



**JOHN WAYNE AIRPORT**  
**(An Enterprise Fund of**  
**the County of Orange, California)**

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

For the Year Ended June 30, 2021

**JOHN WAYNE AIRPORT**  
Schedule of Passenger Facility Charge Revenues and Expenditures

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

To the Board of Supervisors  
County of Orange, California

We have audited the financial statements of John Wayne Airport (Airport), an enterprise fund of the County of Orange, California (County), as of and for the year ended June 30, 2021, and have issued our report thereon dated December 17, 2021, which contained an unmodified opinion on those financial statements. Our report included an emphasis of matter paragraph stating that the financial statements present only the Airport, and do not purport to, and do not present fairly, the financial position of the County as of June 30, 2021.

Our audit was conducted for the purpose of forming an opinion on the financial statements of the Airport taken as a whole. The accompanying Schedule of Passenger Facility Charge Revenues and Expenditures, prepared on a cash basis, for the year ended June 30, 2021, is presented for the purposes of additional analysis as specified in the *Passenger Facility Charge Audit Guide for Public Agencies*, issued by the Federal Aviation Administration, and is not a required part of the 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 in accordance with the accounting basis used for cash basis purposes. Under the cash basis, Passenger Facility Charge revenues are recognized when received rather than when earned, and eligible expenditures are recognized when the related goods or services are paid. 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 audits 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 Charge Revenues and Expenditures is fairly stated in all material respects in relation to the financial statements as a whole.

A handwritten signature in black ink that reads "Eide Bailly LLP".

Laguna Hills, California  
December 17, 2021

**JOHN WAYNE AIRPORT**  
Schedule of Passenger Facility Charge Revenues and Expenditures  
For the Year Ended June 30, 2021  
(To the Nearest Thousand)

	Project Number	Amount Approved	Cumulative Total - July 1, 2020	Quarter Ended				Year Ended June 30, 2021	Cumulative Total - June 30, 2021
				September 30, 2020	December 31, 2020	March 31, 2021	June 30, 2021		
<b>REVENUES</b>									
Passenger Facility Charge Revenues Received		\$ 311,602	\$ 261,154	\$ 819	\$ 1,263	\$ 1,263	\$ 3,426	\$ 6,771	\$ 267,925
Interest Received		N/A	3,528	35	21	13	9	78	3,606
Total Revenues		<u>\$ 311,602</u>	<u>\$ 264,682</u>	<u>\$ 854</u>	<u>\$ 1,284</u>	<u>\$ 1,276</u>	<u>\$ 3,435</u>	<u>\$ 6,849</u>	<u>\$ 271,531</u>
<b>EXPENDITURES</b>									
In-line Baggage Screening	01-001	\$ 10,004	\$ 10,004	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 10,004
New South Remain Overnight (RON) Apron	01-002	9,600	9,600	--	--	--	--	--	9,600
Terminal Building Expansion	01-003	259,275	199,610	7,796	--	709	--	8,505	208,115
Common Use Terminal Equipment	01-004	32,697	29,337	440	--	40	--	480	29,817
Passenger Facility Charge Application Development	01-005	26	26	--	--	--	--	--	26
Total Amount Approved		<u>\$ 311,602</u>							
Total Expenditures			<u>248,577</u>	<u>\$ 8,236</u>	<u>\$ --</u>	<u>\$ 749</u>	<u>\$ --</u>	<u>\$ 8,985</u>	<u>257,562</u>
Unexpended Passenger Facility Charge Revenues and Interest			<u>\$ 16,105</u>						<u>\$ 13,969</u>

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

## JOHN WAYNE AIRPORT

### Notes to Schedule of Passenger Facility Charge Revenues and Expenditures For the Year Ended June 30, 2021 (To the Nearest Thousand)

#### ***Note 1 – General***

In 1990, the Aviation Safety and Capacity Expansion Act authorized the imposition of local Passenger Facility Charges (PFC) and use of resulting PFC revenue for allowable costs on Federal Aviation Administration (FAA) approved projects, including debt service.

The FAA approved the John Wayne Airport's (Airport) PFC application to collect \$4.50 (not in thousand) per enplaned passenger effective July 1, 2006. The total approved PFC revenue to be collected was \$321,351 through December 31, 2021. In March 2016, the FAA approved the Airport's PFC Amendment application. The amended total approved PFC revenue to be collected is \$311,602 through December 31, 2021. In June 2021, the FAA approved the Airport's request to change the charge expiration date from January 1, 2022 to January 1, 2024.

All PFC collected are restricted and are categorized as nonoperating revenues in the Airport's financial statements. PFC collected are maintained in an interest-bearing account administered by the Orange County Treasurer. Collected but unexpended PFC revenues are reported on the Airport's Statement of Net Position as current assets, restricted pooled cash and investments with Treasurer, and restricted cash and investments with trustee. Related PFC receivables are also reported as current restricted assets.

#### ***Note 2 – Schedule of Passenger Facility Charge Revenues and Expenditures***

The accompanying Schedule of Passenger Facility Charge Revenues and Expenditures (Schedule) presents the revenues collected from PFC, interest earned thereon, and expenditures incurred on approved projects on the cash basis of accounting, as permitted by the FAA, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Revenues received and expenditures spent on approved projects in the accompanying Schedule represent amounts reported to the FAA on the Passenger Facility Charge Quarterly Reports.

During the year ended June 30, 2021, \$6,771 in PFC revenue was collected, \$78 in interest revenue was received, and \$8,985 was expended on approved PFC projects.

#### ***Note 3 – Reconciliation of PFC Revenues to the Airport's Financial Statements***

The following is a reconciliation of PFC revenues shown in the accompanying Schedule of Passenger Facility Charge Revenues and Expenditures to amounts reported in the audited financial statements of the Airport for the year ended June 30, 2021:

PFC Revenues Received per Schedule	\$	6,771
Adjustments for Timing Differences Between the Cash Basis and Accrual Basis of Accounting		2,257
PFC Revenues per Audited Financial Statements	\$	<u>9,028</u>

Expenditures of PFC revenues can be reconciled with the amounts reported in the Airport's financial records.

**JOHN WAYNE AIRPORT**

Notes to Schedule of Passenger Facility Charge Revenues and Expenditures (Continued)  
For the Year Ended June 30, 2021  
(To the Nearest Thousand)

***Note 4 – Passenger Facility Charge Bond Financing***

On May 14, 2019, the Airport issued the Airport Revenue Refunding Bonds, Series 2019A and 2019B in the principal amount of \$85,030, with a premium of \$13,404, to refund the Airport Revenue Bonds, Series 2009A and 2009B. Per the bond indenture, the Airport may use available PFC revenues received to pay a portion of the debt service related to FAA approved projects. Available PFC revenues used for debt service for the year ended June 30, 2021 was \$9,173.



## **Independent Auditor's Report on Compliance for the Passenger Facility Charge Program and on Internal Control over Compliance**

To the Board of Supervisors  
County of Orange, California

### **Report on Compliance for the Passenger Facility Charge Program**

We have audited John Wayne Airport's (Airport), an enterprise fund of the County of Orange, California, compliance with the types of compliance requirements described in the Passenger Facility Charge Audit Guide for Public Agencies (Guide), issued by the Federal Aviation Administration, that could have a direct and material effect on the Airport's passenger facility charge program for the year ended June 30, 2021.

### **Management's Responsibility**

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

### **Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for the Airport'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 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 audit requirements described in 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 Airport'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 Airport's passenger facility charge program. However, our audit does not provide a legal determination of the Airport's compliance with those requirements.

### **Opinion**

In our opinion, the Airport 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 June 30, 2021.

## **Report on Internal Control over Compliance**

Management of the Airport 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 Airport'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 Airport'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 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 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.



Laguna Hills, California  
December 17, 2021