



Financial Statements
Year ended June 30, 2023

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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 accompanying financial statements of the business-type activities of the Southwest Wyoming Regional Airport (the Airport) as of and for the year ended June 30, 2023, 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 financial statements referred to above present fairly, in all material respects, the respective financial position of the Airport as of June 30, 2023, and the respective changes in financial position, and 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 – Restatement

As discussed in Note 10 to the financial statements, the beginning balance as of July 1, 2022 for the Airport's net position were restated to correct errors. 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 the 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 twelve 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 the Schedule of the Employer's Share of Net Pension Liability on page 24 and, the Schedule of the Employer's Contributions on page 25 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 Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the financial statements is not affected by this missing information.

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* are presented for purposes of additional analysis and is not a required part of the basic financial statements. The Schedule of Expenditures of Passenger Facility Charges is also presented for purposes of additional analysis, as specified in the Passenger Facility Charge Audit Guide for Public Entities, by the Federal Aviation Administration and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic



financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards and the Schedule of Expenditures of Passenger Facility Charges are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 27, 2024, 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.

Clinger Hagerman, LLC

Laramie, Wyoming
March 27, 2024

Financial Statements

Southwest Wyoming Regional Airport
Statement of Net Position
June 30, 2023

ASSETS

Current assets

Cash	\$	1,100,366
Investments		3,421,695
Receivables		
Accounts receivable		120,087
Grants receivable		192,540
Lease receivable		61,775
Inventories		108,519
Prepaid expenses		4,758
Total current assets		<u>5,009,740</u>

Noncurrent assets

Cash, restricted		5,003
Lease receivable		177,392
Capital assets, net		<u>42,953,123</u>
Total noncurrent assets		<u>43,135,518</u>
Total assets		<u>48,145,258</u>

DEFERRED OUTFLOWS OF RESOURCES

Aggregate deferred outflows related to pensions		<u>247,889</u>
Total deferred outflows of resources		<u>247,889</u>

Total assets and deferred outflows of resources	\$	<u>48,393,147</u>
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Southwest Wyoming Regional Airport**Statement of Net Position**June 30, 2023

LIABILITIES**Current liabilities**

Accounts payable	\$	382,471
Retainage payable		931,951
Accrued expenses		151,691
Lease liability		60,226
Deposits		8,480
Unearned revenue		5,058
Total current liabilities		<u>1,539,877</u>

Noncurrent liabilities

Lease liability		692,423
Net pension liability		<u>1,111,211</u>
Total noncurrent liabilities		<u>1,803,634</u>
Total liabilities		<u>3,343,511</u>

DEFERRED INFLOWS OF RESOURCES

Aggregate deferred inflows related to leases		239,167
Aggregate deferred inflows related to pensions		<u>13,398</u>
Total deferred inflows of resources		<u>252,565</u>

NET POSITION

Net investment in capital assets		41,151,214
Restricted for:		
Passenger Facility Charge Program		15,043
Unrestricted		<u>3,630,814</u>
Total net position		<u>44,797,071</u>

Total liabilities, deferred inflows, and net position	\$	<u>48,393,147</u>
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Southwest Wyoming Regional Airport
Statement of Revenue, Expenses and Changes in Net Position
Year ended June 30, 2023

OPERATING REVENUES

Fuel sales	\$	2,450,975
Airport operations		879,537
Commercial aviation		259,726
Total operating revenues		<u>3,590,238</u>

OPERATING EXPENSES

Salaries and benefits		1,294,730
Fuel		1,858,948
Utilities		217,582
Maintenance and repairs		280,852
Administration		742,131
Miscellaneous		4,744
Total operating expenses		<u>4,398,987</u>

Operating loss, before depreciation and amortization (808,749)

Less: depreciation and amortization 2,415,242

Operating loss (3,223,991)

NONOPERATING REVENUES (EXPENSES)

Grants and local government support		669,351
Passenger facility charges		60,391
Other revenue		224,981
Interest expense		(8,523)
Total net nonoperating revenues (expenses)		<u>946,200</u>

Change in net position before capital grants and contributions (2,277,791)

Capital grants and contributions 4,425,551

Change in net position 2,147,760

Net position, beginning of year, as restated 42,649,311

Net position, end of year \$ 44,797,071

Southwest Wyoming Regional Airport Board
Statement of Cash Flows
Year ended June 30, 2023

CASH FLOWS FROM OPERATING ACTIVITIES

Receipts from customers	\$ 3,629,004
Payments to suppliers	(3,784,000)
Payments to employees	<u>(1,270,915)</u>
Net cash from operating activities	<u>(1,425,911)</u>

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Receipts from other governments	6,569,366
Subsidy from passenger facility charges	60,391
Subsidy from customer facility charges	28,377
Purchases of capital assets	<u>(4,887,576)</u>
Net cash from capital and related financing activities	<u>1,770,558</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of investments	(1,919,354)
Interest earned	190,746
Interest expense	<u>(8,523)</u>
Net cash from investing activities	<u>(1,737,131)</u>

CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES

Receipts from other governments	669,351
Donations and other non-operating revenue	<u>5,858</u>
Net cash from non-capital financing activities	<u>675,209</u>

Net change in cash and cash equivalents	(717,275)
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Cash and cash equivalents, beginning of year	<u>1,822,644</u>
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Cash and cash equivalents, end of year	<u>\$ 1,105,369</u>
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Southwest Wyoming Regional Airport Board
Statement of Cash Flows
Year ended June 30, 2023

Reconciliation of operating loss to net cash from operating activities		
Operating loss	\$	(3,223,991)
Adjustments to reconcile operating loss to net cash used in operating activities		
Depreciation	\$	2,415,242
Changes in asset and liabilities:		
Accounts receivable		98,754
Lease receivable		58,086
Inventories		51,538
Prepaid expenses		(291)
Deferred outflows of resources-pensions		(129,249)
Accounts payable		(927,689)
Retainage payable		196,699
Accrued expenses		40,110
Lease liability		(61,398)
Deposits		1,410
Net pension liability		514,687
Deferred inflows of resources-pensions		(401,733)
Deferred inflows of resources-lease related		(58,086)
Net cash from operating activities	\$	<u>(1,425,911)</u>

Southwest Wyoming Regional Airport
Notes to Financial Statements
Year ended June 30, 2023

Note 1. Description of Reporting Entity and Significant Accounting Policies

Reporting Entity and Organization

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.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The basic financial statements are reported using the economic resource measurements focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenue and expenses generally result from providing services and producing and delivering goods in connection with the proprietary fund's principal ongoing operations. The principal operating revenues of the Airport's enterprise are charges for services related to the use of airport facilities and services provided by the fixed base operator (FBO). Operating expenses for the enterprise fund include the cost of providing the services of the airport, administrative expenses, and depreciation of capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Cash and cash equivalents

For purposes of the cash flow statement, the Airport considers cash in bank, cash on hand (petty cash), demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition to be cash.

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.

Southwest Wyoming Regional Airport
Notes to Financial Statements
Year ended June 30, 2023

Inventories

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

Prepaid Assets

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid assets.

Capital Assets

Capital assets, which include property, equipment, and infrastructure assets (e.g., runways and aprons), are reported in the basic financial statements. They are recorded at cost if purchased or, if donated, at fair value at the date of donation. Depreciation is recorded on the straight-line method over the estimated useful lives of the assets. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

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

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 of Resources

The statement of net position reports a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense) until then. The Airport only has one item that qualifies for reporting in this category. The Airport reports deferred outflows of resources for pension plan items.

Deferred Inflows of Resources

The statement of net position reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time.

The Airport has two items that qualify for reporting in this category. The Airport reports deferred inflow of resources for pension plan items. Also, the Board reports deferred inflows related to leases where the Airport is the lessor and is reported in the statement of net position. The deferred inflows of resources related to leases are recognized as an inflow of resources (revenue) on a straight-line basis over the term of the lease.

Southwest Wyoming Regional Airport
Notes to Financial Statements
Year ended June 30, 2023

Compensated Absences

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.

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.

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.

Passenger Facility Charge (PFC) Funds

PFC funds are collected based on an approved FAA application to "impose" charges on enplaned passengers at the Airport. These funds are restricted for "use" on designated capital projects and any debt incurred to finance the construction of these projects.

Revenue Recognition

Additional types of revenue are recognized as follows:

Fuel and Aircraft Services – Fuel and aircraft services include fueling, deicing, tie-down, parking, hangar use, and general aviation mechanics. Revenue is recognized at the time the services are provided.

Southwest Wyoming Regional Airport
Notes to Financial Statements
Year ended June 30, 2023

Facility Rentals - Facility rentals include fees for hangar, land and terminal leases. Leases are for terms from one to twenty years and generally require rentals based on specific minimum annual rental payments. Rental revenue is recognized over the life of the respective leases.

Facility Fees - Facility fees include the costs incurred by an aircraft for the use of the Airport. Moneys generated by facility fees are used in the maintenance of airport property. Facility fees are recognized as revenue when the related facilities are utilized.

Grants, Local Government Support, and Capital Contributions - Grants, government support 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.

Implementation of GASB Statement No. 96

The Airport implemented GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, for the period ended June 30, 2023. The objective of this Statement is to better meet the information needs of the financial statement users by improving the accounting and financial reporting for Subscription-Based Information Technology Arrangements (SBITA) by governments. It establishes a definition for SBITAs and provides uniform guidance for accounting and financial reporting for transactions that meet that definition. Changes related to this statement did not have a material impact on the financial statements.

Advertising Costs

The Airport's policy is to expense advertising costs as incurred. For the year ended June 30, 2023, the Airport incurred \$146,459 in advertising costs.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. The estimates of the pension liability are especially significant to the Airport. It is reasonably possible that this estimate will change within one year of the date of the financial statements due to one or more future events. The effect of the change could be material to the financial statements and could result in a loss.

Subsequent Events

The Airport's management has evaluated the need for disclosures and/or adjustments resulting from subsequent events and transactions through March 27, 2024, the date the financial statements were available to be issued.

Note 2. Cash and Investments

Wyoming Statute 9-4-817 authorizes State agencies to deposit public funds in financial institutions authorized to do business in the State of Wyoming. These deposits must be fully insured by the Federal Deposit Insurance Corporation (FDIC) or secured by a pledge of assets that total 100% including bonds, debentures, and other securities in which the State Treasurer may by law invest in. Alternatively, a depository may pledge to deposit with conventional real estate mortgages and loans connected with mortgages at a ratio of one and one half (1.5:1) of the value of public funds secured by the securities.

Southwest Wyoming Regional Airport

Notes to Financial Statements

Year ended June 30, 2023

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 that 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.

Custodial Credit Risk - Deposits

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. State statute requires that the Airport deposits be collateralized at a rate of 100%, which includes the Federal Deposit Insurance Corporation's (FDIC) insured amount.

On June 30, 2023, the carrying amount of the Airport's demand deposits in financial institutions was \$1,114,908, and all deposits were held by a qualified depository as outlined in state statute. On June 30, 2023, the Airport's deposits were collateralized at 565%, with \$5,187,117 in excel collateral.

Custodial Credit Risk – Investments

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 on June 30, 2023 is 39 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 on June 30, 2023 is 54 days.

Southwest Wyoming Regional Airport
Notes to Financial Statements
Year ended June 30, 2023

Note 3. Leases

Lessor Leases

The Airport is involved in various leasing arrangements for land and buildings that may be subject to GASB Statement No. 87. All leases are analyzed and classified as either qualified or non-qualified leases, for both lessor and lessee positions. A respective receivable or payable is recognized for leases determined to be qualified 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).

The Airport leases hangars to various entities and individuals. These leases are primarily for one-year terms, expiring on June 30, 2023. 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:

Year	Principal reduction of lease receivable	Interest income	Total lease payments
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
2028	35,076	3,714	38,790
Thereafter	48,355	1,873	50,228
Total	\$ 239,167	\$ 39,154	\$ 278,321

Southwest Wyoming Regional Airport

Notes to Financial Statements

Year ended June 30, 2023

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:

- Lease rates cannot exceed a reasonable amount (i.e., market rates), with reasonableness being subject to determination by the FAA;
- Lease rates must be similar for lessees which are similarly situated; and
- 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.

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, 2023, the Airport received \$306,221 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:

<u>Year</u>	
2024	\$ 172,560
2025	174,455
2026	89,789
2027	92,116
2028	91,122
Thereafter	<u>373,512</u>
Total	<u>\$ 993,554</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
Year ended June 30, 2023

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

Year	Principal reduction of lease liability	Interest expense	Total lease payments
2024	\$ 60,226	\$ 7,595	\$ 67,821
2025	54,597	6,924	61,521
2026	55,143	6,378	61,521
2027	55,694	5,827	61,521
2028	56,251	5,270	61,521
Thereafter	470,738	21,429	492,167
Total	\$ 752,649	\$ 53,423	\$ 806,072

Note 4. Capital Assets

A summary of changes in capital assets for the year ended June 30, 2023 are as follows:

	Balance June 30, 2022	Additions	Deletions	Balance June 30, 2023
Capital assets, not being depreciated				
Construction in progress, as restated	\$ 13,369,934	\$ 4,581,067	\$ 5,072,363	\$ 12,878,638
Total capital assets, not being depreciated	<u>13,369,934</u>	<u>4,581,067</u>	<u>5,072,363</u>	<u>12,878,638</u>
Capital assets, being depreciated				
Buildings and improvements	18,244,194	4,978,763	-	23,222,957
Runways and improvements	42,412,163	300,368	-	42,712,531
Machinery and equipment	8,442,150	99,741	-	8,541,891
Right-to-use leased assets	821,540	-	-	821,540
Total capital assets, being depreciated	<u>69,920,047</u>	<u>5,378,872</u>	<u>-</u>	<u>75,298,919</u>
Less accumulated depreciation and amortization for				
Buildings and improvements	9,285,528	633,419	-	9,918,947
Runways and improvements	28,453,156	1,235,957	-	29,689,113
Machinery and equipment	5,053,328	528,686	-	5,582,014
Right-to-use leased assets	17,180	17,180	-	34,360
Total accumulated depreciation and amortization	<u>42,809,192</u>	<u>2,415,242</u>	<u>-</u>	<u>45,224,434</u>
Total capital assets, being depreciated, net	<u>27,110,855</u>	<u>2,963,630</u>	<u>-</u>	<u>30,074,485</u>
Capital assets, net	<u>\$ 40,480,789</u>	<u>\$ 7,544,697</u>	<u>\$ 5,072,363</u>	<u>\$ 42,953,123</u>

Depreciation and amortization expense for the year ended June 30, 2023 was \$2,415,242.

Note 5. Employee Pension Plan

Pension Plan Descriptions and Benefits

Public Employee's Pension Plan

Benefited employees participate in the Wyoming Retirement System's (WRS) Public Employee Pension Plan, a cost sharing multiple employer defined benefit contributory pension plan. Substantially all employees of the Airport participate in the plan. Retirement benefits are administered in two tiers - the second tier applying to employees with a first contribution on or after September 1, 2012 – and are established by state statute. Any cost-of-living adjustments (COLA) provided to retirees must be granted by the state legislature, which will not approve such adjustments unless the plan is 100% funded after a potential COLA is awarded. Employees terminating participation in the plan prior to normal retirement can elect to withdraw all employee contributions

Southwest Wyoming Regional Airport
Notes to Financial Statements
Year ended June 30, 2023

plus accumulated interest through the date of termination, or, if they are vested, they may elect to remain in the Plan and be eligible for retirement benefits at age 50 (Tier 1 employees) or age 60 (Tier 2 employees). Vesting occurs after obtaining 48 months of service.

Tier 1 Benefits

Tier 1 employees who retire at or after age 60 with four years of credited service or are eligible for full retirement under the rule of 85 (age plus years of service = 85), are entitled to a retirement benefit according to predetermined formulas and allowed to select one of seven optional methods for receiving benefits. The benefit is calculated using a multiplier of 2.125 percent for the first 15 years of service and 2.25 percent for years of service above 15 and the highest 36 months of continuous acceptable salary. Early retirement is allowed provided the employee has completed four years of service and attained age 50 but results in a reduction of benefits based on the length of time remaining to normal retirement age. The pre-retirement death benefit depends on whether the employee is vested or non-vested, and the post-retirement death benefit is governed by the option the employee selects at retirement. To be eligible for a disability benefit, employees must have at least 10 years of service and be less than age 60.

Tier 2 Benefits

Tier 2 employees who retire at or after age 65 with four years of credited service or are eligible for full retirement under the rule of 85 (age plus years of service = 85), are entitled to a retirement benefit according to predetermined formulas and allowed to select one of seven optional methods for receiving benefits. The benefit is calculated using a multiplier of 2 percent for all years of service and the highest 60 months of continuous acceptable salary. Early retirement is allowed provided the employee has completed four years of service and attained age 55 but results in a reduction of benefits based on the length of time remaining to normal retirement age. The pre-retirement death benefit depends on whether the employee is vested or non-vested, and the post-retirement death benefit is governed by the option the employee selects at retirement. To be eligible for a disability benefit, employees must have at least 10 years of service and be less than age 65.

Contribution Rates

The statutorily required contribution is 18.62% as of June 30, 2023. Member and employer contributions were required to be 9.25% and 9.37% 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 were \$150,775 for the year ended June 30, 2023.

Pension Liabilities, Pension Expenses, and Deferred Outflows and Inflows of Resources Related to Pension

Net Pension Liabilities

The net pension liability recorded for the Airport represents its proportionate share of the excess of the total pension liability over the pension plan fiduciary net position for the Wyoming Retirement System plans of which the Airport is a participant. The Airport reported a net pension liability of \$1,111,211 and \$596,524 for the fiscal years ended June 30, 2023 and June 30, 2022, respectively.

The measurement date of the Wyoming Retirement System was December 31, 2022, and the actuarial determination date of the total pension liability, in accordance with GASB Statement No. 68, was January 1, 2022. Roll forward procedures were used by the plan actuary – Gabriel, Roeder, Smith, and Company Retirement Consulting - to update the actuarial liability and costs from the valuation date of January 1, 2021 to the measurement date of December 31, 2022.

Southwest Wyoming Regional Airport
Notes to Financial Statements
Year ended June 30, 2023

The Airport's proportionate share of the net pension liability was determined per plan by calculating the percentage of the Airport's total contributions (employer and employee) to the total contributions received by Wyoming Retirement System during the plan measurement period (January 1, 2022 to December 31, 2022).

The Board's proportionate share of the net pension liability or asset for the plan as of December 31, 2022 and December 31, 2021 is 0.0406618% and 0.0391235%, respectively.

Pension Expense (Benefit)

The measurement of pension expense (benefit) fundamentally changed with the implementation of GASB Statement No. 68. Pension expense (benefit) is calculated for the pension plan measurement period and includes changes in the net pension liability and the amortization of specific deferred inflows and outflows of resources.

For the fiscal year ended June 30, 2023, the Airport recognized a total pension benefit of (\$16,295).

Deferred Inflows and Outflows of Resources Related to Pensions

At June 30, 2023, the Airport reported the following deferred outflows and inflows of resources related to pensions:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments	\$ 95,653	\$ -
Differences between actual and expected experience	5,573	7,044
Change in assumptions or other inputs	29,822	-
Change in proportionate share of the net pension liability	40,184	6,354
Contributions made subsequent to the measurement date	76,657	-
Total	<u>\$ 247,889</u>	<u>\$ 13,398</u>

Contributions made subsequent to the measurement date will reduce the net pension liability next fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense for the years ending June 30, as follows:

	Public Employee Pension
2024	\$ (15,107)
2025	33,484
2026	36,051
2027	103,406
	<u>\$ 157,834</u>

Actuarial Assumptions

The most recent valuation date for pension plans is January 1, 2022. Roll forward procedures were used by the plan actuary – Gabriel, Roeder, Smith, and Company Retirement Consulting - to update the actuarial liability and costs from the valuation date to the measurement date. Actuarial assumptions and methods are set by the WRS Board of Trustees, based upon recommendations from the actuary. There were no changes in actuarial assumptions or methods since the prior valuation.

Southwest Wyoming Regional Airport
Notes to Financial Statements
Year ended June 30, 2023

Actuarial methods and assumptions at January 1, 2022 are disclosed below for the Wyoming Retirement System (WRS) pension plans in which the Airport participates. The actuarial valuation was rolled forward using generally accepted actuarial procedures.

Actuarial Methods

Valuation Date	January 1, 2022
Actuarial cost method	Entry Age Normal
Amortization method	Level Percentage of Payroll, Closed
Remaining Amortization period	25 years
Asset valuation method	5-year Smoothed Market

Actuarial Assumptions

Salary increases	2.50% to 6.5%, including inflation
Inflation rate	2.25%
Investment rate of return	6.80%
Mortality	Pub 2010 General Health Annuitant Mortality Table, amount weighted, fully generational, projected with the MP-2020 Ultimate Scale

The actuarial valuation dated January 1, 2022 assumed a 6.80% long term investment rate of return as noted in the previous table. The long-term rate of return was determined through a 4.55% net real rate of return and an inflation rate of 2.25%.

For the WRS fiscal year ended December 31, 2022, the Public Employee Pension Plan saw an annual money-weighted real rate of return, net of expenses, of -6.99%, compared to the 6.80% expected rate of return for the plan.

The assumed asset allocation of the WRS pension plan portfolio, the long term expected rate of return for each asset class, and the expected rate of return is presented arithmetically and geometrically below over a twenty-year time frame.

	Target Allocation	20-Year Assumptions - Arithmetic Real Return	20-Year Assumptions - Arithmetic Nominal Return	20-Year Assumptions - Geometric Real Return	20-Year Assumptions - Geometric Nominal Return
Tactical Cash	0.50%	0.32%	2.90%	0.30%	2.89%
Gold	1.50%	0.72%	3.30%	2.34%	4.93%
Fixed Income	20.00%	4.05%	6.63%	3.59%	6.17%
Equity	51.50%	9.00%	11.59%	7.09%	9.68%
Marketable Alternatives	16.00%	6.02%	8.61%	5.14%	7.73%
Private Real Assets	10.50%	7.67%	10.26%	6.05%	8.63%
Total Plan	100.00%	7.23%	9.81%	5.86%	8.45%

The long term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These real rates of return are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Discount Rate

The discount rate used to measure the total pension liability varies by plan (see table below). The projection of cash flows used to determine the discount rate assumed contributions from participating employers will be made based on the actuarially determined rates based on the Board's funding policy, which establishes the contractually required rates under Wyoming state statutes. Based on those assumptions, the System's fiduciary net position was projected to be available to make all the projected future benefit payments of current plan members. 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.

Southwest Wyoming Regional Airport
Notes to Financial Statements
Year ended June 30, 2023

Pension Plan	Single Discount Rate	Long-Term Expected Rate of Return	Long-Term Municipal Bond Rate*	Last year ending December 31 in the 2022 to 2121 projection period for which projected benefit payments are fully funded
Public Employee Pension	6.80%	6.80%	4.05%	2121

*Source per WRS ACFR 2022: State and local bonds rate from Fidelity Index's "20-Year Municipal GO AA Index" as of December 31, 2022. In describing this index, Fidelity notes that the municipal curves are constructed using option-adjusted analytics of a diverse population of over 10,000 tax-exempt securities.

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following table presents the Board's proportionate share of the net pension liability calculated using the discount rate of 6.80%. The Board's proportionate share of the net pension liability is also presented when calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate.

Public Employee Pension Plan	1% Decrease 5.80%	Current Discount Rate 6.80%	1% Increase 7.80%
Southwest Wyoming Regional Airport	\$ 1,640,860	\$ 1,111,211	\$ 672,276

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued Wyoming Retirement System Annual Comprehensive Financial Report.

Payables to the Pension Plans

The Airport had \$11,485 payable to the Wyoming Retirement System at June 30, 2023.

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.

The following is a schedule of total grants, capital contributions, and local government support earned for the year ended June 30, 2023:

Wyoming Department of Transportation (Federal/State)	\$ 4,475,551
Sweetwater County (Local)	424,308
City of Rock Springs (Local)	185,616
U.S. Department of Homeland Security (Federal)	9,427
	<u>\$ 5,094,902</u>

Note 7. Risk Management

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

Southwest Wyoming Regional Airport
Notes to Financial Statements
Year ended June 30, 2023

Note 8. Commitments

As of June 30, 2023, 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 2023, the amounts below represent the activity pertaining to the Airport's portion of the contract as a whole:

<u>Project</u>	<u>Contract Amount</u>	<u>Incurred to Date</u>	<u>Total Commitment</u>
Commercial terminal modernization - design and construction	\$ 18,606,161	\$ 11,609,813	\$ 6,996,348
New snow removal equipment building - design and construction	5,181,748	4,928,634	253,114
2023 airport master plan	907,798	173,001	734,797
Existing SRE building conversion - design	51,625	10,860	40,765
	<u>\$ 24,747,332</u>	<u>\$ 16,722,308</u>	<u>\$ 8,025,024</u>

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

Note 9. Restricted Net Position

The Airport receives revenue in the form of a passenger facility charge. The passenger facility charge must be approved by the 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 \$15,043 at June 30, 2023.

Note 10. Accounting Restatement

Correction of an Error – Retainage Payable

During the year ended June 30, 2023, an error was identified relating to the accrual of retainage payable for a contractor on the terminal modernization capital project. The error resulted in an overstatement of retainage payable and construction in progress as of June 30, 2022.

Correction of an Error – Grants Receivable

During the year ended June 30, 2023, an error was identified relating to improper revenue recognition related to requests for reimbursement (grants receivable) that were not appropriately accrued. The error resulted in an understatement of net position and grants receivable as of June 30, 2022.

Additionally, when the error was identified related to grants receivable, it was also noted that an additional invoice related to the terminal modernization capital project had not been appropriately accrued. The error resulted in an understatement of accounts payable and construction in progress as of June 30, 2022.

Effects of Correction of Errors

A reconciliation of beginning balances, as previously reported, to beginning balances as restated are as follows:

	Balance at June 30, 2022, as previously reported	Correction of accounting errors	Opening Balance, as restated
Grants receivable	\$ 1,146,529	\$ 1,189,826	\$ 2,336,355
Capital assets not being depreciated	13,921,645	(551,711)	13,369,934
Accounts payable, including retainage payable	2,597,121	(551,711)	2,045,410
Net position	41,459,485	1,189,826	42,649,311

Required Supplementary Information

Southwest Wyoming Regional Airport
Schedule of Employer's Share of Net Pension Liability
Last 10 Fiscal Years*

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Airport's proportion of the net pension liability	0.0357%	0.037%	0.035%	0.036%	0.037%	0.040%	0.039%	0.038%	0.039%	0.041%
Airport's proportionate share of the net pension liability	543,146	644,685	818,084	865,074	853,224	1,204,477	913,034	821,897	596,524	1,111,211
Airport's covered payroll	611,626	632,798	626,137	640,034	657,765	688,446	701,291	688,754	712,801	763,792
Airport's proportionate share of the net pension liability as a percentage of its employee payroll	88.80%	101.88%	130.66%	135.16%	129.72%	174.96%	130.19%	119.33%	83.69%	145.49%
Plan fiduciary net position as a percentage of the total pension liability	81.10%	79.08%	73.40%	73.42%	76.35%	69.17%	76.83%	79.24%	86.03%	75.47%

* The amounts presented for each fiscal year correspond with the Wyoming Retirement System measurement period, not the Airport's fiscal year.

Southwest Wyoming Regional Airport
Schedule of the Employer's Contributions
Last 10 Fiscal Years*

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Contractually required contribution	\$ 44,681	\$ 48,326	\$ 54,381	\$ 54,446	\$ 56,657	\$ 58,774	\$ 60,645	\$ 63,886	\$ 68,444	\$ 75,873
Contributions in relation to the contractually required contribution	(44,681)	(48,326)	(54,381)	(54,446)	(56,657)	(58,774)	(60,645)	(63,886)	(68,444)	(75,873)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Airport's covered payroll	\$ 627,549	\$ 634,193	\$ 649,713	\$ 650,490	\$ 676,911	\$ 685,145	\$ 703,540	\$ 700,504	\$ 711,481	\$ 809,745
Contributions as as percentage of covered payroll	7.12%	7.62%	8.37%	8.37%	8.37%	8.58%	8.62%	9.12%	9.37%	9.37%

* The amounts presented are for the Airport's fiscal year, not the Wyoming Retirement System measurement period, and include only the employer's contributions.

Supplementary Information

Southwest Wyoming Regional Airport
Schedule of Expenditures of Federal Awards
Year ended June 30, 2023

Federal Grantor/Pass-Through Grantor/Program/Title	Federal Assistance Listing Number	Agency or Pass-through Entity Identifying Number	Expenditures of Federal Awards
U.S Department of Transportation			
<i>Passed through the Wyoming Department of Transportation</i>			
Airport Improvement Program	20.106	DOT-FA21NM-1071	\$ 3,840,921
Airport Improvement Program	20.106	DOT-FA23NM-1013	113,281
Total Airport Improvement Program			<u>3,954,202</u>
Total U.S Department of Transportation			<u>3,954,202</u>
U.S Department of Homeland Security			
Law Enforcement Office Reimbursement Agreement Program	97.090	70T02021T6114N127	<u>9,427</u>
Total U.S Department of Homeland Security			<u>9,427</u>
Total Expenditures of Federal Awards			\$ 3,963,629

Southwest Wyoming Regional Airport
Notes to Schedule of Expenditures of Federal Awards
Year ended June 30, 2023

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.

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, 2023. 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.

Note 4. Subrecipients

The Airport had no subrecipients during the year ended June 30, 2023.

Southwest Wyoming Regional Airport
Schedule of Expenditures of Passenger Facility Charges
Year ended June 30, 2023

Period Ending,	FY2022 Total	1st Quarter July 2022 - September 2022	2nd Quarter October 2022 - December 2022	3rd Quarter January 2023 - March 2023	4th Quarter April 2023 - June 2023	FY 2023 Total
Revenue						
Collections		\$ 14,865	\$ 16,554	\$ 13,093	\$ 15,853	\$ 60,365
Interest		<u>1</u>	<u>6</u>	<u>9</u>	<u>10</u>	<u>26</u>
Total Revenue		<u>14,866</u>	<u>16,560</u>	<u>13,102</u>	<u>15,863</u>	<u>60,391</u>
Total Disbursements		<u>14,866</u>	<u>16,558</u>	<u>13,101</u>	<u>15,863</u>	<u>60,388</u>
Excess of PFC Revenue over Expenditures		<u>-</u>	<u>2</u>	<u>1</u>	<u>-</u>	<u>3</u>
PFC Cash Account Balance	<u>\$ 5,000</u>	<u>\$ 5,000</u>	<u>\$ 5,002</u>	<u>\$ 5,003</u>	<u>\$ 5,003</u>	<u>\$ 5,003</u>

Southwest Wyoming Regional Airport
Notes to Schedule of Expenditures of Passenger Facility Charges
Year ended June 30, 2023

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, 2023. 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 cash basis of accounting; revenues are recognized when received, and expenditures are recognized when paid. 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 the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*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, 2023, and the related notes to the financial statements, which collectively comprise the Airport's basic financial statements, and have issued our report thereon dated March 27, 2024.

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.

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 entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2023-001 that we consider to be a material weakness.

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 Finding

Government Auditing Standards requires the auditor to perform limited procedures on the Airport's response to the finding identified in our audit and described in the accompanying schedule of findings and questioned costs. The Airport's response was not subjected to the other 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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Clinger Hagerman, LLC

Laramie, Wyoming
March 27, 2024



INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR THE MAJOR FEDERAL PROGRAM AND 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 Each Major Federal Program

Opinion on Each 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 OMB *Compliance Supplement* that could have a direct and material effect on the Airport's major federal program for the year ended June 30, 2023. The Airport's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Airport complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2023.

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 each 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.

Clinger Hagerman, LLC

Laramie, Wyoming
March 27, 2024

Southwest Wyoming Regional Airport
Schedule of Findings and Questioned Costs
Year ended June 30, 2023

Section I – Summary of Auditor's Results

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with 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 programs:

- Material weakness(es) identified? ☐ Yes ☒ No
- Significant deficiency(ies) identified? ☐ Yes ☒ None reported

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

Identification of Major Federal Programs and Type of Auditor's Report Issued on Compliance For Major Federal Programs:

		Type of Auditor's Report Issued on Compliance for Major Federal Programs
Assistance Listing Number	Name of Federal Program or Cluster	
20.106	Airport Improvement Program	Unmodified

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

Auditee qualifies as a low-risk auditee? ☐ Yes ☒ No

(continued)

Southwest Wyoming Regional Airport
Schedule of Findings and Questioned Costs
Year ended June 30, 2023

Section II – Financial Statement Findings

2023-001 – Grants Receivable & Retainage Payable

Criteria: The Airport's financial statements are the responsibility of management. A proper system of internal control over financial reporting is essential in order to prevent, detect, and correct misstatements and to ensure that such information is useful in decision-making and evaluating managerial and departmental performance, as well as demonstrating accountability and stewardship. Controls must be properly designed, in place, and operating effectively to ensure the Airport's accounting and financial information is fairly stated in accordance with generally accepted accounting principles (GAAP).

Condition: During management's review of current year construction project costs, it was determined that there were material errors reported in the prior financial statements relating to grants receivable, accounts payable (including retainage payable), and construction in progress, which resulted in the correction of errors.

Cause: Management's review of the prior year audit adjustments, proposed by the former auditors, did not identify an error in retainage payable and construction in progress. During this reevaluation, management also determined that pay applications accrued in the prior year audit adjustment did not have a corresponding grant receivable and revenue recognition for the related project reimbursement requests.

Effect or Potential Effect: The Airport's beginning net position was materially understated due to grant receivables not being appropriately recorded. The Airport's failure to record the grant receivable was an accounting error. Beginning net position was restated at July 1, 2022 in an amount of \$1,189,826 to correct the errors.

Recommendation: We recommend that the Airport implement a control system to ensure that all adjusting journal entries are reviewed for accuracy at year-end, and to ensure that revenue transactions associated with reimbursement requests on federal grants are appropriately accounted for at year-end.

Views of Responsible Officials: Management agrees with the finding, and has implemented additional internal controls over financial reporting to reduce the likelihood of future errors.

Section III – Federal Award Findings and Questioned Costs

No matters were identified that were required to be reported.

Section IV – Passenger Facility Charge Findings & Questions Costs

No matters were identified that were required to be reported.



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO THE PASSENGER FACILITY CHARGE PROGRAM AND ON
INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE
PASSENGER FACILITY CHARGE AUDIT GUIDE FOR PUBLIC AGENCIES**

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

Report on Compliance for Passenger Facility Charge Program

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 identified as subject to audit in the *Passenger Facility Charge Audit Guide for Public Agencies*, issued by the Federal Aviation Administration (the Guide) that could have a direct and material effect on its passenger facility charge program for the year ended June 30, 2023.

In our opinion, the Airport complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its passenger facility charge program for the year ended June 30, 2023.

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 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 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 each major federal 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.

Clinger Hagerman, LLC

Laramie, Wyoming
March 27, 2024

Management's Corrective Action Plan

The Southwest Wyoming Regional Airport's management is documenting its corrective action plan for fiscal year 2023 audit findings below:

Finding:	2023-001 – Grants Receivable and Retainage Payable – Material Weakness in Internal Controls Over Financial Reporting
Recommendation:	We recommend that the Airport implement a control system to ensure that all adjusting journal entries are reviewed for accuracy at year-end, and to ensure that revenue transactions associated with reimbursement requests on federal grants are appropriately accounted for at year-end.
Corrective Action Plan:	Management and the contract accountant have implemented a process at year-end to review all grants and revenue transactions associated with reimbursement requests on federal grants to ensure that they are appropriately accounted for at year-end. As part of this process, management and the contract accountant will also review all adjusting journal entries for the fiscal year-end to ensure that they are accurate.
Anticipated Completion:	October 2023
Responsible Party:	Shannon Lucero, Operations & Business Manager Jonny Lamb, Contract Accountant

Summary Schedule of Prior Audit Findings

2022-001 – 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: The Airport takes an active role in its financial management, and it has hired a contract accountant to provide additional oversight and to ensure proper segregation of duties exist in key transactional cycles.

Auditor's comment: Per work performed in the current year on the Airport's financial statement audit, the Airport's management implemented its Corrective Action Plan. Finding 2022-001 is considered to be resolved.

2022-002 – Internal Control and Audit Adjustment to Capital Contributions Revenue and the Associated Receivable

Condition/context: Adjusting journal entries were proposed to:

- Increase grant receivables 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

Status: Management and the Airport has worked to implement a control system to ensure that revenue transactions associated with reimbursement requests on Federal grants are appropriately accounted for. As part of this process, the Business Manager includes in the fiscal year end procedures a grant reimbursement request for all expenses incurred prior to year-end to ensure that the grant receivable is recorded accordingly.

Auditor's comment: The corrective action plan is in process. There is a similar finding in the current year; 2023-001 – Grants Receivable and Retainage Payable, related to material errors that were identified in the amounts reported at the prior year-end. Those errors have resulted in a prior period restatement to beginning net position so as to ensure that beginning net position is materially correct in accordance with GAAP.