SOUTH CENTRAL REGIONAL AIRPORT AGENCY

INDEPENDENT AUDITOR'S REPORT
BASIC FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
June 30, 2020

South Central Regional Airport Agency
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June 30, 2020

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South Central Regional Airport Agency
Officials
Year Ending June 30, 2020

Name	Title	Appointed By	Term Expires
		(Before December 31, 2019)	
David Barnes	Chairperson	Pella	April 1, 2021
Jim Hansen	Vice Chair	Oskaloosa	March 31, 2022
Joe Warrick	Secretary	Mahaska County	December 31, 2019
Pamela Blomgren	Board Member	Oskaloosa	March 31, 2024
Sid Pinney	Board Member	Pella	April 1, 2021
Kevin Gaul	Board Member	Pella	December 1, 2021
		(After December 31, 2019)	
David Barnes	Chairperson	Pella	April 1, 2021
Jim Hansen	Vice Chair	Oskaloosa	March 31, 2022
John Bandstra	Secretary	Mahaska County	December 31, 2023
Sid Pinney	Board Member	Pella	April 1, 2021
Kevin Gaul	Board Member	Pella	December 1, 2021
Pamela Blomgren	Board Member	Oskaloosa	March 31, 2024
		Supporting Staff:	
Mike Nardini		City of Pella Administrator	Indefinite
Mike Schrock		City of Oskaloosa Manager	Indefinite
Brick, Gentry, Bower, Swartz & Lewis, PC Amy Beattie, Attorney		Attorney	Indefinite

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Van Maanen, Sietstra, Meyer & Nikkel, PC
CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditor's Report

To the Members of the South Central Regional Airport Agency:

Report on the Financial Statements

We have audited the accompanying financial statements of the business type activities of South Central Regional Airport Agency as of and for the year ended June 30, 2020, and the related Notes to Financial Statements, which collectively comprise the Agency's basic financial statements listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles. This includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Agency's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business type activities of South Central Regional Airport Agency, as of June 30, 2020, and the respective changes in financial position and, where applicable, its cash flows thereof for the year then ended in accordance with U.S. generally accepted accounting principles.

Other Matters

Required Supplementary Information

U.S. generally accepted accounting principles require that the Management's Discussion and Analysis on pages 5 through 7 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with U.S. generally accepted auditing standards, which consisted of inquiries of management

about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplemental Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the South Central Regional Airport Agency's basic financial statements. The supplemental information included on pages 18-21, including the accompanying Budgetary Comparison Schedule of Receipts, Disbursements and Changes in Balance-Budget and Actual (Modified Accrual Basis) – Proprietary Funds, Budgetary Comparison Schedule – Proprietary – GAAP to Modified Accrual Reconciliation and the Schedule of Expenditures of Federal Awards required by Title 2, *U.S. Code of Federal Regulations,* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), is presented for purposes of additional analysis and is not required part of the basic financial statements.

The supplemental schedule are 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. Such information has been subjected to the auditing procedure 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 supplemental information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Governmental Auditing Standards*, we have also issued our report dated March 19, 2021 on our consideration of the South Central Regional Airport Agency's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the South Central Regional Airport Agency's internal control over financial reporting and compliance.

Van Maanen, Sietstra, Meyer & Nikkel PC

Van Maanen, Sietstra, Meyer & Nikkel, PC
Certified Public Accountants

March 19, 2021

The South Central Regional Airport Agency was formed pursuant to the provisions of Chapter 28E of the Code of Iowa. The purpose of the Agency is for the joint acquisition, construction, equipping, use and operation of a proposed regional airport for the citizens of Mahaska County, the City of Oskaloosa, and the City of Pella.

This Management's Discussion and Analysis is for the year ended June 30, 2020. We encourage readers to consider this information in conjunction with the Agency's financial statements, which follow.

2020 FINANCIAL HIGHLIGHTS

- For fiscal year ending June 30, 2020, the Agency's operating expenditures were $25,651, of which the largest expenditures were liability insurance and legal expense.
- For the fiscal year ending June 30, 2020, $2,127,142 were expended for land and engineering for continued development of the project.

USING THIS REPORT

The South Central Regional Airport Agency is a 28E organization and presents its financial statements using the economic resources measurement focus and accrual basis of accounting, which is the same measurement focus and basis of accounting employed by private sector business enterprises. This Discussion and Analysis is intended to serve as an introduction to the South Central Regional Airport Agency's basic financial statements. The annual report consists of a series of financial statements and other information as follows:

Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the Agency's financial activities.

The Statement of Net Position presents information on the Agency's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Agency is improving or deteriorating.

The Statement of Revenues, Expenses and Changes in Net Position is the basic statement of activities for the proprietary funds. This statement presents information on the Agency's operating revenues and expenses, non-operating revenues and expenses and whether the Agency's financial position has improved or deteriorated as a result of the year's activities.

The Statement of Cash Flows presents the change in the Agency's cash and cash equivalents during the year. This information can assist readers of the report in determining how the Agency financed its activities and how it met its cash requirements.

Notes to the Financial Statements provide additional information essential to a full understanding of the data provided in the basic financial statements.

FINANCIAL ANALYSIS OF THE AGENCY

Statement of Net Position

As noted earlier, net positions may serve over time as a useful indicator of the Agency's financial position. The Agency's net position at the end of fiscal year 2020 totaled $2,821,632 and was comprised of the engineering and development work for the aviation planning studies and the beginning stages of land purchases. A summary of the Agency's net position is presented below.

	Net Position	
	Business Type Activities	
	June 30, 2020	June 30, 2019
Current and other assets	$ 886,894	38,994
Capital assets	2,821,632	694,490
Total assets	3,708,526	733,484
Current Liabilities	886,894	38,994
Total Liabilities	886,894	38,994
Net position:		
Net investment in capital assets	2,821,632	694,490
Total net position	$ 2,821,632	694,490

It is important to note, the Agency continues to meet its operational and non-operational financial requirements in accordance with the 28E agreement which provides for assistance from supporting organizations.

Statement of Revenues, Expenses and Changes in Net Position

Operating revenues are reimbursed 60% by the City of Pella and 40% by the City of Oskaloosa. Operating expenses are expenses paid to meet the day-to-day obligations necessary to facilitate the development of the regional airport. Non-operating expenses are expenditures associated with the engineering fees and land purchases for the continued development of the project. Non-operational expenditures are reimbursed 50% by the City of Oskaloosa and 50% by the City of Pella. A summary of revenues, expenses and changes in net position for the year ending June 30, 2019 are below.

	CHANGES IN NET POSITION	
	Business Type Activities	
	June 30, 2020	June 30, 2019
Operating Revenues		
Federal Aviation Agency	$ 11,929	
Miscellaneous operating revenue	1	
Member government operating assessments:		
City of Pella	8,651	11,489
City of Okaloosa	5,070	7,659
Total revenues	25,651	19,148
Operating Expenses		
Training and Conferences	174	1,721
Professional fees	19,025	11,729
Insurance expense	6,445	5,500
Other expense	7	198
Total expenses	25,651	19,148
Operating income(loss)	-	-
Non-operating revenues(expenses)		
Federal Aviation Agency	1,867,953	
Member government capital assessments:		
City of Pella	129,584	66,974
City of Okaloosa	129,605	66,974
Grant reimbursements	-	
Total other financing sources (uses)	2,127,142	133,948
Change in net position	2,127,142	133,948
Net position beginning of year	694,490	560,542
Net position end of year	$ 2,821,632	694,490

The Statement of Revenues, Expenses and Changes in Net Position reflects a positive year with an increase in net position at the end of the fiscal year.

In fiscal year 2020, operating expenses of $25,651 were offset by member cities operational revenue contributions as specified in the Agency's 28E agreement. Minimal changes in operational revenue and expenditures are expected prior to the proposed airport becoming fully operational.

Statement of Cash Flows

The Statement of Cash Flows presents information related to cash inflows and outflows, summarized by operating, capital and related financing and investing activities. Cash provided by operating activities included operational revenue contributions by member cities. Cash used as capital included payments related to the development and engineering of the proposed regional airport and the beginning stages of land purchases.

CAPITAL ASSETS

At June 30, 2020, the Agency had $2,821,632 invested in capital assets. The current capital assets of the Agency are comprised of the development and engineering of the airport currently in progress and the beginning of land purchases. More detailed information about the Agency's capital assets is presented in the financial statements.

LONG TERM DEBT

At June 30, 2020, the Agency had not incurred any long term debt.

ECONOMIC FACTORS

On November 13, 2017 the South Central Regional Airport Agency approved a master agreement with HDR Engineering, Inc. for the next phase of the project which is land acquisition, engineering design and construction observation services. The timing of the individual task orders associated with this agreement are contingent upon funding and will be determined as the project proceeds. The Agency currently does not anticipate any material changes in its financial status in the next year.

CONTACTING THE AGENCY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, customers and creditors with a general overview of the Agency's finances and to show the Agency's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact South Central Regional Airport Agency, 825 Broadway, PO Box 88, Pella, Iowa 50219.

Basic Financial Statements

Exhibit A

South Central Regional Airport Agency
Statement of Net Position
June 30, 2020

Assets		
Current Assets:		
Cash, cash equivalents and pooled investments	$	-
Accounts Receivable, Miscellaneous		5,908
Due from other governments:		
Federal Aviation Agency		720,376
City of Pella		80,305
City of Oskaloosa		80,305
Total Due from other governments		880,986
Total current assets		886,894
Noncurrent assets:		
Capital assets, not being depreciated		2,821,632
Total non-current assets		2,821,632
Total assets	$	3,708,526
Liabilities		
Current Liabilities:		
Accounts payable and accrued liabilities	$	52,600
Due to other governments:		
Advance from the City of Pella		523,148
Advance from the City of Oskaloosa		311,146
Total due to other governments		834,294
Total current liabilities		886,894
Total liabilities		886,894
Net Position		
Net investment in capital assets		2,821,632
Restricted for:		
Expendable:		
Other		-
Unrestricted		-
Total net position	$	2,821,632

See notes to financial statements.

Exhibit B

South Central Regional Airport Agency
Statement of Revenues, Expenses and Changes in Fund Net Position
Year ended June 30, 2020

Operating revenues:		
Federal Aviation Agency	$	11,929
Miscellaneous operating revenue		1
Member government operating assessments:		
City of Pella		8,651
City of Oskaloosa		5,070
Total revenues		25,651
Operating expenses:		
Training and Conferences		174
Professional fees		19,025
Insurance expense		6,445
Other expenses		7
Total expenditures		25,651
Operating income (loss)		-
Non-operating revenues (expenses)		
Federal Aviation Agency		1,867,953
Member government capital assessments:		
City of Pella		129,584
City of Oskaloosa		129,605
Total other financing sources (uses)		2,127,142
Change in net position		2,127,142
Net position beginning of year		694,490
Net position end of year	$	2,821,632

See notes to financial statements.

Exhibit C

South Central Regional Airport Agency
Statement of Cash Flows
Year ended June 30, 2020

Cash flows from operating activities:		
Cash received from member governments and the FAA	$	23,022
Cash received from miscellaneous revenues		1
Advance(use of advances) from member government		(3,477)
Cash paid to suppliers		(19,546)
Net cash provided (used) by operating activities		-
Cash flows from non-capital financing activities:		
Miscellaneous receipts		-
Net cash provided (used) by non-capital financing activities		-
Cash flows from capital and related financing activities:		
Acquisition and construction of capital assets		(2,114,455)
Cash received from member governments and the FAA		1,281,870
Advance(use of advances) from member government		832,585
Net cash provided (used) by capital and related financing activities		-
Cash flows from investing activities:		
Interest on investments		-
Net cash provided (used) by investing activities		-
Net increase (decrease) in cash and cash equivalents		-
Cash and cash equivalents at beginning of year		-
Cash and cash equivalents at end of year	$	-

Reconciliation of operating income (loss) to net cash provided (used) by operating activities:

Operating income (loss)	$	-
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation/Amortization		-
Change in assets and liabilities:		
(Increase) decrease in accounts receivable, miscellaneous		(5,908)
(Increase) decrease in due from other governments		3,280
Increase (decrease) in accounts payable		6,105
Increase (decrease) in due to other governments		(3,477)
Total adjustments		-
Net cash provided (used) by operating activities	$	-

See notes to financial statements.

(1) Summary of Significant Accounting Policies

The South Central Regional Airport Agency (the Agency) was formed in 2012 pursuant to the provisions of Chapter 28E of the Code of Iowa. The purpose of the Agency is for the joint acquisition, construction, equipping, use and operation of an airport facility for the citizens of the City of Oskaloosa, Iowa, the City of Pella, Iowa and the County of Mahaska County, Iowa.

The Agency is governed by a six-member Board of Directors who represents the parties listed in the preceding paragraph. Each member of the Agency is a member of its governing body, or other person appointed by the mayor or chair of the governing body and approved by such governing body. Mahaska County shall be entitled to one representative on the Agency's Board. The City of Oskaloosa shall be entitled to two representatives on the Agency's Board. The City of Pella shall be entitled to three representatives on the Agency's Board.

Capital expenditures are to be reimbursed 90% by the Federal Aviation Agency, 5% by the City of Oskaloosa and 5% by the City of Pella. Operating expenses are to be reimbursed 60% by the City of Pella and 40% by the City of Oskaloosa. Since the airport is still in the initial set up no fees for usage have been established.

A. Reporting Entity

For financial reporting purposes, the South Central Regional Airport Agency has included all funds, organizations, agencies, boards, commissions and authorities. The Agency has also considered all potential component units for which it is financially accountable, and other organizations for which the nature and significance of their relationship with the Agency are such that exclusion would cause the Agency's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body, and (1) the ability of the Agency to impose its will on that organization or (2) the potential for the organization to provide specific benefits to, or impose specific financial burdens on the Agency. The South Central Regional Airport Agency has no component units which meet the Governmental Accounting Standards Board criteria.

B. Basis of Presentation

The accounts of the South Central Regional Airport Agency are organized as an Enterprise Fund. Enterprise Funds are used to account for operations in a manner similar to private business enterprises, where the intent of the governing body is the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges and member contributions or (b) where the governing body has decided periodic determination of revenues earned, expenses incurred and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

C. Measurement Focus and Basis of Accounting

The financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The Agency distinguishes operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the Agency's principal ongoing operations. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

When an expenditure is incurred which can be paid using either restricted or unrestricted resources, the Agency's policy is generally to first apply the expenditure towards restricted fund balance and then less-restrictive classifications.

(1) Summary of Significant Accounting Policies (continued from previous page)

D. Assets, Liabilities and Fund Equity

The following accounting policies are followed in preparing the financial statements:

Due from other governments – The airport is currently in its development stages so all funds are supplied by the FAA or its sponsoring governments of the City of Pella or City of Oskaloosa.

Capital Assets – Capital assets are accounted for at the historical cost. Expenses related to construction are capitalized as construction in progress. These costs are capitalized and depreciated when the asset is placed in service. Depreciation of all exhaustible capital assets is charged as an expense against operations. The cost of repair and maintenance is charged to expense, while the cost of renewals or substantial betterments is capitalized. The cost and accumulated depreciation of assets disposed of are deleted, with any gain or loss recorded in current operations.

Reportable capital assets are defined by the Agency as assets with initial, individual costs in excess of $1,000 and estimated useful lives in excess of five years.

Capital assets of the Agency are depreciated using the straight line method over the following estimated useful lives:

Asset Class	Estimated Useful Lives (In Years)
Buildings and improvements	5-50
Equipment and vehicles	5-10

Interest is capitalized on qualified assets acquired with certain tax-exempt debt. The amount of interest to be capitalized is calculated by offsetting interest expense incurred from the date of the borrowing until completion of the project with interest earned on invested proceeds over the same period. There were no qualifying assets acquired during the year ended June 30, 2020.

Due to other governments – The City of Pella is performing the accounting services for the South Central Regional Airport and has advanced funds as necessary to pay its ongoing expenses. Those expenses are then reimbursed as agreed to according to their founding agreement. See the Summary of significant accounting policies for details.

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Supplemental Information. During the year ended June 30, 2020, disbursements did not exceed the amounts budgeted in the business-type activities function.

(2) Cash and Cash Equivalents

The Agency's receipts and disbursements are administered by The City of Pella. The Agency does not have its own cash account.

The Agency had no investments meeting the disclosure requirements of Governmental Accounting Standards Board No. 72.

(3) Capital Assets

Capital assets activity for the year ended June 30, 2019 was as follows:

Business type activities: **Airport Fund:**	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Capital assets not being depreciated:				
Land	$ 87,285	2,112,310	-	2,199,595
Construction in progress:				
Development/Engineering costs	607,205	14,832	-	622,037
Total capital assets not being depreciated	694,490	2,127,142	-	2,821,632
Capital assets being depreciated:				
Buildings and improvements	-	-	-	-
Machinery and equipment	-	-	-	-
Total capital assets being depreciated	-	-	-	-
Less accumulated depreciation for:				
Buildings and improvements	-	-	-	-
Machinery and equipment	-	-	-	-
Total accumulated depreciation	-	-	-	-
Total capital assets being depreciated net	-	-	-	-
Airport - capital assets, net	$ 694,490	2,127,142	-	2,821,632

Summary Schedule **Business type activities:**	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Capital assets not being depreciated/amortized:				
Land	$ 87,285	2,112,310	-	2,199,595
Construction in progress	607,205	14,832	-	622,037
Total capital assets not being depreciated/amortized	694,490	2,127,142	-	2,821,632
Capital assets being depreciated/amortized:				
Total capital assets being depreciated/amortized	-	-	-	-
Total accumulated depreciation/amortization	-	-	-	-
Total capital assets being depreciated/amortized (net)	-	-	-	-
Business type activities capital assets, net	$ 694,490	2,127,142	-	2,821,632

(4) Short Term Debt

The City of Pella's advanced funds to the Agency were increased by $517,962 and the City of Oskaloosa advances were increased by $311,146 during the year ended June 30, 2020.

The following is a summary of changes in short-term debt for the years ended June 30, 2020.

	City of Pella	City of Oskaloosa	Total
Balance, July 1, 2019	$ 5,186	-	5,186
Increases	517,962	311,146	829,108
Decreases	-	-	-
Balance, June 30, 2020	$ 523,148	311,146	834,294

(5) Risk Management

The Agency is exposed to various risks of loss related to torts, theft, damage to and destruction of assets, errors and omissions, environmental issues and natural disasters. These risks are covered by commercial coverage from an independent third party. The Agency assumes liability for any deductibles and claims in excess of coverage limitations. There have been no settlement claims to date.

(6) Contingencies and Commitments

A. Commitments

The Agency has received financial assistance from federal, state and local governmental agencies in the form of grants. The disbursements of funds received under these programs generally require compliance with terms and conditions specified in the grant agreements and the Single Audit Act, and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the Cities, however, such disallowed claims, if any, are not expected to have any materially adverse effect on the Agency's financial position as June 30, 2020.

The Agency has entered into several contracts totaling $752,289. At June 30, 2020, $436,922 had been paid towards these contracts. The remaining amounts will be paid as work on the projects progresses.

Contracts	Contract Amount	Amount Paid	% Complete
Engineering-6B Public Meetings			
HDR Engineering, Inc	$ 189,588	159,505	84%
Engineering-Oskaloosa Municipal Airport Land Release			
HDR Engineering, Inc	99,945	92,674	93%
Engineering-Land Acquisition for Voss Parcels			
HDR Engineering, Inc	42,853	40,397	94%
Engineering-Land Acquisition for Van Heukelom Parcels			
HDR Engineering, Inc	60,267	59,955	99%
Engineering-Barnard Parcels			
HDR Engineering, Inc	35,266	31,636	90%
Engineering-DeRooi Parcels			
HDR Engineering, Inc	36,154	3,968	11%
Engineering-Hasselman Parcels			
HDR Engineering, Inc	40,999	-	0%
Engineering-Prine Parcels			
HDR Engineering, Inc	35,837	18,289	51%
Engineering-Rempe Parcels			
HDR Engineering, Inc	35,065	-	0%
Engineering-Van Zomeran Parcels			
HDR Engineering, Inc	32,065	-	0%
Engineering-Wichart Parcels			
HDR Engineering, Inc	44,272	22,907	52%
Engineering-Pella Airport Federal Release			
HDR Engineering, Inc	99,978	7,591	8%
	$ 752,289	436,922	

B. Contingencies

A lawsuit in which the agency was named received a favorable ruling on September 18, 2020. The decision is being appealed. Outcome of this appeal can not be estimated at this time.

Supplemental Information

South Central Regional Airport Agency
Budgetary Comparison Schedule of Receipts, Disbursements and Changes in Balances
Budget and Actual (Modified Accrual Basis) - Proprietary Funds
Required Supplementary Information
Year ended June 30, 2020

			Budgeted Amounts	
	Proprietary Funds-Actual	Total Actual	Original and Final	Final to Actual Variance
Revenues:				
Operating member assessments	$ 25,651	25,651	-	25,651
Non-operating member assessments	259,189	259,189	-	259,189
Grant reimbursements	1,867,953	1,867,953	-	1,867,953
	-	-	-	-
	-	-	-	-
Total revenues	2,152,793	2,152,793	-	2,152,793
Business type expenditures:				
Insurance	6,445	6,445	5,000	(1,445)
Professional fees	19,025	19,025	12,025	(7,000)
Other expenses	7	7	750	743
Training/Conferences	174	174	5,375	5,201
Capital projects	2,127,142	2,127,142	2,382,000	254,858
	-	-	-	-
	-	-	-	-
Total business type expenditures	2,152,793	2,152,793	2,405,150	252,357
Excess (deficiency) of revenues over (under) expenditures	-	-	(2,405,150)	2,405,150
Other financing sources (uses):				
Capital projects	-	-	-	-
Debt Proceeds	-	-	-	-
Proceeds from sale of assets	-	-	-	-
Total other financing sources	-	-	-	-
Excess (deficiency) of revenues and other financing sources over (under) expenditures	-	-	(2,405,150)	2,405,150
Balance beginning of year	-	-	-	-
Balance end of year	$ -	-	(2,405,150)	2,405,150

See accompanying independent auditor's report.

South Central Regional Airport Agency
Budgetary Comparison Schedule
Proprietary-GAAP to Modified Accrual Reconciliation
Required Supplementary Information
Year ended June 30, 2020

	Proprietary Funds		
	GAAP	Accrual Adjustments	Modified Accrual Basis
Total revenues	$ 2,152,793	-	2,152,793
Expenses:			
Business type activities	25,651	2,127,142	2,152,793
Excess (deficiency) of revenues under expenses	2,127,142	(2,127,142)	-
Other financing sources (uses):			
Sale of fixed assets	-	-	-
Debt proceeds	-	-	-
Total other financing sources (uses)	-	-	-
Increase in net positon	2,127,142	(2,127,142)	-
Beginning net position	694,490	(694,490)	-
Ending net position	$ 2,821,632	(2,821,632)	-

The Agency budgets on the modified accrual basis. It includes proprietary expenditures outlays for capital assets expenditures which need to be added to costs recognized in GAAP accounting.

See accompanying independent auditor's report.

Schedule 1

South Central Regional Airport Agency
Schedule of Expenditures of Federal Awards
Year ended June 30, 2020

Grantor/Program	CFDA Number	Grant Number	Expenditures
Direct:			
U.S. Department of Transportation:			
Airport Improvement Program	20.106	3-19-0136-002-2019	$ 1,159,506
Airport Improvement Program	20.106	3-19-0136-003-2020	708,447
Total direct			1,867,953
Total			$ 1,867,953

See accompanying notes to schedule of expenditures of federal awards

Note 1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (Schedule) includes the federal award activity of the South Central Regional Airport Agency under programs of the federal government for the year ended June 30, 2020. The information in this Schedule is presented in accordance with the requirements of Title 2, U.S. *Code of Federal Regulations*, Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of South Central Regional Airport Agency, it is not intended to and does not present the financial position, changes in financial position or cash flows of South Central Regional Airport Agency.

Note 2. Summary of Significant Accounting Policies

Expenditures reported in the Schedule are reported on the accrual or modified accrual basis of accounting. Such expenditures are recognized following, as applicable, the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Note 3. Indirect Cost Rate

South Central Regional Airport Agency uses a federally negotiated indirect cost rate as allowed under the Uniform Guidance.

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Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

To the Members of the South Central Regional Airport Agency:

We have audited in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the business type activities of the South Central Regional Airport Agency, as of and for the year ended June 30, 2020, and the related Notes to Financial Statements, which collectively comprise the Agency's basic financial statements, and have issued our report thereon dated March 19, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the South Central Regional Airport Agency's internal control over financial reporting (internal control) to determine auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the South Central Regional Airport Agency's internal control. Accordingly, we do not express an opinion on the effectiveness of the South Central Regional Airport Agency's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the South Central Regional Airport Agency's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters that are required to be reported under *Government Auditing Standards*.

Comments involving statutory and other legal matters about the Agency's operations for the year ended June 30, 2020 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the Agency. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the Agency's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Governmental Auditing Standards* in considering the Agency's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of the South Central Regional Airport Agency during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.

Van Maanen, Sietstra, Meyer & Nikkel PC

Van Maanen, Sietstra, Meyer & Nikkel, PC
Certified Public Accountants

March 19, 2021

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Independent Auditor's Report on Compliance for Each Major Federal Program and on Internal Control over Compliance Required by the Uniform Guidance

To the Members of the South Central Regional Airport Agency:

Report on Compliance for Each Major Federal Program

We have audited South Central Regional Airport Agency compliance with the types of compliance requirements described in U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on each of the Agency's major federal programs for the year ended June 30, 2020. South Central Regional Airport Agency major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of South Central Regional Airport Agency major federal programs 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, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the audit requirements of Title 2, U.S. *Code of Federal Regulations*, Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether non-compliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Agency's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe our audit provides a reasonable basis for our opinion on compliance for each of the major federal programs. However, our audit does not provide a legal determination of Agency's compliance.

Opinion on Each Major Federal Program

In our opinion, the Agency complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2020.

Report on Internal Control Over Compliance

Management of the Agency 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 Agency's internal control over compliance with type of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance the Uniform Guidance, 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 Agency'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 a federal 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 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 a federal 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 Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Van Maanen, Sietstra, Meyer & Nikkel PC

Van Maanen, Sietstra, Meyer & Nikkel, PC
Certified Public Accountants

March 19, 2021

Part I: Summary of the Independent Auditor's Results

(a) Unmodified opinions were issued on the financial statements prepared in accordance with U. S. generally accepted accounting principles.

(b) No material weaknesses in internal control over financial reporting were disclosed by the audit of the financial statements.

(c) The audit did not disclose any non-compliance which is material to the financial statements.

(d) No material weaknesses in internal control over major programs were disclosed by the audit of the financial statements.

(e) An unmodified opinion was issued on compliance with requirements applicable to each major program.

(f) The audit did not disclose any audit findings which are required to be reported in accordance with the Uniform Guidance, Section 200.516(a).

(g) Major programs were as follows:

- CFDA Number 20.106 Airport Improvement Program, 2019 Grant
- CFDA Number 20.106 Airport Improvement Program, 2020 Grant

(h) The dollar threshold used to distinguish between Type A and Type B programs was $750,000.

(i) South Central Regional Airport Agency did not qualify as a low-risk auditee.

Part II: Findings Related to the Financial Statements

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

INTERNAL CONTROL DEFICIENCIES:

No matters were noted.

Part III: Findings and Questioned Costs for Federal Awards

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

INTERNAL CONTROL DEFICIENCIES:

No matters were noted.

Part IV: Other Findings Related to Required Statutory Reporting:

(1) Questionable Disbursements – No expenditures that may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979 were noted.

(2) Travel Expense - No expenditures of Agency money for travel expenses of spouses of Agency officials or employees were noted.

(3) Agency Minutes – No transactions were found that we believe should have been approved in the Agency minutes but were not.

(4) Business Transactions – No transactions between the Agency and Agency officials and employees were noted.

(5) Bond Coverage – Surety bond coverage of Agency officials is in accordance with statutory provisions. The amount of coverage should be reviewed annually to ensure that the coverage is adequate for current operations. The Agency does not have employees.

(6) Deposits and Investments – No instances of non-compliance with the deposit and investment provisions of Chapter 12B and Chapter 12C of the Code of Iowa were noted.