-year increase of $172K, approximately 10%, driven by several key factors. Foremost, the Authority experienced a critical failure in the terminal HVAC system early in the year, driving increased maintenance costs associated with repairing and extending the life of the terminal chiller until a replacement was available for installation. Additionally, grounds maintenance expenditures increased due to a full year in comparison to the previous partial year impact, including a large campus-wide mulching initiative. Lastly, similar to the previous year, there were additional deferred maintenance issues that emerged during the fiscal year requiring immediate attention. These maintenance deficiencies, stemming from previous underinvestment by OSI, Inc., required remediation by the Authority.

Utilities

The Authority experienced another significant increase in Utilities expenses, with year-over-year spending rising by $614K (46%). This increase is solely attributable to the Authority assuming responsibility for terminal-related utility costs and a full year of the impact in comparison to the prior year's prorated costs. These cost drivers encompass electricity and water usage for the Terminal building and parking structures.

Debt Service –Interest Paid

During FY 2024-2025, the Authority remitted $2.35 million in principal payments and $924K in interest payments on its fixed-rate 2022 permanent financing and its variable rate 2024 loan with Truist Bank, with the fixed-rate financing backed by Passenger Facility Charge revenues and the variable rate loan both fully funded by PFC revenues. The payments associated with the 2022 Series debt are part of a structured debt service schedule under a 10-year fixed-rate financing arrangement, secured at 2.82% to support the Terminal Expansion project. Related to this issuance, the Authority remains committed to fulfilling its annual principal and semi-annual interest obligations through FY 2031-2032, in accordance with the established repayment terms initiated in FY 2021-2022. There was also interest paid associated with the variable rate debt issued in early FY 2024-2025 to support multiple PFC projects, the apron expansion and Runway 9L-27R rehabilitation, in addition to the completion of a parking lot supported by general airport revenues. This debt is structured as a non-revolving line of credit, with a current balance of $4.1MM at the close of the fiscal year. Upon project completion and the availability of PFC revenues, the line will be paid down with the option of refunding for permanent fixed-rate debt in the future similar to the 2022 series.

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, 2025, 2024, and 2023 is as follows:

	2025	2024*	2023
Assets:			
Current and other assets	51,342,933	46,594,594	43,512,939
Capital Assets, net	257,847,635	238,870,719	245,424,671
Total Assets	309,190,568	285,465,313	288,937,610
Deferred outflows	6,170,207	5,233,486	2,901,409
Total assets and deferred outflows	$ 315,359,031	$ 290,698,799	$ 291,839,019
Liabilities:			
Current liabilities	13,839,037	7,451,872	5,184,933
Noncurrent liabilities	33,866,437	32,159,459	32,418,334
Total liabilities	47,705,471	39,611,331	37,603,267
Deferred inflows of resources	13,199,216	9,940,017	7,713,344
Total liabilities and deferred inflows	$ 60,904,690	$ 49,551,348	$ 45,316,611
Net position:			
Net investment in capital assets	233,465,879	214,491,572	221,482,049
Restricted	8,055,400	5,490,248	3,751,603
Unrestricted	12,887,341	21,165,631	21,288,756
Total net position	$ 254,456,088	$ 241,147,451	$ 246,522,408

Changes in Net Position

	2025	2024*	2023
Operating revenues	36,860,621	28,245,929	13,820,675
Operating expenses	(35,044,090)	(27,981,957)	(17,536,430)
Operating income before depreciation	(1,816,531)	(263,972)	(3,715,755)
Depreciation & Amortization	(14,009,541)	(15,183,017)	(16,939,381)
Operating loss	(12,193,010)	(14,919,045)	(20,655,136)
Non-operating revenues/expenses and capital contributions, net	25,499,901	9,544,088	8,301,692
Increase in net position	$ 13,306,891	$ (5,374,957)	$ (12,353,444)

*Due to immateriality, fiscal year 2023 figures related to the Authority's lease program on the lessee side associated with GASB Statement No. 87, have been presented as additions in fiscal year 2024.

Capital Planning and Financing

In the United States, airports typically prepare Master Plans on a decadal cycle, with the primary purpose of identifying capacity and facility needs over a 20-year planning horizon. While these plans do not establish detailed funding strategies, they serve as essential frameworks that guide the Authority's long-term strategic direction.

A central objective of the Master Plan is to maintain the Authority's financial strength while supporting long-term sustainability and minimizing the cost burden on air carriers. This is accomplished by maintaining competitive airline rates and charges and strategically aligning capital investments with demand-based trigger points. The Authority's funding approach is designed to preserve a competitive cost structure while maintaining flexibility to respond to evolving operational requirements.

The Capital Improvement Plan (CIP) functions as the Authority's primary roadmap for capital projects and related funding sources, encompassing infrastructure improvements, facility expansions, and other strategic investments. Construction in Progress (CIP) projects represent active initiatives aimed at enhancing operational capacity and service levels, including land acquisitions, building development, and infrastructure upgrades.

During FY 2024-2025, the Authority invested $32.2 million in CIP additions, primarily driven by a $15.7 million allocation toward the construction phase of the rehabilitation of Runway 9L-27R, with further investments allocated to projects such as Taxiway Alpha rehabilitation ($4.3MM) and the rehabilitation of the terminal apron ($3.8MM).

Over the same period, $11.9 million was capitalized to fixed assets, with certain projects continuing the Authority's prioritization of terminal operations. These capitalized investments included the completed Terminal Apron rehabilitation ($3.9MM), Maintenance Facility construction ($3.5MM), Sterile Corridor Wall Removal and CBP upgrades($1.2MM), Terminal Chiller Replacement ($1.1MM), among other planned acquisitions. Notable asset transfers from CIP to fixed assets included the purchase of a remaining fuel truck, flatbed truck for ARFF, and the absorption of all vehicles previously under the Enterprise fleet management agreement. Lastly, each year, the Authority continues with life cycle replacement of IT infrastructure and recurring HVAC and roofing replacements across campus. These strategic capital investments reinforce the Authority's commitment to enhancing infrastructure resiliency and operational efficiency, positioning it for sustained growth and long-term financial stability.

Debt Service

In FY 2024-2025, the Authority updated its existing debt structure, issuing new debt in the form of a non-revolving line of credit to support multiple projects designated as airfield, terminal, and landside in nature backed by both general and PFC revenues. Related to its permanent fixed-rate loan under the Series 2022 note, future Passenger Facility Charge (PFC) revenues serve as the primary pledged collateral, supplemented by general airport revenues as a secondary security source. Interest payments are made semi-annually, with principal repayments occurring annually. As of September 30, 2025, the outstanding principal balance of the 2022 and 2024 line of credit series stand at $18.4 and $4.1 million, respectively. For the twelve-month period ending September 30, 2024, interest payments totaled $924K, while pledged revenues for the year amounted to $6.4 million.

Passenger Facility Charges

In compliance with the Safety and Capacity Expansion Act of 1990, the Authority obtained Federal Aviation Administration (FAA) approval to implement a Passenger Facility Charge (PFC) at Orlando Sanford International Airport, a program initiated in December 2000. PFC revenues may be utilized to fund eligible capital improvement projects or to service debt associated with bonds issued for PFC-eligible initiatives. Since the program's inception, the FAA has incrementally raised the maximum allowable PFC, currently capped at $4.50 per enplaned passenger. In alignment with its capital program, Orlando Sanford International Airport has adjusted its PFC rate over time, maintaining the current charge at $4 per enplaned passenger.

On January 23, 2018, the FAA approved PFC Application No. 17-04-C-00-SFB, authorizing the reimbursement of $2 million for previously completed projects and allocating $30.3 million toward the Authority's Terminal Expansion Project, which was completed in 2022. An amendment to this application, approved on March 4, 2019, increased the total authorized funding to $52.7 million. The existing PFC authorization is scheduled to expire in May 2028, at which point the newly approved PFC Application No. 24-06-C-00-SFB will take effect.

On May 8, 2024, the FAA approved PFC Application No. 24-06-C-00-SFB, authorizing the reimbursement of $870K for completed airfield projects and allocating $25.8 million for the rehabilitation of Runway 9L-27R and the Terminal Apron. This application is set to become effective in June 2028, at which time the PFC rate will increase from $4.00 to $4.50 per enplaned passenger.

For fiscal year 2024-2025, PFC revenues increased by $851K, or 15% compared to the prior year, reflecting a corresponding increase in passenger traffic and airline ticket sales, the primary driver for PFC revenues.

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, 2025 and 2024

	2025	2024
Assets and Deferred Outflows of Resources		
Current Assets		
Cash and cash equivalents	$ 27,148,204	$ 28,197,807
Accounts receivable, net	1,594,379	2,171,000
Federal grants receivable	1,360,452	58,428
State grants receivable	750,159	254,532
Leases receivable - current	3,632,244	4,287,504
Prepaid expenses	1,776,829	1,590,039
Total Current Assets	36,262,267	36,559,310
Noncurrent Assets		
Restricted cash	8,102,868	5,555,439
Lease receivable - noncurrent	6,977,798	4,479,842
Capital assets, nondepreciable	82,553,032	62,279,366
Capital assets, net of accumulated depreciation/amortization	175,294,603	176,591,356
Total Noncurrent Assets	272,928,301	248,906,003
Total Assets	309,190,568	285,465,313
Deferred Outflows of Resources		
Deferred outflows related to pensions	6,160,180	5,222,345
Deferred outflows related to OPEB	10,027	11,141
Total Deferred Outflows of Resources	6,170,207	5,233,486
Liabilities, Deferred Inflows of Resources, and Net Position		
Current Liabilities (Payable from Current Assets)		
Current portion of notes payable	2,419,000	2,352,000
Current portion of lease liability	118,490	162,024
Current portion of SBITA liability	70,415	191,707
Accounts payable and accrued liabilities	9,954,271	2,273,467
Rent collected in advance and deposits	592,356	491,782
Accrued sick and vacation pay	684,502	556,005
Unearned revenue	486,387	1,530,442
Total Current Liabilities	14,325,421	7,557,427
Noncurrent Liabilities		
Notes payable, net of current portion	20,125,000	18,432,000
Lease liability, net of current portion	53,045	168,858
SBITA liability, net of current portion	17,321	(75,922)
Net pension liability	12,963,051	13,318,919
OPEB liability	221,633	210,049
Total Noncurrent Liabilities	33,380,050	32,053,904
Total Liabilities	47,705,471	39,611,331
Deferred Inflows of Resources		
Deferred inflows related to leases	10,610,042	8,767,346
Deferred inflows related to pensions	2,503,304	1,089,008
Deferred inflows related to OPEB	85,870	83,663
Total Deferred Inflows	13,199,216	9,940,017
Net Position		
Net investment in capital assets	233,465,879	214,597,127
Restricted for		
Passenger facility charges	8,055,400	5,490,248
Law enforcement	47,468	65,191
Unrestricted	12,887,341	20,994,885
Total Net Position	$ 254,456,088	$ 241,147,451

Sanford Airport Authority
Statements of Revenues, Expenses, and Changes in Net Position
Years Ended September 30, 2025 and 2024

	2025	2024
Operating Revenues		
Commerce park	$ 2,569,540	$ 2,437,594
Other leases and miscellaneous	790,375	864,787
Aviation rents	5,598,022	4,968,745
Terminal	26,229,233	18,343,535
Airfield	1,046,514	990,282
Ground transportation	626,634	640,986
Total Operating Revenues	36,860,318	28,245,929
Operating Expenses		
Salaries and fringe benefits	21,885,493	16,672,232
Office and administrative	840,223	542,324
Professional fees and contract services	4,473,820	3,160,635
Marketing and advertising	463,320	419,693
Fuel, tools, and supplies	1,634,749	2,654,468
Repairs and maintenance	1,937,813	1,765,584
Utilities	1,954,187	1,339,680
Insurance	1,726,004	1,427,341
Total Operating Expenses	34,915,609	27,981,957
Operating Income (Loss) Before Depreciation	1,944,709	263,972
Depreciation and Amortization	(14,004,065)	(15,183,017)
Operating Loss	(12,059,356)	(14,919,045)
Nonoperating Revenues (Expenses)		
Investment income	1,135,250	1,425,860
Lease interest	290,997	240,458
Interest expense	(636,693)	(620,172)
Passenger facility charges	6,398,991	5,548,162
Gain (Loss) on disposal of capital assets	22,652	33,491
Miscellaneous income (expense)	(128,188)	5,674
Total Nonoperating Revenues	7,083,009	6,633,473
Gain (Loss) Before Capital Contributions	(4,976,347)	(8,285,572)
Capital contributions	18,284,984	2,910,615
Change in Net Position	13,308,637	(5,374,957)
Net Position, Beginning of Year	241,147,451	246,522,408
Net Position, End of Year	$ 254,456,088	$ 241,147,451

Sanford Airport Authority
Statements of Cash Flows
Years Ended September 30, 2025 and 2024

	2025	2024
Operating Activities		
Receipts from customers and tenants	$ 34,650,762	$ 26,757,592
Payments to suppliers	(6,233,648)	(11,469,753)
Payments to employees	(19,778,802)	(14,654,771)
Net Cash Provided by (Used in) Operating Activities	8,638,312	633,068
Noncapital Financing Activities		
FAA grant reimbursement	-	105,876
Net Cash Provided by Noncapital Financing Activities	-	105,876
Capital and Related Financing Activities		
Acquisition and construction of capital assets	(32,411,620)	(8,193,069)
Proceeds from sale of capital assets	22,652	33,491
Proceeds from refunding notes payable	-	(2,288,000)
Principal paid on notes payable	1,760,000	-
Principal paid on SBITA/lease liabilities	(187,396)	(328,978)
Capital grants and contributions received	16,487,333	3,063,327
Interest paid	(636,693)	(620,172)
Passenger facility charges received	6,398,991	5,548,162
Net Cash Provided by (Used in) Capital and Related Financing Activities	(8,566,733)	(2,785,239)
Investing Activities		
Interest income	1,135,250	1,425,860
Lease interest	290,997	240,458
Net Cash Provided by Investing Activities	1,426,247	1,666,318
Net Increase (Decrease) in Cash and Cash Equivalents	1,497,826	(379,977)
Cash and Cash Equivalents, Beginning of Year	33,753,246	34,133,223
Cash and Cash Equivalents, End of Year*	$ 35,251,072	$ 33,753,246

	2025	2024
*Classified as:		
Cash and cash equivalents - current assets	$ 27,148,204	$ 28,197,807
Cash and cash equivalents - restricted assets	8,102,868	5,555,439
	$ 35,251,072	$ 33,753,246

Sanford Airport Authority
Statements of Cash Flows
Years Ended September 30, 2025 and 2024 **(Continued)**

	2025	2024
Reconciliation of Operating Income to Net Cash Provided by (Used in) Operating Activities		
Operating loss	$ (12,059,356)	$ (14,919,045)
Adjustments to reconcile operating income to net cash used in operating activities		
Depreciation	14,004,065	15,183,017
Changes in assets, liabilities, and deferred amounts		
Allowance for doubtful accounts	-	(158,286)
Accounts receivable	576,621	(1,331,456)
Leases receivable	(1,842,696)	(1,406,058)
Prepaid expenses	(186,790)	(824,420)
Deferred outflows of resources	(936,721)	(2,332,077)
Accounts payable and accrued liabilities	6,983,258	664,392
Rents collected in advance	100,574	(5,018)
Accrued sick and vacation pay	128,497	189,340
Unearned revenue	(1,044,055)	1,412,481
Net pension liability	(355,868)	1,931,699
OPEB liability	11,584	1,826
Deferred inflows of resources	3,259,199	2,226,673
Net Cash Provided by (Used in) Operating Activities	$ 8,638,312	$ 633,068
Noncash Investing and Financing Activities		
Increase in fair value of derivative financial instrument	$ -	$ -
Noncash Investing, Capital, and Financing Activities		
Issuance of SBITA/Leases Payable	$ -	$ 688,738
Change in capital grants receivable	$ 1,797,651	$ (152,712)

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 of capital assets. Interest expenses and financial costs are reported as non-operating expenses.

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 had a significant impact on many facets of the Orlando Sanford International Airport such as revenues, expenditures, leases, personnel, etc. in fiscal years 2024 and 2025. In reviewing activity in comparison to fiscal year 2024, there are many items that have increased substantially. This is due to a full year of impact in 2025 in comparison to a partial year of impact in 2024 associated with the transition of multiple operations over

Note 1 - Summary of Significant Accounting Policies (Continued)

B. Basis of presentation, measurement focus, and basis of accounting (Continued)

to the Authority such as Terminal Operations, Terminal Janitorial Services, Fueling Operations, Passenger Services, Ground Service Equipment Maintenance and Ground Handling Operations. The personnel, revenues, expenses, leases, and other items associated with the significant change in organizational structure have been accounted for across the second half of fiscal year 2024 and for the full fiscal year 2025.

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.

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, 2025 and 2024 was $0 and $30,730, respectively as the sole customer associated with the uncollectible amount remitted the amount as a function of a legal negotiation.

3. *Prepaid expense and inventory*

Prepaid expenses consist primarily of expenditures expected to benefit future periods. Inventory primarily consists of both aviation and vehicle fuel held for sale/consumption and is valued using the average cost method. Other various forms of inventory consist of stock related to the security credentialing operation, identification tags dedicated for Airline use, and Airport Rescue and Firefighting (ARFF) foam reserves.

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.

Note 1 - Summary of Significant Accounting Policies (Continued)

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

6. *Right to Use Assets*

The Authority's right to use assets consist of subscription-based information technology arrangements (SBITAs) and other leased tangible equipment. 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.

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

Note 1 - Summary of Significant Accounting Policies (Continued)

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

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.

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 $6,160,180 and $5,222,345 on September 30, 2025, and 2024, 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 $10,027 and $11,141 on September 30, 2025, and 2024, 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 $2,503,304 and $1,089,008 on September 30, 2025, and 2024, 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 7.

Note 1 - Summary of Significant Accounting Policies (Continued)

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

Deferred outflows related to OPEB - These deferred inflows 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 inflows related to OPEB totaled $85,870 and $83,663 on September 30, 2025, and 2024, 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.

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 $10,610,042 and $8,767,346 on September 30, 2025, and 2024, 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).

Note 1 - Summary of Significant Accounting Policies (Continued)

D. Revenues and expenses (Continued)

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.

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 expense associated with accrued time off. The Authority revalues the compensated absence liabilities each year and recognizes an expense relating to the incremental difference taking likelihood assumptions into account under GASB Statement No. 101, *Compensated Absences*.

E. Other significant accounting policies

1. *Fair value of financial instruments*

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

2. *Estimates*

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

3. *Reclassifications*

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

Note 1 - Summary of Significant Accounting Policies (Continued)

E. Other significant accounting policies (Continued)

4. Change in Accounting Principle

In fiscal year 2025, the Authority did not have any changes in accounting principle, changes in accounting estimates, or changes to or within the financial reporting entity. In fiscal year 2024, under GASB Statement 101, an analysis was performed related to organizational compensated absence liabilities and the anticipated amount of leave employees typically utilize compared to the amount of liability carried on the balance sheet to determine likelihood of leave to be taken. The difference between these two metrics was deemed immaterial by management but continues to be reviewed annually.

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.

Note 2 - Cash Deposits and Investments (Continued)

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, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*; 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, 2025 and 2024, the carrying amounts of deposits were $12,032,418 and $6,817,960, respectively. The bank balances were $12,072,949 and $7,305,246 respectively, on September 30, 2025 and 2024.

B. Investments

Investment income is recognized as earned and is allocated to the participating funds based on their equity participation. On September 30, 2024, the Authority's investments were held in interest-bearing time deposits in qualified public depositories.

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

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

Note 2 - Cash Deposits and Investments (Continued)

B. Investments (Continued)

On September 30, 2025 and 2024, the Authority's investment program consisted of the following:

	2025 Fair Value	2024 Fair Value	Credit Rating	Weighted Average Maturity
Local government investment pool:				
Florida Prime	$ 10,594,436	$ 12,645,885	AAAm	47 days
Florida Star	12,611,379	14,286,910	AAAm	43 days
Total	$23,205,815	$26,932,795		

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

As of September 30, 2025 and 2024, 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, 2025, and 2024, the Authority has a restricted cash balance of $8,055,400 and $5,490,248, respectively, for Passenger Facility Charges and a restricted cash balance of $47,468 and $65,191, respectively, for Law Enforcement related restricted funds.

Note 4 – Capital Assets:

A summary of capital assets activity for the years ended September 30, 2025 and 2024 follows:

	Balance October 1, 2024	Additions*	Deductions and Reclass-ifications	Balance September 30, 2025
Capital assets, not being depreciated/amortized				
Land	$ 54,280,715	$ -	$ -	$ 54,280,715
Construction in progress	7,998,651	32,218,601	(11,944,935)	28,272,317
Total capital assets, not being depreciated/amortized	62,279,366	32,218,601	(11,944,935)	82,553,032
Capital assets, being depreciated/amortized				
Buildings & improvements	357,819,851	10,731,803	(6,815)	368,544,839
T-Hangars	1,621,317	-	-	1,621,317
Street construction	11,093,084	-	-	11,093,084
Equipment & vehicles	43,864,852	1,872,697	(104,884)	45,662,515
Intangible Assets	-	9,410	-	9,410
Right to Use Assets (Vehicles)	583,571	36,640	(261,453)	358,758
Subscription Assets (SBITAs)	349,821	63,709	-	413,530
Total capital assets, being depreciated/amortized	415,332,496	12,714,259	(373,152)	427,703,453
Less accumulated depreciation/amortization				
Buildings & improvements	(192,941,610)	(11,179,709)	6,815	(204,114,504)
T-Hangars	(1,503,308)	(14,046)	-	(1,517,354)
Street construction	(7,927,120)	(426,626)	-	(8,353,746)
Equipment & vehicles	(35,910,007)	(2,051,507)	104,884	(37,856,630)
Right to Use Assets (Vehicles)	(248,363)	(185,539)	247,254	(186,648)
SBITAs	(210,734)	(139,384)	-	(350,118)
Total accumulated depreciation/amortization	(238,741,142)	(13,996,811)	358,953	(252,408,850)
Total capital assets, being depreciated/amortized, net	176,591,356	(1,282,552)	(14,196)	175,294,603
Capital assets, net	$ 238,870,721	$ 30,936,049	$ (11,959,131)	$ 257,847,635

	Balance October 1, 2023	Additions*	Deductions and Reclass-ifications	Balance September 30, 2024
Capital assets, not being depreciated/amortized				
Land	$ 54,134,842	$ 145,873	$ -	$ 54,280,715
Construction in progress	3,496,450	5,054,452	(552,251)	7,998,651
Total capital assets, not being depreciated/amortized	57,631,292	5,200,325	(552,251)	62,279,366
Capital assets, being depreciated/amortized				
Buildings & improvements	356,852,136	967,715	-	357,819,851
T-Hangars	1,621,317	-	-	1,621,317
Street construction	11,083,393	9,691	-	11,093,084
Equipment & vehicles	41,630,880	2,341,287	(107,315)	43,864,852
Right to Use Assets (Vehicles)	-	583,571	-	583,571
Subscription Assets (SBITAs)	183,658	166,163	-	349,821
Total capital assets, being depreciated/amortized	411,371,384	4,068,427	(107,315)	415,332,496
Less accumulated depreciation/amortization				
Buildings & improvements	(181,249,637)	(11,691,973)	-	(192,941,610)
T-Hangars	(1,485,163)	(18,145)	-	(1,503,308)
Street construction	(7,499,471)	(427,649)	-	(7,927,120)
Equipment & vehicles	(33,257,229)	(2,760,093)	107,315	(35,910,007)
Right to Use Assets (Vehicles)	-	(248,363)	-	(248,363)
SBITAs	(86,505)	(124,229)	-	(210,734)
Total accumulated depreciation/amortization	(223,578,005)	(15,270,451)	107,315	(238,741,142)
Total capital assets, being depreciated/amortized, net	187,793,379	(11,202,024)	-	176,591,355
Capital assets, net	$ 245,424,671	$ (6,001,699)	$ (552,251)	$ 238,870,721

*Due to immateriality, fiscal year 2023 figures related to the Authority's lease program on the lessee side associated with GASB Statement No. 87, have been presented as additions in fiscal year 2024.

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.

The Authority's operations consist of agreements for use of land, buildings, rental car center space, etc. which expire between the years 2024 and 2075. Unique to most airports, in the beginning of fiscal year 2024, the Sanford Airport 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 were not carried in the Authority's financial statements as a lessor relative to GASB 87 prior to 2024 and years prior. Due to the termination of this agreement in early fiscal year 2024, the valuation of these previously excluded leasehold arrangements has now been accounted for in the associated schedules. The Authority reports lease receivable with a carrying amount of $10,610,042 as of September 30, 2025 and $8,767,346 as of September 30, 2024. The Authority also reports a deferred inflow of resources for leases in the amount of $10,610,042 as of September 30, 2025 and $8,767,346 as of September 30, 2024.The deferred inflow of resources for leases will be recognized as revenue over the term of the lease agreements.

The Authority recognized $4,532,652 of lease revenue principal, or lease receivable reduction as of September 30, 2025 and $3,449,756 as of September 30, 2024.

The following is a schedule by years of minimum future revenues from agreements as of September 30, 2025:

Year Ending September 30,	Principal	Interest	Total Future Minimum Lease Payments
2026	$3,632,244	$205,316	$3,837,560
2027	2,002,314	145,833	2,148,147
2028	1,408,640	104,066	1,512,706
2029	958,077	75,744	1,033,821
2030	494,530	61,125	555,655
2031-2035	1,071,915	212,886	1,284,801
2036-2040	326,296	113,460	439,755
2041-2045	91,027	97,909	188,936
2046-2050	104,606	83,273	187,879
2051-2055	120,211	66,454	186,665
2056-2060	138,144	47,125	185,269
2061-2065	158,752	24,913	183,666
2066-2070	103,287	3,019	106,307
Total minimum future revenues	$10,610,042	$1,241,123	$11,851,166

Note 5 – Lessor Airport Tenant Lease Agreements: (Continued)

Regulated Leases

The Authority's operations include certain lease agreements that are classified as regulated leases under paragraph 42 of GASB Statement No. 87, Leases. These agreements consist of aeronautical lease agreements, as defined by the Federal Aviation Administration (FAA), which are made up of air carrier agreements, facility agreements that directly or substantially relate to the movement of passengers, ticketing, baggage, mail and cargo, and aircraft storage and maintenance service agreements. For these agreements, lease rates cannot exceed a reasonable amount and the Authority cannot deny potential lessees the right to enter into leases if the facilities are available, provided that the potential lessee's use of the facilities complies with use restrictions. The Authority recognizes the revenues from these lease agreements as inflows each year based on the payment provisions of each lease contract. The Authority recognized $3,525,073 and $3,352,257 of regulated lease revenue in September 2025 and 2024, respectively.

The following is a ten year schedule by years of minimum future revenues from regulated lease agreements as of September 30, 2025:

Year Ending September 30,	
2026	$3,185,903
2027	2,659,294
2028	2,274,790
2029	1,368,279
2030	1,280,635
2031-2035	2,987,795
Total minimum future revenues	$ 13,756,696

Note 6 – Right to Use Assets

The Authority's operations include certain leased assets of which, until fiscal year 2024, did not reach the level of materiality to be accounted for under GASB Statement No. 87, accounting for leases, specifically on the lessee side. These agreements consist of control of the right to use another party's tangible capital asset, as specified in a contract for a period of time in an exchange or exchange-like transaction. This entails a right to use asset and a corresponding lease liability that is amortized over the term of the agreement. The authority measures the right to use asset at the present value of lease payments expected to be made during the lease 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.

In addition to leased tangible capital assets, the Authority's operations also 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

Note 6 – Right to Use Assets (Continued)

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. Similar to leased tangible capital assets, the authority measures the subscription asset at the present value of subscription payments expected to be made during the subscription term at the same incremental borrowing rate of 2.82%, the rate of the airport's most recent permanent financing awarded in fiscal year 2021-2022.

The Authority is currently engaged in four right to use agreements, with just one agreement qualifying as leased tangible capital assets and three agreements qualifying as SBITAs, across multiple departments of the organization. Fortbrand services provides the Authority with fueling equipment over a multi-year term to support the Airlines Services Department and the Fueling section.

The valuation of the leased tangible Right to use (RTU) assets amounts to $358,758 with $186,648 of accumulated amortization as of September 30, 2025. The term of this lease spans 36 months, and the contract is set to conclude on 2/28/2027.

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. SHI corporation provides the Authority with multi-year Microsoft licenses for all staff. Star Asset Security, recently merged with Pavion, provides security services associated with access control and CCTV in the terminal and campus-wide.

The valuation of the subscription-based IT arrangements (SBITAs) amounts to $413,530 with $350,118 accumulated amortization as of September 30, 2025. The subscription period for these arrangements spans 48 months at the longest term, and the last contract is set to conclude on 02/29/2028.

The following is a schedule by years of the present value of minimum future payments for Leased Right to use assets and SBITAs as of September 30, 2025:

Lease Payments

Year Ending September 30,	Principal	Interest	Total Future Minimum Lease Payments
2026	118,490	3,238	121,728
2027	50,368	356	50,724
Total minimum future payments	$168,858	$3,594	$172,452

Note 6 – Right to Use Assets (Continued)

SBITA Payments

Year Ending September 30,	Principal	Interest	Total Future Minimum SBITA Payments
2026	$70,415	$2,083	$72,498
2027	13,280	273	13,553
2028	4,041	29	4,070
Total minimum future payments	$87,736	$2,385	$90,121

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 of Sanford, Florida (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.

Note 7 – Retirement Plans (Continued)

Plan Descriptions (Continued)

The FRS has nine 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, 2025 are as follows:

Regular Class – Members not qualifying for other classes (13.57% from 7/1/23 to 6/30/24, 13.63% from 7/1/24 to 6/30/25, and 14.03% from 7/1/25 to 9/30/25).

Senior Management Class – Members of senior management (34.52% from 7/1/23 to 6/30/24, 34.52% from 7/1/24 to 6/30/25, 33.24% from 7/1/25 to 9/30/25).

Special Risk Class – Members employed as law enforcement officers, fire fighters, or correctional officers and meeting the criteria set to qualify for this class (32.67% from 7/1/23 to 6/30/24, 32.79% from 7/1/24 to 6/30/25, 35.19% from 7/1/25 to 9/30/25).

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 2025 contribution rate applied to regular employee salaries was initially 13.63%, then adjusted to 14.03%, both including 2.00% for a post-retirement health insurance subsidy ("HIS"). The fiscal year 2024 contribution was initially 13.57%, then adjusted to 13.63%, which included 2.00% for HIS. The fiscal year 2025 contribution rate applied to senior management salaries was initially 34.52%, then adjusted down to 33.24% effective 7/1/25, including 2.00% HIS. The fiscal year 2024 contribution rate was initially 34.52%, and remained constant, which included 2.00% for HIS. The fiscal year 2025 contribution rate applied to the salaries of the employees in the Special Risk Class was initially 32.79%, then adjusted to 35.19%, including 2.00% for HIS. The fiscal year 2024 contribution rate was initially 32.67%, then adjusted to 32.79%, which included 2.00% for HIS. The fiscal year 2025 contribution rate applied to the salaries of the employees in DROP was initially 21.13%, then adjusted to 22.02% effective 7/1/25, both including 2.00% for HIS. The fiscal year 2024 contribution rate was initially 18.60%, then adjusted to 21.13%, which included 2.00% for HIS.

The Authority's contributions to FRS for the years ended September 30, 2025 and 2024 were $2,618,381 and $2,112,478, 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, 2025 and 2024, the Authority reported a liability of $12,963,051 and $13,318,919, 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, 2025 and 2024, 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 2025 and 2024 relative to the historical contributions of all participating employers. On June 30, 2025, the Authority's proportion was 0.02823% and 0.03279% for the Pension Plan and HIS Program, respectively, which was a change of 0.0026% and 0.0100% from its respective proportion measured as of June 30, 2024. For the years ended September 30, 2025 and 2024, the Authority recognized a pension expense of $120,593 and $406,879, 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, 2025, 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	$ 935,635	$ -
Changes of assumptions	1,017,235	-
Differences between projected and actual earnings on pension plan investments	-	1,462,531
Changes in proportion	1,624,999	-
Authority's contributions subsequent to the measurement date	449,534	-
Total	$ 4,027,403	$ 1,462,531

HIS Program

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 25,091	$ 6,669
Changes of assumptions	37,204	1,016,669
Differences between projected and actual earnings on pension plan investments	-	3,499
Changes in proportion	1,994,021	13,936
Authority's contributions subsequent to the measurement date	76,461	-
Total	$ 2,132,777	$ 1,040,773

$449,534 and $76,461 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 and will be recognized as a reduction of the net pension liability in the year ending September 30, 2025.

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
2026	$ 631,705	$ 307,855
2027	597,455	287,807
2028	561,934	259,921
2029	325,897	250,252
2030	122,998	109,283
Thereafter	(124,651)	(199,576)
Total	$ 2,115,338	$1,015,543

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, 2025 and 2024, were based on the results of an actuarial experience study for the period July 1, 2018 – June 30, 2023.

Pension Plan

Valuation date	July 1, 2024	July 1, 2025
Measurement date	June 30, 2024	June 30, 2025
Inflation	2.40%	2.40%
Salary increases including inflation	3.50%	3.50%
Mortality	PUB-2010 base table varies by member category and sex, projected generationally with Scale MP-2021 details in valuation report	PUB-2010 base table varies by member category and sex, projected generationally with Scale MP-2021 details in valuation report
Actuarial cost method	Individual Entry Age	Individual Entry Age

Note 7 – Retirement Plans (Continued)

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

HIS Program

Valuation date	July 1, 2024	July 1, 2024
Measurement date	June 30, 2024	June 30, 2025
Inflation	2.40%	2.40%
Salary increases including inflation	3.50%	3.50%
Mortality	Generational PUB-2010 with Projection Scale MP-2021 details in valuation report	Generational PUB-2010 with Projection Scale MP-2021 details in valuation report
Actuarial cost method	Individual Entry Age	Individual Entry Age

The long-term expected rate of return, net of investment expense on the Pension Plan investments was 6.70% as of June 30, 2025 and 6.70% as of June 30, 2024. 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%	3.2%
Fixed income	29.0%	5.5%
Global equity	45.0%	8.5%
Real estate	12.0%	8.4%
Private equity	11.0%	12.4%
Strategic investments	2.0%	6.5%
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, 2025 and 6.70% for June 30, 2024. The discount rate used to measure the total pension liability for the HIS Program was 5.20% for June 30, 2025 and 3.93% for June 30, 2024. 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)

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

Sensitivity of the Authority's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - The following presents the Authority's proportionate share of the net pension liability calculated using the discount rate for FRS of 6.70% for September 30, 2025 and 6.70% for September 30, 2024. The discount rate of 5.20% and 3.93% was used for the HIS Program for September 30, 2025 and 2024, 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, 2025

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)	$ 17,190,886	$ 8,759,756	$ 1,691,219

HIS Program

	1% Decrease 4.20%	Current Discount Rate 5.20%	1% Increase 6.20%
Authority's proportionate share of the net pension liability (asset)	$ 4,739,891	$ 4,203,295	$ 3,753,261

As of September 30, 2024

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)	$ 17,404,516	$ 9,894,748	$ 3,603,725

HIS Program

	1% Decrease 2.93%	Current Discount Rate 3.93%	1% Increase 4.93%
Authority's proportionate share of the net pension liability (asset)	$ 3,897,978	$ 3,424,171	$ 3,030,834

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)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (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, 2023:

Inactive Plan Members or Beneficiaries Currently Receiving Benefits	1
Active Plan Members	100
	101

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 (Continued)

Total OPEB Liability

The measurement date was September 30, 2025 and September 30, 2024 for fiscal year 2025 and 2024, respectively. The Sponsor's valuation date for the OPEB expense and liability for fiscal year 2025 and 2024 was September 30, 2023.

Deferred Inflow/Outflow of Resources

On September 30, 2025, 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	$ -	$ 70,323
Changes of assumptions	10,027	15,547
Total	$ 10,027	$ 85,870

Amounts reported as Deferred Outflows of Resources and Deferred Inflows of Resources related to OPEB expense as follows:

Years Ending September 30:	OPEB Plan Expense
2026	$ (7,582)
2027	(7,582)
2028	(7,582)
2029	(7,582)
2030	(7,582)
Thereafter	(37,933)
Total	(75,843)

Actuarial Assumptions:

The Total OPEB Liability was determined by an actuarial valuation as of October 1, 2023 using the following actuarial assumptions:

	2025	2024
Inflation	2.50%	2.50%
Salary Increases	2.50%	2.50%
Discount Rate	4.50%	4.06%
Initial Trend Rate	7.00%	7.00%
Ultimate Trend Rate	4.00%	4.00%
Years to Ultimate	51	51

Note 8 – Postemployment Benefits Other Than Pension Benefits (Continued)

Deferred Inflow/Outflow of Resources (Continued)

All mortality rates were based on the Pub-2010 mortality tables with fully generational improvement using 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 4.50%. 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, 2025, the Authority will recognize OPEB Expense (increase of OPEB liability) of $11,584.

Changes in Total OPEB Liability

Reporting Period Ending	9/30/2025	9/30/2024
Measurement Date	9/30/2025	9/30/2024
Service Cost	$ 15,770	$ 14,502
Interest	9,120	10,009
Differences in Experience	-	(15,954)
Changes of Assumptions	(10,903)	(4,207)
Benefit Payments	(2,403)	(2,524)
Net Changes	11,584	1,826
Total OPEB Liability - Beginning	210,049	208,223
Total OPEB Liability - Ending	$ 221,633	$ 210,049

Changes of assumptions reflect a change in the discount rate from 4.06% for the fiscal year ending September 30, 2024 to 4.50% for the fiscal year ending September 30, 2025.

Note 8 – Postemployment Benefits Other Than Pension Benefits (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, 2025		
	OPEB		
	1% Decrease 3.50%	Current Discount Rate 4.50%	1% Increase 5.50%
Total OPEB Liability (Asset)	$ 247,238	$ 221,633	$ 198,861

	As of September 30, 2024		
	OPEB		
	1% Decrease 3.06%	Current Discount Rate 4.06%	1% Increase 5.06%
Total OPEB Liability (Asset)	$ 234,790	$ 210,049	$ 188,023

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, 2025		
	OPEB		
	1% Decrease 3.00% - 6.00%	Healthcare Cost Trend Rates 4.00% - 7.00%	1% Increase 5.00% - 8.00%
Total OPEB Liability (Asset)	$ 189,077	$ 221,633	$ 261,371

	As of September 30, 2024		
	OPEB		
	1% Decrease 3.00% - 6.00%	Healthcare Cost Trend Rates 4.00% - 7.00%	1% Increase 5.00% - 8.00%
Total OPEB Liability (Asset)	$ 179,986	$ 210,049	$ 246,556

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 current principal value of $20.8 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 passenger facility charges (PFCs) which the Authority pledged under PFC Application #4.

In addition, the Authority executed a variable-rate non-revolving line of credit (LOC) with Truist bank in the amount of $13 million in December of 2024 to support upcoming large-scale capital projects, including the runway 9L-27R rehabilitation, terminal apron rehabilitation, and additional parking lot construction projects. The repayment of this LOC is primarily facilitated by PFCs which the Authority pledged under PFC Application #6, with the portion associated with the parking lot funded by general airport revenues.

No other financing activities were in place on September 30, 2025 and 2024.

Note 10 – Non-Current Liabilities

A summary of non-current liability activity for the years ended September 30, 2025 and 2024 is as follows:

Non-Current Liabilities

	October 1, 2024	Additions	Deductions	September 30, 2025	Due Within One Year	Due After One Year
Notes Payable						
Revenue Notes:						
Series 2022 Revenue Note - Truist Bank	20,784,000	-	2,352,000	18,432,000	2,419,000	16,013,000
Series 2024 Revenue Note - Truist Bank	-	4,112,000	-	4,112,000	-	4,112,000
Total Notes Payable	**20,784,000**	**4,112,000**	**2,352,000**	**22,544,000**	**2,419,000**	**20,125,000**
Other Long-Term Liabilities						
SBITA Liability	115,785	65,864	93,913	87,736	70,415	17,321
RTU Asset Lease Liability	330,882	-	162,024	168,858	115,813	53,045
Net Pension Liability	13,318,919	-	355,868	12,963,051	-	12,963,051
Other Post Employment Benefits	210,049	11,584	-	221,633	-	221,633
Total Other Long-Term Liabilities	**13,975,634**	**77,448**	**611,806**	**13,441,277**	**186,228**	**13,255,050**
Total Non-Current Liabilities	**34,759,634**	**4,189,448**	**2,963,806**	**35,985,277**	**2,605,228**	**33,380,050**

Non-Current Liabilities

	October 1, 2023	Additions	Deductions	September 30, 2024	Due Within One Year	Due After One Year
Notes Payable						
Revenue Notes:						
Series 2022 Revenue Note - Truist Bank	23,072,000	-	2,288,000	20,784,000	2,352,000	18,432,000
Total Notes Payable	**23,072,000**	**-**	**2,288,000**	**20,784,000**	**2,352,000**	**18,432,000**
Other Long-Term Liabilities						
SBITA Liability	86,907	166,163	137,285	115,785	191,707	(75,922)
RTU Asset Lease Liability	-	583,571	252,690	330,882	162,024	168,858
Net Pension Liability	11,387,220	1,931,699	-	13,318,919	-	13,318,919
Other Post Employment Benefits	208,223	1,826	-	210,049	-	210,049
Total Other Long-Term Liabilities	**11,682,350**	**2,683,259**	**389,975**	**13,975,634**	**353,731**	**13,621,903**
Total Non-Current Liabilities	**34,754,350**	**2,683,259**	**2,677,975**	**34,759,634**	**2,705,731**	**32,053,903**

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
2026	2,419,000	519,782
2027	2,487,000	451,567
2028	2,557,000	381,433
2029	2,629,000	309,326
2030	2,703,000	235,188
2031-2032	5,637,000	239,559
	$ 18,432,000	$ 2,136,855

Notes payable on September 30, 2025 and 2024 are summarized as follows:

	2025	2024
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)	$ 18,432,000	$ 20,784,000
Truist Bank Series 2024 Line of Credit – primarily collateralized by pledge of PFC's; variable interest payable monthly. Line is available through December 2027.	$ 4,112,000	$ 0
	$ 22,544,000	$ 20,784,000

The Authority's notes payable contains various restrictive covenants, including the maintenance of certain liquidity ratios. All covenants have been met through September 30, 2025.

For the twelve-month period ended September 30, 2025, interest paid was $631,218 and total pledged revenues for the year were $6,434,825.

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, 2025, and 2024:

	2025	2024
Federal grants	$ 16,153,492	$ 1,170,571
State of Florida grants	2,128,824	1,733,794
Local grants and contributions	-	6,250
	$ 18,284,984	$ 2,910,615

Note 12 – Related-Party Transactions

Airport Lease – The City of Sanford, Florida 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, except as noted below.

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. In addition, due to the transition of terminal operations back to the Authority on February 29, 2024, there has been a substantial increase in coverage related to the Terminal and Welcome Center buildings, Fueling, and Ground Handling operations.

Note 15 – COVID-19 Pandemic

In relation to the COVID-19 pandemic, the FAA awarded approximately $42.1 million to the Authority to offset O&M, financing, and concessionaire costs over the 4 years since the pandemic began. This was in the form of the CARES Act, the CRRSA Act (Airport Sponsor), the CRRSA Act (Concessions), the ARPA Act (Airport Sponsor), and the ARPA Act (Concessions) relief funding. As of September 30, 2025, the remaining amount available to draw on all COVID relief funding was $157K (10%), all from the last awarded ARPA concessions grant. Upon exhaustion, anticipated in early Q2 of FY26, this will account for all relief funds from federal programs associated with the pandemic at the airport.

REQUIRED SUPPLEMENTARY INFORMATION

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

Florida Retirement System (FRS) Defined Benefit Pension Plan

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Proportion of the net pension liability	0.028225291	0.025577935%	0.021331214%	0.021127239%	0.020010208%	0.019843962%	0.018666859%	0.017402196%	0.016528885%	0.017732946%
Proportionate share of the net pension liability	$ 8,759,756	$ 9,894,748	$ 8,499,814	$ 7,861,031	$ 1,511,544	$ 8,600,666	$ 6,428,606	$ 5,241,631	$ 4,889,133	$ 4,477,583
Covered payroll	$ 14,854,696	$ 11,390,726	$ 7,344,229	$ 6,841,015	$ 6,053,589	$ 5,402,022	$ 4,988,440	$ 4,688,161	$ 4,102,304	$ 4,108,811
Proportionate share of the net pension liability as a percentage of its covered payroll	58.97%	86.87%	115.73%	114.91%	24.97%	159.21%	128.87%	111.81%	119.18%	108.98%
Plan fiduciary net position as a percentage of the total pension liability (2)	87.26%	83.70%	82.38%	82.89%	96.40%	78.85%	82.61%	84.26%	83.89%	84.88%

Retiree Health Insurance Subsidy (HIS) Program

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Proportion of the net pension liability	0.032793547	0.022826319%	0.018181130%	0.018415881%	0.016642316%	0.015567830%	0.015066629%	0.014057046%	0.012836939%	0.013302314%
Proportionate share of the net pension liability	$ 4,203,295	$ 3,424,171	$ 2,887,406	$ 1,950,536	$ 2,041,430	$ 1,900,807	$ 1,685,767	$ 1,487,813	$ 1,372,585	$ 1,550,330
Covered payroll	$ 14,854,696	$ 11,390,726	$ 7,344,229	$ 6,841,015	$ 6,053,589	$ 5,402,022	$ 4,988,440	$ 4,688,161	$ 4,102,304	$ 4,108,811
Proportionate share of the net pension liability as a percentage of its covered payroll	28.30%	30.06%	39.32%	28.51%	33.72%	35.19%	33.79%	31.74%	33.46%	37.73%
Plan fiduciary net position as a percentage of the total pension liability (2)	6.36%	4.80%	4.12%	4.81%	3.56%	3.00%	2.63%	2.15%	1.64%	0.97%

Notes:

(1) 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

Florida Retirement System (FRS) Defined Benefit Pension Plan

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Actuarially Determined Contribution	$ 1,685,245	$ 1,448,385	$ 1,026,169	$ 901,538	$ 762,302	$ 659,327	$ 578,807	$ 495,949	$ 430,288	$ 432,446
Contributions in relation to the Actuarially Determined Contributions	1,685,245	1,448,385	1,026,169	901,538	762,302	659,327	578,807	495,949	430,288	432,446
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered payroll	$ 14,854,696	$ 11,390,726	$ 7,344,229	$ 6,841,015	$ 6,053,589	$ 5,402,022	$ 4,988,440	$ 4,688,161	$ 4,102,304	$ 4,108,811
Contributions as a percentage of covered payroll	11.34%	12.72%	13.97%	13.18%	12.59%	12.21%	11.60%	10.58%	10.49%	10.52%

Retiree Health Insurance Subsidy (HIS) Program

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Actuarially Determined Contribution	$ 293,096	$ 193,254	$ 119,599	$ 111,432	$ 97,824	$ 89,710	$ 83,664	$ 76,232	$ 67,937	$ 68,183
Contributions in relation to the Actuarially Determined Contributions	$ 293,096	$ 193,254	$ 119,599	111,432	97,824	89,710	83,664	76,232	67,937	68,183
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered payroll	$ 14,854,696	$ 11,390,726	$ 7,344,229	$ 6,841,015	$ 6,053,589	$ 5,402,022	$ 4,988,440	$ 4,688,161	$ 4,102,304	$ 4,108,811
Contributions as a percentage of covered payroll	1.97%	1.70%	1.63%	1.63%	1.62%	1.66%	1.68%	1.63%	1.66%	1.66%

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

Reporting Period Ending	9/30/2025	9/30/2024	9/30/2023	9/30/2022	9/30/2021	9/30/2020	9/30/2019	9/30/2018
Measurement Date	9/30/2025	9/30/2024	9/30/2023	9/30/2022	9/30/2021	9/30/2020	9/30/2019	9/30/2018
Total OPEB Liability								
Service Cost	$ 15,770	$ 14,502	$ 13,511	$ 13,465	$ 11,031	$ 9,948	$ 9,010	$ 9,582
Interest	9,120	10,009	9,638	4,172	5,368	8,492	10,741	10,115
Difference between Expected and Actual Experience	-	(15,954)	-	(81,825)	-	(36,808)	-	-
Changes of Assumptions	(10,903)	(4,207)	(2,364)	14,483	(9,272)	7,302	16,538	(14,817)
Benefit Payments	(2,403)	(2,524)	(2,182)	(1,430)	(12,375)	(13,908)	(26,255)	(24,198)
Net Change in Total OPEB Liability	11,584	1,826	18,603	(51,135)	(5,248)	(24,974)	10,034	(19,318)
Total OPEB Liability - Beginning	210,049	208,223	189,620	240,755	246,003	270,977	260,943	280,261
Total OPEB Liability - Endinc	$ 221,633	$ 210,049	$ 208,223	$ 189,620	$ 240,755	$ 246,003	$ 270,977	$ 260,943
Covered Employee Payroll	$ 6,519,128	$ 6,360,125	$ 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	3.40%	3.30%	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, 2025:	4.50%
Fiscal Year Ended September 30, 2024:	4.06%
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

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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

Authority Board
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 financial statements of the Sanford Airport Authority (the "Authority"), a component unit of the City of Sanford, Florida, which comprise the Authority's statement of net position as of September 30, 2025, and the related statements of revenues, expenses, and changes in net position, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon June 30, 2026.

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 or significant deficiencies may exist that have not been identified.

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.*

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.

Forvis Mazars, LLP

Orlando, Florida
June 30, 2026

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Report on Compliance for the Major Federal Program, Major State Project, and the Passenger Facility Charge Program and Report on Internal Control over Compliance

Independent Auditor's Report

The Authority Board
Sanford Airport Authority
Sanford, Florida

Report on Compliance for the Major Federal Program, Major State Project, and the Passenger Facility Charge Program

Opinion on the Major Federal Program, Major State Project, and the Passenger Facility Charge Program

We have audited the compliance of the Sanford Airport Authority (the "Authority"), a component unit of the City of Sanford, Florida, with the types of compliance requirements described in the U.S. Office of Management and Budget ("OMB") *Compliance Supplement,* the requirements described in the Department of Financial Services' *State Projects 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 the Authority's major federal program, major state project, and the passenger facility charge program for the year ended September 30, 2025. The Authority's major federal program and major state project 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 the Authority's major federal program, major state project, and the passenger facility charge program for the year ended September 30, 2025.

Basis for Opinion on the Major Federal Program, Major State Project, 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 (GAAS); 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 Chapter 10.550, *Rules of the Auditor General;* 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.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Authority's federal programs, state projects, 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 GAAS, *Government Auditing Standards*, the Uniform Guidance, Chapter 10.550, *Rules of the Auditor General*; 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 the major federal program, major state project, and the passenger facility charge program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, Uniform Guidance, Chapter 10.550, *Rules of the Auditor General*, 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, Chapter 10.550, *Rules of the Auditor General*, 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.

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, state project, 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, state project, 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 in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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

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

Forvis Mazars, LLP

Orlando, Florida
June 30, 2026

SANFORD AIRPORT AUTHORITY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS, STATE FINANCIAL ASSISTANCE, AND PASSENGER FACILITY CHARGES

Year Ended September 30, 2025

Grantor Pass-through grantor Federal Program	AL Number	Contract/Grant Number	Expenditures
United States Department of Transportation			
Federal Aviation Administration			
Airport Improvement Program			
	20.106	3-12-0069-092-2024	$ 70,974
	20.106	3-12-0069-093-2024	296,007
	20.106	3-12-0069-093-2024	9,821,877
	20.106	3-12-0069-094-2024	905,220
	20.106	3-12-0069-096-2025	3,491,602
	20.106	3-12-0069-097-2025	270,323
	20.106	3-12-0069-098-2025	75,662
	20.106	3-12-0069-099-2025	6,660
	20.106	3-12-0069-088-2022	1,215,167
Total U.S. Department of Transportation			16,153,492
United States Department of Homeland Security			
FEMA - Hurricane Ian Reimbursement	97.036	DR 4673-FL	2,669
Total U.S. Department of Homeland Security			2,669
Total Federal Awards			$ 16,156,161

State Program	CFSA Number	Contract/Grant Number	Expenditures
Florida Department of Transportation			
Aviation Grant Programs			
	55.004	450865	$ 335,447
	55.004	437713-2	424,040
	55.004	452891	221,588
	55.004	452985	98,631
	55.004	452980	60,350
	55.004	455000-1	4,313
	55.004	455004-1	34,473
	55.004	454997	53,612
	55.004	454732	4,248
	55.004	444443	15,018
	55.004	455305	423,627
	55.004	456492-1	312,254
	55.004	457013	4,079
Total Florida Department of Transportation			1,991,680
Florida Department of Environmental Protection			
Statewide Water Quality Restoration Projects	37.039	LPA 0103	137,144
Total State Financial Assistance			$ 2,128,824

See accompanying Notes to the Schedule of Expenditures of Federal Awards, State Financial Assistance, and Passenger Facility Charges.

SANFORD AIRPORT AUTHORITY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS, STATE FINANCIAL ASSISTANCE, AND PASSENGER FACILITY CHARGES (CONTINUED)

Year Ended September 30, 2025

FY25 PFC Collections & Expenditures

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

	Q1 - October 2024 - December 2024	Q1 YTD	Q2 - January 2025 - March 2025	Q2 YTD	Q3 - April 2025 - June 2025	Q3 YTD	Q4 - July 2025 - September 2025	Total FY25
PFC Revenue Received	1,656,718	1,656,718	1,658,338	3,315,056	1,105,865	4,420,921	1,978,070	6,398,991
PFC Interest Earned	9,255	9,255	9,586	18,841	7,341	26,182	9,652	35,834
Total Collections	$ 1,665,973	**$ 1,665,973**	$ 1,667,924	**$ 3,333,897**	$ 1,113,206	**$ 4,447,103**	$ 1,987,722	**$ 6,434,825**
Application 4 Expenditures								
2025 Terminal Apron Rehabilitation Construction Serv	-	-	1,224,618					1,224,618
2018 Terminal Expansion Debt Service	-	-	2,645,055	2,645,055	-	2,645,055		2,645,055
Total Application 4 Project Expenditures	$ -	**$ -**	$ 3,869,673	**$ 2,645,055**	$ -	**$ 2,645,055**	$ -	**$ 3,869,673**

See accompanying Notes to the Schedule of Expenditures of Federal Awards,
State Financial Assistance, and Passenger Facility Charges

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS, STATE FINANCIAL ASSISTANCE AND PASSENGER FACILITY CHARGES

Year Ended September 30, 2025

Note 1 – Basis of Presentation:

The accompanying schedule of expenditures of federal awards, state financial assistance, and passenger facility charges (the "Schedule") includes the state and federal grant activity of the Sanford Airport Authority (the "Authority") under programs of the federal government for the year ended September 30, 2025. 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), Chapter 10.500 *Rules of the Auditor* General, and the *Passenger Facility Charge Guide for Public Agencies* issued by the Federal Aviation Administration (the Guide). 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, 2025.

Section I – Summary of Auditor's Results

Financial Statements

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

   (Check each description that applies)

   ☒ Unmodified ☐ Qualified ☐ Adverse ☐ Disclaimer

2. Internal control over financial reporting:

   Material weakness(es) identified? ☐ Yes ☒ No

   Significant deficiency(ies) identified? ☐ Yes ☒ None reported

3. Noncompliance material to the financial statements noted? ☐ Yes ☒ No

Federal Awards and State Financial Assistance

4. Internal control over major federal programs and major state projects:

   Material weakness(es) identified? ☐ Yes ☒ No

   Significant deficiency(ies) identified? ☐ Yes ☒ None reported

5. Type of auditor's report issued on compliance for major federal program(s) and major state project(s):

   (Check each description that applies. If any other than unmodified apply, also list the name of each major program by the type of opinion applicable to that program.)

   ☒ Unmodified ☐ Qualified ☐ Adverse ☐ Disclaimer

6. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a) and Chapter 10.557, *Rules of the Auditor General*? ☐ Yes ☒ No

7. Identification of major federal programs and major state projects:

Assistance Listing Number(s)	**Name of Federal Program or Cluster**
20.106	Airport Improvement Program

CSFA Numbers	**Name of State Projects**
55.004	Aviation Grant Programs

8. Dollar threshold used to distinguish between Type A and Type B programs:

   Federal: $1,000,000
   State: $638,647

9. Auditee qualified as a low-risk auditee? ☐ Yes ☒ No

Section II – Financial Statement Findings

Reference Number	Finding
No matters are reportable.	

Section III – Federal Award and State Financial Assistance Findings and Questioned Costs

Reference Number	Finding
No matters are reportable.	

Sanford Airport Authority
Summary Schedule of Prior Audit Findings
Year Ended September 30, 2025

Reference Number	Finding

No matters were reported over federal awards, state financial assistance, or passenger facility charges in the prior year.

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Independent Accountant's Report

The Authority Board
Sanford Airport Authority
Sanford, Florida

We have examined the compliance of the Sanford Airport Authority (the "Authority"), a component unit of the City of Sanford, Florida, with the requirements of Section 218.415, Florida Statutes, during the year ended September 30, 2025. 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.

We are required to be independent and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to the engagement. Our examination does not provide a legal determination on the Authority's compliance with specified requirements.

In our opinion, the Authority complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2025.

Forvis Mazars, LLP

Orlando, Florida
June 30, 2026

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Independent Auditor's Management Letter

The Authority Board
Sanford Airport Authority
Sanford, Florida

Report on the Financial Statements

We have audited the financial statements of the Sanford Airport Authority (the "Authority"), a component unit of the City of Sanford, Florida, as of and for the year ended September 30, 2025, and have issued our report thereon dated June 30, 2026.

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"); Chapter 10.550, *Rules of the Auditor General;* 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 the Major Federal Program, Major State Project, and the Passenger Facility Charge Program and Report on Internal Control over Compliance; Schedule of Findings and Questioned Costs; and Independent Accountant's Report on an examination conducted in accordance with *AICPA Professional Standards,* AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, *Rules of the Auditor General.* Disclosures in those reports and schedule, which are dated June 30, 2026, 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.

Property Assessed Clean Energy (PACE) Programs

As required by Section 10.554(1)(i)6.a., *Rules of the Auditor General*, a PACE program authorized pursuant to Section 163.081 or Section 163.082, Florida Statutes, did not operate within the Authority's geographical boundaries during the fiscal year under audit.

Special District Component Units

Section 10.554(1)(i)5.c., *Rules of the Auditor General,* requires, if appropriate, that we communicate the failure of a special district that is a component unit of a county, municipality, or special district, to provide 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. In connection with our audit, we did not note any special district components that failed to provide the necessary information for proper reporting in accordance with Section 218.39(3)(b), Florida Statutes.

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

1. The total number of Authority employees compensated in the last pay period of the Authority's fiscal year as 253.

2. The total number of independent contractors to whom nonemployee compensation was paid in the last month of the Authority's fiscal year as 8.

3. All compensation earned by or awarded to employees, whether paid or accrued, regardless of contingency as $21,885,487.

4. All compensation earned by or awarded to nonemployee independent contractors, whether paid or accrued, regardless of contingency as $36,584.

5. 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:

   (A) Design of TWY A Ext - $834,699
   (B) SAA Tenant HVAC - $40,965
   (C) PARC System Infrastructure - $663,713.40
   (D) SAA Vehicles (7) - $299,823
   (E) SAA Tenant Roof Replacement - $16,810
   (F) Airline Common Use System - $116979.06
   (G) General Aviation Area Stormwater Improvements 9l-27R - $ 0

(H) OSI Deferred Maintenance - $1,107,120.83

6. 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 district amends a final adopted budget under Section 189.016(6), Florida Statutes as $1,624,120.83.

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.

Forvis Mazars, LLP

Orlando, Florida
June 30, 2026