

**COUNTY OF SACRAMENTO
DEPARTMENT OF AIRPORTS**

PASSENGER FACILITY CHARGES

Independent Auditor's Report and Schedule of
Passenger Facility Charge Revenues and Expenses

For the Fiscal Year Ended June 30, 2023



Certified
Public
Accountants

**COUNTY OF SACRAMENTO DEPARTMENT OF AIRPORTS
PASSENGER FACILITY CHARGES**

For the Fiscal Year Ended June 30, 2023

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**Independent Auditor’s Report on Compliance for the Passenger Facility Charge Program;
Report on Internal Control Over Compliance; and Report on Schedule of
Passenger Facility Charge Revenues and Expenses Required by the PFC Guide**

The Honorable Board of Supervisors
County of Sacramento
Sacramento, California

Report on Compliance for the Passenger Facility Charge Program

Opinion

We have audited the County of Sacramento Department of Airport’s (Department), a department of the County of Sacramento, California, compliance with the compliance requirements described in the *Passenger Facility Charge Audit Guide for Public Agencies* (PFC Guide), issued by the Federal Aviation Administration (FAA), applicable to the Department’s Sacramento International Airport Passenger Facility Charge (PFC) program for the fiscal year ended June 30, 2023.

In our opinion, the Department complied, in all material respects, with the compliance requirements referred to above that are applicable to the Department’s PFC program for the fiscal year ended June 30, 2023.

Basis for Opinion

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 PFC Guide issued by the FAA. Our responsibilities under those standards and the PFC Guide are further described in the Auditor’s Responsibilities for the Audit of Compliance section of our report.

We required to be independent of the Department 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. Our audit does not provide a legal determination of the Department’s compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

The Department’s 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 the Department’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 the Department'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 PFC Guide will always detect material noncompliance when it exists. The risk of not detecting material noncompliance 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. 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 the Department's compliance with the requirements of the government program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the PFC 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 the Department'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 the Department'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 PFC Guide, but not for the purpose of expressing an opinion on the effectiveness of the Department'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 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 compliance requirement 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 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 have not been 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 PFC Guide. Accordingly, this report is not suitable for any other purpose.

**Report on Schedule of Passenger Facility Charge Revenues and Expenses
Required by the PFC Guide**

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the County of Sacramento (County), as of and for the fiscal year ended June 30, 2023, and have issued our report thereon dated November 28, 2023, which contained unmodified opinions on those financial statements. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The accompanying Schedule of Passenger Facility Charge Revenues and Expenses (PFC Schedule) is presented for purposes of additional analysis as required by the PFC Guide and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the PFC Schedule is fairly stated, in all material respects, in relation to the basic financial statements as a whole.



Sacramento, California
November 28, 2023

**COUNTY OF SACRAMENTO DEPARTMENT OF AIRPORTS
PASSENGER FACILITY CHARGES**

Schedule of Passenger Facility Charge Revenues and Expenses
For the Fiscal Year Ended June 30, 2023

| | Passenger Facility Charge Revenues | Interest Earned | Total Revenues | Expenses for Debt Service | Under (Over) Expenses for Debt Service |
|--|---|------------------------|-----------------------|--------------------------------------|---|
| Fiscal Year 2022-23 transactions: | | | | | |
| Quarter ended September 30, 2022 | \$ 3,353,610 | \$ 346,937 | \$ 3,700,547 | \$ 4,177,500 | \$ (476,953) |
| Quarter ended December 31, 2022 | 6,225,081 | 356,784 | 6,581,865 | 4,177,500 | 2,404,365 |
| Quarter ended March 31, 2023 | 5,452,926 | 364,743 | 5,817,669 | 4,177,500 | 1,640,169 |
| Quarter ended June 30, 2023 | 9,476,507 | 373,521 | 9,850,028 | 4,177,500 | 5,672,528 |
| | <u>\$ 24,508,123</u> | <u>\$ 1,441,985</u> | <u>\$ 25,950,108</u> | <u>\$ 16,710,000</u> | <u>9,240,108</u> |
| | | | | PFC Fund Balance, beginning of year | <u>42,694,318</u> |
| | | | | PFC Fund Balance, end of year | <u>\$ 51,934,426</u> |

See accompanying notes to the Schedule of Passenger Facility Charge Revenues and Expenses.

**COUNTY OF SACRAMENTO DEPARTMENT OF AIRPORTS
PASSENGER FACILITY CHARGES**

Notes to the Schedule of Passenger Facility Charge Revenues and Expenses
For the Fiscal Year Ended June 30, 2023

1. PROGRAM DESCRIPTION

The Schedule of Passenger Facility Charge Revenues and Expenses (PFC Schedule) presents only the activity of the Passenger Facility Charge (PFC) program of the County of Sacramento Department of Airports (the Department), a department of the County of Sacramento (County).

The Aviation Safety and Capacity Expansion Act of 1990 (Public Law 101-508, Title II, Subtitle B) authorized the imposition of PFCs and use of the resulting revenues on Federal Aviation Administration (FAA) approved projects. PFCs are fees imposed on enplaned passengers by the Department for the purpose of generating revenue for projects of the Sacramento International Airport that increase capacity, increase safety, mitigate noise impact, and enhance competition between and among air carriers in accordance with FAA approvals.

2. BASIS OF ACCOUNTING

The PFC Schedule is presented using the accrual basis of accounting. Under this basis of accounting, revenues are recognized when earned and expenses are recognized when the related liability is incurred.

3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

The amounts reported in the accompanying PFC Schedule agree to or can be reconciled with amounts reported within the County's financial statements. Passenger Facility Charge revenue is reported in the County's financial statements as nonoperating revenues and restricted cash and investments in the Airports Enterprise Fund.