TITUSVILLE-COCOA AIRPORT AUTHORITY

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FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

As of and for the years ended September 30, 2014 and 2013

and

INDEPENDENT AUDITOR'S REPORT

NE 2/10/15

TITUSVILLE-COCOA AIRPORT AUTHORITY

TITUSVILLE, FLORIDA

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(continued)

DAVIES, HOUSER & SECREST, CPA, P.A.

BUSINESS CONSULTANTS AND FAMILY WEALTH PLANNERS

INDEPENDENT AUDITOR'S REPORT

The Chairman and Other Members
Titusville-Cocoa Airport Authority
Titusville, Florida

We have audited the accompanying financial statements of the Titusville-Cocoa Airport Authority (the Authority), a component unit of Brevard County, Florida, as of and for the years ended September 30, 2014 and 2013, and the related notes to the financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the net position of the Authority as of September 30, 2014 and 2013, and the respective changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

As discussed in Note 1, the financial statements present only the Authority and are not intended to present fairly the financial position of Brevard County, Florida, and the respective changes in financial position and cash flows of its proprietary and similar trust fund types, in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

Our audits were conducted for the purpose of forming opinions on the basic financial statements taken as a whole. The accompanying schedules of capital projects summary and budget comparison information listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards and state financial assistance is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and Chapter 10.550, *Local Government Entity Audits,* Rules of the Auditor General of the State of Florida and is also not a required part of the basic financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards,* we have also issued our report, dated February 19, 2015, 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, 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.

Davies, Houser & Secrest, CPA, P.A.
February 19, 2015
Cocoa, Florida

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MANAGEMENT'S DISCUSSION AND ANALYSIS

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the Titusville-Cocoa Airport Authority's (the Authority) annual financial report presents our discussion and analysis of the Authority's financial performance during the year ended September 30, 2014. Please read it in conjunction with the Authority's financial statements, which follows this section.

FINANCIAL HIGHLIGHTS (all dollar values rounded)

- The Authority's net position increased $5,943,000 or 12%.
- Operating revenues decreased $24,000 or 1%, and operating expenses increased $235,000 or 8%. Operating expenses exceeded revenues by $1,203,000, compared to $944,000 in the prior year.
- Non-operating expenses decreased $7,000, mainly due to lower amounts of note interest.
- Capital contributions from federal, state, and other third parties totaled $7,186,000, compared to $4,076,000 in the prior year.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

FINANCIAL ANALYSIS

A. Net Position

The Authority's net position increased $5,943,000 or 12%. In comparison, last year's net position increased $3,084,000 or 7%. The following table summarizes these results.

Table A-1
Net Position

	2014	2013	Change
Current and other assets	$ 2,130,211	$ 3,285,067	(35.15)%
Net capital assets	54,308,668	47,589,701	14.12%
Total assets	56,438,879	50,874,768	10.94%
Current liabilities	1,362,149	1,532,684	(11.13)%
Noncurrent liabilities	758,467	966,539	(21.53)%
Total liabilities	2,120,616	2,499,223	(15.15)%
Net position:			
Invested in capital assets, net of related debt	53,474,326	46,563,253	14.84%
Unrestricted	843,937	1,812,292	(53.43)%
Total net position	$ 54,318,263	$ 48,375,545	12.28%

B. Changes in Net Position

Operating revenues decreased $24,000 or 1%, and operating expenses increased $235,000 or 8%, mainly due to increases in wages and benefits, repairs and maintenance, and depreciation. Operating expenses exceeded revenues by $1,203,000, compared to $944,000 in the prior year. Non-operating revenues decreased $800, and non-operating expenses decreased $7,000, mainly due to a decrease in note interest paid. Capital contributions from federal, state, and other third parties totaled $7,186,000, compared to $4,076,000 in the prior year. The following table summarizes these results.

FINANCIAL ANALYSIS (continued)

Table A-2
Changes in Net Position

	2014	2013	Change
Operating revenues:			
T-hangars	$ 930,393	$ 909,832	2.26%
Fixed base operations	420,706	433,528	(2.96)%
Other sales, houses, and mini warehouses	723,637	755,111	(4.17)%
Other revenues	26,166	26,005	0.62%
Total operating revenues	2,100,902	2,124,476	(1.11)%
Operating expenses:			
Wages and benefits	1,058,084	962,151	9.97%
Repairs, maintenance, and other services	682,018	612,357	11.38%
Materials and supplies	72,209	69,604	3.74%
Depreciation	1,491,157	1,424,744	4.66%
Total operating expenses	3,303,468	3,068,856	7.64%
Operating loss	(1,202,566)	(944,380)	27.34%
Non-operating revenues (expenses):			
Interest income	46	825	(94.42)%
Note interest	(40,665)	(48,710)	(16.52)%
Redevelopment and stormwater fees	(51)	0	N/A
Excess non-operating revenues (expenses)	(40,670)	(47,885)	(15.07)%
Loss before contributions	(1,243,236)	(992,265)	25.29%
Capital contributions:			
Other governmental	6,987,479	4,020,815	73.78%
Local governmental	0	16,240	(100.00)%
Joint ventures – Space Florida	198,475	38,967	409.34%
Change in net position	5,942,718	3,083,757	92.71%
Total net position, at beginning of year	48,375,545	45,291,788	6.81%
Total net position, at end of year	$ 54,318,263	$ 48,375,545	12.28%

C. Budgetary Highlights

Actual revenues were less than budgeted amounts by $215,000, mainly due to rental income being less than expected.

FINANCIAL ANALYSIS (continued)

Insurance expense was under budget by $52,000; communications and utilities were under budget by $56,000; professional services were under budget by $53,000; advertising and marketing were under budget by $38,000; materials and supplies were under budget by $16,000; expense contingency was under budget by $19,000; and payments for equipment were under budget by $47,000. Repairs and maintenance were over budget by $35,000, and wages and benefits were over budget by $20,000. Overall, expenditures were under budget by $220,000.

CAPITAL ASSETS AND DEBT ADMINISTRATION

A. Capital Assets

The following is a summary of major capital asset additions for 2014.

Major completed projects that were capitalized:	
Space Coast:	
Security system	$ 1,047,488
ARFF vehicle	882,775
T-hangar taxilanes	432,718
Total Space Coast	$ 2,362,981
Arthur Dunn:	
Fire hydrants	$ 151,775
Major projects reported in construction-in-process	
Space Coast:	
ARFF facility	$ 3,102,727
West Apron Rehab	5,606,564
Total Space Coast	$ 8,709,291

Table A-3 summarizes changes in capital assets.

Table A-3
Capital Assets
(Net of Depreciation)

	2014	2013	Change
Land and improvements	$ 15,484,379	$ 15,372,460	0.73%
Building and improvements	13,957,228	13,476,076	3.57%
Runways and lighting	13,498,616	13,772,783	(1.99)%
Furniture, fixtures, and equipment	415,997	571,718	(27.24)%
Vehicles	925,549	14,515	627.65%
Construction-in-progress	10,026,899	4,382,149	128.81%
Total	$ 54,308,668	$ 47,589,701	14.12%

B. Long-term Debt

At year end, the Authority had $834,000 in notes outstanding, a decrease of $192,000 over the prior year. The Authority incurred no new debt during the year ended September 30, 2014.

CAPITAL ASSETS AND DEBT ADMINISTRATION (continued)

More detailed information about the Authority's capital assets and long-term liabilities is presented in the financial statements under Note 2 and Note 3, respectively.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

During the year ended September 30, 2014, the Authority purchased an ARFF Vehicle, and completed the T-Hangar Taxilane Rehabilitation and the West Apron Rehabilitation projects at Space Coast Regional Airport. The Authority completed the Fire Hydrants project at Arthur Dunn and completed the Design of the Runway Safety Area project at Merritt Island Airport. These projects are being completed with grants from the FAA and FDOT. For the fiscal year ending September 30, 2015, the Authority will complete the Design and Construction of the East Hangar and East Apron Rehabilitation projects at Space Coast Regional Airport and the Runway Safety Area project at Merritt Island Airport with the assistance of the FAA and FDOT.

CONTACTING THE AUTHORITY'S FINANCIAL MANAGEMENT

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

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FINANCIAL STATEMENTS

TITUSVILLE-COCOA AIRPORT AUTHORITY

STATEMENTS OF NET POSITION
September 30, 2014 and 2013

ASSETS	2014	2013
Current assets:		
Cash and cash equivalents	$ 1,547,753	$ 2,319,829
Accounts receivable	8,064	9,504
Due from other governments	541,506	910,382
Other receivables	23,479	38,967
Prepaid expenses and other receivables	9,409	6,385
Total current assets	2,130,211	3,285,067
Property and equipment:		
Land	14,204,818	14,204,818
Land improvements	1,614,241	1,462,466
Buildings and improvements	22,080,654	21,023,450
Runways and lighting	23,068,513	22,635,796
Furniture, fixtures, and equipment	2,560,559	2,560,559
Vehicles	1,160,131	236,453
Construction-in-progress	10,026,899	4,382,149
	74,715,815	66,505,691
Less accumulated depreciation	20,407,147	18,915,990
Net property and equipment	54,308,668	47,589,701
Total assets	$ 56,438,879	$ 50,874,768

The notes to the financial statements are an integral part of the financial statements.

LIABILITIES AND NET POSITION	2014	2013
Current liabilities (payable from current assets):		
Accounts payable	$ 30,811	$ 36,008
Contracts payable	645,014	882,328
Accrued expenses and other liabilities	270,522	220,122
Refundable deposits	215,296	202,120
Long-term notes due within one year	200,506	192,106
Total current liabilities (payable from current assets)	1,362,149	1,532,684
Noncurrent liabilities:		
Flagler Development Company note	24,394	33,130
Notes payable to banks	609,442	801,212
Post-employment benefit obligations	124,631	132,197
Total non-current liabilities	758,467	966,539
Total liabilities	2,120,616	2,499,223
Net position:		
Net investment in capital assets	53,474,326	46,563,253
Unrestricted	843,937	1,812,292
Total net position	54,318,263	48,375,545
Total liabilities and net position	$ 56,438,879	$ 50,874,768

The notes to the financial statements are an integral part of the financial statements.

TITUSVILLE-COCOA AIRPORT AUTHORITY

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
For the years ended September 30, 2014 and 2013

	2014	2013
Operating revenues:		
T-hangars	$ 930,393	$ 909,832
Fixed base operations	420,706	433,528
Other sales, houses, and mini warehouses	723,637	755,111
Other revenue	26,166	26,005
Total operating revenues	2,100,902	2,124,476
Operating expenses:		
Wages and benefits	1,058,084	962,151
Repairs, maintenance, and other services	682,018	612,357
Materials and supplies	72,209	69,604
Depreciation	1,491,157	1,424,744
Total operating expenses	3,303,468	3,068,856
Operating loss	(1,202,566)	(944,380)
Non-operating revenues (expenses):		
Interest income	46	825
Note interest	(40,665)	(48,710)
Redevelopment and stormwater fees	(51)	0
Excess non-operating revenues (expenses)	(40,670)	(47,885)
Loss before contributions	(1,243,236)	(992,265)
Capital contributions:		
Other governmental	6,987,479	4,020,815
Local governmental	0	16,240
Joint venture - Space Florida	198,475	38,967
Changes in net position	5,942,718	3,083,757
Net position, at beginning of year	48,375,545	45,291,788
Net position, at end of year	$ 54,318,263	$ 48,375,545

The notes to the financial statements are an integral part of the financial statements.

TITUSVILLE-COCOA AIRPORT AUTHORITY

STATEMENTS OF CASH FLOWS
For the years ended September 30, 2014 and 2013

	2014	2013
Cash flows from operating activities:		
Cash received from tenants	$ 2,149,753	$ 2,128,709
Cash paid to employees	(1,047,706)	(933,585)
Cash paid to suppliers	(764,227)	(401,619)
Net cash flows provided by operating activities	337,820	793,505
Cash flows from non-capital financing activities:		
Cash paid for redevelopment and stormwater fees	(51)	0
Net cash flows used by non-capital financing activities	(51)	0
Cash flows from capital and related financing activities:		
Cash received from capital and reimbursable grants	7,570,318	4,223,524
Cash paid for acquisition and construction of capital assets	(8,447,438)	(4,319,916)
Cash received from insurance proceeds	0	0
Cash paid for principal on notes	(192,106)	(184,079)
Cash paid for interest on notes	(40,665)	(48,710)
Net cash flows used by capital and related financing activities	(1,109,891)	(329,181)
Cash flows from investing activities:		
Cash received for interest income	46	825
Net cash flows provided by investing activities	46	825
Net change in cash	(772,076)	465,149
Cash and cash equivalents, at beginning of year	2,319,829	1,854,680
Cash and cash equivalents, at end of year	$ 1,547,753	$ 2,319,829

The notes to the fianancial statements are an integral part of the financial statements.

	2014		
	Current Assets	Restricted Assets	Total
Reconciliation of cash per statements of cash flows to the statements of net position:			
Cash and cash equivalents, at beginning of year	$ 2,319,829	$ 0	$ 2,319,829
Net increase	(772,076)	0	(772,076)
Cash and cash equivalents, at end of year	$ 1,547,753	$ 0	$ 1,547,753

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	2014	2013
Reconciliation of operating loss to net cash provided by operating activities:		
Cash flows from operating activities:		
Operating loss	$ (1,202,566)	$ (944,380)
Adjustments to reconcile operating loss to net cash provided by operating activities:		
Depreciation	1,491,157	1,424,744
(Increase) decrease in accounts receivable	1,440	(944)
(Increase) decrease in prepaid expenses and other receivables	(3,024)	274,168
Increase (decrease) in accounts payable	(5,197)	5,407
Increase in accrued expenses, other liabilities, and deposits	63,576	34,510
Decrease in post-employment benefit obligations	(7,566)	0
Total adjustments	1,540,386	1,737,885
Net cash provided by operating activities	$ 337,820	$ 793,505

The notes to the financial statements are an integral part of the financial statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Titusville-Cocoa Airport Authority (the Authority) operates and maintains three general aviation airports within the Titusville-Cocoa Airport District (the District), Brevard County, Florida. The three airports served by the District are Space Coast Regional Airport, Arthur Dunn Airpark, and Merritt Island Airport. The District is bound on the north and west by the Brevard County line, the east by the Atlantic Ocean, and the south by the Township 25 line, which is approximately three and three quarter miles north of the Pineda Causeway. The Authority and the District were created under the Titusville-Cocoa Airport District Act of 1963, Chapter 63-1143, Laws of Florida, Special Acts of 1963 (the Act). The Authority consists of seven members, two members appointed by each of the respective county commissioners of Districts 2 and 4, one member appointed by the District 1 county commissioner, one member appointed by the City of Titusville, and one member-at-large appointed by the Brevard County Board of County Commissioners. The Authority does not exercise control over other government agencies or authorities. As defined under Chapter 189.403, Florida Statutes, the Authority is a dependent, special district of Brevard County, Florida.

B. Measurement Focus and Basis of Accounting

The accounting policies of the Authority conform to accounting principles generally accepted in the United States of America applicable to state and local governmental agencies and, as such, the Authority is accounted for as a proprietary fund. The basic financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Under this method, revenues are recognized when they are earned and expenses are recognized when incurred. Interest on revenue bonds, proceeds of which are used in financing the construction of assets, is capitalized during the construction period, net of interest on the investment of unexpended bond proceeds. The Authority applies all applicable Financial Accounting Standards Board (FASB) pronouncements, including those issued after November 30, 1989, unless those pronouncements conflict or contradict the Governmental Accounting Standards Board (GASB) pronouncements.

C. Budgetary Accounting

The Authority employs formal budgetary accounting as a management control. An annual operating budget, prepared on the accrual basis, is adopted each year through the passage of an annual budget resolution and amended as required. All unexpended budget appropriations, except project budgets, lapse at the end of each year. The Authority budgets no material excess of expenses over revenues. However, budget to actual comparisons may reflect individual line item excesses.

D. Cash and Cash Equivalents

The Authority considers all highly liquid investments, including pooled cash, with an original maturity of three months or less when purchased, to be cash and equivalents. A portion of the

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Authority's cash resources, excess cash, including restricted cash, is pooled and invested with the Florida State Board of Administration. Earnings from pooled investments are distributed to the appropriate accounts based upon monthly cash balances.

As of September 30, 2014, the carrying amount of the Authority and its subsidiaries' bank deposits was $1,547,753, and the bank balance was $1,548,888. These bank balances were fully insured by the Federal Deposit Insurance Corporation or collateralized by qualifying investments held in the pledging bank's trust department by a third-party trustee.

E. Receivables

Receivables are reported at their gross value and are reduced by the estimated portion that is expected to be uncollectible. There were no amounts recorded as an allowance for doubtful accounts as of September 30, 2014 and 2013.

F. Property and Equipment

Property and equipment are stated at cost or, if contributed, estimated fair values at the date of contribution. Capital additions and the cost of improvements and replacements, which extend the useful lives of the assets, are capitalized if their value is $750 or greater. Other recurring costs for maintenance and repairs are charged to operations when incurred. Depreciation is provided on the straight-line method over the estimated useful lives of depreciable assets as follows:

Buildings and improvements	5 - 39 years
Runways, lighting, and ramps	7 - 33 years
Equipment	3 - 10 years

Operating expenses include depreciation on all property and equipment.

G. Restricted Assets

The Authority's policy is to either use restricted assets first to fund appropriations or to use restricted assets only after the unrestricted resources are depleted.

H. Net Position

Net position is the difference between assets plus deferred outflows and liabilities plus deferred inflows. There were no deferred outflows or inflows for the years ended September 30, 2014 and 2013. Net position invested in capital assets is capital assets less accumulated depreciation and any outstanding debt related to the acquisition, construction, or improvement of those assets. Net position is reported as restricted when legal limitations are imposed on their use by other governments, creditors or grantors.

I. Capital Grants and Contributions

Government grants for maintenance, acquisition, or construction of airport facilities are recorded as receivables and capital contributions at the time reimbursable project costs are incurred. Grants received in advance of incurring eligible costs are deferred. Property and equipment acquired by contributions are recorded as assets and non-operating revenues at fair market value as of the date received.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

J. Property Taxes

Property taxes, if levied, are levied on property values as of January 1. Property taxes are due and payable as of November 1, and become delinquent on April 1. A tax certificate sale is held at the end of May on all delinquent real estate taxes, and a lien is placed on the property (refer to Note 10).

Ad valorem taxes levied by the Board of County Commissioners, for countywide public services, against real and tangible personal property, are limited by State Statutes to 10 mills on the dollar of the assessed value unless any excess is approved by referendum of the voters. In addition, the County may levy up to 10 mills for municipal-type services within the district.

K. Revenue Classifications

Revenues are recognized when earned. The Authority classifies revenues as operating and non-operating based on the following criteria:

> Operating revenues are from the revenue sources that constitute the principal ongoing activities of the Authority's operations. The major components of the Authority's operating revenue sources consist of rentals of T-hangers, fixed base operations and other sales, and mini warehouses.
>
> Non-operating revenues and expenses are from revenue sources related to other activities, which do not constitute the principal ongoing activities of the Authority's operations. The major components of the non-operating revenue and expense sources are capital contributions, interest income, interest expense, and gain or loss on disposal of assets.

L. Operating Leases

Leases involving buildings and other airport facilities are accounted for as operating leases, which recognizes rental income over the term of the leases.

M. Compensated Absences

Employees of the Authority are permitted to accumulate unused vacation and sick leave benefits for use in future years. Accumulated, unused benefits are recorded as an accrued liability at year end. Unused benefits accumulated by employees amounted to $115,303 and $107,288, at September 30, 2014 and 2013, respectively.

N. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

NOTE 2 - CAPITAL ASSETS

Capital assets activity for the year ended September 30, 2014, was as follows:

	Cost					
	Land and Improvements	Buildings and Improvements	Runways and Lighting	Furniture, Fixtures, and Equipment	Vehicles	Construction-in-progress
Balance, at beginning of year	$ 15,667,284	$ 21,023,450	$ 22,635,796	$ 2,560,559	$ 236,453	$ 4,382,149
Additions	151,775	1,057,204	432,717	0	923,678	6,774,847
Transfers and adjustments	0	0	0	0	0	(1,130,097)
Balance, at end of year	$ 15,819,059	$ 22,080,654	$ 23,068,513	$ 2,560,559	$ 1,160,131	$ 10,026,899

	Accumulated Depreciation					
	Land and Improvements	Buildings and Improvements	Runways and Lighting	Furniture, Fixtures, and Equipment	Vehicles	Construction-in-progress
Balance, at beginning of year	$ 294,824	$ 7,547,374	$ 8,863,013	$ 1,988,841	$ 221,938	$ 0
Additions	39,856	576,052	706,884	155,721	12,644	0
Transfers and adjustments	0	0	0	0	0	0
Balance, at end of year	$ 334,680	$ 8,123,426	$ 9,569,897	$ 2,144,562	$ 234,582	$ 0

Depreciation expense for the years ended September 30, 2014 and 2013, was $1,491,157 and $1,424,744, respectively.

NOTE 3 - LONG-TERM DEBT

A. Wells Fargo Bank, N.A., Note, Series 2003

In August 2003, the Authority entered into a note payable with Wells Fargo Bank, N.A. The Authority borrowed $2,450,000 at a fixed interest rate of 4.37%, payable in equal installments over 15 years. The Authority used $2,250,000 to pay off the Florida Local Government Finance Commission Pooled Commercial Paper Loan Program. The balance of the loan proceeds was used to pay loan costs and to fund planned capital improvement projects. The Authority has pledged all of its operating revenues as security for the loan. The terms of the note include a penalty for prepayment.

B. Flagler Development Company Note

In June 2003, the Authority entered into a note payable with Flagler Development Company as part of a land swap transaction. The swapped land is located at Space Coast Regional Airport. The note is payable, in equal monthly payments, over 15 years with a 2.5% rate of interest. The note is collateralized by the swapped property received by the Authority.

NOTE 3 - LONG-TERM DEBT (continued)

Long-term liability activity for the year ended September 30, 2014, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Notes payable:					
Wells Fargo Bank, N.A., Note, Series 2003	$ 984,797	$ 0	$ 183,585	$ 801,212	$ 191,770
Flagler Development	41,651	0	8,521	33,130	8,736
Total notes payable	1,026,448	0	192,106	834,342	200,506
Compensated absences	107,288	83,377	75,362	115,303	115,303
Total long-term liability activity	$ 1,133,736	$ 83,377	$ 267,468	$ 949,645	$ 315,809

WELLS FARGO BANK, N.A., NOTE - SERIES 2003

Fiscal Year	Interest Rate	Principal	Interest	Total Principal and Interest	Principal Outstandin After Payment
2015	4.370%	$ 191,790	$ 31,163	$ 222,953	$609,422
2016	4.370%	200,300	22,611	222,911	$409,122
2017	4.370%	209,252	13,678	222,930	$199,870
2018	4.370%	199,870	4,286	204,156	$0
		$ 801,212	$ 71,738	$ 872,950	

FLAGLER DEVELOPMENT COMPANY NOTE

Fiscal Year	Interest Rate	Principal	Interest	Total Principal and Interest	Principal Outstandin After Payment
2015	2.500%	$ 8,736	$ 729	$ 9,465	$24,394
2016	2.500%	8,957	508	9,465	$15,437
2017	2.500%	9,184	281	9,465	$6,253
2018	2.500%	6,253	57	6,310	$0
		$ 33,130	$ 1,575	$ 34,705	

NOTE 4 - LEASING ARRANGEMENTS

The Authority leases facilities at its three airport locations to fixed base operators and other tenants. Buildings and service areas, both leased and available for lease, have a cost of approximately $22,081,000, and related accumulated depreciation of approximately $8,123,000, at September 30, 2014. Minimum future rentals on non-cancelable operating leases, as of September 30, 2014, are approximately $693,486, annually, for the next five years.

NOTE 5 - RETIREMENT PLAN

All employees of the Authority are covered by the Florida Retirement System (FRS), which is a multiple-employer, cost-sharing state public employee retirement system. All employees are eligible and must participate and are required to contribute 3% of their pay to fund the plan. The FRS provides for vesting of benefits after six years of service, and employees are eligible for normal retirement after thirty years of service or attaining age 62. Benefits are computed on the basis of age, average final compensation, and service credit. Average final compensation is the average of the five highest fiscal years of earnings. Early retirement may be taken any time after six years of service; however, there is a 5% reduction in benefits for each year early retirement benefits commence prior to normal retirement. The FRS also provides death and disability benefits, which are established by Florida Statutes.

As previously noted, employees of the Authority contribute 3% of their pay into the pension plan. In addition, the Authority makes monthly contributions to the pension plan equal to the amount required by Florida Statutes. The percentage of covered payroll the Authority was required to contribute to the plan was 5.18% to 14.57%, beginning July 1, 2012, 6.30% to 18.31%, beginning July 1, 2013, and 7.37% to 21.14%, beginning July 1, 2014.

The Authority's contributions for the years ended September 30, 2014, 2013, and 2012, were $75,682, $47,338, and $34,222, respectively, and equaled the required contributions for each year per the percentage schedule noted above. The actual and covered payroll for employees participating in the FRS for the years ended September 30, 2014 and 2013, was $768,628 and $680,522, respectively.

The Florida Division of Retirement issues a publicly available financial report that includes financial statements and supplementary information for the FRS. The report may be obtained by writing to the Florida Division of Retirement, 2639 Monroe Street, Building C, Tallahassee, Florida 32399-1560.

NOTE 6 - POST-EMPLOYMENT BENEFIT OBLIGATIONS

A. Plan Description

As a dependent Authority of Brevard County, Florida (the County), the Authority is a member of the County's benefit plan. The Brevard County Board of County Commissioners (the Board) administers a single-employer defined benefit healthcare plan (the Plan) that provides health care benefits, including medical coverage and prescription drug benefits, to its employees and their eligible dependents. Pursuant to Section 112.0801 Florida Statutes, the Authority is required to provide eligible retirees (as defined in the County's pension plan) the opportunity to participate in this Plan at the same cost that is applicable to active employees.

Employees who are active participants in the Plan at the time of retirement, and are either age 62 with completion of six years of service or have 30 years of service, are eligible to receive benefits. The Authority's portion of the Plan includes 1 retiree receiving benefits and has a total of 14 active participants and dependents.

NOTE 6 - POST-EMPLOYEMENT BENEFIT OBLIGATIONS (continued)

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

B. Funding Policy

The maximum employer contribution target is 56% of the annual premium costs of the Plan. The annual premium costs are between $8,854 and $16,954 for retirees and spouses under age 65, and between $3,211 and $5,768 for retirees and spouses over age 65. Employees hired prior to January 1, 2006, are eligible to receive 100% of the earned percentage of benefits for their lifetime upon attainment of age 62 and completion of 6 years of service or upon completing 30 years of service, if earlier. Employees hired on or after January 1, 2006, are eligible to receive a graduated percentage of benefits upon retirement based on years of service.

For the year ended September 30, 2014, the portion of contribution attributed to the Authority is $10,982, which includes both an estimate of the implied subsidy described above and the explicit subsidy paid on behalf of eligible retirees.

C. Annual OPEB Cost and Net OPEB Obligations

The Authority's annual Other Post-Employment Benefits (OPEB) cost (expense) is calculated based on the annual required contribution (the ARC) of the employer, an amount actuarially determined in accordance with the parameters of Government Accounting Standards Board Statement No. 45, *Accounting and Reporting for Postemployment Benefits Other than Pensions,* (GASB 45). The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial accrued liabilities (or funding excess) over a period not to exceed 30 years.

The following table shows the actuarial determined components of the obligation as of the years ended September 30, 2012, 2013, and 2014, based on plan provisions:

	2012	2013	2014
Annual required contirbution	$ 31,217	$ 32,156	$ 14,851
Interest on net OPEB obligation	1,614	2,044	1,244
Adjustment to annual required contribution	(2,886)	4,254	(12,679)
Annual OPEB cost (expense)	29,945	38,454	3,416
Contributions made	(8,342)	(8,509)	(10,982)
Interest on employer contributions	0	0	0
Increase (decrease) in net OPEB obligation	21,603	29,945	(7,566)
Net OPEB obligation - beginning of year	80,649	102,252	132,197
Net OPEB obligation - end of year	$ 102,252	$ 132,197	$ 124,631

NOTE 6 - POST-EMPLOYEMENT BENEFIT OBLIGATIONS (continued)

The Authority's annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan, and the net OPEB obligation for the three fiscal years ended September 30, 2011, 2012, and 2013, are as follows:

Year Ended	Annual Pension Cost (APC)	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
September 30, 2011	$30,000	28%	$80,645
September 30, 2012	$29,945	28%	$102,252
September 30, 2013	$38,454	22%	$132,197

D. Funded Status and Funding Progress

Because the Plan has more than 200 members, the Board is required to obtain an actuarial valuation at least every two years. The most recent actuarial valuation was performed as of October 1, 2013. Accordingly, the Board will be required to obtain a subsequent actuarial valuation within two years of that date. As of October 1, 2013, the actuarial accrued liability for benefits for the Authority was $190,580, all of which was unfunded. The covered payroll (annual payroll of active employees covered by the Plan) was $768,628, and the ratio of unfunded actuarial accrued liability (the UAAL) to the covered payroll was 24.8%.

Actuarial valuations for an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Actuarially determined amounts are subject to continuous revision as actual results are compared to past expectations and new estimates about the future are formulated.

Although the valuation results reflect a long-term perspective and, as such, are merely an estimate of what future costs may be, deviations in any of several factors, such as future interest rates, medical costs inflation, Medicare coverage, and changes in marital status, could result in actual costs being less or greater than estimated.

The schedule of funding progress is presented as required supplementary information following the notes to the financial statements, and presents multi-year trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

E. Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the Plan as understood by the employer and the Plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point.

The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with long-term perspective of the calculations.

In the October 1, 2013, actuarial valuation, the projected unit credit cost method was used. The actuarial assumption included a 1% investment rate of return and an annual healthcare cost trend rate of 7% initially, reduced by decrements to an ultimate rate of 5% after seven years.

NOTE 6 - POST-EMPLOYEMENT BENEFIT OBLIGATIONS (continued)

The actuarial methods and assumptions used are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. The UAAL is being amortized using a level-percentage of compensation over a maximum allowable period of 30 years.

NOTE 7 - DEFERRED COMPENSATION PLAN

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

NOTE 8 - COMMITMENTS AND CONTINGENCIES

A. Construction Commitments

The Authority entered into major construction and renovation projects during the years ended September 30, 2014 and 2013. While most of the funding for these projects comes from federal and state funds, the Authority is obligated to provide matching funds for these projects from 2.5% to 50%. As of September 30, 2014, the Authority has committed $956,000 of unrestricted net position for future construction projects. The Authority also entered into several joint ventures to build facilities for tenants during fiscal years ended September 30, 2014 and 2013. The Authority oversees the project and ensures compliance with the funding requirements of the federal and state funds. The joint venture tenant provides the match funds. The total capital contributions from joint venture tenants were $198,475 and $38,967, for fiscal years ended September 30, 2014 and 2013, respectively.

B. Claims and Judgments

The Authority participates in a number of federal, state, and county programs that are fully or partially funded by grants received from other government units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed, due to non-compliance with grant program regulations, the Authority may be required to reimburse the grantor government.

NOTE 9 - AD VALOREM TAXES

During the years ended September 30, 2014 and 2013, the Authority voted not to include tax revenues in its budget. During the years ended September 30, 2014 and 2013, the only tax funds received by the Authority were delinquent funds from previous years.

NOTE 10 - INVESTMENT POOL FUNDS

During the years ended September 30, 2014 and 2013, the Authority invested a portion of its excess cash with the State Board of Administration (SBA) - Local Government Surplus Funds Trust Fund which is governed by the State of Florida under Section 218.407, Florida Statutes. This investment pool consists largely of corporate notes and commercial paper.

NOTE 10 - INVESTMENT POOL FUNDS (continued)

The SBA's Florida Prime, formerly the LGIP, is considered a Securities and Exchange Commission (SEC) 2a7-like fund, with fair value of the investment equal to the account balance. A 2a7-like fund is not registered with the SEC as an investment company, but has a policy that it operates in a manner consistent with SEC's Rule 2a7 of the Investment Company Act of 1940, the rules governing money market funds. Thus, the pool operates essentially as a money market fund, but is classified as an external investment pool.

The SBA Pool B participants are prohibited from withdrawing any amount from Pool B. As securities mature in Pool B, funds are transferred to Florida Prime, at which time the funds are available to withdraw without any restrictions. As of September 30, 2014 and 2013, the Authority had $0 and $22,183 invested in Florida Prime and Pool B, respectively.

The Authority's investment policy addresses and mitigates the risk types as follows:

(1) Credit Risk - Fixed income securities have inherent financial risks, including credit risk and interest rate risk. Credit risk for fixed income securities is the risk that the issuer will not fulfill its obligations. As of September 30, 2014 and 2013, Pool B investments were unrated.

(2) Interest Rate Risk - As of September 30, 2014 and 2013, Pool B had an estimated weighted average life of 2.86 and 4.08 years, respectively. However, because Pool B consists of restructured or defaulted securities, there is considerable uncertainty regarding the weighted average life.

(3) Foreign Currency Risk - Pool B was not exposed to any foreign currency risk during the period of October 1, 2012 through September 30, 2014.

(4) Concentration of Credit Risk - Florida Statutes authorize the Authority to invest in the following: Local Government Surplus Funds Trust Fund, which is administered by the State Board of Administration; debt obligations, the principal and interest of which are unconditionally guaranteed by the United States Government; interest-bearing time deposits or savings accounts in banks and savings and loans organized under the laws of the United States; debt obligations of the Federal Farm Credit Banks, the Federal Home Loan Mortgage Corporation, the Federal Home Loan Bank, and the Federal National Mortgage Association; or debt obligations guaranteed by the Government National Mortgage Association.

NOTE 11 - SUBSEQUENT EVENTS

In January 2015, the Authority voted to secure a $2,000,000 note payable to be used to pay off the Wells Fargo Bank, N.A., note and to provide cash flow and matching funds for planned capital improvement projects.

Subsequent events have been evaluated through February 19, 2015, which is the date the financial statements were available to be issued.

SUPPLEMENTARY INFORMATION

DRAFT

TITUSVILLE-COCOA AIRPORT AUTHORITY

SCHEDULE OF FUNDING PROGRESS - OTHER POST-EMPLOYMENT BENEFITS
For the year ended September 30, 2014

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability AAL (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL a % of Covered Payroll ((b-a)/c)
10/1/2011	$0	$386,115	$386,115	0.0%	$657,607	58.7%
10/1/2012	$0	$402,542	$402,542	0.0%	$680,522	59.2%
10/1/2013	$0	$190,580	$190,580	0.0%	$768,628	24.8%

TITUSVILLE-COCOA AIRPORT AUTHORITY

SCHEDULE OF REVENUES - BUDGET AND ACTUAL
(EXCLUDING CAPITAL PROJECTS)
For the year ended September 30, 2014

	Original and Final Budget	Actual	Actual Over (Under) Final Budget
Operating revenues:			
Rentals	$ 2,313,173	$ 2,074,736	$ (238,437)
Miscellaneous	0	26,166	26,166
Total operating revenues	2,313,173	2,100,902	(212,271)
Non-operating revenues:			
Interest income	2,500	46	(2,454)
Total non-operating revenues	2,500	46	(2,454)
Total revenues	$ 2,315,673	$ 2,100,948	$ (214,725)

Schedule 3

TITUSVILLE-COCOA AIRPORT AUTHORITY

SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL (EXCLUDING CAPITAL PROJECTS)

For the year ended September 30, 2014

	Original and Final Budget	Actual	Actual Over (Under) Final Budget
Operating expenses:			
Wages and benefits:			
Salaries	$ 748,602	$ 768,559	$ 19,957
Workers' compensation insurance	15,000	17,232	2,232
Employee benefits	217,256	224,527	7,271
Post-employment benefit obligation	0	(7,566)	(7,566)
Taxes	57,268	55,332	(1,936)
Total wages and benefits	1,038,126	1,058,084	19,958
Repairs, maintenance, and other services:			
Repairs and maintenance	159,050	193,841	34,791
Insurance	279,000	227,055	(51,945)
Communications and utilities	186,225	130,594	(55,631)
Professional services	118,100	64,881	(53,219)
Advertising and marketing	72,944	35,300	(37,644)
Taxes and other obligations	13,000	13,971	971
Dues and subscriptions	11,800	16,376	4,576
Total repairs, maintenance, and other services	840,119	682,018	(158,101)
Materials and supplies	88,315	72,209	(16,106)
Bad debt	0	0	0
Contingency expense	18,872	0	(18,872)
Total operating expenses	1,985,432	1,812,311	(173,121)
Non-operating expenditures:			
Property, plant, equipment, and fees:			
Equipment	97,800	50,618	(47,182)
Redevelopment and stormwater fees	0	51	51
Total property, plant, equipment, and fees	97,800	50,669	(47,131)
Debt service:			
Notes payable to banks:			
Principal and interest	232,440	232,437	(3)
Total debt service	232,440	232,437	(3)
Total non-operating expenditures	330,240	283,106	(47,134)
Total expenditures	$ 2,315,672	$ 2,095,417	$ (220,255)

Schedule 4

TITUSVILLE-COCOA AIRPORT AUTHORITY

SCHEDULE OF CAPITAL PROJECTS SUMMARY
As of and for the year ended September 30, 2014

			Funding				Expenditures			
Project	Funding Source	Item Number	Balance 09/30/2013	Additions	Transfers and Adjustments	Balance 09/30/2014	Balance 9/30/2013	Additions	Transfers and Adjustments	Balance 9/30/2014
119 TIX ARFF Facility Status: open	FDOT	409470	$ 2,372,200	$ 109,981	$ 0	$ 2,482,181	$ 2,965,250	$ 137,477	$ 0	$ 3,102,727
	AUTH		593,050	27,496	0	620,546				
122 Spaceport License Status: open	AUTH		86,678	198,475	0	285,153	125,645	396,950	0	522,595
	SPACE FL		38,967	198,475		237,442				
126 Security System Status: closed	FDOT	404925, 420840 420841, 429792	240,808	773,137	(1,013,945)	0	240,808	806,680	(1,047,488)	0
	AUTH		0	33,543	(33,543)	0				
128 ARFF Vehicle Procure Status: closed	FDOT	409472	694,005	11,947	(705,952)	0	867,506	15,269	(882,775)	0
	AUTH		173,501	3,322	(176,823)	0				
131 T Hangar Taxilanes Status: closed	FDOT	409478	12,547	333,627	(346,174)	0	15,684	417,034	(432,718)	0
	AUTH		3,137	83,407	(86,544)	0				
132 TIX West Apron Rehab Status: open	FAA	31200802512	104,827	3,549,631	0	3,654,458	116,475	5,490,089	0	5,606,564
	FDOT	409818	0	1,429,016	0	1,429,016				
	AUTH		11,648	511,442	0	523,090				
133 TIX Aircraft Storage Status: open	FDOT	431574	34,945	97,928	0	132,873	43,682	122,409	0	166,091
	AUTH		8,737	24,481	0	33,218				
130134 TIX Airfield Markings Status: open	FAA	312008002614	0	29,294	0	29,294	0	32,549	0	32,549
	FDOT	409819	0	1,627	0	1,627				
	AUTH		0	1,628	0	1,628				
134 COI - RSA Design Status: open	FAA	31200131813	900	391,016	0	391,916	1,000	434,462	0	435,462
	FDOT	433521	50	21,126	0	21,176				
	AUTH		50	22,320	0	22,370				
135B East Apron Status: open	FDOT	433529	0	128,340	0	128,340	0	160,425	0	160,425
	AUTH		0	32,085	0	32,085				
135 X21 Fire Hydrants Status: closed	FDOT	409449	4,880	115,254	(120,134)	0	6,100	145,675	(151,775)	0
	AUTH		1,220	30,421	(31,641)	0				
136 COI RSA Construction Status: open	AUTH		0	486	0	486	0	486	0	486
Totals			$ 4,382,150	$ 8,159,505	$ (2,514,756)	$ 10,026,899	$ 4,382,150	$ 8,159,505	$ (2,514,756)	$ 10,026,899

TITUSVILLE-COCOA AIRPORT AUTHORITY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
For the year ended September 30, 2014

Federal employer's identification number 59-1061002

Grantor/Pass Through Grantor Program Title and Contract Number	Federal CFDA Number	State CSFA Number	State Item Number	Expenditures
Federal Awards:				
Direct Federal Awards:				
U.S. Department of Transportation - Federal Aviation Administration - Airport Improvement Program:				
Project No. 31200800252012 (TIX West Apron Rehab)	20.106	NA	NA	$ 3,549,631
Project No. 31200130182013 (COI RSA Design)	20.106	NA	NA	391,016
Project No. 31200800262014 (TIX Airfield Markings)	20.106	NA	NA	29,294
Total expenditures of federal awards			Total	3,969,941
State Financial Assistance:				
Florida Department of Transportation - Transportation Systems Development - Aviation Development Grants:				
AQA94 (TIX AREF Facility)	NA	55.004	409470	109,981
AQM87 (Security System)	NA	55.004	404925	773,137
AQ073 (ARFF Vehicle Procure)	NA	55.004	409472	11,947
AQV83 (T Hangar Taxilanes)	NA	55.004	409478	333,627
AR703 (West Apron)	NA	55.004	409818	1,429,016
AR342 (TIX Aircraft Storage)	NA	55.004	431574	97,928
AR740 (COI RSA Design)	NA	55.004	433521	21,126
AR147 (X21 Fire Hydrants)	NA	55.004	409449	115,254
ARD62 (TIX Airfield Markings)	NA	55.004	409819	1,627
ARD63 (East Apron)	NA	55.004	433529	128,340
Total expenditures of state financial assistance		55.004	Total	3,021,983
Total federal awards and state financial assistance				$ 6,991,924

TITUSVILLE-COCOA AIRPORT AUTHORITY

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE
For the year ended September 30, 2014

NOTE 1 - GENERAL

The accompanying schedule of expenditures of federal awards and state financial assistance presents the activity of all federal awards programs and state financial assistance projects of the Titusville-Cocoa Airport Authority (the Authority). The Authority's reporting entity is defined in Note 1 of the Authority's financial statements. The accounting policies and presentation of the Single Audit Report have been designed to conform to accounting principles generally accepted in the United States of America applicable to proprietary fund types of government units. Conformance also includes the reporting and compliance requirements of the OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, the OMB A-133 Compliance Supplement, and the Florida Single Audit Act.

NOTE 2 - BASIS OF ACCOUNTING

The schedule of expenditures of federal awards and state financial assistance is maintained on the full accrual basis of accounting for the proprietary fund types, which is described in Note 1*B* of the Authority's financial statements.

DAVIES, HOUSER & SECREST, CPA, P.A.
BUSINESS CONSULTANTS AND FAMILY WEALTH PLANNERS

Shareholders & Director
Stephen A. Ellis, Shareholder
Todd M. Russell, Shareholder
Matthew D. Trine, Shareholder
G. Mitchell Krasny, Director

Directors Emeritus
Floyd C. Lemmon
William R. Kidd
Robert E. Andersen, Jr.

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

The Chairman and Other Members
Titusville-Cocoa Airport Authority
Titusville, 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 Titusville-Cocoa Airport Authority (the Authority) as of and for the year ended September 30, 2014, and the related notes to the financial statements and have issued our report thereon dated February 19, 2015.

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) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions 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 a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. 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.

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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 that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

We noted certain matters that we have reported to management of the Authority, in a separate letter dated February 19, 2015.

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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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

Davies, Houser & Secrest, CPA, P.A.
Cocoa, Florida
February 19, 2015

DAVIES, HOUSER & SECREST, CPA, P.A.
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William R. Kidd
Robert E. Andersen, Jr.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND STATE PROJECT AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133 AND CHAPTER 10.550, RULES OF THE AUDITOR GENERAL

The Chairman and Other Members
Titusville-Cocoa Airport Authority
Titusville, Florida

Report on Compliance for Each Major Federal Program and State Project

We have audited the Titusville-Cocoa Airport Authority's (the Authority) compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement, and the requirements described in the Department of Financial Services' State Projects Compliance Supplement, that could have a direct and material effect on each of the Authority's major federal programs and state projects for the year ended September 30, 2013. The Authority's major federal programs and state projects are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

The Authority is a component unit of Brevard County, Florida.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs and state projects.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Authority's major federal programs and state projects based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; and Chapter 10.550, Rules of the Auditor General. Those standards, OMB Circular A-133, and Chapter 10.550, Rules of the Auditor General, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major Federal program or State project occurred. An audit includes examining, on a test basis, evidence about the Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program and state project. However, our audit does not provide a legal determination of the Authority's compliance.

Opinion on Each Major Federal Program and State Project

In our opinion, the Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs and state projects for the year ended September 30, 2014.

Report on Internal Control Over Compliance

Management of the Authority is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Authority's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program or state project to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and state project and to test and report on internal control over compliance in accordance with OMB Circular A-133 and Chapter 10.550, Rules of the Auditor General, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133 and Chapter 10.550, Rules of the Auditor General. Accordingly, this report is not suitable for any other purpose.

Davies, Houser & Secrest, CPA, P.A.
Cocoa, Florida
February 19, 2015

Schedule 6

TITUSVILLE-COCOA AIRPORT AUTHORITY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FEDERAL AWARDS PROGRAMS
For the year ended September 30, 2014

		Answers
I.	Summary of Auditor's Results	Answers
	1. Type of report issued on financial statements	Unmodified
	2. Significant deficiencies in internal control disclosed by the audit of the financial statements	None
	3. Non-compliance which is material to the audited financial statements	None
	4. Significant deficiencies in internal control over major programs disclosed by the audit	None
	5. Type of report on compliance for major programs	Unmodified
	6. Audit findings required to be reported by Paragraph .510 of OMB Circular A-133	None
	7. Identification of major federal program	U.S. Department of Transportation FAA Grant CFDA #20.106
	8. Dollar threshold for Type A programs	$300,000
	9. Low risk auditee	Yes
II.	Findings required to be reported in accordance with generally accepted *Government Auditing Standards*	None
III.	Findings and questioned costs for federal awards, as defined in Paragraph .510 of OMB Circular A-133, for the current year	None

TITUSVILLE-COCOA AIRPORT AUTHORITY

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FEDERAL AWARDS PROGRAMS
For the year ended September 30, 2014

No prior year findings.

TITUSVILLE-COCOA AIRPORT AUTHORITY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
STATE FINANCIAL ASSISTANCE PROJECTS
For the year ended September 30, 2014

I.	Summary of Auditor's Results	Answers
	1. Type of report issued on financial statements	Unmodified
	2. Significant deficiencies in internal control disclosed by the audit of the financial statements	None
	3. Non-compliance which is material to the audited financial statements	None
	4. Significant deficiencies in internal control over major projects disclosed by the audit	None
	5. Type of report on compliance for major projects	Unmodified
	6. Audit findings required to be disclosed under Chapter 10.557 of the Rules of the Auditor General	None
	7. Identification of major state project	Florida Department of Transportation - Transportation Systems Development - Aviation Development Grants CSFA #55.004
	8. Dollar threshold for Type A programs	$300,000
II.	Findings required to be reported in accordance with generally accepted *Government Auditing Standards*	None
III.	Findings and questioned costs for state projects defined under Chapter 10.554 (l)(l)(4) of the Rules of the Auditor General	None
IV.	Prior year's audit findings	None

DHS

Davies, Houser & Secrest, CPA, P.A.

BUSINESS CONSULTANTS AND FAMILY WEALTH PLANNERS

Shareholders & Director
Stephen A. Ellis, Shareholder
Todd M. Russell, Shareholder
Matthew D. Trine, Shareholder
G. Mitchell Krasny, Director

Directors Emeritus
Floyd C. Lemmon
William R. Kidd
Robert E. Andersen, Jr.

Independent Auditor's Management Letter

The Chairman and Other Members
Titusville-Cocoa Airport Authority
Titusville, Florida

Report on the Financial Statements

We have audited the financial statements of the Titusville-Cocoa Airport Authority (the Authority) as of and for the fiscal year ended September 30, 2014, and have issued our report thereon dated February 19, 2015.

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; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations;* and Chapter 10.550, Rules of the Florida Auditor General,

Other Reports and Schedules

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 the financial statements performed in accordance with *Government Auditing Standards;* independent auditor's report on compliance for each major federal program and state project and report on internal control over compliance required by OMB Circular A-133 and Chapter 10.550, Rules of the Florida Auditor General; and schedules of findings and questioned costs. Disclosures in those reports and schedule, which are dated February 19, 2015, should be considered in conjunction with this management letter.

Other Matters

Additionally, our audit was conducted in accordance with Chapter 10.550, Rules of the Auditor General, which governs the conduct of local governmental entity audits performed in the State of Florida. This letter includes the following information, which is not included in the aforementioned auditor's reports or schedule:

- 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. In connection with our audit, there were no findings or recommendations made in the preceding annual financial report.

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- Section 10.544(l)(i)2., Rules of the Auditor General, requires that we address in the management letter any recommendations to improve financial management. In connection with our audit, we make the following recommendations.

  Lack of Separation of Duties

  Since the Authority employs a small number of office personnel, one person is primarily responsible for performing all accounting duties. Accordingly, the Authority's ability to use segregation of duties to establish internal accounting control is limited. This limitation is offset by the Authority's members' monthly participation in the accounting and reporting function by way of detailed reviews of budgets and monthly comparisons of budgeted versus actual data. While these procedures were generally effective for internal accounting control purposes during the past year, it should be clearly understood that changes in personnel, or the extent of participation by the Authority members, could have a material effect on internal accounting controls.

  View of Responsible Official

  We will continue to produce timely financial information in the form of monthly budget to actual statements, so the Authority's members can review monthly budget variances in order to address operational changes in a timely manner.

- Section 10.554(1)(i)4., Rules of the Auditor General, requires that we address 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 have any such findings.

Purpose of this Letter

Our management letter is intended solely for the information and use of the Authority's members and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.

Davies, Houser & Secrest, CPA, P.A.
Cocoa, Florida
February 19, 2015