

**CHICO PASSENGER FACILITY CHARGES
PASSENGER FACILITY CHARGES REPORT
YEAR ENDED JUNE 30, 2025**



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REPORT OF INDEPENDENT AUDITOR ON COMPLIANCE FOR THE PASSENGER FACILITY CHARGE PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE PASSENGER FACILITY CHARGE AUDIT GUIDE FOR PUBLIC AGENCIES

Honorable Mayor and City Council
Chico, California

Report on Compliance for the Passenger Facility Charge Program

Opinion on the Passenger Facility Charge Program

We have audited the City of Chico's (the City) compliance with the types of compliance requirements identified as subject to audit in the *Passenger Facility Charge Audit Guide for Public Agencies* ("the Guide"), issued by the Federal Aviation Administration (the Guide), for its passenger facility charge program for the year ended June 30, 2025.

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 the Passenger Facility Charge Program for the year ended June 30, 2025.

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); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the Guide. Our responsibilities under those standards and the Federal Aviation Administration are further described in the *Auditors' 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. 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 government programs.

Auditors' 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, *Government Auditing Standards*, and the Guide 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 government program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Guide, 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 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.

Honorable Mayor and City Council
Chico, California

Our consideration of internal control over compliance was for the limited purpose described in the *Auditors' 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 Required by the Guide

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, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We have issued our report thereon dated December 30, 2025, 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 charges is presented for purposes of additional analysis as specified in the Guide, issued by the Federal Aviation Administration, 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 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 is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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.



CliftonLarsonAllen LLP

Roseville, California
December 30, 2025

**CHICO PASSENGER FACILITY CHARGES
 SCHEDULE OF PASSENGER FACILITY CHARGES
 YEAR ENDED JUNE 30, 2025**

<u>Program Description</u>	<u>Beginning PFC Asset Balance</u>	<u>Revenues</u>	<u>Expenditures</u>	<u>Ending PFC Asset Balance</u>
FEDERAL AVIATION ADMINISTRATION				
Passenger Facility Charges (PFC):				
Application No. 10-05-C-00-CIC	\$ 360,050	\$ 8,548	\$ -	\$ 368,598
Total	<u>\$ 360,050</u>	<u>\$ 8,548</u>	<u>\$ -</u>	<u>\$ 368,598</u>

See accompanying Notes to Schedule of Passenger Facility Charges.

CHICO PASSENGER FACILITY CHARGES
NOTES TO SCHEDULE OF PASSENGER FACILITY CHARGES
YEAR ENDED JUNE 30, 2025

NOTE 1 PROGRAM DESCRIPTION

The Schedule of Passenger Facility Charges presents only the activity of the Passenger Facility Charges (PFC) Program of the City of Chico.

PFC are fees imposed by the City on enplaned passengers for the purpose of generating revenue for City projects that increase capacity, increase safety, and/or mitigate noise impact.

NOTE 2 BASIS OF ACCOUNTING

The Schedule of Passenger Facility Charges is prepared using the accrual basis of accounting. Under this basis of accounting, revenues are recorded when earned and expenditures are recognized when the related liability is incurred.

NOTE 3 RELATIONSHIP TO THE BASIC FINANCIAL STATEMENTS

The amounts reported in the accompanying PFC Schedule agrees to or can be reconciled with amounts reported within the City of Chico (City) financial statements. Passenger Facility Charges are reported principally in the City's financial statements as nonoperating revenues in the Airport Enterprise Fund. The schedule below presents a reconciliation of the Passenger Facility Charge revenue to the City's financial statements for the year ended June 30, 2025.

Passenger Facility Charge Revenue	\$ 8,548
Other nonoperating revenue	<u>657</u>
Total Nonoperating Revenue - Airport Fund	<u><u>\$ 9,205</u></u>

**CHICO PASSENGER FACILITY CHARGES
SCHEDULE OF FINDINGS
YEAR ENDED JUNE 30, 2025**

Section I – Summary of Auditors’ Results

A. Current Year Findings and Questioned Costs – Passenger Facility Charges Program

No findings or questioned costs were noted on the City’s compliance with requirements of the passenger facility charge program for the year ended June 30, 2025.

B. Prior Year Findings and Questioned Costs – Passenger Facility Charges Program

There were no findings or questioned costs noted on the City’s compliance with requirements of the passenger facility charge program for the year ended June 30, 2024.



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