

Wilkes-Barre/Scranton International Airport

Financial Statements and
Supplementary Information

December 31, 2024

Wilkes-Barre/Scranton International Airport

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Independent Auditors' Report

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

Opinion

We have audited the accompanying financial statements of Wilkes-Barre/Scranton International Airport (the Airport), as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the Airport's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the Airport as of December 31, 2024, and the changes in financial position and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Airport and to meet our other ethical responsibilities, in accordance with the 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 audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America; and for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Airport's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. 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 and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, 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 the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Airport's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Airport's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the required supplementary information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of operating expenses and the schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, as listed in the table of contents, are presented for purposes of additional analysis and are 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 basic 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 GAAS. In our opinion, the supplementary information is fairly stated in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 23, 2025 on our consideration of the Airport's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Airport's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Airport's internal control over financial reporting and compliance.

Baker Tilly US, LLP

Pittston, Pennsylvania
September 23, 2025

Wilkes-Barre/Scranton International Airport

Required Supplementary Information - Management's Discussion and Analysis (Unaudited)

December 31, 2024

The following narrative overview and analysis is provided by the management of the Wilkes-Barre/Scranton Airport (the Airport) and is intended to serve only as an introduction to the Airport's basic financial statements and is made part of this audit report for the year ended December 31, 2024.

Overview of the Financial Statements

The Airport's financial statements are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America promulgated by the Governmental Accounting Standards Board (GASB). Revenues are recognized when earned, and expenses are recognized when incurred. Capital assets are recorded in land, building and equipment accounts and are depreciated over their useful lives (except land). See Note 1 to the financial statements for a summary of the Airport's organization and significant accounting policies. Following this discussion and analysis are the basic financial statements of the Airport, including the notes, which are essential to a full understanding of the data contained in the financial statements. The Airport's basic financial statements are designed to provide readers with a broad overview of the Airport's financial position and activities.

The Airport's basic financial statements consist of the statement of net position, statement of revenue, expenses and change in fund net position, cash flows and the notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

The Statement of Net Position presents information on all the Airport's assets, deferred outflows, liabilities and deferred inflows, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of the Airport's financial condition.

The Statement of Revenues, Expenses and Change in Fund Net Position presents information showing the change in the Airport's net position during the fiscal year. All changes in net position are reported as soon as the underlying event occurs, regardless of timing of related cash flows. Thus, revenues and expenses are recorded and reported in this statement for some items that will result in cash flows in future periods.

The Statement of Cash Flows relates to the flows of cash and cash equivalents. Consequently, only transactions that provide or use cash are recorded in this statement. A reconciliation is provided at the bottom of the Statement of Cash Flows to assist in the understanding of the difference between cash flows from operating activities and operating income.

Financial Highlights 2024

The Airport retained a strong financial position for the year ended December 31, 2024. Airport assets exceeded liabilities by \$114,932,487 (net position) at December 31, 2024 and \$107,352,743 (net position) at December 31, 2023; an increase of 7.06%. Of this amount, the unrestricted net position which may be used to meet the Airport's ongoing financial capital projects obligations, operational obligations and stated priorities was \$7,939,418 in 2024 and \$5,134,075 in 2023.

Restricted assets increased \$678,511 or 70% due to the Airport recognizing the revenue from PFC and FAA charges at year end. The activity corresponds with the increase in liabilities payable from restricted assets. The Passenger Facility Charge (PFC), Customer Facility Charge (CFC) and Federal Aviation Administration (FAA) revenue generated is restricted in use for allowable costs of approved airport projects as determined by the FAA.

Wilkes-Barre/Scranton International Airport

Required Supplementary Information - Management's Discussion and Analysis (Unaudited)

December 31, 2024

The analyses in Table 1 and Table 2 below focus on the summary of net position and summary of changes in net position for the Airport's business-type activities:

Summary of Net Position

	December 31, 2024	December 31, 2023
Current and other assets	\$ 11,270,503	\$ 10,324,168
Capital assets, net	109,073,431	101,242,338
Leases receivable NCP	5,614,872	5,441,295
Service concession arrangement receivable NCP	1,525,485	2,434,528
Due from Luzerne County, pension	2,012,135	2,313,285
Deferred outflows of resources, pension	379,339	712,706
Total assets	129,875,765	122,468,320
Current and other liabilities	4,645,530	2,930,911
Long-term liabilities	2,180,212	2,301,591
Total liabilities	6,825,742	5,232,502
Deferred inflows from pension	680,640	1,119,022
Deferred inflows from leases	5,002,368	5,460,409
Deferred service concession arrangement receipts	2,434,528	3,303,644
Total deferred inflows of resources	8,117,536	9,883,075
Net investment in capital assets	105,338,228	101,242,338
Restricted	1,654,841	976,330
Unrestricted	7,939,418	5,134,075
Total net position	\$ 114,932,487	\$ 107,352,743

In 2024, the Airport continued to pay close attention to expenses on the operational budget by closely monitoring purchasing decisions, maintaining departmental communications regarding budget availability monthly, and reducing costs where possible. Rising utilities costs due to inflation had an impact on the operational budget. However, that overall impact was maintained under control by the Airport's continued diligence regarding utility contracts for natural gas and electricity, the continued replacement of lighting fixtures with new high efficiency fixtures to minimize any increases. The Airport utilized its Coronavirus Aid, Relief and Economic Security (CARES) Act award of approximately \$20,044,000 to assist with offsetting operating losses between 2021 through 2024.

Wilkes-Barre/Scranton International Airport

Required Supplementary Information - Management's Discussion and Analysis (Unaudited)
December 31, 2024

Summary of Changes in Net Position

	Years Ended December 31,	
	2024	2023
Revenues:		
Operating revenue:		
Terminal	\$ 3,087,622	\$ 2,635,896
Parking lot	2,788,081	2,144,786
Landing field	1,353,443	1,055,797
Other land and building rental	1,112,337	872,103
Small communities air service development grant	500,000	-
Luzerne County subsidy	250,016	326,187
Total operating revenues	9,091,499	7,034,769
Operating expenses	15,008,576	14,031,361
Operating income (loss)	(5,917,077)	(6,996,592)
Investment income	197,052	131,994
Loss before capital contributions	(5,720,025)	(6,864,598)
Capital contributions:		
Federal grants	11,018,363	11,271,091
State grants	1,380,985	310,156
Passenger facility charge	900,421	717,886
Total capital contributions	13,299,769	12,299,133
Change in net position	7,579,744	5,434,535
Net position, beginning	107,352,743	101,918,208
Net position, ending	\$ 114,932,487	\$ 107,352,743

In 2024, passenger enplanements had an increase of 30% over the calendar year 2023. The increase is attributed to more seat availability, and an increase in departing flights.

The Airport continued to commit significant effort and financial resources to advertising and marketing, which resulted in additional flights being secured throughout 2024. The Airport had an operating income before depreciation of \$408,812 in 2024 as compared to a loss of \$819,000 in 2023; the difference is primarily attributable to the increase in flights and increase in passenger flow post COVID.

Wilkes-Barre/Scranton International Airport

Required Supplementary Information - Management's Discussion and Analysis (Unaudited)

December 31, 2024

Capital Asset and Debt Administration

Capital Assets

The Airport's capital assets, net of depreciation as of December 31, 2024 and 2023, amounted to \$109,073,431 and \$101,242,338, respectively. The capital assets include land and land improvements (including runways and taxiways); buildings and building improvements; equipment, parking garage, furniture and fixtures; as well as construction in progress.

Major capital projects in progress and expenditures incurred during 2024 included the following:

Equipment	\$	100,496
Runways, taxiways and other land improvements		3,211,343
Building improvements		930,891
CIP (net amount)		9,914,252

Capital asset acquisitions are capitalized at cost and depreciated using the straight-line method. Acquisitions are funded using a variety of financing techniques, including federal grants, state grants, PFCs and cost recovery through airline rates and charges. By far the largest portion of the Airport's net assets (95%) reflect its investment in capital assets (land, buildings, equipment).

Financial Objectives

Airport management continued to face significant challenges in 2024 as the Airport faced with the tail end of recovery from the pandemic and an increase in inflation. Revenues have increased approximately 3% with a return of service and increases in rates and charges to the airlines. The Airport received a CARES grant for approximately \$20,044,000 to continue operations and employment at the airport. That grant expired in May of 2024. We also are continuing multiple capital projects, depending on Federal airport capital improvement project funding availability, TSA and FAA mandates, replacement and upgrading of aging equipment, a constantly changing air transportation industry with unprecedented market dynamics and the potential continuation of the pandemic into 2024. The Airport received two grants; the Coronavirus Response and Relief Supplemental Appropriation Act for \$2,380,828 and American Recovery Plan Act for \$3,706,911 which will primarily be used for capital expansion and expenses.

Airport management has three main objectives for 2025. The priority is to minimize expenses and attract additional air service, which is imperative to maintaining existing facilities and ensuring the financial resources to continue an aggressive capital improvement schedule. The second priority is to complete and continue several design/construction projects including: the extension of Taxiway B (RWY 4 approach), access road to the Airport, the construction of a Hangar and several other major maintenance projects within the Terminal building. The third priority is to maintain operating budget controls already set in place and endeavor to achieve a better than projected loss for the 2025 operating budget.

Wilkes-Barre/Scranton International Airport

Required Supplementary Information - Management's Discussion and Analysis (Unaudited)
December 31, 2024

Recognizing the basic need to maintain necessary cash assets, management has committed to reducing and containing cost growth related to insurance, security, utilities and services while attempting to maintain high standards and efficiencies during the anticipated period of uncertainty. Utilizing the delegated funds from the CARES grant in the budget for marketing, the Airport will continue attempts to retain and return of air service in 2024 and 2025 to pre-pandemic levels. Airport management is looking to continue to improve the public's image of the Airport by improving customer service and by providing more customer amenities desired by most of the traveling public ensuring a safe and clean facility. The challenge will be to make these improvements without significantly affecting the operation budget and customers who travel from our airport.

Requests for Information

Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Director of Finance, Wilkes-Barre/Scranton International Airport, 101 Terminal Road, Avoca, Pennsylvania 18641.

Wilkes-Barre/Scranton International Airport

Statement of Net Position

December 31, 2024

Assets

Current Assets

Cash	\$ 4,942,458
Restricted cash	1,654,841
Accounts receivable	1,078,136
Capital grants receivable	2,468,734
Current portion of leases receivable	155,030
Current portion of service concession arrangement receivable	909,043
Prepaid expenses	62,261

Total current assets 11,270,503

Leases Receivable, Net of Current Portion

5,614,872

Service Concession Arrangement Receivable, Net of Current Portion

1,525,485

Capital Assets, Net of Accumulated Depreciation

109,073,431

Due From Luzerne County, Pension

2,012,135

Deferred Outflows of Resources, Pension

379,339

Total assets and deferred outflows of resources \$ 129,875,765

Liabilities and Net Position

Current Liabilities

Line of credit	\$ 3,090,521
Accounts payable	724,451
Accrued expenses	185,876
Retainage payable	644,682

Total current liabilities 4,645,530

Noncurrent Liabilities

Compensated absences	469,378
Net pension liability	1,710,834

Total liabilities 6,825,742

Deferred Inflows of Resources

Deferred inflows from pension	680,640
Deferred inflows from leases	5,002,368
Deferred service concession arrangement receipts	2,434,528

Total deferred inflows of resources 8,117,536

Net Position

Net investment in capital assets	105,338,228
Restricted for capital assets	1,654,841
Unrestricted	7,939,418

Total net position 114,932,487

Total liabilities and net position \$ 129,875,765

See notes to financial statements

Wilkes-Barre/Scranton International Airport

Statement of Revenues, Expenses and Change in Net Position

Year Ended December 31, 2024

Operating Revenues

Terminal area	\$ 3,087,622
Parking lot	2,788,081
Landing field	1,353,443
Other land and building rental	1,112,337
Small communities air development service grant	500,000
County subsidy	250,016
	<hr/>
Total operating revenues	9,091,499

Operating Expenses

Depreciation	6,325,889
Terminal area	2,699,330
Administrative	2,508,014
Landing field	977,652
New air service development	682,823
Emergency equipment	517,806
Garage	450,235
Parking lot	432,566
Other land and building rental	414,261
	<hr/>
Total operating expenses	15,008,576

Operating loss (5,917,077)

Nonoperating Revenues

Investment income	197,052
	<hr/>
Loss before capital contributions	(5,720,025)

Capital Contributions

Federal government grants	11,018,363
State government grants	1,380,985
Passenger facility charges	900,421
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Total capital contributions	13,299,769

Change in net position 7,579,744

Net Position, Beginning

 107,352,743

Net Position, Ending

 \$ 114,932,487

See notes to financial statements

Wilkes-Barre/Scranton International Airport

Statement of Cash Flows

Year Ended December 31, 2024

Cash Flows From Operating Activities

Cash received from operating revenues	\$ 7,998,300
Cash paid to employees for services and benefits	(4,224,734)
Cash paid for operating expenses	<u>(4,865,077)</u>

Net cash used in operating activities (1,091,511)

Cash Flows From Capital and Related Financing Activities

Receipt of capital grants and contributions	14,574,900
Cash paid for capital asset additions	(15,054,843)
Net borrowings on line of credit	3,090,521
Facility charges collected	<u>900,421</u>

Net cash provided by capital and related financing activities 3,510,999

Cash Flows From Investing Activities

Cash received for interest	<u>197,052</u>
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Net increase in cash 2,616,540

Cash, Beginning

3,980,759

Cash, Ending

\$ 6,597,299

Supplementary Disclosure of Cash Flow Information

Cash	\$ 4,942,458
Restricted cash	<u>1,654,841</u>

Total \$ 6,597,299

Supplementary Disclosure of Noncash Capital and Related Financing Activities

Capital asset additions included in retainage payable	<u>\$ 644,682</u>
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Cash Flows From Operating Activities

Loss from operations	\$ (5,917,077)
Adjustments to reconcile loss from operations to net cash used in operating activities:	
Depreciation	6,325,889
Change in assets and liabilities:	
Accounts receivable	(619,495)
Prepaid expenses	(3,839)
Lease receivable	(15,663)
Concession arrangement	869,116
Accounts payable	(499,978)
Accrued expenses	21,937
Compensated absences	74,756
Deferred inflow, leases	(458,041)
Deferred inflow, service concession arrangement	<u>(869,116)</u>

Net cash used in operating activities \$ (1,091,511)

See notes to financial statements

Wilkes-Barre/Scranton International Airport

Notes to Financial Statements
December 31, 2024

1. Summary of Significant Accounting Policies

Nature of Operations

The Wilkes-Barre/Scranton International Airport (the Airport), located in Avoca, Pennsylvania, is owned jointly by the Counties of Luzerne and Lackawanna, Pennsylvania (the Counties); and is controlled by the Joint Board of Control, which consists of the county commissioners from Lackawanna County, the Luzerne County Manager, the Chair of Luzerne County Council or his/her designee, and a member of the Luzerne County Council selected by resolution adopted by an affirmative vote of at least a majority of its current members. The Airport's primary sources of revenues are user fees, terminal space and other airport facility leases and grants.

Basis of Accounting

The financial statements of the Airport have been prepared on the accrual basis of accounting to conform to accounting principles generally accepted in the United States of America (GAAP), as they apply to enterprise funds of governmental units. Such principles include those prescribed by the Governmental Accounting Standards Board (GASB).

Basis of Presentation, Fund Accounting

Proprietary Fund Type

Proprietary funds are used to account for activities that are similar to those often found in the private sector. The measurement focus is upon determination of net income and capital maintenance. Proprietary funds distinguish between operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the proprietary fund's principal ongoing operations. The principal operating revenues for the Airport are user fees and lease revenue. Operating expenses for the Airport include the cost of services, administrative expenses and depreciation of capital assets. All revenue and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Proprietary fund statements provide both long-term and short-term financial information which is similar to the information reported by a business-type entity. All assets and all liabilities associated with the operation of these funds are included on the statement of net position. Net position is segregated into net investment in capital assets, restricted and unrestricted net position. The statement of changes in fund net position presents increases (i.e. revenues) and decreases (i.e. expenses) in total net position.

The following is a description of the Airport's proprietary fund:

Enterprise Fund

Enterprise funds account for operations that provide goods or services to the general public on a continuing basis. Such operations are financed and operated in a manner similar to private businesses and are intended to be self-supporting through charges to users. The Airport's enterprise fund type consists of its airport operations.

Federal and State Grants

Outlays for airport capital improvements and certain airport operating expenses are subject to reimbursement from Federal grant programs. Funds are also received for airport development from the Commonwealth of Pennsylvania. Funding provided from government grants is considered earned as the related approved capital outlays or expenses are incurred. Costs claimed for reimbursement under these grant programs generally require compliance with terms and conditions specified in the grant contract agreements and are subject to audit or approval by certain grantor agencies.

Wilkes-Barre/Scranton International Airport

Notes to Financial Statements

December 31, 2024

Operating Revenues

Operating revenues of the Airport consist of intergovernmental operating grants (County subsidy), charges for usage of airport facilities, as well as related fees and miscellaneous items. All expenses with the exception of interest expense, bad debt expense and loss on disposal of assets, are recorded as operating expenses. Any revenues not resulting from usage of airport facilities or related items are reported as nonoperating revenue.

Passenger and Customer Facility Charges

Passenger facility charges and customer facility charges are recognized as revenue in the financial statements when collected from airlines. For the year ended December 31, 2024, the Airport did not receive or collect any customer facility charges.

Cash

For purposes of the statement of cash flows, the Airport considered all unrestricted highly liquid investments with an initial maturity of three months or less to be cash.

Restricted Cash

Several cash accounts, which were funded through facility charges collected by the airlines and car rental agencies, are restricted for various programs undertaken by the Airport.

Accounts and Capital Grants Receivable

Accounts and capital grants receivable are reported at amounts management expects to collect on balances outstanding. Grants and accounts receivable are considered fully collectible by management and, accordingly, no allowance for doubtful accounts is considered necessary.

Leases Receivable

Regulated Leases

The Airport leases certain assets to various third parties as regulated leases. These leases are for assets related directly and substantially to the movement of passengers, baggage, mail and cargo at the airport. Regulated lease revenue is recorded as operating revenue as it is earned over the life of the regulated leases.

Nonregulated Leases

The Airport leases certain assets to various third parties as nonregulated leases. As a lessor, the Airport is required to recognize a lease receivable and a deferred inflow of resources. The lease receivable is measured at the present value of lease payments expected to be received during the lease term. The deferred inflow of resources is equal to the lease receivable, less prepayments received from lessees, or lease incentives paid to lessees. As lease payments are received, the Authority recognizes interest revenue and a reduction to the lease receivable. The Authority also recognizes operating lease revenue calculated as the amortization of the deferred inflow of resources over the lease term.

Prepaid Expenses

Prepaid expenses consist primarily of expenses paid in advance of the period covered. The Airport amortizes the payment on the straight-line method over the term of the policy or contract.

Wilkes-Barre/Scranton International Airport

Notes to Financial Statements

December 31, 2024

Capital Assets

Capital assets consist of property and equipment which are carried at cost and depreciated on the straight-line method over the following estimated useful lives:

Asset Class	Estimated Useful Lives (in Years)
Runways, taxiways and other land improvements	15-20
Buildings and building improvements	20-40
Garage	25
Equipment	5-10
Furniture and fixtures	5-10

All capital assets, except land and construction-in-progress, are depreciated. Land is never depreciated. Construction-in-progress costs, representing capital improvements that are incomplete at year-end, are accumulated until the project is complete and placed in service. At that time, the costs are transferred to the appropriate asset class and depreciation begins.

The cost and accumulated depreciation of property sold or retired are eliminated from the accounts and the resulting gain or loss is included in income. Normal maintenance and repairs are charged to expense as incurred. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets is included as part of the capitalized value of the assets constructed.

Retainage Payable

The Airport enters into construction contracts that may include retainage provisions such that a certain percentage of the contract amount is held for payment until completion of the contract and acceptance by the Airport.

Compensated Absences

Airport employees earn time off as follows:

- A. Vacation leave - employees accrue vacation according to their length of service with the Airport ranging from between five and 25 days a year. All vacation time must be used in the anniversary year in which it is accrued.
- B. Sick leave - All full-time employees receive one sick day for each calendar month in which the employee works for at least sixteen (16) days in that month. Sick leave for directors, superintendents and supervisors may be accumulated and carried over from year-to-year, up to a maximum of 120 days. Sick leave for non-union clerical employees may be accumulated and carried over from year-to-year up to a maximum of 80 days. Upon normal retirement, the Airport will pay our unused sick leave, up to 120 days for management employees and 80 days for non-union clerical employees, at the employee's daily rate of pay in effect at the time of retirement.

A liability for these amounts is reported for leave that has not been used if all of the following are true:

- A. The leave is attributable to services already rendered.
- B. The leave accumulates.
- C. The leave is more likely than not to be used for a time off or otherwise paid in cash or settled through noncash means.

The term more likely than not means a likelihood of more than 50%.

Wilkes-Barre/Scranton International Airport

Notes to Financial Statements

December 31, 2024

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. On the statement of net position, deferred inflows of resources are related to lease and service concession receivables. These amounts are deferred and recognized as revenue as payments are received over the term of the related contract.

Net Position

Net position represents the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources. Net investment in capital assets consists of the cost of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. This net investment in capital assets amount also is adjusted by any bond issuance deferral amounts. Net position is reported as restricted when there are limitations imposed on its use either through external restrictions imposed by creditors, grantors or laws or regulations of other governments. All other net position is reported as unrestricted.

When both restricted and unrestricted resources are available for use, it is the Airport's policy to use restricted resources first, then unrestricted resources as they are needed.

Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Recently Implemented Accounting Standards

The Airport adopted Government Accounting Standards Board (GASB) Statement No. 99, *Omnibus 2022* for the year ended December 31, 2024. GASB Statement No. 99 aims to improve the consistency and comparability of accounting and financial reporting. The adoption of this statement had no effect on the financial statements as of December 31, 2024.

The Airport adopted GASB Statement No. 100, *Accounting Changes and Error Corrections* for the year ended December 31, 2024. GASB Statement No. 100 establishes accounting and financial reporting requirements for (a) accounting changes and (b) the correction of an error in previously issued financial statements (error correction). The adoption of this Statement had no effect on the financial statements as of December 31, 2024.

The Airport adopted GASB Statement No. 101, *Compensated Absences* for the year ended December 31, 2024. GASB Statement No. 101 aims to better align the recognition and measurement of compensated absence obligations. The adoption of this statement did not have a material effect on the financial statements as of December 31, 2024.

Wilkes-Barre/Scranton International Airport

Notes to Financial Statements

December 31, 2024

2. Cash

Deposits With Financial Institutions

Custodial credit risk is the risk that, in the event of a bank failure, the Airport's deposits may not be returned to it. The Airport's investment policy requires deposits to be made in insured bank accounts. The Airport maintains cash balances at a financial institution located in Northeast Pennsylvania. Accounts at this institution are insured by the Federal Deposit Insurance Corporation up to \$250,000. As of December 31, 2024, \$6,609,262 of the Airport's cash balances of \$6,859,262 were covered by pledged pools of assets maintained in accordance with Act 72 of the General Assembly that requires the institution to pool collateral for all governmental deposits.

3. Capital Assets

Capital asset activity consisted of the following for the year ended December 31, 2024:

	Balance, January 1, 2024	Additions	Disposals/ Transfers	Balance, December 31, 2024
Capital assets, not being depreciated:				
Land	\$ 1,663,173	\$ -	\$ -	\$ 1,663,173
Construction-in-progress	20,476,898	13,987,646	(4,073,394)	30,391,150
Total capital assets, not being depreciated	22,140,071	13,987,646	(4,073,394)	32,054,323
Capital assets, being depreciated:				
Runways, taxiways and other land	129,206,485	169,336	3,042,007	132,417,828
Building and building improvements	70,995,955	-	930,891	71,926,846
Equipment	10,402,624	-	100,496	10,503,120
Garage	9,874,896	-	-	9,874,896
Furniture and fixtures	760,826	-	-	760,826
Total capital assets, being depreciated	221,240,786	169,336	4,073,394	225,483,516
Less accumulated depreciation:				
Runways, taxiways and other land	(91,673,698)	(3,713,731)	-	(95,387,429)
Building and building improvements	(34,887,736)	(1,763,617)	-	(36,651,353)
Equipment	(7,718,411)	(455,979)	-	(8,174,390)
Garage	(7,099,341)	(391,070)	-	(7,490,411)
Furniture and fixtures	(759,333)	(1,492)	-	(760,825)
Total accumulated depreciation	(142,138,519)	(6,325,889)	-	(148,464,408)
Total capital assets being depreciated, net	79,102,267	(6,156,553)	4,073,394	77,019,108
Total capital assets, net	\$ 101,242,338	\$ 7,831,093	\$ -	\$ 109,073,431

Depreciation expense charged to operations for 2024 was \$6,325,889.

Wilkes-Barre/Scranton International Airport

Notes to Financial Statements

December 31, 2024

4. Leases

Regulated Leases

The Airport leases certain assets to various third parties as regulated leases, as defined by GASB Statement No. 87. These leased assets are regulated under the FAA Rates and Charges Policy and Grant Assurance 22 and include jet bridges, ticket counters, ticket offices, passenger hold rooms, concourse operations space and baggage service areas. During the year ended December 31, 2024, the Airport recognized \$1,383,932, recorded within terminal area operating revenues on the statement of revenues, expenses and change in net position, from regulated leases.

Due to the variable nature of the above revenues from year-to-year, expected future minimum payments are indeterminable.

Nonregulated Leases

The Airport leases terminal space, hanger space and land to various third parties. In accordance with GASS No. 87, the Airport recognizes a lease receivable and a deferred inflow of resources for its nonregulated leases. Lease payments are generally fixed monthly payments with certain variable payments not included in the measurement of the lease receivable. Variable payments are typically based on a percentage of lessee's revenue above a minimum annual guarantee.

The Airport recognized the following related to its lessor agreements for the year ended December 31, 2024:

Lease revenue	\$	630,438
Interest income related to leases		343,100

The Airport's nonregulated leases included the following at December 31, 2024:

Buildings (10 leases):	
Terms	12 - 249 months
Leases receivable	\$ 3,430,086
Lease revenue	299,780
Land (8 leases):	
Terms	12 - 308 months
Leases receivable	\$ 2,339,816
Lease revenue	43,320

Future minimum lease payments expected are as follows:

	<u>Principal Payment</u>	<u>Interest Payment</u>	<u>Total</u>
For the years ending December 31:			
2025	\$ 155,030	\$ 364,855	\$ 519,885
2026	172,662	354,816	527,478
2027	190,613	343,391	534,004
2028	207,940	330,498	538,438
2029	227,467	316,024	543,491
2030 - 2034	1,462,260	1,312,222	2,774,482
2035 - 2039	1,169,721	851,523	2,021,244
2040 - 2044	1,310,173	485,437	1,795,610
2045 - 2049	857,838	118,760	976,598
2050 - 2054	16,198	424	16,622
Total	<u>\$ 5,769,902</u>	<u>\$ 4,477,950</u>	<u>\$ 10,247,852</u>

Deferred inflows of resources relating to the lease receivables are \$5,002,368 at December 31, 2024.

Wilkes-Barre/Scranton International Airport

Notes to Financial Statements

December 31, 2024

Short-Term Leases

In accordance with GASB No. 87, the Airport does not recognize a lease receivable and a deferred inflow of resources for short-term leases. Short-term leases are certain leases that, at the commencement of the lease term, has a maximum possible term under the lease contract of 12 months or less, including any options to extend, regardless of their probability of being exercised. Short-term leases primarily consist of various advertising agreements and leases for hanger space.

5. Long-Term Obligations

The following includes the Airport's long-term obligation for compensated absences:

	Balance Outstanding January 1, 2024	Net Additions (Reductions)	Balance Outstanding December 31, 2024
Compensated absences	\$ 394,622	\$ 74,756	\$ 469,378

6. Line of Credit

In 2024, the Airport entered into a nonrevolving drawdown interim Revenue Note, Series of 2024 in the maximum principal amount of \$5,000,000, with final maturity scheduled for January 2026. The agreement requires monthly interest payments, beginning September 30, 2024, at a variable rate equal to 72% of the National Prime Rate not less than 4.25% or more than 7.25% (5.58% at December 31, 2024). The note is secured by a pledge of all right, title and interest in and to the receipts and revenues from the Airport. At December 31, 2024, the Airport had an outstanding balance of \$3,090,521, leaving an available balance of \$1,909,479.

7. Passenger Facility Charge Revenue

Passenger facility charges (PFCs) are fees imposed on enplaned passengers by airports (and collected by airlines) for the purpose of generating revenue for airport projects that increase capacity, increase safety, or mitigate noise impacts. PFCs are restricted for use in the acquisition of real estate, construction of certain airport improvements (including payment of debt service) and other costs, as approved by the FAA. The current PFC rate is \$4.35 per enplaned passenger and total revenue was \$900,421 for the year ended December 31, 2024.

8. Service Concession Arrangement

On September 28, 2018, the Airport entered into an extension of their service concession arrangement with SP Plus Corporation (SP Plus), under which SP Plus will operate and maintain the Airport's parking lots and garages (parking facilities). On August 1, 2021, SP Plus exercised the first of two available extensions taking the current contract through July 31, 2025. The remaining extension available was for a period of two years and covers the period from August 1, 2025 through July 31, 2027. The agreement entitles SP Plus to all income, revenues and receipts from the operation of the parking facilities and requires SP Plus the operation of the parking facilities and requires SP Plus to pay all costs of operating and maintaining the parking facilities. In exchange, SP Plus will pay the Airport a Minimum Annual Guarantee (MAG) of \$1,000,000 annually over the course of the arrangement. In addition, SP Plus will pay the Airport 78% of gross revenue on the first \$1,200,000, then 81% of gross revenue from \$1,200,000 to \$2,000,000, and 93% of gross revenue above \$2,000,000. The Airport reports a service concession receivable and deferred inflow of resources of \$2,434,528 as of December 31, 2024, respectively, determined using a discount rate of 4.50%. During the year ended December 31, 2024, the Airport received total payments from SP Plus amounting to \$2,676,826, included within parking lot revenues on the statement of revenues, expenses and change in net position.

Wilkes-Barre/Scranton International Airport

Notes to Financial Statements

December 31, 2024

9. Retirement Plans

The Airport participates in both Luzerne and Lackawanna counties' defined benefit pension plans in which substantially all full-time employees are eligible for participation. In addition, the Airport participates in both Luzerne and Lackawanna counties' deferred compensation plans in which all full-time employees may elect to participate. The Counties have funded the Airport's annual required contribution for the defined benefit pension plans, in the amount of \$250,016 for the year ended December 31, 2024, and is reported as subsidy revenue and pension expense in the financial statements.

The Luzerne County Retirement Fund (the Plan) is a cost-sharing multiple-employer defined benefit pension plan. Pursuant to the provisions of GASB Statement No. 68, the Airport is a noncontributing member of the Lackawanna County Retirement Fund, a single-employer defined benefit pension plan.

Plan Description

The Plan is a cost-sharing multiple-employer defined benefit pension plan that covers all full time employees of the County. The Plan also provides benefits to eligible employees of the Airport. The Plan is covered under the Commonwealth of Pennsylvania's Act 96 of 1971, as amended, commonly referred to as the County Pension Law. The County Pension law provides for the creation, maintenance and operation of this Plan. A copy of the Plan's stand-alone financial statements may be obtained from the County Manager's office.

Benefits Provided

The Plan provides for normal and early retirement, disability and death benefits to its members and their beneficiaries. The Plan also provides retirement, disability and death benefits to eligible employees of the Wilkes-Barre/Scranton International Airport, a joint venture with the County of Lackawanna, Pennsylvania. Cost of living adjustments are provided at the discretion of the Luzerne County Employees' Retirement Board. All benefits vest after five years of credited service.

Participants are eligible for normal retirement after attainment of age 60 or 55 with 20 years of credited service. Participants are eligible for voluntary early retirement if they have 20 years of credited service and have not reached the age of 55. Participants are eligible for involuntary early retirement if they are involuntarily terminated, or, as an elected official, separate from County service and have eight years of credited service.

Participants are eligible for disability retirement pension if they become disabled while in service and are unable to continue as a County employee as shown by medical examination, have five years of credited service and are not eligible for a normal retirement pension. A disability pension is based on 25% of the final average salary of the participant.

If a participant dies in active service after age 60 or after 10 years of credited service, a lump-sum death benefit will be paid to his or her designated beneficiary. The benefit is equivalent to the present value of what the participant would receive if retired at the date of death. After reaching age 60 or completing 10 years of service, participants may file with the Pension Board to have their death benefit paid in the form of a monthly annuity rather than a lump-sum benefit.

Participants may elect to receive their benefits in the form of a straight life annuity (full monthly pension for as long as the participant lives), a 100% joint and survivor annuity (100% of the participant's monthly pension to be paid as long as either lives), a 50% joint and survivor annuity (50% of the participant's monthly pension to be paid as long as either lives) or in a lump-sum payment the accumulated deductions, consisting of member contributions and/or "pickup contributions" plus all interest.

Wilkes-Barre/Scranton International Airport

Notes to Financial Statements

December 31, 2024

Funding Policy and Contributions

Each employee of the Plan is required to contribute 5% of their salary to the Plan and may elect to contribute up to an additional 10% of their annual salary. If a member elects to voluntarily contribute more than the minimum, there is no corresponding increase in contributions made by the County.

The Plan requires contributions at an actuarially determined rate. The actuarially determined contribution is funded by various County departments and the Airport based on a contribution percentage. The contribution percentage for each contributing entity is determined by taking the total salary of the respective department and dividing it by the total payroll of all contribution entities for the year. Per Act 96 of 1971, as amended, contribution requirements of the Plan members and the County are established and may be amended by the General Assembly of the Commonwealth of Pennsylvania. The County contributed \$250,016 to the Plan on behalf of the Airport for the year ended December 31, 2024.

The annual required contribution was determined based on the most recent annual actuarial valuation dated December 31, 2023. The actuarial assumptions included (a) 6.75% investment rate of return (net of administrative expenses), (b) projected salary increases of 7.25% for the first 10 years of service, then at 3% and (c) cost-of-living adjustments provided at the discretion of the Luzerne County Employees' Retirement Board (none assumed). Both (a) and (b) included an inflation component of 2.75%. The actuarial value of the Plan's assets was market value adjusted for unrecognized gains and losses from prior years.

Net Pension Liability, Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources

At December 31, 2024, the Airport reported a liability of \$1,710,834 for its proportionate share of the Plan's net pension liability. The net pension liability was measured as of December 31, 2024 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2023. The Airport's proportion of the net pension liability was calculated using the employer's share of covered payroll as it relates to total Plan covered payroll. At December 31, 2024, the Airport's proportion was 1.7978%, which was the same as its proportion measured as of December 31, 2023.

For the year ended December 31, 2024, the Airport recognized pension expense of \$215,361. At December 31, 2024, the Airport reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 23,864	\$ 41,255
Net difference between projected and actual earnings on investments	185,080	-
Change in actuarial assumptions	170,395	-
Change in proportion	-	639,385
	<hr/>	<hr/>
Total	<u>\$ 379,339</u>	<u>\$ 680,640</u>

Wilkes-Barre/Scranton International Airport

Notes to Financial Statements

December 31, 2024

The amounts reported as deferred outflows (inflows) of resources related to pensions will be recognized in pension expense as follows:

Years ending December 31:	
2025	\$ (151,950)
2026	(37,158)
2027	(25,484)
2028	<u>(86,709)</u>
Total	<u>\$ (301,301)</u>

Actuarial Assumptions

The total pension liability above was determined by an actuarial valuation performed as of December 31, 2023, with liabilities measured at December 31, 2024, using the following actuarial methods and assumptions:

Actuarial valuation date	December 31, 2023
Actuarial cost method	Entry-age normal
Amortization method	Level dollar
Actuarial assumptions:	
Projected salary increases	7.25% for the first 10 years of service, then 3.00%
Inflation	2.75%
Interest rate	6.75%
Cost-of-living adjustments	No cost-of-living adjustments are assumed
Asset valuation method	Building-Block method

Mortality rates were based on the Society of Actuaries Pub2010G(B), projected generationally using Scale SSA.

Discount Rate

The discount rate used to measure the total pension liability for the Plan was 6.75%. The projection of cash flows used to determine the discount rate assumed that member contributions will be made at the current contribution rate and that contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate.

Sensitivity of the Airport's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following is a sensitivity analysis of the net pension liability to changes in the discount rate. The table below presents the pension liability of the Plan calculated using the discount rate of 6.75%, as well as what the net pension liability would be if it were to be calculated using a discount rate that is 1-percentage-point lower (5.75%) or 1-percentage-point higher (7.75%) than the current rate:

	<u>1% Decrease</u> <u>(5.75%)</u>	<u>Current</u> <u>Discount Rate</u>	<u>1% Increase</u> <u>(7.75%)</u>
Net pension liability	\$ 2,563,590	\$ 1,710,834	\$ 972,131

Wilkes-Barre/Scranton International Airport

Notes to Financial Statements
December 31, 2024

10. Concentrations

The Airport receives a substantial amount of its revenue from Federal and state governments. A significant reduction in the level of this revenue, if it were to occur, would affect the Airport's programs and activities. For the year ended December 31, 2024, revenue from one government agency represented 52% of total revenue.

11. Commitments and Contingencies

In the normal course of business, the Airport is party to commitments, contracts, governmental regulations including environmental regulations and contingent liabilities. The Airport's management is of the opinion that the outcome of any such matters would not have a material effect on the financial position or results of operations of the Airport.

In the normal course of business, the Airport may be subject to pending and threatened lawsuits in which claims for monetary damage could be asserted. In management's opinion, the Airport's financial position and results of operations would not be materially affected by the outcome of such legal proceedings.

The Airport participates in federal and state assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. The Airport is potentially liable for any expenditure which may be disallowed pursuant to the terms of these grant programs.

The Airport is under numerous facility construction and improvement contracts for which they are committed to 100% of the estimated costs of these projects. The majority of costs of the projects are funded through Federal and state grants. At December 31, 2024, the Airport has outstanding commitments of \$3,943,600 under contracts totaling \$36,565,471.

12. New Accounting Pronouncements

The GASB has approved the following:

- Statement No. 102, *Certain Risk Disclosures*
- Statement No. 103, *Financial Reporting Model Improvements*
- Statement No. 104, *Disclosure of Certain Capital Assets*

Airport management is in the process of evaluating these pending changes in accounting principles and the impact they will have on the Airport's financial reporting process.

Wilkes-Barre/Scranton International Airport

Schedule of the Airport's Proportionate Share of the Net Pension Liability

Years Ended December 31

(Unaudited)

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Airport's proportion of the net pension liability	1.7978%	1.7978%	1.5522%	1.5522%	1.5309%	1.5202%	1.6408%	1.6390%
Airport's proportionate share of the net pension liability	\$ 1,710,834	\$ 1,906,969	\$ 1,912,653	\$ 984,681	\$ 1,210,207	\$ 1,549,574	\$ 2,062,582	\$ 1,376,523
Airport's covered-employee payroll	\$ 1,256,346	\$ 1,032,476	\$ 1,032,476	\$ 1,083,625	\$ 1,078,259	\$ 1,055,364	\$ 1,033,421	\$ 1,086,455
Airport's proportionate share of the net pension liability as a percentage of its covered-employee payroll	136.18%	184.70%	185.25%	90.87%	112.24%	146.83%	199.59%	126.70%
Plan fiduciary net position as a percentage of the total pension liability	71.60%	73.80%	74.10%	69.60%	71.60%	71.60%	63.80%	74.10%

The Authority is reporting the information available, with information prior to 2017 being unavailable.

Wilkes-Barre/Scranton International Airport

Schedule of the Airport's Pension Contributions
Years Ended December 31
(Unaudited)

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 250,016	\$ 204,567	\$ 326,187	\$ 215,090	\$ 304,705	\$ 306,524	\$ 285,313	\$ 266,961	\$ 265,949	\$ 171,597
Contributions in relation to the contractually required contribution	<u>250,016</u>	<u>204,567</u>	<u>326,187</u>	<u>215,090</u>	<u>304,705</u>	<u>306,524</u>	<u>285,313</u>	<u>266,961</u>	<u>265,949</u>	<u>171,597</u>
Contribution deficiency (excess)	<u>\$ -</u>									
Airport's covered-employee payroll	\$ 1,256,346	\$ 1,032,476	\$ 1,032,476	\$ 1,083,625	\$ 1,078,259	\$ 1,055,364	\$ 1,033,421	\$ 1,086,455	\$ 1,048,073	\$ 1,032,714
Contributions as a percentage of covered-employee payroll	19.90%	19.81%	31.59%	19.85%	28.26%	29.04%	27.61%	24.57%	25.38%	16.62%

**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***

Independent Auditors' Report

To the Board of Directors 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 (*Government Auditing Standards*), the financial statements of the Wilkes-Barre/Scranton International Airport (the Airport), which comprise the Airport's statement of net position as of December 31, 2024, and the related statements of revenues, expenses and change in net position and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated September 23, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Airport's internal control over financial reporting (internal control) as a basis for designing 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 Airport's internal control. Accordingly, we do not express an opinion on the effectiveness of the Airport'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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2024-001 and 2024-002, that we consider to be material weaknesses.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Airport'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 financial statements. 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*.

The Airport's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Airport's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The Airport's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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.

The image shows a handwritten signature in black ink that reads "Baker Tilly US, LLP". The signature is written in a cursive, flowing style.

Pittston, Pennsylvania
September 23, 2025

**Report on Compliance
for the Major Federal Program and
Report on Internal Control Over Compliance
Required by the Uniform Guidance**

Independent Auditors' Report

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

Report on Compliance for the Major Federal Program

Opinion on the Major Federal Program

We have audited the Wilkes-Barre/Scranton International Airport's (the Airport) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on the Airport's major federal program for the year ended December 31, 2024. The Airport's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Airport complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2024.

Basis for Opinion on the Major Federal 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 (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Airport 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 the major federal program. Our audit does not provide a legal determination of the Airport's compliance with the compliance requirements referred to above.

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 the Airport's federal programs.

Auditors' 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 the Airport'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 Uniform Guidance 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 the Airport's compliance with the requirements of the major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, 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 the Airport'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 the Airport'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 Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Airport'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 Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as item 2024-003. Our opinion on the major federal program is not modified with respect to this matter.

Government Auditing Standards requires the auditor to perform limited procedures on the Airport's response to the noncompliance finding identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The Airport'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 Auditors' 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 a deficiency in internal control over compliance that we consider to be a significant deficiency.

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 deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2024-003, to be a significant deficiency.

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 the Airport's response to the internal control over compliance finding identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The Airport'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.

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 Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Baker Tilly US, LLP

Pittston, Pennsylvania
September 23, 2025

**Report on Compliance With Requirements
Applicable to the Passenger Facility Charges Program;
Report on Internal Control Over Compliance; and
Report on Schedule of Passenger Facility Charges Collected and
Expended Required by the Federal Aviation Administration**

Independent Auditors' Report

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

Report on Compliance

Opinion on Passenger Facility Charges Program

We have audited the Wilkes-Barre/Scranton International Airport's (the Airport) compliance with the compliance requirements described in the *Passenger Facility Charge Audit Guide for Public Agencies* (PFC Guide), issued by the Federal Aviation Administration (Guide), applicable to the Airport's Passenger Facility Charges program for the year ended December 31, 2024.

In our opinion, the Airport complied, in all material respects, with the compliance requirements referred to above that are applicable to the Passenger Facility Charge program for the year ended December 31, 2024.

Basis for Opinion

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 PFC Guide. Our responsibilities under those standards and the PFC 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 the Airport and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion. Our audit does not provide a legal determination of the Airport's compliance with the compliance requirements referred to above.

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 the Airport's Passenger Facility Charges program.

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 the Airport'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 PFC 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 the Airport's compliance with the requirements of the Passenger Facility Charges program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the PFC 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 the Airport'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 the Airport'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 PFC Guide, but not for the purpose of expressing an opinion on the effectiveness of the Airport'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.

Report on 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 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 compliance requirement 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 compliance requirement 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 in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that have not been identified.

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.

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 upon the requirements of the PFC Guide. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Passenger Facility Charges Collected and Expended Required by the Federal Aviation Administration

We have audited the basic financial statements of the Airport as of and for the year ended December 31, 2024, and have issued our report thereon dated September 23, 2025 which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the basic financial statements as a whole. The accompanying schedule of passenger facility charge receipts, disbursements and changes in cash balances and schedule of PFC status report on pages 41 through 43 are presented for purposes of additional analysis as required by the PFC Guide, issued by the Federal Aviation Administration of the U.S. Department of Transportation, and are 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 basic 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 basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the schedules are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Baker Tilly US, LLP

Pittston, Pennsylvania
September 23, 2025

Wilkes-Barre/Scranton International Airport

Schedule of Operating Expenses

Year Ended December 31, 2024

Salaries and wages	\$ 2,925,588
Group health insurance	924,923
Pension	250,016
Payroll taxes	<u>220,900</u>
Total payroll and related expenses	4,321,427
Depreciation expense	6,325,889
New air service development	682,823
Utilities	670,403
Advertising and public relations	557,692
Security	527,533
Repairs and maintenance	334,739
Insurance	328,984
Outside services	278,144
Professional fees	207,170
Security and fire systems	165,637
Fuel and oil	157,903
Taxes and licenses	100,087
Refuse and snow removal	67,718
Cleaning supplies	64,411
Equipment rental and servicing	55,988
Telephone	38,031
Trainings and seminars	30,227
Dues and subscriptions	28,096
Travel and meetings	25,642
Miscellaneous	16,818
Office supplies	13,357
Materials and supplies	6,221
Service fees	<u>3,636</u>
Total	<u>\$ 15,008,576</u>

Wilkes-Barre/Scranton International Airport

Schedule of Expenditures of Federal Awards

Year Ended December 31, 2024

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Grant Identifying Number	Award Amount	Federal Expenditures	Passed Through to Subrecipients
U.S. Department of Transportation					
Pass through grant programs from the					
Federal Aviation Administration:					
Airport Improvement Program - Extend Taxiway B, Phase III	20.106	3-42-0105-070-2020	\$ 1,480,258	\$ 65,218	\$ -
COVID-19 - CARES Act	20.106	3-42-0105-072-2020	15,214,675	1,748,243	-
Extend Taxiway B RWY 4, Phase V	20.106	3-42-0105-073-2020	5,130,057	207,367	-
Extend Taxiway B RWY 4, Phase VI	20.106	3-42-0105-078-2020	6,990,729	1,908,798	-
Extend Taxiway B RWY 4, Phase VIII	20.106	3-42-0105-080-2021	471,088	350,968	-
Rehabilitate Terminal Building (HVAC, Phase I; Construct Hangers	20.106	3-42-0105-081-2022	4,829,687	2,609,671	-
Rehabilitate Terminal Building (HVAC), Phase III	20.106	3-42-0105-083-2023	3,706,910	2,864,374	-
Rehabilitate Terminal Building (HVAC), Phase IV	20.106	3-42-0105-084-2024	1,689,438	1,260,276	-
Extend Taxiway B RWY 4, Phase IX	20.106	3-42-0105-085-2024	6,776,607	3,150	-
Total Airport Improvement Program			46,289,449	11,018,065	-
Small Community Air Service Development Program	20.930	2023-0037-0044	500,000	500,000	-
Total expenditures of federal awards			<u>\$ 46,789,449</u>	<u>\$ 11,518,065</u>	<u>\$ -</u>

See notes to schedule of expenditures of federal awards

Wilkes-Barre/Scranton International Airport

Notes to Schedule of Expenditures of Federal Awards

December 31, 2024

1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the Wilkes-Barre/Scranton International Airport (the Airport) under programs of the federal government for the year ended December 31, 2024. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Airport, it is not intended to and does not present the financial position, changes in financial position, or cash flows of the Airport.

2. Reporting Entity

The accompanying schedule presents the expenditures of all federal award programs of the Airport. The Airport's reporting entity is defined in Note 1 to the basic financial statements. All federal awards received directly from federal agencies as well as federal awards passed-through other government agencies are included in the Schedule.

3. Basis of Accounting

The accompanying schedule of expenditures of federal awards is presented on the accrual basis of accounting. Expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

4. Indirect Costs

The Airport has elected not to use the 10% de minimis indirect cost rate. Indirect costs are allocated to programs based on applicable criteria relative to the federal program.

Wilkes-Barre/Scranton International Airport

Schedule of Findings and Questioned Costs
Year Ended December 31, 2024

Section I - Summary of Auditors' Results

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:

Unmodified

Internal control over financial reporting:

Material weakness(es) identified?

yes

no

Significant deficiency(ies) identified?

yes

none reported

Noncompliance material to financial statements noted?

yes

no

Federal Awards

Internal control over major program:

Material weakness(es) identified?

yes

no

Significant deficiency(ies) identified?

yes

none reported

Type of auditor's report issued on compliance for major program:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with Section 2 CFR 200.516(a) of the Uniform Guidance?

yes

no

Auditee qualified as low-risk auditee?

yes

no

Dollar threshold used to distinguish between Type A and Type B programs:

\$750,000

Identification of major federal program:

Assistance Listing Number	Name of Federal Program or Cluster
20.106	Airport Improvement Program

Wilkes-Barre/Scranton International Airport

Schedule of Findings and Questioned Costs

Year Ended December 31, 2024

Section II - Financial Statement Findings Required to be Reported in Accordance With Government Auditing Standards

Finding 2024-001: Internal Control Over Financial Reporting - Controls Over Cash Reconciliations - Material Weakness

Criteria: Internal control is a process that captures and properly records transactions, safeguards assets and assures compliance with laws and regulations. One critical element of internal control includes preparation and review and approval of monthly bank reconciliations by an individual unconnected with the monthly bank reconciliation process.

Condition: As part of our audit procedures, we noted that monthly cash reconciliations were not reviewed and approved by an appropriate individual independent of all related cash receipt/disbursement functions during the fiscal year 2024.

Cause: There is currently no formal documentation or requirement that certain best practices be followed to adequately secure transactions to prevent or detect misstatements due to error or fraud.

Effect: Considering that transactions involving cash represent the predominant amount of activity within the Airport's general ledger, the Airport cannot be assured that accurate, timely information is being made available for decision making processes and the potential exists for fraud or errors to occur and not be discovered.

Recommendation: We recommend that Airport Board Members consider implementing steps to require appropriate review and approval of reconciliations to ensure the information used in making decisions is initiated, authorized, recorded and processed reliably.

Views of Responsible Officials and Planned Corrective Actions: The reconciliation will be reviewed and approved by the Airport's Board Members at monthly meetings.

Wilkes-Barre/Scranton International Airport

Schedule of Findings and Questioned Costs
Year Ended December 31, 2024

Finding 2024-002: Internal Control Over Financial Reporting - Nonattest Services - Material Weakness

Criteria: Internal control is a process which captures and records transactions, safeguards your assets and assures compliance with laws and regulations. One critical element of internal control includes preparation and review and approval of year-end adjusting entries to ensure the books and records appropriately reflect the current year activities.

Condition/Context: In connection with our audit of your financial statements, you have engaged us to perform certain nonattest services, subject to management's oversight, review and approval, which included technical assistance with adjusting:

- Capital assets activity related to classification of construction in progress and what is in service at year end;
- Adjustment of service concession arrangement lease receivable and related deferred inflow or resources;
- Adjustment of lease receivables, deferred inflows of resources and lease revenue;
- Adjustment of net pension liability and related deferrals and due from County; and,
- Maintenance of reclassification from short term to long term portions of receivables.

All such assistance was subject to Airport management supervision, review and approval.

Effect: The fact that you have requested our technical assistance with the above-mentioned tasks, which are a normal and required component of internal control over financial reporting, constitutes a material weakness in internal control over financial reporting.

Cause: You have asked us to provide these accounting services because, like many smaller local governments, you have determined that your internal accounting personnel may not have sufficient capacity to handle these areas and you have determined it is cost beneficial for you to utilize the technical support of the auditor to supplement your internal resources.

Recommendation: We recommend that management give consideration to performing the above tasks internally.

Views of Responsible Officials and Planned Corrective Actions: Airport Board Members and management recognize that the use of auditors in helping adjust these areas can be interpreted as a weakness in internal control. However, this use provides a cost effective means to supplement our own capacity without having to incur the substantial costs of increased staff size. The Airport hired a knowledgeable Director of Finance who can oversee these tasks going forward. All such outside work is ultimately subject to the Airport's review, scrutiny and approval.

Wilkes-Barre/Scranton International Airport

Schedule of Findings and Questioned Costs
Year Ended December 31, 2024

Section III - Federal Award Findings and Questioned Costs

Finding 2024-003: Uniform Guidance Written Policies and Procedures - Significant Deficiency

Federal Program: Assistance Listing # 20.106 - Airport Improvement Program

Repeat Finding: No

Criteria: The Uniform Guidance requires written policies/procedures in order to comply with certain requirements. These areas include allowability of costs, cash management, procurement, subrecipient monitoring and conflicts of interest.

Condition: As part of our audit of the Federal Aviation Administration Program, it was noted that the Airport did not adopt written policies/procedures surrounding certain areas to comply with the requirements of the Uniform Guidance.

Questioned Costs: N/A

Context: The Organization does not have in place a number of written policies/procedures surrounding their administration of federal awards.

Cause: The Airport management failed to adopt the required written policies/procedures.

Effect or Potential Effect: The Airport is not in compliance with the written policy/procedure requirements of the Uniform Guidance.

Recommendation: We recommend that the Airport draft and adopt the written policies/procedures required by the Uniform Guidance.

Management's Response: The Airport will draft and adopt the written policies/procedures required by the Uniform Guidance.

Wilkes-Barre/Scranton International Airport

Summary Schedule of Prior Year Audit Findings
Year Ended December 31, 2024

Finding 2023-001: Recognition of Revenue and Expenses

Condition: Expenditures related to construction projects were recorded when paid, rather than when the expense was incurred, and the related government reimbursement was recorded when received rather than when earned in accordance with the criteria noted above.

Recommendation: Internal controls over financial reporting should include procedures to review all transactions as they are entered into the accounting system. This review should include identifying proper account coding as well as identifying the correct period in which the transaction should be recorded. Review and approval procedures should be designed to identify and correct any errors in recording transactions.

Resolution: The Airport implemented procedures to properly record transactions when they were incurred as opposed to when they were paid.

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, 2024

	Quarter Ended				Year	Program
	March 31, 2024	June 30, 2024	September 30, 2024	December 31, 2024	Ended December 31, 2024	Total December 31, 2024 (Unaudited)
Cash Balance, Beginning	\$ 976,330	\$ 1,093,552	\$ 1,288,489	\$ 1,419,098	\$ 976,330	\$ -
Collections						
Passenger facility charges	181,577	258,117	235,429	254,632	929,755	25,494,946
Interest income	7,020	10,720	12,084	11,225	41,049	825,888
Reimbursement of prior year errors	-	-	-	-	-	36,152
Reimbursement of prior administrative charges	-	-	-	-	-	18,658
Total collections	188,597	268,837	247,513	265,857	970,804	26,375,644
Expenditures						
Equipment/project expenses	(71,375)	(73,900)	(116,904)	(54,408)	(316,587)	(24,726,439)
Reporting errors	-	-	-	-	-	(18,658)
Total expenditures	(71,375)	(73,900)	(116,904)	(54,408)	(316,587)	(24,745,097)
Cash Balance, Ending	\$ 1,093,552	\$ 1,288,489	\$ 1,419,098	\$ 1,630,547	\$ 1,630,547	\$ 1,630,547

See notes to passenger facility charge program schedules

Wilkes-Barre/Scranton International Airport

Passenger Facility Charge Program
 Schedule of PFC Status Report
 Year Ended December 31, 2024

PFC Project Number	Application	Authority to		Expended in 2024	Expended to Date (Unaudited)	Project Status
		Impose	Use			
Projects approved for authority to impose and use a PFC at AVP at the \$4.50 level:						
1	Update airport master plan	\$ 130,232	\$ 130,232	\$ -	\$ 68,478	Completed
2	Remove obstructions, trees	150,000	150,000	-	-	Approved
3	Rehabilitate taxiways B&D (west)	554,921	554,921	-	502,253	Completed
4	Conduct wildlife hazard assessment	78,500	78,500	-	51,202	Completed
5	Update airfield lighting computers and digitracs	75,000	75,000	-	70,716	Completed
		<u>\$ 988,653</u>	<u>\$ 988,653</u>	<u>\$ -</u>	<u>\$ 692,649</u>	

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

Projects approved for authority to impose and use a PFC at AVP at the \$4.50 level:

1	Acquire aircraft rescue and firefighting vehicle	\$ 763,352	\$ 763,352	\$ -	\$ 763,352	Completed
2	Acquire security vehicle/radio equipment	50,000	50,000	-	37,414	Approved
3	Extend Taxiway B, construct (RWY 4 approach end)	529,900	529,900	126,219	407,590	Approved
		<u>\$ 1,343,252</u>	<u>\$ 1,343,252</u>	<u>\$ 126,219</u>	<u>\$ 1,208,356</u>	

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

Projects approved for authority to impose and use a PFC at AVP at the \$4.50 level:

1	Rehabilitation of terminal apron	<u>\$ 1,000,000</u>	<u>\$ 1,000,000</u>	<u>\$ -</u>	<u>\$ -</u>	Approved
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Application Number:
 21-15-U-00-AVP

See notes to passenger facility charge program schedules

Wilkes-Barre/Scranton International Airport

Passenger Facility Charge Program
 Schedule of PFC Status Report
 Year Ended December 31, 2024

PFC Project Number	Application	Authority to		Expended in 2024	Expended to Date (Unaudited)	Project Status
		Impose	Use			
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	190,368	170,368	Completed
3	Extend Taxiway B (RWY 22 end)	450,000	450,000	-	-	Approved
4	Extend Taxiway B-EA/preliminary design (RWY 4 approach end)	20,925	20,925	-	-	Approved
5	PFC program and reimbursement	35,000	35,000	-	35,000	Completed
6	Security enhancements, update background checking and security identification of equipment	18,000	18,000	-	15,140	Approved
8	PFC administrative reimbursement	36,000	36,000	-	-	Approved
8	Rehabilitate taxiway D (east)	156,250	156,250	-	156,250	Completed
		<u>\$ 3,951,175</u>	<u>\$ 3,951,175</u>	<u>\$ 190,368</u>	<u>\$ 1,029,298</u>	

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

See notes to passenger facility charge program schedules

Wilkes-Barre/Scranton International Airport

Notes to Passenger Facility Charge Program Schedules
December 31, 2024

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, 2024 (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.

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 under 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.

Wilkes-Barre/Scranton International Airport

Passenger Facility Charge Program
Schedule of Findings and Questioned Costs
Year Ended December 31, 2024

Section I - Summary of Auditors' Results

Passenger Facility Charge Program

Internal control over compliance:

Material weakness(es) identified? _____ yes X no

Significant deficiency(ies) identified? _____ yes X none reported

Type of auditor's report issued on compliance for the passenger
facility charge program:

Unmodified

Section II - Passenger Facility Charge Program Findings

None.

Section III - Summary Schedule of Prior Passenger Facility Charge Program Audit Findings

None.