

**JEFFERSON COUNTY, TEXAS**

**Independent Auditors' Report on Compliance with  
Requirements Applicable to the Passenger Facility Charge  
Program and on Internal Control Over Compliance**

**Schedule of Expenditures  
of Passenger Facility Charges**

**For the Year Ended September 30, 2019**

# JEFFERSON COUNTY, TEXAS

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**REPORT OF INDEPENDENT AUDITORS ON COMPLIANCE  
WITH REQUIREMENTS APPLICABLE TO THE PASSENGER FACILITY CHARGE  
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE**

The Honorable County Judge and  
Commissioners Court  
Jefferson County, Texas

**Compliance**

We have audited Jefferson County, Texas with the compliance requirements described in the Passenger Facility Charge Audit Guide for Public Agencies, issued by the Federal Aviation Administration (Guide), for its passenger facility charge program for the year ended September 30, 2019. Compliance with the requirements of laws and regulations applicable to its passenger facility charge program is the responsibility of Jefferson County, Texas' management. Our responsibility is to express an opinion on Jefferson County, Texas' compliance based on our audit.

***Auditor's Responsibility***

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 Jefferson County, Texas' 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. Our audit does not provide a legal determination on Jefferson County, Texas' compliance with those requirements.

***Opinion***

In our opinion, Jefferson County, Texas complied, in all material respects, with the requirements referred to above that are applicable to its Passenger Facility Charge Program for the year ended September 30, 2019.

The Honorable County Judge and  
Commissioners Court  
Jefferson County, Texas

### **Internal Control Over Compliance**

The Management of Jefferson County is responsible for establishing and maintaining effective internal control over compliance with requirements of laws and regulations applicable to the passenger facility charge program. In planning and performing our audit of compliance, we considered Jefferson County, Texas' internal control over compliance with requirements that could have a direct and material effect on its passenger facility charge program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with the Guide.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws and regulations that would be material in relation to the passenger facility charge program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

### **Schedule of Expenditures of Passenger Facility Charges**

We have audited the financial statements of Jefferson County, Texas as of and for the year ended September 30, 2019, and have issued our report thereon date March 13, 2020. Our audit was performed for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying Schedule of Expenditures of Passenger Facility Charges is presented for purposes of additional analysis as specified by the Guide and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

This report is intended solely for the information and use of the Commissioners' Court, management and the Federal Aviation Administration and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Whitley Penn LLP". The signature is written in a cursive, flowing style.

Houston, Texas  
March 13, 2020

**JEFFERSON COUNTY, TEXAS**

**PASSENGER FACILITY CHARGES AUDIT SUMMARY**

**FISCAL YEAR ENDED SEPTEMBER 30, 2019**

1. Type of report issued on PFC financial statements	<u>  √  </u>	Unqualified	<u>      </u>	Qualified
2. Type of report on PFC compliance	<u>  √  </u>	Unqualified	<u>      </u>	Qualified
3. Quarterly Revenue and Disbursements reconcile with submitted quarterly reports.	<u>  √  </u>	Yes	<u>      </u>	No
4. PFC Revenue and Interest is accurately reported on FAA Form 5100-127.	<u>  √  </u>	Yes	<u>      </u>	No
5. The Public Agency maintains a separate financial accounting record for each application.	<u>  √  </u>	Yes	<u>      </u>	No
6. Funds disbursed were for PFC eligible items as identified in the FAA. Decision to pay only for the allowable costs of the projects.	<u>  √  </u>	Yes	<u>      </u>	No
7. Monthly carrier receipts were reconciled with quarterly carrier reports.	<u>  √  </u>	Yes	<u>      </u>	No
8. PFC revenues were maintained in a separate interest-bearing capital account or commingled only with other interest-bearing airport capital funds.	<u>  √  </u>	Yes	<u>      </u>	No
9. Serving carriers were notified of PFC program actions/changes approved by the FAA.	<u>  √  </u>	Yes	<u>      </u>	No
10. Quarterly Reports were transmitted (or available via website) to remitting carriers.	<u>  √  </u>	Yes	<u>      </u>	No
11. The Public Agency is in compliance with Assurances 5, 6, 7 and 8.	<u>  √  </u>	Yes	<u>      </u>	No
12. Project administration is carried out in accordance with Assurance 10.	<u>  √  </u>	Yes	<u>      </u>	No
13. 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.	<u>      </u>	Yes	<u>      </u>	No
	<u>  √  </u>	N/A		

**JEFFERSON COUNTY, TEXAS**  
**PASSENGER FACILITY CHARGES**  
**SCHEDULE OF FINDINGS AND QUESTIONS COSTS**  
**FISCAL YEAR ENDED SEPTEMBER 30, 2019**

**Findings and Questioned Cost**

None noted.

**JEFFERSON COUNTY, TEXAS**

**REVENUE AND DISBURSEMENT SCHEDULE  
OF PASSENGER FACILITY CHARGES**

**FISCAL YEAR ENDED SEPTEMBER 30, 2019**

	<b>Fiscal Year 2018 Program Total</b>	<b>Quarter 1 October - December</b>	<b>Quarter 2 January - March</b>	<b>Quarter 3 April - June</b>	<b>Quarter 4 July - September</b>	<b>Fiscal Year 2019 Total</b>	<b>Fiscal Year 2019 Program Total</b>
<b>Revenue</b>							
Passenger Facility Collections	\$ 1,347,300	\$ 34,689	\$ 29,283	\$ 30,915	\$ 30,522	\$ 125,409	\$ 1,472,709
Interest	19,072	1,305	1,319	2,178	2,748	7,550	26,622
	<u>1,366,372</u>	<u>35,994</u>	<u>30,602</u>	<u>33,093</u>	<u>33,270</u>	<u>132,959</u>	<u>\$ 1,499,331</u>
<b>Application 07-06-C-00-CBPT</b>							
I - Airfield Equipment	36,317	-	-	-	-	-	36,317
II - Apron "F" Rehabilitation	28,746	-	-	-	-	-	28,746
III - Airfield Pavement Joint Rehab	9,458	-	-	-	-	-	9,458
IV - Runway 12/30 Rehab	14,751	-	-	-	-	-	14,751
V - Airfield Drainage Improvements	9,228	-	-	-	-	-	9,228
VI - Airfield Electrical Upgrades	-	-	-	-	-	-	-
VII - Administrative Costs	25,675	-	-	-	-	-	25,675
VIII - Pavement Maintenance Plan	5,717	-	-	-	-	-	5,717
	<u>129,892</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>129,892</u>
<b>Application 11-07-C-00-CBPT</b>							
I - Planning - Road, WHA, Geom	16,537	-	-	-	-	-	16,537
II - Apron Rehab - Phase I	29,528	-	-	-	-	-	29,528
III - Airfield Sweeper	10,431	-	-	-	-	-	10,431
V - Airfield Pavement Marking	205,368	-	-	-	-	-	205,368
VI - AOA Security Improvement	44,713	-	-	-	-	-	44,713
VII - Apron Rehab - Phase II	129,484	-	-	-	-	-	129,484
VIII - Administrative Costs	29,828	-	-	-	-	-	29,828
	<u>465,889</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>465,889</u>
<b>Application 18-08-C-00-BPT</b>							
I - Runway 12-30 Design and Recon	-	-	-	-	-	-	-
II - 2015 PFC Application and Admin Cost	19,000	-	-	-	-	-	19,000
III - Taxiway D - Design and Recon	-	-	-	76,459	-	76,459	76,459
IV - Update Airport Master Plan	-	15,900	-	-	-	15,900	15,900
V - Runway Safety Area	2,220	-	-	14,171	-	14,171	16,391
VI - Runway 16-34 Rehab	-	-	-	-	31,267	31,267	31,267
VII - ARFF Equipment	22,698	-	-	-	-	-	22,698
	<u>43,918</u>	<u>15,900</u>	<u>-</u>	<u>90,630</u>	<u>31,267</u>	<u>137,797</u>	<u>181,715</u>
<b>Total Disbursements</b>	<u>639,699</u>	<u>15,900</u>	<u>-</u>	<u>90,630</u>	<u>31,267</u>	<u>137,797</u>	<u>777,496</u>
<b>Excess (Deficiency)</b>	<u>\$ 726,673</u>	<u>\$ 20,094</u>	<u>\$ 30,602</u>	<u>\$ (57,537)</u>	<u>\$ 2,003</u>	<u>\$ (4,838)</u>	<u>\$ 721,835</u>

See accompanying note to Schedule of Expenditures of Passenger Facility Charges.

**JEFFERSON COUNTY, TEXAS**  
**NOTE TO SCHEDULE OF EXPENDITURES**  
**OF PASSENGER FACILITY CHARGES**  
**YEAR ENDED SEPTEMBER 30, 2019**

**BASIS OF PRESENTATION**

The accompanying Schedule of Expenditures of Passenger Facility Charges includes the Passenger Facility Charge (PFC) activity of the Southeast Texas Regional Airport of Jefferson County, Texas, (the County). The information in this schedule is presented in accordance with the requirements of 14 Code of Federal Regulations Part 158.67 and the Passenger Facility Charge Audit Guide for Public Agencies issued by the Federal Aviation Administration. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

The County reports expenditures on the Schedule of Expenditures of Passenger Facility Charges collected and expended as reimbursements (to the extent of PFC's actually collected) of costs incurred by the County during the current and prior fiscal years.



**REPORT OF INDEPENDENT AUDITORS 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**

The Honorable County Judge and  
Commissioners Court  
Jefferson County, Texas

We have audited, in accordance with the auditing standards generally accepted in the United States of America 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 governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Jefferson County, Texas (the "County"), as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise County's basic financial statements, and have issued our report thereon dated March 13, 2020.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered County's internal control over financial reporting (internal control) to determine the audit 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 County's internal control. Accordingly, we do not express an opinion on the effectiveness of County'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 County's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a 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 that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The Honorable County Judge and  
Commissioners Court  
Jefferson County, Texas

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Jefferson County, Texas' financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance 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 noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **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 results of that testing, and not to provide an opinion on the effectiveness of County's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Jefferson County, Texas' internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Whitley Penn LLP*

Houston, Texas  
March 13, 2020