

SOUTHWEST WYOMING REGIONAL AIRPORT

FINANCIAL AND COMPLIANCE REPORT

JUNE 30, 2022

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinion

We have audited 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, 2022, and the related notes to the financial statements, which collectively comprise the Airport's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the Airport as of June 30, 2022, and the respective changes in its financial position and its cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Airport and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter - Change in Accounting Principle

As discussed in Note 11 to the financial statements, the Airport adopted new accounting guidance with the implementation of Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*. Our opinion is not modified with respect to this matter.

Responsibilities of Management 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, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Airport's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Airport's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal-control-related matters that we identified during the audit.

Required Supplementary Information

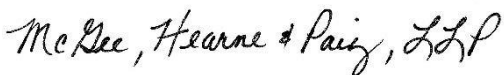
Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis on pages 4 through 9, the Schedule of the Airport's Proportionate Share of the Net Pension Liability on page 28, the Schedule of the Airport's Contributions on page 29, and the Note to Required Supplementary Information on page 30 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the GASB 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 GAAS, 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 audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Airport's basic financial statements. The Schedule of Expenditures of Federal Awards as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and the Schedule of Expenditures of Passenger Facility Charges are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from, and relates directly to, the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, this information is 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 November 8, 2022 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.



Cheyenne, Wyoming
November 8, 2022

Southwest Wyoming Regional Airport

Management's Discussion and Analysis Year Ended June 30, 2022

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 year ended June 30, 2022. 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, totals 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 relate to a future period) and its liabilities and deferred inflows of resources (what the Airport owes or the current acquisition of assets that relate 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 nonfinancial factors, such as changes in the Airport's community and the 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 Year Ended June 30, 2022

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:

	<u>2022</u>	<u>2021</u>
Current and Other Assets	\$ 5,152,132	\$ 3,888,037
Capital Assets, net of accumulated depreciation	41,032,499	31,093,374
Total assets	46,184,631	34,981,411
Deferred Outflows of Resources	118,640	66,252
Current Liabilities	2,782,228	2,252,773
Noncurrent Liabilities	1,349,174	1,621,897
Total liabilities	4,131,402	3,874,670
Deferred Inflows of Resources	712,384	216,547
Net Position:		
Net investment in capital assets	37,634,345	28,999,897
Restricted net position	15,040	18,333
Unrestricted net position	3,810,100	1,938,216
Total net position	\$ 41,459,485	\$ 30,956,446

Southwest Wyoming Regional Airport

Management's Discussion and Analysis Year Ended June 30, 2022

	2022	2021
Operating Revenues:		
Fuel sales	\$ 2,110,030	\$ 1,663,232
Revenue from aviation services	974,265	890,830
Total operating revenues	3,084,295	2,554,062
Operating Expenses:		
Fuel	1,494,698	1,059,706
Aviation services	1,405,908	1,381,014
Other operating expenses	361,343	375,460
Total operating expenses, excluding depreciation	3,261,949	2,816,180
Depreciation	2,312,476	1,966,738
Total operating expenses, including depreciation	5,574,425	4,782,918
Operating (loss)	(2,490,130)	(2,228,856)
Net Nonoperating Revenue	1,812,327	3,836,178
Other Revenue, Expenses, Gains, or Losses	11,180,842	5,183,112
Increase in net position	10,503,039	6,790,434
Net Position:		
Beginning of year	30,956,446	24,166,012
End of year	\$ 41,459,485	\$ 30,956,446

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, 2022 and 2021.

Assets and Liabilities

Current and other assets increased by \$1,264,095 for the year ended June 30, 2022. The increase is primarily due to a new investment by the Airport in the Wyoming Cooperative Liquid Assets Security System (Wyoming CLASS), an external investment pool of \$1,052,341, as well as an increase in lease receivables of \$297,253, due to the implementation of Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*. These increases were offset by a \$902,488 decrease in grants receivable. The decrease in grants receivable for June 30, 2022 is attributable to the timing of spending on Airport improvement projects and other stimulus funding during 2022 compared to 2021. Further, 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 Year Ended June 30, 2022

Current and other assets increased by \$2,204,201 for the year ended June 30, 2021. The increase is primarily due to a \$1,632,013 increase in grants receivable 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 Coronavirus Aid, Relief, and Economic Security Act (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 liabilities for the year ended June 30, 2022 increased by \$529,455. Current liabilities for the year ended June 30, 2021 increased by \$982,996. The 2022 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, 2022 and 2021.

Long-term liabilities for the year ended June 30, 2022 decreased by \$272,723. Long-term liabilities for the year ended June 30, 2021 increased by \$676,081. The 2022 decrease is due to a decrease in the Airport's share of the Wyoming Retirement System's net pension liability. The 2021 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 \$10,503,039 for the year ended June 30, 2022. The increase in fiscal year 2022 is due primarily to increased construction-in-progress activity that occurred during 2022 as a result of Federal funding received through the Airport Improvement Program. Net position in total increased by \$6,790,434 for the year ended June 30, 2021. The increase in fiscal year 2021 is due primarily to increased Federal grants for Airport improvements.

The Airport has \$15,040 of funds that are restricted as to their use for the year ended June 30, 2022. The Airport also has \$18,333 of funds that are restricted as to their use for the year ended June 30, 2021. 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 \$3,810,100 for the fiscal year ended June 30, 2022, which is an increase from June 30, 2021. 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. 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 GASB standards as well as an increase in grants receivable.

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 \$530,233 for the year ended June 30, 2022. The change is due primarily to the increase in fuel sales, which increased by \$446,798 in fiscal year 2022.

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 in fiscal year 2021. This was offset by the decrease in fuel sales of \$45,913, which was driven by the COVID-19 global pandemic.

Southwest Wyoming Regional Airport

Management's Discussion and Analysis Year Ended June 30, 2022

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 \$1,681,948 and \$11,180,842, respectively, for the year ended June 30, 2022. Grant income decreased \$2,082,875 from June 30, 2021, while capital contributions increased \$5,997,730. The significant changes are due to Airport improvement projects ongoing during 2022, funded through CARES Act appropriations, other pandemic stimulus funds through American Rescue Plan Act of 2021 appropriations, and the timing of related project expenditures.

Grant income and capital contributions 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 in grant income is due to Airport improvement projects ongoing during 2021, funded through CARES Act appropriations.

Expenses

Operating expenses, including depreciation/amortization, increased by \$791,507 for the year ended June 30, 2022. The increase from 2021 to 2022 was primarily caused by an increase in fuel expense of \$434,992 as well as an increase in depreciation/amortization expense of \$345,738. The fuel expense increase was driven by fuel supply shortages and the Airport's desire to ensure that an appropriate supply of fuel was on hand for customers. The increase in depreciation and amortization expense is due to the large number of Airport improvement projects that have completed and entered service over the last year.

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.

Capital Assets

Net capital assets increased by \$9,917,585 for the year ended June 30, 2022 (after the implementation of GASB Statement No. 87). This increase was driven by significant Airport improvement projects, of which \$13,921,645 remains in construction in progress at June 30, 2022. The increase in nondepreciable and depreciable capital assets was offset by depreciation expense of \$2,312,476.

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. For more information, see Note 4.

Southwest Wyoming Regional Airport

Management's Discussion and Analysis Year Ended June 30, 2022

The following table provides a summary of the Airport's capital assets by class after the implementation of GASB Statement No. 87:

	2022	2021
Nondepreciable Capital Assets:		
Construction in process	\$ 13,921,645	\$ 3,498,036
Depreciable Capital Assets:		
Buildings and improvements	18,244,194	18,136,041
Runways and improvements	42,412,163	41,723,962
Machinery and equipment	8,442,150	7,432,052
Right-to-use leased assets	821,540	821,540
Total depreciable capital assets	69,920,047	68,113,595
Total capital assets	83,841,692	71,611,631
Accumulated depreciation/amortization	42,809,193	40,496,717
Capital assets, net	\$ 41,032,499	\$ 31,114,914

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.

Leases

In fiscal year 2022, the Airport implemented GASB Statement No. 87. For the Airport's lessor leases, this statement resulted in the recording of a lease receivable and a deferred inflow of resources of \$297,253 each, which are shown on the Statement of Net Position at June 30, 2022. Previously, these items were not recorded. Had GASB Statement No. 87 been implemented for the year ended June 30, 2021, total assets would have increased by \$351,859 and total deferred inflows of resources would have increased by the same amount. Net position would have remained unaffected.

For the Airport's lessee leases, GASB Statement No. 87 required the Airport to capitalize all leases. Previously, only capital leases were reported on the Statement of Net Position. This included an \$800,000 lease for use in the Airport's fuel tank farm replacement project. At June 30, 2022, the total lease liability related to the Airport's lessee leases was \$814,048. This lease liability is offset by right-to-use leased assets and sale-leaseback assets of \$814,048. Had GASB Statement No. 87 been implemented for the year ended June 30, 2021, total liabilities would have increased by \$21,540 and total assets would have increased by the same amount. Net position would have remained unaffected.

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

STATEMENT OF NET POSITION

June 30, 2022

ASSETS

Current Assets

Cash, unrestricted (Note 2)	\$ 1,817,644
Investments (Note 2)	1,502,341
Grants receivable (Note 6)	1,146,529
Accounts receivable	208,801
Lease receivable (Note 3)	58,086
Inventories	160,057
Prepaid expenses	4,467

Total current assets

4,897,925

Noncurrent Assets

Capital assets not being depreciated (Note 4)	13,921,645
Capital assets, net of accumulated depreciation (Note 4)	27,110,854
Cash, restricted (Notes 2 and 9)	5,000
Lease receivable (Note 3)	239,167
Passenger facility charge receivable, restricted (Note 9)	10,040

Total noncurrent assets

41,286,706

Total assets

46,184,631

DEFERRED OUTFLOWS OF RESOURCES

Pension-Related Outflows (Note 5)	118,640
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Continued

SOUTHWEST WYOMING REGIONAL AIRPORT

STATEMENT OF NET POSITION, *Continued* June 30, 2022

LIABILITIES

Current Liabilities

Accounts payable, including retainage payable of \$1,345,484	\$ 2,597,121
Accrued expenses	111,581
Lease liability	61,398
Deposits	5,058
Advanced payments	7,070
Total current liabilities	<u>2,782,228</u>

Long-Term Liabilities

Lease liability (Note 3)	752,650
Net pension liability (Note 5)	596,524
Total long-term liabilities	<u>1,349,174</u>
Total liabilities	<u>4,131,402</u>

DEFERRED INFLOWS OF RESOURCES

Lease-Related Inflows	297,253
Pension-Related Inflows (Note 5)	415,131
Total deferred inflows	<u>712,384</u>

NET POSITION

Net Investment in Capital Assets	37,634,345
Restricted Net Position (Note 9)	15,040
Unrestricted Net Position	<u>3,810,100</u>
Total net position	<u>\$ 41,459,485</u>

See Notes to Financial Statements.

SOUTHWEST WYOMING REGIONAL AIRPORT

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

Year Ended June 30, 2022

Operating Revenues	
Fuel sales	\$ 2,110,030
Airport operations (Note 3)	725,224
Commercial aviation (Note 3)	249,041
Total operating revenues	3,084,295
Operating Expenses	
Depreciation and amortization (Note 4)	2,312,476
Salaries and benefits	1,030,793
Fuel	1,494,698
Utilities	170,710
Maintenance and repairs	204,405
Administration	356,752
Miscellaneous	4,591
Total operating expenses	5,574,425
Operating (loss)	(2,490,130)
Nonoperating Revenues (Expenses)	
Grants and local government support (Note 6)	1,681,948
Passenger facility charges collected (Note 9)	72,867
Customer facility charge	28,074
Parking donations	1,075
Investment income	8,520
Interest income	17,989
Interest expense	(907)
Miscellaneous income	2,761
Total nonoperating revenues	1,812,327
(Loss) before other revenue, expenses, gains or losses	(677,803)
Other Revenue, Expenses, Gains or Losses	
Capital contributions (Note 6)	11,180,842
Increase in net position	10,503,039
Net Position	
Beginning of year	30,956,446
End of year	\$ 41,459,485

See Notes to Financial Statements.

SOUTHWEST WYOMING REGIONAL AIRPORT

STATEMENT OF CASH FLOWS

Year Ended June 30, 2022

Cash Flows from Operating Activities	
Cash received from customers and tenants	\$ 2,979,167
Cash paid to:	
Employees	(1,112,988)
Suppliers	(3,075,430)
Net cash (used in) operating activities	<u>(1,209,251)</u>
Cash Flows from Noncapital Financing Activities	
Grants received	1,681,948
Parking donations received	1,075
Miscellaneous received	2,761
Net cash provided by noncapital financing activities	<u>1,685,784</u>
Cash Flows from Capital and Related Financing Activities	
Construction grants received	12,083,330
Purchase and construction of capital assets	(10,947,183)
Passenger facility charges collected	76,160
Customer facility charges collected	28,074
Net cash provided by capital and related financing activities	<u>1,240,381</u>
Cash Flows from Investing Activities	
Purchase of investment	(1,500,000)
Investment income	8,520
Interest income	17,989
Interest expense	(907)
Net cash (used in) investing activities	<u>(1,474,398)</u>
Net increase in cash	<u>242,516</u>
Cash	
Beginning of year	<u>1,580,128</u>
End of year	<u>\$ 1,822,644</u>

Continued

SOUTHWEST WYOMING REGIONAL AIRPORT

STATEMENT OF CASH FLOWS, *Continued* Year Ended June 30, 2022

Reconciliation of Operating (Loss) to Net Cash (Used in) Operating Activities	
Operating (loss)	<u>\$ (2,490,130)</u>
Adjustments to reconcile operating (loss) to net cash (used in) operating activities:	
Depreciation expense	2,312,476
(Increase) in accounts receivable	(105,892)
(Increase) in lease receivable	(297,253)
Decrease in prepaid expenses	2,486
(Increase) in inventories	(26,442)
(Increase) in accounts payable - noncapital	(820,318)
(Increase) in accrued expenses	(3,018)
Decrease in advance payments	764
Increase in deferred inflows - leases	297,253
(Decrease) in net pension liability	(225,373)
(Increase) in deferred outflows - pension	(52,388)
Increase in deferred inflows - pension	198,584
Total adjustments	<u>1,280,879</u>
Net cash (used in) operating activities	<u><u>\$ (1,209,251)</u></u>
Noncash Investing, Capital and Financing Activities	
Purchase of capital assets in accounts payable and retainage payable	<u><u>\$ 2,584,106</u></u>

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 and Sweetwater County, Wyoming. For financial reporting purposes, the statements include all activities and funds that are controlled by, or 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 the GASB, that are included in the Airport's reporting entity.

Basis of presentation: The Airport engages solely in business-type activities and presents only a single enterprise fund for external reporting purposes. 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.

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.

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

Investments: Investments held in the Wyoming Cooperative Liquid Assets Security System (Wyoming CLASS), an external investment pool, have no withdrawal restrictions and are measured at fair value.

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

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*

Leased assets: Right-to-use leased assets are recorded at the present value of the lease as of the effective date of the lease. Amortization on the assets is computed using the straight-line method over the estimated useful life of the leased asset or the lease term, whichever is shorter.

Deferred outflows and inflows of resources: The Statement of Net Position includes separate sections for deferred outflows of resources and deferred inflows of resources. Deferred outflows of resources represent a consumption of net position that applies to future periods and will be recognized as an expense in future periods. Deferred inflows of resources represent an acquisition of net position that applies to future periods and will be recognized as revenue in future periods.

Impairment: The Airport evaluates prominent events or changes in circumstances that affect capital assets and leased assets to determine whether impairment of a capital asset or leased 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 or leased asset impaired and will recognize the capital asset or leased asset at the lower of its carrying value or fair value.

Vacation and sick leave: Employees are provided with 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% of the vacation leave are recorded as a liability in these financial statements.

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.

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 and leased assets, net of accumulated depreciation, amortization, 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 that 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 as 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.

Revenue recognition - fuel sales: Revenue is recognized at the time of sale.

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 they are earned or become measurable.

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.

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.

Note 2. Cash and Investments

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.

The Airport's investment policy does not contain any specific provisions intended to limit the Airport's exposure to interest rate risk, credit risk, custodial credit risk, or concentration of credit risk.

The Airport's sole investment is conducted in Wyoming CLASS, which was established pursuant to the Wyoming Statutory Trust Act. Shares of Wyoming CLASS are offered exclusively to Wyoming governmental entities. The fair value of the Airport's position in Wyoming CLASS is the same as the value of the pool shares.

Credit risk: Credit risk is the risk than an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The Wyoming CLASS investment pool holds an AAAm rating by Standard & Poor's indicating "excellent safety of investment principal and a superior capacity to maintain a \$1.00 per share net asset value." Additionally, Wyoming CLASS limits its investments in any issuer to the top two ratings issued by nationally recognized statistical rating organizations.

SOUTHWEST WYOMING REGIONAL AIRPORT

NOTES TO FINANCIAL STATEMENTS

Note 2. Cash and Investments, *Continued*

Custodial credit risk: Custodial credit risk for deposits is the risk that, in the event of a failure of a depository financial institution, the Airport will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. Deposits held in Airport bank accounts are secured by Federal depository insurance, pledged collateral held by the custodian bank under safekeeping, or Federal Reserve receipts in the name of the Airport and the financial institution. As of June 30, 2022, the carrying amount of the Airport's bank deposits, including checking and savings, was \$1,822,644 and the bank balance was \$1,937,295.

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. With respect to investments, custodial credit risk generally applies only to direct investments in marketable securities, and therefore, custodial credit risk does not apply to a local government's indirect investment in securities through the use of government investment pools (Wyoming CLASS).

Concentration of credit risk: The Airport places no limit on the amount the Airport may invest in any one issuer or investment manager. Wyoming CLASS composes 100% of the Airport's investment portfolio.

Interest rate risk: Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment.

The dollar-weighted average days to maturity (WAM) of Wyoming CLASS at June 30, 2022 is 35 days. Next interest rate reset dates for floating rate securities are used in the calculation of the WAM. The weighted-average life of Wyoming CLASS at June 30, 2022 is 46 days.

Fair value: The Airport measures and records its investments using fair value measurement guidelines established by U.S. GAAP. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets, Level 2 inputs are significant observable inputs other than quoted market prices, and Level 3 inputs are significant unobservable inputs. The Airport's investment in Wyoming CLASS, an external investment pool invested in commercial paper, money market funds, repurchase agreements, and U.S. government treasury securities, is classified as Level 2 in the fair value hierarchy.

Note 3. Leases

Lessor leases: The Airport has both short-term and long-term leases, which are reported on the Statement of Revenues, Expenses, and Changes in Net Position under Airport operations and commercial aviation.

Short-term leases: Short-term leases are leases that, at the commencement of the lease term, have a maximum possible term under the contract of 12 months or less. This includes any options to extend. The Airport recognizes revenue on short-term leases based on the provisions of the lease contract (e.g., monthly or annually).

SOUTHWEST WYOMING REGIONAL AIRPORT

NOTES TO FINANCIAL STATEMENTS

Note 3. Leases, *Continued*

The Airport leases hangars to various entities and individuals. These leases are primarily for one-year terms, expiring on June 30, 2022. In addition, the Airport leases space for advertising to various entities. The leases are also primarily for one-year terms.

Long-term leases: The Airport, acting as a lessor, leases facilities within the Airport. These leases expire at various dates through 2039, inclusive of any options to renew expected to be exercised.

The Airport recognizes long-term lessor leases in accordance with GASB Statement No. 87, *Leases*. At the commencement of the lease term for a long-term lease (i.e., lease term is greater than 12 months), the Airport recognizes a lease receivable and a deferred inflow of resources. The lease receivable is measured at the present value of the lease payments expected to be received during the lease term.

With a few exceptions, the Airport's leases include escalation clauses, which will result in increases in future rents. The escalation clauses typically provide for annual rent increases of 2% to 3%. To the extent that such increases are known or can be determined, they have been included in the measurement of the lease receivable.

Some leases include variable payments based on future performance of the lessee. Those variable lease payments are not included in the measurement of the lease receivable. Instead, variable payments are recognized as inflows of resources in the periods the payments are received.

Total future minimum lease payments to be received under the lessor lease agreements are as follows:

	Principal	Interest	Total
Years ending June 30:			
2023	\$ 58,086	\$ 14,899	\$ 72,985
2024	61,775	11,613	73,388
2025	29,546	9,019	38,565
2026	31,287	7,351	38,638
2027	33,128	5,584	38,712
Thereafter	83,431	5,587	89,018
	<u>\$ 297,253</u>	<u>\$ 54,053</u>	<u>\$ 351,306</u>

Regulated leases: Certain leases entered into by the Airport are subject to external laws, regulations, legal rulings, and agreements promulgated by the Federal Aviation Administration (FAA). Under these regulations, leases between the Airport and any air carrier or aeronautical user (as defined by FAA Circular 150_5190_6) must adhere to the following requirements:

1. Lease rates cannot exceed a reasonable amount (i.e., market rates), with reasonableness being subject to determination by the FAA;
2. Lease rates must be similar for lessees which are similarly situated; and
3. The Airport, as lessor, cannot deny potential lessees the right to enter into leases if facilities are available (or land is available for the lessee to build its own facility), provided that the lessee's use of the facilities complies with Airport minimum standards and use restrictions.

SOUTHWEST WYOMING REGIONAL AIRPORT

NOTES TO FINANCIAL STATEMENTS

Note 3. Leases, *Continued*

GASB Statement No. 87 excludes regulated leases from the measurement of the lease receivable, and as such, the Airport has not included its regulated leases from the measurement of its lease receivable.

For the year ended June 30, 2022, the Airport received \$301,423 in payments from leases under regulated lease agreements. This includes annual tenant hangar leases. Future noncancelable minimum payments under long-term regulated lease agreements are as follows:

Years ending June 30:		
2023	\$	170,672
2024		172,564
2025		174,460
2026		89,793
2027		92,127
Thereafter		<u>464,650</u>
	\$	<u><u>1,164,266</u></u>

Lessee leases:

Long-term leases: The Airport, acting as a lessee, leases equipment for use in Airport operations. These leases expire at various dates through 2039, inclusive of any options to renew expected to be exercised.

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. 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 Airport recognizes long-term lessee leases in accordance with GASB Statement No. 87, *Leases*. At the commencement of the lease term for a long-term lease (i.e., lease term is greater than 12 months), the Airport recognizes a right-to-use leased asset and a lease liability. The lease liability is measured at the present value of the lease payments expected to be paid during the lease term. There are no variable payment terms within these leases.

SOUTHWEST WYOMING REGIONAL AIRPORT

NOTES TO FINANCIAL STATEMENTS

Note 3. Leases, Continued

Total future minimum lease payments to be paid under the lessee lease agreements are as follows:

Years ending June 30:	Principal	Interest	Total
2023	\$ 61,398	\$ 8,523	\$ 69,921
2024	60,227	7,594	67,821
2025	54,597	6,924	61,521
2026	55,143	6,378	61,521
2027	55,694	5,827	61,521
Thereafter	526,989	26,699	553,688
	<u>\$ 814,048</u>	<u>\$ 61,945</u>	<u>\$ 875,993</u>

Note 4. Capital Assets, including Right-to-Use Leased Assets

Following is a summary of changes in capital assets, including right-to-use leased assets. This table has been adjusted as of June 30, 2021 for the adoption of GASB Statement No. 87.

	Balance June 30, 2021	Additions	Deletions	Transfers	Balance June 30, 2022
Nondepreciable capital assets:					
Construction in process	\$ 3,498,036	\$ 10,502,454	\$ (13,622)	\$ (65,223)	\$ 13,921,645
Total nondepreciable capital assets	<u>3,498,036</u>	<u>10,502,454</u>	<u>(13,622)</u>	<u>(65,223)</u>	<u>13,921,645</u>
Depreciable capital assets:					
Buildings and improvements	18,136,041	108,153	-	-	18,244,194
Runways and improvements	41,723,962	648,647	-	39,554	42,412,163
Machinery and equipment	7,432,052	984,429	-	25,669	8,442,150
Right-to-use leased assets	821,540	-	-	-	821,540
Total depreciable capital assets	<u>68,113,595</u>	<u>1,741,229</u>	<u>-</u>	<u>65,223</u>	<u>69,920,047</u>
Less accumulated depreciation and amortization	40,496,717	2,312,476	-	-	42,809,193
Total depreciable capital assets, net	<u>27,616,878</u>	<u>(571,247)</u>	<u>-</u>	<u>65,223</u>	<u>27,110,854</u>
Capital assets, net	<u>\$ 31,114,914</u>	<u>\$ 9,931,207</u>	<u>\$ (13,622)</u>	<u>\$ -</u>	<u>\$ 41,032,499</u>

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 contributory retirement plan administered by the WRS. The authority to establish and amend benefits and contribution rates rests with the Wyoming State Legislature. 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>.

SOUTHWEST WYOMING REGIONAL AIRPORT

NOTES TO FINANCIAL STATEMENTS

Note 5. Retirement Commitment - WRS, *Continued*

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. The 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 after 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. The 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.

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 Titles 9-3-412 and 413 of Wyoming State Statutes, effective July 1, 2021, member and employer contributions were required to be 9.25% and 9.37% of compensation, respectively. Effective July 1, 2020, member and employer contributions were required to be 9.00% and 9.12% 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 \$136,012 and \$126,932 for the years ended June 30, 2022 and 2021, respectively.

Pension liabilities, pension expense, and deferred outflows of resources and deferred inflows of resources related to pensions: At June 30, 2022 and 2021, the Airport reported a liability of \$596,524 and \$821,897, respectively, for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2021 and 2020, respectively, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2021 and 2020, respectively. The 2021 actuarial valuation incorporated assumption changes adopted by the WRS Board, effective at its November 17, 2021 and February 17, 2022 meetings. Further, the 2020 actuarial valuation incorporated 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 its total contributions to the plan for the years ended December 31, 2021 and 2020 to the contributions of all participating employers for the same period. At December 31, 2021, the Airport's proportion was 0.0391235%, which was an increase from its December 31, 2020 proportion of 0.0378169%.

SOUTHWEST WYOMING REGIONAL AIRPORT

NOTES TO FINANCIAL STATEMENTS

Note 5. Retirement Commitment - WRS, *Continued*

For the year ended June 30, 2022, the Airport recognized pension (offset) expense of (\$9,877). At June 30, 2022, the Airport reported deferred outflows and inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 11,188	\$ 917
Net difference between projected and actual earnings on pension plan investments	-	396,530
Changes in proportionate share of contributions	24,911	17,684
Change in assumptions	48,271	-
Contributions subsequent to the measurement date	34,270	-
	<u>\$ 118,640</u>	<u>\$ 415,131</u>

The amount of \$34,270, 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 year ending June 30, 2023. The other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions at June 30, 2022 will be recognized in pension expense, as follows:

Years ending June 30:	
2023	\$ (66,962)
2024	(121,588)
2025	(74,794)
2026	<u>(67,417)</u>
	<u>\$ (330,761)</u>

Actuarial assumptions: The total pension liability in the January 1, 2021 actuarial valuation was determined using the following actuarial assumptions adopted by the WRS Board, effective at its November 17, 2021 and February 17, 2022 meetings, and applied to the December 31, 2021 measurement date:

Inflation	2.25%
Salary Increases	2.50%-6.50%, including inflation
Payroll Growth Rate	2.50%
Cost of Living Increase	0.00%

SOUTHWEST WYOMING REGIONAL AIRPORT

NOTES TO FINANCIAL STATEMENTS

Note 5. Retirement Commitment - WRS, *Continued*

Investment Rate of Return	6.80%, net of pension plan investment expense, including inflation
Pre-Retirement Mortality	Mortality rates were based on the PUB-2010 General Active Mortality Table, amount-weighted, fully generational, projected with the MP-2020 Ultimate Scale. Males had no setback, with a multiplier of 100%, and females had no setback, with a multiplier of 100%.
Post-Retirement Mortality	Mortality rates were based on the PUB-2010 General Healthy Annuitant Mortality Table, amount-weighted, fully generational, projected with the MP-2020 Ultimate Scale. Males had no setback, with a multiplier of 100%, and females had no setback, with a multiplier of 103%.

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 adding expected inflation. Each major asset class is included in the pension plan's target asset allocation for fiscal year 2021. These best estimates are summarized in the following table:

	Target Allocation	Long-Term Expected Geometric Rate of Return	Long-Term Expected Arithmetic Rate of Return
Asset class:			
Cash	2.00%	-0.50%	-0.50%
Fixed income	21.00%	1.32%	1.63%
Equity	48.50%	5.63%	7.54%
Marketable alternatives	19.00%	3.74%	4.63%
Private markets	9.50%	4.84%	5.99%
	<u>100.00%</u>		

Experience analysis: An experience study was conducted on behalf of all WRS plans covering the five-year period ended December 31, 2020. 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 as of December 31, 2021 was 6.80%. At December 31, 2020, the discount rate 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 6.80%, 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 (5.80%) or one percentage point higher (7.80%) than the current rate:

	1% Decrease (5.80%)	Current Discount Rate (6.80%)	1% Increase (7.80%)
Proportionate share of the net pension liability	\$ 1,100,580	\$ 596,524	\$ 178,691

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 its 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:

Wyoming Department of Transportation (Federal/state)	\$ 11,220,842
Sweetwater County (Local)	1,017,879
City of Rock Springs (Local)	495,869
Bureau of Land Management (Federal)	113,729
U.S. Department of Homeland Security (Federal)	14,471
	\$ 12,862,790

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.

Note 8. Commitments

As of June 30, 2022, 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 2022, 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, 2022	Total Commitment at June 30, 2022
Commercial terminal modernization - design and construct	\$ 18,177,913	\$ 5,900,945	\$ 12,276,968
New snow removal equipment building - design and construct	5,181,748	4,868,805	312,943
Acquire snow blower	870,305	866,569	3,736
Seal coat and mark airfield pavements	679,898	673,478	6,420
	\$ 24,909,863	\$ 12,309,797	\$ 37,219,660

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

SOUTHWEST WYOMING REGIONAL AIRPORT

NOTES TO FINANCIAL STATEMENTS

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 FAA. 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 \$15,040 at June 30, 2022.

REQUIRED SUPPLEMENTARY INFORMATION

SOUTHWEST WYOMING REGIONAL AIRPORT

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

Public Employee Pension Plan

Last Nine 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	0.037816900%	821,897	688,754	119.33%	79.24%
2022	0.039123500%	596,524	712,801	83.69%	86.03%

** 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 Nine Fiscal Years*

	Statutorily Required Contribution	Contributions in Relation to the Statutorily 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%
2022	68,444	68,444	-	711,481	9.37%

** 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, 2021 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's December 31, 2020 actuarial experience study. Further, there have been various assumption changes from the initial measurement date reflected below through the December 31, 2021 measurement date, as indicated in the table below:

Measurement Date (WRS Year-End)	Discount Rate	Investment Rate of Return	Inflation Rate	Salary Increase Rate	Payroll Growth Rate	Cost of Living Increases
2014	7.75%	7.75%	3.25%	4.25%-6.00%	4.25%	0.00%
2015	7.75%	7.75%	3.25%	4.25%-6.00%	4.25%	0.00%
2016	7.75%	7.75%	3.25%	4.25%-6.00%	4.25%	0.00%
2017	7.75%	7.75%	3.25%	4.25%-6.00%	4.25%	0.00%
2018	7.00%	7.00%	2.25%	2.50%-6.50%	2.50%	0.00%
2019	7.00%	7.00%	2.25%	2.50%-6.50%	2.50%	0.00%
2020	7.00%	7.00%	2.25%	2.50%-6.50%	2.50%	0.00%
2021	6.80%	6.80%	2.25%	2.50%-6.50%	2.50%	0.00%

SUPPLEMENTARY INFORMATION

SOUTHWEST WYOMING REGIONAL AIRPORT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS Year Ended June 30, 2022

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-FA20NM-1087	\$ 2,355,724
COVID-19 Airport Improvement Program	20.106	DOT-FA21NM-K1126	1,008,208
COVID-19 Airport Improvement Program	20.106	DOT-FA21NM-K1127	5,152
Airport Improvement Program	20.106	DOT-FA21NM-1071	141,781
COVID-19 Airport Improvement Program	20.106	DOT-FA21NM-1041	4,784,000
COVID-19 Airport Improvement Program	20.106	DOT-FA21NM-K1155	1,118,564
COVID-19 Airport Improvement Program	20.106	DOT-FA21NM-K1055	20,609
Total Airport Improvement Program			9,434,038
Total U.S. Department of Transportation			9,434,038
U.S. Department of Homeland Security:			
Law Enforcement Officer Reimbursement Agreement Program	97.090	70T02021T6114N127	8,415
Total U.S. Department of Homeland Security			8,415
Total expenditures of Federal awards			\$ 9,442,453

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 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, 2022. 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, 2022

Federal Grantor/Pass-Through Grantor/Program Title	Approved Amount	Passenger Facility Charges June 30, 2021	Passenger Facility Charges and Interest Collected	Assets Released from Restriction	Transfers Outstanding from the Airport's Operating Account	Passenger Facility Charges June 30, 2022
Passenger Facility Charge Program:						
2015 Application	\$ 688,128	\$ 18,333	\$ 72,867	\$ (267,745)	\$ 191,585	\$ 15,040

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 for the year ended June 30, 2022. All passenger facility charge revenues and expenditures are included in the accompanying Schedule.

Note 2. Basis of Accounting

The accompanying Schedule is presented using the accrual basis of accounting; revenues are 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 in, 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 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 (*Government Auditing Standards*), 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, 2022, and the related notes to the financial statements, which collectively comprise the Airport's basic financial statements, and have issued our report thereon, dated November 8, 2022.

Report on 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 opinion 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.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies; therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified a certain deficiency in internal control that we consider to be a material weakness and another deficiency that we consider to be a significant deficiency.

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. We consider the deficiency described in the accompanying Schedule of Findings and Questioned Costs as item 2022-002 to be a material weakness.

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. We consider the deficiency described in the accompanying Schedule of Findings and Questioned Costs as item 2022-001 to be a significant deficiency.

Report on 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 financial statements. 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 Findings

Government Auditing Standards require the auditor to perform limited procedures on the Airport's response to the findings identified in our audit and described in the accompanying Schedule of Findings and Questioned Costs as Views of responsible officials and planned corrective actions. 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 the response.

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 results 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
November 8, 2022



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR
THE 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

Opinion on the Major Federal Program

We have audited the Southwest Wyoming Regional Airport's (the Airport) compliance with the types of compliance requirements identified as subject to audit in the *Office of Management and Budget Compliance Supplement* that could have a direct and material effect on the Airport's major Federal program for the year ended June 30, 2022. The Airport's major Federal program is identified in the Summary of Independent Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

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 the major Federal program for the year ended June 30, 2022.

Basis for Opinion on the Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the 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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Airport and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for the major Federal program. Our audit does not provide a legal determination of the Airport's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Airport's Federal program.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Airport's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Airport's compliance with the requirements of the major Federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Airport's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Airport's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Airport's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a Federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit, we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

McGee, Hearne & Paiz, LLP

Cheyenne, Wyoming
November 8, 2022

SOUTHWEST WYOMING REGIONAL AIRPORT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2022

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 accounting principles generally accepted in the United States of America (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, 2022

II. FINANCIAL STATEMENT FINDINGS

2022-001: Segregation of Duties (Significant Deficiency)

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.

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.

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

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 its financial management and believes the proper controls are in place to mitigate risks associated with the segregation of duties issues noted above.

SOUTHWEST WYOMING REGIONAL AIRPORT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2022

II. FINANCIAL STATEMENT FINDINGS, *Continued*

2022-002: Internal Control and Audit Adjustment to Capital Contributions Revenue and the Associated Receivable (Material Weakness)

Criteria: An internal control structure should be designed to identify adjusting journal entries that are significant to the Airport's financial statements prepared in accordance with U.S. GAAP. In addition, internal controls are designed to safeguard assets, help prevent loss from employee dishonesty or error, and improve the accuracy and timeliness of financial reporting. A fundamental concept in an adequate system of internal control is the identification and prevention or detection of errors on a timely basis.

Condition/context: Adjusting journal entries were proposed to:

- Increase grants receivable by \$1,144,325
- Increase capital contributions revenue by \$1,144,325
- Increase construction in progress by \$1,847,146
- Increase accounts payable and retainage payable by \$1,847,146

Cause: The underlying expenditures are reimbursable under a Federal grant. The Airport submitted the reimbursement request to the pass-through entity subsequent to year-end. As a result, the Airport recorded the revenue in the fiscal year the reimbursement request was received. However, as the underlying expenditures occurred within the fiscal year under audit, the related revenue and receivable should also have been recorded. Further, the construction in progress occurred prior to year-end, though the invoice was received subsequent to year-end. The liability to the construction contractor existed as of year-end, so a payable should have been recorded.

Effect: Prior to the proposed audit adjustment, the financial statements were not properly stated in accordance with U.S. GAAP.

Recommendation: We recommend that the Airport implement a control system to ensure that revenue transactions associated with reimbursement requests on Federal grants are appropriately accounted for.

Views of responsible officials and planned corrective actions: Management concurs with the finding. See Exhibit I.

III. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None.

SOUTHWEST WYOMING REGIONAL AIRPORT

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

Year Ended June 30, 2022

I. FINANCIAL STATEMENT FINDINGS

2021-001: 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 its financial management 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 2022-001.



**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

Opinion on the Passenger Facility Charge Program

We have audited the Southwest Wyoming Regional Airport's (the Airport) compliance with the types of compliance requirements described in the *Passenger Facility Charge Audit Guide for Public Agencies* issued by the Federal Aviation Administration (the Guide) that could have a direct and material effect on the Airport's passenger facility charge program for the year ended June 30, 2022.

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 the Airport's passenger facility charge program for the year ended June 30, 2022.

Basis for Opinion on the Passenger Facility Charge Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and compliance requirements described in the Guide. Our responsibilities under those standards and the Guide are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Airport and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for the Airport's passenger facility charge program. Our audit does not provide a legal determination of the Airport's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Airport's passenger facility charge program.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Airport's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Guide will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Airport's compliance with the requirements of the passenger facility charge program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Airport's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Airport's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Guide, but not for the purpose of expressing an opinion on the effectiveness of the Airport's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit, we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Guide. Accordingly, this report is not suitable for any other purpose.

McGee, Hearne & Paiz, LLP

Cheyenne, Wyoming
November 8, 2022

SOUTHWEST WYOMING REGIONAL AIRPORT

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

Year Ended June 30, 2022

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, 2022

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

EXHIBIT I

CORRECTIVE ACTION PLAN



Southwest Wyoming
Regional Airport

SCHEDULE OF FINDINGS

Year Ended June 30, 2022

FINANCIAL STATEMENT FINDING

2022-001: 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.



Southwest Wyoming
Regional Airport

SCHEDULE OF FINDINGS

Year Ended June 30, 2022

FINANCIAL STATEMENT FINDING

2022-002: Internal Control and Audit Adjustment to Capital Contributions Revenue and the Associated Receivable (Material Weakness)

Views of responsible officials and planned corrective actions: Management and the Airport will implement a control system to ensure that revenue transactions associated with reimbursement requests on Federal grants are appropriately accounted for. The Business Manager will include in the fiscal year end procedures a grant reimbursement request for all expenses incurred prior to year end and ensure that the grant receivable is recorded accordingly.