

**WILKES-BARRE/SCRANTON**  
**INTERNATIONAL AIRPORT**

**PASSENGER FACILITY CHARGE PROGRAM**

**YEAR ENDED**  
**DECEMBER 31, 2021**

**WILKES-BARRE/SCRANTON INTERNATIONAL AIRPORT**

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YEAR ENDED DECEMBER 31, 2021**

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WILKES-BARRE/SCRANTON INTERNATIONAL AIRPORT

PASSENGER FACILITY CHARGE PROGRAM  
 SCHEDULE OF PASSENGER FACILITY CHARGE RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH BALANCES  
 YEAR ENDED DECEMBER 31, 2021

	QUARTER ENDED			YEAR ENDED	PROGRAM TOTAL
	March 31, 2021	June 30, 2021	September 30, 2021		
BEGINNING CASH BALANCE	\$ 1,515,462	\$ 1,532,872	\$ 1,700,682	\$ 1,871,726	\$ -
COLLECTIONS:					
Passenger facility charges	84,205	166,869	170,117	183,129	23,037,525
Interest Income	1,387	1,281	1,133	1,243	760,264
Reimbursement of prior administrative charges	-	-	-	-	18,658
Total Collections	85,592	168,150	171,250	184,372	23,816,447
EXPENDITURES:					
Equipment/project expenses	(68,182)	(340)	(206)	(3,388)	(21,745,079)
Administrative charges	-	-	-	-	(18,658)
Total Expenditures	(68,182)	(340)	(206)	(3,388)	(21,763,737)
ENDING CASH BALANCE	\$ 1,532,872	\$ 1,700,682	\$ 1,871,726	\$ 2,052,710	\$ 2,052,710

The accompanying notes are an integral part of this schedule.

WILKES-BARRE/SCRANTON INTERNATIONAL AIRPORT

**SCHEDULE OF PFC STATUS REPORT  
YEAR ENDED DECEMBER 31, 2021**

<u>PFC Project Number</u>	<u>Application</u>	<u>Authority to Impose</u>	<u>Use</u>	<u>Expended in 2021</u>	<u>Expended to Date (Unaudited)</u>	<u>Project Status</u>
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	\$ -	\$ -	Completed
2	Replace runway 4-22 lighting and transformers	80,000	80,000	-	9,573	Completed
3	Replace runway surface sensor systems	100,000	100,000	-	19,132	Completed
4	Rehabilitate taxiway B design and construct	70,325	70,325	-	68,267	Completed
5	Replace ARFF equipment	30,000	30,000	-	10,000	Completed
6	Upgrade electronic exit lane systems	97,000	97,000	-	96,317	Approved
7	Acquire equipment - replace vehicles and spreaders	160,000	160,000	-	142,936	Completed
8	Acquire security equipment - security system card readers and security surveillance cameras	227,000	227,000	-	227,000	Completed
9	Replace security vehicles and equipment	120,000	120,000	-	116,704	Completed
10	Extend and rehabilitate apron (airline)	37,643	37,643	-	28,580	Completed
11	Demolish old passenger terminal building for new apron	1,050,000	1,050,000	-	1,050,000	Approved
12	Replace airfield generator	229,675	229,675	-	-	Approved
13	Install PAPI runway 10	4,920	4,920	-	3,881	Completed
14	Install airfield pedmieter wildlife fence	125,000	-	-	-	Approved
15	Acquire ARFF vehicle - 1500 gallon	35,000	-	-	-	Approved
16	Rehabilitate taxiway baggage area - design and construct	180,000	-	-	-	Approved
17	Expand terminal baggage area - design and construct	800,000	-	-	655,340	Completed
18	Construct east side access road	350,000	-	-	-	Approved
		<u>\$ 3,996,563</u>	<u>\$ 2,506,563</u>	<u>\$ -</u>	<u>\$ 2,427,730</u>	

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

The accompanying notes are an integral part of this schedule.

WILKES-BARRE/SCRANTON INTERNATIONAL AIRPORT

**SCHEDULE OF PFC STATUS REPORT (CONT'D)  
YEAR ENDED DECEMBER 31, 2021**

<u>PFC Project Number</u>	<u>Application</u>	<u>Authority to Impose</u>	<u>Use</u>	<u>Expended in 2021</u>	<u>Expended to Date (Unaudited)</u>	<u>Project Status</u>
	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	\$ -	\$ 69,000	Completed
2	Replace flight information display system	302,000	302,000	-	302,000	Completed
3	Update airport master plan	130,232	130,232	1,227	68,478	Approved
4	Remove obstructions - trees	150,000	150,000	-	-	Approved
5	Purchase video surveillance system	153,008	153,008	-	147,436	Completed
6	Emergency alert system	22,900	22,900	-	22,900	Completed
7	Rehabilitate taxiways B&D (west)	554,921	554,921	18,354	502,253	Approved
8	Conduct wildlife hazard assessment	78,500	78,500	-	51,202	Approved
9	Acquire airport rescue and firefighting protective gear	17,000	17,000	-	17,000	Completed
10	Update airfield lighting computers and digitracs	75,000	75,000	-	70,716	Approved
11	Update access control system	307,297	307,297	-	307,297	Completed
		<u>\$ 1,859,858</u>	<u>\$ 1,859,858</u>	<u>\$ 19,581</u>	<u>\$ 1,558,282</u>	

Application Number:  
17-12-C-04-AVP

The accompanying notes are an integral part of this schedule.

WILKES-BARRE/SCRANTON INTERNATIONAL AIRPORT

**SCHEDULE OF PFC STATUS REPORT (CONT'D)  
YEAR ENDED DECEMBER 31, 2021**

<u>PFC Project Number</u>	<u>Application</u>	<u>Authority to Impose</u>	<u>Use</u>	<u>Expended in 2021</u>	<u>Expended to Date (Unaudited)</u>	<u>Project Status</u>
Projects approved for authority to impose and use a PFC at AVP at the \$4.50 level:						
1	Acquire aircraft rescue and firefighting vehicle	\$ 750,000	\$ 750,000	\$ 37,414	\$ 37,414	Approved
2	Acquire security vehicle/radio equipment	50,000	50,000	-	-	Approved
3	Extend Taxiway B - construct (RWY 4 approach end)	529,900	529,900	-	-	Approved
		<u>\$ 1,329,900</u>	<u>\$ 1,329,900</u>	<u>\$ 37,414</u>	<u>\$ 37,414</u>	

Application Number:  
21-14-U-00-AVP

<u>PFC Project Number</u>	<u>Application</u>	<u>Authority to Impose</u>	<u>Use</u>	<u>Expended in 2021</u>	<u>Expended to Date (Unaudited)</u>	<u>Project Status</u>
1	Rehabilitation of terminal apron	\$ 1,000,000	\$ 1,000,000	-	-	Approved

Application Number:  
21-15-U-00-AVP

The accompanying notes are an integral part of this schedule.

WILKES-BARRE/SCRANTON INTERNATIONAL AIRPORT

**SCHEDULE OF PFC STATUS REPORT (CONT'D)  
YEAR ENDED DECEMBER 31, 2021**

<u>PFC Project Number</u>	<u>Application</u>	<u>Authority to Impose</u>	<u>Use</u>	<u>Expended in 2021</u>	<u>Expended to Date (Unaudited)</u>	<u>Project Status</u>
Projects approved for authority to impose and use a PFC at AVP at the \$4.50 level:						
1	Acquire snow removal equipment	\$ 1,635,000	\$ 1,635,000	\$ -	\$ 652,540	Approved
2	Rehabilitate road (Loop Road)	1,600,000	1,600,000	2,843	6,627	Approved
3	Extend Taxiway B (RWY 22 end)	450,000	450,000	75	25,461	Completed
4	Extend Taxiway B-EA/preliminary design (RWY 4 approach end)	20,925	20,925	-	-	Approved
5	Security enhancements - update background checking and security identification of equipment	18,000	18,000	-	15,140	Completed
6	PFC administrative reimbursement	36,000	36,000	-	-	Approved
7	Rehabilitate taxiway D (east)	125,000	125,000	12,203	139,396	Approved
8	PFC program audit reimbursement	35,000	35,000	-	31,000	Approved
		<u>\$ 3,919,925</u>	<u>\$ 3,919,925</u>	<u>\$ 15,121</u>	<u>\$ 870,164</u>	

Application Number:  
18-13-C-00-AVP

The accompanying notes are an integral part of this schedule.

**WILKES-BARRE/SCRANTON INTERNATIONAL AIRPORT**

**NOTES TO PASSENGER FACILITY CHARGE PROGRAM SCHEDULES  
DECEMBER 31, 2021**

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**NOTE 1: DESCRIPTION OF PASSENGER FACILITY CHARGE PROGRAM**

The accompanying schedule of passenger facility charge receipts, disbursements and changes in cash balances and the schedule of PFC status report for the year ended December 31, 2021 (the "PFC Schedules") include the Passenger Facility Charge ("PFC") activity of the Wilkes Barre/Scranton International Airport ("AVP"). The information in these schedules 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* (the "Guide") issued by the Federal Aviation Administration. Therefore, some amounts presented in these schedules may differ from amounts presented in, or used in the preparation of, the financial statements.

**NOTE 2: BASIS OF ACCOUNTING**

The accompanying PFC Schedules are prepared on the cash basis of accounting, wherein revenues are recorded when received and PFC funds expended are recorded upon designation as PFC eligible expenditures. Amounts reported in the accompanying schedules agree with the amounts reported in the quarterly report of funds collected and expended.

# KOHANSKI

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## **INDEPENDENT AUDITORS' 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**

To the Joint Board of Control of  
Wilkes-Barre/Scranton International Airport:

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 Wilkes-Barre/Scranton International Airport, as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the AVP's financial statements, and have issued our report thereon dated June 8, 2022.

### **Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered AVP'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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the AVP's internal control. Accordingly, we do not express an opinion on the effectiveness of the AVP'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 entity'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.

CERTIFIED PUBLIC ACCOUNTANTS

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## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the AVP's 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 the AVP'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 AVP's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Kohanski & Co., PC*

Scranton, PA  
June 8, 2022

# KOHANSKI

Company · P C

## **INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO THE PASSENGER FACILITY CHARGE PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH THE PASSENGER FACILITY CHARGE AUDIT GUIDE FOR PUBLIC AGENCIES**

To the Joint Board of Control of  
Wilkes-Barre/Scranton International Airport:

### **Report on Compliance for Passenger Facility Charge Program**

#### ***Opinion on Passenger Facility Charge Program***

We have audited Wilkes-Barre/Scranton International Airport's ("AVP") compliance with the types of compliance requirements identified as subject to audit in the Passenger Facility Charge Audit Guide for Public Agencies issued by the Federal Aviation Administration (the "Guide") that could have a direct and material effect on AVP's Passenger Facility Charge Program ("PFC") for the year ended December 31, 2021.

In our opinion, AVP 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 December 31, 2021.

#### ***Basis for Opinion on 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; and the audit requirements of 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 AVP 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 PFC. Our audit does not provide a legal determination of AVP's compliance with the compliance requirements referred to above.

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## ***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 of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to AVP's Federal programs.

## ***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 AVP'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 AVP's compliance with the requirements of PFC 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 AVP'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 AVP'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 AVP'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.

## ***Other Matters***

The results of our auditing procedures disclosed an instance of noncompliance which is required to be reported in accordance with the Guide and which is described in the accompanying schedule of findings and questioned costs as items 2021-001. Our opinion on AVP's compliance with the requirements of the Guide is not modified with respect to this matter. *Government Auditing Standards* requires the auditor to perform limited procedures on AVP's response to the noncompliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. AVP's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

## **Report on Internal Control Over Compliance**

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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

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 a Federal 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 a Federal 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 a Federal 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. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2021-001 to be significant deficiencies.

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. *Government Auditing Standards* requires the auditor to perform limited procedures on AVP's response to the internal control over compliance findings identified

in our audit described in the accompanying schedule of findings and questioned costs. AVP's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

**Report on Schedule of Passenger Facility Charge Receipts, Disbursements, and Changes in Cash Balances and Schedule of PFC Status Report**

We have audited the financial statements of AVP as of and for the year ended December 31, 2021, and have issued our report thereon dated June 8, 2022 which contained an unmodified opinion on those financial statements. Our audit was performed for the purpose of forming an opinion on the financial statements as a whole. The accompanying PFC schedule of receipts, disbursements, and changes in cash balances and schedule of PFC status report 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 GAAS. However, due to errors found on prior year audits, we were unable to form an opinion on the program totals reported on the schedule of PFC receipts, disbursements, and changes in cash balances and the expended to date amounts reported on the schedule of PFC status report. The amounts were unaudited.

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.

*Kohanski & Co., PC*

Scranton, PA  
June 8, 2022

**WILKES-BARRE/SCRANTON INTERNATIONAL AIRPORT**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED DECEMBER 31, 2021**

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**FINDING 2021-001: ALLOWABLE COSTS**

Criteria: The Passenger Facility Charge Audit Guide for Public Agencies states that costs charged to PFC program must not exceed the approved amount for that project.

Condition: AVP charged \$14,396 more than allowed for one approved project.

Cause: Lack of review procedures in internal controls over the PFC program prevented AVP from properly identifying errors in the documents submitted to the Federal Aviation Administration.

Effect: There is an increased risk of noncompliance including the risk that the PFC program funds may be used for unallowed or ineligible costs.

Recommendation: Internal controls over compliance should be developed which include review and approvals by an individual familiar with the PFC program requirements.

View of Responsible Officials: See accompanying corrective action plan.

**SUMMARY SCHEDULE OF PRIOR FINDINGS  
YEAR ENDED DECEMBER 31, 2021**

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**FINDING 2020-001: INTERNAL CONTROLS OVER PROJECT REPORTING**

Condition: Expenditures reported in the prior year audited schedule of PFC status report do not agree to AVP records, and information provided to us to audit was inconsistent and required several revisions.

Effect: There is an increased risk of noncompliance including the risk that PFC approved projects may not be completely and appropriately funded or the project costs may exceed the approved amount.

Recommendation: Internal controls over financial reporting related to AVP's PFC program should be developed to prevent errors in record keeping and reporting. We recommend that approved PFC expenditures be recorded and tracked in AVP's general ledger through separate and distinct account numbers and periodically reconciled to other documentation including approved drawdown requests and FAA records.

Auditor's 2021 Status: Finding was resolved. No current year findings were noted.

**WILKES-BARRE/SCRANTON INTERNATIONAL AIRPORT**

**SUMMARY SCHEDULE OF PRIOR FINDINGS (CONT'D)  
YEAR ENDED DECEMBER 31, 2021**

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**FINDING 2020-002: ALLOWABLE COSTS**

Condition: AVP charged \$3,041 more than allowed for one approved project.

Effect: There is an increased risk of noncompliance including the risk that the PFC program funds may be used for unallowed or ineligible costs.

Recommendation: Internal controls over compliance should be developed which include review and approvals by an individual familiar with the PFC program requirements.

View of Responsible Officials: See accompanying corrective action plan.

Auditor's 2021 Status: Finding remains as stated. See current year finding 2021-001.

06/08/2022

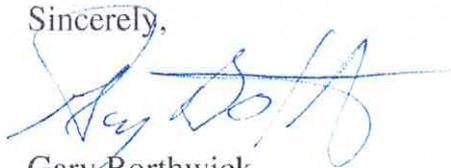
Kohanski & Company, P.C.  
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RE: 2021-001: ALLOWABLE COSTS

2020-002, 2021-001: ALLOWABLE COSTS

We agree with the auditors' comments, and the following action will be taken to improve the situation. We have designated an individual to be a coordinator, Stephen Mykulen, P.E. whom is the airport Director of Engineering who will oversee the tracking and preparing of expenditures of PFC PROJECTS along the with Tia Toney, Assistant Finance and Administration. In addition, we are retaining Rainey & Rainey CPA's to do quarterly reviews to ensure tracking is done properly to avoid over drawing in the future. In addition, we will send a letter to the FAA requesting an increase of our approved costs for the two projects in question when we receive final closeout documents from the constructions companies as there will be additional costs for final payment which will be added to the projects total requirement.

Sincerely,



Gary Borthwick  
Assistant Director

Cc: Carl Beardsley, Jr.  
Executive Director