



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

August 31, 2023

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

Report on Compliance for the Passenger Facility Charge Program

Opinion on 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 identified as subject to audit in the *Passenger Facility Charge Audit Guide for Public Agencies* (the Guide), issued by the Federal Aviation Administration, that could have a direct and material effect on the City's Passenger Facility Charge (PFC) program for the year ended August 31, 2023.

In our opinion, the City of El Paso, Texas complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on the PFC program for the year ended August 31, 2023.

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 (*Government Auditing Standards*); and the Guide. Our responsibilities under those standards and the Guide are further described in the Auditor's 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 for the PFC program. 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 referred to above.

Auditor's 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 PFC 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 with a type of compliance requirement of the PFC 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 PFC 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 PFC 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 Auditor's 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 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, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We have issued our report thereon dated February 29, 2024 which contained unmodified opinions on those financial statements.

Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying schedule of passenger facility charges revenues and expenditures is presented for purposes of additional analysis as required by the Guide and is not a required part of the 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 audit 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 charges revenues and expenditures is fairly stated in all material respects in relation to the financial statements as a whole.

Moss Adams LLP

Albuquerque, New Mexico
February 29, 2024

City of El Paso, Texas
El Paso International Airport
Schedule of Passenger Facility Charges Revenues and Expenditures
Year Ended August 31, 2023

	FY 2022 Program Total	Quarter 1 Sept. - Nov.	Quarter 2 Dec. - Feb.	Quarter 3 Mar. - May	Quarter 4 Jun. - Aug.	FY 2023 Total	FY 2023 Program Total
Revenue							
Collections	\$ 125,678,570	\$ 1,987,030	\$ 1,775,686	\$ 1,947,815	\$ 2,698,327	\$ 8,408,858	\$ 134,087,428
Interest	3,589,406	89,625	146,510	189,596	231,476	657,207	4,246,613
Total Revenue	129,267,976	2,076,655	1,922,196	2,137,411	2,929,803	9,066,065	138,334,041
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>							
Proj. 5 - Construct 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 L	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 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	1,700,000	-	-	-	-	-	1,700,000
Proj 22 - Phase II-Reconst Taxiway Radius	1,829,839	-	-	-	-	-	1,829,839
Proj 23 - Master Plan Update	1,850,000	-	-	-	-	-	1,850,000
Proj 24 - Replace Escalators	664,917	-	-	-	-	-	664,917
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	9,709,156	-	-	-	-	-	9,709,156
<i>Application 17-08</i>							
Proj 30 - Runway 4-22 reconstruction and taxiway tie-ins (taxiway A, D, F, G, H, M, N, Q, & R) (construction)	9,148,961	-	298,165	-	-	298,165	9,447,126
Proj 31 - Checked baggage inspection syst	6,349,916	-	206,943	-	-	206,943	6,556,859
Proj 32 - Passenger Notification System	962,150	-	31,356	-	-	31,356	993,506
Proj 33 - ARFF Station Renovation	650,490	-	21,199	-	-	21,199	671,689
Proj 34 - PFC Administrative Costs	108,545	-	3,538	-	-	3,538	112,083
Total Application 17-08	17,220,062	-	561,201	-	-	561,201	17,781,263
Total Expenditures	117,936,319	-	561,201	-	-	561,201	118,497,520
Net PFC Revenue	\$ 11,331,657	2,076,655	1,360,995	2,137,411	2,929,803	8,504,864	\$ 19,836,521

See accompanying notes.

City of El Paso, Texas
El Paso International Airport
Notes to Schedule of Passenger Facility Charges Revenues and Expenditures
Year Ended August 31, 2023

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 El Paso International Airport.

Note 2 – Accounting Policies

The accompanying Schedule of Passenger Facility Charges 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 Charges 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, 2023

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

PFC Program

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 No matters were reported.

Section III—PFC Program Findings and Questioned Costs No matters were reported.

**City of El Paso, Texas
El Paso International Airport
Summary Schedule of Prior Year Findings
Year Ended August 31, 2023**

No matters were reported.

