

SOUTHWEST WYOMING REGIONAL AIRPORT

FINANCIAL AND COMPLIANCE REPORT

JUNE 30, 2021 AND 2020

TABLE OF CONTENTS

| | |
|--|-------|
| INDEPENDENT AUDITOR'S REPORT | 1-2 |
| MANAGEMENT'S DISCUSSION AND ANALYSIS <i>(Required Supplementary Information)</i> | 3-8 |
| FINANCIAL STATEMENTS | |
| Statements of Net Position | 9 |
| Statements of Revenues, Expenses, and Changes in Net Position | 10 |
| Statements of Cash Flows | 11-12 |
| Notes to Financial Statements | 13-25 |
| REQUIRED SUPPLEMENTARY INFORMATION | |
| Schedule of the Airport's Proportionate Share of the Net Pension Liability | 26 |
| Schedule of the Airport's Contributions | 27 |
| Note to Required Supplementary Information | 28 |
| SUPPLEMENTARY INFORMATION | |
| Schedule of Expenditures of Federal Awards | 29 |
| Notes to Schedule of Expenditures of Federal Awards | 30 |
| Schedule of Expenditures of Passenger Facility Charges | 31 |
| Notes to Schedule of Expenditures of Passenger Facility Charges | 32 |
| 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 <i>GOVERNMENT AUDITING STANDARDS</i> | 33-34 |
| INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE | 35-36 |
| SCHEDULE OF FINDINGS AND QUESTIONED COSTS | 37-38 |
| SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS | 39 |
| INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO THE PASSENGER FACILITY CHARGE PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE | 40-41 |
| SCHEDULE OF PASSENGER FACILITY CHARGES FINDINGS AND QUESTIONED COSTS | 42 |
| SUMMARY SCHEDULE OF PRIOR PASSENGER FACILITY CHARGES FINDINGS | 43 |
| EXHIBIT I: CORRECTIVE ACTION PLAN | |



INDEPENDENT AUDITOR'S REPORT

To the Joint Powers Board
Southwest Wyoming Regional Airport
Rock Springs, Wyoming

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities of the Southwest Wyoming Regional Airport (the Airport) as of and for the years ended June 30, 2021 and 2020, and the related notes to the financial statements, which collectively comprise the Airport's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Airport's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Airport's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Airport as of June 30, 2021 and 2020, and the respective changes in financial position and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis on pages 3 through 8, and certain pension plan information on pages 26 through 28 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements that comprise the Airport's basic financial statements. The Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. Code of Federal Regulation Part 200, *Uniform Administrative Requirements, Cost Principals, and Audit Requirements for Federal Awards*, and the Schedule of Expenditures of Passenger Facility Charges, as required by the *Passenger Facility Charge Audit Guide for Public Agencies* issued by the Federal Aviation Administration, are presented for the purpose of additional analysis and are not a required part of the basic financial statements.

The Schedule of Expenditures of Federal Awards and the Schedule of Expenditures of Passenger Facility Charges are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such 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 Expenditures of Federal Awards and the Schedule of Expenditures of Passenger Facility Charges are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 28, 2021 on our consideration of the Airport's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Airport's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Airport's internal control over financial reporting and compliance.

McGee, Hearne & Paiz, LLP

Cheyenne, Wyoming
October 28, 2021

Southwest Wyoming Regional Airport

Management's Discussion and Analysis Years Ended June 30, 2021 and 2020

Our discussion and analysis of the financial performance of the Southwest Wyoming Regional Airport (SWRA or the Airport) provides an overview of the Airport's financial activities for the fiscal years ended June 30, 2021 and 2020. Please review it in conjunction with the Airport's audited basic financial statements.

Basic Financial Statements

This annual report consists of a series of financial statements. These statements include a Statement of Net Position, a Statement of Revenues, Expenses, and Changes in Net Position, and a Statement of Cash Flows. These are followed by notes to the financial statements. The Airport uses one enterprise fund to report on its financial position and the results of its operations. Enterprise funds are used to account for activities similar to those found in the private sector. Under this method, an economic resources measurement focus and an accrual basis of accounting are used, meaning revenues are recorded when earned and expenses are recorded when incurred, regardless of when cash is paid or received.

The Statement of Net Position and the Statement of Revenues, Expenses, and Changes in Net Position report information about the Airport as a whole. The Statement of Net Position presents information on the Airport's assets and deferred outflows of resources, and liabilities and deferred inflows of resources, with the difference being reported as net position. The Statement of Revenues, Expenses, and Changes in Net Position reports the operating revenues and expenses and nonoperating revenues and expenses of the Airport for the fiscal year, with the difference (the net income or loss) being combined with any capital grants to determine the change in net position for the fiscal year. The change, combined with the net position at the end of the previous year, total to the net position at the end of the current fiscal year.

These two statements report the Airport's net position and changes in them. You can think of the Airport's net position as this: the difference between assets and deferred outflows of resources (what the Airport owns or the current use of assets that relates to a future period) and its liabilities and deferred inflows of resources (what the Airport owes or the current acquisition of assets that relates to a future period). Net position is one way to measure the Airport's financial health, or financial position. Over time, increases or decreases in the Airport's net position are one indicator of whether its financial health is improving or deteriorating. However, you will need to consider other non-financial factors, such as changes in the Airport's community and availability of Federal funding, to assess the overall health of the Airport.

The Statement of Cash Flows reports cash activities for the fiscal year resulting from operating activities, capital and related financing activities, noncapital financing activities, and investing activities. The net result of these activities added to the beginning-of-year cash balance total to the cash balance at the end of the current fiscal year.

Southwest Wyoming Regional Airport

Management's Discussion and Analysis Years Ended June 30, 2021 and 2020

Condensed Financial Information

Condensed financial information from the Statements of Net Position at June 30 and the Statements of Revenues, Expenses, and Changes in Net Position for the years then ended are as follows:

| | 2021 | 2020 | 2019 |
|---|----------------------|---------------|---------------|
| Current and Other Assets | \$ 3,888,037 | \$ 1,683,836 | \$ 933,061 |
| Capital Assets, net of accumulated depreciation | 31,093,374 | 24,765,586 | 20,253,778 |
| Total assets | 34,981,411 | 26,449,422 | 21,186,839 |
| | | | |
| Deferred Outflows of Resources | 66,252 | 96,658 | 328,410 |
| | | | |
| Current Liabilities | 2,252,773 | 1,269,777 | 304,636 |
| Noncurrent Liabilities | 1,621,897 | 945,816 | 1,259,261 |
| Total liabilities | 3,874,670 | 2,215,593 | 1,563,897 |
| | | | |
| Deferred Inflows of Resources | 216,547 | 164,475 | 29,253 |
| | | | |
| Net Position: | | | |
| Net investment in capital assets | 28,999,897 | 23,642,064 | 20,070,529 |
| Restricted net position | 18,333 | 7,125 | 23,130 |
| Unrestricted net position (deficit) | 1,938,216 | 516,823 | (171,560) |
| Total net position | \$ 30,956,446 | \$ 24,166,012 | \$ 19,922,099 |

Southwest Wyoming Regional Airport

Management's Discussion and Analysis Years Ended June 30, 2021 and 2020

| | 2021 | 2020 | 2019 |
|---|----------------------|---------------|---------------|
| Operating Revenues: | | | |
| Fuel sales | \$ 1,663,232 | \$ 1,709,145 | \$ 2,155,342 |
| Revenue from aviation services | 890,830 | 798,666 | 727,219 |
| Total operating revenues | 2,554,062 | 2,507,811 | 2,882,561 |
| Operating Expenses: | | | |
| Fuel | 1,059,706 | 1,238,209 | 1,613,039 |
| Aviation services | 1,381,014 | 1,450,624 | 1,526,559 |
| Other operating expenses | 375,460 | 301,087 | 540,214 |
| Total operating expenses, excluding depreciation | 2,816,180 | 2,989,920 | 3,679,812 |
| Depreciation | 1,966,738 | 1,811,943 | 1,668,812 |
| Total operating expenses, including depreciation | 4,782,918 | 4,801,863 | 5,348,624 |
| Operating (loss) | (2,228,856) | (2,294,052) | (2,466,063) |
| Net Nonoperating Revenue | 3,836,178 | 1,236,906 | 1,470,176 |
| Other Revenue, Expenses, Gains, or Losses | 5,183,112 | 5,301,059 | 168,089 |
| Increase (decrease) in net position | 6,790,434 | 4,243,913 | (827,798) |
| Net Position: | | | |
| Beginning of year | 24,166,012 | 19,922,099 | 20,749,897 |
| End of year | \$ 30,956,446 | \$ 24,166,012 | \$ 19,922,099 |

The information contained in the condensed financial information tables is used as the basis for the discussion presented on the following pages surrounding the Airport's activities for the fiscal years ended June 30, 2021 and 2020.

Assets and Liabilities

Current and other assets increased by \$2,204,201 for the year ended June 30, 2021. The increase is primarily due to the increase in grants receivable, which increased by \$1,632,013, and unrestricted cash of \$496,608. The increase in grants receivable for June 30, 2021 is attributable to increased awards as a result of the CARES Act and other airport improvement projects ongoing during 2021. The cash balance fluctuates on a year-to-year basis depending on the timing and nature of various capital projects ongoing during the year.

Current and other assets increased by \$750,775 for the year ended June 30, 2020. The increase is primarily due to the increase in grants receivable, which increased by \$415,452, and unrestricted cash of \$446,319, offset by a decrease to accounts receivable of \$78,080. The increase in grants receivable for June 30, 2020 is attributable to minimal spending on new grants in the prior year, but a significant increase in activity in the current year due to various projects that started during 2020. The cash balance fluctuates on a year-to-year basis depending on the timing and nature of various capital projects ongoing during the year.

Southwest Wyoming Regional Airport

Management's Discussion and Analysis Years Ended June 30, 2021 and 2020

Current liabilities for the year ended June 30, 2021 increased by \$982,996. Current liabilities for the year ended June 30, 2020 increased by \$965,141. The increase in current liabilities is a result of the timing expenditures incurred for projects. The Airport had significant airport improvement projects ongoing at June 30, 2021 and 2020.

Long-term liabilities for the year ended June 30, 2021 increased by \$676,081. Long-term liabilities for the year ended June 30, 2020 decreased by \$313,445. The increase is due to the Airport's sale-leaseback to the City of Rock Springs, which resulted in a capital lease, offset by the payoff of a loan in fiscal year 2021 as well as a decrease in the net pension liability, which fluctuates year to year.

Net Position

Net position in total increased by \$6,790,434 for the year ended June 30, 2021. The increase for fiscal year 2021 is due primarily to increased Federal grants for airport improvements. Net position in total increased by \$4,243,913 for the year ended June 30, 2020. The increase for fiscal year 2020 is due primarily to increased Federal grants for airport improvements.

The Airport also has \$18,333 of funds that are restricted as to their use for the year ended June 30, 2021. The Airport also has \$7,125 of funds that are restricted as to their use for the year ended June 30, 2020. These funds related to the passenger facility charges that are charged to passengers of flights departing and arriving at the airport. These funds may only be used for expenditures that directly benefit passengers of the Airport and may not be used to fund Airport operations.

The Airport has an unrestricted net position of \$1,938,216 for the fiscal year ended June 30, 2021, which is an increase from June 30, 2020. The increase in the unrestricted net position is due to a decrease in the net pension liability and related deferrals recorded in accordance with Government Accounting Standards Board (GASB) Standards as well as an increase in grants receivable. The Airport has an unrestricted net position of \$516,823 for the fiscal year ended June 30, 2020, which is an increase from June 30, 2019. The increase in the unrestricted net position is due to a decrease in the net pension liability and related deferrals recorded in accordance with GASB Standards.

Revenues

Operating revenues are those generated from an exchange transaction, such as sales of fuel, or fees charged for the rent of office space to vendors. Operating revenues increased by \$46,251 for the year ended June 30, 2021. The change is due primarily to the change in revenue from aviation services, which increased by \$92,164 for fiscal year 2021. This was offset by the decrease in fuel sales of \$45,913, which was driven by the COVID-19 global pandemic.

Operating revenues decreased by \$374,750 for the year ended June 30, 2020. The change is due primarily to the change in fuel sales, which decreased by \$446,197 for fiscal year 2020. The decrease in fuel sales in 2020 was driven by the COVID-19 global pandemic. During the last quarter of the 2020 fiscal year, the Airport reduced its number of flights to one per day.

Nonoperating revenues are those not involved in exchange transactions, and include taxes, grant funding, passenger facility charges, and investment income. Grant income and capital contributions make up the majority of the Airport's nonoperating revenues, which totaled \$3,764,823 and \$5,183,112, respectively, for the year ended June 30, 2021. Grant income increased \$2,740,666 from June 30, 2020, while capital contributions decreased \$117,947. The significant increase is due to airport improvement projects ongoing during 2021, funded through CARES Act appropriations.

Southwest Wyoming Regional Airport

Management's Discussion and Analysis Years Ended June 30, 2021 and 2020

Grant income and capital contributions totaled \$1,024,157 and \$5,301,059, respectively, for the year ended June 30, 2020. Grant income decreased \$165,122 from June 30, 2019, while capital contributions increased \$5,132,970. The significant increase is due to airport improvement projects ongoing during 2020.

Expenses

Operating expenses, including depreciation, decreased by \$18,945 for the year ended June 30, 2021. The decrease from 2020 to 2021 was primarily caused by a decrease in fuel expense of \$178,503. The fuel expense decrease was driven by the COVID-19 global pandemic.

Operating expenses, including depreciation, decreased by \$546,761 for the year ended June 30, 2020. The decrease from 2019 to 2020 was primarily caused by a decrease in fuel expense of \$374,830 and a reduction of bad debt expense of \$242,877. The fuel expense decrease was driven by the COVID-19 global pandemic as the daily flights were cut to one in the last quarter of the fiscal year.

Capital Assets

Net capital assets increased by \$6,327,788 for the year ended June 30, 2021. This increase was driven by significant airport improvement projects, of which \$3,498,036 remains in construction in progress at June 30, 2021. The increase in nondepreciable and depreciable capital assets was offset by depreciation expense of \$1,966,738.

Net capital assets increased by \$4,511,808 for the year ended June 30, 2020. This increase was driven by significant airport improvement projects, of which \$5,928,883 remains in construction in progress at June 30, 2020. The increase in nondepreciable and depreciable capital assets was offset by depreciation expense of \$1,811,943. For more information, see Note 4.

The following table provides a summary of the Airport's capital assets by class:

| | 2021 | 2020 | 2019 |
|---|----------------------|---------------|---------------|
| Nondepreciable Capital Assets: | | | |
| Construction in process | \$ 3,498,036 | \$ 5,928,883 | \$ 476,746 |
| Depreciable Capital Assets: | | | |
| Buildings and improvements | 18,136,041 | 14,946,345 | 14,844,113 |
| Runways and improvements | 41,723,962 | 36,122,632 | 36,122,632 |
| Machinery and equipment | 8,232,052 | 6,297,705 | 5,528,323 |
| Total depreciable capital assets | 68,092,055 | 57,366,682 | 56,495,068 |
| Total capital assets | 71,590,091 | 63,295,565 | 56,971,814 |
| Accumulated Depreciation | 40,496,717 | 38,529,979 | 36,718,036 |
| Capital assets, net | \$ 31,093,374 | \$ 24,765,586 | \$ 20,253,778 |

Note Payable

In December 2017, the Airport purchased equipment with a loan. The original amount was for \$105,000 and this loan was paid in full during the year ended June 30, 2021. The loan balance as of June 30, 2020 was \$54,229. For more information, see Note 10.

Southwest Wyoming Regional Airport

Management's Discussion and Analysis Years Ended June 30, 2021 and 2020

Capital Lease

In fiscal year 2021, the Airport received \$800,000 for use in the Airport's fuel tank farm replacement project. This transaction resulted in a sale-leaseback transaction whereby the lease is directed as a capital lease. At June 30, 2021, the capital lease liability is \$800,000.

Requests for Information

This report is designed to provide an overview of the Airport's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to *Southwest Wyoming Regional Airport, P.O. Box 1987, Rock Springs, Wyoming 82901*.

SOUTHWEST WYOMING REGIONAL AIRPORT

STATEMENTS OF NET POSITION June 30, 2021 and 2020

| | 2021 | 2020 |
|---|----------------------|---------------|
| ASSETS | | |
| Current Assets | | |
| Cash, unrestricted (Note 2) | \$ 1,575,128 | \$ 1,078,520 |
| Grants receivable (Note 6) | 2,049,017 | 417,004 |
| Accounts receivable | 104,991 | 92,227 |
| Inventories | 133,615 | 86,316 |
| Prepaid expenses | 6,953 | 2,644 |
| Total current assets | 3,869,704 | 1,676,711 |
| Noncurrent Assets | | |
| Capital assets not being depreciated (Note 4) | 3,498,036 | 5,928,883 |
| Capital assets, net of accumulated depreciation (Note 4) | 27,595,338 | 18,836,703 |
| Cash, restricted (Notes 2 and 9) | 5,000 | 5,001 |
| Passenger facility charge receivable, restricted (Note 9) | 13,333 | 2,124 |
| Total noncurrent assets | 31,111,707 | 24,772,711 |
| Total assets | 34,981,411 | 26,449,422 |
| DEFERRED OUTFLOWS OF RESOURCES | | |
| Pension-Related Outflows (Note 5) | 66,252 | 96,658 |
| LIABILITIES | | |
| Current Liabilities | | |
| Note payable, current (Note 10) | - | 21,447 |
| Accounts payable, including retainage payable of \$54,183 and \$404,960, respectively | 2,126,810 | 1,124,005 |
| Accrued expenses | 114,599 | 113,458 |
| Deposits | 5,058 | 5,809 |
| Advanced payments | 6,306 | 5,058 |
| Total current liabilities | 2,252,773 | 1,269,777 |
| Long-Term Liabilities | | |
| Note payable, noncurrent (Note 10) | - | 32,782 |
| Capital lease liability (Note 3) | 800,000 | - |
| Net pension liability (Note 5) | 821,897 | 913,034 |
| Total long-term liabilities | 1,621,897 | 945,816 |
| Total liabilities | 3,874,670 | 2,215,593 |
| DEFERRED INFLOWS OF RESOURCES | | |
| Pension-Related Inflows (Note 5) | 216,547 | 164,475 |
| NET POSITION | | |
| Net Investment in Capital Assets | 28,999,897 | 23,642,064 |
| Restricted Net Position (Note 9) | 18,333 | 7,125 |
| Unrestricted Net Position | 1,938,216 | 516,823 |
| Total net position | \$ 30,956,446 | \$ 24,166,012 |

See Notes to Financial Statements.

SOUTHWEST WYOMING REGIONAL AIRPORT

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

Years Ended June 30, 2021 and 2020

| | 2021 | 2020 |
|--|----------------------|---------------|
| Operating Revenues | | |
| Fuel sales | \$ 1,663,232 | \$ 1,709,145 |
| Airport operation (Note 3) | 667,459 | 522,511 |
| Commercial aviation (Note 3) | 223,371 | 276,155 |
| Total operating revenues | 2,554,062 | 2,507,811 |
| Operating Expenses | | |
| Depreciation (Note 4) | 1,966,738 | 1,811,943 |
| Salaries and benefits | 1,063,761 | 1,158,600 |
| Fuel | 1,059,706 | 1,238,209 |
| Utilities | 152,824 | 153,927 |
| Maintenance and repairs | 164,429 | 138,097 |
| Administration | 367,860 | 277,019 |
| Miscellaneous | 7,600 | 24,068 |
| Total operating expenses | 4,782,918 | 4,801,863 |
| Operating (loss) | (2,228,856) | (2,294,052) |
| Nonoperating Revenues (Expenses) | | |
| Grants and local government support (Note 6) | 3,764,823 | 1,024,157 |
| Passenger facility fees collected (Note 9) | 50,330 | 85,619 |
| Customer facility charge | 22,686 | 34,245 |
| Parking donations | 1,394 | 2,443 |
| Investment income | 973 | 12,785 |
| Interest expense | (1,349) | - |
| Miscellaneous (expense) income | (2,679) | 77,657 |
| Total nonoperating revenues | 3,836,178 | 1,236,906 |
| Gain (loss) before other revenue, expenses, gains or losses | 1,607,322 | (1,057,146) |
| Other Revenue, Expenses, Gains or Losses | | |
| Capital contributions (Note 6) | 5,183,112 | 5,301,059 |
| Increase in net position | 6,790,434 | 4,243,913 |
| Net Position | | |
| Beginning of year | 24,166,012 | 19,922,099 |
| End of year | \$ 30,956,446 | \$ 24,166,012 |

See Notes to Financial Statements.

SOUTHWEST WYOMING REGIONAL AIRPORT

STATEMENTS OF CASH FLOWS Years Ended June 30, 2021 and 2020

| | 2021 | 2020 |
|--|---------------------|---------------------|
| Cash Flows from Operating Activities | | |
| Cash received from customers and tenants | \$ 2,542,546 | \$ 2,585,891 |
| Cash paid to: | | |
| Employees | (1,071,279) | (1,063,645) |
| Suppliers | (1,026,157) | (1,830,967) |
| Net cash provided by (used in) operating activities | 445,110 | (308,721) |
| Cash Flows from Noncapital Financing Activities | | |
| Grants received | 3,764,823 | 1,024,157 |
| Parking donations received | 1,394 | 2,443 |
| Miscellaneous (paid) received | (4,028) | 77,657 |
| Net cash provided by noncapital financing activities | 3,762,189 | 1,104,257 |
| Cash Flows from Capital and Related Financing Activities | | |
| Construction grants received | 3,551,099 | 4,885,607 |
| Purchase and construction of capital assets | (8,070,342) | (5,362,438) |
| Proceeds from sale-leaseback | 800,000 | - |
| Principal payments on long-term obligations | (54,229) | (21,040) |
| Passenger facility charges collected | 39,121 | 101,625 |
| Customer facility charges collected | 22,686 | 34,245 |
| Net cash (used in) capital and related financing activities | (3,711,665) | (362,001) |
| Cash Flows from Investing Activities | | |
| Investment income | 973 | 12,785 |
| Net increase in cash | 496,607 | 446,320 |
| Cash | | |
| Beginning of year | 1,083,521 | 637,201 |
| End of year | \$ 1,580,128 | \$ 1,083,521 |

Continued

SOUTHWEST WYOMING REGIONAL AIRPORT

STATEMENTS OF CASH FLOWS, *Continued* Years Ended June 30, 2021 and 2020

| | 2021 | 2020 |
|--|-----------------------|-----------------------|
| Reconciliation of Operating (Loss) to Net Cash Provided by (Used in) Operating Activities | | |
| Operating (loss) | \$ (2,228,856) | \$ (2,294,052) |
| Adjustments to reconcile operating (loss) to net cash provided by (used in) operating activities: | | |
| Depreciation expense | 1,966,738 | 1,811,943 |
| (Increase) decrease in accounts receivable | (12,764) | 78,080 |
| (Increase) in prepaid expenses | (4,309) | - |
| (Increase) decrease in inventories | (47,299) | 16,911 |
| Decrease (increase) in accounts payable - noncapital | 778,621 | (17,396) |
| Increase in accrued expenses | 1,141 | 19,424 |
| (Decrease) increase in deposits | (751) | 838 |
| Increase in advance payments | 1,248 | - |
| (Decrease) in net pension liability | (91,137) | (291,443) |
| Decrease in deferred outflows - pension | 30,406 | 231,752 |
| Increase in deferred inflows - pension | 52,072 | 135,222 |
| Total adjustments | 2,673,966 | 1,985,331 |
| Net cash provided by (used in) operating activities | \$ 445,110 | \$ (308,721) |
| Noncash Investing, Capital and Financing Activities | | |
| Purchase of capital assets in accounts payable | \$ 1,293,477 | \$ 1,069,293 |

See Notes to Financial Statements.

SOUTHWEST WYOMING REGIONAL AIRPORT

NOTES TO FINANCIAL STATEMENTS

Note 1. Description of Reporting Entity and Significant Accounting Policies

Reporting entity: The Rock Springs – Sweetwater County Joint Powers Airport Board was organized to exclusively operate the Rock Springs – Sweetwater County Airport. Effective February 1, 2018, the Rock Springs – Sweetwater County Joint Powers Airport Board and the Rock Springs – Sweetwater County Airport were renamed the Southwest Wyoming Regional Airport (the Airport). The Airport was established to provide aviation services and air transportation to the citizens of the City of Rock Springs, Wyoming (the City) and Sweetwater County, Wyoming. For financial reporting purposes, the statements include all activities and funds that are controlled by or are dependent upon the Airport.

The Airport is the basic level of government, which has financial accountability and control over all activities related to the Airport located in Sweetwater County, Wyoming. The Airport receives funding from local, state, and Federal government sources, and must comply with the requirements of these funding sources.

However, the Airport is not included in any other governmental reporting entity, as defined by the Governmental Accounting Standards Board (GASB), which establishes accounting principles generally accepted in the United States of America (U.S. GAAP) for state and local governmental entities, since Airport members have decision-making authority, the authority to levy taxes, the power to designate management, the ability to significantly influence operations, and primary accountability for fiscal matters. In addition, there are no component units, as defined by GASB, that are included in the Airport's reporting entity.

Financial reporting: The accompanying financial statements have been prepared using the economic resources measurement focus and the accrual basis of accounting, and reflect transactions on behalf of the Airport, the reporting entity. The Airport accounts for its operations as an enterprise fund.

Operating revenues and expenses result from providing aviation and transportation services to the public. All other revenues and expenses are reported as nonoperating revenues and expenses.

Grants and contributions: Grants and contributions received, which may be utilized for either operations or capital expenditures, are recognized as nonoperating revenue in the accounting period in which they are earned or become measurable.

Capital assets: Capital assets are recorded at cost if purchased or, if donated, at fair value at the date of donation. Depreciation on the assets is computed using the straight-line method over the estimated useful lives of the assets, as follows:

| | |
|----------------------------|-------------|
| Buildings and improvements | 20-39 years |
| Runways and improvements | 15-20 years |
| Machinery and equipment | 5-10 years |

Routine maintenance and repairs are charged to operating expense in the year incurred.

SOUTHWEST WYOMING REGIONAL AIRPORT

NOTES TO FINANCIAL STATEMENTS

Note 1. Description of Reporting Entity and Significant Accounting Policies, *Continued*

Impairments: The Airport evaluates prominent events or changes in circumstances that affect capital assets to determine whether impairment of a capital asset has occurred. Such events or changes in circumstances that may be indicative of impairment include evidence of physical damage, enactment or approval of laws or regulations or other changes in environmental factors, technological changes or evidence of obsolescence, changes in the manner or duration of use of a capital asset, and construction stoppage. The Airport will consider an asset impaired if both the decline in the service utility of the capital asset is large in magnitude and the event or change in circumstance is outside the normal life cycle of the capital asset. The Airport will recognize an impairment loss when the Airport considers a capital asset impaired and will recognize the capital asset at the lower of carrying value or fair value.

Inventories: Inventories are stated at the lower of cost (first-in, first-out method) or market.

Vacation and sick leave: Employees are allowed two to four weeks of vacation per year depending on their length of service. Unused vacation up to two weeks plus the annual accrual may be carried over. All vacation time is paid out upon termination or retirement. Sick leave accumulates at the rate of one working day for each full month of service to a maximum of 120 days. Employees are entitled to receive 25% of their accumulated sick leave upon termination. Therefore, 25% of the accumulated sick leave and 100% vacation leave are recorded as a liability in these financial statements.

Cash: The Airport considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

Bad debts: The Airport utilizes the direct write-off method for bad debts. When the Airport deems a receivable to be uncollectible, it is recorded as an expense. Therefore, no allowance for uncollectible accounts has been provided in these financial statements.

Revenue recognition: Revenue is recognized at the time of sale or when lease payments are due.

Advertising costs: The Airport's policy is to expense the cost of advertising as the expense is incurred.

Use of estimates: The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts in the financial statements and the accompanying notes. Actual results could differ from those estimates.

Net position: Net position represents the difference between assets and liabilities and is classified into three categories:

Net investment in capital assets: This represents the Airport's total investment in capital assets, net of accumulated depreciation, and outstanding principal of capital-related borrowings and capital-related liabilities (including accounts payable and retainage payable).

Restricted net position: Restricted net position includes resources in which the Airport is legally or contractually obligated to spend in accordance with restrictions imposed by external third parties. When both restricted and unrestricted resources are available for use, it is the Airport's policy to use restricted resources first, and then unrestricted resources when they are needed.

SOUTHWEST WYOMING REGIONAL AIRPORT

NOTES TO FINANCIAL STATEMENTS

Note 1. Description of Reporting Entity and Significant Accounting Policies, *Continued*

Unrestricted net position: Unrestricted net position represents resources derived from the Airport's operations. These resources are used for transactions relating to the educational and general operations of the Airport, and may be used at the discretion of the governing board to meet current expenses for any purpose.

Defined benefit pensions: For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Wyoming Retirement System (WRS) and additions to/deductions from the WRS's fiduciary net position have been determined on the same basis as they are reported by the WRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Note 2. Cash

Wyoming State Statutes authorize the Airport to invest in securities issued or guaranteed by the U.S. Treasury or agencies of the U.S. government, and bank certificates of deposit. Wyoming State Statutes also require that the Airport's deposits in excess of the Federal depository insurance amount be collateralized.

As of June 30, 2021 and 2020, the carrying amount of the Airport's bank deposits, including checking and savings, was \$1,580,128 and \$1,083,521, respectively, and the bank balance was \$1,764,332 and \$1,117,114, respectively. The bank balances at June 30, 2021 and 2020 were covered by Federal Deposit Insurance Corporation insurance or pledged collateral.

Note 3. Lease Income and Sale-Leaseback with a Capital Lease

Lease income: The Airport leases hangars to various entities and individuals. These leases are primarily for one-year terms, expiring on June 30, 2021, and all are accounted for as operating leases. In addition, the Airport leases space for advertising to various entities. The leases are primarily for one-year terms and all are accounted for as operating leases.

In addition, the Airport has entered into lease agreements with two rental car companies for space in the terminal and parking spaces for rental vehicles. Yearly rental fees are the greater of 10% of the company's gross revenue for the contract year percentage fees or 10% of 85% of the company's previous year's gross, plus an additional amount for counter and office space. The leases are cancelable by the companies only if normal use of the Airport is suspended for a period exceeding 60 days. The leases are also cancelable if there is an inability to use the Airport for a consecutive six months due to tower regulations, fire, earthquake, or similar acts of God, or public enemy or the lawful assumption by the U.S. government of the operations of the Airport for a period of greater than six months. The total fees for these rental car company leases were \$102,661 and \$154,375 for the years ended June 30, 2021 and 2020, respectively.

SOUTHWEST WYOMING REGIONAL AIRPORT

NOTES TO FINANCIAL STATEMENTS

Note 3. Leases, Lease Income, and Subsequent Event, *Continued*

In addition, the Airport has entered into various leases for space throughout the Airport. Those leases are as follows:

- In November 2017, the Airport entered into a lease agreement with the U.S. government for office space in the Airport terminal. The lease requires monthly payments of \$3,013. The agreement expires in October 2029, although the U.S. government can terminate the lease with 60 days' notice.
- In September 2019, the Airport renewed a lease agreement with an air service for office space in the Airport terminal. This lease was renegotiated in August 2020 to extend the lease term. The current lease requires monthly payments of \$5,720 through September 30, 2025, with an annual 3% increase thereafter. The agreement expires on September 30, 2030.
- In April 2020, the Airport renewed a lease agreement with a communications company for space in the Airport terminal for installation, operation, and storage of communication equipment. The communications company is required to pay \$2,125 per agreement year, with a 3% increase on April 1, 2021, and on each April 1 thereafter through the end of the agreement term. The agreement expires on March 31, 2023.
- In April 2020, the Airport renewed a lease agreement with a communications company for space in the Airport for the installation, use, and maintenance of radio equipment. The company is required to pay \$1,500 per year, with a 3% increase on April 1 each year as the lease automatically renews.
- In May 2020, the Airport renewed a lease agreement with an air service for space in the Airport terminal. The lease requires monthly payments of \$6,654. The base monthly rental increases 2% for the following year. The agreement automatically renews through June 30, 2025.

The total revenue for all leases was \$670,652 and \$609,168 for the years ended June 30, 2021 and 2020, respectively.

The minimum future rental income on all leases is as follows:

| Years ending June 30: | |
|-----------------------|---------------------|
| 2022 | \$ 385,015 |
| 2023 | 207,795 |
| 2024 | 207,701 |
| 2025 | 210,759 |
| 2026 | 108,444 |
| Thereafter | <u>475,343</u> |
| | <u>\$ 1,595,057</u> |

SOUTHWEST WYOMING REGIONAL AIRPORT

NOTES TO FINANCIAL STATEMENTS

Note 3. Leases, Lease Income, and Subsequent Event, *Continued*

Sale-leaseback with a capital lease liability: In April 2019, the City of Rock Springs committed \$800,000 to the Airport to support the design and construction of a new fuel tank farm for the Airport. In May 2020, the Airport signed a sale-leaseback agreement with the City of Rock Springs, effective July 1, 2020. The lease is treated as capital, meaning that the Airport reports both the asset (book value \$800,000) as well as a capital lease liability. This capital lease term remains in effect until July 1, 2036, at which time the lease automatically renews on every 10-year anniversary of the lease thereafter until such time that the Airport no longer is in operation. Beginning on July 1, 2022, the Airport is required to pay an annual fee of \$61,521 through the end of the initial lease term. After the initial term of 16 years, the rental payments are reduced to a nominal fee of \$10 per year. The capital lease asset is included in machinery and equipment.

The minimum future lease payments are as follows:

| Years ending June 30: | |
|-----------------------|-------------------|
| 2022 | \$ - |
| 2023 | 61,521 |
| 2024 | 61,521 |
| 2025 | 61,521 |
| 2026 | 61,521 |
| Thereafter | 615,209 |
| | <u>861,293</u> |
| Less interest: | <u>(61,293)</u> |
| | <u>\$ 800,000</u> |

Note 4. Capital Assets, Including Capital Lease Assets

Following is a summary of changes in capital assets, including capital lease assets:

| | Balance June 30, 2020 | Additions | Deletions | Transfers | Balance June 30, 2021 |
|--|--------------------------|---------------------|-------------|--------------------|--------------------------|
| Nondepreciable capital assets: | | | | | |
| Construction in process | \$ 5,928,883 | \$ 3,137,730 | \$ - | \$ (5,568,577) | \$ 3,498,036 |
| Total nondepreciable capital assets | 5,928,883 | 3,137,730 | - | (5,568,577) | 3,498,036 |
| Depreciable capital assets: | | | | | |
| Buildings and improvements | 14,946,345 | 3,070,324 | - | 119,372 | 18,136,041 |
| Runways and improvements | 36,122,632 | 244,943 | - | 5,356,387 | 41,723,962 |
| Machinery and equipment | 6,297,705 | 1,841,529 | - | 92,818 | 8,232,052 |
| Total depreciable capital assets | 57,366,682 | 5,156,796 | - | 5,568,577 | 68,092,055 |
| Less accumulated depreciation | 38,529,979 | 1,966,738 | - | - | 40,496,717 |
| Total depreciable capital assets, net | 18,836,703 | 3,190,058 | - | 5,568,577 | 27,595,338 |
| Capital assets, net | \$ 24,765,586 | \$ 6,327,788 | \$ - | \$ - | \$ 31,093,374 |

SOUTHWEST WYOMING REGIONAL AIRPORT

NOTES TO FINANCIAL STATEMENTS

Note 4. Capital Assets, Including Capital Lease Assets, *Continued*

| | Balance | | | | Balance |
|--|----------------------|---------------------|-------------|-----------------|----------------------|
| | June 30, 2019 | Additions | Deletions | Transfers | June 30, 2020 |
| Nondepreciable capital assets: | | | | | |
| Construction in process | \$ 476,746 | \$ 5,479,603 | \$ - | \$ (27,466) | \$ 5,928,883 |
| Total nondepreciable capital assets | 476,746 | 5,479,603 | - | (27,466) | 5,928,883 |
| Depreciable capital assets: | | | | | |
| Buildings and improvements | 14,844,113 | 102,232 | - | - | 14,946,345 |
| Runways and improvements | 36,122,632 | - | - | - | 36,122,632 |
| Machinery and equipment | 5,528,323 | 741,916 | - | 27,466 | 6,297,705 |
| Total depreciable capital assets | 56,495,068 | 844,148 | - | 27,466 | 57,366,682 |
| Less accumulated depreciation | 36,718,036 | 1,811,943 | - | - | 38,529,979 |
| Total depreciable capital assets, net | 19,777,032 | (967,795) | - | 27,466 | 18,836,703 |
| Capital assets, net | \$ 20,253,778 | \$ 4,511,808 | \$ - | \$ - | \$ 24,765,586 |

Note 5. Retirement Commitment – WRS

Plan description: Substantially all employees of the Airport are provided with pensions through the Public Employee Pension Plan, a statewide cost-sharing multiple-employer defined benefit pension plan administered by the WRS. The authority to establish and amend benefits and contributions rates rests with the Legislature of the State of Wyoming. The WRS is granted the authority to administer the Plan by Wyoming State Statutes 9-3-401 through 432. The WRS issues a publicly available financial report located at <https://retirement.wyo.gov/gov/About/Reports?Label=Financial#categories>.

Benefits provided: The determination of retirement benefits is dependent upon the employee's initial employment date.

Service Retirement Tier 1: Full retirement at age 60 or qualifies for the Rule of 85. Early retirement is permitted at age 50 or 25 years of service. Formula for retirement equals 2.125% times the number of years of service times the three-year highest average salary for the first 15 years and 2.25% times the number of years of service times the three-year highest average salary over 15 years.

Service Retirement Tier 2: Full retirement at age 65 or qualifies for the Rule of 85. Early retirement is permitted at age 55 or 25 years of service. Formula for retirement equals 2% times the number of years of service times the five-year highest average salary.

Disability benefits: Partial or total disability retirement is available to any member who becomes incapacitated, mentally or physically, and cannot continue in the performance of his/her duties. To qualify, the member must have at least 10 years of service and must be "in service" at the time of application for disability retirement. Upon retirement for a partial disability, the member receives a monthly disability retirement benefit for the period of his/her disability equal to 50% of the normal benefit payable to the member, as if the member was eligible for normal retirement benefits. Upon retirement for a total disability, the member receives a monthly disability benefit equal to 100% of his/her service retirement benefit as if the member was eligible for normal retirement benefits. Disability benefits are payable for the life of the member or until death.

SOUTHWEST WYOMING REGIONAL AIRPORT

NOTES TO FINANCIAL STATEMENTS

Note 5. Retirement Commitment – WRS, *Continued*

Survivor's benefits: Certain surviving dependents receive benefits based on the deceased member's compensation and their relationship to the deceased, as well as the benefit option selected by the member at the date of retirement.

Contributions: Per Title 9-3-412 and 413 of Wyoming State Statutes, effective July 1, 2020, member and employer contributions were required to be 9.00% and 9.12% of compensation, respectively. Effective July 1, 2019, member and employer contributions were required to be 8.75% and 8.87% of compensation, respectively. In accordance with Title 9-3-412(c)(ii) of Wyoming State Statutes, the Airport has elected to pay the member's contribution in addition to the employer's contribution. Total contributions to the pension plan from the Airport were \$126,932, \$120,470, and \$116,726 for the years ended June 30, 2021, 2020, and 2019, respectively.

Pension liabilities, pension expense, and deferred outflows of resources and deferred inflows of resources related to pensions: At June 30, 2021 and 2020, the Airport reported a liability of \$821,897 and \$913,034, respectively, for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2020 and 2019, respectively, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2020 and 2019, respectively. The 2020 and 2019 actuarial valuations incorporate assumption changes adopted by the WRS Board effective August 23, 2017. The Airport's proportion of the net pension liability was based on the relationship of the Airport's total contributions to the plan for the years ended December 31, 2020 and 2019 to the contributions of all participating employers for the same period. At December 31, 2020, the Airport's proportion was 0.0378169%, which was a decrease from its December 31, 2019 proportion of 0.0388537%.

For the years ended June 30, 2021 and 2020, the Airport recognized pension expense of \$56,023 and \$136,680, respectively. At June 30, the Airport reported deferred outflows and inflows of resources related to pensions from the following sources:

| | 2021 | | 2020 | |
|--|--------------------------------|-------------------------------|--------------------------------|-------------------------------|
| | Deferred Outflows of Resources | Deferred Inflows of Resources | Deferred Outflows of Resources | Deferred Inflows of Resources |
| Differences between expected and actual experience | \$ 15,619 | \$ 7,147 | \$ - | \$ 17,949 |
| Net difference between projected and actual earnings on pension plan investments | - | 180,192 | - | 130,633 |
| Changes in proportionate share of contributions | 13,784 | 29,208 | 35,822 | 15,893 |
| Change in assumption | 5,104 | - | 31,003 | - |
| Contributions subsequent to the measurement date | 31,745 | - | 29,833 | - |
| | <u>\$ 66,252</u> | <u>\$ 216,547</u> | <u>\$ 96,658</u> | <u>\$ 164,475</u> |

SOUTHWEST WYOMING REGIONAL AIRPORT

NOTES TO FINANCIAL STATEMENTS

Note 5. Retirement Commitment – WRS, *Continued*

The amounts of \$31,745 and \$29,833 at June 30, 2021 and 2020, respectively, reported as deferred outflows of resources related to pensions resulting from the Airport's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the years ending June 30, 2022 and 2021, respectively. The other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions at June 30, 2021 will be recognized in pension expense, as follows:

| Years ending June 30: | |
|-----------------------|---------------------|
| 2022 | \$ (51,675) |
| 2023 | (28,607) |
| 2024 | (81,263) |
| 2025 | <u>(20,495)</u> |
| | <u>\$ (182,040)</u> |

Actuarial assumptions: The total pension liability in the January 1, 2020 actuarial valuation was determined using the following actuarial assumptions adopted by the WRS Board effective August 23, 2017, applied to all periods included in the measurement:

| | |
|---------------------------|--|
| Inflation | 2.25% |
| Salary Increases | 2.50%-6.50%, including inflation |
| Payroll Growth Rate | 2.50% |
| Investment Rate of Return | 7.00%, net of pension plan investment expense, including inflation |

Post-retirement mortality: Mortality rates were based on the RP-2014 Healthy Annuitant Mortality Tables for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale MP-2017.

Pre-retirement mortality: Mortality rates were based on the RP-2014 Employee Mortality Tables for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale MP-2017.

SOUTHWEST WYOMING REGIONAL AIRPORT

NOTES TO FINANCIAL STATEMENTS

Note 5. Retirement Commitment – WRS, *Continued*

Long-term expected rate of return: The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These real rates of return are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Each major asset class is included in the pension plan’s target asset allocation for fiscal years 2020 and 2019. These best estimates are summarized in the following tables:

| Asset class: | 2020 | | |
|-------------------------|-------------------|---|--|
| | Target Allocation | Long-Term Expected Geometric Rate of Return | Long-Term Expected Arithmetic Rate of Return |
| Cash | 2.00% | -1.00% | -1.00% |
| Fixed income | 21.00% | 1.00% | 1.34% |
| Equity | 48.50% | 5.23% | 7.34% |
| Marketable alternatives | 19.00% | 3.47% | 4.50% |
| Private markets | 9.50% | 4.53% | 5.82% |
| | <u>100.00%</u> | | |

| Asset class: | 2019 | | |
|-------------------------|-------------------|---|--|
| | Target Allocation | Long-Term Expected Geometric Rate of Return | Long-Term Expected Arithmetic Rate of Return |
| Cash | 2.00% | -0.20% | -0.19% |
| Fixed income | 21.00% | 1.32% | 1.67% |
| Equity | 48.50% | 5.43% | 7.42% |
| Marketable alternatives | 19.00% | 3.46% | 4.33% |
| Private markets | 9.50% | 4.46% | 5.58% |
| | <u>100.00%</u> | | |

Experience analysis: An experience study was conducted on behalf of all WRS’s plans covering the five-year period ended December 31, 2016. That study provided a detailed analysis concerning the development of the long-term inflation rate, real rate of return and discount rate. The study also analyzed each major actuarial assumption (e.g., mortality, salary increases, retirement, termination, and disability) and proposed assumptions consistent with the findings.

SOUTHWEST WYOMING REGIONAL AIRPORT

NOTES TO FINANCIAL STATEMENTS

Note 5. Retirement Commitment – WRS, *Continued*

Discount rate: The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the current contribution rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the employer's proportionate share of the net pension liability to changes in the discount rate: The following presents the Airport's proportionate share of the net pension liability calculated using the discount rate of 7.00%, as well as what the Airport's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (6.00%) or one-percentage-point higher (8.00%) than the current rate:

| | 1% Decrease (6.00%) | Current Discount Rate (7.00%) | 1% Increase (8.00%) |
|--|---------------------------|-------------------------------------|---------------------------|
| Proportionate share of the net pension liability | \$ 1,287,819 | \$ 821,897 | \$ 433,081 |

Pension plan fiduciary net position: Detailed information about the pension plan's fiduciary net position is available in the separately issued WRS financial report available from the WRS, 6101 Yellowstone Road, Cheyenne, Wyoming 82002, or through the WRS website at <http://retirement.state.wy.us/About/Reports?Label=Financial#categories>.

Note 6. Grants, Capital Contributions and Local Government Support

The Airport receives a substantial amount of its support from grant programs administered by the U.S. Department of Transportation and the Wyoming Department of Transportation. In addition, the Airport receives funding from the City of Rock Springs and Sweetwater County. A significant reduction in the level of this support, if this were to occur, may have an adverse effect on the Airport's activities.

Under the terms of the Federal and state grants, periodic audits are required and certain costs may be selected and examined to ensure they are appropriate expenditures under the terms of the grants. Such audits may lead to requests for reimbursement for disallowed expenditures. Based upon prior experience, Airport management believes such disallowances, if any, will be immaterial.

SOUTHWEST WYOMING REGIONAL AIRPORT

NOTES TO FINANCIAL STATEMENTS

Note 6. Grants, Capital Contributions and Local Government Support, *Continued*

The following is a schedule of total grants, capital contributions, and local government support earned:

| | <u>2021</u> | <u>2020</u> |
|--|---------------------|---------------------|
| Wyoming Department of Transportation (Federal/State) | \$ 5,225,612 | \$ 5,343,558 |
| Sweetwater County (Local) | 779,509 | 586,618 |
| City of Rock Springs (Local) | 402,824 | 271,998 |
| Bureau of Land Management (Federal) | 2,528,779 | 107,723 |
| U.S. Department of Homeland Security (Federal) | 11,211 | 15,319 |
| | <u>\$ 8,947,935</u> | <u>\$ 6,325,216</u> |

The Airport also received \$800,000 from the City of Rock Springs through the sale-leaseback of the fuel tank farm.

Note 7. Risk Management

The Airport is subject to risk of loss from various events, including torts, theft, damage to assets, business interruption, errors and omissions, and job-related injuries to employees, as well as acts of God. The Airport mitigates its risk associated with the above through commercial insurance policies for liability insurance, purchase of commercial property insurance policies, and workers' compensation coverage. There has been no significant reduction in coverage against these losses from year to year.

SOUTHWEST WYOMING REGIONAL AIRPORT

NOTES TO FINANCIAL STATEMENTS

Note 8. Commitments and Subsequent Events

As of June 30, 2021, the Airport entered into several construction/engineering contracts resulting in the commitments for future capital expenditures. The major projects are listed below. Although portions of these projects have been completed and capitalized during 2021, the amounts below represent the activity pertaining to the Airport's portion of the contract as a whole:

| | Total Contract | Expended to Date at June 30, 2021 | Total Commitment at June 30, 2021 |
|---|----------------------|---|---|
| Fuel Farm Replacement | \$ 1,837,368 | \$ 1,839,470 | \$ (2,102) |
| BLM Seat Base | 1,917,363 | 1,912,984 | 4,379 |
| Commercial Terminal Modernization - Design & Construct | 16,407,993 | 1,936,581 | 14,471,412 |
| Design & Construct New Snow Removal Equipment Building | 5,007,407 | 1,138,071 | 3,869,336 |
| Acquire Snow Blower | 870,305 | 2,567 | 867,738 |
| Seal Coat & Mark Airfield Pavements | 635,977 | 39,300 | 596,677 |
| | <u>\$ 26,676,413</u> | <u>\$ 6,868,973</u> | <u>\$ 19,807,440</u> |

The funding for the Airport's commitments will come through a combination of Federal, state, and local resources.

Note 9. Restricted Net Position

The Airport receives revenue in the form of a passenger facility charge. The passenger facility charge must be approved by the Federal Aviation Association. The passenger facility charge is restricted for expenditures that directly benefit passengers of the Airport and cannot be used to fund Airport operations. The restricted net position was \$18,333 and \$7,125 at June 30, 2021 and 2020, respectively.

Note 10. Note Payable

In December 2017, the Airport purchased equipment with a loan from a financial institution. The loan (original amount \$105,000, interest at 4.5%) required monthly principal and interest payments of \$1,961, and initially matured in December 2022. As of June 30, 2020, the loan balance was \$54,229. During the year ended June 30, 2021, the Airport paid off the loan in full, including \$1,349 in interest.

| | Balance June 30, 2020 | Additions | Reductions | Balance June 30, 2021 | Due within One Year |
|--------------|--------------------------|-----------|-------------|--------------------------|------------------------|
| Note payable | \$ 54,229 | \$ - | \$ (54,229) | \$ - | \$ - |

SOUTHWEST WYOMING REGIONAL AIRPORT

NOTES TO FINANCIAL STATEMENTS

Note 10. Note Payable, *Continued*

| | Balance | | | Balance | Due within |
|--------------|---------------|-----------|-------------|---------------|------------|
| | June 30, 2019 | Additions | Reductions | June 30, 2020 | One Year |
| Note payable | \$ 75,269 | \$ - | \$ (21,040) | \$ 54,229 | \$ 21,447 |

Note 11. COVID-19 Global Pandemic

During March 2020, a global pandemic was declared by the World Health Organization related to the rapidly growing outbreak of a novel strain of coronavirus (COVID-19). The pandemic has impacted, and continues to significantly impact, the economic conditions in the U.S. as Federal, state and local governments react to the public health crisis, and has created significant uncertainties in the U.S. economy. It is unknown how long the adverse economic conditions associated with the coronavirus will last and what the complete financial effect will be, if any, on the Airport.

REQUIRED SUPPLEMENTARY INFORMATION

SOUTHWEST WYOMING REGIONAL AIRPORT

**SCHEDULE OF THE AIRPORT'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY**

**Public Employee Pension Plan
Last Eight Fiscal Years***

| | Airport's Proportion of the Net Pension Liability | Airport's Proportionate Share of the Net Pension Liability | Airport's Covered Payroll | Airport's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll | Plan Fiduciary Net Position as a Percentage of the Total Pension Liability |
|-------------|--|--|---------------------------------|---|---|
| 2014 | 0.035723851% | \$ 543,146 | \$ 611,626 | 88.80% | 81.10% |
| 2015 | 0.036532440% | 644,685 | 632,798 | 101.88% | 79.08% |
| 2016 | 0.035120680% | 818,084 | 626,137 | 130.66% | 73.40% |
| 2017 | 0.035783800% | 865,074 | 640,034 | 135.16% | 73.42% |
| 2018 | 0.037432900% | 853,224 | 657,764 | 129.72% | 76.35% |
| 2019 | 0.039552100% | 1,204,477 | 688,446 | 174.96% | 69.17% |
| 2020 | 0.038853700% | 913,034 | 701,291 | 130.19% | 76.83% |
| 2021 | 0.378169000% | 821,897 | 688,754 | 119.33% | 79.24% |

** The amounts presented for each fiscal year were determined as of the calendar year-end that occurred within the fiscal year. This schedule is to be built prospectively until it contains 10 years of data.*

See Note to Required Supplementary Information.

SOUTHWEST WYOMING REGIONAL AIRPORT

SCHEDULE OF THE AIRPORT'S CONTRIBUTIONS

Public Employee Pension Plan

Last Eight Fiscal Years*

| | Statorily Required Contribution | Contributions in Relation to the Statorily Required Contribution | Contribution Deficiency (Excess) | Covered Payroll | Contributions as a Percentage of Covered Payroll Pension Liability |
|-------------|---------------------------------------|--|--|--------------------|---|
| 2014 | \$ 44,681 | \$ 44,681 | \$ - | \$ 627,549 | 7.12% |
| 2015 | 48,326 | 48,326 | - | 634,193 | 7.62% |
| 2016 | 54,381 | 54,381 | - | 649,713 | 8.37% |
| 2017 | 54,446 | 54,446 | - | 650,490 | 8.37% |
| 2018 | 56,657 | 56,657 | - | 676,911 | 8.37% |
| 2019 | 58,774 | 58,774 | - | 685,145 | 8.58% |
| 2020 | 60,645 | 60,645 | - | 703,540 | 8.62% |
| 2021 | 63,886 | 63,886 | - | 700,504 | 9.12% |

** This schedule is to be built prospectively until it contains 10 years of data.*

See Note to Required Supplementary Information.

SOUTHWEST WYOMING REGIONAL AIRPORT

NOTE TO REQUIRED SUPPLEMENTARY INFORMATION

Note 1. Retirement Commitment – Wyoming Retirement System (WRS)

Changes in benefit terms: There were no changes in benefit terms between the initial measurement date reflected below through the December 31, 2020 measurement date.

Changes in assumptions: Healthcare trend rates were updated along with the assumptions relating to mortality rates, retirement rates, withdrawal rates, disability rates, and salary increase rates based on the WRS December 31, 2016 actuarial experience study. Further, there have been various assumption changes from the initial measurement date reflected below through the December 31, 2020 measurement date, as indicated in the table below:

| Measurement Date (WRS Year-End) | Discount Rate | Investment Rate of Return | Inflation Rate | Salary Increases Rate | Payroll Growth Rate |
|------------------------------------|------------------|------------------------------|-------------------|--------------------------|------------------------|
| 2014 | 7.75% | 7.75% | 3.25% | 4.25%-6.00% | 4.25% |
| 2015 | 7.75% | 7.75% | 3.25% | 4.25%-6.00% | 4.25% |
| 2016 | 7.75% | 7.75% | 3.25% | 4.25%-6.00% | 4.25% |
| 2017 | 7.75% | 7.75% | 3.25% | 4.25%-6.00% | 4.25% |
| 2018 | 7.00% | 7.00% | 2.25% | 2.50%-6.50% | 2.50% |
| 2019 | 7.00% | 7.00% | 2.25% | 2.50%-6.50% | 2.50% |
| 2020 | 7.00% | 7.00% | 2.25% | 2.50%-6.50% | 2.50% |

SUPPLEMENTARY INFORMATION

SOUTHWEST WYOMING REGIONAL AIRPORT

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2021**

| Federal Grantor/Pass-Through Grantor/Program or Cluster Title | Federal AL Number | Pass-Through Entity Identifying Number | Total Federal Expenditures |
|---|-------------------------|---|----------------------------------|
| U.S. Department of Transportation: | | | |
| Passed through Wyoming Aeronautics Commission: | | | |
| Airport Improvement Program | 20.106 | DOT-FA19NM-1023 | \$ 1,007,202 |
| Airport Improvement Program | 20.106 | DOT-FA20NM-1087 | 757,075 |
| COVID-19 Airport Improvement Program | 20.106 | CARES ACT | 1,094,717 |
| Total Airport Improvement Program | | | 2,858,994 |
| Coronavirus Relief Fund | 21.019 | 3-56-0025-039-2020 | 64,910 |
| Total U.S. Department of Transportation | | | 2,923,904 |
| U.S. Department of Homeland Security: | | | |
| Law Enforcement Officer Reimbursement Agreement Program | 97.U01 | HSTS02-16-H-SLR657 | 11,211 |
| Total U.S. Department of Homeland Security | | | 11,211 |
| | | | \$ 2,935,115 |

See Notes to Schedule of Expenditures of Federal Awards.

SOUTHWEST WYOMING REGIONAL AIRPORT

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note 1. Summary of Significant Accounting Policies

Expenditures reported on the accompanying Southwest Wyoming Regional Airport (the Airport) Schedule of Expenditures of Federal Awards (the Schedule) are reported on the cash basis of accounting. Such expenditures are recognized following the cost principles contained in Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), wherein certain types of expenditures are not allowable or are limited as to reimbursement. The Airport provided no Federal funds to subrecipients.

Note 2. De Minimis Cost Rate

The Airport did not elect to use the de minimis cost rate allowed under the Uniform Guidance.

Note 3. Basis of Presentation

The Schedule includes the Federal award activity of the Airport under programs of the Federal government for the year ended June 30, 2021. The information in this Schedule is presented in accordance with the requirements of the Uniform Guidance. Because the Schedule presents only a selected portion of the operations of the Airport, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Airport.

SOUTHWEST WYOMING REGIONAL AIRPORT

SCHEDULE OF EXPENDITURES OF PASSENGER FACILITY CHARGES

Year Ended June 30, 2021

| Federal Grantor/Pass-Through Grantor/Program Title | Approved Amount | Passenger Facility Charges June 30, 2020 | Passenger Facility Charges and Interest Collected | Assets Released from Restriction | Transfers Outstanding (to) Airport's Operating Account | Passenger Facility Charges June 30, 2021 |
|--|-----------------|--|---|----------------------------------|--|--|
| Passenger Facility Charge Program: 2015 Application | \$ 688,128 | \$ 7,125 | \$ 50,330 | \$ (377) | \$ (38,745) | \$ 18,333 |

See Notes to Schedule of Expenditures of Passenger Facility Charges.

SOUTHWEST WYOMING REGIONAL AIRPORT

NOTES TO SCHEDULE OF EXPENDITURES OF PASSENGER FACILITY CHARGES

Note 1. General

The accompanying Schedule of Expenditures of Passenger Facility Charges (the Schedule) presents the activity of the passenger facility charge program of the Southwest Wyoming Regional Airport (the Airport) for the year ended June 30, 2021. All passenger facility charge revenue and expenditures are included in the accompanying Schedule.

Note 2. Basis of Accounting

The accompanying Schedule is presented using the accrual basis of accounting, and revenue is recognized when earned and expenditures are recognized when the related obligation is incurred. The information in this Schedule is presented in accordance with the requirements of the *Passenger Facility Charge Audit Guide for Public Agencies* issued by the Federal Aviation Administration. Therefore, some amounts presented in this Schedule may differ from amounts presented, or used in the preparation of, the basic financial statements.



**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***

To the Joint Powers Board
Southwest Wyoming Regional Airport
Rock Springs, Wyoming

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities of the Southwest Wyoming Regional Airport (the Airport) as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Airport's basic financial statements, and have issued our report thereon dated October 28, 2021.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Airport's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Airport's internal control. Accordingly, we do not express an opinion on the effectiveness of the Airport's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies, and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, we did identify a certain deficiency in internal control, described in the accompanying Schedule of Findings and Questioned Costs as item 2021-001, that we consider to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Airport's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

The Airport's Response to the Finding

The Airport's response to the finding identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. The Airport's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the Airport's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Airport's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Cheyenne, Wyoming
October 28, 2021



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR
EACH MAJOR FEDERAL PROGRAM AND REPORT ON
INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY THE UNIFORM GUIDANCE**

To the Joint Powers Board
Southwest Wyoming Regional Airport
Rock Springs, Wyoming

Report on Compliance for the Major Federal Program

We have audited the Southwest Wyoming Regional Airport's (the Airport) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the Airport's major Federal program for the year ended June 30, 2021. The Airport's major Federal program is identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with Federal statutes, regulations, and terms and conditions of its Federal awards applicable to its Federal program.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for the Airport's major Federal 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 audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance 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 a major Federal 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 for the major Federal program. However, our audit does not provide a legal determination of the Airport's compliance.

Opinion on Each Major Federal Program

In our opinion, the Airport complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major Federal program for the year ended June 30, 2021.

Report on Internal Control over Compliance

Management of the Airport 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 Airport's internal control over compliance with the types of requirements that could have a direct and material effect on the major Federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major Federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, 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 Airport'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 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 type of compliance requirement of a Federal 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 a Federal 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 be 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 audit requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

McGee, Hearne & Paiz, LLP

Cheyenne, Wyoming
October 28, 2021

SOUTHWEST WYOMING REGIONAL AIRPORT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2021

I. SUMMARY OF INDEPENDENT AUDITOR'S RESULTS

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with U.S. GAAP: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? Yes No
- Significant deficiency(ies) identified? Yes None Reported

Noncompliance material to financial statements noted? Yes No

Federal Awards

Internal control over major Federal program:

- Material weakness(es) identified? Yes No
- Significant deficiency(ies) identified? Yes None Reported

Type of auditor's report issued on compliance for major Federal program: Unmodified

- Any audit findings disclosed that are required to be reported in accordance with Section 2 CFR 200.516(a)? Yes No

Identification of major Federal program:

| AL Number | Name of Federal Program or Cluster |
|-----------|------------------------------------|
| 20.106 | Airport Improvement Program |

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000

Auditee qualified as low-risk auditee? Yes No

SOUTHWEST WYOMING REGIONAL AIRPORT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS Year Ended June 30, 2021

II. FINANCIAL STATEMENT FINDINGS

2021-001: Segregation of Duties

Criteria: Internal controls are designed to safeguard assets and help prevent loss from employee dishonesty or error. A fundamental concept in an adequate system of internal control is the segregation of duties.

Condition/context: Southwest Wyoming Regional Airport (the Airport) personnel currently perform incompatible duties.

- Cash receipts: Collections of cash receipts are mainly performed by one individual. The Business Manager receives cash payments in the mail, prepares the deposit slip, physically makes the deposit at the bank, and also records the receipt of cash.
- Journal entries: The Business Manager has the ability to prepare and post journal entries prior to a review of the journal entry occurring. In addition, supporting documentation was not available for all journal entries selected for testing.

Effect: Without properly designed internal control systems, the Airport could be susceptible to misappropriations of assets (theft of money) and/or inaccurate financial reporting.

Cause: The concentration of closely related duties and responsibilities by a small staff makes it difficult to establish an adequate system of internal checks on the accuracy and reliability of the accounting records. While we recognize the Airport is not large enough to permit a segregation of duties for an effective system of internal accounting control, we believe it is important that officials be aware that the conditions do exist.

Recommendation: We recommend that current internal control policies and procedures be scrutinized to ensure that proper segregation is obtained when possible. We also recommend that the Contract Accountant continue to reconcile the monthly bank statements and to have the Airport review the monthly financial statements.

Views of responsible officials and planned corrective actions: Management and the Airport are aware of the segregation of duties issues regarding the Business Manager's position. Due to the small size of the Airport, management has hired a Contract Accountant to provide additional oversight to this role, and the Airport takes an active role in the financial management of the Airport and believes the proper controls are in place to mitigate risks associated with the segregation of duties issues noted above.

III. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None.

SOUTHWEST WYOMING REGIONAL AIRPORT

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS Year Ended June 30, 2021

I. FINANCIAL STATEMENT FINDINGS

2020-001: Segregation of Duties

Condition/context: Southwest Wyoming Regional Airport (the Airport) personnel currently perform incompatible duties.

- Cash receipts: Collections of cash receipts are mainly performed by one individual. The Business Manager receives cash payments in the mail, prepares the deposit slip, physically makes the deposit at the bank, and also records the receipt of cash.
- Journal entries: The Business Manager has the ability to prepare and post journal entries prior to a review of the journal entry occurring. In addition, supporting documentation was not available for all journal entries selected for testing.

Status: Management and the Airport are aware of the segregation of duties issues regarding the Business Manager's position. Due to the small size of the Airport, management has hired a Contract Accountant to provide additional oversight to this role, and the Airport takes an active role in the financial management of the Airport and believes the proper controls are in place to mitigate risks associated with the segregation of duties issues noted above.

Auditor's comments: Based on testing of cash receipts and journal entries throughout the audit, we determined the condition still exists. As such, see finding at 2021-001.



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH
REQUIREMENTS APPLICABLE TO THE PASSENGER
FACILITY CHARGE PROGRAM AND ON
INTERNAL CONTROL OVER COMPLIANCE**

To the Joint Powers Board
Southwest Wyoming Regional Airport
Rock Springs, Wyoming

Report on Compliance of Passenger Facility Charges

We have audited the Southwest Wyoming Regional Airport's (the Airport) compliance with the compliance requirements described in the *Passenger Facility Charge Audit Guide for Public Agencies*, issued by the Federal Aviation Administration (the Guide), that could have a direct and material effect on its passenger facility charge program for the year ended June 30, 2021.

Management's Responsibility

Management of the Airport is responsible for compliance with the requirements of laws and regulations applicable 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 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 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 Guide. Our audit does not provide a legal determination on the Airport's compliance with those requirements.

Opinion on the Passenger Facility Charge Program

In our opinion, the Airport 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, 2021.

Report on Internal Control over Compliance

Management of the Airport 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 Airport's internal control over compliance with the requirements that could have a direct and material effect on the passenger facility charge program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the passenger facility charge program and to test and report on internal control over compliance, 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 Airport'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 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 type of compliance requirement of a Federal 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 a Federal 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 be 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 Guide. Accordingly, this report is not suitable for any other purpose.

McGee, Hearne & Paiz, LLP

Cheyenne, Wyoming
October 28, 2021

SOUTHWEST WYOMING REGIONAL AIRPORT

**SCHEDULE OF PASSENGER FACILITY CHARGES FINDINGS
AND QUESTIONED COSTS**

Year Ended June 30, 2021

There were no passenger facility charges findings in the current year.

SOUTHWEST WYOMING REGIONAL AIRPORT

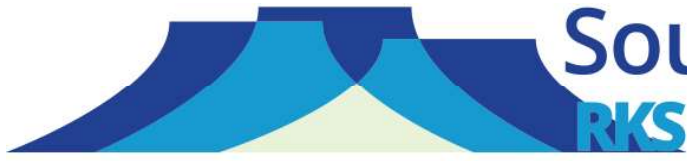
**SUMMARY SCHEDULE OF PRIOR PASSENGER FACILITY
CHARGES FINDINGS**

Year Ended June 30, 2021

There were no passenger facility charges findings in the prior year.

EXHIBIT I

CORRECTIVE ACTION PLAN



SCHEDULE OF FINDINGS

Year Ended June 30, 2021

FINANCIAL STATEMENT FINDING

2021-001: Segregation of Duties

Views of responsible officials and planned corrective actions: Management and the Airport are aware of the segregation of duties issues regarding the Business Manager's position. Due to the small size of the Airport, management has hired a contract accountant to provide additional oversight to this role and the Airport takes an active role in the financial management of the Airport and believes the proper controls are in place to mitigate risks associated with the segregation of duties issue noted above.