



Friedman Memorial Airport Authority

Regular Board Meeting

January 3, 2023





Approve Agenda



Public Comment

(10 Minutes)



Approval of Meeting Minutes

December 6, 2022 Regular Meeting



Reports

Reports

- ▶ Chair Report
- ▶ Blaine County Report
- ▶ City of Hailey Report
- ▶ Fly Sun Valley Alliance Report
- ▶ Airport Director's Report

Airport Director's Report

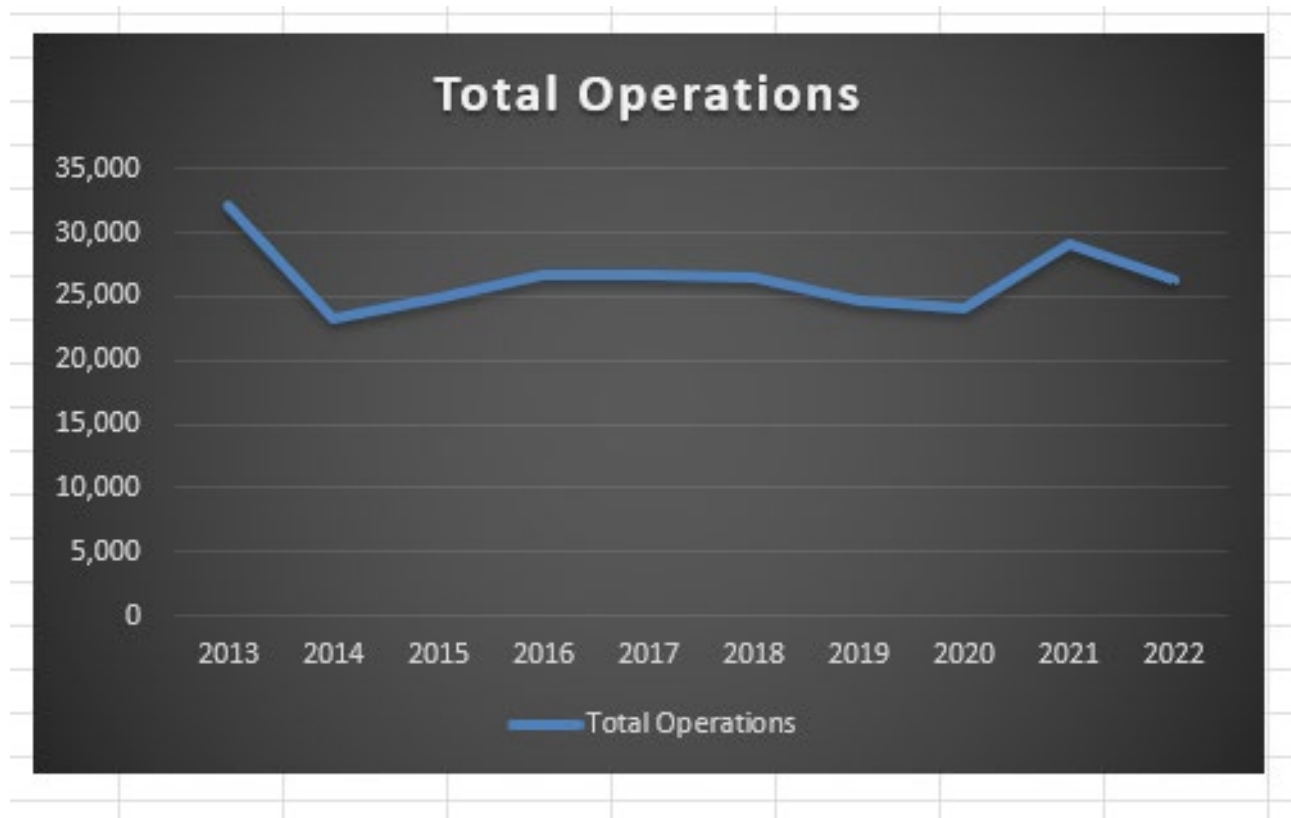
Airport Activity Status

- ▶ November Passenger Enplanements
 - -11% November 2021
 - +6% YTD vs. 2021

- ▶ Operations (unofficial)
 - November 2022
 - -18% from November 2021
 - -10% YTD vs. 2021
 - December 2022
 - -8% from December 2021
 - CY YTD TOTAL 2022: 26,211
 - -10% 2021

Airport Activity Status

- ▶ 10-year average – approx. 26,400





Airport Staff Brief Questions?



Action

New Business

FY2022 Annual Audit and Financials

- ▶ Audit – Troy Earl
 - Harris & Company
- ▶ Financials – Laurie Harberd
 - Rexroat, Harberd & Associates

Friedman Memorial Airport Authority

Year Ended September 30, 2022

A Presentation of the Financial Statements
and Audit Results



Helping you succeed, financially and beyond.

Discussion Topics

Audit Overview

Significant Items and Conclusions

Financial Overview and Metrics

Other Required Communications

Upcoming Accounting Changes

Questions

Audit Overview

The objective was to provide an opinion as to whether the financial statements are fairly presented.

- Government Auditing Standards
- Governmental Accounting Standards Board
- Uniform Guidance Reporting
- PFC Program Reporting
- Review the MD&A and budgetary comparison schedule for consistency.

Audit Timeline – Planning began October 2022, with fieldwork being performed November 14th through 17th and reporting completed on January 3, 2023.

Audit Overview

The audit process, using a risk based methodology, is divided into three areas:

PLANNING

- Engagement letter and expectations
- Gain understanding of the entity and internal controls
- Identify high risk areas
- Compliance risk assessment
- Fraud interviews
- Preliminary analytical review

FIELDWORK

- Focus on high risk areas and significant compliance risks
- Internal control testing
- Detailed invoice and receipt testing
- Review of agreements and contracts
- Other testing procedures

REPORTING

- Drafting and reviewing reports
- Subsequent events review
- Management Representation letter and approved forms
- Final analytical review
- Single audit data collection form

Significant Audit Items

Grants and Federal Awards – Reviewed the Authority’s compliance with the Airport Improvement Program under the single audit act. Performed internal control testing over compliance with federal funding.

CARES Act – Reviewed the Authority’s compliance under the single audit act. Performed internal control testing over compliance with federal funding.

Operating Revenues – Analytical review and substantive testing of significant sources of operating revenue.

PFC Program – Substantive testing of cash receipts and disbursements of PFC funds. Performed internal control and compliance testing of the Authority’s compliance with the program.

Cash and Cash Equivalents – Substantive testing and analytical review of bank statements and reconciliations. Significant increase due to advance revenue received for future projects and timing of cash disbursements and receipts.

Capital Assets – Testing of additions and disposals including depreciation expense. Significant increase due to construction funded by the Airport Improvement Program.

Significant Audit Items (Continued)

Salaries, Wages and Related Benefits – Substantive and analytical testing of salaries and benefits. Internal control testing performed on payroll in accordance with Government Auditing Standards

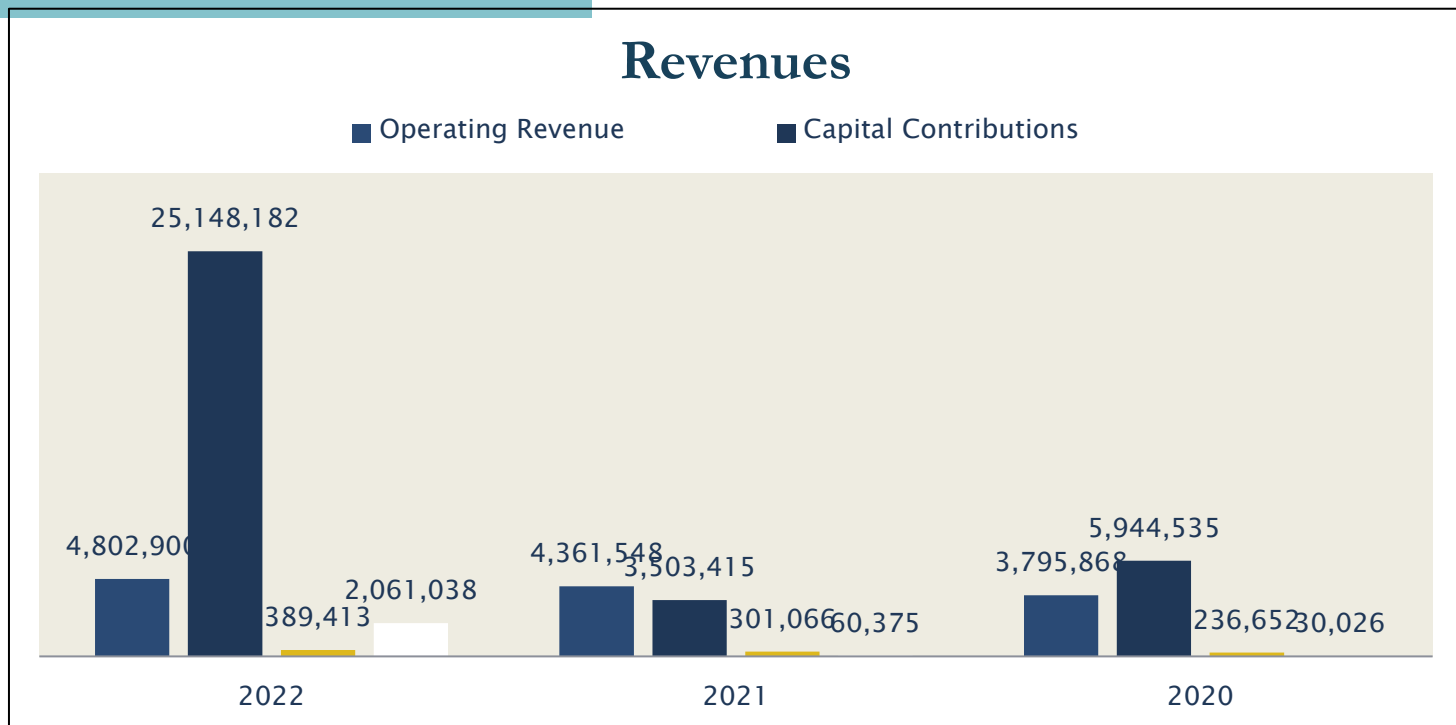
Other Expenditures and Accounts Payable – Search of unrecorded liabilities. Reviewed significant expenses both analytically and substantively. Internal control testing of cash disbursement performed in accordance with Government Auditing Standards.

Net Position Classification – Reviewed the reporting and disclosure of restricted net position

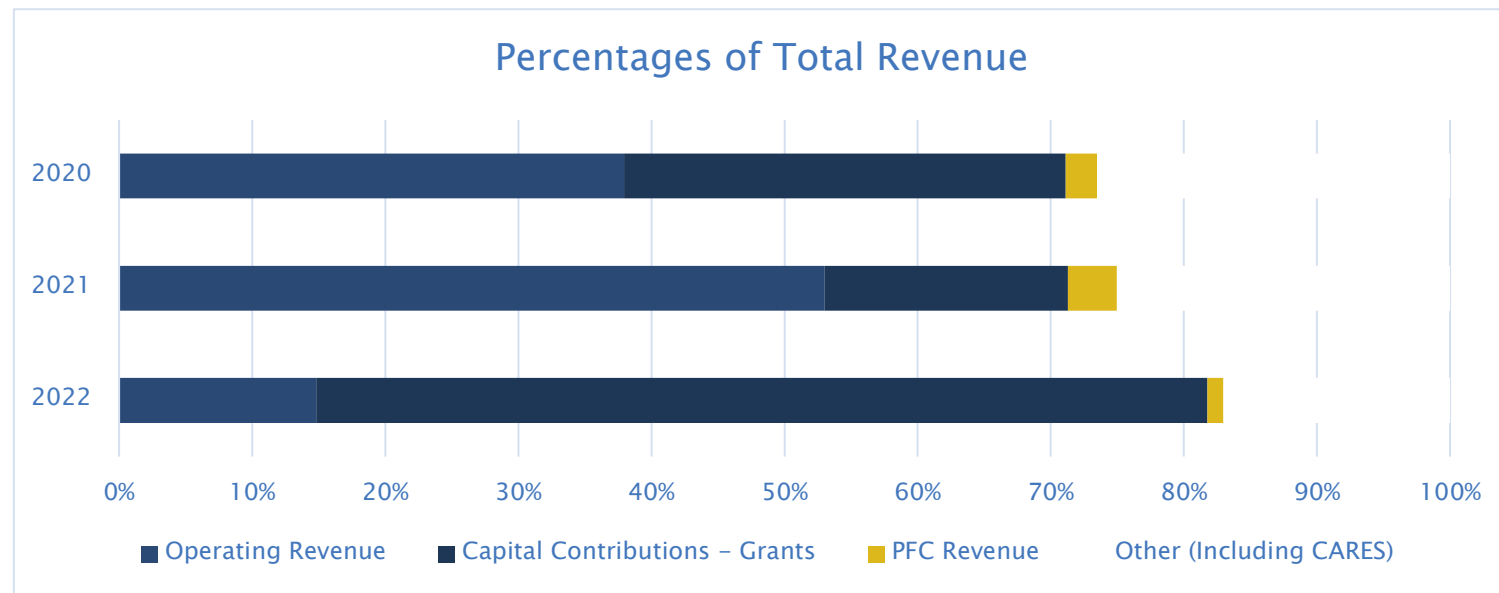
Management Turnover – Reviewed the internal controls to ensure that they are functioning appropriately. Performed walkthroughs of the processes ensuring that the proper approvals are being obtained for transactions.

Fraud Considerations

Financial Overview - Metrics

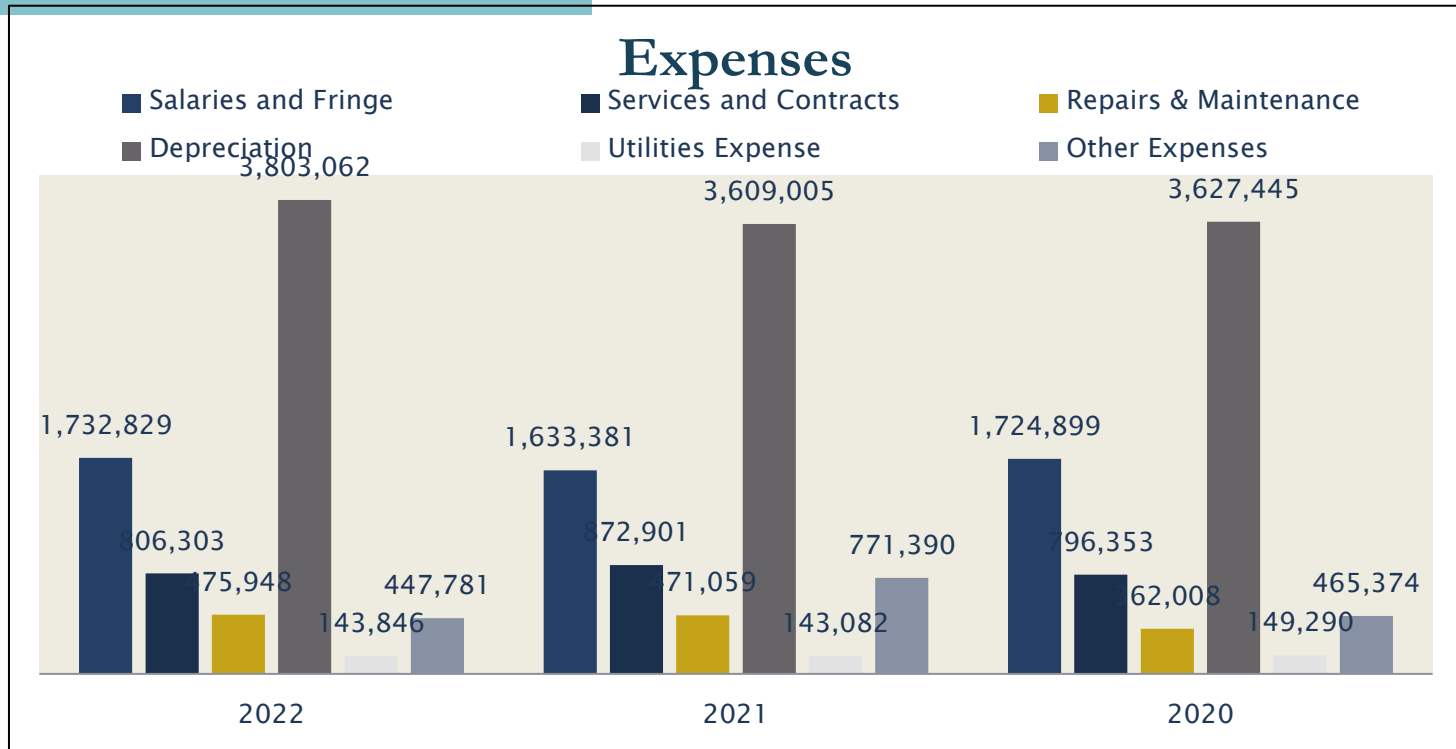


Financial Overview – Metrics

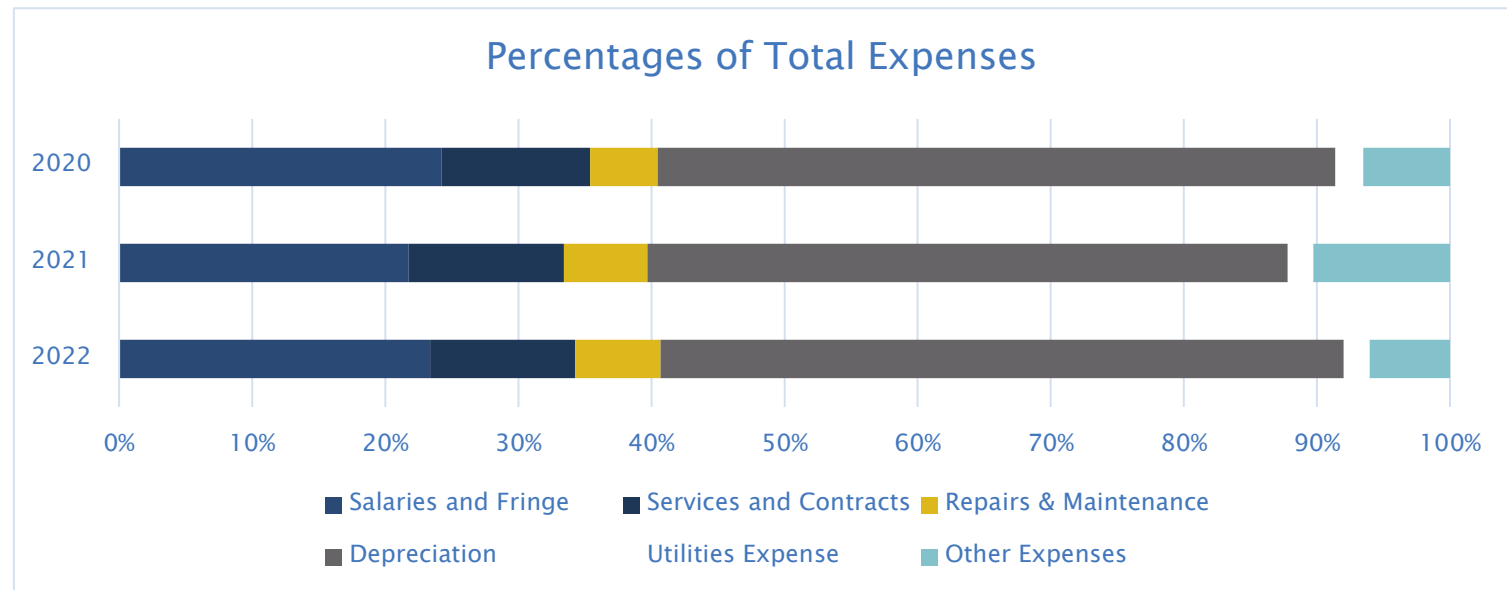


Shows revenue by source

Financial Overview – Metrics



Financial Overview – Metrics



Other Communications

Communication with Those Charged with Governance

Significant accounting policies – discussed in significant audit slide.

No disagreement with management and no consultation with other auditors.

No journal entries were proposed by the auditors.

Communication of Significant Deficiencies and Material Weaknesses

All significant deficiencies and material weaknesses must be reported in the financial statements. No items were identified.

Accounting Changes

GASB Statement 87 - Leases

Effective for fiscal years beginning after June 15, 2021

Lessees are required to concurrently recognize a right-of-use asset and the related lease liability.

Lessors are required to recognize a lease receivable and a deferred inflow of resources.

This increases the usefulness of financial statements by requiring reporting of certain lease liabilities that are not currently reported.

Questions



Friedman Memorial Airport Authority

Presentation of Financial Statements for the
Year Ended September 30, 2022

Prepared by Laurie L. Harberd, CPA
Rexroat, Harberd & Assoc., P.A.
Jerome, Idaho

Reasons for Year-End Adjustments

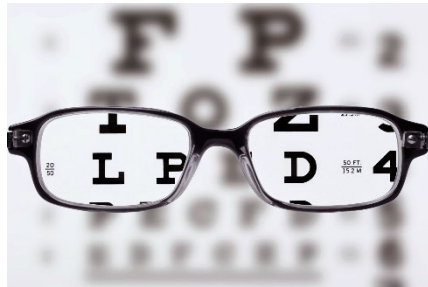
- ▶ Monthly financial statements are prepared through QuickBooks on a modified accrual basis.
 - ▶ Receivables and payables are accrued monthly but full accrual adjustments are not made until year-end. This provides for better operating information on a monthly basis.
- ▶ Full accrual accounting in accordance with governmental accounting standards is required for the audited financial statements at year-end. This requires making year-end adjustments for:
 - ▶ Prepaid expenses
 - ▶ Accrued compensated absences
 - ▶ Moving capital outlay to either an asset account or CIP and recording depreciation
 - ▶ New GASB 87 Lease standard requires moving lease payments received and lease payments paid to respective asset and liability accounts

Management Discussion & Analysis

Pages 4-7






Prepared with the assistance of management.

Purpose of the MD&A is to provide a narrative explanation of the financial statements that enables the reader to see the entity through the eyes of management.



Financial Statements

Pages 8-10

- ❖ The financial statement amounts for the prior fiscal year were restated to account for the effects of the new accounting standard for leases - GASB 87.
- ❖ Statements of Net Position, page 8
 - ❖ Total Net Position increased by 42.7% to \$83.6 million 
 - ❖ Unrestricted portion of Net Position increased 32.3% to \$11.1 million 
- ❖ Statements of Revenue, Expenses and Changes in Net Position, page 9
 - ❖ Operating loss decreased by 17.6% to \$2.6 million 
 - ❖ Capital contributions from AIP and CARES Act grants increased 1,572.7% to \$25.1 million 
- ❖ Statements of Cash Flows, page 10
 - ❖ Breaks down the cash flows from and used by various activities that resulted in a 1.7% decrease in cash to \$8.2 million 

Notes to Financial Statements

Pages 11-22

- ❖ Notes give more detailed information about the numbers in the financial statements.
 - ❖ Note 1 on pages 11-14 is the Summary of Significant Accounting Policies. Details of the implementation of GASB 87 *Leases* is on page 13.
 - ❖ Note 2 on page 14-15 reports bank deposits and investments.
 - ❖ Note 3 on page 15-16 reports capital assets which now includes the right to use leased assets.
 - ❖ Note 5 on page 17-18 reports the details of leases receivable.
 - ❖ Note 7 on pages 18-19 reports long-term liabilities which only includes leases payable and compensated absences.
 - ❖ Note 13 on page 20-21 reports the outstanding AIP grants at year end.
 - ❖ Note 17 on page 22 reports the subsequent event decision to request additional CARES Act grant reimbursements for fiscal year 2022.

Budget to Actual

Pages 23-24

- ❖ GAAP basis numbers adjusted to Budgetary Basis numbers on page 24.
 - ❖ Removes items that are not budgeted as shown at the bottom of the schedule.
- ❖ Actual Budgetary Basis numbers are then compared to Budgeted Amounts on page 23.
 - ❖ Final Budget showed a loss of \$.7 million but the actual results were \$2.8 million higher with an income of \$2 million.

Questions?



FY2022 Annual Audit and Financials

ACTION REQUESTED:

Consider motion to approve Draft Financial Statements and direct Staff/Auditor to finalize for distribution to appropriate government agencies.



Action Continuing Business

None



Discussion and Updates

New Business

New SRE Acquisition

- ▶ Continued modernization and enhancement of SRE fleet
- ▶ MB5 – Multi-Task Equipment (MTE)
- ▶ In 2024 funding plan
 - 1 year lead time to order
- ▶ Procurement
 - \$1.1 million
 - Airport funds – no FAA AIP
 - Cooperative Purchasing Program
- ▶ No Action tonight
 - Concurrence to move forward with process and “hold a place in the order line”
 - Action will come with Notice of Award

New SRE Acquisition



Future Aeronautical Development RFP

Update and Discussion

Future Aeronautical Development RFP

- ▶ First committee meeting – Dec. 28th
 - Initial thoughts and ideas
- ▶ Next steps
 - Work with legal counsel regarding first draft RFP
- ▶ Discussion



Discussion and Updates

Continuing Business

Miscellaneous

Air Traffic Control Tower Replacement Project

Update

Air Traffic Control Tower Replacement

- ▶ Next steps
 - Siting study
 - Environmental analysis
 - Design
- ▶ Siting
 - Meeting with FAA siting team this week



Construction and Capital Projects None

Airport Planning Projects

None



Public Comment



Thank You!

