



Certified Public Accountants

**CITY OF STILLWATER, OKLAHOMA
PASSENGER FACILITY CHARGE
PROGRAM AUDIT**

YEAR ENDED JUNE 30, 2021

CITY OF STILLWATER, OKLAHOMA
PASSENGER FACILITY CHARGE PROGRAM AUDIT
Year Ended June 30, 2021

TABLE OF CONTENTS

| | <u>Page</u> |
|--|-------------|
| The City of Stillwater, Oklahoma financial statements and related notes for the year ended June 30, 2021 were audited by BT&Co. and issued under a separate cover. | |
| The independent auditors' report on internal control over financial reporting and on compliance and other matters based on an audit of the financial statements performed in accordance with <i>Government Auditing Standards</i> was issued by BT&Co. under a separate cover. | |
| Independent Auditors' Report on Compliance for the Passenger Facility Charge Program; Report on Internal Control Over Compliance; and Report on Schedule of Passenger Facility Charges Collected and Expensed | 1-3 |
| Schedule of Passenger Facility Charges Collected and Expensed | 4 |
| Notes to the Schedule of Passenger Facility Charges Collected and Expensed | 5 |
| Summary of Auditors' Results | 6-7 |



INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR THE PASSENGER FACILITY CHARGE PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON SCHEDULE OF PASSENGER FACILITY CHARGES COLLECTED AND EXPENSED

Honorable Mayor, Members of the City Council
City of Stillwater, Oklahoma:

Report on Compliance for the Passenger Facility Charge Program

We have audited the City of Stillwater, Oklahoma's (the City'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's passenger facility charge program for the year ended June 30, 2021.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions applicable to its passenger facility charge program.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for the City'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'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's compliance.

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Opinion on the Passenger Facility Charge Program

In our opinion, the City 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 June 30, 2021.

Report on Internal Control Over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on the passenger facility charge program as a basis for designing audit 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's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of the passenger facility charge program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of the passenger facility charge program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of the passenger facility charge program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to 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 Charges Collected and Expensed

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated December 10, 2021, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the basic financial statements as a whole. The accompanying schedule of passenger facility charges collected and expensed is presented for purposes of additional analysis as specified in 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 expensed is fairly stated in all material respects in relation to the basic financial statements as a whole.

BT + Co., P.A.

December 10, 2021
Topeka, Kansas

CITY OF STILLWATER, OKLAHOMA
 STILLWATER REGIONAL AIRPORT
 SCHEDULE OF PASSENGER FACILITY CHARGES COLLECTED AND EXPENSED
 For the Year Ended June 30, 2021

| | Cumulative Program Total June 30, 2020 | For the Quarter Ended | | | | For the Year Ended June 30, 2021 | Cumulative Program Total June 30, 2021 |
|---|---|-----------------------|----------------------|-------------------|------------------|--|---|
| | | September 30, 2020 | December 31, 2020 | March 31, 2021 | June 30, 2021 | | |
| Revenues: | | | | | | | |
| Passenger facility charges | \$ - | \$ - | \$ 13,785 | \$ 16,745 | \$ 22,404 | \$ 52,934 | \$ 52,934 |
| Interest | - | - | 12 | 14 | 15 | 41 | 41 |
| Total revenues | - | - | 13,797 | 16,759 | 22,419 | 52,975 | 52,975 |
| Expenses: | | | | | | | |
| Application # 2020-01-C-00-SWO: | | | | | | | |
| 001 - Reconstruct north portion of apron (design and construction) | - | - | - | - | - | - | - |
| 002 - Acquire aircraft rescue and firefighting vehicle | - | - | - | - | - | - | - |
| 003 - PFC application preparation expenses | - | - | - | 18,537 | - | 18,537 | 18,537 |
| Total expenses | - | - | - | 18,537 | - | 18,537 | 18,537 |
| Net passenger facility charges revenue | \$ - | \$ - | \$ 13,797 | \$ (1,778) | \$ 22,419 | \$ 34,438 | \$ 34,438 |

See accompanying independent auditors' report and notes to schedule of passenger facility charges collected and expensed.

CITY OF STILLWATER, OKLAHOMA
NOTES TO SCHEDULE OF PASSENGER FACILITY CHARGES COLLECTED AND EXPENSED
June 30, 2021

1 - General

The Aviation Safety and Capacity Expansion Act of 1990 (Public Law 101-508, Title II, Subtitle B) authorized the local imposition of passenger facility charges (PFC) and use of PFC revenues on Federal Aviation Administration (FAA) approved projects.

On August 14, 2020, the FAA approved a \$ 4.50 PFC collection at Stillwater Regional Airport (SWO) beginning on October 1, 2020 and concluding on August 1, 2026 (PFC Application Number: 2020-01-C-00-SWO). The total approved amount of PFC revenue that SWO can collect is \$ 751,098.

2 - Basis of Accounting

The accompanying schedule of passenger facility charges collected and expensed presents the revenues received from PFC and expenses on approved projects on the accrual basis of accounting.

Revenue received and expenditures made on approved projects in the accompanying schedule agree to the PFC quarterly status reports submitted by SWO to the FAA.

CITY OF STILLWATER, OKLAHOMA
SUMMARY OF AUDITORS' RESULTS
JUNE 30, 2021

Summary of Auditors' Results

- | | |
|--|------------|
| 1. Type of report issued on schedule of passenger facility charges (PFC) collected and expensed. | Unmodified |
| 2. Type of report on PFC compliance. | Unmodified |
| 3. Quarterly revenues and expenditures reconcile with submitted quarterly reports, and reported unliquidated revenue matches actual amounts. | Yes |
| 4. The public agency maintains a separate financial accounting record for each application. | Yes |
| 5. Funds disbursed were for PFC-eligible items as identified in the FAA decision to pay only for the allowable costs of the project. | Yes |
| 6. Monthly carrier receipts were reconciled with quarterly carrier reports. | Yes |
| 7. PFC cash balances were maintained in a separate interest-bearing capital account or commingled only with other interest-bearing airport capital funds. | Yes |
| 8. Serving carriers were notified of PFC program actions/changes approved by the FAA. | Yes |
| 9. Quarterly reports were transmitted (or available via website) to remitting carriers. | Yes |
| 10. Regarding Assurances 5, 6, and 7, the audit identified that portions of PFC-funded facilities were being leased to air carriers under preferential use leases. | N/A |
| 11. The public agency is in compliance with Assurance 8. | Yes |

CITY OF STILLWATER, OKLAHOMA
SUMMARY OF AUDITORS' RESULTS
(Continued)

- | | |
|--|-----|
| 12. Regarding Assurance 9, the audit identified that the public agency has in its records, or access to, the list of current advisory circulars. | Yes |
| 13. Program administration is carried out in accordance with Assurance 10. | Yes |
| 14. For those public agencies with excess revenue, a plan for the use of this revenue has been submitted to the FAA for review and concurrence. | N/A |

Findings Required to be Reported by the Guide

No matters are reportable.