

**WILKES-BARRE/SCRANTON INTERNATIONAL
AIRPORT**

Passenger Facility Charge Program

**Independent Auditors' Report
On**

Additional Information

For the Year Ended

December 31, 2018

&

Compliance and Internal Control Reports

*Rainey & Rainey
Certified Public Accountants*

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CERTIFIED PUBLIC ACCOUNTANTS

Thomas P. Rainey, CPA
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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, 2018.

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, 2017.

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, 2018, and the related notes to the financial statements, which collectively comprise the Airport's basic financial statements. We issued our report thereon dated May 7, 2019 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.



Scranton, Pennsylvania
April 25, 2018

**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, 2016
AND FOR THE PERIOD OF INCEPTION THROUGH DECEMBER 31, 2018

| | QUARTER ENDED | | | | YEAR ENDED | | CUMULATIVE DECEMBER 31 |
|---|---------------------------|-------------------|-------------------|-------------------|--------------------|---------------------|---------------------------|
| | MARCH 31 | JUNE 30 | SEPTEMBER 30 | DECEMBER 31 | DECEMBER 31 | DECEMBER 31 | |
| BEGINNING BALANCE | \$ 1,336,577 | \$ 980,840 | \$ 908,976 | \$ 746,553 | \$ 1,336,577 | \$ - | |
| COLLECTIONS: | | | | | | | |
| Passenger facility charges | 241,321 | 260,361 | 301,781 | 296,344 | 1,099,807 | 16,087,517 | |
| Interest Income | 930 | 924 | 1,280 | 1,846 | 4,980 | 715,894 | |
| Reimbursement of prior administrative charges | - | - | - | - | - | 18,658 | |
| Total collections | <u>242,251</u> | <u>261,285</u> | <u>303,061</u> | <u>298,190</u> | <u>1,104,787</u> | <u>16,822,069</u> | |
| EXPENDITURES: | | | | | | | |
| Equipment/project expenses | (597,988) | (333,149) | (465,484) | (144,780) | (1,541,401) | (14,333,100) | |
| Administrative charges | - | - | - | - | - | (18,733) | |
| Total Expenditures | <u>(597,988)</u> | <u>(333,149)</u> | <u>(465,484)</u> | <u>(144,780)</u> | <u>(1,541,401)</u> | <u>(14,351,833)</u> | |
| ENDING BALANCE | <u>\$ 980,840</u> | <u>\$ 908,976</u> | <u>\$ 746,553</u> | <u>\$ 899,963</u> | <u>\$ 899,963</u> | <u>\$ 2,470,236</u> | |

| PFC PROJECT NUMBER | APPLICATION | IMPOSE | AUTHORITY TO 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

| 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 | Architectural/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 | Acquire 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

| 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

| 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 |
| | | <u>\$3,630,054</u> | <u>\$3,630,054</u> | <u>\$3,097,620</u> | | | |

Application Numbers:
 11-08-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 | 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 | 7,051 | | 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 | |
| 8 | Acquire Security Equipment - Security System Card Readers & Security Surveillance Cameras | | 200,000 | 200,000 | 200,000 | | Approved | |
| 9 | Replace Security Vehicles & Equipment | | 120,000 | 120,000 | 120,000 | | Approved | Complete |
| 10 | Extend & Rehabilitate Apron (Airline) | | 37,643 | 37,643 | 25,300 | | Approved | |
| 11 | Demolish Old Passenger Terminal Building for New Apron | | 1,050,000 | 1,050,000 | 1,082,432 | | Approved | |
| 12 | Replace Airfield Generator | | 229,675 | 229,675 | - | | Approved | |
| 13 | Install PAPI Runway 10 | | 4,920 | 4,920 | 2,258 | | Approved | |
| 14 | Install Airfield Perimeter Wildlife Fence | | 125,000 | 125,000 | - | | Approved | |
| 15 | Acquire ARFF Vehicle - 1500 Gallon | | 35,000 | 35,000 | - | | Approved | |
| 16 | Rehabilitate Taxiway Baggage Area - Design & Construct | | 180,000 | 180,000 | - | | Approved | |
| 17 | Expand Terminal Baggage Area - Design & Construct | | 800,000 | 800,000 | - | | Approved | |
| 18 | Construct East Side Access Road | | 350,000 | 350,000 | - | | Approved | |
| | | \$ | 3,942,563 | \$ 2,452,563 | \$ 1,616,321 | | | |

Application Number:
 13-09-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 | 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 |
| | | \$ 10,000 | \$ 10,000 | \$ 10,000 | | | |

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 | |
| | | \$ 807,718 | \$ 807,718 | \$ 807,718 | | | |

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

| 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 | 4,003 | | 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 | 316,974 | | Approved | |
| 8 | Conduct Wildlife Assessment | 78,500 | 23,724 | | Approved | |
| 9 | Acquire Airport Rescue and Firefighting Protective Gear | 12,000 | 12,000 | | Approved | |
| 10 | Update Airfield Lighting Computers and Digitracs | 75,000 | 66,589 | | 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.