

MARYLAND AVIATION ADMINISTRATION
REPORT ON COMPLIANCE OF THE PASSENGER FACILITY
CHARGE PROGRAM
YEAR ENDED JUNE 30, 2023



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

Secretary Paul J. Wiedfeld
Maryland Department of Transportation
Hanover, Maryland

Report on Compliance for the Passenger Facility Charge Program

Opinion on the Passenger Facility Charge Program

We have audited the Maryland Aviation Administration's (Administration) compliance with the types of compliance requirements described in the *Passenger Facility Charge Audit Guide for Public Agencies*, issued by the Federal Aviation Administration (Guide), that could have a direct and material effect on the Administration's Passenger Facility Charge Program for the year ended June 30, 2023.

In our opinion, the Administration has complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on the Administration's Passenger Facility Charge program for the year ended June 30, 2023.

Basis for Opinion on the Passenger Facility Charge Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements of the Guide. Our responsibilities under those standards and the Guide are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Administration 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 Passenger Facility Charge Program. Our audit does not provide a legal determination of the Administration'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 its Passenger Facility Charge Program.

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 Administration's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Guide will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Administration's compliance with the requirements of the Guide.

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

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Administration'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 Administration's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Guide, but not for the purpose of expressing an opinion on the effectiveness of the Administration'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 with a type of compliance requirement of the Passenger Facility Charge program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or 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 the Passenger Facility Charge program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of the Passenger Facility Charge program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the 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. 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 were not 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 on the requirements of the Guide. Accordingly, this report is not suitable for any other purpose.

Report on the Schedule of Passenger Facility Charges Collected and Expended and the Schedule of Passenger Facility Charges Collected by Airline and by Quarter Required by the Guide

We have audited the financial statements of the Maryland Department of Transportation (MDOT) as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the MDOT's basic financial statements. We issued our report thereon dated December 18, 2023 which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of passenger facility charges collected and expended and the schedule of passenger facility charges collected by airline and by quarter for the year ended June 30, 2023 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 records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of passenger facility charges collected and expended and the schedule of passenger facility charges collected by airline and by quarter are fairly stated in all material respects in relation to the basic financial statements as a whole.



CliftonLarsonAllen LLP

Baltimore, Maryland
February 20, 2024

**MARYLAND AVIATION ADMINISTRATION
SCHEDULE OF PASSENGER FACILITY CHARGES COLLECTED
BY AIRLINE AND BY QUARTER
YEAR ENDED JUNE 30, 2023**

	Quarter Ended				Total as of June 30, 2023
	September 30, 2022	December 31, 2022	March 31, 2023	June 30, 2023	
Revenues					
Receipts	\$ 11,751,561	\$ 11,162,501	\$ 10,007,523	\$ 12,598,800	\$ 45,520,385
Interest	415,274	714,930	1,023,384	1,169,472	3,323,060
Total collections	12,166,835	11,877,431	11,030,907	13,768,272	48,843,445
Expenditures					
Application #13					
13-01 Concourse A Improvements - Phase II	-	-	-	-	-
13-03 Residential Sound Mitigation Program	189	-	-	-	189
13-04 Restroom Improvement Program	5,003,611	11,560,344	9,942,994	5,613,160	32,120,109
13-05 Terminal Electronic Wayfinding Signage	-	-	-	-	-
13-06 FIS Hall Reconfiguration	-	-	-	-	-
13-07 Concourse A/B Mods for 737-800	-	-	-	-	-
13-08 Concourse D HVAC Replacement	2,904,605	3,695,309	2,017,243	1,383,345	10,000,502
13-09 Public Safety Communication Improvements	-	-	-	-	-
13-11 Mobile Lounge Refurbishment	-	-	-	-	-
13-12 Glycol Recovery Vehicle Replacement	-	-	-	-	-
Total application #13	7,908,405	15,255,653	11,960,237	6,996,505	42,120,800
Financing cost	324,141	4,446,701	715,747	4,407,390	9,893,979
Total expenditures	8,232,546	19,702,354	12,675,984	11,403,895	52,014,779
PFC Collections Less Expenditures	\$ 3,934,289	\$ (7,824,923)	\$ (1,645,077)	\$ 2,364,377	\$ (3,171,334)

MARYLAND AVIATION ADMINISTRATION
SCHEDULE OF PASSENGER FACILITY CHARGES COLLECTED
BY AIRLINE AND BY QUARTER
YEAR ENDED JUNE 30, 2023

Airline	Cash Collected				Total Collections
	Q1	Q2	Q3	Q4	
Aer Lingus	\$ 369	\$ 399	\$ 496	\$ 320	\$ 1,585
Aerolineas Argentina S.A.	-	22	40	4	66
AeroMexico	5,569	4,262	5,114	2,388	17,334
Air Europa	171	92	4	149	417
Air France	2,012	1,476	2,159	2,357	8,005
Alaska Airlines	83,415	81,924	54,860	72,702	292,902
All Nippon Airways Co. Ltd	184	588	641	820	2,233
Allegiant Air	64,134	41,657	43,724	61,407	210,922
American Airlines	683,702	602,354	488,337	581,339	2,355,731
Austrian Airlines	22	4	13	53	92
Avelo Airlines	44,356	15,983	11,716	20,958	93,013
Avianca	439	259	4	53	755
Azul Brasil	4	13	4	13	35
Boliviana de Aviacion (BoA)	180	180	70	40	470
British Airways	35,758	44,361	48,664	53,027	181,810
Brussels Airlines	22	18	13	35	87
Cathay Pacific Airways	4	105	52	26	187
COPA Airlines	31	40	553	9,969	10,592
Delta Airlines	807,601	835,655	762,915	980,371	3,386,541
El Al Israel Airlines	-	440	361	116	917
Etihad Airways	4	4	26	9	44
EVA Airways	48	31	35	48	162
Fiji Airlines	184	-	-	-	184
Finnair	922	926	838	461	3,148
Frontier Airlines	278,985	409,707	466,951	392,914	1,548,558
Hahn Air	351	241	162	-	755
Hawaiian Airlines	104	424	505	133	1,166
Iberia Airlines	2,169	882	1,264	1,234	5,549
Icelandair	15,905	24,760	36,652	50,792	128,109
ITA	711	369	764	2,445	4,289
Japan Airlines	294	362	221	323	1,201
JetBlue Airways	44,826	70,583	45,358	71,080	231,846
Kenya Airways	26	26	347	4	404
KLM Royal Dutch Airlines	2,464	1,658	1,943	2,028	8,092
Korean Air	1,506	1,791	1,827	1,017	6,140
Kuwait Airways	32	86	36	5	158
Lan Ecuador / Aerolane Lineas Aereas Nacionales	57	40	268	149	513
Lan Peru	197	75	127	198	596
LATAM Chile	4,894	6,164	6,185	2,791	20,035
Lot Polish Airlines	40	-	-	-	40
Lufthansa	222	205	178	386	990
Malaysia Airlines	18	-	-	-	18
Omni Air International	-	-	1,141	2,695	3,837
Philippine Airlines	110	83	53	83	329
PLAY	60,339	44,604	89,544	73,792	268,279
Qatar Airways	675	752	457	496	2,380
Royal Jordanian Airlines	83	18	22	53	176
Saudi Arabian Airlines	-	-	31	114	145
Scandinavian Airlines	140	53	70	57	320
Silver Airways	4	9	13	9	35
Southwest Airlines	7,881,432	7,326,621	6,801,481	8,156,354	30,165,887
Spirit Airlines	1,201,089	1,069,700	663,581	1,503,535	4,437,905
Sun Country Airlines	44,940	31,784	12,841	21,292	110,856
Swiss International Air Lines	22	18	79	52	170
Taca International Airlines	22	53	-	4	79
TAM Airlines	351	241	1,066	417	2,074
Turkish Airlines	-	-	4	-	4
United Airlines	426,703	487,669	416,573	470,627	1,801,572
Virgin Atlantic Airways Ltd.	2,715	1,723	1,114	2,228	7,781
Volaris	9	-	69	26	104
Westjet	472	158	-	-	630
Air Canada	46,564	30,559	23,811	38,017	138,951
Lan Colombia /Latam Airlines Colombia /colombia/Aerovias de integracion	13	136	13	18	180
Swift Air	1,141	-	-	-	1,141
Asiana Airlines	972	101	202	258	1,533
Air Serbia	22	-	-	22	44
Air New Zealand	90	249	387	417	1,143
Emirates	31	40	-	9	79
Qantas Airlines	827	731	705	320	2,583
GOL Airlines	214	145	272	131	762
Condor	652	18,883	10,542	15,473	45,551
VirginBlue Australia	-	9	-	-	9
Singapore Airlines	-	-	22	-	22
Transporte Aereos del Mercosur	-	-	-	9	9
Croatia Airlines	-	-	-	4	4
TAP Air Portugal	-	-	-	119	119
Vietnam Airlines	-	-	-	4	4
Total Collections	11,751,561	11,162,501	10,007,523	12,598,800	45,520,385
Interest Earned	415,274	714,930	1,023,384	1,169,472	3,323,060
Total Cash Collections	\$ 12,166,835	\$ 11,877,431	\$ 11,030,907	\$ 13,768,272	\$ 48,843,445

**MARYLAND AVIATION ADMINISTRATION
NOTES TO SCHEDULE OF PASSENGER FACILITY CHARGES
COLLECTED AND EXPENDED AND SCHEDULE OF PASSENGER
FACILITY CHARGES COLLECTED BY AIRLINE AND BY QUARTER
YEAR ENDED JUNE 30, 2023**

NOTE 1 GENERAL

The Maryland Aviation Administration (Administration) is a statutorily created transportation agency of the Maryland Department of Transportation (MDOT), a discretely presented component unit of the State of Maryland. In July 1992, the Federal Aviation Administration (FAA) approved an application of the Administration to impose a \$3.00, passenger facility charges at Baltimore/Washington International Airport (Airport). In March 2002, the FAA approved the Administration's application to increase the passenger facility charge (PFC) from \$3.00 to \$4.50.

The accompanying schedule of passenger facility charges collected and expended presents the activity of all passenger facility charges of the Maryland Aviation Administration.

NOTE 2 BASIS OF ACCOUNTING

The accompanying schedule of passenger facility charges collected and expended is presented using the cash basis of accounting. Refunds are reported as credit balances in the schedule of passenger facility charges collected and expended.

The PFC relates to collections by the Administration in accordance with Section 158.67(c) of 14 Code of Federal Regulations Part 158, "Passenger Facility Charge" and are not considered to be Federal Financial Assistance as defined by the Uniform Guidance.

**MARYLAND AVIATION ADMINISTRATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
PASSENGER FACILITY CHARGE PROGRAM
YEAR ENDED JUNE 30, 2023**

Section I – Summary of Auditors’ Results

Schedules

This schedule encompasses the Maryland Aviation Administration only and is provided as required by the Passenger Facility Charge Program.

1. Internal control over financial reporting:

- Material weakness(es) identified? _____ yes x no
- Significant deficiency(ies) identified? _____ yes x none reported

2. Noncompliance material to the schedules noted?

_____ yes x no

Passenger Facility Charge Program

1. Internal control over the Passenger Facility Charge Program:

- Material weakness(es) identified? _____ yes x no
- Significant deficiency(ies) identified? _____ yes x none reported

2. Type of auditors’ report issued on compliance for the Passenger Facility Charge Program:

Unmodified

3. Any audit findings disclosed that are required to be reported in accordance with the Passenger Facility Charge Audit Guide for Public Agencies?

_____ yes x no

**MARYLAND AVIATION ADMINISTRATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
PASSENGER FACILITY CHARGE PROGRAM (CONTINUED)
YEAR ENDED JUNE 30, 2023**

Section II – Schedule Findings

This section identifies the significant deficiencies, material weaknesses, fraud, illegal acts, violations of provisions of contracts and grant agreements, and abuse related to the schedule that are required to be reported in accordance with Government Auditing Standards.

There were no such findings required to be reported.

Section III – Findings and Questioned Costs – Passenger Facility Charge Program

This section identifies the significant deficiencies, material weaknesses, and material instances of noncompliance, including questioned costs, as well as any material abuse findings, related to the audit of the Passenger Facility Charge Program, as required to be reported by the Passenger Facility Charge Audit Guide.

There were no such findings required to be reported.

Section IV – Prior Year Findings

None