



Passenger Facility Charge Report
December 31, 2014

Williston-Sloulin Field International Airport

Williston-Sloulin Field International Airport

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Report on Compliance with Requirements Applicable to the Passenger Facility Charge Program and Internal Control over Compliance

Members of the Board of City Commissioners
Williston-Sloulin Field International Airport
Williston, North Dakota

Compliance

We have audited the compliance of the Williston-Sloulin Field International Airport, City of Williston, North Dakota, with the compliance requirements described in the *Passenger Facility Charge Audit Guide for Public Agencies* (Guide), issued by the Federal Aviation Administration for its Passenger Facility Charge Program for the year ended December 31, 2014. Compliance with the requirements of laws and regulations applicable to its Passenger Facility Charge Program is the responsibility of the Williston-Sloulin Field International Airport, City of Williston, North Dakota's, management. Our responsibility is to express an opinion on the Williston-Sloulin Field International Airport, City of Williston, North Dakota's, compliance based on our audit.

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 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 Williston-Sloulin Field International Airport, City of Williston, North Dakota'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. Our audit does not provide a legal determination of the Williston-Sloulin Field International Airport, City of Williston North Dakota's, compliance with those requirements.

Opinion

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 on the Passenger Facility Charge Program for the year ended December 31, 2014.

Internal Control over Compliance

The 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 applicable to the Passenger Facility Charge Program. In planning and performing our audit, we considered the Williston-Sloulin Field International Airport, City of Williston, North Dakota'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, but not for the purpose of expressing our opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Williston-Sloulin Field International Airport, City of Williston North Dakota's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph 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. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be a material weakness and significant deficiency.

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 a federal 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 compliance requirement will not be prevented, or detected and corrected, on a timely basis. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings as item 2014-A to be a material weakness.

A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings as item 2014-B to be a significant deficiency.

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

This report is intended solely for the information and use of the audit committee, management and the Federal Aviation Administration and is not intended to be and should not be used by anyone other than these specified parties.



Bismarck, North Dakota
November 3, 2015

Williston-Sloulin Field International Airport
Schedule of Passenger Facility Charges and Related Expenditures
Year Ended December 31, 2014

<u>Program Title</u>	<u>Revenues</u>	<u>Expenditures</u>
Passenger Facility Charge Program	<u>\$ 586,730</u>	<u>\$ 11,590</u>

A. Summary of Auditor's Results

Passenger Facility Charge Program

Internal control over passenger facility charge program:

Material weakness identified	Yes
Significant deficiency	Yes

Type of auditors' report issued on compliance for passenger facility charge program	Unmodified
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Any audit findings disclosed that are required to be reported	Yes
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B. Findings – Passenger Facility Charges

2014-A Reporting

Condition – The City did not report expenditures to the FAA for approved projects using PFC funds.

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

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

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

Recommendation – We recommend the City monitor that all revenues and expenditures recorded are accurately included in the submission to the FAA by including a review process of the amounts being submitted to ensure the information is accurate.

Corrective Action Plan – 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

Anticipated Completion Date – The City plans to correct this during the 2015 reporting period.

2014-B Timely Submission

Condition – The City did not submit information to the FAA within 30 days of quarter end for the second quarter.

Criteria – The City is required to submit revenues and expenditures to the FAA within 30 days of quarter end.

Cause – The City does not have adequate controls to ensure the amounts are being submitted to the FAA in a timely manner.

Effect – This could result in inaccurate information being gathered by the FAA and could result in non-compliance related to reporting requirements.

Recommendation – We recommend the City implement internal control procedures to ensure amounts are submitted

Corrective Action Plan – The City will assign proper personnel to work with the Airport personnel to make sure amounts are submitted timely.

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

Anticipated Completion Date – The City plans to correct this during the 2015 reporting period.