



Passenger Facility Charge Program
December 31, 2020

Sioux Falls Regional Airport Authority

Sioux Falls Regional Airport Authority

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Independent Auditor’s Report on Compliance with the Passenger Facility Charge Program and on Internal Control over Compliance and on the Schedule of Passenger Facility Charges Earned and Expended

To the Board of Commissioners
Sioux Falls Regional Airport Authority
Sioux Falls, South Dakota

Report on Compliance

We have audited the compliance of the Sioux Falls Regional Airport Authority’s (the Authority) compliance with the types of requirements described in the *Passenger Facility Charge Audit Guide for Public Agencies* (the Guide), issued by the Federal Aviation Administration, that could have a direct and material effect on its passenger facility charge program for the year ended December 31, 2020.

Management’s Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its passenger facility charge program.

Auditor’s Responsibility

Our responsibility is to express an opinion on the Authority’s compliance based on our audit of the types of compliance requirements referred to above. 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 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 charge 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 consider necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance with the passenger facility charge program. However, our audit does not provide a legal determination on the Authority’s compliance.

Opinion on the Authority’s 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 December 31, 2020.

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 with 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 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.

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 Earned and Expended

We have audited the financial statements of the Sioux Falls Regional Airport Authority as of and for the year ended December 31, 2020, and have issued our report thereon dated May 21, 2021, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements of the Authority taken as a whole. The accompanying schedule of passenger facility charges earned and expended is presented for purposes of additional analysis as specified in the Guide 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 schedule of passenger facility charges earned and expended is fairly stated in all material respects in relation to the financial statements taken as a whole.

The image shows a handwritten signature in cursive script that reads "Eide Bailly LLP". The signature is written in black ink and is positioned above the typed name and date.

Sioux Falls, South Dakota
May 21, 2021

Sioux Falls Regional Airport Authority
Schedule of Passenger Facility Charges Earned and Expended
For the Year Ended December 31, 2020

Passenger Facility Charges Imposed	
Earned	\$ 1,218,919
Interest	<u>5,214</u>
Total Passenger Facility Charges Imposed	<u><u>\$ 1,224,133</u></u>
Remaining Passenger Facility Charge Collection Authority Beginning of Year	\$ 10,598,700
Passenger Facility Charges Applied to Approved Project Expenditures	<u>(1,224,133)</u>
Remaining Passenger Facility Charge Collection Authority End of Year	<u><u>\$ 9,374,567</u></u>

Note A - Basis of Accounting

Passenger Facility Charges (“PFCs”), net of the air carriers’ handling charges, are recognized and reported when earned by the Sioux Falls Regional Airport Authority (the “Authority”). Expenditures are recorded when incurred, up to the level of PFC revenue earned. The Authority maintains funds in a separate cash account. Interest income is recognized on the accrual basis. The basis of accounting described above is in accordance with the Federal Aviation Administration (“FAA”) guidelines.