

CITY OF PORTLAND, MAINE

**Schedule of Expenditures of Passenger
Facility Charges**

For the Year Ended June 30, 2016

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER
COMPLIANCE REQUIRED BY THE PASSENGER FACILITY CHARGE AUDIT GUIDE FOR PUBLIC AGENCIES,
ISSUED BY THE FEDERAL AVIATION ADMINISTRATION**

City Council
City of Portland, Maine

Report on Compliance

We have audited the City of Portland, Maine's compliance with the types of 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 June 30, 2016.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for the City of Portland, Maine'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 *Passenger Facility Charge Audit Guide for Public Agencies*. Those standards and the *Passenger Facility Charge Audit Guide for Public Agencies* 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 City of Portland, Maine'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 on the passenger facility charge program. However, our audit does not provide a legal determination of the City of Portland, Maine's compliance.

Opinion on Passenger Facility Charge Program

In our opinion, the City of Portland, Maine 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 June 30, 2016.

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE
PASSENGER FACILITY CHARGE AUDIT GUIDE FOR PUBLIC AGENCIES, ISSUED BY THE FEDERAL
AVIATION ADMINISTRATION, CONTINUED**

Report on Internal Control over Compliance

Management of the City of Portland, Maine 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 City of Portland, Maine'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 an opinion on compliance for the passenger facility charge program 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 of Portland, Maine'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 charges 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 charges 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 the 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.

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE
PASSENGER FACILITY CHARGE AUDIT GUIDE FOR PUBLIC AGENCIES, ISSUED BY THE FEDERAL
AVIATION ADMINISTRATION, CONTINUED**

Report on Schedule of Expenditures of Passenger Facility Charges Required by the Guide

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Portland, Maine as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the City of Portland, Maine's basic financial statements. We issued our report thereon dated February 6, 2017, which contained unmodified opinions on those financial statements. 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 expenditures of passenger facility charges is presented for purposes of additional analysis as specified in 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 basic 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 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 expenditures of passenger facility charges is fairly stated in all material respects in relation to the basic financial statements as a whole.

Remya Kristen Ouellette

February 6, 2017
South Portland, Maine

CITY OF PORTLAND, MAINE
SCHEDULE OF EXPENDITURES OF PASSENGER FACILITY CHARGES
For the Year and Each Quarter Within the Year Ended June 30, 2016

	Memorandum																							
	Approved Amounts Impose and Use	Cumulative Total June 30, 2015	Quarter Ended September 30, 2015	Quarter Ended December 31, 2015	Quarter Ended March 31, 2016	Quarter Ended June 30, 2016	Year Ended June 30, 2016	Memorandum Only																
02-03-C-00-PWM																								
02-03-C-01-PWM (amended)																								
02-03-C-03-PWM (amended)																								
Passenger facility charge revenue	\$	18,945,754	18,307,785	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	18,307,785	
Expenditures:																								
Passenger boarding bridge acquisition		1,575,433	1,524,470	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,524,470	
Terminal canopy completion		2,317,153	2,242,671	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2,242,671	
Baggage claim expansion and improvements		8,446,307	8,166,295	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	8,166,295	
Passenger boarding bridge regional jet modifications		186,128	180,065	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	180,065	
Runway 11/29 upgrade and relocation		1,545,899	1,480,483	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,480,483	
Taxiway improvements		176,359	170,264	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	170,264	
Terminal roadway system expansion		2,876,979	2,784,031	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2,784,031	
Snow removal equipment acquisition		1,755,041	1,694,362	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,694,362	
PFC application costs and program administration		66,455	65,144	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	65,144	
Total expenditures	\$	18,945,754	18,307,785	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	18,307,785	
10-05-C-00-PWM																								
Passenger facility charge revenue	\$	132,206,104	15,987,590	1,050,427	943,602	869,766	3,520,789	646,994	1,486,403	39,283	104,320	208,640	3,260,012	19,508,379	1,486,403	39,283	104,320	208,640	3,260,012	1,486,403	39,283	104,320	208,640	19,508,379
Expenditures:																								
Terminal building expansion		120,717,387	13,897,217	1,486,403	-	-	2,972,806	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	16,870,023	
Passenger boarding bridges		3,279,957	367,463	39,283	-	-	78,566	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	446,029	
Roadway realignment project		8,208,760	975,876	104,320	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,184,516	
Total expenditures	\$	132,206,104	15,240,556	1,630,006	-	-	3,260,012	1,630,006	1,486,403	39,283	104,320	208,640	3,260,012	19,508,379	1,486,403	39,283	104,320	208,640	3,260,012	1,486,403	39,283	104,320	208,640	18,500,568

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*

City Council
City of Portland, Maine

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, the aggregate discretely presented component unit, each major fund and the aggregate remaining fund information of the City of Portland, Maine as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the City of Portland, Maine's basic financial statements and have issued our report thereon dated February 6, 2017.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Portland, Maine'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 the City of Portland, Maine's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Portland, Maine'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 City'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 the 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.

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*, CONTINUED


Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Portland, Maine's financial statements are free of 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*.

We noted certain matters that are opportunities for strengthening internal controls and operating efficiency that we have reported to the management of the City of Portland, Maine in a separate letter dated February 6, 2017.

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 the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



February 6, 2017
South Portland, Maine

CITY OF PORTLAND, MAINE
Schedule Findings and Questioned Costs
June 30, 2016

Findings and Questioned Costs for Expenditures of Passenger Facility Charge Program

NONE

CITY OF PORTLAND, MAINE
Schedule of Findings and Questioned Costs, Continued
June 30, 2016

Findings Required to be Reported Under *Government Auditing Standards*

NONE

CITY OF PORTLAND, MAINE
Schedule of Findings and Questioned Costs, Continued
June 30, 2016

Status of Prior Year Audit Findings

NONE