

CITY OF STILLWATER, OKLAHOMA

PASSENGER FACILITY CHARGE PROGRAM AUDIT

Year Ended June 30, 2024

**HSPG
&
ASSOCIATES**

ACCOUNTING | TAX | ADVISORY

CITY OF STILLWATER, OKLAHOMA

PASSENGER FACILITY CHARGE PROGRAM AUDIT

Year Ended June 30, 2024

Table of Contents

	<u>PAGE</u>
The City of Stillwater, Oklahoma financial statements and related notes for the year ended June 30, 2024 were audited by HSPG & Associates, PC and issued under a separate cover.	
The Independent Auditor's 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 was issued by HSPG under a separate cover.	
<hr/>	
Independent Auditor's 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 Schedule of Passenger Facility Charges Collected and Expensed.	5
Summary of Auditor's Results.	6



**INDEPENDENT AUDITOR'S 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**

To 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 ("FAA") that could have a direct and material effect on the City's passenger facility charge program for the year ended June 30, 2024.

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, 2024.

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 Guide. Our responsibilities under those standards 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 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 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.

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 to 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 a material misstatement when it exists. The risk of not detecting material noncompliance 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.

HSPG & ASSOCIATES, PC

5400 N Grand Blvd, Suite 330 • Oklahoma City, Oklahoma 73112 • Phone: 405.844.9995 • Fax: 405.844.9975

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 judgement 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 a 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 Expended

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, 2024, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated December 18, 2024, which contained unmodified opinions on those financial statements. Our audit report includes a reference to other auditors. 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 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.

HSPG & Associates, P.C.

December 18, 2024

CITY OF STILLWATER, OKLAHOMA
 STILLWATER REGIONAL AIRPORT
 SCHEDULE OF PASSENGER FACILITY CHARGES COLLECTED AND EXPENDED
 For the Year Ended June 30, 2024

	Cumulative Program Total June 30, 2023	For the Quarter Ended				For the Year Ended June 30, 2024	Cumulative Program Total June 30, 2024
		September 30, 2023	December 31, 2023	March 31, 2024	June 30, 2024		
Revenues:							
Passenger facility charges	\$ 291,479	\$ 34,135	\$ 33,355	\$ 38,566	\$ 30,940	\$ 136,996	\$ 428,475
Interest	1,370	753	753	753	753	3,012	4,382
Total revenues	292,849	34,888	34,108	39,319	31,693	140,008	432,857
Expenses:							
Application # 2020-01-C-00-SWO:							
001 - Reconstruct north portion of apron (design and construction)	-	-	-	73,830	-	73,830	73,830
002 - Acquire aircraft rescue and firefighting vehicle	212,560	-	-	-	-	-	212,560
003 - PFC application preparation expenses	18,537	-	-	-	-	-	18,537
Total expenses	231,097	-	-	73,830	-	73,830	304,927
Net passenger facility charges revenue	\$ 61,752	\$ 34,888	\$ 34,108	\$ (34,511)	\$ 31,693	\$ 66,178	\$ 127,930

CITY OF STILLWATER, OKLAHOMA
NOTES TO THE SCHEDULE OF PASSENGER
FACILITY CHARGES COLLECTED AND EXPENDED
For the Year Ended June 30, 2024

Note 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.

Note 2 – Basis of Accounting

The accompanying schedule of passenger facility charges collected and expended presents the revenues received from PFC and expenses on approved projects on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

CITY OF STILLWATER, OKLAHOMA

PASSENGER FACILITY CHARGE PROGRAM AUDIT

SUMMARY OF AUDITOR'S RESULTS

For the Year Ended June 30, 2024

Summary of Auditor's 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

Findings Required to be Reported by the Guide

None.