

2022

PASSENGER FACILITY CHARGE PROGRAM REPORT



Year Ended September 30, 2022
Tucson Airport Authority
Tucson, Arizona

Passenger Facility Charge Program Report

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**Independent Auditors' Report on Compliance with Requirements Applicable to the
Passenger Facility Charge Program and on Internal Control Over Compliance**

Board of Directors and Management
Tucson Airport Authority, Inc.
Tucson, Arizona

Report on Compliance

We have audited Tucson Airport Authority, Inc.'s (the Authority) compliance with the types of compliance requirements described in the *Passenger Facility Charge Audit Guide for Public Agencies*, issued by the Federal Aviation Administration (Guide) for its passenger facility charge program for the year ended September 30, 2022.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations and contracts applicable to its passenger facility charge program.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for the Authority's passenger facility charge program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with U.S. generally accepted auditing standards established by the AICPA Auditing Standards Board; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the Guide. 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 program 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 passenger facility charge program. However, our audit does not provide a legal determination of the Authority's compliance.

Opinion on the Passenger Facility Charge Program

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 the passenger facility charge program for the 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 the passenger facility charge program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the passenger facility charge program 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 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 the passenger facility charge program 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 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 facility 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 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.

Report on Schedule of Passenger Facility Charges Collected and Expended

We have audited the financial statements of the Authority as of and for the year ended September 30, 2022, and have issued our report thereon dated November 13, 2023, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of passenger facility charges collected and expended is presented for purposes of additional analysis as required by the Federal Aviation Administration 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 U.S. generally accepted auditing standards established by the AICPA Auditing Standards Board. In our opinion, the schedule of passenger facility charges collected and expended is fairly stated in all material respects in relation to the financial statements taken as a whole.

Purpose of this Report

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 Federal Aviation Administration. Accordingly, this report is not suitable for any other purpose.

BeachFleischman PLLC

Tucson, Arizona
November 13, 2023

Tucson Airport Authority, Inc.

Schedule of Passenger Facility Charges Collected and Expended

Year Ended September 30, 2022

	PFC charges received	Interest earned	Total received	Expenditures on approved projects	Net per financial statements
Beginning balance, as previously reported	<u>\$ 141,976,940</u>	<u>\$ 5,776,449</u>	<u>\$ 147,753,389</u>	<u>\$ 128,138,815</u>	<u>\$ 19,614,574</u>
Quarter ended					
December 31, 2021	1,546,820	14,947	1,561,767	997,146	564,621
March 31, 2022	2,015,591	14,488	2,030,079	997,146	1,032,933
June 30, 2022	1,697,274	15,885	1,713,159	1,004,458	708,701
September 30, 2022	<u>1,136,568</u>	<u>20,831</u>	<u>1,157,399</u>	<u>1,004,458</u>	<u>152,941</u>
Total received for the year ended September 30, 2022	6,396,253	66,151	6,462,404	4,003,208	2,459,196
Add adjustment for fair market value and allocation of premiums and discounts	-	(930,242)	(930,242)	-	(930,242)
Add receivables at September 30, 2022	982,305	-	982,305		982,305
Less receivables at September 30, 2021	<u>(876,384)</u>	<u>-</u>	<u>(876,384)</u>		<u>(876,384)</u>
Total for the year ended September 30, 2022	<u>6,502,174</u>	<u>(864,091)</u>	<u>5,638,083</u>	<u>4,003,208</u>	<u>1,634,875</u>
Total program to date	<u>\$ 148,479,114</u>	<u>\$ 4,912,358</u>	<u>\$ 153,391,472</u>	<u>\$ 132,142,023</u>	<u>\$ 21,249,449</u>

See accompanying notes to schedule of expenditures of federal awards.

Tucson Airport Authority, Inc.

Summary of Significant Accounting Policies

Year Ended September 30, 2022

1. Basis of presentation:

The accompanying Schedule of Passenger Facility Charges Collected and Expended is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of the Passenger Facility Charge Audit Guide for Public Agencies. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

2. Scope of audit pursuant to September 2000 Passenger Facility Charge Audit Compliance and Reporting Guide for Public Agencies:

The Schedule of Passenger Facility Charges Collected and Expended includes all the Passenger Facility Charges and the investment earnings thereon collected by the Tucson Airport Authority, Inc. between February 1, 1998 and September 30, 2022 pursuant to Federal Aviation Administration approved applications, including all amendments, to impose \$179,290,016 (including bond interest debt service of \$51,490,848) to be collected through February 1, 2027.

Tucson Airport Authority, Inc.

Schedule of Findings and Questioned Costs

Year Ended September 30, 2022

Summary of Auditor's Results

1. No material weaknesses relating to the audit of the financial statements are reported in the Independent Auditors' Report on Compliance with Requirements Applicable to the Passenger Facility Charge Program and on Internal Control over Compliance.
2. No material weaknesses were identified during the audit of the passenger facility charge program.
3. The auditors' report on compliance for the passenger facility charge program expresses an unmodified opinion.

Tucson Airport Authority, Inc.

Schedule of Findings and Questioned Costs (continued)

Year Ended September 30, 2022

Findings - Compliance

None

Tucson Airport Authority, Inc.

Summary Schedule of Prior Year Findings

Year Ended September 30, 2022

None



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