

**BOCA RATON AIRPORT AUTHORITY
BOCA RATON, FLORIDA
FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
SEPTEMBER 30, 2018**

**BOCA RATON AIRPORT AUTHORITY
BOCA RATON, FLORIDA**

TABLE OF CONTENTS

	<u>Page</u>
INDEPENDENT AUDITOR'S REPORT	1-2
MANAGEMENT'S DISCUSSION AND ANALYSIS	3-5
BASIC FINANCIAL STATEMENTS	
Statement of Net Position	6
Statement of Revenues, Expenses and Changes in Net Position	7
Statement of Cash Flows	8
Notes to Financial Statements	9-17
INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i>	18-19
INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH STATE PROJECT AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY CHAPTER 10.550, RULES OF THE AUDITOR GENERAL	20-21
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE PROJECTS	22
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE PROJECTS	23
SCHEDULE OF FINDINGS AND QUESTIONED COSTS	24
INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH THE REQUIREMENTS OF SECTION 218.415, FLORIDA STATUTES, REQUIRED BY RULE 10.556(10) OF THE AUDITOR GENERAL OF THE STATE OF FLORIDA	25
MANAGEMENT LETTER REQUIRED BY CHAPTER 10.550 OF THE RULES OF THE AUDITOR GENERAL OF THE STATE OF FLORIDA	26-27



INDEPENDENT AUDITOR'S REPORT

To the Members of the Authority
Boca Raton Airport Authority
Boca Raton, Florida

Report on the Financial Statements

We have audited the accompanying basic financial statements of Boca Raton Airport Authority, Boca Raton, Florida ("Authority") as of and for the fiscal year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the basic financial statements of the Authority as of September 30, 2018, and the respective changes in financial position and cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority's basic financial statements. The accompanying schedule of expenditures of federal awards and state financial assistance projects is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and Chapter 10.550, *Rules of the Auditor General of the State of Florida*, and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards and state financial assistance projects 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 April 18, 2019, 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 the effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

Report on Other Legal and Regulatory Requirements

We have also issued our report dated April 18, 2019, on our consideration of the Authority's compliance with the requirements of Section 218.415, Florida Statutes, as required by Rule 10.556(10) of the Auditor General of the State of Florida. The purpose of that report is to provide an opinion based on our examination conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants.

April 18, 2019

MANAGEMENT'S DISCUSSION AND ANALYSIS

The management of the Boca Raton Airport Authority, Boca Raton, Florida ("BRAA" or the "Authority") would like to offer the readers of the Authority's financial statements this discussion and analysis of the Authority's financial activities for the fiscal year ended September 30, 2018. Please read it in conjunction with the Authority's Independent Auditor's Report, basic financial statements, and accompanying notes to the basic financial statements.

FINANCIAL HIGHLIGHTS

- The assets of the Authority exceeded its liabilities at the close of the most recent fiscal year resulting in a net position balance of \$46,102,822.
- The change in the Authority's total net position in comparison with the prior fiscal year was an increase of \$1,039,681. The key components of the Authority's net position and change in net position are reflected in the table in the financial analysis section.

OVERVIEW OF FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as the introduction to the Authority's basic financial statements. The basic financial statements report information about the Authority using accounting methods similar to those used by private sector enterprises. They consist of a statement of net position, a statement of revenues, expenses and changes in net position, a statement of cash flows, and notes to the financial statements.

Fund Financial Statements

The statement of net position presents information on all the Authority's assets, deferred outflows of resources, liabilities and deferred inflows of resources with the residual amount being reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Authority is improving or deteriorating.

The statement of revenues, expenses and changes in net position presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

The statement of cash flows reports cash flows in and out from operating, investing, and financing activities. It details the sources of the Authority's cash, what it was used for, and the change in cash over the course of the fiscal year.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the fund financial statements.

FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of an entity's financial position. In the case of the Authority, assets exceeded liabilities at the close of the most recent fiscal year.

FINANCIAL ANALYSIS (Continued)

Key components of the Authority's net position are reflected in the following table:

	September 30,	
	2018	2017
Current and other assets	\$ 10,136,879	\$ 9,959,393
Capital assets, net of depreciation	37,051,868	37,308,407
Total assets	47,188,747	47,267,800
Current liabilities	918,046	2,036,780
Long-term liabilities	167,879	167,879
Total liabilities	1,085,925	2,204,659
Net position		
Investment in capital assets	37,051,868	37,308,407
Unrestricted	9,050,954	7,754,734
Total net position	\$ 46,102,822	\$ 45,063,141

The Authority's net position reflects its investment of \$37,051,868 in capital assets (e.g. easements, buildings, leasehold improvements, and infrastructure). These assets are used to provide services to the flying public; consequently, these assets are not available for future spending. The remaining balance of \$9,050,954, unrestricted net position, may be used to meet the Authority's ongoing obligations and fund future capital improvement projects.

The Authority's net position increased by \$1,039,681 during the most recent fiscal year. The majority of the increase represents the extent to which operating revenues and capital contributions from state and federal grants exceeded the cost of operations and depreciation expense. The majority of expenses funded by grant revenues are capitalized as capital assets and therefore not shown as expenses.

Key elements of the change in net position are reflected in the following table:

	Fiscal Year Ended September 30,	
	2018	2017
Operating activities:		
Operating revenues	\$ 3,992,170	\$ 3,573,448
Operating expenses	3,989,360	3,862,954
Net operating income (loss)	2,810	(289,506)
Nonoperating activities:		
Intergovernmental revenues	134,512	123,661
Interest Income	77,354	52,115
Loss on sale of capital assets	(14,554)	-
Capital contributions from state and federal grants	839,559	6,698,451
Change in net position	1,039,681	6,584,721
Total net position - beginning	45,063,141	38,478,420
Total net position - ending	\$ 46,102,822	\$ 45,063,141

As noted above and in the statement of revenues, expenses and changes in net position, the cost of all operating activities during the fiscal year ended September 30, 2018 was \$3,989,360 which includes depreciation expense. Operating expenses increased by \$126,406 over the prior year. This 3.3% increase is primarily attributed to the completion of the U.S. Customs and Border Protection Facility and second phase of the Engineered Material Arresting System (EMAS) project in fiscal year 2018. The costs of the Authority's activities were primarily funded by operating revenues. Overall operating revenues increased compared to fiscal year 2017 primarily as a result of an increase in fuel flowage fees and the renegotiation of a land lease. Capital contributions from state and federal grants decreased from fiscal year 2017, primarily as a result of the completion of major construction projects in early fiscal year 2018.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

As of September 30, 2018, the Authority had \$57,024,701 invested in infrastructure, easements, leasehold improvements, buildings and other capital assets and accumulated depreciation of \$19,972,833, which resulted in a net book value of \$37,051,868. More detailed information about the Authority's capital assets is presented in the notes of the financial statements.

Debt Administration

As of September 30, 2018, the Authority's liability related to compensated absences was \$39,264. More detailed information about the Authority's compensated absences is presented in the notes of the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND OTHER EVENTS

In the subsequent fiscal year, the Authority completed construction of the \$1.3 million Airfield Pavement Rejuvenator project.

CONTACTING THE AUTHORITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the Authority's finances and to demonstrate the Authority's accountability for the financial resources it manages and the stewardship of the facilities it maintains to all interested parties. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Executive Director, Boca Raton Airport Authority, 903 NW 35th Street, Boca Raton, Florida 33431.

**BOCA RATON AIRPORT AUTHORITY
BOCA RATON, FLORIDA
STATEMENT OF NET POSITION
SEPTEMBER 30, 2018**

ASSETS

Current assets:

Cash and cash equivalents	\$ 847,416
Receivables	173,629
Due from other governments	899,038
Certificates of deposit	7,462,811
Certificates of deposit, restricted	167,879
Other assets	144,864
Total current assets	<u>9,695,637</u>

Noncurrent assets:

Rent receivable	441,242
Capital assets:	
Non-depreciable assets	9,696,812
Depreciable assets	47,327,889
Less accumulated depreciation	<u>(19,972,833)</u>
Total noncurrent assets	<u>37,493,110</u>
Total assets	<u>\$ 47,188,747</u>

LIABILITIES AND NET POSITION

Current liabilities:

Accounts payable and accrued expenses	\$ 805,178
Compensated absences	39,264
Unearned revenue	73,604
Total current liabilities	<u>918,046</u>

Noncurrent liabilities

Security deposits, payable from restricted assets	<u>167,879</u>
Total noncurrent liabilities	<u>167,879</u>
Total liabilities	<u>1,085,925</u>

Net position

Investment in capital assets	37,051,868
Unrestricted	9,050,954
Total net position	<u>46,102,822</u>
Total liabilities and net position	<u>\$ 47,188,747</u>

See notes to the financial statements

**BOCA RATON AIRPORT AUTHORITY
BOCA RATON, FLORIDA
STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018**

Operating revenues:	
Rental income	\$ 3,940,890
Customs facility user fee	49,385
Miscellaneous income	1,895
Total operating revenues	<u>3,992,170</u>
Operating expenses:	
Professional fees	118,480
Personnel expenses	978,627
Office expenses	288,494
Rental of facilities	43,440
Projects expense	273,460
Customs facility operations	116,715
Utilities	101,569
Supplies and repairs	115,555
Ken Day scholarship fund	25,000
Insurance	149,452
Tower operations	19,165
Travel and seminars	20,541
Promotion and special events	173,203
Deprecation	1,565,659
Total operating expenses	<u>3,989,360</u>
Operating income (loss)	<u>2,810</u>
Nonoperating revenues (expenses):	
Intergovernmental revenue from state and federal grants	134,512
Interest income	77,354
Loss on sale of capital assets	(14,554)
Total nonoperating revenues (expenses):	<u>197,312</u>
Income before capital contributions	200,122
Capital contributions from state and federal grants	<u>839,559</u>
Change in net position	1,039,681
Total net position - beginning	45,063,141
Total net position - ending	<u>\$ 46,102,822</u>

See notes to the financial statements

**BOCA RATON AIRPORT AUTHORITY
BOCA RATON, FLORIDA
STATEMENT OF CASH FLOWS
FISCAL YEAR ENDED SEPTEMBER 30, 2018**

Cash flows from operating activities:	
Cash received from tenants	\$ 3,952,326
Other income	16,449
Payments to employees for services	(967,343)
Payments to suppliers	<u>(1,305,001)</u>
Net cash provided (used) by operating activities	<u>1,696,431</u>
Cash flows from noncapital financing activities:	
Operating grants	<u>45,166</u>
Net cash provided (used) by noncapital financing activities	<u>45,166</u>
Cash flows from capital and related financing activities:	
Acquisition and construction of capital assets	(2,591,415)
State and federal capital grants received	<u>4,561,235</u>
Net cash provided (used) by capital and related financing activities	<u>1,969,820</u>
Cash flows from investing activities:	
Interest income	50,836
Maturity of certificates of deposits	3,626,981
Purchase of certificates of deposit	<u>(7,463,486)</u>
Net cash provided (used) by investing activities	<u>(3,785,669)</u>
Net increase (decrease) in cash and cash equivalents	<u>(74,252)</u>
Cash and cash equivalents, beginning	<u>872,283</u>
Cash and cash equivalents, ending	<u>\$ 798,031</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:	
Operating income (loss)	<u>\$ 2,810</u>
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	
Depreciation expense	1,565,659
Loss on sale of capital assets	14,554
(Increase)/Decrease in accounts receivable and rents receivable	1,108
(Increase)/Decrease in other assets	27,232
Increase/(Decrease) in unearned revenue	(16,373)
Increase/(Decrease) in accounts payable	140,868
Increase/(Decrease) in compensated absences payable	<u>9,958</u>
Total adjustments	<u>1,743,006</u>
Net cash provided (used) by operating activities	<u>\$ 1,745,816</u>

See notes to the financial statements

**BOCA RATON AIRPORT AUTHORITY
BOCA RATON, FLORIDA
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 – NATURE OF ORGANIZATION AND REPORTING ENTITY

The Boca Raton Airport Authority ("BRAA" or the "Authority") was created by the Legislature of the State of Florida, by Senate Bill No. 1030, Chapter 82-259, Laws of Florida, in June 1982. Membership was amended by Senate Bill No. 2594 in May 1999. In 2004, in accordance with section 189.429 of the Florida State Statutes, the Authority received codification of all special acts through Chapter 2004-468, House Bill No. 1675.

The Authority is composed of seven members who have jurisdiction over the operation and maintenance of and improvements to the Boca Raton Airport. The members, five of whom are appointed by the City Council of Boca Raton and two by the Palm Beach County Commission, represent the business and professional community, homeowners, and airport users. The Authority has the responsibility to construct, improve, equip, repair, maintain and operate the airport and such buildings, structures, roads and any other development of land as the Authority deems necessary. The Authority also has the responsibility to let or lease any portion of the airport and to fix, establish rates, collect fees and other charges for the use of services and facilities furnished by or at the airport.

The financial statements were prepared in accordance with Governmental Accounting Standards Board ("GASB") Statements. Under the provisions of those standards, the financial reporting entity consists of the primary government, organizations for which the Authority is considered to be financially accountable, and other organizations for which the nature and significance of their relationship with the Authority are such that, if excluded, the financial statements of the Authority would be considered incomplete or misleading. There are no entities considered to be component units of the Authority; therefore, the financial statements include only the operations of the Authority.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Authority operates as a proprietary fund type, specifically an enterprise fund. The Authority's financial statements are presented on the full accrual basis of accounting and conform to accounting principles generally accepted in the United States of America. The focus of a proprietary fund is the measurement of economic resources. Under this method revenues are recorded when earned and expenses are recorded when the liability is incurred, and all assets and liabilities associated with the entity are included on the balance sheet. The generally accepted accounting principles applicable to proprietary funds are similar to those applicable in the private sector.

Proprietary funds distinguish operating revenue and expenses from nonoperating items. Operating revenues and expenses generally result from providing services in connection with the fund's principal ongoing operations. The operating revenues of the Authority primarily consist of rent. Operating expenses include the cost of services, administrative expenses, and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Assets, Liabilities and Net Position

Restricted Assets

These assets represent cash and investments set aside pursuant to contractual restrictions.

Deposits and Investments

The Authority's cash and cash equivalents are considered to be cash on hand and demand deposits (interest and non-interest bearing).

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities and Net Position (Continued)

Deposits and Investments (Continued)

The Authority has elected to proceed under the Alternative Investment Guidelines as set forth in Section 218.415 (17) Florida Statutes. The Authority may invest any surplus public funds in the following:

- a) The Local Government Surplus Trust Funds, or any intergovernmental investment pool authorized pursuant to the Florida Interlocal Cooperation Act;
- b) Securities and Exchange Commission registered money market funds with the highest credit quality rating from a nationally recognized rating agency;
- c) Interest bearing time deposits or savings accounts in qualified public depositories;
- d) Direct obligations of the U.S. Treasury.

Securities listed in paragraph c and d shall be invested to provide sufficient liquidity to pay obligations as they come due. In addition, surplus funds may be deposited into certificates of deposit which are insured.

The Authority records all interest revenue related to investment activities in the respective funds. Investments are measured at amortized cost or reported at fair value as required by generally accepted accounting principles.

Accounts Receivable

Accounts receivable are carried at original invoice amount less an estimate made for doubtful receivables based on a review of all outstanding amounts on a monthly basis. Management determines the allowance for doubtful accounts by identifying troubled accounts and by using historical experience applied to an aging of accounts. Accounts receivable are written off when deemed uncollectible. Recoveries of accounts receivable previously written off are recorded when received.

Rent Receivable

Rent receivable is reported for rental payments abated when leases are signed. The amount collected over the life of the lease is a reduction in current period rental income.

Prepaid Expenses

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in the financial statements.

Capital Assets

Capital assets which include property, plant and equipment, and infrastructure assets (e.g., roads, sidewalks and similar items) are reported in the statement of net position. Capital assets are defined by the Authority as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Depreciation is recorded using the straight-line method over the estimated useful life of the asset or in the case of leasehold improvements, the shorter of useful life or lease term.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities and Net Position (Continued)

Capital Assets (Continued)

The estimated useful lives of depreciable assets are as follows:

Assets	Years
Buildings	20
Leasehold improvements	5 - 20
Equipment	5 - 20
Infrastructure	20

Net Position

Net position is the difference between assets less liabilities. Net position in the financial statements is categorized as net investment in capital assets or unrestricted. Investment in capital assets represents net position related to infrastructure and property, plant and equipment. Unrestricted net position consists of the portion of net position that is available to fund future operations.

State and Federal Grants

In accordance with GASB Statement No. 33, the Authority records amounts from capital grants for capital outlay as contributions when allowable costs are incurred and other eligibility requirements are met.

Revenues

The Authority recognizes rent revenue as operating revenue. Rent revenue is recognized ratably over the term of the respective leases.

Compensated Absences

Authority employees are permitted to accumulate earned but unused vacation and sick pay benefits. When employment ceases, an employee is paid for accumulated vacation leave and a percent of unused sick leave hours, subject to certain limitations in accordance with the Employee Handbook. The obligation for vacation and sick pay vests when earned. Accumulated vacation and sick leave is recorded as an expense and liability as the benefits accrue to employees.

Deferred Outflows/Inflows of Resources

Deferred outflows of resources represent a consumption of net position that applies to future reporting period(s).

Deferred inflows of resources represent an acquisition of net position that applies to future reporting period(s).

Other Disclosures

Use of 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 disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 3 – BUDGETARY INFORMATION

The Executive Director submits an annual budget to the Members of the Authority. By September 30 of each year, the Members adopt the budget for the next fiscal year. Once approved, the Authority may amend the legally-adopted budget when unexpected modifications are required in estimated revenues and expenses. Legally-authorized, non-appropriated budgets are prepared for grant projects. Expenses for those projects are controlled on a project basis and are carried forward each year until the project is completed or the grant award has been expended. Revenues are budgeted in the year receipt is expected and expenses are budgeted in the year expected to be incurred.

NOTE 4 – DEPOSITS AND INVESTMENTS

The Authority's cash balances including certificates of deposit as shown below were entirely covered by federal depository insurance or by a collateral pool pledged to the State Treasurer. Florida Statutes Chapter 280, "Florida Security for Public Deposits Act", requires all qualified depositories to deposit with the Treasurer or another banking institution eligible collateral equal to various percentages of the average daily balance for each month of all public deposits in excess of any applicable deposit insurance held. The percentage of eligible collateral (generally, U.S. Governmental and agency securities, state or local government debt, or corporate bonds) to public deposits is dependent upon the depository's financial history and its compliance with Chapter 280. In the event of a failure of a qualified public depository, the remaining public depositories would be responsible for covering any resulting losses.

As of September 30, 2018, the Authority had the following investments;

	<u>Fair value</u>	<u>Credit Risk</u>	<u>Maturities</u>
Certificates of deposits	\$ 7,630,690	N/A	11/05/2018 - 3/20/2020
Total investments	<u>\$ 7,630,690</u>		

Credit risk – For investments, credit risk is generally the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Investment ratings by investment type are included in the preceding summary of investments.

Concentration risk – The Authority places no limit on the amount the Authority may invest in any one issuer.

Interest rate risk – The Authority does not have a formal policy that limits investment maturities as a means of managing exposure to fair value losses arising from increasing interest rates.

Fair Value Measurement – When applicable, the Authority measures and records its investments using fair value measurement guidelines established in accordance with GASB Statements. The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques.

These guidelines recognize a three-tiered fair value hierarchy, in order of highest priority, as follows:

- *Level 1:* Investments whose values are based on unadjusted quoted prices for identical investments in active markets that the Authority has the ability to access;
- *Level 2:* Investments whose inputs - other than quoted market prices - are observable either directly or indirectly; and,
- *Level 3:* Investments whose inputs are unobservable.

The fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the entire fair value measurement. Valuation techniques used should maximize the use of observable inputs and minimize the use of unobservable inputs.

NOTE 5 – CAPITAL ASSETS

Capital asset activity for the fiscal year ended September 30, 2018 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance
Capital assets, not being depreciated				
Land avigation easement	\$ 1,791,886	\$ -	\$ -	\$ 1,791,886
Avigation Easement	4,835,960	-	-	4,835,960
Projects in progress	15,838,799	1,323,674	(15,048,578)	2,113,895
Sublease Procurement Fee	955,071	-	-	955,071
Total capital assets, not being depreciated	<u>23,421,716</u>	<u>1,323,674</u>	<u>(15,048,578)</u>	<u>9,696,812</u>
Capital assets, being depreciated				
Buildings	7,233,182	4,289,031	-	11,522,213
Leasehold improvements	8,220,981	111,326	(78,582)	8,253,725
Machinery, equipment, and fixtures	2,742,244	-	-	2,742,244
Infrastructure	14,161,486	10,648,221	-	24,809,707
Total capital assets, being depreciated	<u>32,357,893</u>	<u>15,048,578</u>	<u>(78,582)</u>	<u>47,327,889</u>
Less accumulated depreciation for:				
Buildings	2,649,156	413,534	-	3,062,690
Leasehold improvements	5,589,655	277,732	(64,028)	5,803,359
Machinery, equipment, and fixtures	2,054,081	113,783	-	2,167,864
Infrastructure	8,178,310	760,610	-	8,938,920
Total accumulated depreciation	<u>18,471,202</u>	<u>1,565,659</u>	<u>(64,028)</u>	<u>19,972,833</u>
Total capital assets, being depreciated, net	<u>13,886,691</u>	<u>13,482,919</u>	<u>(14,554)</u>	<u>27,355,056</u>
Total capital assets, net	<u>\$ 37,308,407</u>	<u>\$ 14,806,593</u>	<u>\$ (15,063,132)</u>	<u>\$ 37,051,868</u>

NOTE 6 – LEASE COMMITMENTS

Office Lease

The Authority leased a hangar on a monthly basis for storage purposes. On January 31, 2018, the hangar lease expired and the Authority opted to not renew for an additional term. This lease is treated as an operating lease in the financial statements. Lease expense for the year ended September 30, 2018 was approximately \$1,763.

Land Lease

In addition, in May 2012 the Authority made a one-time payment of approximately \$950,000 (the sublease procurement fee), to an unaffiliated private company to obtain the right to lease a parcel of 1.79 acres adjacent to the airport until 2073. The Authority then signed a lease agreement with the Florida Atlantic Research and Development Authority (FARDA), the lessor of the 1.79 acre parcel. FARDA leases this land adjacent to the airport from the Board of Trustees of the Internal Improvement Fund of the State of Florida, the same entity which leases the airport land to the Authority. This lease ends in 2073, and calls for rental payments of \$21,000 per year adjusted each year by the greater of 3% or the change in the Consumer Price Index. In June 2014 the lease was amended to include an additional 1.32 acre parcel. The amendment calls for additional rental payments of \$12,899 per year adjusted by the greater of 3% or the change in Consumer Price Index. The amendment did not change the term of the lease. Since neither the one-time payment nor the lease transfers title to the Authority at the end of the lease and since there is no bargain purchase option, these transactions do not meet the capitalization requirements for land under generally accepted accounting principles and is therefore treated as an operating lease. This lease also contains a fifteen year renewal option.

NOTE 6 – LEASE COMMITMENTS (Continued)

Minimum annual rent commitments under the operating leases noted above are as follows:

Fiscal Year Ending September 30,	Amount	
		Land
2019	\$	40,026
2020		41,226
2021		42,463
2022		43,737
2023		45,049
Thereafter		5,102,181
	\$	<u>5,314,682</u>

NOTE 7 – COMPENSATED ABSENCES

Compensated absences activity for the year ended September 30, 2018 is summarized as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Compensated absences	\$ 29,306	\$ 44,636	\$ (34,678)	\$ 39,264	\$ 39,264

NOTE 8 – RENTAL INCOME

The Authority has lease agreements with fixed base operators and various other tenants. Each lease agreement varies as to expiration and lease rates, contingent on location and terms of each agreement. The lease rates are reviewed annually and adjustments are made based on the provisions of each agreement. Cost and net book value of capital assets that are leased are \$2,102,577 and \$220,808, respectively.

Rental income for the year ended September 30, 2018 is summarized as follows:

Tenant	Property Leased	Lease Expiration	
Tenant A	Acreage and Hangar	September 2031	\$ 244,309
Tenant B	Acreage and Hangar	June 2033	1,200,515
Tenant C	Acreage	June 2041	379,131
Tenant D	Acreage	February 2032	758,852
Tenant E	Acreage and Hangar	September 2035	527,152
Tenant F	Acreage	November 2038	830,931
			<u>\$ 3,940,890</u>

At September 30, 2018, future minimum lease payments under the operating leases are as follows:

Fiscal Year Ending September 30,	
2019	\$ 2,815,468
2020	2,783,766
2021	2,739,383
2022	2,739,383
2023	2,739,383
Thereafter	34,277,293
	<u>\$ 48,094,676</u>

In addition to base rent and past annual consumer price index adjustments, the lease agreements include future annual consumer price index adjustments and various usage charges. Given the uncertainty of these future adjustments and usage charges, they have not been included in the schedule of future minimum lease payments.

NOTE 9 – RETIREMENT PLANS

Employee Retirement Plan

The Authority sponsors a Qualified Retirement Plan as defined by Section 401 (a) of the Internal Revenue Code to provide for employees when they retire. The Authority contributes an amount equal to 25% of an employee's base pay plus any bonus (performance incentive) to the Plan. Employees may contribute additional amounts to the Plan up to the limits established from time to time by the IRS, but such additional amounts are subject to income taxation, FICA and Medicare deductions. All full-time employees over 18 years of age are eligible to participate in the plan after ninety days of service. Contributions are vested after one (1) year of employment.

Deferred Compensation Plan

The Authority has also adopted a deferred compensation plan (the "plan") to provide retirement income and other deferred benefits to its employees in accordance with the provisions of Section 457 of the Internal Revenue Code. Under the plan, employees may defer a portion of their pre-tax salary, which is then unavailable until retirement, separation from service, death or in the case of an unforeseeable emergency. All full-time employees over 18 years of age are eligible to participate in the plan after ninety days of service. The Authority contributes 5% of the employee's base pay plus any bonus (performance incentive) to the Plan. Employees may contribute additional amounts to the Plan on a pre-income tax basis, up to the limits established from time to time by the IRS. All contributions are subject to FICA and Medicare deductions. The assets of the plan are held by a third party in trust for the exclusive benefit of the plan participants and their beneficiaries, and the assets shall not be diverted to any other purpose.

For the year ended September 30, 2018, the Authority contributed \$185,369 to the plans.

The plans are administered by ICMA Retirement Corporation, an independent third party administrator.

NOTE 10 – LAND LEASE WITH THE STATE OF FLORIDA

In October 1983, the Authority entered into an agreement with the Board of Trustees of the Internal Improvement Fund of the State of Florida to lease the airport land rent-free, together with existing improvements, for a period of ninety years from January 1983 to 2073. This lease with the State of Florida can be terminated at the sole option of the State of Florida if and when the airport facilities cease to be used for the operation of the airport. At termination, all fixed improvements would become the property of the State of Florida.

NOTE 11 – RISK MANAGEMENT

The Authority is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Authority carries commercial insurance for these risks of loss. Claims have not exceeded this commercial coverage in any of the past three years. The Authority self-insures the Engineered Material Arresting System (EMAS) systems.

NOTE 12 – PRONOUNCEMENTS ISSUED BUT NOT YET ADOPTED

GASB Statement No. 83 - Certain Asset Retirement Obligations

This Statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement. The requirements of this Statement are effective for reporting periods beginning after June 15, 2018. Earlier application is encouraged

NOTE 12 – PRONOUNCEMENTS ISSUED BUT NOT YET ADOPTED (Continued)

GASB Statement No. 84 - *Fiduciary Activities*

The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018.

GASB Statement No. 85 – *Omnibus 2017*

The objective of this Statement is to address practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits [OPEB]). The provisions of this Statement are effective for periods beginning after June 15, 2017. Earlier application is encouraged.

GASB Statement No. 86 – *Certain Debt Extinguishment Issues*

The primary objective of this Statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources—resources other than the proceeds of refunding debt—are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance. The requirements of this Statement are effective for reporting periods beginning after June 15, 2017. Earlier application is encouraged.

GASB Statement No. 87 – *Leases*

The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. For reporting periods beginning after December 15, 2019

The Authority's management has not yet determined the effect these Statements will have on the Authority's financial statements.

NOTE 13 – PROJECT COMMITMENTS

In addition to fully funding projects, the Authority receives grant funding from the Federal Aviation Administration ("FAA") and the Florida Department of Transportation ("FDOT") for the costs of various projects. A grant agreement is entered into for each grant funded project the Authority begins and it may be with the FAA, FDOT or both. The grant agreements specify the percentage for which the FAA is responsible, if applicable, the percentage for which the FDOT is responsible, if applicable, and the percentage for which the Authority is responsible. The Authority's commitment to each project varies from 5% to 50%. As of September 30, 2018, the Authority had open contracts for various projects; \$1,150,563 was uncompleted on these contracts at September 30, 2018. Of the \$1,150,563 in commitments, the FAA and FDOT are responsible for \$920,450 and the Authority is responsible for \$230,113 as of September 30, 2018.

In October 2017, the Authority commenced the conceptualization and planning of an Airport Road Enhancement and Beautification project. The planning, design and subsequent construction of the Airport Road Enhancement and Beautification project is a multi-year, multi-phase project totaling approximately \$4.2 million. The project is anticipated to be complete in 2021, and is funded by various FDOT grants.

In March 2018, the Authority completed construction of a \$4.3 million U.S. Customs and Border Protection Facility. The LEED certified 4,400 square foot facility began serving the general aviation public in May 2018. The project was funded partially by a grant from FDOT.

In March 2018, the Authority began the design of a \$1.3 million Airfield Pavement Rejuvenator project. The design and subsequent construction of the Airfield Pavement Rejuvenator project is being funded by an FDOT grant.

In June 2018, the Authority completed construction of an Engineered Material Arresting System (EMAS) bed at the approach end of Runway 5. The design and subsequent construction of the EMAS on both the 5 and 23 ends of the runway was the final phase of a multi-year project totaling approximately \$10.7 million. The project was funded by grants from both FAA and FDOT.

NOTE 14 - SUBSEQUENT EVENTS

Construction Projects

In the subsequent fiscal year, the Authority completed construction of the \$1.3 million Airfield Pavement Rejuvenator project.



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

To the Members of the Authority
Boca Raton Airport Authority
Boca Raton, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the basic financial statements of the Boca Raton Airport Authority, Boca Raton, Florida ("Authority") as of and for the fiscal year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our opinion thereon dated April 18, 2019.

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.

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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and 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.

April 18, 2019



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR
STATE PROJECT AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED
BY CHAPTER 10.550 RULES OF THE AUDITOR GENERAL**

To the Members of the Authority
Boca Raton Airport Authority
Boca Raton, Florida

Report on Compliance for the Major Federal Award and State Project

We have audited the Boca Raton Airport Authority's (the "Authority") compliance with the types of compliance requirements described in the *Department of Financial Services' State Projects Compliance Supplement* that could have a direct and material effect on the Authority's major state project for the fiscal year ended September 30, 2018. The Authority's major state project is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for the Authority's major state project 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; and Chapter 10.550, Rules of the Auditor General. Those standards 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 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.

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

Opinion on the 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 its major state project for the fiscal year ended September 30, 2018.

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 the major state project to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major state project and to test and report on internal control over compliance in accordance with 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 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 state project will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a 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 Chapter 10.550, Rules of the Auditor General. Accordingly, this report is not suitable for any other purpose.

April 18, 2019

**BOCA RATON AIRPORT AUTHORITY
BOCA RATON, FLORIDA
SCHEDULE OF EXPENDITURES OF
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FISCAL YEAR ENDED SEPTEMBER 30, 2018**

Federal/State Agency, <i>Federal Award/State Project</i>	CFDA/CSFA Number	Contract Number	Grant Number	BRAA Task/Phase	Expenditures
FEDERAL AWARDS					
US Department of Transportation:					
Federal Aviation Administration					
<i>Airport Improvement Program</i>	20.106	N/A	3-12-0006-021-2016	42	71,347
	20.106	N/A	3-12-0006-022-2017	51/57	10,007
	20.106	N/A	3-12-0006-023-2018	55	20,497
Total Expenditures of Federal Awards					<u>101,851</u>
STATE FINANCIAL ASSISTANCE					
Florida Department of Transportation					
<i>Aviation Development Grants</i>					
	55.004	ART82	436391-1-94-01	40	76,489
	55.004	ARC77	435626-1-94-01	41	168,583
	55.004	ARY80	436515-1-94-01	42	2,941
	55.004	G0D61	437978-1-94-01	47	140,115
	55.004	G0D71	437982-1-94-01	48	186,534
	55.004	G0H01	433160-1-94-01	49	18,196
	55.004	G0H00	437979-1-94-01	50	11,453
	55.004	AS388	434609-1-94-01	51	97
	55.004	G0O43	441606-1-91-01	52	38,093
	55.004	G0T27	437955-1-94-01	54	4,430
	55.004	AS870	437954-1-94-01	55	40,994
	55.004	G0O11	437956-1-94-01	56	117,525
	55.004	G0T90	442868-1-94-01	58	66,770
Total Expenditures of State Financial Assistance					<u>872,220</u>
Total Expenditures of Federal Awards and State Financial Assistance					<u>\$ 974,071</u>

See accompanying notes to schedule of expenditures of state financial assistance.

**BOCA RATON AIRPORT AUTHORITY
BOCA RATON, FLORIDA
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND
STATE FINANCIAL ASSISTANCE**

NOTE A – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards and state financial assistance includes the federal and state grant activity of the Boca Raton Airport Authority, Boca Raton, Florida (the “Authority”) under the federal program and state project for the fiscal year ended September 30, 2018. The information in this schedule is presented in accordance with the requirements of the Uniform Guidance, and Chapter 10.550, Rules of the Auditor General. 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 B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

**BOCA RATON AIRPORT AUTHORITY
BOCA RATON, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS -
STATE PROJECTS
FISCAL YEAR ENDED SEPTEMBER 30, 2018**

A. SUMMARY OF AUDITOR'S RESULTS

1. The auditor's report expresses an unmodified opinion on the financial statements of the Boca Raton Airport Authority, Boca Raton, Florida (the "Authority").
2. No significant deficiencies relating to the audit of the financial statements are reported in the 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*.
3. No instances of noncompliance material to the financial statements of the Authority were disclosed during the audit.
4. No significant deficiencies relating to the audit of the major state project are reported in the independent auditor's report on compliance for each major State project and on internal control over compliance required by Chapter 10.550, rules of the Auditor General.
5. The independent auditor's report on compliance with requirements that could have a direct and material effect on the state project for the Authority expresses an unmodified opinion.
6. Audit findings relative to the state project for the Authority are reported in Parts C and D of this Schedule.
7. The state project tested as a major project include:

<u>State Project</u>	<u>CFDA/CSFA#</u>
Florida Department of Transportation Aviation Development Grants	55.004

8. The dollar threshold used to distinguish between Type A or Type B for major state projects was \$750,000.

B. FINDINGS –FINANCIAL STATEMENTS AUDIT

None

C. FINDINGS AND QUESTIONED COSTS – STATE PROJECTS

None

D. OTHER ISSUES

1. No corrective action plan is required because there were no findings required to be reported under the Florida Single Audit Act.

E. PRIOR YEAR FINDINGS - MAJOR STATE PROJECTS

None



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH THE
REQUIREMENTS OF SECTION 218.415, FLORIDA STATUTES, REQUIRED BY
RULE 10.556(10) OF THE AUDITOR GENERAL OF THE STATE OF FLORIDA**

To the Members of the Authority
Boca Raton Airport Authority
Boca Raton, Florida

We have examined Boca Raton Airport Authority's (the "Authority") compliance with the requirements of Section 218.415, Florida Statutes, in accordance with Rule 10.556(10) of the Auditor General of the State of Florida during the fiscal year ended September 30, 2018. Management is responsible for Authority's compliance with those requirements. Our responsibility is to express an opinion on 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, in all material respects, with the specified requirements referenced in Section 218.415, Florida Statutes. An examination involves performing procedures to obtain evidence about whether the Authority complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion. Our examination does not provide a legal determination on the Authority's compliance with specified requirements.

In our opinion, the Authority complied, in all material respects, with the aforementioned requirements for the fiscal year ended September 30, 2018.

This report 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, management, and the Members of the Authority and is not intended to be and should not be used by anyone other than these specified parties.

April 18, 2019



**MANAGEMENT LETTER PURSUANT TO THE RULES OF
THE AUDITOR GENERAL FOR THE STATE OF FLORIDA**

To the Members of the Authority
Boca Raton Airport Authority
Boca Raton, Florida

Report on the Financial Statements

We have audited the accompanying basic financial statements of Boca Raton Airport Authority, Boca Raton, Florida ("Authority") as of and for the fiscal year ended September 30, 2018, and have issued our report thereon dated April 18, 2019.

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; and Chapter 10.550, Rules of the Florida Auditor General.

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 the Financial Statements Performed in Accordance with *Government Auditing Standards*; and Independent Auditor'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, which are dated April 18, 2019, should be considered in conjunction with this management letter.

Purpose of this Letter

The purpose of this letter is to comment on those matters required by Chapter 10.550 of the Rules of the Auditor General for the State of Florida. Accordingly, in connection with our audit of the financial statements of the Authority, as described in the first paragraph, we report the following:

- I. Current year findings and recommendations.**
- II. Status of prior year findings and recommendations.**
- III. Compliance with the Provisions of the Auditor General of the State of Florida.**

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, as applicable, management, and the Member of the Authority and is not intended to be and should not be used by anyone other than these specified parties.

We wish to thank Boca Raton Airport Authority, Boca Raton, Florida and the personnel associated with it, for the opportunity to be of service to them in this endeavor as well as future engagements, and the courtesies extended to us.

April 18, 2019

REPORT TO MANAGEMENT

I. CURRENT YEAR FINDINGS AND RECOMMENDATIONS

None

II. PRIOR YEAR FINDINGS

None

III. COMPLIANCE WITH THE PROVISIONS OF THE AUDITOR GENERAL OF THE STATE OF FLORIDA

Unless otherwise required to be reported in the auditor's report on compliance and internal controls, the management letter shall include, but not be limited to the following:

1. A statement as to whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report.

There were no significant findings and recommendations made in the preceding annual financial audit report for the fiscal year ended September 30, 2017.

2. Any recommendations to improve the local governmental entity's financial management.

There were no such matters discovered by, or that came to the attention of, the auditor, to be reported for the fiscal year ended September 30, 2018.

3. 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.

There were no such matters discovered by, or that came to the attention of, the auditor, to be reported, for the fiscal year ended September 30, 2018.

4. The name or official title and legal authority of the Authority are disclosed in the notes to the financial statements.

5. The Authority has not met one or more of the financial emergency conditions described in Section 218.503(1), Florida Statutes.

6. We applied financial condition assessment procedures and no deteriorating financial conditions were noted as of September 30, 2018. It is management's responsibility to monitor 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.