

**SACRAMENTO COUNTY DEPARTMENT OF
AIRPORTS**

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

For the Fiscal Year Ended June 30, 2019



Certified
Public
Accountants

SACRAMENTO COUNTY DEPARTMENT OF AIRPORTS
For the Fiscal Year Ended June 30, 2019

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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 Expenditures

The Honorable Board of Supervisors
County of Sacramento
Sacramento, California

Report on Compliance for the Passenger Facility Charge Program

We have audited the Sacramento County Department of Airport’s (Department) compliance with the types of 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 Passenger Facility Charge (PFC) program for the fiscal year ended June 30, 2019.

Management’s Responsibility

Compliance with the requirements referred to above is the responsibility of the Department’s management.

Auditor’s Responsibility

Our responsibility is to express an opinion on the Department’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 PFC Guide. Those standards and the PFC Guide require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a material effect on the PFC program occurred. An audit includes examining, on a test basis, evidence about the Department’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. However, our audit does not provide a legal determination on the Department’s compliance with those requirements.

Opinion

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, 2019.

Report on Internal Control Over Compliance

Management of the Department is responsible for establishing and maintaining effective internal control over compliance with the type of compliance requirements referred above. In planning and performing our audit of compliance, we considered the Department’s internal control over compliance to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Department's internal control over compliance.

A deficiency in internal control over compliance 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, 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing over compliance and the results of that testing based on the PFC Guide. Accordingly, this report is not suitable for any other purpose.

Schedule of Passenger Facility Charges Revenues and Expenditures

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, as of and for the fiscal year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the County's basic financial statements. We issued our report thereon dated November 27, 2019, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying Schedule of Passenger Facility Charge Revenues and Expenditures (PFC Schedule) is presented for purposes of additional analysis as required by the PFC Guide, issued by the FAA, 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 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 PFC Schedule is fairly stated in all material respects in relation to the basic financial statements as a whole.

Macias Gini & O'Connell LLP

Sacramento, California
December 23, 2019

SACRAMENTO COUNTY DEPARTMENT OF AIRPORTS
Schedule of Passenger Facility Charge Revenues and Expenditures
For the Fiscal Year Ended June 30, 2019

| <u>Program Description</u> | <u>Beginning PFC Asset Balance</u> | <u>Revenue</u> | <u>Expenditures</u> | <u>Ending PFC Asset Balance</u> |
|------------------------------------|--|----------------------|----------------------|-------------------------------------|
| FEDERAL AVIATION ADMINISTRATION | | | | |
| Passenger Facility Charges: | | | | |
| Application 4 | | | \$ 2,002,723 | |
| Application 5 | | | 1,291,259 | |
| Application 6 | | | 3,248,946 | |
| Application 8 | | | <u>9,602,136</u> | |
| Total | <u>\$ 27,637,757</u> | <u>\$ 25,587,275</u> | <u>\$ 16,145,064</u> | <u>\$ 37,079,968</u> |

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

SACRAMENTO COUNTY DEPARTMENT OF AIRPORTS
Notes to the Schedule of Passenger Facility Charge Revenues and Expenditures
For the Fiscal Year Ended June 30, 2019

1. PROGRAM DESCRIPTION

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

The Aviation Safety and Capacity Expansion Act of 1990 (Public Law 101-508, Title II, Subtitle B) authorized the imposition of PFC's and use of the resulting revenue on Federal Aviation Administration (FAA) approved projects. PFCs are fees imposed on enplaned passengers by the Department for purpose of generating revenue for Department projects 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, expenditures are recognized when the related liability is incurred.

3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

The amounts reported in the accompanying PFC Schedule agrees to or can be reconciled with amounts reported within the County of Sacramento's (County) financial statements. Passenger Facility Charges are reported principally in the County's financial statements as nonoperating revenues and restricted cash and investments in the Airport Enterprise Fund.