

City of El Paso, Texas
El Paso International Airport

Schedule of Passenger Facility Charges Revenues and Expenditures

Year Ended August 31, 2017 and Each Quarter
During the Year Ended August 31, 2017
With Cumulative Totals as of August 31, 2017 and 2016
(With Independent Auditor's Report Thereon)

City of El Paso, Texas
El Paso International Airport
Year Ended August 31, 2017 and Each Quarter
During the Year Ended August 31, 2017
With Cumulative Totals as of August 31, 2017 and 2016

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City of El Paso, Texas
El Paso International Airport
Schedule of Passenger Facility Charges Revenues and Expenditures
Year Ended August 31, 2017

	Year Approved	Amount Approved For Use	Cumulative Total August 31, 2016	Quarter 1 Sept. – Nov.
Revenues				
Collections			\$ 91,598,235	\$ 1,423,363
Interest			3,231,879	1,904
Total revenues			<u>94,830,114</u>	<u>1,425,267</u>
Expenditures				
Application 96-01				
Proj. 1-Terminal Renovation	1996	\$ 31,462,086	31,462,086	-
Proj. 2-Reconstruct Runway 4/22	1996	630,036	630,036	-
Proj. 3-Terminal Ramp Reconstruction	1996	1,629,000	1,629,000	-
Proj. 4-Airfield Pavement Evaluation Study	1996	468,081	468,081	-
Total Application 96-01		<u>34,189,203</u>	<u>34,189,203</u>	-
Application 00-02				
Proj. 5-Construct Runway 4/22 Extension	2000	2,310,723	2,310,723	-
Application 06-03				
Proj. 6-Reconstruct Runway 8R/26L	2006	7,210,895	7,210,895	-
Proj. 7-Construct Security Checkpoint	2006	2,360,200	2,360,200	-
Proj. 8-Administrative Costs	2006	23,000	23,000	-
Total Application 06-03		<u>9,594,095</u>	<u>9,594,095</u>	-
Application 08-04				
Proj. 9-Extend Runway 8R/26L	2008	6,314,580	6,314,580	-
Proj. 10-Pavement Management Update	2008	415,813	415,813	-
Proj. 11-Modify Terminal/Baggage Makeup	2008	877,678	877,679	-
Proj. 12-Reconstruct Taxiways H, J and K	2008	992,967	992,967	-
Proj. 13-Administrative Costs	2008	20,993	20,993	-
Total Application 08-04		<u>8,622,031</u>	<u>8,622,032</u>	-
Application 09-05				
Proj. 14-Design and Reconstruct Taxiway L	2009	15,434,000	13,575,722	-
Proj. 15-Design and Reconstruct Taxiway Radius	2009	5,200,000	5,200,001	-
Total Application 09-05		<u>20,634,000</u>	<u>18,775,723</u>	-
Application 13-06				
Proj. 16-Baggage Claim Units	2013	2,828,875	2,824,180	-
Proj. 17-Baggage Makeup Area	2013	-	-	-
Proj 18-Passenger Loading Bridges	2013	12,742,409	11,307,912	-
Proj 19-Airport Access Control System	2013	800,971	561,862	-
Proj 20-Central Plant Upgrade	2013	1,883,220	1,611,792	-
Proj 21-Administrative Cost	2013	29,648	-	-
Total Application 13-06		<u>18,285,123</u>	<u>16,305,746</u>	-
Application 16-07				
Proj 22-Runway 4-22 Reconstruction	2016	1,700,000	-	-
Proj 23-Phase II-Reconstruct Taxiway Radius	2016	1,829,839	1,829,839	-
Proj 24-Master Plan Update	2016	1,850,000	-	-
Proj 25-Replace Escalators	2016	800,000	-	-
Proj 26-Concourse A Expansion	2016	2,442,114	-	-
Proj 27-Concourse A Renovation	2016	328,848	-	-
Proj 28-Passenger Loading Bridge - B9	2016	520,507	-	-
Proj 29-Terminal Drive Crosswalks	2016	600,000	-	-
Proj 30-Administrative Costs	2016	80,000	-	-
Total Application 16-07		<u>10,151,308</u>	<u>1,829,839</u>	-
Total Expenditures		<u>\$ 103,786,483</u>	<u>91,627,361</u>	-
Net PFC Revenues (Expenditures)			-	<u>1,425,267</u>
PFC Cash Account Balance			<u>\$ 3,202,753</u>	<u>\$ 4,628,020</u>

See Notes to Schedule of Passenger Facility Charges Revenues and Expenditures

	Quarter 2 Dec. – Feb.	Quarter 3 Mar. – May	Quarter 4 Jun. – Aug.	FY-16 Total	Cumulative Total August 31, 2017
\$	1,486,919	\$ 1,202,430	\$ 1,493,493	\$ 5,606,205	\$ 97,204,440
	-	1,649	3,181	6,734	3,238,613
	<u>1,486,919</u>	<u>1,204,079</u>	<u>1,496,674</u>	<u>5,612,939</u>	<u>100,443,053</u>
	-	-	-	-	31,462,086
	-	-	-	-	630,036
	-	-	-	-	1,629,000
	-	-	-	-	<u>468,081</u>
	-	-	-	-	34,189,203
	-	-	-	-	<u>2,310,723</u>
	-	-	-	-	7,210,895
	-	-	-	-	2,360,200
	-	-	-	-	<u>23,000</u>
	-	-	-	-	9,594,095
	-	-	-	-	6,314,580
	-	-	-	-	415,813
	-	-	-	-	877,679
	-	-	-	-	992,967
	-	-	-	-	<u>20,993</u>
	-	-	-	-	8,622,032
	-	-	-	-	13,575,722
	-	-	-	-	<u>5,200,001</u>
	-	-	-	-	18,775,723
	-	-	-	-	2,824,180
	-	-	-	-	-
	456,007	281,357	690	738,054	12,045,966
	-	192,767	-	192,767	754,629
	249,109	-	-	249,109	1,860,901
	<u>29,648</u>	-	-	<u>29,648</u>	<u>29,648</u>
	<u>734,764</u>	<u>474,124</u>	<u>690</u>	<u>1,209,578</u>	<u>17,515,324</u>
	-	1,125,432	244,554	1,369,986	1,369,986
	-	-	-	-	1,829,839
	-	319,031	539,992	859,023	859,023
	-	-	-	-	-
	-	-	-	-	-
	520,507	-	-	520,507	520,507
	-	600,000	-	600,000	600,000
	-	<u>52,917</u>	-	<u>52,917</u>	<u>52,917</u>
	<u>520,507</u>	<u>2,097,380</u>	<u>784,546</u>	<u>3,402,433</u>	<u>5,232,272</u>
	<u>1,255,271</u>	<u>2,571,504</u>	<u>785,236</u>	<u>4,612,011</u>	<u>96,239,372</u>
	<u>231,648</u>	<u>(1,367,425)</u>	<u>711,438</u>	<u>1,000,928</u>	<u>-</u>
\$	<u>4,859,668</u>	<u>\$ 3,492,243</u>	<u>\$ 4,203,681</u>	<u>\$ 4,203,681</u>	<u>\$ 4,203,681</u>

City of El Paso, Texas
El Paso International Airport
Notes to Schedule of Passenger Facility Charges Revenues and Expenditures
Year Ended August 31, 2017 and Each Quarter
During the Year Ended August 31, 2017
With Cumulative Totals as of August 31, 2017 and 2016

(1) General

The *Aviation Safety and Capacity Expansion Act of 1990* (Public Law 101-508, Title II, Subtitle B) authorized the local imposition of passenger facility charges (PFC) and use of PFC revenues on Federal Aviation Administration (FAA) approved projects. On October 4, 1996, the FAA approved a \$3.00 PFC collection at El Paso International Airport (Airport) effective January 1, 1997. On May 10, 2010, the FAA approved an amendment to increase the PFC collection to \$4.50 effective August 1, 2010. As of August 31, 2017, the total approved amount of net PFC revenue plus interest the Airport is allowed to collect is \$103,786,483 by March 1, 2018.

In September 2017, the FAA approved application number 17 authorizing additional collections of \$46,006,915. This application extends collection authority through April 1, 2025.

(2) Schedule of Passenger Facility Charges Revenues and Expenditures

The accompanying schedule of Passenger Facility Charges Revenues and Expenditures (Schedule) presents the revenues received from PFC and expenditures incurred on approved projects. The information in the Schedule is presented in accordance with the requirements described in the *Passenger Facility Charge Audit Guide for Public Agencies*. Therefore, some amounts presented in this Schedule may differ from amounts presented in, or used in, the preparation of the Airport Fund's financial statements.

PFC collections represent cash received through the end of the month subsequent to quarter-end as reported to the FAA in accordance with 14 CFR Part 158. The interest income represents the actual interest collected on the unexpended PFC during the periods reported.

Report on Compliance for the Passenger Facility Charge Program and Report on Internal Control Over Compliance; and Report on Schedule of Passenger Facility Charges Revenues and Expenditures

Independent Auditor's Report

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

Report on Compliance

We have audited the compliance of El Paso International Airport (Airport) 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 passenger facility charge program for the year ended August 31, 2017.

Management's Responsibility

Management is responsible for compliance with federal requirements of laws and regulations applicable to the passenger facility charge program.

Auditor's Responsibility

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

Opinion on Passenger Facility Charge Program

In our opinion, the El Paso International Airport complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its passenger facility charge program for the year ended August 31, 2017.

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 our 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 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 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 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, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated February 28, 2018, which contained unmodified opinions on those financial statements and included a reference to other auditors and an emphasis of matter paragraph regarding a change in accounting principle. 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 Revenues and Expenditures is presented for purposes of additional analysis, as specified in the Guide 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 Revenues and Expenditures is fairly stated in all material respects in relation to the basic financial statements as a whole.

BKD, LLP

Dallas, Texas
March 30, 2018

City of El Paso, Texas
El Paso International Airport
Schedule of Passenger Facility Charges Audit Summary
Year Ended August 31, 2017

- | | | | |
|-----|---|--|--|
| 1. | Type of report issued on PFC financial statements. | <input checked="" type="checkbox"/> Unmodified | <input type="checkbox"/> Qualified |
| 2. | Type of report on PFC compliance. | <input checked="" type="checkbox"/> Unmodified | <input type="checkbox"/> Qualified |
| 3. | Quarterly Revenue and Disbursements reconcile with submitted quarterly reports and reported un-liquidated revenue matches actual amounts. | <input checked="" type="checkbox"/> Yes | <input type="checkbox"/> No |
| 4. | PFC Revenue and Interest is accurately reported on FAA Form 5100-127. | <input checked="" type="checkbox"/> Yes | <input type="checkbox"/> No |
| 5. | The Public Agency maintains a separate financial accounting record for each application. | <input checked="" type="checkbox"/> Yes | <input type="checkbox"/> No |
| 6. | Funds disbursed were for PFC eligible items as identified in the FAA Decision to pay only for the allowable costs of the project. | <input checked="" type="checkbox"/> Yes | <input type="checkbox"/> No |
| 7. | Monthly carrier receipts were reconciled with quarterly carrier reports. | <input checked="" type="checkbox"/> Yes | <input type="checkbox"/> No |
| 8. | PFC revenues were maintained in a separate interest-bearing capital account or commingled only with other interest-bearing airport capital funds. | <input checked="" type="checkbox"/> Yes | <input type="checkbox"/> No |
| 9. | Serving carriers were notified of PFC program actions/changes approved by the FAA. | <input checked="" type="checkbox"/> Yes | <input type="checkbox"/> No |
| 10. | Quarterly Reports were transmitted (or available via website) to remitting carriers. | <input checked="" type="checkbox"/> Yes | <input type="checkbox"/> No |
| 11. | The Public Agency is in compliance with Assurances 5, 6, 7 and 8 of the Guide. | <input checked="" type="checkbox"/> Yes | <input type="checkbox"/> No |
| 12. | Project design and implementation is carried out in accordance with Assurance 9 of the Guide. | <input checked="" type="checkbox"/> Yes | <input type="checkbox"/> No |
| 13. | Project administration is carried out in accordance with Assurance 10 of the Guide. | <input checked="" type="checkbox"/> Yes | <input type="checkbox"/> No |
| 14. | For those public agencies with excess revenue, a plan for the use of this revenue has been submitted to the FAA for review and concurrence. | <input checked="" type="checkbox"/> N/A | <input type="checkbox"/> Yes <input type="checkbox"/> No |

City of El Paso, Texas
El Paso International Airport
Schedule of Passenger Facility Charges Audit Summary (Continued)
Year Ended August 31, 2017

Findings Required to be Reported by the Passenger Facility Charge Audit Guide

Reference Number	Finding	Questioned Costs
	No matters are reportable.	

City of El Paso, Texas
El Paso International Airport
Summary Schedule of Prior Audit Findings
Year Ended August 31, 2017

Reference Number	Summary of Prior Audit Findings	Questioned Costs
	No matters are reportable.	