

**BOCA RATON AIRPORT AUTHORITY
BOCA RATON, FLORIDA
FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
SEPTEMBER 30, 2022**

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

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying basic financial statements of the Boca Raton Airport Authority, Boca Raton, Florida ("Authority") as of and for the fiscal year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the basic financial statements of the Authority as of September 30, 2022, and the respective changes in financial position and cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Authority and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

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

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The schedule of expenditures of state financial assistance projects, as required by Chapter 10.550, *Rules of the Auditor General* of the State of Florida, and schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

Other Information Included in the Financial Report

Management is responsible for the other information included in the financial report. The other information comprises the information for compliance with FL Statute 218.39 (3) (c) but does not include the financial statements and our auditor's report thereon. Our opinions on the financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 8, 2023, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.



May 8, 2023

MANAGEMENT'S DISCUSSION AND ANALYSIS

The management of the Boca Raton Airport Authority, Boca Raton, Florida ("BRAA" or the "Authority") would like to offer the readers of the Authority's financial statements this discussion and analysis of the Authority's financial activities for the fiscal year ended September 30, 2022. Please read it in conjunction with the Authority's Independent Auditor's Report, basic financial statements, and accompanying notes to the basic financial statements.

FINANCIAL HIGHLIGHTS

- The assets of the Authority exceeded its liabilities at the close of the most recent fiscal year resulting in a net position balance of \$58,207,442.
- The change in the Authority's total net position in comparison with the prior fiscal year was an increase of \$6,851,410. The key components of the Authority's net position and change in net position are reflected in the table in the financial analysis section.

OVERVIEW OF FINANCIAL STATEMENTS

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

Fund Financial Statements

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

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

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

Notes to the Financial Statements

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

FINANCIAL ANALYSIS

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

FINANCIAL ANALYSIS (Continued)

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

Key Components of Net Position		
September 30,		
	2022	2021
Current and other assets	\$ 80,075,665	\$ 16,851,153
Capital assets, net of depreciation	43,212,396	36,417,601
Total assets	123,288,061	53,268,754
Current liabilities	1,231,289	906,614
Long-term liabilities	4,950,133	1,006,108
Total liabilities	6,181,422	1,912,722
Deferred inflows of resources	58,899,197	-
Net position		
Investment in capital assets	43,212,396	36,417,601
Unrestricted	14,995,046	14,938,431
Total net position	\$ 58,207,442	\$ 51,356,032

The Authority's net position reflects its investment of \$43,212,396 in capital assets (e.g. easements, buildings, leasehold improvements, and infrastructure). These assets are used to provide services to the flying public; consequently, these assets are not available for future spending. The remaining balance of \$14,995,046, unrestricted net position, may be used to meet the Authority's ongoing obligations and fund future capital improvement projects.

The Authority's net position increased by \$6,851,410 during the most recent fiscal year. The majority of the increase represents the extent to which operating revenues, revenues from state and federal grants, and interest income exceeded the cost of operations and depreciation expense. The majority of expenses funded by grant revenues are capitalized as capital assets and therefore not shown as expenses.

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

Change in Net Position		
Fiscal Year Ended September 30,		
	2022	2021
Operating activities:		
Operating revenues	\$ 8,261,907	\$ 5,688,876
Operating expenses	5,978,919	5,662,046
Net operating income (loss)	2,282,988	26,830
Nonoperating activities:		
Intergovernmental revenues	420,794	425,449
Interest Income	70,550	99,664
Total nonoperating revenues (expenses)	491,344	525,113
Capital contributions from state and federal grants	4,077,078	2,460,859
Change in net position	6,851,410	3,012,802
Total net position - beginning	51,356,032	48,343,230
Total net position - ending	\$ 58,207,442	\$ 51,356,032

As noted above and in the statement of revenues, expenses and changes in net position, the cost of all operating activities during the fiscal year ended September 30, 2022 was \$5,978,919, which includes depreciation expense. Operating expenses increased by \$316,873 over the prior year. Current year's expenses were 5.6% higher mainly due to increase in professional services including legal services and international clearings services. The costs of the Authority's activities were primarily funded by operating revenues. Overall operating revenues increased by \$2,573,031 over the prior year. The majority of this 45.2% increase is a result of the adoption of Governmental Accounting Standards Board Statement 87 – Leases which changed the definition of a lease and the timing of when lease revenue is required to be recognized. See Note 2 – Summary of significant accounting policies for more information.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

As of September 30, 2022, the Authority had \$70,858,003 invested in infrastructure, easements, leasehold improvements, buildings, right-to-use leased land and other capital assets and accumulated depreciation of \$27,645,607, which resulted in a net book value of \$43,212,396. More detailed information about the Authority's capital assets is presented in the notes of the financial statements.

Debt Administration

As of September 30, 2022, the Authority's liability related to compensated absences was \$79,023. More detailed information about the Authority's compensated absences is presented in the notes of the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND OTHER EVENTS

The general operations of the Airport have rebounded since the effects of COVID-19 impacted operations and revenue. Fuel revenues are expected to increase due to increasing activity and rising fuel prices. It is anticipated that the general operations of the Authority will remain constant.

CONTACTING THE AUTHORITY'S FINANCIAL MANAGEMENT

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

**BOCA RATON AIRPORT AUTHORITY
BOCA RATON, FLORIDA
STATEMENT OF NET POSITION
SEPTEMBER 30, 2022**

ASSETS

Current assets:

Cash and cash equivalents	\$ 6,880,451
Receivables	163,297
Due from other governments	1,948,452
Certificates of deposit	8,868,962
Certificates of deposit, restricted	1,006,108
Other assets	304,627
Total current assets	<u>19,171,897</u>

Noncurrent assets:

Lease receivable	60,903,768
Capital assets:	
Non-depreciable assets	14,774,065
Depreciable assets	56,083,938
Less accumulated depreciation	<u>(27,645,607)</u>
Total noncurrent assets	<u>104,116,164</u>
Total assets	<u><u>\$ 123,288,061</u></u>

**LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND
NET POSITION**

Current liabilities:

Accounts payable and accrued expenses	\$ 820,884
Compensated absences	79,023
Unearned revenue	331,382
Total current liabilities	<u>1,231,289</u>

Noncurrent liabilities

Security deposits, payable from restricted assets	1,006,108
Leases	3,944,025
Total noncurrent liabilities	<u>4,950,133</u>
Total liabilities	<u>6,181,422</u>

Deferred inflows of resources

Lease related	58,899,197
Total deferred inflows of resources	<u>58,899,197</u>

Net position

Investment in capital assets	43,212,396
Unrestricted	14,995,046
Total net position	<u>58,207,442</u>
Total liabilities, deferred inflows of resources and net position	<u><u>\$ 123,288,061</u></u>

See notes to the financial statements

**BOCA RATON AIRPORT AUTHORITY
BOCA RATON, FLORIDA
STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022**

Operating revenues:	
Rental income and lease revenue	\$ 5,816,415
Lease interest	1,826,356
Customs facility user fee	609,465
Miscellaneous income	9,671
Total operating revenues	<u>8,261,907</u>
Operating expenses:	
Professional fees	293,405
Personnel expenses	1,218,625
Office expenses	486,145
Rental of facilities	48,592
Projects expense	410,760
Customs facility operations	460,668
Utilities	131,374
Supplies and repairs	190,865
BRAA scholarship fund	25,000
Insurance	282,354
Tower operations	55,365
Travel and seminars	46,278
Promotion and special events	130,844
Depreciation	2,198,644
Total operating expenses	<u>5,978,919</u>
Operating income (loss)	2,282,988
Nonoperating revenues (expenses):	
Intergovernmental revenue from state and federal grants	420,794
Interest income	70,550
Total nonoperating revenues (expenses):	<u>491,344</u>
Income before capital contributions	2,774,332
Capital contributions from state and federal grants	<u>4,077,078</u>
Change in net position	6,851,410
Total net position - beginning	51,356,032
Total net position - ending	<u><u>\$ 58,207,442</u></u>

See notes to the financial statements

**BOCA RATON AIRPORT AUTHORITY
BOCA RATON, FLORIDA
STATEMENT OF CASH FLOWS
FISCAL YEAR ENDED SEPTEMBER 30, 2022**

Cash flows from operating activities:	
Cash received from tenants	\$ 6,166,869
Customs facility user fee	609,465
Miscellaneous income	9,671
Payments to employees for services	(1,242,179)
Payments to suppliers	(2,367,486)
Net cash provided (used) by operating activities	<u>3,176,340</u>
Cash flows from noncapital financing activities:	
State and federal noncapital grants received	<u>206,557</u>
Net cash provided (used) by noncapital financing activities	<u>206,557</u>
Cash flows from capital and related financing activities:	
Acquisition and construction of capital assets	(5,007,168)
State and federal capital grants received	<u>3,256,529</u>
Net cash provided (used) by capital and related financing activities	<u>(1,750,639)</u>
Cash flows from investing activities:	
Interest income	66,191
Maturity of certificates of deposits	13,808,702
Purchase of certificates of deposit	(14,207,959)
Net cash provided (used) by investing activities	<u>(333,066)</u>
Net increase (decrease) in cash and cash equivalents	<u>1,299,192</u>
Cash and cash equivalents, beginning	<u>5,581,259</u>
Cash and cash equivalents, ending	<u>\$ 6,880,451</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:	
Operating income (loss)	\$ 2,282,988
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	
Depreciation expense	2,198,644
(Increase)/Decrease in accounts receivable and rents receivable	(1,572,417)
(Increase)/Decrease in other assets	(15,304)
Increase/(Decrease) in unearned revenue	96,515
Increase/(Decrease) in accounts payable	197,691
Increase/(Decrease) in compensated absences payable	(11,777)
Total adjustments	<u>893,352</u>
Net cash provided (used) by operating activities	<u>\$ 3,176,340</u>

See notes to the financial statements

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

NOTE 1 – NATURE OF ORGANIZATION AND REPORTING ENTITY

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

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

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

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

Assets, Liabilities and Net Position

Restricted Assets

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

Deposits and Investments

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

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities and Net Position (Continued)

Deposits and Investments (Continued)

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

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

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

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

Accounts Receivable

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

Prepaid Expenses

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

Capital Assets

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

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

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

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities and Net Position (Continued)

Capital Assets (Continued)

The estimated useful lives of depreciable assets are as follows:

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

Leases

Lessee: The Authority is a lessee for a noncancellable lease of land. The Authority recognizes a lease liability and an intangible right-to-use leased asset (lease asset) in the government-wide financial statements. The Authority recognizes lease liabilities with an initial, individual value of \$50,000 or more.

At the commencement of a lease, the Authority initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to leases include how the Authority determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The Authority uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the Authority generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the Authority is reasonably certain to exercise.

The Authority monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported with other capital assets and lease liabilities are reported with long term debt on the statement of net position.

Lessor: The Authority is a lessor for noncancellable leases of land. The Authority recognizes lease receivables and a deferred inflows of resources in the government-wide and governmental fund financial statements. As lessor, the Authority recognizes GASB 87 lease receivables with an initial, individual value of \$50,000 or more.

At the commencement of a lease, the Authority initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities and Net Position (Continued)

Leases (Continued)

Key estimates and judgments include how the Authority determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts.

- The Authority uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

The Authority monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

Net Position

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

State and Federal Grants

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

Revenues

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

Compensated Absences

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

Deferred Outflows/Inflows of Resources

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

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

Other Disclosures

Use of Estimates

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

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Other Disclosures (Continued)

New Accounting Standards Adopted

During fiscal year 2022, the Authority adopted the following new accounting standard:

GASB Statement No. 87 – Leases

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

NOTE 3 – BUDGETARY INFORMATION

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

NOTE 4 – DEPOSITS AND INVESTMENTS

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

As of September 30, 2022, the Authority had the following investments;

	Amortized Cost	Credit Risk	Maturities
Certificates of deposits	\$ 9,875,070	N/A	11/16/2022 - 12/7/2023
Total investments	<u>\$ 9,875,070</u>		

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

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

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

NOTE 4 – DEPOSITS AND INVESTMENTS (Continued)

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

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

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

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

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

NOTE 5 – CAPITAL ASSETS

Capital asset activity for the fiscal year ended September 30, 2022 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance
Capital assets, not being depreciated				
Land avigation easement	\$ 1,791,886	\$ -	\$ -	\$ 1,791,886
Avigation Easement	4,835,960	-	-	4,835,960
Projects in progress	4,346,790	5,048,117	(2,203,759)	7,191,148
Sublease Procurement Fee	955,071	-	-	955,071
Total capital assets, not being depreciated	11,929,707	5,048,117	(2,203,759)	14,774,065
Capital assets, being depreciated				
Buildings	11,527,027	-	-	11,527,027
Leasehold improvements	9,311,310	-	-	9,311,310
Machinery, equipment, and fixtures	2,032,830	92,838	-	2,125,668
Infrastructure	27,063,690	2,110,922	-	29,174,612
Right-to-use leased land	-	3,945,321	-	3,945,321
Total capital assets, being depreciated	49,934,857	6,149,081	-	56,083,938
Less accumulated depreciation for:				
Buildings	4,655,628	459,467	-	5,115,095
Leasehold improvements	6,835,869	360,957	-	7,196,826
Machinery, equipment, and fixtures	1,735,585	119,187	-	1,854,772
Infrastructure	12,219,881	1,182,053	-	13,401,934
Right-to-use leased land	-	76,980	-	76,980
Total accumulated depreciation	25,446,963	2,198,644	-	27,645,607
Total capital assets, being depreciated, net	24,487,894	3,950,437	-	28,438,331
Total capital assets, net	\$ 36,417,601	\$ 8,998,554	\$ (2,203,759)	\$ 43,212,396

NOTE 6 – LEASES

Lease payable

In May 2012 the Authority made a one-time payment of approximately \$950,000 (the sublease procurement fee), to an unaffiliated private company to obtain the right to lease a parcel of 1.79 acres adjacent to the Airport until 2073. The Authority then signed a lease agreement with the Florida Atlantic Research and Development Authority (FARDA), the lessor of the 1.79 acre parcel. FARDA leases this land adjacent to the Airport from the Board of Trustees of the Internal Improvement Fund of the State of Florida, the same entity which leases the Airport land to the Authority. This lease ends in 2073, and calls for rental payments of \$21,000 per year adjusted each year by the greater of 3% or the change in the Consumer Price Index. In June 2014 the lease was amended to include an additional 1.32 acre parcel. The amendment calls for additional rental payments of \$12,899 per year adjusted by the greater of 3% or the change in Consumer Price Index. The amendment did not change the term of the lease. This lease also contains a fifteen year renewal option.

As of September 30, 2022, the value of the lease liability was \$3,944,025. The Authority is required to make monthly principal and interest payments of \$44,695. The value of the right-to-use asset as of the end of the current fiscal year was \$3,945,321 and with accumulated amortization of \$79,980.

Lease receivables

The Authority has rental agreements with fixed base operators and various other tenants. Each agreement varies as to expiration and rental rates, contingent on location and terms of each agreement. The rental rates are reviewed annually and adjustments are made based on the provisions of each agreement. Certain of these rental agreements qualify as leases under generally accepted accounting standards and others do not.

Rental income and lease revenue for the year ended September 30, 2022 is summarized as follows:

Tenant	Property Leased	Lease Expiration	
Tenant A	Acreage and Hangar	September 2031	\$ 283,498
Tenant B	Acreage and Hangar	June 2033	2,435,971
Tenant C	Acreage	June 2041	401,042
Tenant D	Acreage	February 2032	765,969
Tenant E	Acreage and Hangar	September 2035	979,771
Tenant F	Acreage	November 2038	950,164
			<u>\$ 5,816,415</u>

In addition, the Authority recognized \$1,826,356 in lease interest revenue during the current year. As of September 30, 2022, the Authority's receivable for lease payments was \$60,903,768. Also, the Authority has a deferred inflow of resources associated with leases that will be recognized as revenue over the lease terms. As of September 30, 2022 the balance of the deferred inflow of resources was \$58,899,197

NOTE 7 – LAND AGREEMENT WITH THE STATE OF FLORIDA

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

NOTE 8 – COMPENSATED ABSENCES

Compensated absences activity for the year ended September 30, 2022 is summarized as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Compensated absences	\$ 90,800	\$ 74,685	\$ (86,462)	\$ 79,023	\$ 79,023

NOTE 9 – RETIREMENT PLANS

Employee Retirement Plan

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

Deferred Compensation Plan

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

For the year ended September 30, 2022, the Authority contributed \$223,595 to the Plans.

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

NOTE 10 – RISK MANAGEMENT

The Authority is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Authority carries commercial insurance for these risks of loss. Claims have not exceeded this commercial coverage in any of the past three years. Prior to December 2020, the Authority had decided not to insure the Engineered Material Arresting Systems (EMAS). Since December 2020, the Authority has carried commercial insurance on the EMAS.

NOTE 11 – PRONOUNCEMENTS ISSUED BUT NOT YET ADOPTED

GASB 91 - Conduit Debt Obligations

The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. As amended by GASB statement No. 95, the requirements of this Statement are effective for reporting periods beginning after December 15, 2021. Earlier application is encouraged.

NOTE 11 – PRONOUNCEMENTS ISSUED BUT NOT YET ADOPTED (Continued)

GASB 94 – Public-Private and Public-Public Partnerships and Availability Payment Arrangements

This statement improves financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). A PPP is an arrangement in which a government contracts with an operator to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset, for a period of time in an exchange or exchange-like transaction. This statement also provides guidance for accounting and financial reporting for availability payment arrangements (APAs), which is an arrangement in which a government compensates an operator for services that may include designing, constructing, financing, maintaining, or operating an underlying nonfinancial asset for a period of time in an exchange or exchange-like transaction. The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter.

GASB 96 – Subscription-Based Information Technology Arrangements

This statement provides new accounting and financial reporting guidance for subscription-based information technology arrangements (SBITAs), which have become increasingly common among state and local governments in recent years. Statement 96 is based on the standards established in Statement 87, Leases. The new statement defines a SBITA as a contract that conveys control of the right to use a SBITA vendor's IT software, alone or in combination with tangible capital assets (the underlying IT assets), as specified in the contract for a period of time in an exchange or exchange-like transaction. The guidance requires governments with SBITAs to recognize a right-to-use subscription asset, an intangible asset, and a corresponding subscription liability (with an exception for short-term SBITAs, those with a maximum possible term of 12 months) and provides guidance related to outlays other than subscription payments, including implementation costs, and requirements for note disclosures related to a SBITA. The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter.

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

NOTE 12 – PROJECT COMMITMENTS

In addition to fully funding projects, the Authority receives grant funding from the Federal Aviation Administration ("FAA") and the Florida Department of Transportation ("FDOT") for the costs of various projects. A grant agreement is entered into for each grant funded project the Authority begins and it may be with the FAA, FDOT or both. The grant agreements specify the percentage for which the FAA is responsible, if applicable, the percentage for which the FDOT is responsible, if applicable, and the percentage for which the Authority is responsible. The Authority's commitment to each project varies from 0% to 20%.

As of September 30, 2022, the Authority had open contracts for various projects. The contracts totaled approximately \$9,645,372, of which approximately \$3,107,305 was uncompleted at September 30, 2022.

Note 13 – CONTINGENCIES

The Authority is the Defendant in a pending lawsuit filed on November 27, 2022 by a tenant in the Fifteenth Judicial Circuit in and for Palm Beach County, Florida, under the case number, 50 2022 CA 011623 XXXX ("the Lawsuit."). The tenant claims that the Authority failed to approve a sublease on property leased and managed by the Authority. The Authority's management believes the claims in the Lawsuit are without merit and intends to, and has directed counsel to, vigorously defend the lawsuit. The complaint alleges damages for the breach of contract claim in excess of \$2.5 million. Additionally, the breach of contract claim contains a prevailing attorney's fee provision for breach of contract claims and a request for fees and costs is included in the Complaint. Therefore, the range of potential loss ranges from \$0 to a figure in excess of \$2.5 million plus attorney's fees and costs, which cannot be calculated with certainty at this time. No liability, as of September 30, 2022 has been recorded by the Authority as the Authority's Management believes the likelihood of an unfavorable outcome as of the date of this report is not probable.

**BOCA RATON AIRPORT AUTHORITY
BOCA RATON, FLORIDA
OTHER INFORMATION – DATA ELEMENTS
REQUIRED BY FL STATUTE 218.39(3)(C)
UNAUDITED**

<u>Element</u>	<u>Comments</u>
Number of district employees compensated at 9/30/2022	8 total: 6 full time, 1 part time, 1 intern
Number of independent contractors compensated in September 2022	7
Employee compensation for FYE 9/30/2022 (paid/accrued)	\$752,928
Independent contractor compensation for FYE 9/30/2022	\$552,661
Construction projects to begin on or after October 1; (\$65K)	
Ranger Construction - Task 55 Taxiways Papa 4, Charlie and Foxtrot Widening	\$1,959,013
Security101 - Task 65 Security Enhancements - Phase 4	\$418,194
Budget variance report	Not applicable, enterprise fund only
Ad Valorem taxes;	Not applicable
Non ad valorem special assessments;	Not applicable
Outstanding Bonds:	Not applicable



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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the basic financial statements of the Boca Raton Airport Authority, Boca Raton, Florida ("Authority") as of and for the fiscal year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our opinion thereon dated May 8, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Authority's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

B. Shaw & Associates

May 8, 2023



Grau & Associates

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

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

Report on Compliance for the Major Federal Program and State Project

We have audited the Boca Raton Airport Authority's (the "Authority") compliance with the types of compliance requirements described in the OMB Compliance Supplements, and the requirements described in the *Department of Financial Services' State Projects Compliance Supplement* that could have a direct and material effect on the Authority's major federal program and state project for the fiscal year ended September 30, 2022. The Authority's major federal program and state project 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 and state statutes, laws, regulations, and the terms and conditions of its state awards applicable to federal programs and state projects.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for the Authority's major federal program 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 Controller 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); and and Chapter 10.550, Rules of the Auditor General. Those standards, the Uniform Guidance and Chapter 10.550, Rules of the Auditor General, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program and state project occurred. An audit includes examining, on a test basis, evidence about the Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on the Major Federal Program and State Project

In our opinion, the Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program and state project for the fiscal year ended September 30, 2022.

Report on Internal Control Over Compliance

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

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not 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 and Chapter 10.550, Rules of the Auditor General. Accordingly, this report is not suitable for any other purpose.

 Brian J. Davis

May 8, 2023

**BOCA RATON AIRPORT AUTHORITY
BOCA RATON, FLORIDA
SCHEDULE OF EXPENDITURES OF
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FISCAL YEAR ENDED SEPTEMBER 30, 2022**

Federal/State Agency, Federal Award/State Project	CFDA/CSFA Number	Contract Number	Grant Number	BRAA Task/Phase	Expenditures
FEDERAL AWARDS					
US Department of Transportation:					
Federal Aviation Administration					
<i>Airport Improvement Program</i>					
	20.106	N/A	3-12-0006-024-2020	70	\$ 100,196
	20.106	N/A	3-12-0006-027-2021	55	1,957,013
	20.106	N/A	3-12-0006-028-2022	73	148,000
Total Expenditures of Federal Awards					<u>2,205,209</u>
STATE FINANCIAL ASSISTANCE					
Florida Department of Transportation					
<i>Aviation Development Grants</i>					
	55.004	G1B50	443871-1-94-01	47A	146,872
	55.004	G1L86	445961-1-94--01	47B	255,034
	55.004	G1L85	423957-3-91-01	47C	437,931
	55.004	G1L84	437978-2-94-01	47D	348,862
	55.004	GOY90	423957-1-94-01	53	411,837
	55.004	G0T27	437955-1-94-01	54	4,308
	55.004	G1V26	448907-1-94-01	60B	107,982
	55.004	G1I39	429710-1-94-01	65	318,601
	55.004	G1H63	441605-1-94-01	66	3,866
	55.004	G1P58	440094-1-94-01	70	1,190
	55.004	G2314	443886-1-94-01	72	58,560
	55.004	G1Z21	445968-1-94-01	74	40,314
	55.004	G1W31	448978-1-94-01	75	57,570
	55.004	G2127	450203-1-94-01	76	74,270
	55.004	G2310	443885-1-94-01	77	11,492
	55.004	G2350	450373-1-94-01	78	13,974
Total Expenditures of State Financial Assistance					<u>2,292,663</u>
Total Expenditures of Federal Awards and State Financial Assistance					<u>\$ 4,497,872</u>

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

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

NOTE A – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards and state financial assistance includes the federal and state grant activity of the Boca Raton Airport Authority, Boca Raton, Florida (the “Authority”) under the federal program and state project for the fiscal year ended September 30, 2022. The information in this schedule is presented in accordance with the requirements of the Uniform Guidance, and Chapter 10.550, Rules of the Auditor General. Because the schedule presents only a selected portion of the operations of the Authority, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Authority.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained within 2 CFR Part 200- *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and Chapter 10.550, Rules of the Auditor General wherein certain types of expenditures are not allowable or are limited as to reimbursement. Additionally, the Authority did not elect to use the 10 percent *de minimis* indirect cost rate.

**BOCA RATON AIRPORT AUTHORITY
BOCA RATON, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS - FEDERAL PROGRAMS AND STATE
PROJECTS FISCAL YEAR ENDED SEPTEMBER 30, 2022**

A. SUMMARY OF AUDITOR'S RESULTS

1. The auditor's report expresses an unmodified opinion on the financial statements of the Boca Raton Airport Authority, Boca Raton, Florida (the "Authority").
2. No significant deficiencies relating to the audit of the financial statements are reported in the independent auditor's report on internal control over financial reporting and on compliance and other matters based on an audit of financial statements performed in accordance with *Government Auditing Standards*.
3. No instances of noncompliance material to the financial statements of the Authority were disclosed during the audit.
4. No significant deficiencies or material weakness relating to the audit of the major federal award program or state project are reported in the independent auditor's report on compliance for the major federal program and state project and on internal control over compliance required by the Uniform Guidance and Chapter 10.550, rules of the Auditor General.
5. The independent auditor's report on compliance for the major federal award program and state project of the Authority expresses an unmodified opinion.
6. There were no audit findings relative to the major federal award and state project tested for the Authority.
7. The dollar thresholds for Type A federal program and state projects were \$750,000 and \$687,799, respectively. The programs tested as major federal program and state projects include:

<u>Federal Program</u>	<u>CFDA/CSFA#</u>
U.S Department of Transportation	
Airport Improvement Program	20.106
<u>State Project</u>	<u>CFDA/CSFA#</u>
Florida Department of Transportation	
Aviation Development Grants	55.004
8. The Authority was not determined to be a low-risk auditee pursuant to the Uniform Guidance because Federal Single Audits were not required and therefore, not performed in the previous two fiscal years.

B. FINDINGS –FINANCIAL STATEMENTS AUDIT

None

C. FINDINGS AND QUESTIONED COSTS – FEDERAL PROGRAMS AND STATE PROJECTS

None

D. OTHER ISSUES

No summary schedule of prior year findings is required because there were not prior year audit findings related to Federal award programs or state projects.

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



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

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

We have examined the Boca Raton Airport Authority's (the "Authority") compliance with the requirements of Section 218.415, Florida Statutes, in accordance with Rule 10.556(10) of the Auditor General of the State of Florida during the fiscal year ended September 30, 2022. Management is responsible for the Authority's compliance with those requirements. Our responsibility is to express an opinion on the Authority's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the Authority complied, in all material respects, with the specified requirements referenced in Section 218.415, Florida Statutes. An examination involves performing procedures to obtain evidence about whether the Authority complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion. Our examination does not provide a legal determination on the Authority's compliance with specified requirements.

We are required to be independent and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to the examination engagement.

In our opinion, the Authority complied, in all material respects, with the aforementioned requirements for the fiscal year ended September 30, 2022.

This report is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, management, and the Members of the Authority and is not intended to be and should not be used by anyone other than these specified parties.

Grau & Associates

May 8, 2023



Grau & Associates

CERTIFIED PUBLIC ACCOUNTANTS

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

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

Report on the Financial Statements

We have audited the accompanying basic financial statements of the Boca Raton Airport Authority, Boca Raton, Florida ("Authority") as of and for the fiscal year ended September 30, 2022, and have issued our report thereon dated May 8, 2023.

Auditor's Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Chapter 10.550, Rules of the Florida Auditor General.

Other Reporting Requirements

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*; and Independent Auditor's Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports, which are dated May 8, 2023, should be considered in conjunction with this management letter.

Purpose of this Letter

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

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

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

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

Grau & Associates

May 8, 2023

REPORT TO MANAGEMENT

I. CURRENT YEAR FINDINGS AND RECOMMENDATIONS

None

II. PRIOR YEAR FINDINGS

None

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

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

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

There were no significant findings and recommendations made in the preceding annual financial audit report for the fiscal year ended September 30, 2021.

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

There were no such matters discovered by, or that came to the attention of, the auditor, to be reported for the fiscal year ended September 30, 2022.

3. Noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but which warrants the attention of those charged with governance.

There were no such matters discovered by, or that came to the attention of, the auditor, to be reported, for the fiscal year ended September 30, 2022.

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

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

6. We applied financial condition assessment procedures and no deteriorating financial conditions were noted as of September 30, 2022. It is management's responsibility to monitor financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.

7. Management has provided the specific information required by Section 218.39(3)(c) in the Other Information section of the financial statements on page 19.