



Certified Public Accountants

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

YEAR ENDED JUNE 30, 2022

**CITY OF STILLWATER, OKLAHOMA
PASSENGER FACILITY CHARGE PROGRAM AUDIT
Year Ended June 30, 2022**

TABLE OF CONTENTS

	<u>Page</u>
The City of Stillwater, Oklahoma financial statements and related notes for the year ended June 30, 2022 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



Certified Public Accountants

**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**

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

Opinion 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, 2022.

In our opinion, the City complied, in all material respects, with the 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, 2022.

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 (*Government Auditing Standards*); and 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 City 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 City'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 City's 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 City'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 City's compliance with the requirements of the passenger facility charge program as a whole.

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

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City'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 City'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 City'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 described 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 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, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated December 16, 2022, 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 15, 2022
Topeka, Kansas

CITY OF STILLWATER, OKLAHOMA
STILLWATER REGIONAL AIRPORT
SCHEDULE OF PASSENGER FACILITY CHARGES COLLECTED AND EXPENSED
For the Year Ended June 30, 2022

	Cumulative Program Total June 30, 2021	For the Quarter Ended				For the Year Ended June 30, 2022	Cumulative Program Total June 30, 2022	
		September 30, 2021	December 31, 2021	March 31, 2022	June 30, 2022			
Revenues:								
Passenger facility charges	\$ 52,934	\$ 24,072	\$ 25,800	\$ 31,473	\$ 27,031	\$ 108,376	\$ 161,310	
Interest	41	-	72	72	73	217	258	
Total revenues	52,975	24,072	25,872	31,545	27,104	108,593	161,568	
Expenses:								
Application # 2020-01-C-00-SWO:								
001 - Reconstruct north portion of apron (design and construction)	-	-	-	-	-	-	-	
002 - Acquire aircraft rescue and firefighting vehicle	-	-	-	-	125,000	125,000	125,000	
003 - PFC application preparation expenses	18,537	-	-	-	-	-	18,537	
Total expenses	18,537	-	-	-	125,000	125,000	143,537	
Net passenger facility charges revenue	\$ 34,438	\$ 24,072	\$ 25,872	\$ 31,545	\$ (97,896)	\$ (16,407)	\$ 18,031	

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

CITY OF STILLWATER, OKLAHOMA
NOTES TO THE SCHEDULE OF PASSENGER
FACILITY CHARGES COLLECTED AND EXPENSED
June 30, 2022

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, 2022**

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
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

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

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.