

City of Springfield, Missouri
Springfield-Branson National Airport
(An Enterprise Fund of the City of Springfield, Missouri)

Schedule of Passenger Facility Charges Collected and Expended
June 30, 2022

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RSM US LLP

Report on Compliance with the Passenger Facility Charge Program; Report on Internal Control Over Compliance and Report on the Schedule of Passenger Facility Charges Collected and Expended as Required by the Passenger Facility Charge Audit Guide for Public Agencies

Independent Auditor's Report

Honorable Mayor and
Members of the City Council

Report on Compliance

Opinion on The Passenger Facility Charge Program

We have audited the City of Springfield, Missouri (the City) Springfield-Branson National Airport Fund's (the Airport) 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 (Guide) that could have a direct and material effect on the City's passenger facility charge program for the year ended June 30, 2022.

In our opinion, the City 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 June 30, 2022.

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) and the Guide. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City 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 passenger facility charge program. Our audit does not provide a legal determination of the City'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 the City's passenger facility charge programs.

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 City'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 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 the City's compliance with the requirements of the passenger facility charge program as a whole.

In performing an audit in accordance with GAAS, 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 City'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 City'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 the City'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 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 a federal 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 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.

Report on Schedule of Passenger Facility Charges Collected and Expended

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 City of Springfield, Missouri, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated December 9, 2022, which contained unmodified opinions on those financial statements. Our audit report includes a reference to other auditors who audited the financial statements of the City Utilities, the discretely presented component unit, as described in our report on the City's 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 charges collected and expended for the year ended June 30, 2022, is presented for purposes of additional analysis as required by the Guide and it 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. It provides relevant information that is not provided by the historical accrual basis 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 of the Airport or City in accordance with the cash basis used for this financial statement presentation. Under the cash basis, certain revenue and the related assets are recognized when cash is received rather than earned, and certain expenses are recognized when paid rather than when the obligation is incurred. 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 auditing standards generally accepted in the United States of America. In our opinion, the schedule of passenger facility charges collected and expended (cash basis financial statement) is fairly stated in all material respects in relation to the basic financial statements as a whole.

RSM US LLP

Kansas City, Missouri
December 9, 2022

City of Springfield, Missouri
Springfield-Branson National Airport

Schedule of Passenger Facility Charges Collected and Expended (Cash Basis)
Year Ended June 30, 2022

Application #06-06-C-00-SGF:	
Beginning cash balance, unliquidated PFC revenue	\$ -
Passenger facility charges collected	<u>2,446,529</u>
Total funds available	<u>2,446,529</u>
Project expenditures, midfield terminal financing costs	<u>2,446,529</u>
Ending cash balance, unliquidated PFC revenue	<u><u>\$ -</u></u>

See notes to schedule of passenger facility charges collected and expended (cash basis).

**City of Springfield, Missouri
Springfield-Branson National Airport**

**Notes to Schedule of Passenger Facility Charges Collected and Expended (Cash Basis)
Year Ended June 30, 2022**

Note 1. Description of the Program

Sections 9110 and 9111 of the Aviation Safety and Capacity Expansion Act of 1990, enacted on November 5, 1990, authorized the Secretary of Transportation, further delegated to the Federal Aviation Administration (FAA) Administrator, to approve the local imposition of an airport passenger facility charge (PFC) of \$1, \$2 or \$3 per enplaned passenger for use on certain airport projects. On May 29, 1991, the FAA issued Part 158 of the Federal Aviation Regulations outlining policies and procedures for the PFC Program. Under Part 158, public agencies controlling commercial service airports can apply to the FAA for authority to impose a PFC for use on eligible projects. On May 30, 2000, the FAA issued a revision to Part 158 that increased the maximum PFC level to \$4.00 or \$4.50. The change also incorporated additional criteria for the approval of higher PFC levels. The Springfield-Branson National Airport (the Airport) has been authorized by the FAA to impose and use a \$4.50 passenger facility charge to collect a total of \$83,651,097 for the Midfield Replacement Terminal, which is estimated to expire January 1, 2036.

PFCs collected are separately held in a restricted fund along with interest earned on such funds. Expenditures shown in the Schedule of Passenger Facility Charges Collected and Expended (the Schedule) represent those amounts transferred from the restricted fund to reimburse the Airport for the PFC qualified portion of amount expended on eligible projects.

Note 2. Basis of Accounting

The accompanying Schedule and the PFC quarterly reports of funds collected and expended are prepared on the cash basis of accounting, which is considered an other comprehensive basis of accounting, wherein revenues are recorded when received and PFC funds expended are recorded upon designation as PFC eligible expenditures, except as reduced for subsequent alternate sources of funding.

Note 3. Relationship to Quarterly Reports

Amounts reported in the Schedule agree with the amounts reported in the Public Agency Quarterly Reports.

Note 4. Air Carrier Leases Related to PFC Funded Facilities

The Airport leases ticket counter, gate, joint use and apron space to four airlines - Allegiant Air, American Airlines, Delta Air Lines and United Airlines. These spaces are in the terminal building and the adjacent terminal apron areas. These leased spaces were initially funded in part by PFCs and, currently, the remaining debt service for the terminal and roadway were funded by PFCs. The lease rates charged to the airlines are based on a contractual rates and charges model adopted by the board each fiscal year.

**City of Springfield, Missouri
Springfield-Branson National Airport**

**Schedule of Findings and Questioned Costs
Year Ended June 30, 2022**

Reference Number	Finding	Questioned Costs
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Findings Required to be Reported by Passenger Facility Charge Audit Guide for Public Agencies

No matters are reportable

City of Springfield, Missouri
Springfield-Branson National Airport

Summary Schedule of Prior Audit Findings
Year Ended June 30, 2022

The prior year PFC report disclosed no findings in the schedule of findings and questioned costs and no uncorrected or unresolved findings exist from the prior year's summary of prior audit findings.