

Broward County Aviation Department

Report on Passenger Facility Charge Program
in Accordance with the *Passenger Facility Charge
Audit Guide for Public Agencies*
Fiscal Year Ended September 30, 2024

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RSM US LLP

Independent Auditor's Report on the Supplementary Information

Honorable Board of County Commissioners
Broward County Aviation

We have audited the financial statements of the Broward County Aviation Department (BCAD), an enterprise fund of Broward County, Florida (the County), as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise the BCAD financial statements. We issued our report thereon, dated March 27, 2025, which contained an unmodified opinion on those financial statements. Our audit was performed for the purpose of forming an opinion on the financial statements as a whole. We have not performed any procedures with respect to the audited financial statements subsequent to March 27, 2025.

The accompanying Schedule of Passenger Facility Charges Collected and Expended is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The 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 information is fairly stated in all material respects in relation to the financial statements as a whole.

RSM US LLP

Fort Lauderdale, Florida
May 28, 2025

Broward County Aviation Department

**Schedule of Passenger Facility Charges Collected and Expended
Fiscal Year Ended September 30, 2024**

Beginning Balance of PFC Collections	\$ 309,642,965
PFC Collections	69,516,231
Interest Earned	4,615,655
PFC Expenditures	<u>(13,979,908)</u>
Ending Balance of PFC Collections	<u><u>\$ 369,794,943</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, 2024

Note 1. General

The accompanying Schedule of Passenger Facility Charges (PFC) Collected and Expended (the Schedule) presents the activity of the PFC program of the Broward County Aviation Department (BCAD), an enterprise fund of Broward County, Florida (the County), for the year ended September 30, 2024. All PFC collected and expended are included in the accompanying Schedule. The beginning PFC balance of PFC collections on the Schedule represents prior collections of PFC charges that have not yet been expended for approved projects. 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.

Note 2. Basis of Accounting

The Schedule 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.



RSM US LLP

**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

Honorable Board of County Commissioners
Broward County, 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 (*Government Auditing Standards*), the financial statements of Broward County Aviation Department (BCAD), a major enterprise fund of Broward County, Florida (the County), as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise the BCAD's financial statements, and have issued our report thereon dated March 27, 2025.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered BCAD's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of BCAD's internal control. Accordingly, we do not express an opinion on the effectiveness of the BCAD'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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified certain deficiencies in internal control, as discussed below, that we considered to be a significant deficiency.

Passenger Facility Charges (PFCs) Completeness

Criteria:

Management is responsible for preparing financial statements that comply with accounting principles generally accepted in the United State of America (U.S. GAAP). Because Broward County Aviation Department (BCAD) is an enterprise fund of the County, the financial statements are required to be presented using the economic resources measurement focus and the accrual basis of accounting.

Condition and effect:

Management failed to accrue revenue for September 2024 Passenger Facility Charges received in November 2024, thus only capturing 11 months of PFC revenue in the fiscal year ending September 30, 2024. This resulted in a \$5,433,000 understatement to PFC revenue and receivables which management subsequently corrected.

Cause:

Management indicated this occurred because the year-end revenue accruals were not sufficiently reviewed.

Recommendation

We recommend that BCAD review periods subsequent to year-end to ensure cutoff of revenue is proper. We also recommend that all year-end accruals are reviewed including a comparison to the prior year to ensure no accruals are missed.

Management's response

Management agrees with the finding and will review subsequent periods for proper cutoff going forward. Additionally, BCAD will be incorporating PFC Cutoff Reconciliation into the year-end checklist to ensure a full 12 months of activity is recognized in the appropriate period.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether BCAD's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. 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*.

BCAD's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on BCAD's response to the findings identified in our audit and described above. BCAD's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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.

RSM US LLP

Fort Lauderdale, Florida
March 27, 2025



RSM US LLP

**Report on Compliance for the Passenger Facility Charge Program
and Report on Internal Control Over Compliance
Required by the *Passenger Facility Charge Audit Guide for Public Agencies***

Independent Auditor's Report

Honorable Board of County Commissioners
Broward County Aviation

Report on Compliance for the Passenger Facility Charge Program

Opinion on Compliance for the Passenger Facility Charge Program

We have audited Broward County Aviation Department's (BCAD) compliance with the types of compliance requirements identified as subject to audit 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 (PFC) program for the year ended September 30, 2024.

In our opinion, BCAD complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its PFC program for the year ended September 30, 2024.

Basis for Opinion on the Passenger Facility Charge Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the Guide. Our responsibilities under those standards and the Guide are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of BCAD and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for the PFC program. Our audit does not provide a legal determination BCAD's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to BCAD's PFC program.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on BCAD's compliance based on our audit. 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, *Government Auditing Standards*, and the Guide will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about BCAD's compliance with the requirements referred to above.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Guide, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 BCAD's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of BCAD's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Guide, but not for the purpose of expressing an opinion on the effectiveness of BCAD's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 PFC 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 a PFC 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 PFC 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit, we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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 Guide. Accordingly, this report is not suitable for any other purpose.

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 VS LLP

Fort Lauderdale, Florida
May 28, 2025

Broward County Aviation Department

Schedule of Findings and Questioned Costs – Passenger Facility Charge Program
Fiscal Year Ended September 30, 2024

I – Summary of Independent Auditor’s Results

Schedule of Passenger Facility Charges (PFC) Collected and Expended (Schedule)

Type of report the auditor issued on whether the Schedule audited was prepared in accordance with the cash basis of accounting:

Unmodified

Internal control over financial reporting:

Material weakness(es) identified?

Yes X No

Significant deficiency(ies) identified?

Yes X None Reported

Noncompliance material to Schedule noted?

Yes X No

Passenger Facility Charge Program

Internal control over the program:

Material weakness(es) identified?

Yes X No

Significant deficiency(ies) identified?

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 the *Passenger Facility Charge 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

Summary Schedule of Prior Audit Findings – Passenger Facility Charges Program
Fiscal Year Ended September 30, 2024

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