



Office of the Washington State Auditor
Pat McCarthy

Accountability Audit Report

Pullman-Moscow Regional Airport

For the period January 1, 2019 through December 31, 2021

Published February 21, 2023

Report No. 1032064



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**Office of the Washington State Auditor
Pat McCarthy**

February 21, 2023

Board of Directors
Pullman-Moscow Regional Airport
Pullman, Washington

Report on Accountability

Thank you for the opportunity to work with you to promote accountability, integrity and openness in government. The Office of the Washington State Auditor takes seriously our role of providing state and local governments with assurance and accountability as the independent auditor of public accounts. In this way, we strive to help government work better, cost less, deliver higher value and earn greater public trust.

Independent audits provide essential accountability and transparency for Airport operations. This information is valuable to management, the governing body and public stakeholders when assessing the government's stewardship of public resources.

Attached is our independent audit report on the Airport's compliance with applicable requirements and safeguarding of public resources for the areas we examined. We appreciate the opportunity to work with your staff and value your cooperation during the audit.

Sincerely,

Pat McCarthy, State Auditor
Olympia, WA

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AUDIT RESULTS

Results in brief

This report describes the overall results and conclusions for the areas we examined. In those selected areas, Airport operations complied, in all material respects, with applicable state laws, regulations, and its own policies, and provided adequate controls over the safeguarding of public resources.

In keeping with general auditing practices, we do not examine every transaction, activity, policy, internal control, or area. As a result, no information is provided on the areas that were not examined.

About the audit

This report contains the results of our independent accountability audit of the Pullman-Moscow Regional Airport from January 1, 2019 through December 31, 2021.

Management is responsible for ensuring compliance and adequate safeguarding of public resources from fraud, loss or abuse. This includes the design, implementation and maintenance of internal controls relevant to these objectives.

This audit was conducted under the authority of RCW 43.09.260, which requires the Office of the Washington State Auditor to examine the financial affairs of all local governments. Our audit involved obtaining evidence about the Airport's use of public resources, compliance with state laws and regulations and its own policies and procedures, and internal controls over such matters. The procedures performed were based on our assessment of risks in the areas we examined.

Based on our risk assessment for the years ended December 31, 2021, 2020 and 2019, the areas examined were those representing the highest risk of fraud, loss, abuse, or noncompliance. We examined the following areas during this audit period:

- Procurement – public works
- Compliance with public works projects – prevailing wages and change orders
- Self-insurance for health and welfare
- Financial condition – reviewing for indications of financial distress
- Open public meetings – compliance with minutes, meetings and executive session requirements

RELATED REPORTS

Financial

Our opinion on the Airport's 2019 financial statements and compliance with federal grant program requirements is provided in a separate report, which includes the Airport's financial statements. That report is available on our website, <http://portal.sao.wa.gov/ReportSearch>. Financial statement audits will be performed by a firm of certified public accountants for fiscal years 2020 and 2021. The firm has not yet completed the financial statement audits.

That report includes a finding for a significant deficiency in internal controls over financial reporting regarding errors in preparing the financial statements, notes and schedules in accordance with generally accepted accounting principles.

Federal grant programs

We evaluated internal controls and tested compliance with the federal program requirements, as applicable, for the Airport's major federal program for fiscal year 2019, which is listed in the Schedule of Findings and Questioned Costs section of the separate financial statement and single audit report. That report is available on our website, <http://portal.sao.wa.gov/ReportSearch>.

A firm of certified public accountants will evaluate internal controls and test compliance with the federal program requirements, as applicable, for the Airport's major federal programs for fiscal years 2020 and 2021. The firm has not yet completed the federal single audits.

Passenger facility charge program

We evaluated internal controls and tested compliance with the requirements, as applicable, for the Airport's passenger facility charge program for fiscal year 2019, and reported the results in a separate passenger facility charge program audit report. That report is available on our website, <http://portal.sao.wa.gov/ReportSearch>.

INFORMATION ABOUT THE AIRPORT

The Pullman-Moscow Regional Airport was formed in the 1930's by the cities of Pullman and Moscow, Idaho, (sponsor cities) and is located in Whitman County. The Airport Board provides operations and maintenance, but does not have ownership, sponsorship, or taxing authority, which are powers of the sponsor cities. All grants are issued directly to the sponsor cities, with the Airport as the subrecipient.

The Airport has an eight-member Board that consists of appointed representatives from the city of Pullman, city of Moscow, Idaho, Latah County, Idaho, Washington State University, and the University of Idaho. The Chair appoints the eighth member as an at-large Board Member residing in Whitman County that may represent the Port of Whitman County. The Airport has four full-time and four part-time employees. The Airport spent approximately \$24.3 million, \$25.6 million and \$18.7 million on capital improvements in 2019, 2020 and 2021, respectively, and spent \$926,590, \$911,099 and \$973,673 on operating expenses in 2019, 2020 and 2021, respectively.

Contact information related to this report

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Information current as of report publish date.

Audit history

You can find current and past audit reports for the Pullman-Moscow Regional Airport at <http://portal.sao.wa.gov/ReportSearch>.

ABOUT THE STATE AUDITOR'S OFFICE

The State Auditor's Office is established in the Washington State Constitution and is part of the executive branch of state government. The State Auditor is elected by the people of Washington and serves four-year terms.

We work with state agencies, local governments and the public to achieve our vision of increasing trust in government by helping governments work better and deliver higher value.

In fulfilling our mission to provide citizens with independent and transparent examinations of how state and local governments use public funds, we hold ourselves to those same standards by continually improving our audit quality and operational efficiency, and by developing highly engaged and committed employees.

As an agency, the State Auditor's Office has the independence necessary to objectively perform audits, attestation engagements and investigations. Our work is designed to comply with professional standards as well as to satisfy the requirements of federal, state and local laws. The Office also has an extensive quality control program and undergoes regular external peer review to ensure our work meets the highest possible standards of accuracy, objectivity and clarity.

Our audits look at financial information and compliance with federal, state and local laws for all local governments, including schools, and all state agencies, including institutions of higher education. In addition, we conduct performance audits and cybersecurity audits of state agencies and local governments, as well as state whistleblower, fraud and citizen hotline investigations.

The results of our work are available to everyone through the more than 2,000 reports we publish each year on our website, www.sao.wa.gov. Additionally, we share regular news and other information via an email subscription service and social media channels.

We take our role as partners in accountability seriously. The Office provides training and technical assistance to governments both directly and through partnerships with other governmental support organizations.

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