

**WILLISTON-SLOULIN FIELD INTERNATIONAL AIRPORT
CITY OF WILLISTON, NORTH DAKOTA**

**PASSENGER FACILITY CHARGE
COMPLIANCE REPORT**

FOR THE YEAR ENDED DECEMBER 31, 2017

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CERTIFIED PUBLIC ACCOUNTANTS
AND CONSULTANTS

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH
REQUIREMENTS APPLICABLE TO PASSENGER FACILITY CHARGES
AND INTERNAL CONTROL OVER COMPLIANCE IN
ACCORDANCE WITH PASSENGER FACILITY CHARGE GUIDE FOR PUBLIC AGENCIES**

To the Honorable Mayor and Members of the City Commissioners
Williston-Sloulin Field International Airport
Williston, North Dakota

Report on Compliance for Passenger Facility Charges Program

We have audited the compliance of the Williston-Sloulin Field International Airport, City of Williston, North Dakota, with the types of compliance requirements described in the *Passenger Facility Charge Audit Guide for Public Agencies* issued by the Federal Aviation Administration (the "Guide") for its passenger facility charge program for the year ended December 31, 2017.

Management's Responsibility

Management is responsible for compliance with the requirements of laws and regulations pertaining to the passenger facility charge program.

Auditor's Responsibility

Our responsibility is to express an opinion on the Airport's compliance 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 Airport'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 with the program. However, our audit does not provide a legal determination of the Airport's compliance with those requirements.

Opinion on Passenger Facility Charges Program

In our opinion, the Williston-Sloulin Field International Airport, City of Williston, North Dakota complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect to the passenger facility charge program for the year ended December 31, 2017.

Report on Internal Control Over Compliance

Management of the Williston-Sloulin Field International Airport, City of Williston, North Dakota, is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws and regulations pertaining to the passenger facility charge program. In planning and performing our audit, we considered the Airport's internal control over compliance with requirements that could have a direct and material effect on the passenger facility charge program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with the Guide.

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 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 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 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, and therefore, material weaknesses and significant deficiencies may exist that were not identified. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2017-001 to be a material weakness.

Williston-Sloulin Field International Airport, City of Williston, North Dakota's response to the internal control over compliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. Williston-Sloulin Field International Airport, City of Williston, North Dakota's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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 *Passenger Facility Charge Audit Guide for Public Agencies* issued by the Federal Aviation Administration (the "Guide"). Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Passenger Facility Charge Revenue and Expenditures

We have audited the basic financial statements of the City of Williston, North Dakota as of and for the year ended December 31, 2017, and have issued our report thereon dated September 21, 2018, which contained a qualified opinion on the Governmental Activities, Business-Type Activities, Water Fund, Sewer Fund, and Aggregate Remaining Fund Information and an unmodified opinion on the General, Sales Tax, Capital Project and 2016 Refunding Bond Funds. Our audit was performed for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of passenger facility charges and related expenditures 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 basic 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 and related expenditures is fairly stated, in all material respects, in relation to the basic financial statements as a whole.



**BRADY, MARTZ & ASSOCIATES, P.C.
GRAND FORKS, NORTH DAKOTA**

September 21, 2018

WILLISTON-SLOULIN FIELD INTERNATIONAL AIRPORT
CITY OF WILLISTON, NORTH DAKOTA
 SCHEDULE OF PASSENGER FACILITY CHARGES AND RELATED EXPENDITURES
 FOR THE YEAR ENDED AND EACH QUARTER FROM
 JANUARY 1, 2017 THROUGH DECEMBER 31, 2017

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Total
PASSENGER FACILITY CHARGES	\$ 63,394	\$ 70,132	\$ 73,999	\$ 91,154	\$ 298,678
INTEREST EARNINGS	31	67	66	31	194
DISBURSEMENTS	-	-	-	-	-

See Note to the Schedule of Passenger Facility Charges and Related Expenditures

**WILLISTON-SLOULIN FIELD INTERNATIONAL AIRPORT
CITY OF WILLISTON, NORTH DAKOTA**
NOTE TO THE SCHEDULE OF PASSENGER FACILITY CHARGES
AND RELATED EXPENDITURES
FOR THE YEAR ENDED AND EACH QUARTER FROM
JANUARY 1, 2017 THROUGH DECEMBER 31, 2017

NOTE 1 BASIS OF PRESENTATION

The accompanying schedule of passenger facility charges and related expenditures is presented on the cash basis of accounting.

**WILLISTON-SLOULIN FIELD INTERNATIONAL AIRPORT
CITY OF WILLISTON, NORTH DAKOTA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS –
PASSENGER FACILITY CHARGE PROGRAM
FOR THE YEAR ENDED DECEMBER 31, 2017**

I. Summary of Auditor's Results

i)	Internal control over passenger facility charge program Material Weakness(es) identified? Significant Deficiency(ies) identified?	Yes No
ii)	Type of auditor's report issued on compliance for passenger facility charge program.	Unmodified
iii)	Any audit findings disclosed that are required to be reported?	Yes

II. Findings – Passenger Facility Charges

2017-001

Criteria

The City is required to submit revenues, disbursements and account balances to the FAA as part of the Passenger Facility Charges program.

Condition

Amounts reported to the FAA do not agree with amounts recorded on the general ledger.

Questioned Costs

None.

Effect

This could result in inaccurate information being reported to the FAA and could result in non-compliance related to the reporting requirements.

Cause

The City does not have adequate controls in place for the review of amounts being submitted to the FAA.

Repeat Finding

This is a repeat finding from the previous audit, 2016-001.

Recommendation

We recommend the City implement a review process to ensure amounts submitted to the FAA are accurate.

Views of Responsible Officials and Planned Corrective Actions

During 2017, the City made the correction for the finding on 2015 disbursements; however, the correction should have also included the finding on 2016 disbursements. The City plans to correct this during 2018.

WILLISTON-SLOULIN FIELD INTERNATIONAL AIRPORT
CITY OF WILLISTON, NORTH DAKOTA
SCHEDULE OF PRIOR YEAR AUDIT FINDINGS –
PASSENGER FACILITY CHARGE PROGRAM
FOR THE YEAR ENDED DECEMBER 31, 2017

2016-001

Criteria

The City is required to submit all revenues and expenditures to the FAA as part of the Passenger Facility Charges program.

Condition

Amounts reported to the FAA do not agree with amounts recorded on the general ledger.

Questioned Costs

None.

Effect

This could result in inaccurate information being reported to the FAA and could result in non-compliance related to the reporting requirements.

Cause

The City does not have adequate controls in place for the review of amounts being submitted to the FAA.

Recommendation

We recommend the City implement a review process to ensure amounts submitted to the FAA are accurate.

Views of Responsible Officials and Planned Corrective Actions

The City will assign proper personnel to work with the Airport personnel to make sure amounts are submitted accurately.

Contact Person Responsible for Corrective Action - John Kautzman, City Auditor

Corrective Action Taken

See finding at 2017-001.

WILLISTON-SLOULIN FIELD INTERNATIONAL AIRPORT
CITY OF WILLISTON, NORTH DAKOTA
SCHEDULE OF PRIOR YEAR AUDIT FINDINGS –
PASSENGER FACILITY CHARGE PROGRAM - CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 2017

2016-002

Criteria

The City may use PFC funds to finance allowable costs of approved PFC projects.

Condition

The City disbursed PFC funds in excess of approved PFC amounts.

Questioned Costs

None. Monies have been transferred back into the PFC fund.

Effect

This could result in non-compliance related to the spending requirements.

Cause

The City does not have adequate controls in place for review of PFC expenditures.

Recommendation

We recommend the City monitor all disbursements to ensure expenditures do not exceed approved PFC amounts.

Views of Responsible Officials and Planned Corrective Actions

The City will assign personnel to monitor expenditures to ensure they do not exceed approved PFC amounts

Contact Person Responsible for Corrective Action - John Kautzman, City Auditor

Corrective Action Taken

No disbursements were made during the 2017 reporting period.

**WILLISTON-SLOULIN FIELD INTERNATIONAL AIRPORT
CITY OF WILLISTON, NORTH DAKOTA
CORRECTIVE ACTION PLAN –
PASSENGER FACILITY CHARGE PROGRAM
FOR THE YEAR ENDED DECEMBER 31, 2017**

Finding 2017-001

Contact Person Responsible for Corrective Action - John Kautzman, City Auditor.

Correction Action Plan - The City will assign proper personnel to work with the Airport personnel to make sure amounts are submitted accurately.

Anticipated Completion Date – The City plans to correct this during the 2018 reporting period.