

Financial Statements

Friedman Memorial Airport Authority
Includes Supplementary Information
Years Ended September 30, 2021 and 2020



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INDEPENDENT AUDITORS' REPORT

To the Board
Friedman Memorial Airport Authority
Hailey, Idaho

Report on the Financial Statements

We have audited the accompanying financial statements of the Friedman Memorial Airport Authority which comprise the statements of net position as of September 30, 2021 and 2020, and the related statements revenue, expenses and changes in net position and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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





Opinion

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis as listed in the table of contents is presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, which 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.

Other Information

Our audits were conducted for the purpose of forming an opinion on the Authority's basic financial statements taken as a whole. The schedule of revenue, expenditures and changes in net position – budget and actual and reconciliation of budgetary basis to GAAP, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *code of federal regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The schedule of revenue, expenditures and changes in net position – budget and actual and reconciliation of budgetary basis to GAAP and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion 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 January 4, 2022, on our consideration of Friedman Memorial Airport Authority'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 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 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 Friedman Memorial Airport Authority's internal control over financial reporting and compliance.

Harris CPA

Meridian, Idaho
January 4, 2022



FRIEDMAN MEMORIAL AIRPORT AUTHORITY

**MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2021 and 2020**

The following Management's Discussion and Analysis (MD&A) of the Friedman Memorial Airport Authority's (the Authority) financial performance provides an introduction to the financial statements for the fiscal year ended September 30, 2021. The information contained in the MD&A should be considered in conjunction with information contained in the Authority's financial statements.

Friedman Memorial Airport is located in the City of Hailey, within Blaine County. Blaine County is located in central Idaho, in an area known as the Wood River Valley. The Big Wood River runs from north to south between the Smoky, Pioneer and Boulder Mountains. Friedman Memorial Airport is located immediately south of the central business district of Hailey and approximately two miles north of the City of Bellevue. State Highway 75 runs directly adjacent to the east side of the Airport, southeast to northwest through the cities of Bellevue and Hailey, with Ketchum/Sun Valley 11 miles to the north and Twin Falls 75 miles to the south.

The airport continues to be served by three air carriers – Delta, United, and Alaska Airlines. Delta Airlines remains a year-round carrier (direct service to Salt Lake City), with United beginning year-round service in September 2021 and Alaska providing seasonal service. Markets served by our three air carriers in 2021 included Chicago (limited – winter only), Denver, Los Angeles, Salt Lake City, San Francisco, and Seattle. During fiscal year 2021, enplanements were up 48% over fiscal year 2020. Through October 2021, calendar year 2021 passenger enplanements increased 92% through the same period in 2020. The increase in enplanements was a result of the global economic recovery still in progress. Overall traffic operations have increased significantly. Through November 2021, total operations are up 23% compared to the same period for Calendar year 2020. The increase in activity is a result of the continued economic recovery from the COVID-19 pandemic.

As has historically been the case at SUN, traveler inconvenience due to frequent flight cancellations and diversions as a result of high instrument approach weather minimums at the airport is an often-stated concern and reason for travelers to be reluctant to return to SUN. Since mid-2018, with the expertise of an instrument approach designer, the Authority worked to implement a new approach. The new approach was active December 2020 and has resulted in a significant improvement in reliability.

In partnership with a local non-profit air service organization, the Authority is committed to maintaining and improving air service at Friedman. While commercial air service at the airport remains critical to our community both from an economic and transportation access standpoint, the airport also serves an extensive and important General Aviation community. Our general aviation users are a significant contributor to the airport's annual revenue stream.

Operationally, fiscal year 2021 saw the Authority and staff continue to focus on maintenance and upkeep of our facilities, with a conservative approach to expenditures given the ongoing pandemic. Airport revenue streams and activity have rebounded to record levels in many cases; however, a conservative approach will be taken given the pandemic is still a factor. The Authority remains financially well positioned to sustain operations given financially prudent business decisions and the supplemental funds provided by the FAA.

The Authority made progress with regard to ongoing planning efforts, including the Terminal Area Plan (TAP) and the design for the upcoming runway project which will occur in FY 2022. Snow removal equipment remains the key to maintaining the airfield and bolstering/replacing an aged fleet has been a high priority for the Authority. The Authority took possession of a new Aircraft Rescue Fire Fighting (ARFF) truck. This piece of equipment is paramount in maintaining our Federal Part 139 requirements.

Overview of the Financial Statements

The Authority's financial statements are prepared on the accrual basis in accordance with generally accepted accounting principles promulgated by the Governmental Accounting Standards Board (GASB). The Authority is structured as a single enterprise fund with revenues recognized when earned, not when received. Expenses are

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MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2021 and 2020

recognized when incurred, not when paid. See the notes to the financial statements for a summary of the Authority's significant accounting policies.

Following this MD&A are the basic financial statements of the Authority, together with the notes, which are essential to a full understanding of the data contained in the financial statements. The Authority's basic financial statements are designed to provide readers with a broad overview of the Authority's finances.

The *Statements of Net Position* present information on all the Authority's assets, deferred outflows of resources, liabilities, deferred inflows of resources and net position. Over time, increases or decreases in net position may serve as useful indicators of whether the Authority's financial position is improving or deteriorating.

The *Statements of Revenue, Expenses and Changes in Net Position* present information showing how the Authority's net position changed during the year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future periods.

The *Statements of Cash Flows* relates to the flows of cash and cash equivalents. Consequently, only transactions that affect the Authority's cash accounts are recorded in this statement. A reconciliation is provided at the bottom of the *Statements of Cash Flows* to assist in understanding the difference between cash flows, operating activities and operating income.

In addition to the basic financial statements and accompanying notes, this report also presents the *Schedule of Revenue, Expenditures and Changes in Net Position Budget & Actual* and the *Reconciliation of Budgetary Basis to GAAP* as supplementary information.

Financial Analysis of the Authority as a Whole

The changes in net position over time serve as a useful indicator of the Authority's financial position. The Authority's assets exceeded liabilities by \$58,594,344 as of September 30, 2021, an increase of \$725,587 from the prior year. A condensed summary of the Authority's financial position at September 30th is shown below.

	<u>2021</u>	<u>2020</u>	<u>Increase (Decrease)</u>	<u>Percentage Change</u>
ASSETS:				
Current Assets	\$ 9,373,772	\$ 7,324,295	\$ 2,049,477	28.0%
Capital Assets	<u>49,563,030</u>	<u>51,561,010</u>	<u>(1,997,980)</u>	-3.9%
Total Assets	<u>58,936,802</u>	<u>58,885,305</u>	<u>51,497</u>	0.1%
LIABILITIES:				
Current Liabilities	319,674	1,006,446	(686,772)	-68.2%
Noncurrent Liabilities	<u>22,784</u>	<u>10,102</u>	<u>12,682</u>	125.5%
Total Liabilities	<u>342,458</u>	<u>1,016,548</u>	<u>(674,090)</u>	-66.3%
NET POSITION:				
Invested in capital assets	49,563,030	51,561,010	(1,997,980)	-3.9%
Restricted	5,500	5,500	-	-
Unrestricted	<u>9,025,814</u>	<u>6,302,247</u>	<u>2,723,567</u>	43.2%
Net Position	<u>\$ 58,594,344</u>	<u>\$ 57,868,757</u>	<u>\$ 725,587</u>	1.3%

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**MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2021 and 2020**

The largest portion of the Authority's net position is invested in capital assets (e.g. land, buildings, improvements and equipment). The Authority uses its capital assets to provide services to its aviation partners, passengers and fixed-base operators. This requirement includes the obligation to preserve and maintain airport facilities in a safe and serviceable condition and includes the responsibility to operate the aeronautical facilities and common use areas for the benefit of the public. Consequently, these assets are not available for future spending.

The Authority's unrestricted net position is available to meet current and future obligations. The Authority anticipates that these funds will be needed to pay future capital expenditures and maintain adequate levels of working capital.

The Authority's restricted net position represents an amount required to be set aside as a performance bond by a communications use lease with the Bureau of Land Management (BLM). The BLM funds are restricted as they must be held for the duration of the lease which terminates on December 31, 2031.

A condensed summary of the Authority's revenue, expenses and changes in net position for the fiscal year ending September 30th is shown below.

	<u>2021</u>	<u>2020</u>	Increase (Decrease)	Percentage Change
Operating Revenue	\$ 4,361,549	\$ 3,795,867	\$ 565,682	14.9%
Operating Expenses	<u>7,500,817</u>	<u>7,125,369</u>	<u>375,448</u>	5.3%
Operating (income/loss)	(3,139,268)	(3,329,502)	190,234	5.7%
Non-operating Revenue (Expenses)	2,361,441	2,891,095	(529,654)	-18.3%
Capital Contributions	<u>1,503,414</u>	<u>3,320,119</u>	<u>(1,816,705)</u>	-54.7%
Changes in net position	725,587	2,881,712	(2,156,125)	-74.8%
Beginning net position	<u>57,868,757</u>	<u>54,987,045</u>	<u>2,881,712</u>	5.2%
Ending net position	<u>\$58,594,344</u>	<u>\$57,868,757</u>	<u>\$ 725,587</u>	1.3%

Operating revenue increased 14.9% from the prior fiscal year. The operating revenue item with the largest increase was Auto parking revenue with a 38% increase from the prior fiscal year. All other sources of operating revenue increased from the prior fiscal year except for Airlines and Other operating revenue.

Operating expenses increased by 5.3% over the prior fiscal year. There was a 15.7% increase in Supplies; a 30.1% increase in Repairs and maintenance and a 112.9% increase in Other operating expense from the prior fiscal year.

Comparison of Budget and Actual Results

No amendments were made to the Authority's *Budgeted Revenue, Expenses and Changes in Net Position* during the fiscal year ending September 30, 2021. A summary of operating revenue and expenses based on the actual budgetary basis is shown below.

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Total Operating Revenue	\$2,871,665	\$4,361,549	\$1,489,884
Total Operating Expenses	<u>3,720,737</u>	<u>3,932,547</u>	<u>211,810</u>
Operating Income (loss)	<u>\$ (849,072)</u>	<u>\$ 429,002</u>	<u>\$ 1,278,074</u>

Actual results reported above may differ from the actual results as reported in the *Statement of Revenue, Expenses and Changes in Net Position* for the following reasons:

1. Accruals of compensated absences are not budgeted but are reported for GAAP.
2. Depreciation expense is not budgeted but is reported for GAAP.

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MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2021 and 2020

3. Capital asset purchases are budgeted as an expense but are reported as an asset for GAAP.

The Authority's budget philosophy is to conservatively estimate revenue while, at the same time, making certain that budgeted operating expenses are not understated.

Capital Acquisitions and Construction Activities

The capital assets of the Authority are those assets that are used in the performance of the Authority's functions. At September 30, 2021, net capital assets totaled \$49,563,030. The Authority acquired or constructed \$1.6 million in capital assets this year as detailed in Note 3 of the Notes to the Basic Financial Statements.

Long-term Liabilities

Long-term liabilities consist of accrued compensated absences. Accrued compensated absences represents vacation, comp time and 25% of sick leave, which has been accrued but will be paid in future periods as used or on termination of employment. The total accrued compensated absences liability at September 30, 2021, was \$122,341. Currently, the Authority has no long-term debt outstanding nor are there any plans to incur any long-term debt.

Requests for Information

This financial report is designed to provide the Authority's Board, management, investors, creditors and customers with a general view of the Authority's net position and results of operations. Questions concerning any information contained in this report may be directed to the Airport Manager, 1616 Airport Circle, Hailey, ID 83333.

FRIEDMAN MEMORIAL AIRPORT AUTHORITY

**STATEMENTS OF NET POSITION
ENTERPRISE FUND
September 30, 2021 and 2020**

ASSETS	<u>2021</u>	<u>2020</u>
Current Assets:		
Cash and cash equivalents	\$ 8,370,054	\$ 3,584,325
Operating accounts receivable	440,812	344,694
Due from other governments	552,381	3,383,740
Interest receivable	300	1,439
Prepaid expenses	4,725	4,597
Restricted cash and cash equivalents:		
BLM	5,500	5,500
Total Current Assets	<u>9,373,772</u>	<u>7,324,295</u>
Noncurrent Assets:		
Land	6,712,067	6,712,067
Construction in progress	5,730,682	4,224,510
Airfield, buildings, equipment, improvements, plans and studies	71,343,413	71,274,956
	<u>83,786,162</u>	<u>82,211,533</u>
Accumulated depreciation	(34,223,132)	(30,650,523)
Total Noncurrent Assets	<u>49,563,030</u>	<u>51,561,010</u>
Total Assets	<u>58,936,802</u>	<u>58,885,305</u>
LIABILITIES		
Current Liabilities:		
Trade accounts payable	201,253	155,051
Payable City of Hailey	3,773	5,157
Accounts payable for capital improvements	1,748	686,362
Accrued payroll and benefits	12,143	5,201
Customer deposits	1,200	1,700
Current portion of long-term liabilities	99,557	152,975
Total Current Liabilities	<u>319,674</u>	<u>1,006,446</u>
Long-Term Liabilities:		
Accrued compensated absences	122,341	163,077
Current portion of long-term liabilities	(99,557)	(152,975)
Total Long-Term Liabilities	<u>22,784</u>	<u>10,102</u>
Total Liabilities	<u>342,458</u>	<u>1,016,548</u>
NET POSITION		
Net investment in capital assets	49,563,030	51,561,010
Restricted	5,500	5,500
Unrestricted	9,025,814	6,302,247
Total Net Position	<u>\$ 58,594,344</u>	<u>\$ 57,868,757</u>

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**STATEMENTS OF REVENUE, EXPENSES AND CHANGES IN NET POSITION
ENTERPRISE FUND**

For the Years Ended September 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Operating Revenue:		
Airlines	\$ 435,139	\$ 525,949
Automobile rental	799,547	591,692
Auto parking	407,517	295,361
Rents, fees, commissions and leases	2,271,909	2,014,493
Fuel flowage fees	430,541	315,021
Other operating revenue	16,896	53,351
Total Operating Revenue	<u>4,361,549</u>	<u>3,795,867</u>
Operating Expenses:		
Employee wages, benefits and taxes	1,633,382	1,724,899
Supplies	189,630	163,828
Utilities	143,079	149,289
Services and contracts	872,901	796,353
Repairs and maintenance	471,057	362,009
Insurance	53,124	53,257
Other operating expense	528,639	248,289
Depreciation	3,609,005	3,627,445
Total Operating Expenses	<u>7,500,817</u>	<u>7,125,369</u>
Operating Income (Loss)	<u>(3,139,268)</u>	<u>(3,329,502)</u>
Nonoperating Revenue (Expenses):		
Passenger Facility Charges	301,066	236,652
Interest income	11,719	32,930
Interest expense	-	(2,904)
Gain (loss) on disposition of assets	48,656	-
CARES Act revenue	2,000,000	2,624,417
Total Nonoperating Revenue (Expenses)	<u>2,361,441</u>	<u>2,891,095</u>
Income (Loss) before Capital Contributions	(777,827)	(438,407)
Capital Contributions	<u>1,503,414</u>	<u>3,320,119</u>
Change in Net Position	725,587	2,881,712
Net Position, Beginning of Year	<u>57,868,757</u>	<u>54,987,045</u>
Net Position, End of Year	<u>\$ 58,594,344</u>	<u>\$ 57,868,757</u>

FRIEDMAN MEMORIAL AIRPORT AUTHORITY

**STATEMENTS OF CASH FLOWS
ENTERPRISE FUND**

For the Years Ended September 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers	\$ 4,264,760	\$ 3,832,620
Cash payments to employees for services and benefits	(1,667,176)	(1,861,359)
Cash payments to suppliers for goods and services	<u>(2,213,740)</u>	<u>(1,810,267)</u>
Net cash provided (used) by operating activities	<u>383,844</u>	<u>160,994</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Noncapital financing	<u>4,475,252</u>	<u>149,165</u>
Net cash provided (used) by noncapital financing activities	<u>4,475,252</u>	<u>149,165</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Proceeds from sales of capital assets	51,008	-
Acquisition and construction of capital assets	(2,297,991)	(3,143,813)
Payments on long-term debt	-	(71,508)
Interest payments on long-term debt	-	(2,904)
Grants and other amounts received for the purchase of capital assets	1,859,692	3,246,639
Passenger Facility Charges received for the purchase of capital assets	<u>301,066</u>	<u>236,652</u>
Net cash provided (used) by capital and related financing activities	<u>(86,225)</u>	<u>265,066</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment earnings	<u>12,858</u>	<u>34,127</u>
Net cash provided (used) by investing activities	<u>12,858</u>	<u>34,127</u>
Net increase (decrease) in cash and cash equivalents	4,785,729	609,352
Balances - beginning of the year	<u>3,589,825</u>	<u>2,980,473</u>
Balances - end of the year	<u>\$ 8,375,554</u>	<u>\$ 3,589,825</u>
RECONCILIATION OF CASH BALANCES TO STATEMENTS OF NET POSITION		
Cash and cash equivalents	\$ 8,370,054	\$ 3,584,325
Restricted cash and cash equivalents:		
BLM	<u>5,500</u>	<u>5,500</u>
Total cash balances on Statements of Net Position	<u>\$ 8,375,554</u>	<u>\$ 3,589,825</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:		
Operating income (loss)	<u>\$ (3,139,268)</u>	<u>\$ (3,329,502)</u>
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	3,609,005	3,627,445
Change in assets and liabilities:		
(Increase) decrease in operating accounts receivable	(96,289)	36,753
(Increase) decrease in prepaid expenses	(128)	326
Increase (decrease) in accounts payable trade	44,818	(37,568)
Increase (decrease) in accrued payroll and benefits	6,942	1,161
Increase (decrease) in customer deposits	(500)	-
Increase (decrease) in accrued compensated absences	<u>(40,736)</u>	<u>(137,621)</u>
Total Adjustment and Changes	<u>3,523,112</u>	<u>3,490,496</u>
Net cash provided (used) by operating activities	<u>\$ 383,844</u>	<u>\$ 160,994</u>

FRIEDMAN MEMORIAL AIRPORT AUTHORITY

NOTES TO FINANCIAL STATEMENTS For the Years Ended September 30, 2021 and 2020

Note 1. Summary of Significant Accounting Policies

Organization

Effective October 1, 1994, Blaine County, Idaho, and the City of Hailey, Idaho, entered into a Joint Powers Agreement creating the Friedman Memorial Airport Authority (Authority) for the purpose of operating and managing airport activities in Blaine County, Idaho. The Authority is a public entity of the State of Idaho and therefore the Authority's income is exempt from Federal and Idaho income taxes. The Authority is governed by a seven-member board with three members representing Blaine County, three members representing the City of Hailey and one member who is unanimously selected by the other six members. The Authority has hired employees to provide for the day-to-day operations and management.

Pursuant to the Joint Powers Agreement, all buildings, improvements, facilities, equipment, and personal property used by the Authority were conveyed by Blaine County and the City of Hailey to the Authority for use and benefit of the Authority and title thereof shall be held by the Authority. Upon termination of this Agreement, title to all buildings, improvements, facilities, equipment and personal property held by the Authority shall vest jointly in Blaine County and the City of Hailey.

Reporting Entity

Generally accepted accounting principles require government financial statements to include the primary government and its component units. Component units of a governmental entity are legally separate entities for which the primary government is considered to be financially accountable and for which the nature and significance of their relationship with the primary government are such that exclusion would cause the combined financial statements to be misleading or incomplete. The primary government is considered to be financially accountable if it appoints a majority of an organization's governing body and imposes its will on that organization. The primary government may also be financially accountable if an organization is fiscally dependent on the primary government, regardless of the authority of the organization's governing board.

Based on the application of the criteria set forth by the Governmental Accounting Standards Board (GASB), management has determined that the Authority does not have component units. Accordingly, the accompanying financial statements include only the operations of the Authority.

Measurement Focus and Basis of Accounting

The Authority's financial statements have been prepared using the accrual basis of accounting. Under this method, revenue and receivables are recognized when services are provided and expense and liabilities are recorded at the time goods and services are received.

The Authority's accounting policies conform to generally accepted accounting principles applicable to proprietary funds of governmental units. Proprietary funds use the economic resources measurement focus. With this measurement focus, all assets and liabilities associated with the operation of these funds are included on the statement of net position.

Proprietary operating revenue, such as charges for services, result from exchange transactions associated with the principal activity of the operating unit. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as interest or capital contributions, result from nonexchange transactions or ancillary activities. Nonexchange transactions, in which the Authority gives (or receives) value without directly receiving (or giving) value in exchange, include grants, donations and passenger facility charges (PFC's). Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. PFC's along with related interest earnings are recorded as deferred revenue until authorized for matching payments on construction projects under an FAA approved Application to Use. Once authorized to use, PFC receipts are recognized and recorded as nonoperating revenue in the year collected.

FRIEDMAN MEMORIAL AIRPORT AUTHORITY

NOTES TO FINANCIAL STATEMENTS
For the Years Ended September 30, 2021 and 2020

Components of Net Position

GASB establishes standards for external financial reporting for state and local governments and components thereof. The Authority's net position is classified into three categories according to external restrictions or availability of assets for satisfaction of the Authority's obligations. The Authority's net position is classified as follows:

- Net Investment in Capital Assets - This represents the Authority's total investment in capital assets, net of outstanding obligations related to those capital assets. To the extent debt has been incurred, but not yet expended for capital assets, such amounts are not included as a component of net investment in capital assets.
Restricted - This represents resources which the Authority is legally or contractually obligated to spend in accordance with restrictions imposed by external third parties.
Unrestricted - This represents resources derived from operations that may be used at the discretion of the board of directors for any purpose.

When both restricted and unrestricted resources are available for use, it is the Authority's policy to use restricted resources first and then unrestricted resources as they are needed.

Cash and Cash Equivalents

For purposes of the statement of cash flows, cash and cash equivalents include cash in bank accounts and funds deposited in the State Treasurer's Local Government Investment Pool. Because the State Treasurer's Local Government Investment Pool is sufficiently liquid to permit withdrawal of cash at any time without prior notice or penalty, equity in the pool is deemed to be a cash equivalent. These funds are carried at cost which is not materially different than fair value.

Restricted Cash - BLM

This cash represents an amount required to be set aside as a performance bond by a communications use lease with the Bureau of Land Management. These funds are restricted as they must be held for the duration of the lease which terminates on December 31, 2031.

Accounts Receivable

Based upon past experience, uncollectible receivables are deemed immaterial by management and no allowance has been provided.

Prepaid Expenses

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

Capital Assets

Prior to October 1, 2018, only assets with a value over \$1,500 were capitalized. As of October 1, 2018, the Authority adopted a new policy to capitalize assets with a value over \$5,000. Capital assets are recorded at historical cost. Donated capital assets are recorded at their estimated fair market value when received. The Authority does include the cost of all infrastructure assets in capital assets. Assets held under capital leases are recorded at the lower of fair market value or the present value of future lease payments and amortized over the estimated life of the asset. Depreciation is calculated by the straight-line method over the estimated useful life of the depreciable property as follows:

Table with 2 columns: Asset Category and Useful Life. Rows include Building and improvements (5 to 40 years), Airfield and general improvements (3 to 25 years), Office equipment (5 years), Security (3 to 5 years), Maintenance equipment and vehicles (5 to 20 years), and Assessments, plans and studies (4 to 20 years).

FRIEDMAN MEMORIAL AIRPORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
For the Years Ended September 30, 2021 and 2020

Budget

The Authority is required by state law to adopt an annual budget. The budgetary basis is accrual but differs from the basis of accounting used for the financial statements in the following ways:

1. Accruals of compensated absences are not budgeted but are reported for GAAP.
2. Depreciation expense is not budgeted but is reported for GAAP.
3. Capital asset purchases are budgeted as an expense but are reported as an asset for GAAP.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Upcoming Accounting Pronouncements

In June 2017, the GASB issued Statement No. 87, *Leases*, which improves accounting and financial reporting for leases by governments. This statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. The Authority is currently evaluating the impact this standard will have on the financial statements when adopted. The provisions of this statement are effective for the Authority's financial statements for the year ending September 30, 2022.

In January 2020, the GASB issued Statement No. 92, *Omnibus 2020*. The objectives of this statement are to enhance comparability in accounting and financial reporting to improve consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. The provisions of this statement are effective on various dates, but no later than reporting periods beginning after June 15, 2021. The Authority does not believe this pronouncement will have a significant impact on their financial statements but are still making a full evaluation.

Note 2. Deposits and Investments

The following is a reconciliation of the Authority's deposit and investment balances as of September 30, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Cash on hand	\$ -	\$ 200
Bank deposits	119,342	16,101
Repurchase agreement	5,227,142	553,611
State of Idaho Local Government Investment Pool	<u>3,029,070</u>	<u>3,019,913</u>
	<u>\$ 8,375,554</u>	<u>\$ 3,589,825</u>

The Authority invests in the State of Idaho Local Government Investment Pool. These funds can be liquidated at cost as needed and are carried at cost which is not materially different than fair value. The invested amounts at year end are as listed above.

Deposit and Investment Policy

Idaho statute authorizes the Authority to invest in obligations of the U.S. Treasury, agencies and instrumentalities of the United States; general obligation or revenue bonds of the state of Idaho, any Idaho taxing district, or public corporations of the state of Idaho; repurchase agreements; tax anticipation bonds or notes; time deposit accounts and savings accounts in state depositories; and the State of Idaho's Local Government Investment Pool. The Authority's Investment Policy limits investment choices to interest-bearing accounts at approved financial institutions and the State of Idaho Local Government Investment Pool. The accounts are to be reviewed monthly by the Board's financial review committee.

FRIEDMAN MEMORIAL AIRPORT AUTHORITY

**NOTES TO FINANCIAL STATEMENTS
For the Years Ended September 30, 2021 and 2020**

Credit Risk

The Authority has no formal policy on managing credit risk. As of September 30, 2021 and 2020, the Authority's deposits and investment had the following credit ratings:

<u>Investment</u>	2021 <u>Fair Value</u>	2020 <u>Fair Value</u>	<u>Credit Rating</u>
Mountain West Checking	\$ 113,098	\$ 9,928	None
Mountain West Certificate of Deposit	6,244	6,173	None
Mountain West Repurchase Agreement	5,227,142	553,611	None
State of Idaho Local Government Investment Pool	3,029,070	3,019,913	None

Investment by the Authority in State of Idaho Local Government Investment Pool is considered unclassified as to credit risk because they are not evidenced by securities that exist in physical or book entry form. The type of investments allowed is regulated by *Idaho Code* and oversight is provided by the Idaho State Treasurer's Office.

Custodial Credit Risk

Custodial credit risk is the risk that, in the event of a bank failure, the Authority's bank deposits will not be returned to it. The Authority's investment policy does not limit the amount of deposits in approved and chosen financial institutions.

As of September 30, 2021, the carrying amount of the Authority's bank deposits was \$5,346,484 and the respective bank balances totaled \$5,370,965. The Authority's deposits at September 30, 2021, were covered by \$138,728 of insurance from the Federal Depository Insurance Corporation and \$5,232,237 of collateral leaving none as unsecured or uninsured. The securities serving as collateral are held in the name of the financial institution and not that of the Authority.

As of September 30, 2020, the carrying amount of the Authority's bank deposits was \$569,712 and the respective bank balances totaled \$628,162. The Authority's deposits at September 30, 2020, were covered by \$38,520 of insurance from the Federal Depository Insurance Corporation and \$589,642 of collateral leaving none as unsecured or uninsured. The securities serving as collateral are held in the name of the financial institution and not that of the Authority.

Concentration of Credit Risk

Concentration of credit risk is the risk of a loss attributed to the magnitude of an investment in a single issuer. The Authority's investment policy does not place limits on amounts invested in any one issuer. Pooled investments and investments issued or explicitly guaranteed by the U.S. Government are not considered a concentration credit risk. At September 30, 2021 and 2020, the Authority had more than 5% of its deposits and investments invested in a repurchase agreement with Mountain West Bank. At September 30, 2021, 100% of the repurchase agreement was invested in a JP Morgan Chase bond. At September 30, 2020, 100% of the repurchase agreement was invested in a Delano California Union Elementary School District Refunding Series A municipal bond.

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates. The Authority does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

The Authority had the following deposits and investments as of September 30, 2021 and 2020:

<u>Investment</u>	2021 <u>Fair Value</u>	Weighted Average <u>Duration</u>	2020 <u>Fair Value</u>	Weighted Average <u>Duration</u>
Repurchase agreement	\$ 5,227,142	1 day	\$ 553,611	1 day
Investment pool	3,029,070	133 days	3,019,913	158 days
Certificate of Deposit	6,244	16 days	6,173	1 yrs 16 days
Demand deposits	113,098	not applicable	9,928	not applicable

FRIEDMAN MEMORIAL AIRPORT AUTHORITY

**NOTES TO FINANCIAL STATEMENTS
For the Years Ended September 30, 2021 and 2020**

Note 3. Capital Assets

Capital asset activity for the year ended September 30, 2021, was as follows:

	Balance 9/30/2020	Increase	Decrease	Transfer	Balance 9/30/2021
Nondepreciable capital assets:					
Land	\$ 6,712,067	\$ -	\$ -	\$ -	\$ 6,712,067
Construction in progress*	4,224,510	1,596,615	-	(90,443)	5,730,682
Depreciable capital assets:					
Buildings and improvements	5,715,166	-	-	-	5,715,166
Airfield and general improvements	54,196,872	10,148	-	90,443	54,297,463
Office equipment	69,369	-	-	-	69,369
Security	167,703	-	-	-	167,703
Maintenance equipment & vehicles	3,959,462	6,614	(38,748)	-	3,927,328
Assessments, plans & studies	7,166,384	-	-	-	7,166,384
	<u>82,211,533</u>	<u>1,613,377</u>	<u>(38,748)</u>	<u>-</u>	<u>83,786,162</u>
Accumulated depreciation	<u>(30,650,523)</u>	<u>(3,609,005)</u>	<u>36,396</u>	<u>-</u>	<u>(34,223,132)</u>
	<u>\$ 51,561,010</u>	<u>\$ (1,995,628)</u>	<u>\$ (2,352)</u>	<u>\$ -</u>	<u>\$ 49,563,030</u>

*Construction in progress includes amounts for seven airport improvement projects, as listed in Note 13, that were not completed as of September 30, 2021. The largest of these projects totals \$2,457,025.

Capital asset activity for the year ended September 30, 2020, was as follows:

	Balance 9/30/2019	Increase	Decrease	Transfer	Balance 9/30/2020
Nondepreciable capital assets:					
Land	\$ 6,712,067	\$ -	\$ -	\$ -	\$ 6,712,067
Construction in progress*	704,532	3,519,978	-	-	4,224,510
Depreciable capital assets:					
Buildings and improvements	5,715,166	-	-	-	5,715,166
Airfield and general improvements	53,992,819	204,053	-	-	54,196,872
Office equipment	69,369	-	-	-	69,369
Security	158,623	9,080	-	-	167,703
Maintenance equipment & vehicles	3,910,166	49,296	-	-	3,959,462
Assessments, plans & studies	7,166,384	-	-	-	7,166,384
	<u>78,429,126</u>	<u>3,782,407</u>	<u>-</u>	<u>-</u>	<u>82,211,533</u>
Accumulated depreciation	<u>(27,023,078)</u>	<u>(3,627,445)</u>	<u>-</u>	<u>-</u>	<u>(30,650,523)</u>
	<u>\$ 51,406,048</u>	<u>\$ 154,962</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 51,561,010</u>

*Construction in progress includes amounts for six various airport improvement projects that were not completed as of September 30, 2020. The largest of these projects totals \$2,457,025.

Note 4. Accounts Receivable

The Airport manager, under the direction of the Authority, charges fees and rents for parking (aircraft and automobiles), landing of aircraft, fuel flowage, hangars and concession commissions. Landing fees are based on the weight of the aircraft while parking fees are based on the class and weight of each aircraft. Auto parking is on a commission basis. The Authority clerk posts these charges on a regular basis and bills each user.

Based upon past experience, uncollectible receivables are deemed immaterial by management.

The Authority's uncollected accounts as of September 30, 2021 and 2020, are as follows:

	2021	2020
Current	\$ 340,740	\$ 327,334
30-60 days	30	3,061
60-90 days	67,026	16,835
90 days and over	33,016	(2,536)
	<u>\$ 440,812</u>	<u>\$ 344,694</u>
Due from other governments	<u>\$ 552,381</u>	<u>\$ 3,383,740</u>

FRIEDMAN MEMORIAL AIRPORT AUTHORITY

**NOTES TO FINANCIAL STATEMENTS
For the Years Ended September 30, 2021 and 2020**

Note 5. Long-term Liabilities

Changes in long-term obligations for the year ended September 30, 2021, are as follows:

	Balance at 10/01/2020	Additions	Reductions	Balance 9/30/2021	Amount due within 1 year
Compensated absences	\$ 163,077	\$ -	\$ 40,736	\$ 122,341	\$ 99,557

Changes in long-term obligations for the year ended September 30, 2020, are as follows:

	Balance at 10/01/2019	Additions	Reductions	Balance 9/30/2020	Amount due within 1 year
Loan payable	\$ 71,508	\$ -	\$ 71,508	\$ -	\$ -
Compensated absences	300,698	-	137,621	163,077	152,975
	<u>\$ 372,206</u>	<u>\$ -</u>	<u>\$ 209,129</u>	<u>\$ 163,077</u>	<u>\$ 152,975</u>

Loan payable: Under an agreement dated March 1, 2018, the Authority agreed to pay \$143,760 for parking equipment. The agreement called for thirty-six monthly payments of \$4,422 which began April 1, 2018. The agreement carried an interest rate of 6.5% per annum and was secured by the parking equipment. The loan was paid off during the year ended September 30, 2020.

Compensated Absences: All employees receive 120 hours of sick leave per year up to a maximum accrual of 720 hours. Vacation is received based on years of service up to a maximum accrual of 360 hours. Those with up to two years of service receive 80 hours of vacation annually and the hours received increase 10 hours per year for every two years of service. Compensated absences consist of accrued vacation, comp time and 25% of accrued sick leave that would be paid upon termination of employment. The balances at September 30, 2021 and 2020, respectively, were \$122,341 and \$163,077.

Note 6. Pension Plan

The Authority adopted the Friedman Memorial Airport 401(a) Plan (Plan) on January 1, 2015, for its employees. The Plan is a defined contribution money purchase pension plan administered by the Authority. Benefit terms, including contribution requirements, for the Plan are established and may be amended by the Authority. The Authority is required to contribute 11.61% of each employee's annual gross compensation to individual employee accounts for each employee. No employee contributions are permitted. The Authority recognized pension expense of \$147,829 and \$149,833 for the years ended September 30, 2021 and 2020, respectively. Employees are immediately vested in the contributions they receive and the earnings on those contributions. The Authority had no liability to the Plan at September 30, 2021 and 2020, respectively.

The Authority offers its employees a deferred compensation plan created in accordance with Internal Revenue Code 457. The plan, available to all employees, permits them to defer a portion of their current salary until future years. Employees contributed \$118,193 and \$146,374 for the years ended September 30, 2021 and 2020.

Note 7. Risk Management

The Authority is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters for which the Authority purchases commercial insurance. There has been no significant reduction in insurance coverage in the current year. Settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

Note 8. Concentrations

The Authority enters into contracts with service providers at the Airport. Because of physical space limitations at the airfield, there are limited facilities available for service providers. During the current year, there were three airlines that provide scheduled commercial service, one fixed-base operator which is the sole fuel provider, one concessionaire, one parking management company and three rental car agencies.

FRIEDMAN MEMORIAL AIRPORT AUTHORITY

**NOTES TO FINANCIAL STATEMENTS
For the Years Ended September 30, 2021 and 2020**

Note 9. Lease Revenue

The Authority leases portions of its property to commercial airlines, car rental companies, concessionaires, fixed base operator(s) who provide support services to the airlines, general aviation users of the airport, and private hangar owners/operators. Hangars owned by the Authority are also leased out. The airlines and some concessionaires lease on a month-to-month basis. The long-term leases can only be terminated by buying out the lease and vary from 3 to 20 years. Some of these leases are increased annually by an inflation factor based on the CPI. These inflation rates are unknown and have not been included in amounts calculated. The Authority cannot determine the cost of property held for leasing and the accumulated depreciation thereon as there are multiple leases of portions of specific assets.

The projected lease revenue at current rates is as follows:

<u>Year Ended September 30</u>	
2022	\$ 876,424
2023	847,491
2024	843,607
2025	843,607
2026	809,969
2027 to 2031	2,929,180
2032 to 2036	1,228,505
2037 to 2038	<u>90,805</u>
Total	<u>\$ 8,469,588</u>

Note 10. Operating Leases

Total operating lease expenditures for the years ended September 30, 2021 and 2020, were \$88,705 and \$88,930, respectively.

The Authority leases postage equipment under a noncancelable operating lease agreement with a term in excess of one year. Annual aggregate lease payments remaining under the terms of the operating lease agreement are as follows:

<u>Year Ending September 30,</u>	<u>Total</u>
2022	\$ 1,171
2023	<u>292</u>
	<u>\$ 1,463</u>

Note 11. Passenger Facility Charges

Passenger Facility Charges (PFC) at the rate of \$4.50 per enplaned passenger have been imposed by the Authority under a Federal Aviation Administration (FAA) approved application, PFC 14-09-C-00-SUN/PFC 15-10-U-00-SUN, effective July 1, 2014 to July 1, 2028, in the amount of \$2,787,259. The total amount has been approved for use. PFC revenue is used as matching funds for capital projects funded with Airport Improvement Project funds. There was no deferred revenue at September 30, 2021 and 2020.

The following schedule shows the amounts collected and expended:

	<u>2021</u>	<u>2020</u>		
	<u>Receipts</u>	<u>Expenditures</u>	<u>Receipts</u>	<u>Expenditures</u>
PFC 14-09-C-00-SUN/ PFC 15-10-U-00-SUN	\$ 301,033	\$ 262,999	\$ 236,629	\$ 271,053

FRIEDMAN MEMORIAL AIRPORT AUTHORITY

**NOTES TO FINANCIAL STATEMENTS
For the Years Ended September 30, 2021 and 2020**

Note 12. Capital Contributions

During the years ended September 30, 2021 and 2020, the Authority received the following capital contributions:

	<u>2021</u>	<u>2020</u>
Federal grants	\$ 1,503,414	\$ 3,305,119
Other sources	<u>-</u>	<u>15,000</u>
	<u>\$ 1,503,414</u>	<u>\$ 3,320,119</u>

Note 13. Commitments

The Authority had seven open grants from the U.S. Department of Transportation Airport Improvement Program (AIP) as of September 30, 2021. A summary of these projects is as follows:

Project Description

AIP 47	Remove Obstructions; Acquire Aircraft Rescue
AIP 48	Acquire Land for Approaches
AIP 49	Acquire SRE, seal/crack repair existing pavement apron and taxiway
AIP 50	Conduct Miscellaneous Study (Terminal Area Narrative Plan)
AIP 51	Conduct Environmental Study
AIP 53	Rehabilitate Runway 13/31 Phase I; Rehabilitate Apron; Seal Taxiway & Pavement; Install Perimeter Fencing
AIP 56	Rehabilitate Runway 13/31 Phase II

	<u>Total Budget</u>	<u>Federal Awards</u>	<u>Expenditures to date</u>
AIP 47	\$ 1,355,889	\$ 1,271,146	\$ 1,355,803
AIP 48	2,490,667	2,335,000	2,452,724
AIP 49	1,005,481	1,005,481	906,897
AIP 50	297,367	297,367	233,512
AIP 51	212,101	212,101	212,101
AIP 53	1,470,987	1,470,987	74,139
AIP 56	<u>2,379,943</u>	<u>2,379,943</u>	<u>361,974</u>
	<u>\$ 9,212,435</u>	<u>\$ 8,972,025</u>	<u>\$ 5,597,150</u>

Note 14. Contingencies

The Authority has been committed to partnering with the community and the FAA to improve air service and safety at the current site while also maintaining that the airport may need to be relocated in the future. This “Dual Path Forward” is the preferred approach to addressing the airport within the community. The dual path approach supports the community’s desire to maintain or increase air service, improves safety and reliability at the existing airport and enables the Authority to continue researching other alternatives. The Authority is committed to continue the endeavor to relocate the airport when and if an acceptable site can be identified and funding can be secured.

FRIEDMAN MEMORIAL AIRPORT AUTHORITY

**NOTES TO FINANCIAL STATEMENTS
For the Years Ended September 30, 2021 and 2020**

Note 15. Related Party Transactions

The City of Hailey, Idaho, is one of the entities that created the Authority by entering into a Joint Powers Agreement. The Authority contracts with the City of Hailey for certain security services and reimburses the City for the cost of these services. The Authority also pays the City of Hailey for sewer, water and garbage collection at the same rates as other customers. Other services may also be contracted for at comparable rates as others are charged. The amounts paid for these services are as follows:

	<u>2021</u>	<u>2020</u>
Security services	\$ -	\$ 6,064
Utilities for FMAA	27,537	29,988
Capital outlay	-	75

The amount due to the City of Hailey at September 30, 2021, is \$3,773 and was paid within 60 days. The amount due to the City of Hailey at September 30, 2020, is \$5,157 and was paid within 60 days.

Note 16. COVID-19 Pandemic

On March 11, 2020, the World Health Organization declared the outbreak of a respiratory disease caused by a new coronavirus a pandemic. First identified in late 2019 and now known as COVID-19, the outbreak has impacted thousands of individuals worldwide. In response, many countries have implemented measures to combat the outbreak that have impacted global business operations. These measures included international travel restrictions and, in some states, orders to stay home. As a result, domestic travel across the United States has significantly declined. The pandemic and the resulting restrictions have caused disruption in aviation activity and passenger traffic at Friedman Memorial Airport Authority and at airports around the world.

On March 25, 2020, Congress and the White House agreed to a COVID-19 assistance package, which includes \$10 billion from the federal General Fund to remain available until expended for airports to prevent, prepare for, and respond to coronavirus. Through the assistance package, which was signed into law as the Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act"), the Authority received a grant award of \$11,400,000, of which \$4,624,417 of the funding was used as of September 30, 2021.

The Authority cannot predict the duration of COVID-19, the duration or expansion of travel restrictions and warnings, whether additional countries or destinations, will be added to the travel restrictions or warnings, what effect such travel restrictions and warnings may have on air travel to and from the Airport, and whether and to what extent COVID-19 may disrupt global supply chains and manufacturing operations around the world. No impairments were recorded as of the statement of net position date, as no triggering events or changes in circumstances had occurred as of year-end; however, due to significant uncertainty surrounding the situation, management's judgment regarding this could change in the future. In addition, while the Authority's results of operations, cash flows, and financial condition could be negatively impacted, the extent of the impact cannot be reasonably estimated at this time.

SUPPLEMENTARY INFORMATION

FRIEDMAN MEMORIAL AIRPORT AUTHORITY

**SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN
NET POSITION - BUDGET AND ACTUAL
For the Year Ended September 30, 2021**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Over</u>
	<u>Original</u>	<u>Final</u>	<u>Basis</u>	<u>(Under)</u> <u>Budget</u>
Operating Revenue:				
Airlines	\$ 468,000	\$ 468,000	\$ 435,139	\$ (32,861)
Automobile rental	420,500	420,500	799,547	379,047
Auto parking	266,000	266,000	407,517	141,517
Rents, fees, commissions and leases	1,530,665	1,530,665	2,271,909	741,244
Fuel flowage fees	181,500	181,500	430,541	249,041
Other operating revenue	5,000	5,000	16,896	11,896
Total Operating Revenue	<u>2,871,665</u>	<u>2,871,665</u>	<u>4,361,549</u>	<u>1,489,884</u>
Operating Expenses:				
Employee wages, benefits and taxes	1,754,402	1,754,402	1,674,117	(80,285)
Supplies	199,100	199,100	189,630	(9,470)
Utilities	160,750	160,750	143,079	(17,671)
Services and contracts	683,627	683,627	872,901	189,274
Repairs and maintenance	555,050	555,050	471,057	(83,993)
Insurance	55,920	55,920	53,124	(2,796)
Other operating expense	311,888	311,888	528,639	216,751
Total Operating Expenses	<u>3,720,737</u>	<u>3,720,737</u>	<u>3,932,547</u>	<u>211,810</u>
Operating Income	<u>(849,072)</u>	<u>(849,072)</u>	<u>429,002</u>	<u>1,278,074</u>
Nonoperating Revenue and (Expenses):				
Passenger Facility Charges	316,500	316,500	301,066	(15,434)
Interest income	20,000	20,000	11,719	(8,281)
Gain (loss) on disposition of assets	-	-	48,656	48,656
Federal grants	-	-	2,000,000	2,000,000
Total Nonoperating Revenue and (Expenses)	<u>336,500</u>	<u>336,500</u>	<u>2,361,441</u>	<u>2,024,941</u>
Capital Contributions	<u>809,688</u>	<u>809,688</u>	<u>1,503,414</u>	<u>693,726</u>
Capital Expenditures	<u>(3,271,200)</u>	<u>(3,271,200)</u>	<u>(1,613,378)</u>	<u>1,657,822</u>
Change in Net Position	<u>\$ (2,974,084)</u>	<u>\$ (2,974,084)</u>	<u>\$ 2,680,479</u>	<u>\$ 5,654,563</u>

FRIEDMAN MEMORIAL AIRPORT AUTHORITY

**RECONCILIATION OF BUDGETARY BASIS TO GAAP
For the Year Ended September 30, 2021**

	Actual Budgetary Basis	GAAP Basis	Difference	Number of Explanation
Operating Revenue:				
Airlines	\$ 435,139	\$ 435,139	\$ -	
Automobile rental	799,547	799,547	-	
Auto parking	407,517	407,517	-	
Rents, fees, commissions and leases	2,271,909	2,271,909	-	
Fuel flowage fees	430,541	430,541	-	
Other operating revenue	16,896	16,896	-	
Total Operating Revenue	<u>4,361,549</u>	<u>4,361,549</u>	<u>-</u>	
Operating Expenses:				
Employee wages, benefits and taxes	1,674,117	1,633,382	(40,735)	1
Supplies	189,630	189,630	-	
Utilities	143,079	143,079	-	
Services and contracts	872,901	872,901	-	
Repairs and maintenance	471,057	471,057	-	
Insurance	53,124	53,124	-	
Other operating expense	528,639	528,639	-	
Depreciation	-	3,609,005	3,609,005	2
Total Operating Expenses	<u>3,932,547</u>	<u>7,500,817</u>	<u>3,568,270</u>	
Operating Income	<u>429,002</u>	<u>(3,139,268)</u>	<u>(3,568,270)</u>	
Nonoperating Revenue and (Expenses):				
Passenger Facility Charges	301,066	301,066	-	
Interest income	11,719	11,719	-	
Gain (loss) on disposition of assets	48,656	48,656	-	
Federal grants	2,000,000	2,000,000	-	
Total Nonoperating Revenue and (Expenses)	<u>2,361,441</u>	<u>2,361,441</u>	<u>-</u>	
Capital Contributions	<u>1,503,414</u>	<u>1,503,414</u>	<u>-</u>	
Capital Expenditures	<u>(1,613,378)</u>	<u>-</u>	<u>1,613,378</u>	3
Change in Net Position	<u>\$ 2,680,479</u>	<u>\$ 725,587</u>	<u>\$ (1,954,892)</u>	

1. Accruals of compensated absences are not budgeted but are reported for GAAP.
2. Depreciation expense is not budgeted but is reported for GAAP.
3. Capital asset purchases are budgeted as an expense but are reported as an asset for GAAP.

FEDERAL REPORTS

INDEPENDENT AUDITORS' 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 Board
Friedman Memorial Airport Authority
Hailey, Idaho

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 *Governmental Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Friedman Memorial Airport Authority, as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise Friedman Memorial Airport Authority's basic financial statements, and have issued our report thereon dated January 4, 2022.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Friedman Memorial Airport Authority's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Friedman Memorial Airport Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority'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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.





Compliance and Other Matters

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

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.



Meridian, Idaho
January 4, 2022

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Board
Friedman Memorial Airport Authority
Hailey, Idaho

Report on Compliance for Each Major Federal Program

We have audited Friedman Memorial Airport Authority's (the Authority) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the Authority's major federal program for the year ended September 30, 2021. The Authority's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of Friedman Memorial Airport Authority's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirement of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and The Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Friedman Memorial Airport Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Friedman Memorial Airport Authority's compliance.

Opinion on Major Federal Program

In our opinion, Friedman Memorial Airport Authority, 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 September 30, 2021.





Report on Internal Control over Compliance

Management of Friedman Memorial Airport Authority is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit, we considered the Authority's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstance for the purpose of expressing our opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we considered to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

Meridian, Idaho
January 4, 2022

FRIEDMAN MEMORIAL AIRPORT AUTHORITY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the year Ended September 30, 2021

Federal Grantor Program Title:	Federal CFDA <u>Number</u>	Total Federal <u>Expenditures</u>
<u>Department of Transportation Programs</u>		
Airport Improvement Program	20.106	\$ 1,503,415
COVID-19 Airports Programs	20.106	<u>2,000,000</u>
<i>Total Department of Transportation Programs</i>		<u>3,503,415</u>
 Total Expenditures of Federal Awards		 \$ <u>3,503,415</u>

FRIEDMAN MEMORIAL AIRPORT AUTHORITY

**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended September 30, 2021**

Note 1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Friedman Memorial Airport Authority under programs of the federal government for the year ended September 30, 2021. The Information in this Schedule is presented in accordance with the 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). Because the Schedule presents only a selected portion of the operations of Friedman Memorial Airport Authority, it is not intended to and does not present the financial position, changes in net position, or cash flows of Friedman Memorial Airport Authority.

Note 2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Note 3. Indirect Cost Rate

Friedman Memorial Airport Authority has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

FRIEDMAN MEMORIAL AIRPORT AUTHORITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended September 30, 2021

SECTION I – SUMMARY OF AUDIT RESULTS

Financial Statements

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

- Material weakness identified? _____ yes X no
- Significant deficiencies identified that are not considered to be material weaknesses? _____ yes X none reported

Noncompliance material to the financial statements noted? _____ yes X no

Federal Awards

Internal control over major programs:

- Material weakness identified? _____ yes X no
- Significant deficiencies identified that are not considered to be material weaknesses? _____ yes X none reported

Type of auditors' report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of the Uniform Guidance? _____ yes X no

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program</u>
20.106	Airport Improvement Program
Dollar threshold used to distinguish between type A and type B programs:	\$ 750,000
Auditee qualified as a low-risk auditee?	<u> X </u> yes _____ no

FRIEDMAN MEMORIAL AIRPORT AUTHORITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended September 30, 2021

SECTION II – FINANCIAL STATEMENT FINDINGS

No findings related to the financial statements were noted which would be required to be reported under generally accepted governmental auditing standards (GAGAS).

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No findings related to the financial statements were noted which would be required to be reported under generally accepted governmental auditing standards (GAGAS).

FRIEDMAN MEMORIAL AIRPORT AUTHORITY

**SCHEDULE OF PRIOR AUDIT FINDINGS
For the Year Ended September 30, 2020**

There were no prior audit findings