



PROGRAM REPORTS

**CITY OF EL PASO, TEXAS
PASSENGER FACILITY CHARGE PROGRAM**

August 31, 2019



Table of Contents

	PAGE
Report of Independent Auditors on Compliance with Requirements that Could have a Direct and Material Effect on the Passenger Facility Charge Program, Report on Internal Control over Compliance in Accordance with <i>The Passenger Facility Charge Program Audit Guide for Public Agencies</i>, and Report on the Schedule of Passenger Facility Charges Revenues and Expenditures	1-3
Schedule of Passenger Facility Charges Revenues and Expenditures	4
Notes to the Schedule of Passenger Facility Charges Revenues and Expenditures	5
Schedule of Findings and Questioned Costs	6
Summary Schedule of Prior Year Findings	7

Report of Independent Auditors on Compliance with Requirements that Could Have a Direct and Material Effect on the Passenger Facility Charge Program, Report on Internal Control Over Compliance in Accordance with the *Passenger Facility Charge Program Audit Guide for Public Agencies*, and Report on the Schedule of Passenger Facility Charges Revenues and Expenditures

The Member of the City Council
and Honorable Mayor
City of El Paso, Texas

Report on Compliance for the Passenger Facility Charge Program

We have audited the compliance of the City of El Paso, Texas (the City) with the types of compliance requirements described in the *Passenger Facility Charge Audit Guide for Public Agencies*, issued by the Federal Aviation Administration (the Guide), that could have a direct and material effect on its Passenger Facility Charge (PFC) program for the year ended August 31, 2019.

Management's Responsibility

Management is responsible for compliance with the requirements of federal statutes, regulations, and the terms and conditions contracts applicable to the PFC program.

Auditor's Responsibility

Our responsibility is to express an opinion on the compliance for the PFC 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 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 PFC program occurred. An audit includes examining, on a test basis, evidence about the City'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 PFC program. However, our audit does not provide a legal determination of the City's compliance.

Opinion on the Passenger Facility Charge Program

In our opinion, the City 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 August 31, 2019.

Report on Internal Control Over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on the PFC program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance 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 City'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 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 and, therefore, material weaknesses or significant deficiencies may exist that were not 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 Revenues and Expenditures

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of El Paso, Texas, as of and for the year ended August 31, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated February 27, 2020 which contained unmodified opinions on those financial statements and included an emphasis of matter paragraph regarding adoption of certain accounting standards.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying schedules of expenditures of passenger facility charge revenues and expenditures are presented for purposes of additional analysis as required by the Guide and are 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 financial statements. The information has been subjected to the auditing procedures applied in the audits of the basic financial statements and certain other 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 revenues and expenditures is fairly stated in all material respects in relation to the financial statements as a whole.

Mess Adams LLP

Albuquerque, New Mexico
April 1, 2020

City of El Paso, Texas
El Paso International Airport
Schedule of Passenger Facility Charges Revenues and Expenditures
Year Ended August 31, 2019

	FY 2018 Program Total	Quarter 1 September- November	Quarter 2 December- February	Quarter 3 March-May	Quarter 4 June-August	FY 2019 Total	FY 2019 Program Total
Revenues							
Collections	\$ 103,435,532	\$ 1,348,878	\$ 1,493,194	\$ 1,789,174	\$ 1,862,539	\$ 6,493,785	\$ 109,929,317
Interest	3,259,260	8,639	45,514	53,509	59,721	167,383	3,426,643
Total Revenues	106,694,792	1,357,517	1,538,708	1,842,683	1,922,260	6,661,168	113,355,960
Expenditures							
<i>Application 96-01</i>							
Proj. 1 - Terminal Renovation	31,462,086	-	-	-	-	-	31,462,086
Proj. 2 - Reconstruct Runway 4/22	630,036	-	-	-	-	-	630,036
Proj. 3 - Terminal Ramp Reconstruction	1,629,000	-	-	-	-	-	1,629,000
Proj. 4 - Airfield Pavement Evaluation Study	468,081	-	-	-	-	-	468,081
Total Application 96-01	34,189,203	-	-	-	-	-	34,189,203
<i>Application 00-02</i>							
Construction Runway 4/22 Extension	2,310,723	-	-	-	-	-	2,310,723
<i>Application 06-03</i>							
Proj. 6 - Reconstruct Runway 8R/26L	7,210,895	-	-	-	-	-	7,210,895
Proj. 7 - Construct Security Checkpoint	2,360,200	-	-	-	-	-	2,360,200
Proj. 8 - Administrative Costs	23,000	-	-	-	-	-	23,000
Total Application 06-03	9,594,095	-	-	-	-	-	9,594,095
<i>Application 08-04</i>							
Proj. 9 - Extend Runway 8R/26L	6,314,580	-	-	-	-	-	6,314,580
Proj.10 - Pavement Management Update	415,813	-	-	-	-	-	415,813
Proj.11 - Modify Terminal/Baggage Makeup	877,679	-	-	-	-	-	877,679
Proj.12 - Reconstruct Taxiways H, J and K	992,967	-	-	-	-	-	992,967
Proj.13 - Administrative Costs	20,993	-	-	-	-	-	20,993
Total Application 08-04	8,622,032	-	-	-	-	-	8,622,032
<i>Application 09-05</i>							
Proj.14 - Design/Reconstruct Taxiway	13,575,722	-	-	-	-	-	13,575,722
Proj.15 - Reconstruct Taxiway Radius	5,200,000	-	-	-	-	-	5,200,000
Total Application 09-05	18,775,722	-	-	-	-	-	18,775,722
<i>Application 13-06</i>							
Proj. 16 - Baggage Claim Units	2,824,180	-	-	-	-	-	2,824,180
Proj. 17 - Baggage Makeup Area	-	-	-	-	-	-	-
Proj. 18 - Passenger Loading Bridges	12,045,967	-	-	-	-	-	12,045,967
Proj. 19 - Airport Access Control System	754,630	-	-	-	-	-	754,630
Proj. 20 - Central Plant Upgrade	1,860,900	-	-	-	-	-	1,860,900
Proj. 21 - Administrative Cost	29,648	-	-	-	-	-	29,648
Total Application 13-06	17,515,325	-	-	-	-	-	17,515,325
<i>Application 16-07</i>							
Proj. 21 - Runway 4-22 Reconstruction	1,527,790	21,447	32,800	99,403	18,561	172,211	1,700,001
Proj. 22 - Phase II-Reconst Taxiway Radius	1,829,839	-	-	-	-	-	1,829,839
Proj. 23 - Master Plan Update	1,785,884	64,116	-	-	-	64,116	1,850,000
Proj. 24 - Replace Escalators	167,957	285,527	-	30,789	74,914	391,230	559,187
Proj. 25 - Concourse A Expansion	2,162,128	-	-	-	-	-	2,162,128
Proj. 26 - Concourse A Renovation	328,848	-	-	-	-	-	328,848
Proj. 27 - Passenger Loading Bridge - B9	520,507	-	-	-	-	-	520,507
Proj. 28 -Terminal Drive Crosswalks	600,000	-	-	-	-	-	600,000
Proj. 29 - Administrative Costs	52,917	-	-	-	-	-	52,917
Total Application 16-07	8,975,870	371,090	32,800	130,192	93,475	627,557	9,603,427
<i>Application 17-08</i>							
Proj. 30 - Runway 4-22 Reconstruction and Taxiway Tie-Ins (A, D, F, G, H, M, N, Q, R)	-	-	315,610	-	1,784,957	2,100,567	2,100,567
Proj. 31 - Checked Baggage Inspection Sys	-	-	219,052	-	1,238,865	1,457,917	1,457,917
Proj. 32 - Passenger Notification System	-	-	33,191	-	187,715	220,906	220,906
Proj. 33 - ARFF Station Renovation	-	-	22,440	-	126,910	149,350	149,350
Proj. 34 - PFC Administrative Costs	-	-	3,745	-	21,177	24,922	24,922
Total Application 17-08	-	-	594,038	-	3,359,624	3,953,662	3,953,662
Total Expenditures	99,982,970	371,090	626,838	130,192	3,453,099	4,581,219	104,564,189
Net PFC Revenue	\$ 6,711,822	\$ 986,427	\$ 911,870	\$ 1,712,491	\$ (1,530,839)	\$ 2,079,949	\$ 8,791,771

City of El Paso, Texas
El Paso International Airport

Notes to Schedule of Passenger Facility Charges Revenues and Expenditures
Year Ended August 31, 2019

Note 1 – General

The Aviation Safety and Capacity Expansion Act of 1990 (Public Law 101-508, Title II, Subtitle B) authorized the imposition of local Passenger Facility Charges (PFC) and use of resulting PFC revenues for Federal Aviation Administration (FAA) approved projects meeting at least one of the following criteria: (1) preserve or enhance safety, security, or capacity of the national air transportation system; (2) reduce noise or mitigate noise impacts resulting from an airport; or (3) furnish opportunities for enhanced competition between or among carriers. In May 2010, the FAA approved a \$4.50 PFC collection at the El Paso International Airport.

Note 2 – Accounting Policies

The accompanying Schedule of Passenger Facility Charge Revenues and Expenditures presents the revenues received from passenger facility charges, interest earned thereon, and the expenditures incurred on approved projects. Revenues received and expended on approved projects in this accompanying schedule agree to the passenger facility charge quarterly status reports submitted by the Airport to the FAA, net of minor adjustments.

PFC charges collected represent cash collected through the end of the quarter as reported to the FAA in accordance with 14 CFR Part 158. The Schedule of Passenger Facility Charge Revenues and Expenditures is prepared using the cash basis of accounting.

PFC expenditures are for debt service paid on approved projects and represent only a portion of the debt service as the related debt service requirements exceed the PFC charges collected. PFC expenditures also include pay-as-you-go expenditures paid on approved projects.

City of El Paso, Texas
El Paso International Airport
Schedule of Findings and Questioned Costs
Year Ended August 31, 2019

Section I—Summary of Auditor’s Results

Financial Statements

Type of report the auditor issued on whether the financial
 Statements audited were prepared in accordance with GAAP: **Unmodified**

Internal control over financial reporting:

- Material weakness(es) identified? Yes No
- Significant deficiency(ies) identified? Yes None Reported
- Noncompliance material to financial statements noted? Yes No

Federal Awards

Internal control over Passenger Facility Charge Program:

- Material weakness(es) identified? Yes No
- Significant deficiency(ies) identified? Yes None Reported

Type of auditor’s report issued on compliance for the
 Passenger Facility Charge Program: **Unmodified**

Any audit findings disclosed that are required to be reported
 in accordance with the Guide? Yes No

Section II—Financial Statement Findings None reported

Section III—Federal Award Findings and Questioned Costs None reported

City of El Paso, Texas
El Paso International Airport
Summary Schedule of Prior Audit Findings
Year Ended August 31, 2019

No matters reported.