

**CITY OF LEBANON,
NEW HAMPSHIRE**

**LEBANON MUNICIPAL AIRPORT
PASSENGER FACILITY CHARGES REPORT**

**AS OF AND FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2020**

CITY OF LEBANON, NEW HAMPSHIRE
LEBANON MUNICIPAL AIRPORT
PASSENGER FACILITY CHARGES REPORT
AS OF AND FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2020

TABLE OF CONTENTS

	<u>PAGES</u>
INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR THE PASSENGER FACILITY CHARGE PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON THE SCHEDULE OF PASSENGER FACILITY CHARGE COLLECTIONS AND EXPENDITURES REQUIRED BY THE PASSENGER FACILITY CHARGE AUDIT GUIDE FOR PUBLIC AGENCIES	1 - 2
Schedule of Passenger Facility Charge Collections and Expenditures.....	3
NOTE TO SCHEDULE OF PASSENGER FACILITY CHARGE COLLECTIONS AND EXPENDITURES.....	4
Summary Schedule of Prior Audit Findings.....	5
Schedule of Findings and Questioned Costs	6



PLODZIK & SANDERSON

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

To the Members of the City Council
City of Lebanon
Lebanon, New Hampshire

Report on Compliance for the Passenger Facility Charge Program

We have audited the City of Lebanon's compliance with the types of compliance requirements described in the *Passenger Facility Charge Audit Guide for Public Agencies* (the Guide), issued by the Federal Aviation Administration that could have a direct and material effect on the City of Lebanon's passenger facility charge program for the year ended December 31, 2020.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for the City of Lebanon's passenger facility charge program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the Guide. Those standards and the Guide require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on the passenger facility charge program occurred. An audit includes examining, on a test basis, evidence about the City of Lebanon's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the passenger facility charge program. However, our audit does not provide a legal determination of the City of Lebanon's compliance.

Opinion on the Passenger Facility Charge Program

In our opinion, the City of Lebanon complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its passenger facility charge program for the year ended December 31, 2020.

Report on Internal Control over Compliance

Management of the City of Lebanon is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered City of Lebanon's internal control over compliance with the types of requirements that could have a direct and material effect on the passenger facility charge program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for the passenger facility charge program and to test and report on internal control over compliance in accordance with the Guide, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of Lebanon's internal control over compliance.

City of Lebanon

***Independent Auditor's Report on Compliance for the Passenger Facility Charge Program;
Report on Internal Control Over Compliance; and Report on the Schedule of Passenger
Facility Charge Collections and Expenditures Required by the Passenger Facility Charge
Audit Guide for Public Agencies***

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 the passenger facility charge program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with the passenger facility charge program will not be prevented, or detected and corrected, on a timely basis.

A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with the passenger facility charge program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Guide. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Passenger Facility Charge Collections and Expenditures Required by the FAA Guide

We have audited the financial statements of the governmental activities, business-type activities, each major fund, and aggregate remaining fund information of the City of Lebanon as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the City of Lebanon's basic financial statements. We issued our report thereon dated October 5, 2021, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying Schedule of Passenger Facility Charge Collections and Expenditures is presented for purposes of additional analysis as required by the Guide and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other record used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United State of America. In our opinion, the Schedule of Passenger Facility Charge Collections and Expenditures is fairly stated in all material respects in relation to the basic financial statements as a whole.

October 5, 2021


PLODZIK & SANDERSON
Professional Association

CITY OF LEBANON, NEW HAMPSHIRE
LEBANON MUNICIPAL AIRPORT
Schedule of Passenger Facility Charge
Collections and Expenditures
For the Fiscal Year Ended December 31, 2020

<u>Program</u>	<u>Application Approved Number</u>	<u>PFC collections</u>	<u>Exp enditures</u>
Passenger Facility Charges <i>(see note)</i>	18-09-C-00-LEB	<u>\$ 16,252</u>	<u>\$ 265,274</u>

The accompanying note is an integral part of this schedule.

CITY OF LEBANON, NEW HAMPSHIRE
LEBANON MUNICIPAL AIRPORT
NOTE TO SCHEDULE OF PASSENGER FACILITY CHARGE
COLLECTIONS AND EXPENDITURES
AS OF AND FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2020

Basis of Presentation

The accompanying Schedule of Passenger Facility Charge Collections and Expenditures reports the activity of the City of Lebanon's Municipal Airport related to its passenger facility charges.

The following is the basis of presentation:

PFC Revenues – These amounts represent the receipt of PFC charges from airlines for the year ended December 31, 2020. Amounts are reported on a modified accrual basis of accounting.

Expenditures – Expenditures represent the amount of capital and other approved costs expended for approved PFC projects. Amounts are reported on a modified accrual basis of accounting.

CITY OF LEBANON, NEW HAMPSHIRE
LEBANON MUNICIPAL AIRPORT
PASSENGER FACILITY CHARGE PROGRAM
Summary Schedule of Prior Audit Findings
For the Fiscal Year Ended December 31, 2020

**Auditor
Reference
Number**

2019-001

Criteria: In accordance with 14 CFR section 158.63, public agencies are required to prepare quarterly reports that must include PFC revenue received from collecting carriers, interest earned, and expenditures for the quarter; cumulative PFC revenue received, interest earned, expenditures, and the amount committed for use on currently approved projects, including the quarter; the PFC level for each project as specified in the Record of Decision for that project; and the current project schedule. Data on these reports should reconcile to the public agency's accounting records.

Condition: While reviewing the 2019 quarterly PFC reports it was noted that the reports did not include expenditures incurred for the year.

Cause: It is unknown why the expenditures were not reported.

Effect: The Lebanon Municipal Airport is not in compliance with 14 CFR section 158.63.

Recommendation: We recommend that the quarterly reports be properly prepared including all the required financial information as required by Federal regulations.

Management Response: Airport management will work with the City Finance Department to include PFC expenditures in the quarterly reports.

Status: Corrective action has been taken.

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LEBANON MUNICIPAL AIRPORT
PASSENGER FACILITY CHARGE PROGRAM
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended December 31, 2020

SECTION I - SUMMARY OF AUDITOR'S 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: Unmodified

Any audit findings disclosed that are required to be reported in
accordance with the Guide? yes X no

SECTION II - PASSENGER FACILITY CHARGE PROGRAM FINDINGS

NONE