

Broward County Aviation Department

Report on Passenger Facility Charge Program in
Accordance with Passenger Facility Audit Guide for
Public Agencies
Fiscal Year Ended September 30, 2017

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COMPLIANCE SECTION

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RSM US LLP

**Report on Compliance for Passenger Facility
Charge Program; Report on Internal Control
Over Compliance; Report on the Schedule of
Passenger Facility Charges Collected and
Expended; in Accordance with Passenger Facility
Charge Audit Guide for Public Entities**

Independent Auditor's Report

Honorable Board of County
Commissioners Broward County Aviation
Department Broward County, Florida

Compliance

We have audited the compliance of the Broward County Aviation Department (BCAD) with the types of compliance requirements described in the Passenger Facility Charge Audit Guide for Public Agencies, issued by the Federal Aviation Administration (the Guide), that could have a direct and material effect on its passenger facility charge program for the year ended September 30, 2017. Compliance with the requirements of laws, regulations, contracts and grants applicable to the passenger facility charge program is the responsibility of BCAD's management. Our responsibility is to express an opinion on BCAD's compliance based on our audit.

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 Passenger Facility Charge Audit Guide for Public Agencies. Those standards and the Guide 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 the passenger facility charge program occurred. An audit includes examining, on a test basis, evidence about BCAD'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. Our audit does not provide a legal determination of BCAD's compliance with those requirements.

In our opinion, BCAD complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its passenger facility charge program for the year ended September 30, 2017.

Internal Control over Compliance

Management of BCAD is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to the passenger facility charge program. In planning and performing our audit, we considered BCAD's internal control over compliance with the requirements that could have a direct and material effect on its passenger facility charge program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, 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 BCAD'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 the passenger facility charge program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a 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 the passenger facility charge 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 the passenger facilities charge 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 would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

Schedule of Passenger Facility Charges Collected and Expended

We have audited the financial statements of BCAD, an enterprise fund of Broward County, as of and for the year ended September 30, 2017, and the related notes to the financial statements, which collectively comprise BCAD's financial statements. We issued our report thereon dated March 23, 2018. The schedule of passenger facility charges collected and expended 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. The schedule of passenger facility charges collected and expended provides relevant information that is not provided by the financial statements and is not intended to be a presentation in conformity with accounting principles generally accepted in the United States of America or a complete presentation in accordance with the cash basis of accounting. Under the cash basis, expenditures are recognized when paid rather than when the obligation is incurred and receipts are recorded when cash is received rather than when earned. 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 passenger facility charges collected and expended are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Restriction on Use

This report is intended solely for the information and use of management of BCAD, the Board of County Commissioners, and the Federal Aviation Administration and is not intended to be and should not be used by anyone other than these specified parties.

RSM US LLP

Fort Lauderdale, Florida
March 23, 2018

Broward County Aviation Department

**Schedule of Passenger Facility Charges (PFC)
Collected and Expended
Fiscal Year Ended September 30, 2017**

Beginning Balance of PFC Collections	\$ 134,634,132
PFC Collections	65,359,554
Interest Earned	625,073
PFC Expenditures	<u>(53,868,859)</u>
Ending Balance of PFC Collections	<u><u>\$ 146,749,900</u></u>

See accompanying notes to Schedule.

Broward County Aviation Department

**Notes to Schedule of Passenger Facility Charges Collected and Expended
Fiscal Year Ended September 30, 2017**

NOTE 1 – GENERAL

The accompanying Schedule of Passenger Facility Charges (PFC) Collected and Expended (the schedule) presents the activity of the passenger facility charge program of the Broward County Aviation Department (BCAD) for the year ended September 30, 2017. All passenger facility charges collected and expended are included in the accompanying schedule. Because the schedule presents only a select portion of the operations of BCAD, it is not intended to and does not present the financial position, change in net position or cash flows of BCAD.

The PFC program authorizes public agencies controlling commercial service airports to impose a charge of \$1, \$2, \$3 or \$4.50 per enplaned passenger. The objective of such proceeds from such PFCs is to finance approved, eligible airport-related projects that preserve or enhance safety, capacity or security of the national air transportation system, reduce noise or mitigate noise impacts resulting from an airport that is part of such system, or furnish opportunities for enhanced competition between or among air carriers.

NOTE 2 – BASIS OF ACCOUNTING

The Schedule of Passenger Facility Charges (PFC) Collected and Expended is prepared on the cash basis of accounting. Under the cash basis, expenditures are recognized when paid rather than when the obligation is incurred and receipts are recorded when cash is received rather than when earned. However, BCAD's financial statements are prepared on the accrual basis of accounting and such transactions are recorded in the financial statements when revenue is earned or expenses are incurred. The information in this schedule is presented in accordance with the requirements of the Passenger Facility Charge Audit Guide for Public Agencies issued by the Federal Aviation Administration in September 2000. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

Broward County Aviation Department

**Schedule of Findings and Questioned Costs of Passenger Facility Charges
Collected and Expended
Fiscal Year Ended September 30, 2017**

I – Summary of Independent Auditor’s Results

Schedule of Passenger Facility Charges (PFC) Collected and Expended

Type of auditor’s report issued:	Unmodified		
Internal control over financial reporting:			
Material weakness(es) identified?	_____ Yes	_____ X No	
Significant deficiency(ies) identified that are not considered to be material weakness(es)?	_____ Yes	_____ X None Reported	
Noncompliance material to financial statements noted?	_____ Yes	_____ X No	

Passenger Facility Charge Program

Internal control over the program:			
Material weakness(es) identified?	_____ Yes	_____ X No	
Significant deficiency(ies) identified that are not considered to be material weakness(es)?	_____ Yes	_____ X None Reported	
Type of auditor’s report issued on compliance for the program:	Unmodified		
Any audit findings disclosed that are required to be reported in accordance with Passenger Facility Charges Audit Guide for Public Agencies?	_____ Yes	_____ X No	

II – Financial Statements Findings

No matters to report.

III – Findings and Questioned Costs for the Program

No matters to report.

Broward County Aviation Department

**Schedule of Prior Year Audit Findings of Passenger Facility Charges
Collected and Expended
Fiscal Year Ended September 30, 2017**

The prior year program specific audit disclosed no significant findings, and no significant uncorrected or unresolved findings exist from prior program specific audits.