

**WILKES-BARRE/SCRANTON INTERNATIONAL
AIRPORT**

Passenger Facility Charge Program

**Independent Auditors' Report
On
Additional Information**

For the Year Ended

December 31, 2019

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Compliance and Internal Control Reports

*Rainey & Rainey
Certified Public Accountants*

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR THE PASSENGER FACILITY CHARGE PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE AND THE SCHEDULE OF EXPENDITURES OF PASSENGER FACILITY CHARGES REQUIRED BY THE PASSENGER FACILITY CHARGE AUDIT GUIDE FOR PUBLIC AGENCIES

To the Board of Directors
Wilkes-Barre/Scranton International Airport

Report on Compliance for the Passenger Facility Charge Program

We have audited the Wilkes-Barre/Scranton International Airport's compliance with the types of compliance requirements described 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 its passenger facility charge program for the year ended December 31, 2019.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for the Wilkes-Barre/Scranton International Airport's passenger facility charge program based on our audit. 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 Wilkes-Barre/Scranton International 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 Guide. Our audit does not provide a legal determination on the Wilkes-Barre/Scranton International Airport's compliance with those requirements.

Opinion on the Passenger Facility Charge Program

In our opinion, the Wilkes-Barre/Scranton 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 the passenger facility charge program for the year ended December 31, 2019.

Report on Internal Control over Compliance

The management of the Wilkes-Barre/Scranton International 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 Wilkes-Barre/Scranton International 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 in order 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 Wilkes-Barre/Scranton International 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified.

Report on Schedule of Expenditures of Passenger Facility Charges

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Wilkes-Barre/Scranton International Airport (the Airport), as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the Airport's basic financial statements. We issued our report thereon dated July 31, 2020 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 required by the *Passenger Facility Charge Audit Guide for Public Agencies*, issued by the Federal Aviation Administration, 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 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 financial statements taken.

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.

Rainey & Rainey

Scranton, Pennsylvania

July 31, 2020

**WILKES-BARRE/SCRANTON INTERNATIONAL AIRPORT
PASSENGER FACILITY CHARGE PROGRAM**

SCHEDULE OF EXPENDITURES OF PASSENGER FACILITY CHARGES
FOR EACH QUARTER WITHIN THE YEAR AND FOR THE YEAR ENDED DECEMBER 31, 2019
AND FOR THE PERIOD OF INCEPTION THROUGH DECEMBER 31, 2019

QUARTER ENDED.....				YEAR ENDED DECEMBER 31	CUMULATIVE DECEMBER 31
	MARCH 31	JUNE 30	SEPTEMBER 30	DECEMBER 31		
BEGINNING BALANCE	\$ 899,963	\$ 413,585	\$ 551,931	\$ 789,496	\$ 899,963	\$ -
COLLECTIONS:						
Passenger facility charges	267,321	337,321	316,522	303,913	1,225,077	16,212,787
Interest Income	1,539	1,334	1,802	2,169	6,844	717,758
Reimbursement of prior administrative charges	-	-	-	-	-	18,658
Total collections	<u>268,860</u>	<u>338,655</u>	<u>318,324</u>	<u>306,082</u>	<u>1,231,921</u>	<u>16,949,203</u>
EXPENDITURES:						
Equipment/project expenses	(755,238)	(200,309)	(80,760)	(12,403)	(1,048,710)	(13,840,409)
Administrative charges	-	-	-	-	-	(18,733)
Total Expenditures	<u>(755,238)</u>	<u>(200,309)</u>	<u>(80,760)</u>	<u>(12,403)</u>	<u>(1,048,710)</u>	<u>(13,859,142)</u>
ENDING BALANCE	<u>\$ 413,585</u>	<u>\$ 551,931</u>	<u>\$ 789,496</u>	<u>\$ 1,083,175</u>	<u>\$ 1,083,175</u>	<u>\$ 3,090,062</u>

See Note to Additional Information

WILKES-BARRE/SCRANTON INTERNATIONAL AIRPORT
Schedule of PFC Status Report
December 31, 2019

PFC PROJECT NUMBER	APPLICATION	AUTHORITY TO IMPOSE USE		EXPENDED TO DATE	START DATE	PROJECT STATUS	ESTIMATED COMPLETION DATE
Projects approved for authority to impose and use a PFC at AVP at the \$3.00 Level							
1	Design Passenger Terminal	\$3,810,428	\$3,810,428	\$3,669,459		Complete	Complete
2	Design Passenger Terminal Ramp	33,750	33,750	33,750		Complete	Complete
3	Design ARFF Building	6,076	6,076	6,076		Complete	Complete
4	Snow Removal Equipment	15,000	15,000	15,000		Complete	Complete
5	Construct parallel TW, RW 10/28	64,031	70,000	70,000		Complete	Complete
6	Construct Air Cargo Ramp Phase I	567,887	567,887	567,887		Complete	Complete
7	Construct ARFF Building	75,950	75,950	75,950		Complete	Complete
8	Purchase ARFF Vehicle	15,000	15,000	15,000		Complete	Complete
		\$4,588,122	\$4,594,091	\$4,453,122			

Application Numbers:

- 93-01-C-00-AVP
- 93-01-C-01-AVP
- 93-01-C-02-AVP
- 97-02-U-00-AVP
- 97-02-U-01-AVP

See Note to Additional Information

WILKES-BARRE/SCRANTON INTERNATIONAL AIRPORT
Schedule of PFC Status Report
December 31, 2019

PFC PROJECT NUMBER	APPLICATION	AUTHORITY TO IMPOSE	USE	EXPENDED TO DATE	START DATE	PROJECT STATUS	ESTIMATED COMPLETION DATE
Projects approved for authority to impose and use a PFC at AVP at the \$4.50 Level							
1	Construct New Passenger Terminal	\$3,611,131	\$3,611,131	\$2,154,454	Complete	Litigation	July 2014
2	Construct Access Roads and Non-Revenue Surface Parking	558,012	558,012	559,176	Complete	Complete	Complete
3	Construct Passenger Terminal Apron	2,586,280	2,586,280	1,113,264	Complete	Complete	Complete
4	Master Plan Update	565,000	565,000	554,509	Complete	Complete	Complete
5	Design Runway Safety Area	69,681	69,681	58,258	Complete	Complete	Complete
6	Architectual/Engineer Construction Inspection Fees	497,286	497,286	117,330	Complete	Complete	Complete
7	Design and Construct Snow Removal Equipment Maintenance Facility	54,886	388,750	388,750	Complete	Complete	Complete
8	Design and Construction of Airport Perimeter Fence	27,500	98,262	98,262	Complete	Complete	Complete
9	Aquire Snow Removal Equipment	35,000	35,000	35,000	Complete	Complete	Complete
		\$8,004,776	\$8,409,402	\$5,079,003			

Application Numbers:

- 00-03-C-00-AVP
- 00-03-C-01-AVP
- 00-03-C-02-AVP
- 04-04-U-00-AVP

See Note to Additional Information

WILKES-BARRE/SCRANTON INTERNATIONAL AIRPORT
Schedule of PFC Status Report
December 31, 2019

PFC PROJECT NUMBER	APPLICATION	AUTHORITY TO IMPOSE	USE	EXPENDED TO DATE	START DATE	PROJECT STATUS	ESTIMATED COMPLETION DATE	
Projects approved for authority to impose and use a PFC at AVP at the \$4.50 Level								
1	Runway 4-22 Overlay	\$136,635	\$136,635	\$136,635		Complete	Complete	
2	Runway 4-22 Emergency Repairs	99,979	99,979	99,979		Complete	Complete	
3	Runway Sensor System Computers	1,698	1,698	1,698		Complete	Complete	
4	Security Vehicles including Airfield Radios and ARFF Pagers	150,000	150,000	91,885		Complete	Complete	
5	Replace 22-Foot Runway Flared End Snow Plow	60,000	60,000	60,000		Complete	Complete	
6	Continuous Runway Friction Measuring Equipment	150,000	31,500	31,500		Complete	Complete	
7	Seal Coat Aircraft Ramp and Rejuvenate Taxiways to Runway 10-28	750,000	750,000	-	Deleted	Deleted		
8	Expand Concrete Area of Airline Ramp	230,000	230,000	-	Deleted	Deleted		
9	Four Wheel Drive Loader	170,000	170,000	170,000				
10	Rehabilitate General Aviation and Old Terminal Apron	868,292	868,292	868,292		Complete	Complete	
11	Quick Response ARFF Vehicle	10,000	-	-				
12	Construct Taxiway B Extension to Runway 22 End	4,000,000	-	-	Expired	Expired		
13	Rehabilitate Landside Roadway	250,000	-	-	Expired	Expired		
14	Construct Shoulders Along Taxiway D	12,000	-	-	Expired	Expired		
		\$6,888,604	\$2,498,104	\$1,459,989				

Application Number:
08-05-C-00-AVP

See Note to Additional Information

WILKES-BARRE/SCRANTON INTERNATIONAL AIRPORT
Schedule of PFC Status Report
December 31, 2019

PFC PROJECT NUMBER	APPLICATION	AUTHORITY TO IMPOSE	USE	EXPENDED TO DATE	START DATE	PROJECT STATUS	ESTIMATED COMPLETION DATE
Projects approved for authority to impose and use a PFC at AVP at the \$4.50 Level							
1	Design & Construct Access Road	\$1,620,000	\$1,620,000	\$1,296,780		Approved	July 31, 2015
2	Lighting Control & Security Gate Work	\$250,000	\$250,000	\$250,000		Complete	Complete
3	Design & Construct New South Aviation Apron	1,685,054	1,685,054	1,475,979		Approved	March 31, 2015
4	Obstruction Tree Removal	75,000	75,000	74,861		Complete	Complete
		\$3,630,054	\$3,630,054	\$3,097,620			

Application Numbers:
11-08-C-00-AVP

See Note to Additional Information

WILKES-BARRE/SCRANTON INTERNATIONAL AIRPORT
Schedule of PFC Status Report
December 31, 2019

PFC PROJECT NUMBER	APPLICATION	AUTHORITY TO IMPOSE	USE	EXPENDED TO DATE	START DATE	PROJECT STATUS	ESTIMATED COMPLETION DATE
Projects approved for authority to impose and use a PFC at AVP at the \$4.50 Level							
1	Rehabilitate Landside Roadway	\$ 300,000	\$ 300,000	\$ -		Approved	
2	Replace Runway 4-22 Lighting & Transformers	80,000	80,000	17,212		Approved	
3	Replace Runway Surface Sensor Systems	100,000	100,000	19,132		Approved	
4	Rehabilitate Taxiway B Design & Construct	70,325	70,325	68,267		Approved	
5	Replace ARFF Equipment	30,000	30,000	-		Approved	
6	Upgrade Electronic Exit Lane Systems	70,000	70,000	-		Approved	
7	Acquire Equipment - Replace Vehicles & Spreaders	160,000	160,000	142,936		Approved	
	Acquire Security Equipment - Security System Card Readers & Security Surveillance Cameras	200,000	200,000	200,000		Approved	
8	Replace Security Vehicles & Equipment	120,000	120,000	120,000		Approved	Complete
9	Extend & Rehabilitate Apron (Airline)	37,643	37,643	25,300		Approved	
10	Demolish Old Passenger Terminal Building for New Apron	1,050,000	1,050,000	1,083,380		Approved	
11	Replace Airfield Generator	229,675	229,675	-		Approved	
12	Install PAPI Runway 10	4,920	4,920	3,795		Approved	
13	Install Airfield Perimeter Wildlife Fence	125,000		-		Approved	
14	Acquire ARFF Vehicle - 1500 Gallon	35,000		-		Approved	
15	Rehabilitate Taxiway Baggage Area - Design & Construct	180,000		-		Approved	
16	Expand Terminal Baggage Area - Design & Construct	800,000		655,340		Approved	
17	Construct East Side Access Road	350,000		-		Approved	
		<u>\$ 3,942,563</u>	<u>\$ 2,452,563</u>	<u>\$ 2,335,362</u>			

Application Number:
13-09-C-00-AVP

WILKES-BARRE/SCRANTON INTERNATIONAL AIRPORT
Schedule of PFC Status Report
December 31, 2019

PFC PROJECT NUMBER	APPLICATION	AUTHORITY TO IMPOSE USE		EXPENDED TO DATE	START DATE	PROJECT STATUS	ESTIMATED COMPLETION DATE		
Projects approved for authority to impose and use a PFC at AVP at the \$4.50 Level									
1	Acquire Quick Response ARFF Vehicle	\$	8,300	\$	8,300	\$	8,300	Complete	Complete
2	Acquire ARFF Equipment		1,700		1,700		1,700	Complete	Complete
		<u>\$</u>	<u>10,000</u>	<u>\$</u>	<u>10,000</u>	<u>\$</u>	<u>10,000</u>		

Application Number:
13-10-C-00-AVP

PFC PROJECT NUMBER	APPLICATION	AUTHORITY TO IMPOSE USE		EXPENDED TO DATE	START DATE	PROJECT STATUS	ESTIMATED COMPLETION DATE		
Projects approved for authority to impose and use a PFC at AVP at the \$4.50 Level									
1	Taxiway B Extension	\$	807,718	\$	807,718	\$	807,718	Approved	
		<u>\$</u>	<u>807,718</u>	<u>\$</u>	<u>807,718</u>	<u>\$</u>	<u>807,718</u>		

Application Number:
14-11-C-00-AVP

WILKES-BARRE/SCRANTON INTERNATIONAL AIRPORT
Schedule of PFC Status Report
December 31, 2019

PFC PROJECT NUMBER	APPLICATION	PFC PAY- AS-YOU-GO	EXPENDED TO DATE	START DATE	PROJECT STATUS	ESTIMATED COMPLETION DATE
Projects approved for authority to impose and use a PFC at AVP at the \$4.50 Level						
1	Replace Terminal Public Address System	\$ 69,000	\$ 69,000		Completed	
2	Replace Flight Information Display System	320,000	320,000		Approved	
3	Update Airport Master Plan	104,632	4,780		Approved	
4	Remove Obstructions - Trees	150,000	-		Approved	
5	Purchase Video Surveillance System	131,008	131,008		Completed	
6	Emergency Alert System	22,900	22,900		Completed	
7	Rehabilitate Taxiways B&D (West)	554,921	613,476		Approved	
8	Conduct Wildlife Assessment	78,500	52,433		Approved	
9	Acquire Airport Rescue and Firefighting Protective Gear	12,000	12,000		Approved	
10	Update Airfield Lighting Computers and Digitracs	75,000	70,268		Approved	
11	Update Access Control System	307,297	307,297		Completed	

Application Number:
17-12-C-00-AVP

**WILKES-BARRE/SCRANTON INTERNATIONAL AIRPORT
PASSENGER FACILITY CHARGE PROGRAM**

NOTE TO ADDITIONAL INFORMATION

1. DESCRIPTION OF PASSENGER FACILITY CHARGE PROGRAM

Title 49, United States Code (U.S.C.), Section 40117, authorizes the Secretary of Transportation (further delegated to the Federal Aviation Administration (the "FAA")) to Approve the local imposition of an airport Passenger Facility Charge ("PFC") on enplaning passengers for use on certain airport projects. The PFC revenue generated is restricted in use for allowable costs of approved airport projects as determined by the FAA. On December 1, 1993, the Wilkes-Barre/Scranton International Airport (the "Airport") was authorized by the FAA to impose a PFC of \$3 per enplaning passenger. As of December 31, 2005, all projects were completed.

On December 15, 2000, the Airport was authorized by the FAA to impose a PFC of \$4.50 per enplaning passenger. The total approved net PFC revenue was \$8,409,402 and May 1, 2001 was the earliest charge effective date for imposing the \$4.50. The FAA has approved collection for nine projects included on the schedule on page 6. As of December 31, 2016, eight of the nine projects were complete. Effective October 17, 2008, a second application was approved which authorized the Airport to collect additional net PFC revenue of \$6,888,604. The FAA has approved collection for fourteen projects included on page 7, As of December 31, 2016, seven of the fourteen projects were complete. Effective October 1, 2009, a third application was approved which authorized the Airport to collect additional net PFC revenue of \$164,000. The FAA has approved four projects included on page 8. As of December 31, 2016, two of these projects were complete. The FAA has approved collection for eighteen projects included on page 9. As of December 31, 2016, one of these projects was complete. The FAA has approved collection for three projects included on page 10, as of December 31, 2016, none of these projects were complete. The FAA has approved collection for eleven projects included on page 11, as of December 31, 2017 three projects were completed.