

**BOCA RATON AIRPORT AUTHORITY
BOCA RATON, FLORIDA
FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
SEPTEMBER 30, 2019**

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

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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 the Boca Raton Airport Authority, Boca Raton, Florida ("Authority") as of and for the fiscal year ended September 30, 2019, 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, 2019, 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 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 May 11, 2020, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

B. H. & Associates

May 11, 2020

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, 2019. 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 \$47,479,397.
- The change in the Authority's total net position in comparison with the prior fiscal year was an increase of \$1,376,575. 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 Authority'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:

Key Components of Net Position

September 30,

	2019	2018
Current and other assets	\$ 11,582,806	\$ 10,136,879
Capital assets, net of depreciation	36,592,260	37,051,868
Total assets	48,175,066	47,188,747
Current liabilities	527,790	918,046
Long-term liabilities	167,879	167,879
Total liabilities	695,669	1,085,925
Net position		
Investment in capital assets	36,592,260	37,051,868
Unrestricted	10,887,137	9,050,954
Total net position	\$ 47,479,397	\$ 46,102,822

The Authority's net position reflects its investment of \$36,592,260 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 \$10,887,137, 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 \$1,376,575 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:

Change in Net Position

Fiscal Year Ended September 30,

	2019	2018
Operating activities:		
Operating revenues	\$ 4,751,470	\$ 3,992,170
Operating expenses	4,801,466	3,989,360
Net operating income (loss)	(49,996)	2,810
Nonoperating activities:		
Intergovernmental revenues	61,430	134,512
Interest income	180,339	77,354
Loss on sale of capital assets	-	(14,554)
Capital contributions from state and federal grants	1,184,802	839,559
Change in net position	1,376,575	1,039,681
Total net position - beginning	46,102,822	45,063,141
Total net position - ending	\$ 47,479,397	\$ 46,102,822

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, 2019 was \$4,801,466, which includes depreciation expense. Operating expenses increased by \$812,106 over the prior year. This 20.4% increase is attributable to expenses related to the operation of the Customs Facility opened in May 2018, and increased depreciation expense. The costs of the Authority's activities were primarily funded by operating revenues. Overall operating revenues increased by \$759,300 over the prior year. This 19.0% increase is primarily as a result of customs user fees collected to offset the costs of operating the Facility, and increased land rent as a result of the reversion of certain properties. Capital contributions from state and federal grants increased by \$345,243 or 41.1% from fiscal year 2018, primarily as a result of the completion of the Airfield Pavement Rejuvenator project in fiscal year 2019.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

As of September 30, 2019, the Authority had \$57,800,481 invested in infrastructure, easements, leasehold improvements, buildings and other capital assets and accumulated depreciation of \$21,208,221, which resulted in a net book value of \$36,592,260. More detailed information about the Authority's capital assets is presented in the notes of the financial statements.

Debt Administration

As of September 30, 2019, the Authority's liability related to compensated absences was \$54,386. 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 March 2020, Airport tenants experienced negative impacts to their operations as a result of the mitigation efforts for COVID-19 implemented by the State of Florida. In April 2020 in an effort to provide economic relief as result of COVID-19 and in accordance with its obligations to its regulating agencies, the Airport Authority approved a three-month land rent deferral agreement available to all tenants. At the time of this report, no tenants have entered into such agreement.

In April 2020, the Airport Authority received notification that one of its tenants filed for Chapter 11 of the United States Bankruptcy Code in the District of Delaware to facilitate a stalking horse purchase agreement. The Airport Authority subsequently secured a position as a top creditor, and is serving on the creditors committee for the proceedings. The bankruptcy proceedings are pending, and neither the Authority nor its counsel are able to determine the effect, if any, the bankruptcy will have on the Authority's financial position.

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, 2019**

ASSETS

Current assets:

Cash and cash equivalents	\$ 2,648,078
Receivables	170,595
Due from other governments	271,571
Certificates of deposit	7,734,201
Certificates of deposit, restricted	167,879
Other assets	175,941
Total current assets	<u>11,168,265</u>

Noncurrent assets:

Rent receivable	414,541
Capital assets:	
Non-depreciable assets	8,884,583
Depreciable assets	48,915,898
Less accumulated depreciation	<u>(21,208,221)</u>
Total noncurrent assets	<u>37,006,801</u>
Total assets	<u><u>\$ 48,175,066</u></u>

LIABILITIES AND NET POSITION

Current liabilities:

Accounts payable and accrued expenses	\$ 380,767
Compensated absences	54,387
Unearned revenue	92,636
Total current liabilities	<u>527,790</u>

Noncurrent liabilities

Security deposits, payable from restricted assets	<u>167,879</u>
Total noncurrent liabilities	<u>167,879</u>
Total liabilities	<u>695,669</u>

Net position

Investment in capital assets	36,592,260
Unrestricted	<u>10,887,137</u>
Total net position	<u><u>\$ 47,479,397</u></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, 2019**

Operating revenues:	
Rental income	\$ 4,272,922
Customs facility user fee	456,030
Miscellaneous income	22,518
Total operating revenues	<u>4,751,470</u>
Operating expenses:	
Professional fees	155,625
Personnel expenses	1,071,209
Office expenses	315,363
Rental of facilities	42,832
Projects expense	169,156
Customs facility operations	315,271
Utilities	115,316
Supplies and repairs	158,833
BRAA scholarship fund	25,000
Insurance	158,527
Tower operations	27,756
Travel and seminars	40,203
Promotion and special events	155,518
Depreciation	2,050,857
Total operating expenses	<u>4,801,466</u>
Operating income (loss)	<u>(49,996)</u>
Nonoperating revenues (expenses):	
Intergovernmental revenue from state and federal grants	61,430
Interest income	180,339
Total nonoperating revenues (expenses):	<u>241,769</u>
Income before capital contributions	191,773
Capital contributions from state and federal grants	<u>1,184,802</u>
Change in net position	1,376,575
Total net position - beginning	46,102,822
Total net position - ending	<u>\$ 47,479,397</u>

See notes to the financial statements

**BOCA RATON AIRPORT AUTHORITY
BOCA RATON, FLORIDA
STATEMENT OF CASH FLOWS
FISCAL YEAR ENDED SEPTEMBER 30, 2019**

Cash flows from operating activities:	
Cash received from tenants	\$ 4,327,115
Customs facility user fee	456,030
Miscellaneous income	22,518
Payments to employees for services	(1,051,910)
Payments to suppliers	<u>(2,060,687)</u>
Net cash provided (used) by operating activities	<u>1,693,066</u>
Cash flows from noncapital financing activities:	
Operating grants	<u>148,141</u>
Net cash provided (used) by noncapital financing activities	<u>148,141</u>
Cash flows from capital and related financing activities:	
Acquisition and construction of capital assets	(1,669,626)
State and federal capital grants received	<u>1,725,558</u>
Net cash provided (used) by capital and related financing activities	<u>55,932</u>
Cash flows from investing activities:	
Interest income	174,913
Maturity of certificates of deposits	7,192,096
Purchase of certificates of deposit	<u>(7,463,486)</u>
Net cash provided (used) by investing activities	<u>(96,477)</u>
Net increase (decrease) in cash and cash equivalents	<u>1,800,662</u>
Cash and cash equivalents, beginning	<u>847,416</u>
Cash and cash equivalents, ending	<u><u>\$ 2,648,078</u></u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:	
Operating income (loss)	<u>\$ (49,996)</u>
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	
Depreciation expense	2,050,857
(Increase)/Decrease in accounts receivable and rents receivable	35,161
(Increase)/Decrease in other assets	(31,077)
Increase/(Decrease) in unearned revenue	19,032
Increase/(Decrease) in accounts payable	(346,034)
Increase/(Decrease) in compensated absences payable	<u>15,123</u>
Total adjustments	<u>1,743,062</u>
Net cash provided (used) by operating activities	<u><u>\$ 1,693,066</u></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, 2019, the Authority had the following investments;

	Amortized Cost	Credit Risk	Maturities
Certificates of deposits	\$ 7,902,080	N/A	12/1/2019 - 8/5/2020
Total investments	<u>\$ 7,902,080</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.

Non-negotiable, non-transferable certificates of deposits that do not consider market rates are required to be reported at amortized cost, as such, the investments have been reported at amortized cost above.

NOTE 5 – CAPITAL ASSETS

Capital asset activity for the fiscal year ended September 30, 2019 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	2,113,895	1,524,263	(2,336,492)	1,301,666
Sublease Procurement Fee	955,071	-	-	955,071
Total capital assets, not being depreciated	9,696,812	1,524,263	(2,336,492)	8,884,583
Capital assets, being depreciated				
Buildings	11,522,213	4,018	-	11,526,231
Leasehold improvements	8,253,725	1,057,585	-	9,311,310
Machinery, equipment, and fixtures	2,742,244	62,965	(815,469)	1,989,740
Infrastructure	24,809,707	1,278,910	-	26,088,617
Total capital assets, being depreciated	47,327,889	2,403,478	(815,469)	48,915,898
Less accumulated depreciation for:				
Buildings	3,062,690	556,680	-	3,619,370
Leasehold improvements	5,803,359	310,596	-	6,113,955
Machinery, equipment, and fixtures	2,167,864	124,695	(815,469)	1,477,090
Infrastructure	8,938,920	1,058,886	-	9,997,806
Total accumulated depreciation	19,972,833	2,050,857	(815,469)	21,208,221
Total capital assets, being depreciated, net	27,355,056	352,621	-	27,707,677
Total capital assets, net	\$ 37,051,868	\$ 1,876,884	\$ (2,336,492)	\$ 36,592,260

NOTE 6 – LEASE COMMITMENTS

Land Lease

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 lease noted above are as follows:

Fiscal Year Ending September 30,	Amount
	<u>Land</u>
2020	\$ 41,215
2021	42,452
2022	43,725
2023	45,037
2024	46,388
Thereafter	5,054,435
	<u>\$ 5,273,252</u>

NOTE 7 – COMPENSATED ABSENCES

Compensated absences activity for the year ended September 30, 2019 is summarized as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Compensated absences	\$ 39,264	\$ 49,503	\$ (34,381)	\$ 54,386	\$ 54,386

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 \$160,223, respectively.

Rental income for the year ended September 30, 2019 is summarized as follows:

Tenant	Property Leased	Lease Expiration	
Tenant A	Acreage and Hangar	September 2031	\$ 270,618
Tenant B	Acreage and Hangar	June 2033	1,448,180
Tenant C	Acreage	June 2041	388,917
Tenant D	Acreage	February 2032	776,625
Tenant E	Acreage and Hangar	September 2035	532,235
Tenant F	Acreage	November 2038	856,347
			<u>\$ 4,272,922</u>

At September 30, 2019, future minimum lease payments under the operating leases are as follows:

Fiscal Year Ending September 30,	
2020	\$ 3,100,815
2021	3,024,730
2022	3,024,730
2023	3,024,730
2024	3,024,730
Thereafter	34,326,416
	<u>\$ 49,526,151</u>

The amounts in the above table include the rental amounts for the tenant that has filed for bankruptcy. See Note 14 – Subsequent Events for additional details.

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 (the “401(a) 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 401(a) 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 “457 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 457 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 457 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 457 Plan are held by a third party in trust for the exclusive benefit of the 457 Plan participants and their beneficiaries, and the assets shall not be diverted to any other purpose.

For the year ended September 30, 2019, the Authority contributed \$206,053 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 has decided not to insure the Engineered Material Arresting System (EMAS) systems.

NOTE 12 – PRONOUNCEMENTS ISSUED BUT NOT YET ADOPTED

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.

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

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.

GASB 89 - *Accounting for Interest Cost Incurred before the End of a Construction Period*

The objectives of this Statement are (a) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (b) to simplify accounting for certain interest costs. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. Earlier application is encouraged. Changes adopted to conform to the provisions of this Statement should be applied prospectively. For construction-in-progress, interest cost incurred after the beginning of the first reporting period to which this Statement is applied should not be capitalized.

GASB 90 - *Majority Equity Interests an amendment of GASB Statements No. 14 and No. 61*

The primary objectives of this Statement are to improve consistency in the measurement and comparability of the financial statement presentation of majority equity interests in legally separate organizations and to improve the relevance of financial statement information for certain component units. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018. Earlier application is encouraged. Except as discussed in paragraph 11, in the period this Statement is first applied, changes adopted to conform to the provisions of this Statement should be applied retroactively by restating financial statements, if practicable, for all periods presented. If restatement for prior periods is not practicable, the cumulative effect, if any, of applying this Statement should be reported as a restatement of beginning net position (or fund balance or fund net position, as applicable) for the earliest period restated. Also, the reason for not restating prior periods presented should be disclosed. In the first period that this Statement is applied, the notes to financial statements should disclose the nature of the restatement and its effect.

GASB 91 - *Conduit Debt Obligations*

The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. The requirements of this Statement are effective for reporting periods beginning after December 15, 2020. Earlier application is encouraged.

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 40%. As of September 30, 2019, the Authority did not have any contract commitments related to projects.

In October 2017, the Authority commenced the conceptualization and planning of an Airport Road Enhancement and Improvements project. The planning, design and subsequent construction of the Airport Road Enhancement and Improvements project is a multi-year, multi-phase project totaling approximately \$4.9 million. The project is anticipated to be complete in 2021, and is funded by various FDOT grants.

In January 2019, the Authority completed the construction of a \$1.3 million Airfield Pavement Rejuvenator project. The design and subsequent construction of the Airfield Pavement Rejuvenator project was funded by an FDOT grant.

NOTE 14 - SUBSEQUENT EVENTS

Insurance Claims

In July 2019, the Airport experienced an airfield incident which resulted in damage to the Engineered Material Arresting System (EMAS) bed on the departure end of Runway 05. In April 2020 the airplane owner's insurer acknowledged liability of the claim and the repairs are anticipated to be completed in 2020.

COVID-19 Impact - Rental Income

Subsequent to fiscal year end, a novel strain of coronavirus named COVID-19 spread around the world. On January 20, 2020, the World Health Organization declared the coronavirus a Public Health Emergency of International Concern. The duration and full effects of the COVID-19 outbreak are yet to be determined. As a result of the COVID-19 outbreak, economic uncertainties have arisen which may negatively impact the Authority's operations and local business activity. The financial impacts are unknown at this time.

In March 2020, Airport tenants experienced negative impacts to their operations as a result of the mitigation efforts for COVID-19 implemented by the State of Florida. In April 2020, in an effort to provide economic relief as result of COVID-19 and in accordance with its obligations to its regulating agencies, the Authority approved a three-month land rent deferral agreement available to all tenants. At the time of this report, no tenants have entered into such agreement.

Tenant Bankruptcy

In April 2020, the Authority received notification that one of its tenants filed for Chapter 11 of the United States Bankruptcy Code in the District of Delaware to facilitate a stalking horse purchase agreement. The Authority subsequently secured a position as a top creditor, and is serving on the creditors committee for the proceedings. The bankruptcy proceedings are pending, and neither the Authority nor its counsel are able to determine the effect, if any, the bankruptcy will have on the Authority's financial position.

Rent in Arrears

At the time of this report, a different tenant than the one that filed for bankruptcy has not paid rent for April or May 2020.



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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, 2019, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our opinion thereon dated May 11, 2020.

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.



May 11, 2020



**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 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, 2019. 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 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, 2019.

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.

B. H. & Associates

May 11, 2020

**BOCA RATON AIRPORT AUTHORITY
BOCA RATON, FLORIDA
SCHEDULE OF EXPENDITURES OF
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FISCAL YEAR ENDED SEPTEMBER 30, 2019**

Federal/State Agency, Federal Award/State Project	CFDA/CSFA Number	Contract Number	Grant Number	BRAA Task/Phase	Expenditures
FEDERAL AWARDS					
US Department of Transportation:					
Federal Aviation Administration					
Airport Improvement Program	20.106	N/A	3-12-0006-022-2017	51/57	8,253
	20.106	N/A	3-12-0006-023-2018	55	1,115
Total Expenditures of Federal Awards					<u>9,368</u>
STATE FINANCIAL ASSISTANCE					
Florida Department of Transportation					
Aviation Development Grants					
	55.004	ARC77	435626-1-94-01	41	84,320
	55.004	G0D61	437978-1-94-01	47	168,727
	55.004	G0D71	437982-1-94-01	48	17,485
	55.004	G0H01	433160-1-94-01	49	15,534
	55.004	G0O43	441606-1-91-01	52	22,011
	55.004	G0T27	437955-1-94-01	54	17,170
	55.004	AS870	437954-1-94-01	55	2,230
	55.004	G0O11	437956-1-94-01	56	866,772
	55.004	G0T90	442868-1-94-01	58	12,913
	55.004	ASB05	437967-1-94-01	59	7,321
	55.004	G1231	437968-1-94-01	60	2,128
	55.004	G1B49	441604-1-94-01	63	8,845
	56.004	G1970	445678-1-94-01	64	11,408
Total Expenditures of State Financial Assistance					<u>1,236,864</u>
Total Expenditures of Federal Awards and State Financial Assistance					<u>\$ 1,246,232</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, 2019. 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, 2019**

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:

State Project

CFDA/CSFA#

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 \$300,000.

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



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**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 the 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, 2019. Management is responsible for the Authority's compliance with those requirements. Our responsibility is to express an opinion on the Authority's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the Authority complied, 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, 2019.

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.

Grau & Associates

May 11, 2020



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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 the Boca Raton Airport Authority, Boca Raton, Florida ("Authority") as of and for the fiscal year ended September 30, 2019, and have issued our report thereon dated May 11, 2020.

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 May 11, 2020, 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 the 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.

Grau & Associates

May 11, 2020

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, 2018.

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, 2019.

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, 2019.

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, 2019. 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.