

2019

Gainesville-Alachua County Regional Airport Authority

Financial Statements
and Independent Auditor's Report

September 30, 2019

**FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITOR'S REPORT**

**GAINESVILLE-ALACHUA COUNTY REGIONAL
AIRPORT AUTHORITY
GAINESVILLE, FLORIDA**

SEPTEMBER 30, 2019

TABLE OF CONTENTS

Independent Auditor's Report	1-3
Management's Discussion and Analysis	4-12
Financial Statements	
Statements of Net Position.....	13
Statements of Revenues, Expenses, and Changes in Net Position.....	14
Statements of Cash Flows.....	15-16
Notes to Financial Statements.....	17-28
Other Supplementary Information	
Revenue Comparison - Budget vs. Actual.....	29-30
Expense Comparison - Budget vs. Actual	31
Schedule of Expenditures of Federal Awards and State Financial Assistance.....	32-34
Other Information	
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 <i>Government Auditing Standards</i>	35-36
Independent Auditor's Report on Compliance for Each Major Federal Program and on Internal Control Over Compliance Required By the Uniform Guidance.....	37-38
Schedule of Findings and Questioned Costs - Federal Programs	39-40
Independent Accountant's Report on Compliance with Section 218.415, Florida Statutes.....	41
Management Letter	42-43

INDEPENDENT AUDITOR'S REPORT

To the Governing Board
Gainesville-Alachua County Regional
Airport Authority
Gainesville, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of the Gainesville-Alachua County Regional Airport Authority (the Airport Authority) as of and for the years ended September 30, 2019 and 2018, and the related notes to the financial statements, which collectively comprise the Airport Authority's financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Airport Authority'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 Airport Authority'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.

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To the Governing Board
Gainesville-Alachua County Regional
Airport Authority
Gainesville, Florida

INDEPENDENT AUDITOR'S REPORT

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Airport Authority as of September 30, 2019 and 2018, and the changes in financial position and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter – Subsequent Events

We draw attention to Note 16 to the financial statements, which describes subsequent events related to the global COVID-19 pandemic declared by the World Health Organization. Our opinion is not modified in respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, as listed in the table of contents, be presented to supplement the financial statements. Such information, although not a part of the financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the 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 financial statements, and other knowledge we obtained during our audit of the 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 an opinion on the financial statements that collectively comprise the Airport Authority's financial statements. The revenue comparison and expense comparison listed as other supplementary information are presented for purposes of additional analysis and are not a required part of the financial statements. The schedule of expenditures of federal awards and state financial assistance is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and is also not a required part of the financial statements.

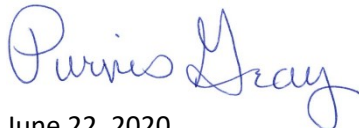
To the Governing Board
Gainesville-Alachua County Regional
Airport Authority
Gainesville, Florida

INDEPENDENT AUDITOR'S REPORT

The revenue comparison, expense comparison and the schedule of expenditures of federal awards and state financial assistance are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the revenue comparison, expense comparison, and the schedule of expenditures of federal awards and state financial assistance are fairly stated, in all material respects, in relation to the 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 June 22, 2020, on our consideration of the Airport Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Airport Authority's internal control over financial reporting and compliance.



June 22, 2020
Gainesville, Florida

MANAGEMENT'S DISCUSSION AND ANALYSIS

MANAGEMENT’S DISCUSSION AND ANALYSIS

The following Management’s Discussion and Analysis (MD&A) of the Gainesville-Alachua County Regional Airport Authority (GACRAA) activities and financial performance serves as an introduction and overview of the audited financial statements of GACRAA for the fiscal years ended September 30, 2019 and September 30, 2018. Governmental Accounting Standards Board Pronouncement Number 34 (GASB No. 34) requires an MD&A section to enhance the understandability and usefulness of the financial reports. The information contained in the MD&A has been prepared by management and should be considered in conjunction with the financial statements and the notes thereto, which follow this section.

GACRAA engages in business-type activities, that is, activities that are financed either in whole or in part by charges to entities that are external to the operation of GACRAA and for which charges are for goods and services rendered. As a result, GACRAA’s basic financial statements include the statements of net position, revenues, expenses, changes in net position, cash flows, and notes to the financial statements. These basic financial statements are designed to provide the readers with a broad overview of GACRAA’s finances in a manner like that of the private sector.

GAINESVILLE-ALACHUA COUNTY REGIONAL AIRPORT AUTHORITY

GACRAA is an independent special district of the State of Florida operating under Chapter 2006-363, Laws of Florida, *Special Acts of 2006*. This Act amends and replaces earlier Acts dating back to 1986. Prior to 1986, the Airport was considered a dependent special district of the City of Gainesville. GACRAA is overseen by a governing board of nine members, comprised of five members appointed by the City of Gainesville, three members appointed by the State of Florida and one member appointed by Alachua County. As outlined in the bylaws for the GACRAA, the purpose of GACRAA is to develop, maintain, and operate the Gainesville Regional Airport.

GACRAA operates on a fiscal year basis of October 1 through September 30. GACRAA was created to operate as a self-sustaining entity, using aircraft landing fees, fees from terminal and other rentals, and revenues from concessions to fund operating expenses. Operating expenses of GACRAA are not taxpayer funded. Capital improvements are funded by federal and state grants, Passenger Facility Charges (PFCs), Capital Facility Charges (CFCs), and GACRAA revenues.

The initial construction of the Airport was done by the Work Progress Administration early in 1941. At that time, and upon conclusion of the construction by the U. S. Engineer Department, the field was known as the Alachua Army Airfield and was used by the Army Air Corp and the Army Air Forces. On March 2, 1942, the City Council, by City Ordinance No. 295, established the name of the airfield as the “John R. Alison Airport”. The Airport was deeded to the City of Gainesville in 1948. At that time, the field was known as the John R. Alison Airport and also known as the Gainesville Municipal Airport. The City operated, maintained, and improved the Airport over the years as the Gainesville Municipal Airport until control transferred to GACRAA. In order to recognize the role the Airport carries in meeting the regional demands for aviation services, the Airport was renamed the Gainesville Regional Airport in October 1977.

The current terminal was dedicated to “John R. Alison” in 1979. It has approximately 59,000 square feet of interior space. In 2005, it was expanded to include three passenger boarding bridges. In 2007, construction began on renovating the main passenger areas and administrative offices of the terminal building. The majority of this work was completed by October 2008.

The airport is situated on approximately 2,000 acres in the northeast section of Gainesville in Alachua County. It is classified as a commercial non-hub airport by the Federal Aviation Administration (FAA). The airport has two grooved asphalt-surfaced runways, 7/25 and 11/29 that form a closed “V” configuration. Runway 7/25 is primarily used by general aviation aircraft. It is 4,147 feet long and 100 feet wide. Runway 11/29 is the main carrier runway used by commercial jets and other aircraft. It is 7,503 feet long and 150 feet wide. Runway 7/25, last resurfaced in 1984, was resurfaced again in 2015. Runway 11/29 was resurfaced in September 2004.

MANAGEMENT'S DISCUSSION AND ANALYSIS

GACRAA's Board annually approves an Operating and Capital Outlay budget. GACRAA's Board relies on the advice and recommendation of GACRAA's Finance, Operations, and Audit Committee, which consists of four (4) members of the full Board.

As of September 30, 2019, the Gainesville Regional Airport was served by two (2) passenger carriers and five (5) rental car brands.

Passenger Airlines

Delta Airlines
American Airlines

Rental Car Companies

Avis Rent A Car
Budget Rent A Car
Enterprise Car Rental
Hertz Rent A Car
National and Alamo Car Rental

HISTORICAL ENPLANEMENT DATA

The summary of enplaned passengers of the Gainesville Regional Airport is depicted below for fiscal years 2013 through 2019.

<u>Fiscal Year, Ended</u> <u>September 30</u>	<u>Enplanements</u>
2019	268,032
2018	236,019
2017	218,698
2016	211,848
2015	218,013
2014	208,262
2013	203,488

FINANCIAL RESULTS

The following is a summary of financial results for the year ended September 30, 2019.

Operating revenues have increased by \$453,237, from \$6,685,359 in fiscal 2018 to \$7,138,596 in fiscal 2019. The revenues are greater in fiscal 2019 than in fiscal 2018 mainly due to the increases in revenue from the parking lot, the air carriers and the rental car companies. The parking lot revenues increased by \$187k and air carrier's landing fees increased by \$44.7k. Rental car revenues increased as follows: (MAG and excess) by \$39.5k and QTF (car wash) by \$16.5k. Other increases came from fuel storage and flowage fees (net) by \$15.5k; as well as rents from the Silver hangar and the driving pad (Amazon) by \$44k and \$76k, respectively. There was also an increase in T-Hangar rent by \$18.6k and food concessions by \$11.8k.

Operating expenses increased by \$182,919, from \$8,847,290 in fiscal 2018 to \$9,030,209 in fiscal 2019. Operating expenses, excluding depreciation expense, increased by \$402,399. Some noteworthy operating expense increases are as follows: Airport staff wages increased by \$153k, along with the related benefits by \$55.8k, advertising and professional fees by \$47.2k and \$29k, respectively; utilities (all locations) by \$51.4k, temporary labor (F&M) by \$18.8k and airfield maintenance by \$19k. The remaining \$28k increase is spread amongst various maintenance accounts. Airport wages and benefits increased mainly due to adding 3 staff, one each in the administration, operations and maintenance departments. Advertising and professional fees were deliberately expanded to pursue a more aggressive advertising campaign. Depreciation decreased by \$219,480 which is a non-cash line item.

MANAGEMENT'S DISCUSSION AND ANALYSIS

The operating loss before non-operating revenues and expenses decreased by \$270,318, from a \$2,161,931 loss in fiscal 2018 to a \$1,891,613 loss in fiscal 2019. While operating revenues increased by \$453k in 2019, operating expenses also increased by \$183k, which resulted in the favorable increase of \$270k to the operating loss before non-operating revenues and expenses when compared to the prior fiscal year. The highlights contributing to this favorable net increase are discussed in the previous two paragraphs.

Non-operating revenues and expenses changed positively by \$80,076, from a net expense of \$196,269 in fiscal 2018 to a net expense of \$116,193 in fiscal 2019. Thus, the decrease of interest expense of \$33.6k, the increase of interest income by \$51.9k and the increase of miscellaneous income by \$2.4k offset by the decrease on the sale of equipment by \$7.9k combined to result in a \$80k favorable change.

Capital contributions received in the form of grants from Federal and State governments, CFCs, and PFCs decreased \$133,956, from \$2,477,207 in fiscal 2018 to \$2,343,251 in fiscal 2019. This decrease is driven by a decrease in Federal and State grant income of \$322k that funded capital projects. The amounts to fund these capital projects can vary substantially from one year to the next. Further, this is predicated upon the projects undertaken and their order in the capital improvement program. Offsetting the decrease in contributions from Federal and State contributions were increases of PFC and CFC revenues by \$140k and \$6k, respectively. In addition, PFC and CFC cash invested yielded an increase of interest income by nearly \$32k and \$10k more than the prior year, respectively.

FINANCIAL STATEMENTS

GACRAA's financial statements are prepared on an accrual basis of accounting in accordance with accounting principles generally accepted in the United States (U.S. GAAP) promulgated by the Governmental Accounting Standards Board (GASB). GACRAA is structured as a single enterprise fund with revenues recognized when earned, not when received. Expenses are recognized when incurred, not when they are paid. Capital assets are capitalized and (except land) are depreciated over their useful lives. See the notes to financial statements for a summary of GACRAA's significant accounting policies.

The statement of net position presents information on all of GACRAA's assets, deferred outflows and inflows of resources, and liabilities, with the net amount reported as net position. Over time, increases or decreases in GACRAA's net position may serve as a useful indication of whether the financial position of GACRAA is improving or deteriorating. Also to be considered are non-financial factors when evaluating GACRAA's financial position such as passenger activity, FAA Tower operations, fuel storage and usage amounts, and property vacancy rates. The statements of revenues, expenses, and changes in net position present information on how GACRAA's net position changed during the year.

SUMMARY OF OPERATIONS AND CHANGE IN NET POSITION

See the chart below for changes in operating revenues, operating expenses, non-operating revenues and expenses, and changes in net position. The changes in net position are primarily the result of capital contributions exceeding the net operating loss.

	Fiscal Year <u>2019</u>	Fiscal Year <u>2018</u>	Fiscal Year <u>2017</u>
Operating Revenues	\$ 7,138,596	\$ 6,685,359	\$ 6,292,877
Operating Expenses	<u>(9,030,209)</u>	<u>(8,847,290)</u>	<u>(8,683,896)</u>
Loss Before Non-Operating Revenues and Expenses	(1,891,613)	(2,161,931)	(2,391,019)
Non-Operating Revenues and Expenses, Net	<u>(116,193)</u>	<u>(196,269)</u>	<u>(244,626)</u>
Loss Before Capital Contributions	(2,007,806)	(2,358,200)	(2,635,645)
Capital Contributions	<u>2,343,251</u>	<u>2,477,207</u>	<u>4,453,225</u>
Increase in Net Position	<u>\$ 335,445</u>	<u>\$ 119,007</u>	<u>\$ 1,817,580</u>

MANAGEMENT'S DISCUSSION AND ANALYSIS

SUMMARY OF ASSETS, LIABILITIES, AND NET POSITION

Current and restricted assets increased \$1,559,146, from \$11,806,274 in fiscal 2018 to \$13,365,420 in fiscal 2019. This increase was driven by several factors: an increase of unrestricted and restricted cash of \$1.58 million and \$566k, respectively; offset by a decrease in grants receivable of \$682.5k. Also, unrestricted and restricted receivables increased by \$33.4k and \$30.8k, respectively; as did the balance of the other current assets (net) by \$31.4k. Capital assets (net of accumulated depreciation) decreased by \$2,079,757, from \$55,684,646 in fiscal 2018 to \$53,604,889 in fiscal 2019.

Current liabilities decreased by \$527,332, from \$1,656,222 in fiscal 2018 to \$1,128,890 in fiscal 2019. This decrease is primarily driven by the decrease in the current portion of long term liabilities by \$595k, which includes an increase for the current portions of the 2006A Bond by \$18k and a decrease of the T-Hangar Bond by \$613k; the T- Hangar bond had a final balloon payment of \$613k that was paid off by April 1, 2019 to close this debt. The previously mentioned decrease of \$595k was offset by increases in retainage payable by \$42.3k and accounts payable & accrued liabilities by \$25.4k. Non-current liabilities (excluding the derivative instrument) decreased by \$328,724 from \$3,181,785 in fiscal 2018 to \$2,853,061 in fiscal 2019. The decrease in non-current liabilities is due to the pay down of \$923,861 non-current debt obligations accompanied with a change of non-current debt to current, in the amount of \$595,137.

Net position may, over time, serve as a useful indicator of GACRAA's financial position. The GACRAA's net position is \$62,988,358 at September 30, 2019, which is a \$335,445 increase over the \$62,652,913 September 30, 2018 balance.

The chart below compares and summarizes assets, deferred outflows of resources, liabilities, and net position:

	Fiscal Year 2019	Fiscal Year 2018	Fiscal Year 2017
ASSETS			
Current and Restricted Assets	\$ 13,365,420	\$ 11,806,274	\$ 10,518,500
Capital Assets, Net	<u>53,604,889</u>	<u>55,684,646</u>	<u>57,553,129</u>
Total Assets	<u>66,970,309</u>	<u>67,490,920</u>	<u>68,071,629</u>
DEFERRED OUTFLOWS OF RESOURCES			
	<u>458,073</u>	<u>386,340</u>	<u>618,615</u>
LIABILITIES			
Current Liabilities	1,128,890	1,656,222	1,432,076
Non-Current Liabilities	<u>3,311,134</u>	<u>3,568,125</u>	<u>4,724,262</u>
Total Liabilities	<u>4,440,024</u>	<u>5,224,347</u>	<u>6,156,338</u>
NET POSITION			
Net Investment in Capital Assets	50,241,329	51,526,793	52,499,293
Restricted	4,391,666	3,787,590	2,908,927
Unrestricted	<u>8,355,363</u>	<u>7,338,530</u>	<u>7,125,686</u>
Total Net Position	<u>\$ 62,988,358</u>	<u>\$ 62,652,913</u>	<u>\$ 62,533,906</u>

The largest portion of GACRAA's net position each year represents its investment in capital assets (e.g., land, buildings, improvements, and equipment). GACRAA uses these capital assets to provide services to its passengers and visitors to the Airport; consequently, these assets are not available for future spending.

An additional portion of GACRAA's net position represents PFC that are restricted by Federal regulations and CFC that are restricted for rental car capital improvements. The remaining portion is the unrestricted net position which may be used to meet any of GACRAA's ongoing obligations.

MANAGEMENT'S DISCUSSION AND ANALYSIS

REVENUES AND CAPITAL CONTRIBUTIONS

A summary of revenues and capital contributions for the years ended September 30, 2019, 2018, and 2017, is as follows:

	Fiscal Year 2019	Fiscal Year 2018	Fiscal Year 2017
Operating Revenues			
Parking Revenues	\$ 2,149,864	\$ 1,962,890	\$ 1,805,192
Commercial Terminal	2,147,428	2,100,250	2,025,611
Rental Car Companies (Including QTF)	1,604,980	1,547,719	1,477,309
General Aviation	939,411	793,087	745,262
Fuel Flowage and Storage Fees	296,913	281,413	239,503
Total Operating Revenues	7,138,596	6,685,359	6,292,877
Capital Contributions and Non-Operating Revenues			
Passenger Facilities Fees	1,090,551	950,074	872,098
Capital Facility Charge (Net)	57,823	51,955	47,578
Federal and State Grants	1,145,733	1,467,781	3,533,549
Sale of Surplus Equipment	-	7,879	-
CFC – Interest Revenue	17,418	7,397	-
PFC – Interest Revenue	31,726	-	-
Interest Income	74,957	23,009	760
Other	13,010	10,618	10,936
Total Capital Contributions and Non-Operating Revenues	2,431,218	2,518,713	4,464,921
Total	\$ 9,569,814	\$ 9,204,072	\$ 10,757,798

As previously mentioned, operating revenues increased from the prior year primarily from the parking lot by \$187k, air carrier landing fees of \$44.7k and concession related (from rental car companies, including the QTF) of \$56k (combined). General aviation was up mainly due to increased rents from the Silver hangar and driving pad of \$120k (combined), also previously discussed. However, there was a decrease in capital contributions of \$322k for fiscal 2019 that came from Federal and State Grants (see above). Federal and State grant income will vary year to year based on the type and timing of the active projects. In addition, PFC revenue was up by \$140k, which is relative to the increase in passenger activity and interest revenues increased by \$93.7k (all accounts).

AIRPORT USE AND LEASE AGREEMENTS

GACRAA has entered into Airport Use and Lease Agreements with the following signatory airlines:

- Delta
- American Airlines

The airline agreements establish procedures for the periodic adjustment of signatory airline terminal rates and aircraft landing fees collected for the use and occupancy of terminal and airfield facilities.

The signatory airlines are granted the non-exclusive use of the airport for the purpose of operating an air transportation system for the carriage of persons, property, cargo and mail, according to the rules and regulations of GACRAA and the agreements with GACRAA.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Each of the signatory airlines leases space in the terminal for its exclusive use with the right to make certain leasehold improvements. Each of the airlines pays monthly: (1) rentals for exclusive and non-exclusive terminal space; and (2) landing fees. Rental and landing fees may be adjusted by GACRAA, as outlined in the agreements. Rental rates for space occupied and used by the Airlines were adjusted as of December 1, 2016. American is exempt from paying landing and boarding bridge fees related to the Dallas service for the first two years beginning March 3, 2019. This exemption is a common practice for airlines to commence service at an airport and part of the standard incentive package approved by the Board.

LANDING FEES

All charges for the use of the field and runway area are combined in a monthly landing fee based upon the signatory airline's aircraft arrivals at the airport during the month. The landing fee is computed by multiplying the maximum gross certified landing weight of the aircraft arrival by a landing fee rate expressed in terms of thousand pound units of maximum certified landing weight.

AIRPORT LEASE AND CONCESSION AGREEMENTS

GACRAA has entered into lease and concession agreements with the following rental car companies:

- Avis Rent A Car
- Budget Rent A Car
- National and Alamo
- Hertz Rent A Car
- Enterprise Leasing

The current contract began July 2014 and expired June 30, 2019. Each contract year, the rental car companies pay rentals for exclusive terminal space, ready car return lot, and overflow lot space. Rentals are adjusted each contract year based on increases outlined in the rental agreement. In addition to rentals, the rental car companies also pay a concession fee equal to 10% of their gross revenues or a MAG, outlined in the agreement, whichever is greater. The contract expiring June 30, 2019 was extended (with the same terms) until September 30, 2019.

EXPENSES

A summary of expenses for the years ended September 30, 2019, 2018, and 2017, is as follows:

	Fiscal Year 2019	Fiscal Year 2018	Fiscal Year 2017
Operating Expenses			
Administration and General	\$ 1,313,374	\$ 1,141,775	\$ 1,133,220
Operations and Security	1,488,280	1,455,454	1,374,088
Facilities and Maintenance	1,565,682	1,405,677	1,367,684
Fuel Farm	19,339	20,054	20,828
General Aviation	86,757	72,316	79,215
Parking Lot	169,929	147,668	125,512
Quick Turn-around Facility	363,211	361,229	334,935
Depreciation	4,023,637	4,243,117	4,248,414
Total Operating Expenses	9,030,209	8,847,290	8,683,896
Non-Operating Expenses			
Interest Expense	204,160	237,775	256,322
Total Non-Operating Expenses	204,160	237,775	256,322
Total Expenses	\$ 9,234,369	\$ 9,085,065	\$ 8,940,218

MANAGEMENT'S DISCUSSION AND ANALYSIS

SUMMARY OF CASH FLOW ACTIVITIES

Cash increased by \$2,145,993 in fiscal 2019 and \$1,666,772 in fiscal year 2018. This increase was primarily due to the cash flow provided by operating activities. The summary of cash flows for the years ended September 30, 2019, 2018, and 2017 are as follows:

	Fiscal Year 2019	Fiscal Year 2018	Fiscal Year 2017
Net Cash Provided by Operating Activities	\$ 2,028,494	\$ 2,398,884	\$ 1,955,756
Cash Flows Provided By (Used in) Capital Financing Activities	9,701	(762,518)	(701,386)
Cash Flows from Investing Activities	107,798	30,406	760
Increase in Cash	\$ 2,145,993	\$ 1,666,772	\$ 1,255,130

CAPITAL ACQUISITIONS AND CONSTRUCTION ACTIVITIES

During fiscal 2019, nearly \$519k of capitalized items were moved from construction in progress to depreciable capital assets. These capitalized items were substantially represented by the following two items: the Wildlife fence for \$197k and Equipment (tractors & backhoe) for about \$272k. The balance was spread amongst various smaller projects.

Construction in progress at September 30, 2019, is nearly \$2.2 million, the majority of this or about \$1.9 million is dedicated to the terminal expansion project, while the remainder is spread over a few smaller projects. The cost of construction projects was largely paid for by Federal and State grants, as well as PFCs and CFCs.

PASSENGER FACILITY CHARGE

PFCs are available to airports to finance AIP-eligible projects approved by the Federal Aviation Administration (FAA) that preserve or enhance capacity, safety, or security of the National Air Transportation System, reduce noise resulting from airport activity, or furnish opportunities to enhance competition among air carriers. GACRAA has applied for and received approval to collect PFCs on four applications. The first application, PFC 1, was closed out in fiscal 2003. The second application dated June 18, 2002, was approved on August 30, 2002, to collect and use PFCs beginning January 11, 2003. The first PFC was approved at a rate of \$3.00 per enplaned passenger and the second PFC was approved at the rate of \$4.50 per enplaned passenger. PFC 2 was approved in the amount of \$4,637,954 but was amended in December of 2010, to increase collections by \$1,030,630, for a collection total of \$5,668,584.

PFC 2 was closed in September of 2014. On November 8 of 2013, PFC application #3 was approved by the FAA with a total collection allowance of \$1,250,942. Collections under PFC 3 began January 1, 2014. On July 6 of 2015, an amendment to PFC 3 was approved by the FAA increasing the collection allowance by \$87,218 for a total collection allowance of \$1,338,160. Effective October 31, 2015, collections under PFC application #3 were terminated. A total of \$1,287,853 had been expended on PFC 3 as of September 30, 2016. On January 20, 2016, PFC application #4 was approved in the amount of \$6,277,987. Collections on PFC #4 began March 1, 2016.

MANAGEMENT'S DISCUSSION AND ANALYSIS

CAPITAL FACILITY CHARGE

On August 1, 2005, GACRAA instituted a CFC. The CFC is a \$3.00 charge per rental car per day. Rental car companies collect CFCs and remit them to the airport for use on projects which enhance the operation of rental car companies. CFCs were used to expand the rental car ready return parking lot, construct a quick turn-around service facility and pay for its maintenance, while upgrading the terminal area occupied by the rental car companies, as agreed upon. As of September 30, 2019, \$5,073,268 in CFCs have been collected and \$22,883 interest has been received, while \$3,869,446 had been spent. On July 1, 2014, CFC collections were reduced to \$1.00 per rental car day.

LONG-TERM DEBT

GACRAA issued Airport Revenue Bond, Series 2006A. Series 2006A authorized the financing of \$6.025 million for the design and construction of a SATS maintenance facility. As of September 30, 2007, the full \$6,025,000 had been drawn against Series 2006A to pay for costs related to the project. As of September 30, 2019, the principal balance was \$3,181,786. A principal payment of \$328,725 is due during fiscal year 2020; principal payments are due each subsequent year on June 1 with the final maturity on June 1, 2027. For fiscal year-end 2015 through the first quarter of 2016, series 2006A's amended primary revenue pledge were the rents received from Silver Airways as part of a lease agreement they entered into with GACRAA during March 2012. Subsequently, by default, the secondary revenue pledge of parking revenues from terminal parking operations became the primary revenue pledged beginning the second quarter of fiscal 2016. The interest rate on this issuance is 5.49% and is fixed during the entire term of the loan.

Airport Revenue Bond, Series 2006A have semiannual interest payments due on December 1 and June 1 from inception to maturity.

On March 1, 2007, GACRAA issued Airport Revenue Bond Series 2007. Series 2007 authorized \$985,580 in financing related to anticipated revenues from rents received, and was used for the construction of T-Hangars. As of September 30, 2018, the outstanding balance was \$613,404. Series 2007 had a final maturity date of March 31, 2019. The interest rate was one-month LIBOR plus 2% through March 31, 2008, then 5.06% from April 1, 2008, through maturity. The final principal payment of \$613,404 was due on March 31, 2019 and has been paid. The primary revenue pledge was rents received from hangar leases.

LINE OF CREDIT

On January 20, 2005, GACRAA authorized the execution of a \$2,000,000 line of credit with a local bank secured by revenues generated from PFCs. Effective September 1, 2009, the agreement was amended to allow the Airport Authority to borrow \$1,250,000 under the line of credit. Later, effective August 28, 2014, the Board approved the renewal of the Airport's line of credit for \$1,000,000 maturing June 30, 2015, with an interest rate based on monthly LIBOR plus 2.75% or a floor of 4.5%. The Board has approved a renewal of the line of credit with these same terms every year through November 16, 2017; the November 16, 2017 approval had a maturity date of June 26, 2018. The prior years' renewal was approved by the Board on June 26, 2018 with a maturity date of June 25, 2019. The current years' LOC renewal remains at \$1 million with a beginning date of June 17, 2019 and maturity date of June 15, 2020; the terms include an interest rate of monthly LIBOR plus 2.75% and a floor of 4.5%. The Board approved such on June 27, 2019. At the time of this last renewal, the monthly LIBOR was 2.382%, which would have resulted in an effective rate of 5.132% if had been put into use at that point in time.

MANAGEMENT'S DISCUSSION AND ANALYSIS

CURRENT OPERATION FINANCIAL SITUATION

Commercial passenger volume increased by 14.25% or 66,604 passengers from fiscal 2018 to 2019, and the overall airline load factors increased by .3% to 86.2%. The annual regional carrier increase distributed as follows: Delta and American (Charlotte) were up by 37,656 and 2,487 passengers, respectively; while American (Miami) decreased by 2,071. Also, American began service to Dallas during March 2019 and had an 28,532 passenger activity for fiscal year 2019. Annual load factors compared to prior year by carrier are as follows: Delta up by 1.8% to 90.1%, American (Charlotte) down by .6% to 85% and (Miami) down by 4.8% to 70.2%. Dallas had an 83.9% load factor for 2019. Specifically, commercial enplanements increased by 13.82% or 32,530 passengers from fiscal 2018 to 2019 and the related load factor remained flat at 86.4%. American (Charlotte) and (Miami) decreased their enplanement load factors by .7% and 7.9% to 85.3% and 69.4%, respectively; while Delta had increased by 2% to 90.6%. Dallas had an enplanement load factor of 82.8% for fiscal year 2019.

General aviation operations had been weak most of the last decade, seemingly due to high fuel prices and a weakened economy, combined with attrition from an aging pilot population; however, fiscal 2016 showed a bit of a rebound in activity and this trend has seemed to continue through fiscal 2019. Thus, General aviation operations were up by 20% from fiscal 2018 to 2019 and the related fuel flowage (in gallons) increased by 9% during the same period.

SUBSEQUENT EVENT – COVID 19

Although it is difficult to project for how long and how deep the impact of COVID-19 will affect the Airport Authority's financial condition, it is clear it will have a substantial impact on the second half of fiscal year 2020. For example, March 2020 passenger activity was at 55% of what would be anticipated, with the first half of the month being close to expectations and the second half at about 5% of normal activity. The trend of 5% passenger activity continued for the month of April. However, the month of May has shown a relatively substantial increase in passenger activity compared to April, passenger activity jumped from 5% to 15% of normal activity for May. Prior to COVID-19, the Airport was averaging slightly over 15 arrival/departure flights per day; April's average daily flights were just under 5 and May at about 4 and a half. The Miami flights were cancelled by the end of March and are anticipated to return by the third quarter of 2020. In addition, other flights are expected to be added back to the schedule over the next few months.

Further, the Airport Authority is in the process of applying for and accepting a grant from the CARES Act in the amount of \$3.1 million, which was approved by the Board. This funding can be utilized to pay for any legal purpose such as operating expenses or capital improvements. Also, the Airport has offered temporary abatements and discounts to the airlines, rental car companies and concessionaires that could carry through the remainder of the calendar year and is similar to what some other airports are providing. This action was also approved by the Board.

REQUEST FOR INFORMATION

This financial report is designed to provide a general overview of the GACRAA's finances for all those interested. Questions concerning any of the information provided in this report, or request for additional information should be addressed to the Gainesville Regional Airport, Attn: Communications Director, 3880 NE 39th Avenue, Suite A, Gainesville, Florida 32609 or by e-mailing info@flygainesville.com.

FINANCIAL STATEMENTS

STATEMENTS OF NET POSITION
SEPTEMBER 30, 2019 AND 2018
GAINESVILLE-ALACHUA COUNTY REGIONAL AIRPORT AUTHORITY
GAINESVILLE, FLORIDA

	2019	2018
Assets		
Current Assets		
Cash and Cash Equivalents	\$ 7,980,203	\$ 6,400,162
Accounts Receivable	529,520	496,147
Interest Receivable	9,017	-
Grants Receivable	329,644	1,012,139
Prepaid Expenses	116,385	90,304
Inventories	8,985	19,932
Total Current Assets	8,973,754	8,018,684
Restricted Assets		
Accounts Receivable	219,062	188,224
Interest Receivable	7,286	-
Cash - Passenger Facility Charge	2,769,793	1,914,851
Cash - Capital Facility Charge	1,226,705	1,209,888
Cash - Debt Service	168,820	474,627
Total Restricted Assets	4,391,666	3,787,590
Property, Plant and Equipment		
Land	2,956,264	2,956,264
Buildings	31,300,327	31,635,481
Improvements Other Than Buildings	77,869,386	77,924,604
Fuel Farm Land and Improvements	653,371	653,371
Vehicles and Equipment	3,620,149	3,260,870
Leasehold Acquisitions	450,000	450,000
Construction Work in Progress	2,182,273	977,279
	119,031,770	117,857,869
(Accumulated Depreciation)	(65,426,881)	(62,173,223)
Total Property, Plant and Equipment - Cost Less Depreciation	53,604,889	55,684,646
Total Assets	66,970,309	67,490,920
Deferred Outflows of Resources		
Accumulated Decrease in Fair Value of Hedging Derivative Instrument	458,073	386,340
Total Assets and Deferred Outflows of Resources	67,428,382	67,877,260
Liabilities		
Current Liabilities		
Accounts Payable and Accrued Liabilities	757,805	732,360
Contract Retainage Payable	42,360	-
Current Portion of Long-Term Liabilities	328,725	923,862
Total Current Liabilities	1,128,890	1,656,222
Long-Term Liabilities		
Notes and Bonds Payable	2,853,061	3,181,785
Fair Value of Derivative Instrument	458,073	386,340
Total Long-Term Liabilities	3,311,134	3,568,125
Total Liabilities	4,440,024	5,224,347
Net Position		
Net Investment in Capital Assets	50,241,329	51,526,793
Restricted	4,391,666	3,787,590
Unrestricted	8,355,363	7,338,530
Total Net Position	62,988,358	62,652,913
Total Liabilities and Net Position	\$ 67,428,382	\$ 67,877,260

See accompanying notes.

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEARS ENDED SEPTEMBER 30, 2019 AND 2018
GAINESVILLE-ALACHUA COUNTY REGIONAL AIRPORT AUTHORITY
GAINESVILLE, FLORIDA

	<u>2019</u>	<u>2018</u>
Operating Revenues		
Sales and Service Charges	\$ 7,138,596	\$ 6,685,359
Operating Expenses		
Administration and General	1,313,374	1,141,775
Operations and Security	1,488,280	1,455,454
Facilities and Maintenance	1,565,682	1,405,677
Fuel Farm	19,339	20,054
General Aviation	86,757	72,316
Parking Lot	169,929	147,668
Quick Turn-Around Facility (QTF)	363,211	361,229
Depreciation and Amortization	4,023,637	4,243,117
(Total Operating Expenses)	<u>(9,030,209)</u>	<u>(8,847,290)</u>
Operating (Loss)	<u>(1,891,613)</u>	<u>(2,161,931)</u>
Non-Operating Revenues (Expenses)		
Interest Revenue	74,957	23,009
Sale of Surplus Equipment	-	7,879
Miscellaneous	13,010	10,618
Interest Expense	(204,160)	(237,775)
Total Non-Operating Revenues (Expenses)	<u>(116,193)</u>	<u>(196,269)</u>
(Loss) Before Capital Contributions	<u>(2,007,806)</u>	<u>(2,358,200)</u>
Capital Contributions		
Passenger Facility Charge Revenue	1,090,551	950,074
Interest Revenue - PFC	31,726	-
Capital Facility Charge Revenue (Net of \$144,504 and \$140,046 in 2019 and 2018, respectively, for QTF Expenses)	57,823	51,955
Interest Revenue - CFC	17,418	7,397
Federal and State Grants Income	1,145,733	1,467,781
Total Capital Contributions	<u>2,343,251</u>	<u>2,477,207</u>
Net Position		
Increase in Net Position	<u>335,445</u>	<u>119,007</u>
Total Net Position, Beginning of Year	<u>62,652,913</u>	<u>62,533,906</u>
Total Net Position, End of Year	<u>\$ 62,988,358</u>	<u>\$ 62,652,913</u>

See accompanying notes.

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED SEPTEMBER 30, 2019 AND 2018
GAINESVILLE-ALACHUA COUNTY REGIONAL AIRPORT AUTHORITY
GAINESVILLE, FLORIDA

	<u>2019</u>	<u>2018</u>
Cash Flows from Operating Activities		
Cash Received from Customers	\$ 7,105,223	\$ 6,777,764
Cash Paid to Employees	(1,969,695)	(1,754,833)
Cash Paid to Suppliers	(3,107,034)	(2,624,047)
Net Cash Provided by (Used in) Operating Activities	<u>2,028,494</u>	<u>2,398,884</u>
Cash Flows from Capital and Related Financing Activities		
Proceeds from Federal Grants	1,414,871	1,298,615
Proceeds from State Grants	413,357	460,584
Passenger Facility Charge Revenue	1,061,845	932,633
Capital Facility Charge	55,691	48,574
Sale of Surplus equipment	-	7,879
Miscellaneous	13,010	10,618
Principal Repaid	(923,862)	(341,798)
Interest Paid	(210,900)	(250,804)
Acquisition and Construction of Fixed Assets	(1,814,311)	(2,928,819)
Net Cash Provided by (Used in) Capital and Related Financing Activities	<u>9,701</u>	<u>(762,518)</u>
Cash Flows from Investing Activities		
Interest Received	<u>107,798</u>	<u>30,406</u>
Increase in Cash	2,145,993	1,666,772
Cash, Beginning of Year	<u>9,999,528</u>	<u>8,332,756</u>
Cash, End of Year	<u>\$ 12,145,521</u>	<u>\$ 9,999,528</u>

See accompanying notes.

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED SEPTEMBER 30, 2019 AND 2018
GAINESVILLE-ALACHUA COUNTY REGIONAL AIRPORT AUTHORITY
GAINESVILLE, FLORIDA

	2019	2018
<u>Presented in Accompanying Financial Statements as</u>		
Current Assets		
Cash and Cash Equivalents	\$ 7,980,203	\$ 6,400,162
Restricted Assets		
Cash - Passenger Facility Charge	2,769,793	1,914,851
Cash - Capital Facility Charge	1,226,705	1,209,888
Cash - Debt Service	168,820	474,627
Total Cash, End of Year (Above)	\$ 12,145,521	\$ 9,999,528
 <u>Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities</u>		
Operating Income (Loss)	\$ (1,891,613)	\$ (2,161,931)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:		
Depreciation and Amortization	4,023,637	4,243,117
Bad Debt Expense	-	7,286
Decrease (Increase) in Receivables	(33,373)	92,405
Decrease (Increase) in Inventories and Prepaid Expenses	(15,134)	8,711
Increase (Decrease) in Accounts Payable and Accrued Liabilities	(55,023)	209,296
Net Cash Provided by (Used in) Operating Activities	\$ 2,028,494	\$ 2,398,884

See accompanying notes.

NOTES TO FINANCIAL STATEMENTS
GAINESVILLE-ALACHUA COUNTY REGIONAL AIRPORT AUTHORITY
GAINESVILLE, FLORIDA

Note 1 - Summary of Significant Accounting Policies

Reporting Entity

The Gainesville-Alachua County Regional Airport Authority (the Airport Authority) is an independent special district created for the purpose of providing airport services and facilities for the citizens of Alachua County, Florida, and surrounding areas. The accompanying financial statements of the Airport Authority have been prepared in conformity with generally accepted accounting principles (GAAP) in the United States of America as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. As a result of applying the reporting entity criteria under GASB, no other component units exist in which the Airport Authority has any financial accountability, which would require inclusion in the Airport Authority's financial statements.

Accounting Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Basis of Presentation

The Airport Authority's financial statements are presented in the form of a single enterprise fund, which encompasses all financial activity relative to owning, operating, and improving the Airport facilities.

Governmental proprietary operations (enterprise funds) are accounted for using a flow of economic resources measurement focus on an accrual basis of accounting. Revenues are recognized in the period in which they are earned and expenses are recognized in the period incurred.

Revenues from airlines, concessions, rental cars, and parking are reported as operating revenues. Transactions which are capital, financing, or investing-related are reported as non-operating revenues. All expenses related to operating the Airport Authority are reported as operating expenses. Interest expense and financing costs are reported as non-operating expenses.

The accounting and reporting policies of the Airport Authority conform to the accounting rules prescribed by GASB.

GASB establishes standards for external financial reporting for state and local governments and requires that resources be classified for accounting and reporting purposes into the following four net position categories:

- Net Investment in Capital Assets—Capital assets, net of accumulated depreciation and outstanding principal balances of debt attributable to the acquisition, construction, or improvement of those assets.

NOTES TO FINANCIAL STATEMENTS
GAINESVILLE-ALACHUA COUNTY REGIONAL AIRPORT AUTHORITY
GAINESVILLE, FLORIDA

- Restricted—
 - *Non-Expendable*—Net position subject to externally imposed stipulations requiring that the Airport Authority maintain them permanently. The Airport Authority has no non-expendable net position.
 - *Expendable*—Net position whose use by the Airport Authority is subject to externally imposed stipulations that can be fulfilled by actions of the Airport Authority pursuant to those stipulations or that expire by the passage of time. Such net position included passenger facility and customer facility charge assets and assets restricted for debt service.
- Unrestricted—Net position that is not subject to externally imposed stipulations. Unrestricted net position may be designated for specific purposes by action of management or the Board of Directors or may otherwise be limited by contractual agreements with outside parties.

Cash and Cash Equivalents

Cash includes cash on hand and cash in banks.

Accounts and Grants Receivable

Accounts receivable represent amounts due from various vendors who use airport facilities. Grants receivable represent amounts due from other government entities and are recorded when the Airport Authority has incurred qualified expenditures in accordance with various grant agreements. Receivables are recorded at net realizable value. The allowance for uncollectible receivables was \$17,445 for the years ended September 30, 2019 and 2018.

Inventories

Inventories are recorded at the lower of cost or market and are valued using the specific identification method.

Property, Plant and Equipment

Property, plant and equipment purchased or constructed are recorded at cost. Repairs and maintenance are charged to expense as incurred. Donated assets are recorded at acquisition cost at the date of contribution. Assets acquired or constructed are depreciated using the straight-line method over their estimated useful lives as follows:

Buildings	10-40 Years
Improvements Other Than Buildings	20-30 Years
Vehicles and Equipment	3-15 Years
Leasehold Acquisitions	20 Years

Budgets

Estimates of revenues and expenses are adopted prior to October 1 of each year. There were no budget amendments made during fiscal years 2019 or 2018.

NOTES TO FINANCIAL STATEMENTS
GAINESVILLE-ALACHUA COUNTY REGIONAL AIRPORT AUTHORITY
GAINESVILLE, FLORIDA

Capital Contributions

Contributions and grants are funds granted by various governmental agencies and collected from tenants for specific improvements to the Airport facilities (improvements). In the normal course of business, the Airport Authority applies for and receives grant funds primarily from the Federal Aviation Administration (FAA) and the Florida Department of Transportation (FDOT). Costs incurred under these agreements are subject to review and approval by the FAA and FDOT. Contributions and grants for improvements are reported in the statements of revenues, expenses, and changes in net position after non-operating revenues and expenses as capital contributions.

Passenger Facility Charges

The Airport Authority currently has one active Passenger Facility application, PFC 16-04-C-00-GNV. Approved by the FAA, PFC applications allow the Authority to impose a Passenger Facility Charge (PFC) at the \$4.50 level. Air carriers are required to collect the PFCs and remit \$4.39 per enplaned passenger to the Airport Authority on a monthly basis. PFC funds are used for specific improvements to Airport facilities, which are approved by the FAA and the air carriers. The authorization to impose the PFC is contingent on continued compliance with the terms of FAA regulations. On January 20, 2016, PFC application #4 was approved in the amount of \$6,277,987. Collections on PFC #4 began March 1, 2016.

Capital Facility Charges

On June 23, 2005, the Airport Authority passed Resolution 05-025 authorizing the implementation of a \$3.00 Capital Facility Charge (CFC), for use on rental car-related projects. The CFC has been collected by the rental car companies at the rate of \$3.00 per rented car per day and is remitted to the Airport Authority monthly. As a result of completing the Quick Turn-around Facility in fiscal year 2012, as well as other rental car-related projects it was determined that the CFC rate would be reduced from \$3 to \$1 as of July 1, 2014.

Terminal Rents and Concessions

Rental and concession fees are generated from airlines, parking lots, food and beverage, rental cars, advertising, and other commercial tenants.

Compensated Absences

Accumulated unpaid vacation pay is recorded as accrued.

Restricted Assets

Certain resources are restricted for future use by enabling legislation or debt covenants. These resources are classified as restricted because their use is limited. When both restricted and unrestricted resources are available for use, the Airport Authority's practice is to use the restricted resources first, then unrestricted resources as they are needed.

Note 2 - Cash and Cash Equivalents

The carrying amount of cash on hand and on deposit was as follows:

<u>September 30</u>	<u>Carrying Amount</u>	<u>Bank Balance</u>
2018	\$ 9,999,528	\$ 10,396,894
2019	12,145,521	12,119,995

NOTES TO FINANCIAL STATEMENTS
GAINESVILLE-ALACHUA COUNTY REGIONAL AIRPORT AUTHORITY
GAINESVILLE, FLORIDA

All of the Airport Authority’s public deposits are held in qualified public depositories pursuant to Florida Statutes, Chapter 280, *Florida Security for Public Deposits Act* (the Act). Under the Act, all qualified public depositories are required to pledge eligible collateral having a market value equal to or greater than the average daily or monthly balance of all public deposits, times the depository’s collateral pledged level. The pledging level may range from 50% to 125% depending upon the depository’s financial condition and establishment period. All collateral must be deposited with an approved financial institution. Any losses to public depositors are covered by applicable deposit insurance, sale of securities pledged as collateral and, if necessary, assessments against other qualified public depositories of the same type as the depository in default. The Airport Authority’s deposits are considered to be fully insured.

Note 3 - Commitments

The Airport Authority is currently conducting various improvement projects that are eligible for federal, state, and local reimbursements. Commitments outstanding are approximately \$17,030,809 and \$895,857 at September 30, 2019 and 2018, respectively.

Note 4 - Pension Plans

During 2019 and 2018, the Airport Authority had approximately 34 and 32 employees, respectively; hired and supervised directly by the Airport Authority. The employees who worked for the Airport Authority participated in a defined contribution pension plan administered by the Airport Authority.

Defined Contribution Pension Plan

The Plan is open to all Airport Authority personnel. The Plan is qualified under the provisions of Section 401(a) of the Internal Revenue Code. Under the provisions of the Plan, the Airport Authority contributes an amount equal to 10% of the employees’ gross pay. Covered employees are required to contribute 5% of gross pay. Employees are vested in the Plan when they begin employment.

Employer contributions are submitted to ICMA Retirement Corporation, which invests the assets on behalf of the employees and reports the results of the investment activity on a quarterly basis. Employees may withdraw these contributions and any interest earned thereon upon separation from service. Withdrawals prior to the age of 55 are subject to a 10% penalty.

Total pension expense under this plan was \$139,032 and \$125,249 for the years ended September 30, 2019 and 2018, respectively.

Note 5 - Services Provided by the City of Gainesville, Florida

During the years ended September 30, 2019 and 2018, the Airport Authority paid the City of Gainesville, Florida, for services as follows:

	<u>2019</u>	<u>2018</u>
Fire Protection	\$ 539,897	\$ 524,172
Security	326,549	325,527
Indirect Costs	18,723	27,659
Utilities	<u>488,502</u>	<u>466,598</u>
Total	<u>\$ 1,373,671</u>	<u>\$ 1,343,956</u>

NOTES TO FINANCIAL STATEMENTS
GAINESVILLE-ALACHUA COUNTY REGIONAL AIRPORT AUTHORITY
GAINESVILLE, FLORIDA

Note 6 - Long-Term Debt

The Airport Authority issued and has outstanding Series 2006A Revenue Bonds and Series 2007 Revenue Bonds.

\$6,025,000 Airport Revenue Bonds, Construction of a Small Aircraft Transportation System (SATS) Maintenance Facility, Series 2006A

Type—Revenue Bonds

Dated—July 6, 2006

Final Maturity—June 1, 2027

Principal Payment Date—June 1

Interest Payment Date—June 1 and December 1

Interest Rates—Floating rate (0.65 x 6 months LIBOR + 2%) through May 31, 2007, then 5.49% from June 1, 2007, through maturity.

Reserve Requirement—None

Revenue Pledged—For the fiscal year-end 2015 through the first quarter of 2016, the primary revenue guarantee was rents received from Silver Airways as outlined in the amended lease agreement between the Airport Authority and Silver Airways during fiscal year 2013. The secondary revenue guarantee (upon default by Silver Airways) is parking lot revenues equal to annual debt service. Effective the second quarter of fiscal year 2016, parking lot revenues became the primary revenue pledged and remain so through fiscal year 2019.

Purpose—To design and construct a 61,000 square foot SATS maintenance facility.

Call Provisions—The Series 2006A Bonds are subject to redemption at any time prior to maturity in \$5,000 increments at the option of the Airport Authority without a premium. However, as part of this issuance, the Airport Authority also entered into a Hedge Agreement, which provides a mechanism for fixing the interest rate. While the underlying bonds may be redeemed without premium, the Hedge Agreement is subject to gains or losses that may be incurred for early termination depending on market conditions at the time of an early termination.

During construction, draws were made against the Bond Issuance as part of the Loan Agreement. As of September 30, 2019, the amount of outstanding principal on the Series 2006A Bonds is \$3,181,786.

<u>Year Ending September 30,</u>	<u>Business Activity</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 328,725	\$ 171,526	\$ 500,251
2021	345,980	152,424	498,404
2022	364,641	132,822	497,463
2023	384,309	112,162	496,471
2024	404,355	90,669	495,024
2025-2027	<u>1,353,776</u>	<u>128,493</u>	<u>1,482,269</u>
Total	<u>\$ 3,181,786</u>	<u>\$ 788,096</u>	<u>\$ 3,969,882</u>

NOTES TO FINANCIAL STATEMENTS
GAINESVILLE-ALACHUA COUNTY REGIONAL AIRPORT AUTHORITY
GAINESVILLE, FLORIDA

\$985,580 Airport Revenue Bonds, T-Hangar Project, Series 2007

Type—Revenue Bonds

Dated—March 1, 2007

Final Maturity—March 31, 2019

Principal Payment Date—March 31

Interest Payment Date—March 31 and September 30

Interest Rates—Floating rate (1 month LIBOR + 2%) through March 31, 2008, then 5.06% from April 1, 2008, through maturity.

Revenue Requirement—None

Revenue Pledged—The primary revenue guarantee are rents received from T-Hangar lease revenues.

Purpose—To construct 26 new T-Hangar spaces for storage of private aircraft in T-Hangar rows “K” and “L”.

Call Provisions—The Series 2007 Bonds are subject to redemption at any time prior to maturity in \$5,000 increments at the option of the Airport Authority without a premium.

Payoff—The bank recorded the Airport’s final principal payment of \$613,403.93 on April 1, 2019.

Long-term liability activity for the years ended September 30, 2019 and 2018, was as follows:

	Beginning Balance 10/1/18	Increases	Decreases	Ending Balance 9/30/19	Due Within One Year
Revenue Bonds/Notes					
Series 2006A	\$ 3,492,243	\$ -	\$ 310,457	\$ 3,181,786	\$ 328,725
Series 2007	<u>613,404</u>	<u>-</u>	<u>613,404</u>	<u>-</u>	<u>-</u>
Total Revenue Bonds	<u>\$ 4,105,647</u>	<u>\$ -</u>	<u>\$ 923,861</u>	<u>\$ 3,181,786</u>	<u>\$ 328,725</u>
	Beginning Balance 10/1/17	Increases	Decreases	Ending Balance 9/30/18	Due Within One Year
Revenue Bonds/Notes					
Series 2006A	\$ 3,787,805	\$ -	\$ 295,562	\$ 3,492,243	\$ 310,457
Series 2007	<u>659,640</u>	<u>-</u>	<u>46,236</u>	<u>613,404</u>	<u>613,404</u>
Total Revenue Bonds	<u>\$ 4,447,445</u>	<u>\$ -</u>	<u>\$ 341,798</u>	<u>\$ 4,105,647</u>	<u>\$ 923,861</u>

Interest expense totaled \$204,160 and \$237,775, respectively, in 2019 and 2018.

NOTES TO FINANCIAL STATEMENTS
GAINESVILLE-ALACHUA COUNTY REGIONAL AIRPORT AUTHORITY
GAINESVILLE, FLORIDA

Note 7 - Line of Credit

On January 31, 2005, the Airport Authority entered into a revolving loan agreement with Compass Bank secured by revenues generated from passenger facility charges. The original agreement allowed the Airport Authority to borrow up to \$2,000,000, with interest accruing on the unpaid principal balance at the LIBOR-Market Index Rate plus 200 basis points. The interest rate will not decrease below 4.5% nor increase above 18% per annum. Beginning on March 1, 2005, and continuing on the first day of each month thereafter, the Airport Authority shall pay monthly payments of interest only with interest calculated on the unpaid principal balance. With Board authorization, the agreement was subsequently amended and has been extended annually since its original expiration date of December 1, 2013. As of September 30, 2019 and 2018, the amount available on the line of credit was \$1,000,000 and the terms include an interest rate of monthly LIBOR plus 2.75% or a floor of 4.5%. At the time of the renewal, June 27, 2019, the monthly LIBOR was 2.382%, which would have resulted in an effective rate of 5.132% if had been put in use at that point. As of and during the years ended September 30, 2019 and 2018, the Airport Authority borrowed \$0.

Note 8 - Derivative Instruments

During the year, the Airport Authority was party to two interest rate swap agreements.

At September 30, 2019, the Airport Authority had the following derivative instruments outstanding:

	<u>Notional Amount</u>	<u>Fair Value</u>		<u>Changes in Fair Value</u>	
		<u>Classification</u>	<u>Amount</u>	<u>Classification</u>	<u>Amount</u>
Cash Flow Hedges					
Pay-Fixed Interest Rate Swap	\$ 6,025,000	Debt	\$ (458,073)	Deferred Outflow	\$ (78,084)

At September 30, 2018, the Airport Authority had the following derivative instruments outstanding:

	<u>Notional Amount</u>	<u>Fair Value</u>		<u>Changes in Fair Value</u>	
		<u>Classification</u>	<u>Amount</u>	<u>Classification</u>	<u>Amount</u>
Cash Flow Hedges					
Pay-Fixed Interest Rate Swap	\$ 6,025,000	Debt	\$ (379,989)	Deferred Outflow	\$ 213,880
Pay-Fixed Interest Rate Swap	985,580	Debt	(6,351)	Deferred Outflow	18,395

NOTES TO FINANCIAL STATEMENTS
GAINESVILLE-ALACHUA COUNTY REGIONAL AIRPORT AUTHORITY
GAINESVILLE, FLORIDA

Derivative Instrument Types

As of September 30, 2019 and 2018, the interest rate swaps are considered to be hedging derivative instruments and are identified as a cash flow hedge. The Airport Authority used the synthetic instrument method to evaluate hedge effectiveness. This method evaluates effectiveness by combining the hedgeable item and the potential hedging derivative instrument to simulate a third synthetic instrument. A potential hedging derivative instrument is effective if its total variable cash flows substantially offset the variable cash flows of the hedgeable item, substantially fixing the actual synthetic rate.

Fair Values

Fair values of the interest rate swaps were estimated using the zero-coupon method.

Hedging Derivative Instruments - Objectives and Terms

The objectives and terms of the Airport Authority's hedging derivative instruments outstanding at September 30, 2019 and September 30, 2018, and counterparty credit ratings are as follows:

<u>Instrument</u>	<u>Derivative Type</u>	<u>Counterparty Credit Rating</u>	<u>Objective</u>	<u>Notional Amount</u>	<u>Effective Date</u>	<u>Maturity Date</u>	<u>Terms</u>
1	Pay-fixed Interest Rate Swap	A3	Hedge Changes in Cash Flows on the 2006A Note	\$ 6,025,000	6/29/2006	6/01/2027	Pay Synthetic Fixed Rate of 5.49% Receive 65% of LIBOR Plus 130 Basis Points
2	Pay-fixed Interest Rate Swap	A3	Hedge Changes in Cash Flows on the 2007 Note	985,580	3/08/2007	3/31/2019	Pay Synthetic Fixed Rate of 5.06% Receive 65% of LIBOR Plus 130 Basis Points

Derivative Instruments Risks

Interest Rate Risk—The Airport Authority is exposed to interest rate risk on its swap agreements. On pay-fixed, receive-variable interest rate swaps, the Airport Authority's net payment increases as LIBOR decreases.

Termination Risk—The swaps may be terminated at any time if certain events occur that result in one party not performing in accordance with the agreement. If a swap is terminated, the variable rate notes would no longer carry a synthetic fixed interest rate. Also, if, at the time of termination, the swap has a negative fair value, the Airport Authority would be liable to the Counterparty for a payment equal to the swap's fair value at that time.

Note 9 - Pledged Revenues

The Authority has pledged certain revenues to repay revenue bonds as of September 30, 2019 and September 30, 2018. The following table reports the revenues pledged for each debt issue, the amount of such revenues received in the current year, the current year principal and interest paid on the debt, the approximate percentage of each revenue which is pledged to meet the debt obligation, the date through which the revenue is pledged under the debt agreement, and the total pledged future revenues for each debt, which is the amount of the remaining principal and interest on the revenue bonds at September 30, 2019 and September 30, 2018:

**NOTES TO FINANCIAL STATEMENTS
GAINESVILLE-ALACHUA COUNTY REGIONAL AIRPORT AUTHORITY
GAINESVILLE, FLORIDA**

FISCAL YEAR ENDED SEPTEMBER 30, 2019

<u>Pledged Revenue</u>	<u>Description of Bonds</u>	<u>Revenue Received</u>	<u>Principal and Interest Paid</u>	<u>Estimated Percentage Pledged</u>	<u>Outstanding Principal and Interest</u>	<u>Pledged Through</u>
Parking Revenues	Revenue Bonds, Series 2006A	\$ 2,149,864	\$ 499,150	23%	\$ 3,969,882	2027
T-Hangar Lease Revenues	Revenue Bonds, Series 2007	\$ 229,076	\$ 628,871	100%	\$ -	2019

FISCAL YEAR ENDED SEPTEMBER 30, 2018

<u>Pledged Revenue</u>	<u>Description of Bonds</u>	<u>Revenue Received</u>	<u>Principal and Interest Paid</u>	<u>Estimated Percentage Pledged</u>	<u>Outstanding Principal and Interest</u>	<u>Pledged Through</u>
Parking Revenues	Revenue Bonds, Series 2006A	\$ 1,962,890	\$ 500,975	26%	\$ 4,468,996	2027
T-Hangar Lease Revenues	Revenue Bonds, Series 2007	\$ 210,506	\$ 78,598	37%	\$ 629,095	2019

Note 10 - Risk Management

The Airport Authority is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the Airport Authority carries commercial insurance. Insurance against losses are provided for the following types of risk:

- | | |
|-------------------------------------|------------------------------------|
| ■ Workers' Compensation | ■ Directors and Officers Liability |
| ■ Business Auto | ■ Airport Liability |
| ■ Real and Personal Property Damage | ■ Fiduciary Liability |
| ■ Cyber Liability | ■ Crime |

Settlements have not exceeded coverage during the past three years.

Note 11 - Inter-Local Agreement

Pursuant to an inter-local agreement, the City of Gainesville, Florida, has agreed to share the ad valorem tax proceeds for the sale of certain parcels of land owned by the City of Gainesville, Florida, in the Airport Industrial Park. All proceeds must be used for capital projects at the airport or operations. The amounts to be paid by the City of Gainesville, Florida, are based upon 50% of ad valorem tax proceeds and will be spread over periods not to exceed ten years. The ad valorem tax proceeds and land sales proceeds that was shared with the Airport Authority were \$0 for the years ended September 30, 2019 and 2018. Such amounts would be recorded as revenues when they became due from the City of Gainesville, Florida. Thus, there were no parcels that actively generated revenues per the agreement for fiscal year 2019 or 2018.

NOTES TO FINANCIAL STATEMENTS
GAINESVILLE-ALACHUA COUNTY REGIONAL AIRPORT AUTHORITY
GAINESVILLE, FLORIDA

Note 12 - Capital Assets

A summary of changes in capital assets for the years ended September 30, 2019 and 2018, as follows:

	Beginning Balance October 1, 2018	Increases	Decreases	Ending Balance September 30, 2019
Capital Assets Not Being Depreciated				
Land	\$ 2,956,264	\$ -	\$ -	\$ 2,956,264
Capital Assets Being Depreciated				
Buildings	31,635,481	12,313	347,467	31,300,327
Improvements Other than Buildings	77,924,604	357,269	412,487	77,869,386
Fuel Farm Land and Improvements	653,371	-	-	653,371
Vehicles and Equipment	3,260,870	369,303	10,024	3,620,149
Leasehold Acquisitions	450,000	-	-	450,000
Total Capital Assets Being Depreciated	113,924,326	738,885	769,978	113,893,233
Less Accumulated Depreciation for				
Buildings	14,740,185	874,303	347,467	15,267,021
Improvements Other than Buildings	43,905,563	2,913,441	412,487	46,406,517
Fuel Farm Land and Improvements	511,080	10,277	-	521,357
Vehicles and Equipment	2,566,395	225,615	10,024	2,781,986
Leasehold Acquisitions	450,000	-	-	450,000
Total Accumulated Depreciation	62,173,223	4,023,636	769,978	65,426,881
Total Being Depreciated, Net	51,751,103	(3,284,751)	-	48,466,352
Construction Work in Progress	977,279	1,723,166	518,172	2,182,273
Capital Assets, Net	\$ 55,684,646	\$ (1,561,585)	\$ 518,172	\$ 53,604,889

NOTES TO FINANCIAL STATEMENTS
GAINESVILLE-ALACHUA COUNTY REGIONAL AIRPORT AUTHORITY
GAINESVILLE, FLORIDA

	Beginning Balance October 1, <u>2017</u>	Increases	Decreases	Ending Balance September 30, <u>2018</u>
Capital Assets Not Being Depreciated				
Land	\$ 2,956,264	\$ -	\$ -	\$ 2,956,264
Capital Assets Being Depreciated				
Buildings	27,544,878	4,090,603	-	31,635,481
Improvements Other than Buildings	76,167,041	1,757,563	-	77,924,604
Fuel Farm Land and Improvements	653,371	-	-	653,371
Vehicles and Equipment	3,492,734	159,787	391,651	3,260,870
Leasehold Acquisitions	450,000	-	-	450,000
Total Capital Assets Being Depreciated	<u>108,308,024</u>	<u>6,007,953</u>	<u>391,651</u>	<u>113,924,326</u>
Less Accumulated Depreciation for				
Buildings	13,830,734	909,451	-	14,740,185
Improvements Other than Buildings	40,794,571	3,110,992	-	43,905,563
Fuel Farm Land and Improvements	500,802	10,278	-	511,080
Vehicles and Equipment	2,745,650	212,396	391,651	2,566,395
Leasehold Acquisitions	450,000	-	-	450,000
Total Accumulated Depreciation	<u>58,321,757</u>	<u>4,243,117</u>	<u>391,651</u>	<u>62,173,223</u>
Total Being Depreciated, Net	49,986,267	1,764,836	-	51,751,103
Construction Work in Progress	<u>4,610,598</u>	<u>2,245,954</u>	<u>5,879,273</u>	<u>977,279</u>
Capital Assets, Net	<u>\$ 57,553,129</u>	<u>\$ 4,010,790</u>	<u>\$ 5,879,273</u>	<u>\$ 55,684,646</u>

Note 13 - Operating Leases

The Airport Authority is the lessor on various leases of facilities located at the Gainesville Regional Airport and other leases for property owned by the City of Gainesville. The following is a schedule of estimated minimum future lease income on non-cancelable operating leases:

<u>Fiscal Year</u>	<u>Amount</u>
2020	\$ 542,862
2021	407,860
2022	409,493
2023	411,175
2024	415,108
2025-2029	947,446
2030-2034	284,892
2035-2039	193,273
Total	<u>\$ 3,612,109</u>

NOTES TO FINANCIAL STATEMENTS
GAINESVILLE-ALACHUA COUNTY REGIONAL AIRPORT AUTHORITY
GAINESVILLE, FLORIDA

Assumptions:

- Tenants do not exercise the no-fault cancellation option in lease.
- Tenants accept renewal options in lease.
- CPI increases are estimated at 3%.

Note 14 - Contingencies

The Airport Authority would be contingently liable with respect to any claims incidental to its ordinary course of business. The Airport Authority is insured and, to the best of the Airport Authority management’s knowledge, any claims existing from last fiscal year were settled without any adverse financial impact to the Airport Authority. The Airport Authority’s management is not aware of any existing claims outstanding.

Note 15 - Restricted Net Position

Certain net position is considered restricted for future use by enabling legislation or from other restricted sources. A summary of the Airport Authority’s restricted net position at September 30, 2019 and 2018, is as follows:

	2019	2018
Capital Facility Charge	\$ 1,245,597	\$ 1,224,449
Passenger Facility Charge	2,977,249	2,088,514
Debt Service	168,820	474,627
Total Restricted Net Position	\$ 4,391,666	\$ 3,787,590

Note 16 - Subsequent Event – COVID 19

Although it is difficult to project for how long and how deep the impact of COVID-19 will affect the Airport Authority’s financial condition, it is clear it will have a substantial impact on the second half of fiscal year 2020. For example, March 2020 passenger activity was at 55% of what would be anticipated, with the first half of the month being close to expectations and the second half at about 5% of normal activity. The trend of 5% passenger activity continued for the month of April. However, the month of May has shown a relatively substantial increase in passenger activity compared to April, passenger activity jumped from 5% to 15% of normal activity for May. Prior to COVID-19, the Airport was averaging slightly over 15 arrival/departure flights per day; April’s average daily flights were just under 5 and May at about 4 and a half. The Miami flights were cancelled by the end of March and are anticipated to return by the third quarter of 2020. In addition, other flights are expected to be added back to the schedule over the next few months.

Further, the Airport Authority is in the process of applying for and accepting a grant from the CARES Act in the amount of \$3.1 million, which was approved by the Board. This funding can be utilized to pay for any legal purpose such as operating expenses or capital improvements. Also, the Airport has offered temporary abatements and discounts to the airlines, rental car companies and concessionaires that could carry through the remainder of the calendar year and is similar to what some other airports are providing. This action was also approved by the Board.

OTHER SUPPLEMENTARY INFORMATION

REVENUE COMPARISON - BUDGET VS. ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2019
GAINESVILLE-ALACHUA COUNTY REGIONAL AIRPORT AUTHORITY
GAINESVILLE, FLORIDA

	Fiscal Year 2018-2019 Total Budget	Fiscal Year 2018-2019 Actual Revenues	Over (Under) Budget
Operating Revenues			
Commercial Terminals:			
Airport Terminal Parking	\$ 1,800,000	\$ 2,149,864	\$ 349,864
Air Carriers Rent - Exclusive Space	530,872	527,993	(2,879)
Other Exclusive Rent	2,127	1,997	(130)
Air Carriers Rent - Nonexclusive Space	624,325	624,325	-
Air Carriers - Landing Fees	392,636	442,688	50,052
Passenger Boarding Bridge Fees	50,070	52,587	2,517
Charter Landing Fees	12,000	11,105	(895)
TSA LEO Reimbursement	15,000	105,265	90,265
TSA Office Rent	41,664	41,716	52
TSA Screening Checkpoint Reimbursement	22,336	22,336	-
Airways Facility Rent	41,040	40,006	(1,034)
Industrial Park Rent	9,460	9,479	19
Rental Car Company Rent - Exclusive Space	96,378	95,773	(605)
Rental Car Company Concession Fees	794,292	803,788	9,496
Rental Car Company over MAG	215,000	268,223	53,223
QTF	444,485	437,196	(7,289)
Food Concessionaire	48,000	60,808	12,808
Advertising Fees	35,000	46,143	11,143
Ground Transportation Fees	18,000	40,389	22,389
Automated Teller Machine Revenue	2,400	2,200	(200)
Cell Phone Tower Rent	16,560	19,044	2,484
Solar Revenue	101,000	86,446	(14,554)
Miscellaneous Revenue	16,500	12,901	(3,599)
Total Commercial Terminals	5,329,145	5,902,272	573,127
General Aviation:			
Fuel Flowage Fees	100,814	88,678	(12,136)
Fixed Base Operators' Rent	232,098	241,379	9,281
FBO/GA Landing Fees	8,000	11,205	3,205
FBO Specialty Airport Services Rent	133,578	131,360	(2,218)
Corporate Aviation Rent	25,606	25,661	55
T-Hangar Rent (FBO/GA)	212,858	229,076	16,218
Sunshade Rent (FBO/GA)	2,820	2,996	176
Bulk Hangar Rent	45,124	45,058	(66)
Tie Downs (FBO/GA)	3,000	3,412	412
Storage Fees (GA)	1,332	1,940	608
Port-O-Port Rent (FBO/GA)	15,571	16,445	874
FBO Charter Passenger Fee	-	558	558
FBO Ramp Parking Fees	1,000	2,741	1,741
GA Grounds Support Equipment Rental	1,000	1,020	20
Fuel Farm Facilities Storage Fees	161,000	208,235	47,235
Silver Hangar Rents	45,000	117,851	72,851
AFSS Rent	-	1,950	1,950
Driving Pad Lease - Amazon	106,200	106,759	559
Total General Aviation	1,095,001	1,236,324	141,323
Total Operating Revenues	6,424,146	7,138,596	714,450

**REVENUE COMPARISON - BUDGET VS. ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2019
GAINESVILLE-ALACHUA COUNTY REGIONAL AIRPORT AUTHORITY
GAINESVILLE, FLORIDA**

	Fiscal Year 2018-2019 Total Budget	Fiscal Year 2018-2019 Actual Revenues	Over (Under) Budget
Non-Operating Revenues			
Passenger Facility Charge Revenue	\$ -	\$ 1,090,551	\$ 1,090,551
PFC - Interest revenue	-	31,726	31,726
Capital Facility Charge Revenue	-	57,823	57,823
CFC - Interest revenue	-	17,418	17,418
Federal and State Grants	-	1,145,733	1,145,733
Miscellaneous	5,400	13,010	7,610
Interest Income	35,000	74,957	39,957
Sale of Surplus Equipment	1,000	-	(1,000)
Total Non-Operating Revenues	<u>41,400</u>	<u>2,431,218</u>	<u>2,389,818</u>
Total Revenues	<u>\$ 6,465,546</u>	<u>\$ 9,569,814</u>	<u>\$ 3,104,268</u>

**EXPENSE COMPARISON - BUDGET VS. ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2019
GAINESVILLE-ALACHUA COUNTY REGIONAL AIRPORT AUTHORITY
GAINESVILLE, FLORIDA**

	Fiscal Year 2018-2019 Total Budget	Fiscal Year 2018-2019 Actual Expenses	(Over) Under Budget
Expenses from Operations			
Airport Administration:			
Personal Services	\$ 763,917	\$ 755,331	\$ 8,586
Operating Expenses	616,533	558,043	58,490
Total Airport Administration	<u>1,380,450</u>	<u>1,313,374</u>	<u>67,076</u>
Airport Operations and Maintenance:			
Personal Services	1,327,121	1,214,364	112,757
Operating Expenses	2,019,224	2,009,527	9,697
Total Airport Operations and Maintenance	<u>3,346,345</u>	<u>3,223,891</u>	<u>122,454</u>
General Aviation Operations:			
Operating Expenses	89,789	81,545	8,244
Cost of Sales	5,250	5,212	38
Total General Aviation Operations	<u>95,039</u>	<u>86,757</u>	<u>8,282</u>
Fuel Farm:			
Operating Expenses	27,096	19,339	7,757
Total Fuel Farm	<u>27,096</u>	<u>19,339</u>	<u>7,757</u>
Quick Turn-around Facility:			
Operating Expenses	361,579	363,211	(1,632)
Total Quick Turn-Around Facility	<u>361,579</u>	<u>363,211</u>	<u>(1,632)</u>
Depreciation Expense	-	4,023,637	(4,023,637)
Total Expenses from Operations	<u>5,210,509</u>	<u>9,030,209</u>	<u>(3,819,700)</u>
Non-Operating Expenses			
Interest Expense	216,350	204,160	12,190
Total Non-Operating Expenses	<u>216,350</u>	<u>204,160</u>	<u>12,190</u>
(Total Expenses)	<u>\$ 5,426,859</u>	<u>\$ 9,234,369</u>	<u>\$ (3,807,510)</u>

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED SEPTEMBER 30, 2019
GAINESVILLE-ALACHUA COUNTY REGIONAL AIRPORT AUTHORITY
GAINESVILLE, FLORIDA**

<u>Grantor/Program Title</u>	<u>CFDA Contract Number</u>	<u>Program or Award Amount</u>	<u>Receivable (Payable) Balance 10/1/2018</u>	<u>(Receipts)</u>	<u>Eligible Expenditures</u>	<u>Receivable (Payable) Balance 9/30/2019</u>
U.S. Department of Transportation						
Federal Aviation Administration:						
Airport Improvement Programs (AIP 39)						
ARFF Construction and Terminal Design	20.106	\$ 4,253,212	\$ 564,376	\$ (967,900)	\$ 403,524	\$ -
AIP 39 Totals		<u>4,253,212</u>	<u>564,376</u>	<u>(967,900)</u>	<u>403,524</u>	<u>-</u>
Airport Improvement Programs (AIP 41)						
Terminal Expansion Utility	20.106	647,514	2,296	(446,971)	549,013	104,338
AIP 41 Totals		<u>647,514</u>	<u>2,296</u>	<u>(446,971)</u>	<u>549,013</u>	<u>104,338</u>
Airport Improvement Programs (AIP 42)						
Terminal Expansion Phase 2	20.106	10,246,646	-	-	9,348	9,348
AIP 42 Totals		<u>10,246,646</u>	<u>-</u>	<u>-</u>	<u>9,348</u>	<u>9,348</u>
Total Federal Financial Assistance		<u>\$ 15,147,372</u>	<u>\$ 566,672</u>	<u>\$ (1,414,871)</u>	<u>\$ 961,885</u>	<u>\$ 113,686</u>

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED SEPTEMBER 30, 2019
GAINESVILLE-ALACHUA COUNTY REGIONAL AIRPORT AUTHORITY
GAINESVILLE, FLORIDA**

<u>Grantor/Program Title</u>	<u>CSFA Contract Number</u>	<u>FIN Number</u>	<u>Program or Award Amount</u>	<u>Receivable (Payable) Balance 10/1/2018</u>	<u>(Receipts)</u>	<u>(Adjustments) Eligible Expenditures</u>	<u>Receivable (Payable) Balance 9/30/2019</u>
Florida Department of Transportation							
State Grants and Aids Appropriations							
Terminal and Parking Improvements	55.004	43873919416	\$ 1,000,000	\$ 32,422	\$ -	\$ 27,572	\$ 59,994
Tractors	55.004	43676119419	100,000	97,682	(97,682)	46,176	46,176
GA Facility Rehab and Bulk Hangar	55.004	43492119419	400,000	123	-	67,657	67,780
Emergency Generator - Fuel Farm	55.004	44544619419	12,500	-	-	8,311	8,311
Terminal Parking Phase 2:							
Supplement 1	55.004	42882919416	365,400	125,296	(125,296)	-	-
Supplement 2	55.004	42882919416	433,825	178,838	(181,907)	12,757	9,688
Security Equipment	55.004	44095419417	58,700	11,106	(8,472)	21,375	24,009
Subtotal Expenditures - CSFA No. 55.004			<u>2,370,425</u>	<u>445,467</u>	<u>(413,357)</u>	<u>183,848</u>	<u>215,958</u>
Total State Financial Assistance			<u>2,370,425</u>	<u>445,467</u>	<u>(413,357)</u>	<u>183,848</u>	<u>215,958</u>
Total Expenditures of Federal Awards and State Financial Assistance			<u>\$ 17,517,797</u>	<u>\$ 1,012,139</u>	<u>\$ (1,828,228)</u>	<u>\$ 1,145,733</u>	<u>\$ 329,644</u>

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED SEPTEMBER 30, 2019
GAINESVILLE-ALACHUA COUNTY REGIONAL AIRPORT AUTHORITY
GAINESVILLE, FLORIDA**

Note to Schedule of Federal Awards and State Financial Assistance

Basis of Presentation

The accompanying schedule of expenditures of federal awards and state financial assistance is presented on the accrual basis of accounting.

The Airport Authority did not elect to use the 10% de minimis indirect cost rate as covered in Section 200.414, Indirect (F&A) costs, of the Uniform Guidance.

The Airport Authority expended less than \$750,000 in state financial assistance and, therefore, no State Single Audit was required for the fiscal year ended September 30, 2019.

OTHER INFORMATION

**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 Governing Board
Gainesville-Alachua County Regional
Airport Authority
Gainesville, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the Gainesville-Alachua County Regional Airport Authority (the Airport Authority) as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the Airport Authority's financial statements, and have issued our report thereon dated June 22, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Airport 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 Airport Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Airport Authority's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Airport Authority'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 the 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.

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To the Governing Board
Gainesville-Alachua County Regional
Airport Authority
Gainesville, Florida

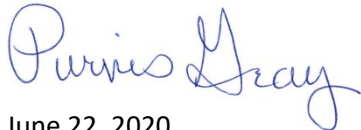
**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER
MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Airport Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance 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 non-compliance 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 Airport Authority's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Airport Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



June 22, 2020
Gainesville, Florida

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Governing Board
Gainesville-Alachua County Regional
Airport Authority
Gainesville, Florida

Report on Compliance for Each Major Federal Program

We have audited the Gainesville-Alachua County Regional Airport Authority's (the Airport Authority) compliance with the types of compliance requirements described in the OMB *Compliance Supplement*, that could have a direct and material effect on the Airport Authority's major federal programs for the year ended September 30, 2019. The Airport Authority's major federal programs are 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 federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Airport Authority's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether non-compliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Airport 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 each major federal program. However, our audit does not provide a legal determination of the Airport Authority's compliance.

Opinion on Each Major Federal Program

In our opinion, the Airport Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2019.

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To the Governing Board
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Gainesville, Florida

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR
EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL
CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

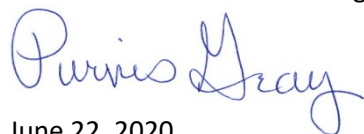
Report on Internal Control Over Compliance

Management of the Airport 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 Airport Authority's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, 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 Airport 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, non-compliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material non-compliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program 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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



June 22, 2020
Gainesville, Florida

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FEDERAL PROGRAMS
FOR THE YEAR ENDED SEPTEMBER 30, 2019
GAINESVILLE-ALACHUA COUNTY REGIONAL AIRPORT AUTHORITY
GAINESVILLE, FLORIDA**

I. SUMMARY OF AUDITOR'S RESULTS

Financial Statements

1. The independent auditor's report expresses an unmodified opinion on the financial statements of the Gainesville-Alachua County Regional Airport Authority.
2. The audit disclosed no material weaknesses or significant deficiencies in internal control over financial reporting and compliance.
3. No instances of non-compliance material to the financial statements of the Airport Authority were disclosed during the audit.

Federal Awards

4. No significant deficiencies and/or material weaknesses relating to internal control and compliance over major federal programs were disclosed.
5. The report on compliance for major federal programs expresses an unmodified opinion.
6. The audit disclosed no findings that are required to be reported in accordance with Section 516(a) of the Uniform Guidance relative to major federal programs.
7. The programs tested as major programs included the following:

Major Federal Program	Federal CFDA No.
U.S. Department of Transportation, Airport Improvement Program	20.106

8. The threshold for distinguishing Type A and B programs was \$750,000 for major federal award programs.
9. The Gainesville-Alachua County Regional Airport Authority did qualify as a low-risk auditee pursuant to the Uniform Guidance.

II. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED UNDER GENERALLY ACCEPTED GOVERNMENT AUDITING STANDARDS (GAGAS)

The audit disclosed no findings that are required to be reported under Generally Accepted Government Auditing Standards (GAGAS).

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FEDERAL PROGRAMS
FOR THE YEAR ENDED SEPTEMBER 30, 2019
GAINESVILLE-ALACHUA COUNTY REGIONAL AIRPORT AUTHORITY
GAINESVILLE, FLORIDA**

III. FINDINGS AND QUESTIONED COSTS FOR MAJOR FEDERAL AWARD PROGRAMS

There were no findings or questioned costs for the year ended September 30, 2019.

IV. OTHER ISSUES

No summary schedule of prior audit findings is required because there were no prior year audit findings related to federal programs or state projects.

INDEPENDENT ACCOUNTANT'S REPORT ON COMPLIANCE WITH SECTION 218.415, FLORIDA STATUTES

To the Governing Board
Gainesville-Alachua County Regional
Airport Authority
Gainesville, Florida

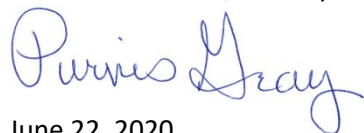
We have examined the Gainesville-Alachua County Regional Airport Authority's (the Airport Authority) compliance with the requirements of Section 218.415, Florida Statutes, as of and for the year ended September 30, 2019, as required by Section 10.556(10)(a), *Rules of the Auditor General*. Management is responsible for the Airport Authority's compliance with those requirements. Our responsibility is to express an opinion on the Airport 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 Airport Authority complied, in all material respects, with the requirements referenced above. An examination involves performing procedures to obtain evidence about whether the Airport Authority complied with the specified requirements. The nature, timing, and extent of procedures selected depend on our judgment, including an assessment of the risk of material non-compliance, 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 of the Airport Authority's compliance with specified requirements.

In our opinion, the Airport Authority complied, in all material respects, with the aforementioned requirements for the 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, Federal and other granting agencies, the Airport Authority, and applicable management, and is not intended to be, and should not be, used by anyone other than those specified parties.



June 22, 2020
Gainesville, Florida

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MANAGEMENT LETTER

To the Governing Board
Gainesville-Alachua County Regional
Airport Authority
Gainesville, Florida

Report on the Financial Statements

We have audited the financial statements of the Gainesville-Alachua County Regional Airport Authority (the Airport Authority), whose headquarters are located in Gainesville, Florida, as of and for the year ended September 30, 2019, and have issued our report thereon dated June 22, 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; the audit requirements of Title 2 U. S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); 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 Financial Statements Performed in Accordance with *Government Auditing Standards*; Independent Auditor's Report on Compliance for Each Major Federal Program and Report on Internal Control over Compliance; Schedule of Findings and Questioned Costs; and Independent Accountant's Report on an examination conducted in accordance with AICPA Professional Standards, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, *Rules of the Auditor General*. Disclosures in those reports and schedule, which are dated June 22, 2020 should be considered in conjunction with this management letter.

Prior Audit Findings

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

Official Title and Legal Authority

Section 10.554(1)(i)4., *Rules of the Auditor General*, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. The Airport Authority was established by Chapters 86-469 and 89-433, Laws of Florida, as amended by Chapter 95-457 in 1996 and Chapter 2006-363 in 2006. There were no component units related to the Airport Authority.

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MANAGEMENT LETTER

Financial Condition and Management

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

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

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

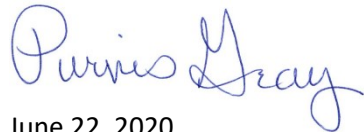
Additional Matters

Section 10.554(1)(i)3., *Rules of the Auditor General*, requires us to communicate non-compliance 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 warrants the attention of those charged with governance. In connection with our audit, we did not note any such findings.

Purpose of this Letter

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

We wish to take this opportunity to thank you and your staff for the cooperation and courtesies extended to us during the course of our audit. Please let us know if you have any questions or comments concerning this letter, our accompanying reports, or other matters.



June 22, 2020
Gainesville, Florida