FINANCIAL REPORT

June 30, 2021

CONTENTS

C O N T E N T S (C O N T I N U E D)

AUTHORITY MEMBERS AND APPOINTED OFFICERS

Authority Members	Position	Term Expires
Vincent Bakke	Chairperson	December 31, 2022
Debra Evans	Vice Chairperson	December 31, 2021
Richard Gibbs	Commissioner	December 31, 2022
Tony Aretz	Commissioner	December 31, 2023
Casey LaLonde	Commissioner	December 31, 2021
David Smith	Commissioner	December 31, 2023
Todd Timboe	Commissioner	December 31, 2023

Appointed Member	
John Faulkner	Airport Director

anderson ZURMUEHLEN

ANDERSON ZURMUEHLEN & CO., P.C. • CERTIFIED PUBLIC ACCOUNTANTS & BUSINESS ADVISORS
MEMBER: AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS

21 TENTH STREET SOUTH • GREAT FALLS, MONTANA 59401
TEL: 406.727.0888 • FAX: 406.727.0895 • WEB: www.azworld.com

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Great Falls International Airport Authority
Great Falls, Montana

Report on the Financial Statements
We have audited the accompanying financial statements, including Passenger Facility Charge (PFC) quarterly reports, of the Great Falls International Airport Authority (the Airport Authority), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Airport Authority's basic financial statements as listed in the table of contents.

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.

Auditor's Responsibility
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit 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 require 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 respective financial position of the Airport Authority, as of June 30, 2021, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information
We have previously audited the Airport Authority's June 30, 2020 financial statements, and we expressed an unmodified opinion on those audited financial statements in our report dated December 28, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Matters
Required Supplementary Information
Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 through 15, the schedule of proportionate share of the PERS net pension liability for the last fiscal ten years on page 48, the schedule of PERS contributions for the last ten fiscal years on page 49, and the notes to the required supplementary information on pages 50 and 51, be 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, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information
Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Airport Authority's basic financial statements. The supplemental schedules as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The 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 passenger facility charges collected and expended is required by the *Passenger Facility Charges Audit Guide for Public Agencies* issued by the Federal Aviation Administration and is not a required part of the financial statements.

The schedule of expenditures of federal awards on page 55 and passenger facility charges collected and expended on page 54 are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic 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, the schedule of expenditures of federal awards and passenger facility charges collected and expended are fairly stated in all material respects in relation to the basic financial statements as a whole.

The supplemental schedule of insurance coverage on pages 52 and 53 has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*
In accordance with *Government Auditing Standards*, we have also issued our report dated January 25, 2022, on our consideration of the 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 the Airport Authority's internal control over financial reporting and compliance.

Anderson Zurmuehlen & Co., P.C.

Great Falls, Montana
January 25, 2022

MANAGEMENT'S DISCUSSION AND ANALYSIS
As of and For the Year Ended June 30, 2021
(With Comparative Totals for the Year Ended June 30, 2020)

INTRODUCTION

The Management's Discussion and Analysis (MD&A) is a required supplement to the audited financial statements and provides a narrative assessment of the financial position of the Great Falls International Airport Authority along with commentary of the operations and future prospects. Following this MD&A are the basic financial statements of the Airport Authority along with the notes which are essential to a full understanding of the data contained in the financial statements. We encourage readers to consider the data presented here in conjunction with additional information found within the body of the audit.

OVERVIEW

The Great Falls International Airport Authority (the Airport Authority) is a regional airport authority and as such is a political subdivision of the City of Great Falls of Montana, Cascade County of Montana and Montana State and acts as an independent form of government. The Airport Authority is governed by a board of seven commissioners appointed by the City and County serving staggered three-year terms. Pursuant to its bylaws, the Airport Authority is empowered to undertake the planning, acquisition, establishment, development, construction, enlargement, improvement, maintenance, equipment, operations, regulation, protection and policing of the Great Falls International Airport (GTF).

FINANCIAL STATEMENTS

The Airport Authority's financial statements are prepared on an accrual basis in accordance with generally accepted accounting principles promulgated by the Governmental Accounting Standards Board (GASB). The Airport Authority is structured as a special purpose entity engaged only in business type-activities. Business-type activities are financed in whole or in part by fees charged to external parties. Revenues are recognized when earned and expenses are recognized when incurred. Fixed assets, other than land, are capitalized and depreciated over their useful lives. The three basic financial statements are described as follows:

The Statement of Net Position depicts the Airport Authority's financial position at June 30, the end of the fiscal year. The statement presents all the financial assets, deferred outflows of resources, liabilities, and deferred inflows of resources of the Airport Authority. Net position represents the Airport Authority's assets after liabilities are deducted.

The Statement of Revenues, Expenses and Changes in Net Position reports operating revenues and expenses, non-operating revenues and expenses, capital contributions and the changes in net position during the fiscal years ending June 30th. The change in net position combined with the previous year's net position total, reconciles to the net position total for the reporting period.

The Statement of Cash Flows reports cash activities for the years presented resulting from operating activities, investing activities, non-capital financing activities, and capital and related financing activities. The net result of these activities added to the beginning of the year cash balance, reconciles to the total cash balance at the end of the year.

FINANCIAL POSITION SUMMARY

The Basic Financial Statements include a *Notes to Financial Statements* section providing the reader more detailed data.

Total net position serves over time as a useful indicator of the Airport Authority's financial position. The Airport Authority's net position has decreased by $2,600,607 over the prior fiscal year. This is primarily due to a decrease in investment on capital assets. A condensed summary of the Airport Authority's net position at June 30 is provided below.

TABLE 1

	2020/2021	2019/2020
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES		
Current	$ 3,551,252	$ 3,542,898
Non-current	79,910,535	83,573,559
Deferred outflows of resources	205,779	131,586
Total Assets and Deferred Outflows of Resources	**83,667,566**	**87,248,043**
LIABILITIES		
Current	1,181,049	1,294,552
Non-current	2,196,415	2,285,654
Total Liabilities	**3,377,464**	**3,580,206**
DEFERRED INFLOWS OF RESOURCES		
Service Concession Arrangement	187,500	937,500
Pension adjustments	93,825	120,953
Total Deferred Inflows of Resources	**281,325**	**1,058,453**
NET POSITION		
Net investment in capital assets	76,474,262	78,930,998
Restricted	259,722	207
Unrestricted	3,274,793	3,678,179
Total Net Position	**$ 80,008,777**	**$ 82,609,384**

The largest portion of the Airport Authority's net position (95.6%) represents our investment in capital assets (e.g., land, buildings, improvements, equipment, and net investment in lease). Consequently, these assets are not available for future spending. Although the Airport Authority's investment in capital assets is reported net of related debt, it is noted that resources required to repay this debt must be provided annually from operations, lease revenue and PFC funds, since the capital assets cannot be used to liquidate liabilities.

The restricted portion of the net position represents resources subject to external restrictions on how they can be used under Federal regulations. The remaining unrestricted net position may be used to meet any of the Airport Authority's ongoing obligations.

FINANCIAL POSITION SUMMARY (CONTINUED)

The Airport's year-end net position was very similar to the previous year in terms of assets and liabilities. There was a notable decline in deferred inflows of resources, which is associated with the expiration of the Service Concession Arrangement for public parking.

The parking lot concession contract was in its final year and thus the expected value of the future deferred income was much less than during the previous year. Prior to the end of the fiscal year, the Airport notified the concessionaire of its intent to begin direct operating control of the parking lot.

TABLE 2

SUMMARY OF OPERATIONS AND CHANGES IN NET POSITION

	2020/2021	2019/2020
Operating revenues	$ 4,086,955	$ 3,642,712
Operating expenses	(2,813,709)	(2,490,930)
Excess revenue before depreciation and other non-operating revenues and expenses	1,273,246	1,151,782
Depreciation	(2,125,026)	(1,714,345)
Loss before other non-operating revenue and expenses	(851,780)	(562,563)
Non-operating revenues, net	1,260,744	3,741,985
Income before capital contributions	408,964	3,179,422
Capital contributions and depreciation on federally funded property and equipment	1,963,402	1,631,196
Depreciation on federally funded property and equipment	(4,972,973)	(4,865,825)
Change in net position	$ (2,600,607)	$ (55,207)

Operating revenues increased by $444,243 or 12% in FY2021. See table 3
Operating expenses increased by $322,779 or 13% in FY2021. See table 5

The Airport Authority's operating revenues are primarily derived from three broad categories of activities:

- Passenger related activities including parking, concessions and rental cars
- Airline leases and fees received directly from the airline tenants
- Land and building rentals to non-airline parties

FINANCIAL POSITION SUMMARY (CONTINUED)

The following table and chart show the summary of operating revenues for the year ended June 30, 2021 and the amount and percentage of change in relation to prior year amounts.

TABLE 3

OPERATING REVENUE SOURCE	FY2021	Percent of Total	FY2020	Percent of Total	Increase (Decrease) from 2020	Percent Increase (Decrease)
Parking	$ 398,989	10%	$ 644,306	18%	($ 245,317)	-38%
Food/Gift/Other Concessions	150,701	4%	158,280	4%	(7,579)	-5%
Car Rentals	811,199	20%	807,254	22%	3,945	0%
Landing Fees	433,345	11%	505,317	14%	(71,972)	-14.2%
Airlines - Space Rentals - Net of Reconciliation	504,845	12%	788,041	22%	(283,196)	-36%
Airlines - Loading Bridge	41,556	1%	60,060	2%	(18,504)	-31%
Land Rentals	1,529,330	37%	515,493	14%	1,013,837	197%
Miscellaneous	216,990	4%	163,961	4%	53,029	32.3%
TOTAL OPERATING REVENUES	**$ 4,086,955**	**100%**	**$ 3,642,712**	**100%**	**$ 444,243**	**12%**

OPERATING REVENUE SOURCES

The Great Falls Airport Authority concluded the 2020-2021 fiscal year with an increase in operating revenue of $444,243 primarily resulting from increased land rental revenue. In total, Authority revenue crested $4 million for only the second time in its history. The decrease to operating revenue from sources other than land rentals is a direct result of COVID-19 and the impact on the travel industry nationwide with reduced flight schedules and passenger loads compared to fiscal year 2020.

Parking Revenue declined 38% which can be attributed to the 24% decrease in passenger boardings. Like many airport operators, the Authority saw a near complete cessation of business travel, which is the primary source of parking revenue during many months of the year. In addition, the Canadian border remained closed during the fiscal year which prevented Canadians from utilizing GTF. Canadians historically account for an estimated 5% to 20% of the Airport Authority's passenger boardings. On top of that, Montana had far fewer COVID-19 restrictions than many popular tourist destinations like Hawaii, California, Las Vegas or any foreign destination. Accordingly, it is likely that many Montanans decided to vacation closer to home rather than fly, which accounts for parking revenue performing worse than passenger volume. Conversely, inbound passengers looking for less restrictive and outdoor destinations helped keep passenger volume from falling further and helped rental car revenue to remain strong.

Food/Gift and other Concessions were down 5% for the year. Concessions relatively outperformed other passenger related revenues for several reasons including: i.) similar numbers of employees remained working at the terminal and patronizing concessions, ii.) Oakwells took to-go orders using meal delivery services and encouraging non-airport patrons to eat at the pre-security location with themed family meals like their very popular "Italian Night" iii.) Oakwells continued to see improving sales in their meeting spaces and two restaurant locations as County restrictions eased on gatherings and passengers returned in greater numbers in the second half of the fiscal year.

OPERATING REVENUE SOURCES (CONTINUED)

Car Rentals stayed consistent with the previous fiscal year despite the 24% decrease in passenger boardings. Most of Montana's airports saw a quicker passenger volume recovery than the national average. The combination of wide-open outdoors and fewer COVID-19 restrictions, made Montana a popular tourist destination. As a result, rental car revenue registered a slight increase over the previous year indicating a significant shift toward inbound passenger in the overall makeup of the passenger mix for the fiscal year.

Landing fees fell 3% during the year. All the passenger airlines cancelled some flights during the fiscal year as the impacts of COVID-19 continued; however, this impact was significantly backstopped by the federal aid packages that the airlines received which restricted them from leaving markets they served prior.

Airline space rent declined 36% during the year. This was primarily due to a decrease in the rental rate. COVID-19 began to significantly impact passenger activity in the last quarter of the previous fiscal year, which didn't provide the Authority with much opportunity to offset costs that airlines pay in their rent. In the current fiscal year, the airlines received the full benefit of early debt retirement using CARES funds received by the Authority. Thus, the costs recovery basis for the calculating the Terminal Rental Rate was lower in the current fiscal year.

Land rentals increased 197%, continuing a long-term trend of growth from new leases. The significant increase in the current fiscal year was due to reaching full amortization on the debt used to finance the FedEx lease. With the debt repaid, the long-term lease payments began to accrue as revenue to the Authority. With the debt repaid, the Authority has offered a new long-term agreement, which would lower the annual revenue from this lease substantially. However, at the year-end, that agreement has not been executed and the agreement is in hold-over status at the previous, higher, rental rate.

In summary, passenger-related revenue declined significantly in the current fiscal year as the Airport Authority experienced a 24% decline in boardings due to COVID-19. Most related activities declined due to lower user rates and the Airport Authority acted aggressively to reduce airline costs and help improve the performance of our passenger-starved airline routes. Land and building rents were far more resilient with most revenue sources in this category stable or increasing.

OPERATING REVENUE SOURCES (CONTINUED)

TABLE 4

TOP PRODUCING CUSTOMERS		
TENANT	**AMOUNT**	**AMOUNT**
	FY2020-21	**FY2019-20**
FEDEX (LANDING FEES & RENTS)	$1,249,264	$189,448
REPUBLIC PARKING	$504,688	$644,306
DELTA (LANDING FEES & SPACE RENT)	$372,890	$441,045
UNITED/SKYWEST (LANDING FEES & SPACE RENT)	$293,460	$281,553
HORIZON (LANDING FEES & SPACE RENT)	$243,371	$253,757
HERTZ (CONCESSION FEES & SPACE RENT)	$208,342	$187,507
NATIONAL/ALAMO (CONCESSION FEES & SPACE RENT)	$202,943	$182,504
AVIS (CONCESSION FEES & SPACE RENT)	$170,859	$173,635
ENTERPRISE (CONCESSION FEES & SPACE RENT)	$169,944	$124,583
ALLEGIANT (RENT, PER TURN & LANDING FEES)	$140,038	$115,112
TOTAL	**$3,555,799**	**$2,593,450**

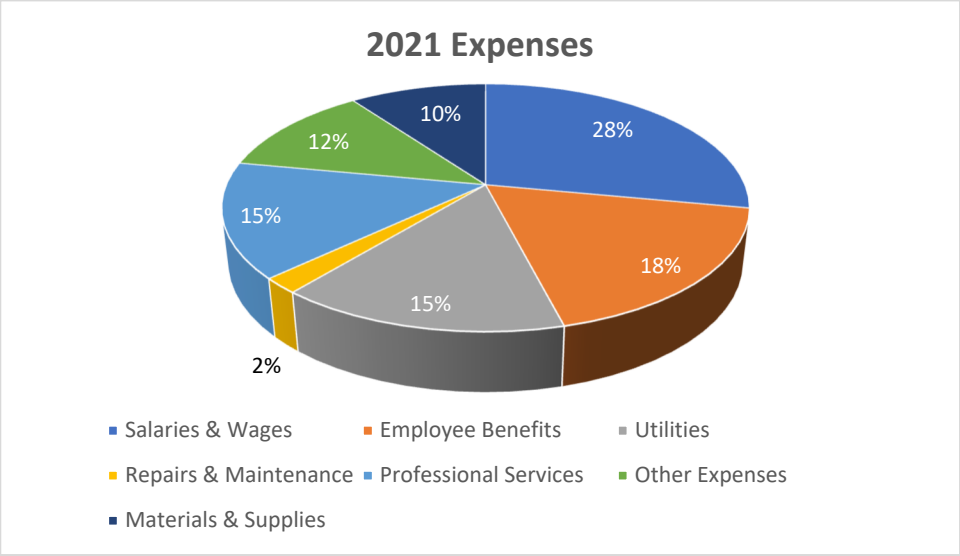
OPERATING EXPENSES

The following table shows the summary of operating expenses for the year ended June 30, 2021 and the amount and percentage of change in relation to prior year amounts.

TABLE 5

	2021 Amount	Percent of Total	2020 Amount	Percent of Total	Increase (Decrease) from 2020	Percent Increase (Decrease)
Personnel Services						
Salaries & Wages	$ 791,689	28%	$ 898,577	36%	$ (106,888)	-11.9%
Employee Benefits	502,853	18%	467,310	19%	35,543	7.6%
Contractual Services						
Utilities	417,977	15%	419,105	17%	(1,128)	-0.2%
Repairs & Maintenance	69,096	2%	78,290	3%	(9,194)	-11.7%
Professional Services	420,700	15%	320,370	13%	100,330	31.3%
Other Expenses	328,413	12%	82,964	3%	245,449	295.9%
Materials & Supplies	282,981	10%	224,314	9%	58,667	26.2%
Total Operating Expenses	**$ 2,813,709**	**100%**	**$ 2,490,930**	**100%**	**$ 322,779**	**13.0%**

OPERATING EXPENSES (CONTINUED)



Operating expenses during the 2021 fiscal year were $322,779 more than 2020. This increase in expenses is comprised mostly of a write-down of uncollectable receivables that have been carried on the books for more than a decade. These receivables appear to be from the last round of airline bankruptcies and are not collectable.

Salaries declined by 11.9% because the Airport Authority eliminated one position and had turnover in other positions during the year. However, the benefit component increased by 7.6% and partially offset the savings from salaries. The increase in benefits was primarily from an increase in the accrued liability for the state retirement fund. The Airport Authority has no control over this expense and our portion is calculated by the State and GASB 68. See note 9 to the financial statements for detail on how this is calculated.

Utility costs were stable for the year with only a marginal decrease. Repair and maintenance expense was down 11.7% mostly due to a mild winter resulting in less wear and tear on equipment and facilities. Neither change had a significant impact on year-end results.

Professional services increased 31.3% during the year. Air service marketing conferences resumed during fiscal year 2021. Acquiring the data for these events is a significant expense. The Airport Authority attended one event and hosted a major air service conference in Great Falls in September of 2021. Many of the preparatory expenses occurred during fiscal year 2021. The Airport also employed an IT contractor to review the costs necessary to bring parking operations in-house.

Materials and supplies increased during fiscal year due to a precipitous increase in the cost of fuel, paint and other materials in the second half of the year.

Other expenses increased 295.9% due to $225,000 expense for uncollectable debts outstanding from prior years as previously mentioned.

NOTEWORTHY INFORMATION & DISCLOSURES

Contracts Approved by the Board in FY2021

Prairie Kraft Specialties lease assignment
TSA lease agreement
Love's lease agreement amendment

Projects Approved by the Board in FY2021

TIF application for Warehouse Development
Parking Operation Conversion to In-House Self-Pay
Parking Lot IT Equipment Acquisition and Service Contract
Snow Blower Acquisition
Light Industrial Condo Infrastructure Improvement
Central Deicing Facility Construction
Architectural Design for Airline Ticket Counter Expansion
Architectural Design for Ticketing Lobby Expansion
Admin Office IT Upgrade: Copier, Server, Badging Equipment

COST CENTERS

The following table show the cost centers and operating revenues & expenses for the years ended June 30, 2021 and June 30, 2020. Table 6 is based on the Airport Authority's rates and charges spreadsheet.

TABLE 6

	Operating Revenue*		Direct Expenses		Allocated Expenses		Net Income(Loss) Before Depreciation/Amortization	
	2021	2020	2021	2020	2021	2020	2021	2020
Landing Area	$ 614,524	$ 536,424	$ 720,329	$ 679,530	$ 369,270	$ 344,924	$ (475,075)	$ (488,030)
Terminal Area	2,854,872	2,563,159	620,521	588,627	576,563	353,042	1,657,788	1,621,490
Aeronautical Area	307,934	277,414	5,760	5,558	243,153	123,080	59,021	148,776
Non Aeronautical Area	257,124	221,025	96,429	80,226	181,684	136,901	(20,989)	3,898
Total	**$ 4,034,454**	**$ 3,598,022**	**$ 1,443,039**	**$ 1,353,941**	**$ 1,370,670**	**$ 957,947**	**$ 1,220,745**	**$ 1,286,134**

*Less reimbursed security costs

SUMMARY OF CASH FLOW ACTIVITIES

Table 7 shows a summary of the major sources and use of cash and cash equivalents for fiscal years 2021 and 2020. Cash equivalents are considered cash-on-hand, bank deposits and highly liquid investments with an original maturity of three months or less.

SUMMARY OF CASH FLOW ACTIVITIES (CONTINUED)

TABLE 7

	2020-2021	2019-2020
Cash flows from:		
Operating Activities	$ 1,957,065	$ 1,330,316
Non-capital Financing Activities	126,736	2,770,324
Capital and Related Financing Activities	(2,617,075)	(3,840,698)
Investing Activities	210,302	447,925
Net increases / (decreases) in Cash and Cash and Cash Equivalents	682,131	707,867
Cash and Cash Equivalents:		
Beginning of year	944,153	236,286
End of year	$ 1,626,284	$ 944,153

CAPITAL IMPROVEMENT PROJECTS

The Airport Authority expended $1,903,092 and $1,433,660 on Federal Aviation Administration (FAA) approved Airport Improvement Projects for fiscal years 2021 and 2020, respectively. The table below shows the list of specific capital projects with their corresponding expenditures. Included in the list are airport funded projects amounting to $706,008 and $1,080,509 for fiscal years 2021 and 2020, respectively.

PROJECT DESCRIPTION	FY2021	FY2020
AIP #64 - Construct Taxiway A4/B4; Remove Hot Spot 2	-	54,843
AIP #65 - SRE Phase II/Taxilane Improvements	262,627	-
AIP #66 - SRE Phase II/Airside Improvements	-	1,362,039
AIP #67 – Rehabilitate Access Road	1,636,065	16,778
AIP #72 – Rehabilitate Access Road	4,400	
FAA Approved Capital Improvement Projects	**1,903,092**	**1,433,660**
Miscellaneous Projects	19,556	97,582
Parking Lot	29,734	-
Bathroom Remodel	432,583	-
TSA Office Remodel	224,135	-
AIP #64 - Construct Taxiway A4/B4; Remove Hot Spot 2	-	6,094
AIP #65 - SRE Phase II/Taxilane Improvements	-	5,500
AIP #66 - SRE Phase II/Airside Improvements	-	968,133
AIP #68 – Central De-Icing Facility	-	3,200
Airport Funded Projects	**706,008**	**1,080,509**
Total	**2,609,100**	**2,514,169**

CAPITAL IMPROVEMENT PROJECTS (CONTINUED)

During Fiscal Year 2021, the Airport Authority repaved the entry road from the Terminal building to the termination at the FedEx building. This included the replacement of existing lights for LED lighting and installation of new guard rail. The Airport Authority also renovated passenger bathrooms inside security, in the bag claim and on the third-floor of the Terminal. Lastly, the Authority moved TSA's office from the east side of the building to the west side to allow for the future expansion of the ticket counter. TSA reimbursed the Authority for the costs of building out their new space since the lease expired during this fiscal year.

LONG – TERM DEBT ADMINISTRATION

Please refer to Note 4 – Long-Term Debt, in the notes to the financial statements for a full explanation of our debt administration.

PASSENGER FACILITY CHARGES (PFC)

Enplanements impact the amount of PFC fees that are collected by the airlines each year. As passenger loads increase at Great Falls, the PFC fee also increases. These PFC funds may be used by the Airport Authority to pay for approved capital expenditures. A description of PFCs is included in note 1 Summary of Significant Accounting policies. Net PFC revenues collected by the airport during fiscal years ending June 30, was $358,992. The most recent PFC application #5 in the amount of $1,850,000 was approved by the FAA in November 2015. From the inception of the PFC program in November 1992 through June 2020 the Airport Authority has collected about $14,903,785 in PFC fees. The Airport Authority will need to file a new application in the next fiscal year to extend its PFC collection authority.

COVID-19 FUNDING

The Airport Authority was a recipient of Coronavirus Aid, Relief, and Economic Security (CARES) Act funding from the FAA as a result of the COVID-19 public health crisis. The Authority received an allocation of $3.9 million dollars to be expended over fiscal years 2020 and 2021 to offset the economic impact resulting from reduced passenger airline travel.

During Fiscal Year 2021, the Authority utilized approximately $560,000 to retire Airport Authority debt. The retirement of over $560,000 of airport debt allowed the Airport Authority to reduce rent and landing fees to airlines and concession tenants during fiscal year 2021 as they work to recover from the decreased travel. This is a continuation of the Airport Authority's efforts to help reduce airline and concession tenant costs, as in fiscal year 2020 the Airport Authority retired over $2.6 million dollars of airport debt. As a result, despite a decline in passenger related revenue which would normally offset Airport Authority costs in the cost-recovery calculations used to determine airline rates; the Authority has been able to reduce the actual rates charged to the airlines by 25% to 33% during the past two years that have been impacted by COVID-19.

Like other airports, COVID-19 headlined the Airport Authority's operating results for the year. Although the most significant declines in passenger traffic occurred during the fourth quarter of the previous fiscal year; weak passenger volumes persisted through the entirety of fiscal year 2021. The total year-end passenger volume of 101,620 was a level not seen since airline deregulation in the in the 1970's. As a result of fewer passengers, parking revenue saw a massive 38% decline as business travel and Canadian passengers, both prone to use the parking lot, declined precipitously.

YEAR-END SUMMARY

The Authority's efforts to reduce costs for our airline partners had their desired effect in fiscal year 2021. Early debt repayment and deferring airline capital costs allowed the Authority to reduce rental rates and fees on Terminal space and Loading Bridges, bringing both revenue categories down by 36% and 31%, respectively.

Through its efforts to diversify revenue over the past decade, the Authority has now become the landlord to a fuel station, two commercial truck repair businesses, several additional private hangars and a furniture business. Many of those industries have seen stable or even increased demand during COVID-19, demonstrating the benefit of diversification. Refinancing the FedEx debt several years ago allowed the Authority to amortize the debt for a lower cost and realize more revenue under the terms of the historic long-term lease. These factors allowed the Authority to increase revenue from ground and building rentals by 197% in the current year, which was the primary reason that the Authority was able to surpass $4 million in operating revenue.

Operating expenses increased by 13% overall. The Authority was able to reduce salaries by nearly $107,000 but this was more than completely offset by the Authority's portion of accrued pension liability as calculated by the State; should our pension fund become insolvent. The Airport spent 31% more on professional services as it resumed air service conference activities, prepared for a major air service development conference in Great Falls, and resumed some marketing activity. The Airport also used some professional services to prepare for in-house parking operations.

Other notable expense activity included writing off $225,000 in very old uncollectable receivables. The Airport also saw escalating materials costs across the board in the second half of the year from fuel to paint, which resulted in a 26% increase in this category of spending.

The Authority is slated to receive $4.7 million in funding from the Coronavirus Response and Relief Supplemental Appropriation (CRRSA) Act and American Rescue Plan (ARP) Act relief packages. The Authority also has nearly $700,000 in remaining CARES funding at year-end. The Authority has notified the FAA that we intend to use these funds primarily to implement self-pay capabilities in our parking lots and expand the ticketing lobby. The current ticketing lobby was determined by our Master Plan Update to be undersized and does not allow adequate space for any amount of distancing between customers. As of the end of the fiscal year, the FAA has not yet set forth rules for the spending of CRRSA Act and ARP Act funds on improvement projects, so we await those decisions before committing these dollars.

Passenger boarding finished the fiscal year down 24% with 101,620 boarding. The Authority forecasted a 30% decline in the current fiscal year, which was fairly accurate. We are currently forecasting an increase in the upcoming fiscal year of roughly 40%; however, much will depend on control of future COVID variants and the availability of pilots in the current shortage environment.

	2020/2021	**2019/2020**	**2018/2019**
Enplanements	101,620	133,172	180,063

CONTACTING THE AIRPORT AUTHORITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the Airport Authority's finances for all those with an interest. If you have any questions concerning any of the information provided in this report or would like to request additional information, contact the Airport Accountant, Great Falls International Airport Authority, 2800 Terminal Drive, Great Falls, Montana 59404-5599.

FINANCIAL STATEMENTS

GREAT FALLS INTERNATIONAL AIRPORT AUTHORITY
STATEMENT OF NET POSITION
June 30, 2021
(With Comparative Totals for June 30, 2020)

	2021	2020
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES		
CURRENT ASSETS		
Cash - demand deposits	$ 1,373,447	$ 948,111
Investments	1,190,394	1,072,662
Accounts receivable, net	584,201	380,524
Grants receivable	91,235	279,865
Inventories	4,100	4,100
Current portion of concession contract receivable	187,500	750,000
Prepaid expenses	120,375	107,636
Total current assets	3,551,252	3,542,898
RESTRICTED CASH AND INVESTMENTS		
Cash - demand deposits	259,722	207
Total restricted cash and investments	259,722	207
CAPITAL ASSETS		
Property and equipment - net	73,775,461	77,901,974
Construction work in progress	4,195,074	3,669,819
Total capital assets	77,970,535	81,571,793
OTHER ASSETS		
Investments	1,675,326	1,807,075
Deposits	3,568	5,600
Long-term portion of concession contract receivable	-	187,500
Patronage credits	1,384	1,384
Total other assets	1,680,278	2,001,559
DEFERRED OUTFLOWS OF RESOURCES		
Pension contributions and adjustments	205,779	131,586
Total deferred outflows of resources	205,779	131,586
Total assets and deferred outflows of resources	$ 83,667,566	$ 87,248,043

The Notes to Financial Statements are an integral part of this statement.

GREAT FALLS INTERNATIONAL AIRPORT AUTHORITY
STATEMENT OF NET POSITION (CONTINUED)
June 30, 2021
(With Comparative Totals for June 30, 2020)

	2021	2020
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION		
CURRENT LIABILITIES		
Accounts payable	$ 486,865	$ -
Accounts payable - construction	5,995	13,970
Cash items	6,885	4,165
Tenant deposits payable	258,328	3,805
Payroll and payroll taxes payable	89,931	63,424
Interest payable	5,966	9,148
Compensated absences payable	76,996	71,853
Unearned revenue	1,057	(3,943)
Current portion of long-term debt	249,026	1,132,130
Total current liabilities	1,181,049	1,294,552
LONG-TERM LIABILITIES		
Long-term debt, net of current portion	1,247,247	1,508,665
PERS pension liability	949,168	776,989
Total long-term liabilities	2,196,415	2,285,654
Total liabilities	3,377,464	3,580,206
DEFERRED INFLOWS OF RESOURCES		
Service concession arrangement - Reef Parking	187,500	937,500
Pension adjustments	93,825	120,953
Total deferred inflows of resources	281,325	1,058,453
NET POSITION		
Net investment in capital assets	76,474,262	78,930,998
Restricted	259,722	207
Unrestricted	3,274,793	3,678,179
Total net position	80,008,777	82,609,384
Total liabilities, deferred inflows of resources, and net position	$ 83,667,566	$ 87,248,043

The Notes to Financial Statements are an integral part of this statement.

GREAT FALLS INTERNATIONAL AIRPORT AUTHORITY
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
Year Ended June 30, 2021
(With Comparative Totals for the Year Ended June 30, 2020)

	2021	2020
OPERATING REVENUES		
Facility use fees	$ 589,775	$ 788,041
Landing fees	433,345	505,317
Fuel flowage fees	27,955	24,545
Concession fees	1,084,593	1,354,429
Building and grount rent	1,876,564	914,403
Reimbursed expense revenue	74,723	55,977
Total operating revenues	4,086,955	3,642,712
OPERATING EXPENSES		
Salaries and benefits	1,294,542	1,365,887
Utilities	417,977	419,105
Repairs and maintenance	69,096	78,290
Professional services	420,700	320,370
Materials and supplies	328,413	82,964
Other	282,981	224,314
Total operating expenses	2,813,709	2,490,930
Excess of operating revenues over operating expenses before depreciation	1,273,246	1,151,782
Less: Depreciation	(2,125,026)	(1,714,345)
Operating loss	(851,780)	(562,563)

The Notes to Financial Statements are an integral part of this statement.

GREAT FALLS INTERNATIONAL AIRPORT AUTHORITY
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION (CONTINUED)
Year Ended June 30, 2021
(With Comparative Totals for the Year Ended June 30, 2020)

	2021	2020
NON-OPERATING REVENUES AND (EXPENSES)		
Investment income	2,003	118,729
Miscellaneous non-operating revenues	60,676	115,443
Interest expense	(3,206)	(99,820)
CARES/CRRSA Act grant revenue	66,060	2,654,881
Investment income from lease investment	194,282	436,787
Interest expense from lease investment	(93,287)	(102,579)
Passenger Facility Charges (PFC), net	358,992	618,544
Gain on sale of asset	18,300	-
Total non-operating revenues	603,820	3,741,985
Income before capital contributions and depreciation on federally funded property and equipment	(247,960)	3,179,422
Capital contributions	2,620,326	1,631,196
Depreciation on federally funded property and equipment	(4,972,973)	(4,865,825)
CHANGE IN NET POSITION	(2,600,607)	(55,207)
Net position, beginning of year	82,609,384	82,664,591
Net position, end of year	$ 80,008,777	$ 82,609,384

The Notes to Financial Statements are an integral part of this statement.

GREAT FALLS INTERNATIONAL AIRPORT AUTHORITY
STATEMENT OF CASH FLOWS
Year Ended June 30, 2021
(With Comparative Totals for the Year Ended June 30, 2020)

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash receipts from providing services	$ 4,144,833	$ 3,850,579
Cash payments to employees	(1,136,727)	(1,276,337)
Cash payments to suppliers	(1,051,041)	(1,243,926)
Net cash flows from operating activities	1,957,065	1,330,316
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES		
Miscellaneous non-operating revenues	126,736	2,770,324
Net cash flows from non-capital financing activities	126,736	2,770,324
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Proceeds from grants - FAA	2,759,649	2,063,429
Proceeds from grants - MDOT	-	21,461
Construction work-in-progress additions	(2,617,075)	(3,109,445)
Acquisition of property and equipment	(887,641)	(129,041)
Proceeds from sale of property and equipment	18,300	-
Interest paid	(99,675)	(207,401)
Passenger Facility Charges (PFC), net	358,992	618,544
Payment on long-term debt	(1,144,522)	(3,928,874)
Payment received under municipal lease	-	830,629
Net cash flows from capital and related financing activities	(1,611,972)	(3,840,698)
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment income	196,285	555,516
Purchase of investments	(358,021)	(923,095)
Redemption of investments	372,038	815,504
Net cash flows from investing activities	210,302	447,925
Net change in cash and cash equivalents	682,131	707,867
Cash and cash equivalents, beginning of year	944,153	236,286
Cash and cash equivalents, end of year	$ 1,626,284	$ 944,153

The Notes to Financial Statements are an integral part of this statement.

GREAT FALLS INTERNATIONAL AIRPORT AUTHORITY
STATEMENT OF CASH FLOWS (CONTINUED)
Year Ended June 30, 2021
(With Comparative Totals for the Year Ended June 30, 2020)

	2021	2020
RECONCILIATION OF OPERATING LOSS		
TO NET CASH FLOWS FROM OPERATING ACTIVITIES		
Operating loss	$ (851,780)	$ (562,563)
Adjustments to reconcile operating loss to net		
cash flows from operating activities		
Depreciation	2,125,026	1,714,345
Pension adjustments	120,165	42,798
Changes in operating assets and liabilities:		
Accounts receivable, net	(203,677)	215,097
Prepaid expenses	(12,739)	7,821
Deposits	2,032	(2,500)
Accounts payable	486,865	(120,704)
Tenant deposits payable	254,523	-
Payroll and payroll taxes payable	26,507	31,960
Compensated absences payable	5,143	8,792
Unearned revenue	5,000	(4,730)
Net cash flows from operating activities	$ 1,957,065	$ 1,330,316
SCHEDULE OF INTEREST		
Interest paid	$ 99,675	$ 207,401
SCHEDULE OF CASH AND CASH EQUIVALENTS		
AT END OF YEAR		
Cash items	$ (6,885)	$ (4,165)
Cash - demand deposits (unrestricted)	1,373,447	948,111
Cash - demand deposits (restricted)	259,722	207
	$ 1,626,284	$ 944,153
SCHEDULE OF NONCASH TRANSACTIONS		
Change in PERS pension liability	$ 172,179	$ 73,435
Change in deferred outflows related to pension liability	(74,193)	34,303
Change in deferred inflows related to pension liability	(27,128)	(64,940)
	$ 70,858	$ 42,798

The Notes to Financial Statements are an integral part of this statement.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of the Great Falls International Airport Authority's significant accounting policies:

Reporting Entity
The Great Falls International Airport Authority (Airport Authority) is a regional airport authority conducting operations at the Great Falls International Airport through powers granted under Title 67, Chapter 11 of the Montana Code Annotated. The Airport Authority is a primary government, meeting the criteria embodied in GASB Statement No. 14 "The Financial Reporting Entity," of a separately elected governing body, having a separate legal standing and being fiscally independent. There are no component units for which the Airport Authority's board is financially accountable.

Basis of Presentation and Basis of Accounting
The Airport Authority's financial statements are prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units, and follow proprietary fund accounting. The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The Airport Authority is characterized under GASB 34, "Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments" as a special-purpose entity engaged only in business-type activities. Business-type activities are financed in whole or in part by fees charged to external parties. As such, only those financial statements required for enterprise funds under GASB 34 are included in the basic financial statements. Those basic financial statements - the statement of net position, statement of revenues, expenses, and changes in net position, and statement of cash flows are presented in a format defined under GASB 34 as fund financial statements. The activity of the Airport Authority is accounted for within a single fund.

Measurement Focus
The basic financial statements of the Airport Authority are reported using the economic resources measurement focus under the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time incurred, regardless of when the related cash flows take place. Operating revenues, such as landing fees, concession fees, and rentals, result from exchange transactions associated with the principal activity of the Airport Authority. Non-operating revenues, such as investment income, passenger facility charges, and grant revenue, result from non-exchange transactions or ancillary activities. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

The Airport Authority uses a managerial cost accounting system which provides for operating and capital budgeting according to cost centers. The system consists of four primary and three secondary cost centers. Indirect costs are posted to the secondary cost centers and then allocated to the primary cost centers. The Airport Authority's policy is to apply restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted assets are available.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Classification of Net Position

Net Investment in Capital Assets
This is the Authority's investment in capital assets, net of depreciation and related bonds and notes payable, as well as deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets and related debt.

Restricted Net Position
These are resources that are expendable only for specified purposes. The Authority's restricted net position amounts are primarily to be used for passenger facility charge projects and the National Guard Bureau project.

Unrestricted Net Position
These are resources over which the governing body has discretionary control.

Cash and Investments

Cash and investments include amounts in demand deposits, savings deposits, time deposits, U.S. Government securities, and the State Short-Term Investment Pool (S.T.I.P.). Investments in U.S. Government securities are required to be shown at fair value and S.T.I.P. is required to be shown at the net asset value (NAV) per share in accordance with GAAP.

Montana statutes authorize the Airport Authority to invest in direct obligations of the United States Government and securities issued by agencies of the United States if the investment is a direct obligation of the agency; in savings or time deposits in a state or national bank, building or loan association, savings and loan association, or credit union located in Montana; in investments of the S.T.I.P. managed by the Montana Board of Investments; or in repurchase agreements.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Airport Authority considers all highly liquid investments with a maturity of three months or less to be cash equivalents. There were no cash equivalents at June 30, 2021.

Accounts Receivable

Accounts receivable are recorded at cost with an allowance for doubtful accounts. The allowance is management's estimate of the uncollectible amounts contained within the accounts receivable portfolio at June 30, 2021.

Grants Receivable

Grants awarded to the Airport Authority become receivable by the Airport Authority when grant expenditures are incurred.

Inventories

Inventories consist of materials and supplies that are recorded at cost. Cost is determined using the first-in, first-out method.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets
Property and equipment of the Airport Authority are recorded at historical cost. The Airport Authority does not maintain a specific capitalization policy threshold. Depreciation is computed using the straight-line method at rates considered sufficient to prorate the cost of the property and equipment over the estimated useful life of the asset. Useful lives are estimated to be as follows:

Buildings	10-20 years
Improvements	15-40 years
Equipment	3-20 years

Depreciation expense on federally funded capital assets is reported separately from depreciation on other capital assets on the Statements of Revenues, Expenses, and Changes in Net Position. Such depreciation is not included in the calculation of income (loss) from operations in order to be consistent with the reporting of the revenue source used to acquire those assets, capital contributions.

Construction Work in Progress
Project expenditures incurred to construct or expand Airport Authority property are recorded as construction work in progress until the project is completed and placed into service.

Compensated Absences Payable
The Airport Authority accrues a liability for unused vacation and sick leave benefits earned by employees as of year-end. The amount payable to an employee for unused vacation benefits is limited to a maximum of two years' worth of accrual, while the amount due an employee for unused sick leave benefits is limited to 25% of the total unused sick leave. Amounts accumulated in the liability at year end are considered short-term liabilities for financial reporting purposes.

Tax Revenue
The Airport Authority may, under Montana statute, levy two mills at the municipal level, and two mills at the county level for airport operation purposes. The Airport Authority elected to waive this option for the year ended June 30, 2021.

Unearned Revenue
The Airport Authority records unearned revenue for advance payments received from concessionaires. Revenue is recognized ratably throughout the year.

COVID-19
In December 2019, the novel coronavirus (COVID-19) was identified in Wuhan, China. In March 2020, with the rapid spread of the virus into all regions of the world, the World Health Organization declared COVID-19 a global pandemic.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

COVID-19 (Continued)
Beginning in March 2020, COVID-19 significantly impacted worldwide passenger traffic based on the public health risk, government-imposed quarantines, and restrictions on travel. The Authority saw dramatic decreases in total passengers through the airport which resulted in severely reduced operating revenues.

The full extent and duration of the impact of COVID-19 on the Authority's operations and financial performance is currently unknown, and depends on future developments that are uncertain and unpredictable, including the duration and spread of the pandemic, new information that may emerge concerning the severity of the virus, and the actions to contain the virus or treat its impact, among others.

CARES and CRRSA Act Grants
The Coronavirus Aid, Relief, and Economic Security (CARES) Act (H.R. 748, Public Law 116-136), signed into law by the President on March 27, 2020, included $10 billion in funds to be awarded as economic relief to eligible U.S. airports affected by the prevention of, preparation for, and response to the COVID-19 pandemic.

The CARES Act provided funds to increase the federal share to 100 percent for Airport Improvement Program (AIP) and supplemental discretionary grants already planned for fiscal year 2021. Under normal circumstances, AIP grant recipients contribute a matching percentage of the project costs. Providing this additional funding and eliminating the local share allowed critical safety and capacity projects to continue as planned regardless of airport sponsors' current financial circumstances.

Additionally, the CARES Act provided new funds distributed by various formulas for all airports that are part of the national airport system. This included all commercial service airports, all reliever airports and some public-owned general aviation airports.

Under the CARES Airport Program:

- Primary commercial service airports, with more than 10,000 annual passenger boardings, received additional funds based on the number of annual boardings, in a similar way to how they currently receive AIP entitlement funds.
- All commercial service airports received funds based on the number of passengers that board aircraft, the amount of debt an airport has, and the amount of money the airport has in reserve.
- General aviation airports received funds based on their airport categories, such as National, Regional, Local, Basic and Unclassified.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

CARES Act Grants (Continued)
The Coronavirus Response and Relief Supplemental Appropriation (CRRSA) Act (Public Law 116-260), signed into law on December 27, 2020, included nearly $2 billion in funds to be awarded as economic relief to eligible U.S. airports and eligible concessions at those airports to prevent, prepare for, and respond to the COVID-19 pandemic.

Under the Airport Coronavirus Response Grant Program:

- Primary commercial service airports, those with more than 10,000 annual passenger boardings, shared $1.75 billion based on the number of annual boardings, in a similar way to how they currently receive Airport Improvement Program (AIP) entitlement funds.
- Primary commercial service airports shared an additional $200 million based on the number of annual boardings, and these funds are available for these airports to provide relief from rent and minimum annual guarantees to on-airport car rental, on-airport parking, and in-terminal airport concessions. Airports dprovided this relief to each airport concession based on its proportionate share of the total annual rent and minimum annual guarantees for the airport.
- Non-primary commercial service and general aviation airports will share $45 million based on their airport categories. Of that $45 million, airports that participate in the FAA Contract Tower Program will divide $5 million equally.

The Authority received grant awards totaling $3,997,828 related to the CARES Act and CRRSA Act. During the year ended June 30, 2021, the Authority has recognized $722,984 as grant revenue to reimburse eligible operating expenses. Additionally, the federal share of AIP grants was increased to 100 percent, totaling $191,410, for the year ended June 30, 2021.

Passenger Facility Charges (PFC)
The Airport Authority is authorized to impose a four dollar and fifty cents ($4.50) PFC per enplaned passenger to fund approved capital projects. The PFC fees are collected by carriers and remitted to the Airport Authority on a periodic basis. The carriers retain an administrative fee of $.08 for each PFC remitted. PFCs are recorded in a manner similar to contributed capital. A separate bank account is used to receive and disburse funds. PFCs are restricted for FAA approved capital projects.

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Prior Period Comparative Amounts
The basic financial statements include certain prior year comparative amounts but the notes to the financial statements do not contain the level of detail required for a presentation in conformity with GAAP. Accordingly, such information should be read in conjunction with the Airport Authority's financial statements for the year ended June 30, 2020, from which the comparative information is derived.

NOTE 2. CASH AND INVESTMENTS

The composition of cash and investments on June 30, 2021, was as follows:

Cash items	$ (6,885)
Cash in banks:	
Demand deposits	1,633,169
Savings deposits	19,059
Time deposit	506,175
S.T.I.P.	1,019,518
U.S. Government bonds	1,320,968
	$ 4,492,004

Cash and investments are presented on the statement of financial position as follows:

Cash items	$ (6,885)
Cash - demand deposits, current	1,373,447
Investments, current	1,190,394
Cash - demand deposits, restricted	259,722
Investments, long-term	1,675,326
	$ 4,492,004

Cash Items
Cash items consist of petty cash, cash maintained in two automated teller machines (ATMs) located at the Great Falls International Airport terminals, and cash held in Airport Authority safekeeping for use in the ATMs.

Restricted Cash and Investments
Restricted cash and investments at June 30, 2021 consist of $259,722 in the amount of $199 and $259,523 held for passenger facility charge projects and a project being managed by the Airport Authority on behalf of the National Guard Bureau, respectively.

NOTE 2. CASH AND INVESTMENTS (CONTINUED)

Cash in Banks

At year-end, the carrying amount of the Airport Authority's deposits was $2,146,970 and the bank balance was $2,121,366. These deposits include demand, savings, and time deposits. The Airport Authority's bank account deposits are insured up to $250,000 by the Federal Deposit Insurance Corporation (FDIC) and its time deposits are covered up to $250,000 in cash claims by Securities Investor Protection Corporation (SIPC).

From time to time, certain bank accounts that are subject to limited FDIC coverage exceed their insured limits. As of June 30, 2021, the Airport Authority had $1,358,307 of bank account deposits in excess of FDIC insurance and $244,000 of time deposits in excess of SIPC coverage.

As of June 30, 2021, the Airport Authority had $19,059 in money market funds not covered by FDIC or SIPC insurance. Money market funds are invested in a government obligations money market fund that invests in short-term U.S. government securities and repurchase agreements secured by U.S. government securities.

Montana statutes require that the Airport Authority obtain pledged securities for the uninsured portion of the deposits as follows: 1) Securities equal to 50% of such deposits if the institution in which the deposits are made has a net worth to total assets ratio of 6% or more, or 2) Securities equal to 100% of the uninsured deposits if the institution in which the deposits are made has a net worth to total assets ratio of less than 6%. The statues do not specify in whose custody or name the collateral is to be held.

Investments

As described in Note 1 to the financial statements, statutes authorize the Airport Authority to invest in direct obligations of the United States Government and securities issued by agencies of the United States if the investment is a direct obligation of the agency, time deposits, the State Short-Term Investment Pool (S.T.I.P.), and repurchase agreements. The Airport Authority is in compliance with the state statues described in Note 1.

The Airport Authority has no investment policy that would further limit its investment choices. As of June 30, 2021, the Airport Authority had the following investments and maturities:

Investment Type	Amount	Investment Maturities	
		Less Than 1 Year	1-5 years
Money market	$ 19,059	$ 19,059	$ -
Time deposit	506,175	-	506,175
S.T.I.P.	1,019,518	1,019,518	-
U.S. government bonds	1,320,968	151,817	1,169,151
	$ 2,865,720	$ 1,190,394	$ 1,675,326

NOTE 2. CASH AND INVESTMENTS (CONTINUED)

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. As a means of limiting its exposure to fair-value losses arising from rising interest rates, the Airport Authority's investment policy limits the maturity of investments to five years or less.

Credit Risk

Credit risk is defined as the risk that an issuer or other counterparty to an investment will not fulfill its obligation. Obligations of, or guaranteed by, the U.S. government do not require disclosure of credit quality. Investments within S.T.I.P. have credit risk as measured by major credit rating services.

This risk is that the issuer of a S.T.I.P. investment may default in making timely principal and interest payments. The Montana Board of Investment's policy requires that S.T.I.P. investments have the highest investment grade rating in the short-term category by at least one Nationally Recognized Statistical Rating Organization (NRSRO). The three NRSRO's recognized by S.T.I.P. include Standard and Poor's (S&P), Moody's, and Fitch. The short-term credit ratings presented below for the Airport Authority's share of S.T.I.P. are provided by S&P's rating services. An A1+ rating is the highest short-term rating by the S&P rating service. If a S.T.I.P. investment received a long-term rating, such as AAA, this rating was converted to a short-term rating. If an S&P rating is not available, a Moody's rating has been used.

Credit Quality Ratings as of June 30, 2021:

Investment Type	Amortized Cost	Credit Quality Rating
Agency or government related	$ 57,437	A1+
Asset backed commercial paper	726,193	A1+
Corporate commercial paper	167,485	A1+
Certificates of deposit	16,077	A1+
Interest Bearing Demand Deposit Account	52,326	N/R
	$ 1,019,518	A1+

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The Airport Authority does not have a formal investment policy limiting the amount the Airport Authority may invest in any one issuer. As there is minimal credit risk associated with investments issued or guaranteed by the U.S. government, no disclosure of concentration of credit risk is required for these investments. Concentration risk was within the policies as set by the Montana Board of Investments. Investments of the S.T.I.P. include certain derivative-type investments, such as asset-backed securities and variable-rate securities.

NOTE 2. CASH AND INVESTMENTS (CONTINUED)

Concentration of Credit Risk (Continued)
The asset-backed securities are collateralized by non-mortgage assets pledged by the issuer, and have one or more forms of credit enhancement to raise the quality of the security. Asset-backed securities have less credit risk than do securities not backed by pledged assets, while market risk for asset-backed securities is the same as market risk for similar nonasset-backed securities.

The variable-rate securities are designed to minimize the investors' interest rate risk by periodically resetting the interest rate to either the prime rate or the London Interbank Offering Rate. Variable-rate securities have credit risk identical to similar fixed-rate securities, while their market risk is less volatile than fixed-rate securities because their value will usually remain at or near par as a result of their interest rates being periodically reset to maintain a current market yield.

Market Fluctuations
During the year ended June 30, 2021, the global financial system continued to experience substantial volatility related to the COVID-19 pandemic. These economic events have had a significant impact on the investment portfolio. As a result, it is possible the Airport Authority's investments have incurred a decline in fair value. Because of the uncertainty of future market conditions, management is uncertain whether any decline in fair value is permanent or temporary.

As previously mentioned, GAAP requires investment in U.S. Government securities to be reported at fair value. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Valuation techniques used to measure fair value must maximize the use of observable inputs and minimize the use of unobservable inputs, using the market value approach.

Following is a description of the valuation methodologies used for investments measured at fair value. There have been no changes in the methodologies used at June 30, 2021.

Government bonds – Valued using matrix pricing.

As required under GAAP, investments are classified within the level of lowest significant input considered in determining fair value. GAAP also establishes a fair value hierarchy, which prioritizes the valuation of inputs into three broad levels as described below.

Level 1: quoted prices in active markets as of the measurement date.

Level 2: quoted prices that are not active, quoted prices for similar assets or liabilities in active markets or inputs other than quoted prices that are observable (either directly or indirectly) for substantially the full term of the asset or liability.

Level 3: significant unobservable prices or inputs for which there is little or no market activity for the asset or liability at the measurement date.

NOTE 2. CASH AND INVESTMENTS (CONTINUED)

Investments, stated at fair value, are as follows:

	Cost	Fair Value (Level 2)
U.S. government bonds	$ 1,296,831	$ 1,320,968

The net decrease in the fair value of investments during the year ended June 30, 2021 was $33,856. This amount is included in investment income on the statement of revenues, expenses, and changes in net position.

NOTE 3. CAPITAL ASSETS

Property and Equipment

A summary of the changes in property and equipment during the year ended June 30, 2021 is as follows:

	Balance, July 1, 2020	Additions	Deletions	Balance, June 30, 2021
Capital assets, not being depreciated:				
Land	$ 1,501,248	$ -	$ -	$ 1,501,248
Construction in progress	3,669,819	2,609,100	(2,083,845)	4,195,074
Total capital assets, not being depreciated	5,171,067	2,609,100	(2,083,845)	5,696,322
Capital assets, being depreciated:				
Buildings	36,527,777	519,744	-	37,047,521
Improvements	132,678,956	1,652,843	-	134,331,799
Furniture, fixtures and equipment	7,372,717	798,899	-	8,171,616
Total capital assets, being depreciated	176,579,450	2,971,486	-	179,550,936
Less accumulated depreciation:				
Buildings	(23,246,000)	(1,327,294)	-	(24,573,294)
Improvements	(71,231,710)	(5,492,803)	-	(76,724,513)
Furniture, fixtures and equipment	(5,701,014)	(277,902)	-	(5,978,916)
	(100,178,724)	(7,097,999)	-	(107,276,723)
Capital assets being depreciated, net	76,400,726	(4,126,513)	-	72,274,213
Capital assets, net	$ 81,571,793	$ (1,517,413)	$ (2,083,845)	$ 77,970,535

NOTE 3. CAPITAL ASSETS (CONTINUED)

Construction Work in Progress

A summary of the changes in construction work in progress during the year ended June 30, 2021 is as follows:

Project	Balance July 1, 2020	Project Additions	Close-Out/ Deletions	Transfers	Balance June 30, 2021
AIP 57	$ (678)	$ -	$ 678	$ -	$ -
AIP 58	643,908	-	-	-	643,908
AIP 65 (NonFed)	618,280	-	-	-	618,280
AIP 67 (Fed)	16,778	1,636,065	(1,652,843)	-	-
AIP 65 (Fed)	-	262,627	-	3,200	265,827
AIP 68 (NonFed)	3,200	-	-	(3,200)	-
AIP 72 (Fed)	-	4,400	-	-	4,400
Engineer Consulting Miscellaneous	40,608	-	-	-	40,608
Noise Mitigation	369	-	-	-	369
Metes and Bounds	20,185	-	-	-	20,185
AVMAX Apron	92,072	-	-	-	92,072
Holman Apron	9,476	-	-	-	9,476
Taxiway Fixture Coordination	85,949	-	-	-	85,949
Terminal/Parking Lot Expansion	871,242	-	-	-	871,242
Parking Lot	-	29,734	-	-	29,734
Sump Pump	-	7,114	(7,114)	-	-
Bathroom Remodel	-	432,583	(392,543)	-	40,040
TSA Office Remodel	-	224,135	-	-	224,135
Warehouse Development	-	12,442	-	-	12,442
Design Runway 16/24	384,854	-	-	-	384,854
Other	9,260	-	-	-	9,260
FedEx Apron	90,494	-	-	-	90,494
Red Horse	82,030	-	-	-	82,030
LED	149,379	-	-	-	149,379
Special Projects	170,376	-	(32,023)	-	138,353
AVMAX Hangar Phase I	110,934	-	-	-	110,934
AVMAX Phase II	154,038	-	-	-	154,038
AVMAX Phase IV	97,215	-	-	-	97,215
TIF Program	19,850	-	-	-	19,850
	$ 3,669,819	$ 2,609,100	$ (2,083,845)	$ -	$ 4,195,074

The Airport Improvement Program (AIP) work in progress project additions include expenditures of $706,008 from Airport Authority funds and $1,903,092 from FAA funds. AIP work in progress project close-out/deletions consist of transfers to capital assets during the year ended June 30, 2021 totaling $1,652,843.

NOTE 4. LONG-TERM DEBT

Direct Borrowings

On March 30, 2007, long-term financing to be used toward the Avmax hangar remodel was obtained from the Montana Board of Investments. This obligation calls for principal of $1,070,612 to be repaid with monthly payments of $7,003 for 240 months, with interest at 4.89% per annum. The balance of this note payable at June 30, 2021 is $419,432. This is a tenant-financing loan and as such, the Airport Authority is not liable in the event of tenant payment default.

On October 1, 2008, long-term financing to be used toward the Avmax hangar remodel was obtained from the Montana Board of Investments. This obligation calls for principal of $1,288,605 to be repaid with monthly payments of $9,187 for 240 months, with interest at 5.95% per annum. The balance of this note payable at June 30, 2021 is $651,641. This is a tenant-financing loan and as such, the Airport Authority is not liable in the event of tenant payment default.

On October 27, 2009, long-term financing to be used toward the construction of a carwash facility was obtained from Wells Fargo Brokerage Services. This debt was refinanced through Wells Fargo Bank, N.A. on July 29, 2013 to reduce the interest rate from 6.58% to 4.58% per annum. The balance of this note payable at June 30, 2013 prior to refinancing was $1,098,514. This obligation (Series 2013C) calls for principal of $1,103,800 to be repaid with variable monthly payments ranging from $4,550 to $10,550 for 132 months. The balance of this note payable at June 30, 2021 is $425,050.

The following is a summary of changes in long-term debt from direct borrowings of the Airport Authority for the fiscal year ended June 30, 2021:

Note payable to:	Balance July 1, 2020	Additions	Reductions	Balance June 30, 2021	Current Portion
Montana Board of Investments	$ 481,255	$ -	$ (61,823)	$ 419,432	$ 64,656
Montana Board of Investments	721,070	-	(69,429)	651,641	73,170
Wells Fargo-Fedex Note Series 2013A	877,170	-	(877,170)	-	-
Wells Fargo-Apron Note Series 2013B	43,250	-	(43,250)	-	-
Wells Fargo-Car Rental Note Series 2013C	518,050	-	(92,850)	425,200	111,200
	$ 2,640,795	$ -	$ (1,144,522)	$ 1,496,273	$ 249,026

The annual debt service requirements to maturity for long-term debt outstanding as of June 30, 2021 are as follows:

Year Ending June 30,	Principal	Interest	Total
2022	$ 249,026	$ 72,303	$ 321,329
2023	262,034	59,321	321,355
2024	275,693	45,694	321,387
2025	204,228	32,411	236,639
2026	171,368	22,914	194,282
2026-2029	333,924	19,636	353,560
	$ 1,496,273	$ 252,279	$ 1,748,552

NOTE 5. SERVICE CONCESSION ARRANGEMENT

The Airport Authority has entered into a concession agreement expiring September 30, 2021 with Reef Parking to operate the Airport Authority's public parking facility located in and about the main terminal at Great Falls International Airport (the Airport). The Airport Authority entered into the arrangement as a means to provide parking facilities to members of the public visiting the Airport in a more efficient, cost-effective manner. The terms of the agreement include:

- Reef shall use the facility solely to operate a public parking facility at the Airport for incoming/outgoing passengers using the Airport during the term of the agreement.
- The Airport Authority retains the right to further develop, modify, and improve the area currently used for public parking at the Airport during the agreement term.
- Reef is responsible for parking lot maintenance while the Airport Authority is responsible for structural modifications and substantial repairs.
- The Airport Authority and Reef have mutually agreed to the parking rates charged for use of the facility during the term of the agreement and rate changes shall go into effect only when approved by the Airport Authority.

Under the terms of the agreement, Reef is required to pay the Airport Authority as follows:

Fiscal Year Ended	Minimum Annual Guarantee	Percentage of Annual Gross Receipts (calculated for the contract years ended September 30)
June 30, 2022	$187,500	50% of Reef's annual gross receipts >$ 0 but <$ 150,000 70% of Reef's annual gross receipts >$ 150,000 but <$ 200,000 80% of Reef's annual gross receipts >$ 200,000 but <$ 300,000 84% of Reef's annual gross receipts >$ 300,000 but <$1,200,000 91% of Reef's annual gross receipts >$1,200,000

The facility is reported by the Airport Authority as a capital asset of $2,093,307 and is being depreciated over its estimated useful life. For the amount to be received under the agreement, the Airport Authority has recorded a receivable and deferred inflow of resources in the amount of $187,500. The deferred inflow of resources will be amortized to revenue over the remaining term of the agreement.

NOTE 6. PASSENGER FACILITY CHARGES

Changes in the passenger facility charges account for the year ended June 30, 2021 are as follows:

Balance at beginning of year	$ 872,959
Additions:	
Net collections from carriers	358,992
Balance at end of year	$ 1,231,951

NOTE 6. PASSENGER FACILITY CHARGES (PFC) (CONTINUED)

The PFC account owes the Surplus account $1,231,753 as of June 30, 2021. A total of $359,000 was repaid to the Surplus account during the current fiscal year. The inter-account balances have been eliminated in the accompanying financial statements.

NOTE 7. NET INVESTMENT IN CAPITAL ASSETS

Changes in the net position category of "net investment in capital assets" for the year ended June 30, 2021, are as follows:

Capital assets	
Balance at beginning of year	$ 77,901,974
Additions:	
Transfers from construction work-in-progress account and acquisition of capital assets	2,971,486
Deductions:	
Depreciation expense	(7,097,999)
Balance at end of year	73,775,461
Construction work in progress	
Balance at beginning of year	3,669,819
Additions:	
Contributions - Airport funds	706,008
FAA grants	1,903,092
Deductions:	
Projects closed and transferred to fixed assets	(2,083,845)
Balance at end of year	4,195,074
Related debt	
Balance at beginning of year	(2,640,795)
Deductions:	
Principal payments	1,144,522
Balance at end of year	(1,496,273)
Net investment in capital assets at June 30, 2021	$ 76,474,262

NOTE 8. RESTRICTED NET POSITION

Restricted net position at June 30, 2021 consists of the following:

Restricted for passenger facility charges	$ 199
Restricted for National Guard Bureau project	259,523
	$ 259,722

NOTE 9. PENSION PLAN

Summary of Significant Accounting Policies

Montana Public Employee Retirement Administration (MPERA) prepared financial statements using the accrual basis of accounting. The same accrual basis was used by MPERA for the purposes of determining the net pension liability; deferred outflows of resources and deferred inflows of resources related to pensions; pension expense; the fiduciary net position; and additions to or deductions from fiduciary net position. Member contributions are recognized in the period in which contributions are due. Employer contributions are recognized when due and the employer has made a formal commitment to provide the contributions. Revenues are recognized in the accounting period they are earned and become measurable. Benefit payments and refunds are recognized in the accounting period in which they are due and payable in accordance with the benefit terms. Expenses are recognized in the period incurred. Investments are reported at fair value. MPERA adhered to all accounting principles generally accepted by the United States of America. MPERA applied all applicable pronouncements of the Governmental Accounting Standards Board (GASB).

Plan Description

Public Employees' Retirement System (PERS)

The PERS-Defined Benefit Retirement Plan (DBRP), administered by the Montana Public Employee Retirement Administration (MPERA), is a multiple-employer, cost-sharing plan established July 1, 1945, and governed by Title 19, chapters 2 & 3, Montana Code Annotated (MCA). This plan provides retirement benefits to covered employees of the State, and local governments, and certain employees of the Montana University System and school districts. Benefits are established by state law and can only be amended by Legislature.

All new members are initially members of the PERS-DBRP and have a 12-month window during which they may choose to remain in the PERS-DBRP or join the PERS-DCRP by filing an irrevocable election. Members may not be members of both the defined contribution and defined benefit retirement plans. All new members from the universities also have a third option to join the university system's Montana University System Retirement Program (MUS-RP).

The PERS-DBRP provides retirement, disability, and death benefits to plan members and their beneficiaries. Benefits are based on eligibility, years of service, and highest average compensation (HAC). Member rights are vested after five years of service.

NOTE 9. PENSION PLAN (CONTINUED)

Plan Description (Continued)

Public Employees' Retirement System (PERS) (Continued)

Summary of Benefits

Eligibility for Benefit

Service retirement:

Hired prior to July 1, 2011:	Age 60, 5 years of membership service; Age 65, regardless of membership service; Any age, 30 years of membership service.
Hired on or after July 1, 2011:	Age 65, 5 years of membership services; Age 70, regardless of membership service.

Early Retirement

Hired prior to July 1, 2011:	Age 50, 5 years of membership service; or Any age, 25 years of membership service.
Hired on or after July 1, 2011:	Age 55, 5 years of membership service.

Second Retirement (requires returning to PERS-covered employer or PERS service)

1) Retired before January 1, 2016 and accumulate less than 2 years additional service credit or retire on or after January 1, 2016 and accumulate less than 5 years additional service credit:
   - A refund or member's contributions plus return interest (currently 2.02% effective July 1, 2018).
   - No service credit for second employment;
   - Start the same benefit amount the month following termination; and
   - Guaranteed Annual Benefit Adjustment (GABA) starts again in the January immediately following the second retirement.
2) Retired before January 1, 2016 and accumulate at least 2 years of additional service credit:
   - A recalculated retirement benefit based on provisions in effect after the initial retirement; and
   - GABA starts on the recalculation benefit in January after receiving the new benefit for 12 months.
3) Retired on or after January 1, 2016 and accumulate 5 or more years of service credit:
   - The same retirement as prior to the return to service;
   - A second retirement benefit as prior to the second period of service based on laws in effect upon the rehire date; and
   - GABA starts on both benefits in the January after receiving the original and the new benefit for 12 months.

NOTE 9. PENSION PLAN (CONTINUED)

Plan Description (Continued)

Public Employees' Retirement System (PERS) (Continued)

Summary of Benefits (Continued)

Member's Highest Average Compensation (HAC)

- Hired prior to July 1, 2011 – highest average compensation during any consecutive 36 months;
- Hired on or after July 1, 2011 – highest average compensation during any consecutive 60 months;

Compensation Cap

Hired on or after July 1, 2013 – 110% annual cap on compensation considered as part of a member's highest average compensation.

Monthly Benefit Formula

1) Members hired prior to July 1, 2011:

- Less than 25 years of membership service: 1.785% of HAC per year of service credit;
- 25 years of membership service or more: 2% of HAC per year of service credit.

2) Members hired on or after July 1, 2011:

- Less than 10 years of membership service: 1.5% of HAC per year of service credit;
- 10 years or more, but less than 30 years of membership service: 1.785% of HAC per year of service credit;
- 30 years or more of membership service: 2% of HAC per year of service credit.

Guaranteed Annual Benefit Adjustment (GABA)

After the member has completed 12 full months of retirement, the member's benefit increases by the applicable percentage (provided below) each January, inclusive of other adjustments to the member's benefit.

- 3.0% for members hired prior to July 1, 2007
- 1.5% for members hired between July 1, 2007 and June 30, 2013
- Members hired on or after July 1, 2013
  (a) 1.5% for each year PERS is funded at or above 90%
  (b) 1.5% is reduced by 0.1% for each 2% PERS is funded below 90%; and
  (c) 0% whenever the amortization period for PERS is 40 years or more.

Contributions

The state legislature has the authority to establish and amend contribution rates. Member and employer contribution rates are specified by Montana Statute and are a percentage of the member's compensation. Contributions are deducted from each member's salary and remitted by participating employers.

NOTE 9. PENSION PLAN (CONTINUED)

Public Employees' Retirement System (PERS) (Continued)

Special Funding
The state of Montana, as the non-employer contributing entity, paid to the Plan, additional contributions that qualify as special funding. Those employees who received special funding are all participating employees.

Not Special Funding
Per Montana law, state agencies and universities paid their own additional contributions. The employer paid contributions are not accounted for as special funding for state agencies and universities but are reported as employer contributions.

Overview of Contributions
Member and employer contribution rates are shown in the table below.

	Member		State &				
Fiscal	Hired	Hired	Universities	Local Government		School Districts	
Year	<07/01/11	>07/01/11	Employer	Employer	State	Employer	State
2021	7.900%	7.900%	8.870%	8.770%	0.100%	8.500%	0.370%
2020	7.900%	7.900%	8.770%	8.670%	0.100%	8.400%	0.370%
2019	7.900%	7.900%	8.670%	8.570%	0.100%	8.300%	0.370%
2018	7.900%	7.900%	8.570%	8.470%	0.100%	8.200%	0.370%
2017	7.900%	7.900%	8.470%	8.370%	0.100%	8.100%	0.370%
2016	7.900%	7.900%	8.370%	8.270%	0.100%	8.000%	0.370%
2015	7.900%	7.900%	8.270%	8.170%	0.100%	7.900%	0.370%
2014	7.900%	7.900%	8.170%	8.070%	0.100%	7.800%	0.370%
2012-2013	6.900%	7.900%	7.170%	7.070%	0.100%	6.800%	0.370%
2010-2011	6.900%		7.170%	7.070%	0.100%	6.800%	0.370%
2008-2009	6.900%		7.035%	6.935%	0.100%	6.800%	0.235%
2000-2007	6.900%		6.900%	6.800%	0.100%	6.800%	0.100%

1. Member contributions to the system of 7.9% are temporary and will be decreased to 6.9% on January 1 following actuary valuation results that show the amortization period has dropped below 25 years and would remain below 25 years following the reduction of both the additional employer and additional member contribution rates.

NOTE 9. PENSION PLAN (CONTINUED)

Public Employees' Retirement System (PERS) (Continued)

Overview of Contributions (Continued)

2. Employer contributions to the system:
    a. Effective July 1, 2014, following the 2013 Legislative Session, PERS-employer contributions increase an additional 0.1% a year and will continue over 10 years through 2024. The additional employer contributions including the 0.27% added in 2007 and 2009, will terminate on January 1 following an actuary valuation that shows the amortization period of PERS-DBRP has dropped below 25 years and remains below the 25 years following the reduction of both the additional employer and member contribution rates.
    b. Effective July 1, 2013, employers are required to make contributions on working retirees' compensation. Member contributions for working retirees are not required.
    c. The portion of employer contributions allocated to the Plan Choice Rate (PCR) are included in the employers reporting. The PCR was paid off effective March 2016 and the contributions previously directed to the PCR are now directed to member accounts.

3. Non Employer Contributions
    a. Special Funding
        i. The State contributes 0.1% of members' compensation on behalf of local government entities.
        ii. The State contributes 0.37% of members' compensation on behalf of school district entities.
        iii. The State contributed a Statutory Appropriation from the General Fund of $33,951,150.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

GASB 68 allows a measurement date of up to 12 months before the employer's fiscal year-end can be utilized to determine the Plan's total pension liability (TPL). The basis for the TPL as of June 30, 2020, was determined by taking the results of the June 30, 2019, actuarial valuation and applying standard roll-forward procedures. The roll-forward procedure uses a calculation that adds the annual normal cost (also called the service cost), subtracts the actual benefit payments and refunds for the plan year, and then applies the expected investment rate of return for the year. The roll-forward procedure will include the effects of any assumption changes and legislative changes. The updated procedures are in conformity with Actuarial Standards of Practice issued by the Actuarial Standards Board.

NOTE 9. PENSION PLAN (CONTINUED)

Public Employees' Retirement System (PERS) (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

The TPL minus the Fiduciary Net Position equals the Net Pension Liability (NPL). The proportionate shares of the employer's and the state of Montana's NPL for June 30, 2020, and 2019, are displayed below. The employer's proportionate share equals the ratio of the employer's contributions to the sum of all employer and non-employer contributions during the measurement period. The state's proportionate share for a particular employer equals the ratio of the contributions for the particular employer to the total state contributions paid.

The employer recorded a liability of $949,168 and the employer's proportionate share was 0.035978 percent.

As of Measurement Date	Net Pension Liability as of June 30, 2020	Net Pension Liability as of June 30, 2019	Percent of Collective NPL as of June 30, 2020	Percent of Collective NPL as of June 30, 2019	Change in Percent of Collective NPL
Airport Authority Proportionate Share	$ 949,168	$ 776,989	0.035978%	0.037171%	(0.001193)%
State of Montana Proportionate Share associated with the Authority	301,494	254,856	0.011428%	0.012192%	(0.000764)%
Total	$ 1,250,662	$ 1,031,845	0.047406%	0.049363%	(0.001957)%

Changes in Actuarial Assumptions and Methods:

The following changes in assumptions or other inputs were made that affected the measurement of the TPL.

1. The discount rate was lowered from 7.65% to 7.34%
2. The investment rate of return was lowered from 7.65% to 7.34%
3. The inflation rate was reduced from 2.75% to 2.40%

Changes in Benefit Terms:

There have been no changes in benefit terms since the previous measurement date.

Changes in Proportionate Share:

There were no changes between the measurement date of the collective NPL and the employer's reporting date that are expected to have a significant effect on the employer's proportionate share of the collective NPL. However, each employer may have unique circumstances that will impact the employer's proportionate share of the collective net pension.

NOTE 9. PENSION PLAN (CONTINUED)

Public Employees' Retirement System (PERS) (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

Changes in Proportionate Share (Continued):
If there were changes that are expected to have an impact on the net pension liability, the employer should disclose the amount of the expected resultant change in the employer's proportionate share of the collective net pension liability, if known.

Pension Expense
At June 30, 2020, the Airport Authority recognized $113,951 for its proportionate share of the Plan's pension expense and recognized grant revenue of $49,307 for the support provided by the state of Montana for its proportionate share of the pension expense associated with the Authority.

	Pension expense as of June 30, 2020
Airport Authority's Proportionate Share	$ 113,951
Grant Revenue-State of Montana Proportionate Share	49,307
Total	$ 163,258

Recognition of Deferred Inflows and Outflows
At June 30, 2020, the Airport Authority reported its proportionate share of PERS' deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Expected versus actual experience	$ 15,322	$ 27,138
Projected investment earnings versus actual investment earnings	82,190	-
Changes in assumptions	65,726	-
Changes in proportion differences between employer contributions and proportionate share of contributions	-	66,687
Contributions paid to PERS subsequent to the measurement date	42,541	-
Total	$ 205,779	$ 93,825

NOTE 9. PENSION PLAN (CONTINUED)

Public Employees' Retirement System (PERS) (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

Recognition of Deferred Inflows and Outflows (Continued)
Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

For the measurement year ended June 30:	Recognition of Deferred Outflows and Deferred Inflows in future years as an increase or (decrease) to Pension Expense
2021	$ (24,049)
2022	$ 44,209
2023	$ 28,718
2024	$ 20,534
Thereafter	$ -

Actuarial Assumptions
The TPL in the June 30, 2020 actuarial valuation was determined using the following actuarial assumptions:

- Investment Return (net of admin expense) 7.34%
- Admin Expense as % of Payroll 0.30%
- General Wage Growth* 3.50%
  *includes Inflation at 2.40%
- Merit Increases 0% to 4.80%
- Postretirement Benefit Increases:
  1. Guaranteed Annual Benefit Adjustment (GABA) each January
     - After the member has completed 12 full months of retirement, the member's benefit increases by the applicable percentage each January, inclusive of other adjustments to the member's benefit.
       - 3% for members hired prior to July 1, 2007
       - 1.5% for members hired between July 1, 2007 and June 30, 2013
       - Members hired on or after July 1, 2013:
         (a) 1.5% for each year PERS is funded at or above 90%;
         (b) The 1.5% is reduced by 0.1% for each 2% PERS is funded below 90%;
         (c) 0% whenever the amortization period for PERS is 40 years or more.

NOTE 9. PENSION PLAN (CONTINUED)

Actuarial Assumptions (Continued)

Mortality

- Mortality assumptions among contributing members, service retired members and beneficiaries were based on RP-2000 Combined Employee and Annuitant Mortality Tables projected to 2020 with scale BB, males set back 1 year.
- Mortality assumptions among disabled members are based on RP-2000 Combined Mortality Tables with no projections.

The most recent experience study, performed for the period covering fiscal years 2011 through 2016, was outlined in a report dated May 5, 2017 and can be located on the MPERA website. The long-term expected rate of return on pension plan assets is reviewed as part of the regular experience studies prepared for the Plan. The long-term rate of return as of June 30, 2020, was calculated using the average long-term capital market assumptions published in the *Survey of Capital Market Assumptions 2020 Edition* by Horizon Actuarial Service, LLC, yielding a median real rate of return of 4.94%. The assumed inflation is based on intermediate inflation of 2.4% in the *202 OASDI Trustees Report* by the Chief Actuary for Social Security to produce 75-year cost projections. Combining these two results yields a nominal return of 7.34%. Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation as of June 30, 2020, are summarized below.

Asset Class	Target Asset Allocation	Long-Term Expected Real Rate of Return Arithmetic Basis
Cash Equivalents	2.00%	0.11%
Domestic Equity	30.00%	6.19%
Foreign Equity	16.00%	6.92%
Fixed Income	14.00%	10.37%
Private Equity	4.00%	3.43%
Real Estate	9.00%	5.74%
Core Fixed Income	20.00%	1.57%
Non-Core Fixed Income	5.00%	3.97%
Total	100.0%	

Discount Rate

The discount rate used to measure the TPL was 7.34%. The projection of cash flows used to determine the discount rate assumed that contributions from participating plan members, employers, and non-employer contributing entities will be made based on the Board's funding policy, which established the contractually required rates under Montana Code Annotated. The state contributed 0.10% of salaries paid by local governments and 0.37% paid by school districts. In addition, the state contributed a statutory appropriation from the general fund.

NOTE 9. PENSION PLAN (CONTINUED)

Discount Rate (Continued)
Based on those assumptions, the Plan's fiduciary net position was projected to be adequate to make all the projected future benefit payments of current plan members through the year 2123. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the TPL. A municipal bond rate was not incorporated in the discount rate.

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate
The following presents the employer's sensitivity of the NPL to the discount rate in the table below. A small change in the discount rate can create a significant change in the liability. The NPL was calculated using the discount rate of 7.34%, as well as what the net pension liability would be if it were calculated using a discount rate 1.00% lower or 1.00% higher than the current rate.

	1.0% Decrease (6.34%)	Current Discount Rate	1.0% Increase (8.34%)
Great Falls International Airport Authority	$ 1,306,474	$ 949,168	$ 649,034

PERS Disclosure for the Defined Contribution Plan
The Authority contributed to the state of Montana Public Employee Retirement System Defined Contribution Retirement Plan (PERS-DCRP) for employees that have elected the DCRP. The PERS-DCRP is administered by the PERB and is reported as a multiple-employer plan established July 1, 2002, and governed by Title 19, chapters 2 & 3, MCA.

All new PERS members are initially members of the PERS-DBRP and have a 12-month window during which they may choose to remain in the PERS-DBRP or join the PERS-DCRP by filing an irrevocable election. Members may not be participants of both the defined benefit and defined contribution retirement plans.

Member and employer contribution rates are specified by state law and are a percentage of the member's compensation. Contributions are deducted from each member's salary and remitted by participating employers. The state Legislature has the authority to establish and amend contribution rates.

Benefits are dependent upon eligibility and individual account balances. Participants are vested immediately in their own contributions and attributable income. Participants are vested after 5 years of membership service for the employer's contributions to individual accounts and the attributable income. Non-vested contributions are forfeited upon termination of employment per 19-3-2117(5), MCA. Such forfeitures are used to cover the administrative expenses of the PERS-DCRP.

NOTE 9. PENSION PLAN (CONTINUED)

PERS Disclosure for the Defined Contribution Plan (Continued)
At the plan level for the measurement period ended June 30, 2020, the PERS-DCRP employer did not recognize any net pension liability or pension expense for the defined contribution plan. Plan level non-vested forfeitures for the 329 employers that have participants in the PERS-DCRP totaled $775,195.

Pension Plan Fiduciary Net Position
The standalone financial statements of the Montana Public Employees Retirement Board (PERB) *Comprehensive Annual Financial Report* (CAFR) and the GASB 68 Report disclose the Plan's fiduciary net position. The reports are available from the PERB at PO Box 200131, Helena MT 59620-0131, (406) 444-3154 or the MPERA website at http://mpera.mt.gov/index.shtml.

NOTE 10. RISK MANAGEMENT

The Airport Authority faces a considerable number of risks of loss, including damage to and loss of property and contents, employee torts, professional liability (i.e. errors and omissions), environmental damage, workers' compensation (i.e. employee injuries), and medical insurance costs of employees. A variety of methods are used to provide insurance for these risks. Commercial policies, transferring all risks of loss except for relatively small deductible amounts, are purchased for property and content damage and professional liabilities.

During the year ended June 30, 2021, the Airport Authority, based on eligibility, qualified and acquired insurance coverage of $1,000,000 through the State of Montana Petroleum Release Compensation Fund (PTRCB) for environmental damages. If a claim were to occur, the co-payment liability for the Airport Authority is $17,500 under the Montana Certificate of Financial Responsibility. The Airport Authority participates in the workers' compensation program administered by the State of Montana. Coverage limits and the deductibles in the commercial policies have stayed relatively constant for the last several years. Settled claims resulting from these risks have not exceeded the commercial insurance coverage in any of the past three fiscal years.

NOTE 11. MAJOR CUSTOMERS

During the year ended June 30, 2021, revenue from five air carriers and five concessionaires amounted to $3,555,799 and represents 87% of total operating revenue. Accounts receivable for these four major air carriers amounted to $203,743 or 66% of other accounts receivable in aggregate as of June 30, 2021.

NOTE 11. MAJOR CUSTOMERS (CONTINUED)

Accounts receivable for the five major concessionaires amounted to $662,362 or 96%, of concessionaires' accounts receivable in aggregate as of June 30, 2021. Of this total, $548,268 or 83%, represents the Republic Parking concession contract receivable (refer to Note 6). Generally, all but one of the five major concessionaires are invoiced monthly and had current balances as of June 30, 2021.

NOTE 12. LEASE OF AIRPORT FACILITIES

The Airport Authority is the lessor of various properties which include concessions, rental car, and airfield facilities. These leases generally provide for fixed rentals plus contingent rentals based on the lessees' gross revenues. The public health emergency caused by the COVID-19 pandemic has caused a significant decrease in enplanements nationally and at the Airport Authority. Based on the significant loss of revenue to the Airport Authority's concessionaires caused by the decrease in volume of traffic, the Airport Authority deemed it reasonable to provide for relief to concessionaires.

A schedule of minimum future rentals for non-cancellable leases (excluding air carrier use agreements) as of June 30, 2021, follows:

2022	$ 505,714
2023	500,804
2024	485,368
2025	457,395
2026	456,911
	$ 2,406,192

NOTE 13. SUBSEQUENT EVENTS

As described in Note 5, the service concession arrangement with Reef Parking expired on September 30, 2021. On October 1, 2021, the Airport Authority began direct operations of the public parking facility at the Airport.

Management has evaluated subsequent events through January 25, 2022, the date on which the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION OTHER THAN MANAGEMENT'S DISCUSSION AND ANALYSIS

GREAT FALLS INTERNATIONAL AIRPORT AUTHORITY

SCHEDULE OF PROPORTIONATE SHARE OF THE PERS NET PENSION LIABILITY FOR THE LAST TEN FISCAL YEARS

June 30, 2021

	2020	2019	2018	2017	2016	2015	2014
Schedule of Proportionate Share of the Net Pension Liability for the Last Ten Fiscal Years*							
Employer's proportion of the net pension liability	$ 949,168	$ 776,989	$ 703,554	$ 994,500	$ 792,092	$ 634,396	$ 602,569
Employer's proportionate share of the net pension liability associated with the Employer	3.5978%	0.0372%	0.0337%	0.0511%	0.0465%	0.0454%	0.0484%
State of MT proportionate share of the net pension liability associated with the Employer	301,494	254,856	237,072	14,535	9,678	7,793	7,358
Total	$ 1,250,662	$ 1,031,845	$ 940,626	$ 1,009,035	$ 801,770	$ 642,189	$ 609,927
Employer's covered payroll	$ 603,646	$ 613,687	$ 554,362	$ 625,945	$ 557,014	$ 529,628	$ 556,165
Employer's proportionate share of the net pension liability as percentage of its covered payroll	157.24%	126.61%	126.91%	158.88%	142.20%	119.78%	108.34%
Plan fiduciary net position the total pension liability	68.90%	73.85%	73.47%	73.75%	74.71%	78.40%	79.87%

*The amounts presented for each fiscal year were determined as of June 30, the measurement date. The Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

GREAT FALLS INTERNATIONAL AIRPORT AUTHORITY
SCHEDULE OF PERS CONTRIBUTIONS FOR THE LAST TEN FISCAL YEARS
June 30, 2021

	2021	2020	2019	2018	2017	2016	2015
Schedule of Contributions for the Last Ten Fiscal Years*							
Contractually required contributions	$ 42,541	$ 52,887	$ 52,749	$ 46,955	$ 53,019	$ 46,558	$ 43,644
Plan choice rate required contributions	-	-	-	-	-	2,767	4,989
Contributions in relation to the contractually required contributions	42,541	52,887	52,749	46,955	53,019	49,325	48,633
Contribution deficiency (excess)	-	-	-	-	-	-	-
Employer's covered payroll	485,074	603,646	613,687	554,362	625,945	557,014	529,628
Contributions of covered payroll	8.77%	8.76%	8.60%	8.47%	8.47%	8.86%	9.18%

*The amounts presented for each fiscal year were determined as of June 30, the most recent fiscal year. The Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Changes of Benefit Terms
The following changes to the plan provision were made as identified:

2017:

Working Retiree Limitation – for PERS
Effective July 1, 2017, if a PERS retiree returns as an independent contractor to what would otherwise be EPRS-covered employment, general contractor overhead costs are excluded from PERS working retiree limitations.

Refunds

1) Terminating members eligible to retire may, in lieu of receiving monthly retirement benefit, refund their accumulated contributions in a lump sum.
2) Terminating members with accumulated contributions between $200 and $1,000 who wish to rollover their refund must do so within 90 days of termination of service.
3) Trusts, estates, and charitable organization listed as beneficiaries are entitle to receive one lump-sum payment.

Interest Credited to Member Accounts
Effective July 1, 2017, the interest rate credited to member accounts increased from 0.25% to 0.77%.

Lump-Sum Payouts
Effective July 1, 2017, lump-sum payouts in all systems are limited to the member's accumulated contributions rather than the present value of the member's benefit.

Disabled PERS Defined Contribution (DC) Members
PERS members hired after July 1, 2011 have a normal retirement age of 65. PERS DC members hired after July 1, 2011 who become disabled were previously only eligible for a disability benefit until age 65. Effective July 1, 2017, these individuals will be eligible for a disability benefit until they reach 70, thus ensuring the same 5-year time period available to PERS DC disabled members hired prior to July 1, 2011 who have a normal retirement age of 60 and are eligible for a disability benefit until age 65.

Changes of Benefit Terms (Continued)

Changes in Actuarial Assumptions and Methods

Method and assumptions used in calculations of actuarially determined contributions
The following Actuarial Assumptions were adopted from the June 30, 2019 actuarial valuation:

General Wage Growth*	3.50%
Investment Rate of Return*	7.65%
*Includes inflation at	2.75%
Merit salary increases	0% to 8.47%
Asset valuation method	4-year smoothed market
Actuarial cost method	Entry age normal
Amortization method	Level percentage of pay, open
Remaining amortization period	30 years
Mortality (healthy members)	For males and females: RP 2000 Combined Employee and Annuitant Mortality Table projected to 2020 using Scale BB, males set back 1 year
Mortality (disabled members)	For males and females: RP 2000 Combined Mortality Table; with no projections
Admin expenses as % of payroll	0.30%

Administrative expenses are recognized by an additional amount added to the normal cost contribution rate for the System. This amount varies from year to year based on the prior year's actual administrative expenses.

SUPPLEMENTARY INFORMATION

Basic Property Coverage

Airport Authority properties are covered under Policy No. EBA0261093 by Cincinnati Insurance Company through July 1, 2021, covering property, machinery and boilers, contractors' equipment, and automobile liability up to the following amounts:

Property

The Airport Authority's real and personal property are covered in an aggregate amount of $46,388,462 as per the schedule on file in the policy. The properties are covered for replacement coverage. Coverage is provided for special perils subject to a $50,000 per loss deductible.

Earthquake

The Airport Authority's real and personal property are covered by a sub-limit of $5,000,000 for the perils of earthquake and volcanic eruption, subject to a $10,000 deductible.

Equipment Breakdown

Equipment Breakdown, as listed in the schedule on file with the company, is covered on a broad perils basis, including replacement cost coverage, with a $46,388,462 limit per accident and a $50,000 per loss deductible.

Contractors' Equipment

The Airport Authority contractors' equipment, as listed in the policy schedule, is covered on a "special" form basis subject to "actual cash" valuation, a 90% co-insurance requirement and a $1,000 per loss deductible.

Automobile Liability

The Airport Authority's automobile liability is provided with a limit of liability of $1,000,000 per loss for all automobiles appearing on the policy schedule. An excess automobile liability policy has been obtained with a limit of liability of $5,000,000 per occurrence.

Comprehensive General Liability

The Airport Authority's comprehensive general liability coverage is provided by ACE Property and Casualty Insurance under Policy No. AAPN10691485001 through July 1, 2021. The policy provides premises and operations liability coverage with an occurrence limit of liability of $35,000,000.

Directors and Officers Liability

The Airport Authority's directors and officers liability coverage is provided by Cincinnati Insurance Company under Policy No. EMN0444453 through July 1, 2021. The policy provides a $1,000,000 limit of liability in the aggregate subject to a $10,000 deductible.

Police Professional Liability

The Airport Authority's police professional liability coverage is provided by Indian Harbor Insurance Company under Policy No. PPL095048002 through July 1, 2021. The policy provides a $1,000,000 limit of liability per person/occurrence and a $1,000,000 annual aggregate subject to a $2,500 per occurrence deductible.

Fine Arts

The Airport Authority's fine arts (exhibition coverage for expedition in Great Falls series) coverage is provided by Ironshore Indemnity, Inc. under Policy No. HTB002330005 through July 1, 2021. The policy provides for exhibition coverage with a limit of $30,000 and is not subject to a deductible.

All policies were renewed through July 1, 2022.

GREAT FALLS INTERNATIONAL AIRPORT AUTHORITY
SCHEDULE OF PASSENGER FACILITY CHARGES COLLECTED AND EXPENDED
Year Ended June 30, 2021

PASSENGER FACILITY CHARGES COLLECTED AND EXPENDED

Revenues	$ 358,992
Interest Income	$ -
Expenditures	$ 359,000

GREAT FALLS INTERNATIONAL AIRPORT AUTHORITY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
June 30, 2021

Department of Transportation Federal Aviation Administration

Program Title	Award Amount	Federal Funds Received as of 6/30/20	Federal Funds Received During Current Year	Federal Funds Receivable as of 6/30/21	Federal Funds Recognized as of 6/30/21	Federal Expenditures as of 6/30/20	Federal Expenditures During Current Year	Federal Expenditures as of 6/30/21	Cumulative Airport Expenditures	Total Program Expenditures	Amount Passed to Subrecipients during the year ended 6/30/21
Airport Improvement Program											
Assistance Listing # 20.106											
AIP 3-30-0036-64	$ 5,252,590	$ 4,957,312	$ 158,774	$ -	$ 5,116,086	$ 5,116,086	$ -	$ 5,116,086	$ 568,454	$ 5,684,540	$ -
AIP 3-30-0036-67	1,627,781	-	1,487,559	-	1,487,559	15,100	1,472,458	1,487,558	-	1,487,558	-
AIP 3-30-0036-68	246,916	-	201,965	44,302	246,267	-	246,267	246,267	-	246,267	-
AIP 3-30-0036-72	4,398,822	-	-	3,960	3,960	-	3,960	3,960	-	3,960	-
COVID-19 AIP 3-30-0036-67	180,865	-	165,284	-	165,284	1,678	163,607	165,284	-	165,284	-
COVID-19 AIP 3-30-0036-68	27,435	-	22,441	4,922	27,363	-	27,363	27,363	-	27,363	-
COVID-19 AIP 3-30-0036-69	3,960,216	2,550,567	789,686	-	3,340,253	2,654,881	685,372	3,340,253	-	3,340,253	-
COVID-19 AIP 3-30-0036-71	37,612	-	-	37,612	37,612	-	37,612	37,612	-	37,612	-
COVID-19 AIP 3-30-0036-72	488,758	-	-	440	440	-	440	440	-	440	-
TOTAL CFDA # 20.106	16,220,995	7,507,879	2,825,709	91,236	10,424,824	7,787,745	2,637,079	10,424,823	568,454	10,993,277	-
TOTAL	$ 16,220,995	$ 7,507,879	$ 2,825,709	$ 91,236	$ 10,424,824	$ 7,787,745	$ 2,637,079	$ 10,424,823	$ 568,454	$ 10,993,277	$ -

See Accompanying Notes to Schedule.

NOTE 1. REPORTING ENTITY

The accompanying Schedule of Expenditure of Federal Awards presents the activity of all federal financial assistance of Great Falls International Airport Authority, Great Falls, Montana. The Airport Authority's reporting entity is defined in Note 1 to the Airport Authority's financial statements. Federal financial assistance received directly from federal agencies is included in the schedule. No federal financial assistance received was passed through other government agencies.

NOTE 2. BASIS OF ACCOUNTING

The accompanying Schedule of Expenditure of Federal Awards is presented using the modified accrual basis of accounting. Projects where expenditures and timing could not be appropriately determined or estimated will be recorded when they can be reasonably estimated or are known. The information in this schedule is presented in accordance with the requirements of Uniform Guidance. Therefore, some of the amounts presented in this schedule may differ from amounts presented or used in the preparation of the general purpose financial statements.

NOTE 3. COST PRINCIPLES

The accompanying Schedule of Expenditure of Federal Awards is presented using the cost principles from Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Guidance Administrative Requirements, Subpart E Cost Principles*.

NOTE 4. INDIRECT COSTS

The Airport Authority did not elect to use the 10% de minimus indirect cost rate from Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Guidance Administrative Requirements, Subpart E Cost Principles*.

SINGLE AUDIT SECTION

anderson ZURMUEHLEN

ANDERSON ZURMUEHLEN & CO., P.C. • CERTIFIED PUBLIC ACCOUNTANTS & BUSINESS ADVISORS
MEMBER: AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS

21 TENTH STREET SOUTH • GREAT FALLS, MONTANA 59401
TEL: 406.727.0888 • FAX: 406.727.0895 • WEB: www.azworld.com

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Directors
Great Falls International Airport Authority
Great Falls, Montana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Great Falls International Airport Authority (the Airport Authority), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Airport Authority's basic financial statements, and have issued our report thereon dated January 25, 2022.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Airport Authority's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Airport Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Airport 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 and therefore, material weaknesses and significant deficiencies may exist that have not been identified. We did identify a deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item #2021-001 that we consider to be a material weakness.

Compliance and Other Matters
As part of obtaining reasonable assurance about whether the Airport Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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*.

Great Falls International Airport Authority's Response to Findings
The Airport Authority's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The Airport Authority's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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.

Anderson Zurmuehlen & Co., P.C.

Great Falls, Montana
January 25, 2022

anderson ZURMUEHLEN

ANDERSON ZURMUEHLEN & CO., P.C. • CERTIFIED PUBLIC ACCOUNTANTS & BUSINESS ADVISORS
MEMBER: AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS

21 TENTH STREET SOUTH • GREAT FALLS, MONTANA 59401
TEL: 406.727.0888 • FAX: 406.727.0895 • WEB: www.azworld.com

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

To the Board of Directors
Great Falls International Airport Authority
Great Falls, Montana

Report on Compliance for Each Major Federal Program

We have audited Great Falls International Airport Authority's (the Airport Authority) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the Airport Authority's major federal program for the year ended June 30, 2021. The Airport Authority's major federal program is 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 the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for the Airport Authority's major federal program 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 Regulation Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and 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 the 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 the major federal program. However, our audit does not provide a legal determination of the Airport Authority's compliance.

Opinion on Each Major Federal Program

In our opinion, the 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 June 30, 2021.

Other Matters
The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as items #2021-002. Our opinion on each major federal program is not modified with respect to these matters.

The Airport Authority's response to the noncompliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The Airport Authority's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance
Management of the 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 of compliance, we considered the Airport 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 circumstances for the purpose of expressing an opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with 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 Airport 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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we did identity certain deficiencies in internal control over compliance, described in the accompanying schedule of findings and questioned costs as items #2021-002, that we consider to be a significant deficiency.

The Airport Authority's response to the internal control over compliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The Airport Authority's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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 Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Anderson Zurmuehlen & Co., P.C.

Great Falls, Montana
January 25, 2022

Summary of Auditor Results:

Financial Statements:

Type of auditor report issued:	Unmodified
Internal control over financial reporting:	
Material weakness identified?	Yes
Significant deficiencies identified that are not considered to be material weaknesses?	None reported
Noncompliance material to financial statements?	No

Federal Awards:

Internal control over major programs:	
Material weakness identified?	No
Significant deficiencies identified that are not considered to be material weaknesses?	Yes
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(A)?	Yes

The major program for the year ended June 30, 2021, was as follows:

Program	CFDA#
Airport Improvement Program	20.106
Dollar threshold for Type A program:	$750,000
Auditee qualified as low-risk auditee?	Yes

Section II – Financial Statement Findings

Finding #2021-001

Criteria: Management is responsible for the fair presentation of financial statements.

Condition & Context: As a result of our audit procedures, adjusting entries were proposed that indicate a material weakness in the account reconciliation and financial statement closing process.

Cause: Subsequent to year-end, account balances were not reconciled and the financial statement closing process was not completed prior to the departure of the previous Finance Director.

Effect: Ineffective account reconciliation and financial closing procedures can leave the Airport Authority more susceptible to error, fraud, or noncompliance. In addition, management and governance may be making decisions based on inaccurate financial information.

Recommendation: We recommend management develop a system of timely and effective reconciliation of accounts. Strengthening this reconciliation process will allow management to provide timely financial reporting.

Management Response: See Corrective Action Plan.

Section III – Federal Award Findings and Questioned Costs

Finding #2021-002 – Grant Program: Department of Transportation Airport Improvement Program – Assistance Listing #20.106

Criteria: The Airport Authority is required to file FAA Form 5100-126 and Form 5100-127 within 120 days of the end of the Airport Authority's fiscal year.

Condition & Context: As a result of our audit procedures, we noted Form 5100-126 and Form 5100-127 were not filed by the Airport Authority for the fiscal year ended June 30, 2020.

Cause: Lack of procedures related to monitoring and review of reporting requirements.

Effect: The Form 5100-126 and Form 5100-127 were not timely filed. In addition, FAA monitors and reviews report submissions and can withhold future entitlement and discretionary AIP grant awards or suspend payments on existing grants.

Recommendation: We recommend management develop a system of monitoring reporting compliance to ensure that reports are timely filed and properly reviewed for accuracy and completeness.

Management Response: See Corrective Action Plan.

Section IV - Summary Schedule of Prior Audit Findings

Finding	Current Status of Recommendation
#2020-001 Account Reconciliation and Financial Statement Closing Process	See Finding #2021-001

Great Falls International Airport Authority
2800 Terminal Drive
Great Falls, MT 59404-5599
Tel: (406) 727-3404 | Fax: (406) 727-6929

Corrective Action Plan

Finding #2021-001

The Great Falls International Airport Authority agrees with the audit adjustments and recommendations. We will correct the issue identified by re-evaluating the monthly and year-end accounting procedures. Bank accounts will be reconciled monthly and Airport Director John Faulkner will include the reconciliation summary in monthly financial statements provided to the Board in monthly in Board packets. This procedure will begin December 2021.

Actions, responsible individuals, and anticipated completion date:

- Operating and PFC bank accounts will be reconciled monthly by Airport Accountant, Sydne Frohberg, beginning December 2021.
- Airport Director John Faulkner and Airport Accountant Sydne Frohberg will include the reconciliation summary report in documents provided in Board Meeting financials. This will begin with the December 15, 2021 board meeting.

Finding #2021-002 – Grant Program: Department of Transportation Airport Improvement Program – Assistance Listing #20.106

The Great Falls International Airport Authority agrees with the audit recommendations. We will correct the issue identified by monitoring the filing of FAA forms by creating appointments in staff calendars for filing due dates and including the filing of Form 5100-126 and 5100-127 the airport tickler file. This procedure will begin with the filing of 2021 forms 5100-126 and 5100-217 in December 2021.

Actions, responsible individuals, and anticipated completion date:

- The 2021 Forms 5100-126 and 5100-127 will be filed by Airport Accountant, Sydne Frohberg, by their extended due date. A calendar reminder will be made for both the original and extended due dates in Sydne's Outlook. This has already been done.

.

OTHER COMPLIANCE REPORTS

anderson ZURMUEHLEN

ANDERSON ZURMUEHLEN & CO., P.C. • CERTIFIED PUBLIC ACCOUNTANTS & BUSINESS ADVISORS
MEMBER: AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS

21 TENTH STREET SOUTH • GREAT FALLS, MONTANA 59401
TEL: 406.727.0888 • FAX: 406.727.0895 • WEB: www.azworld.com

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR THE PASSENGER FACILITY CHARGE PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE APPLICABLE TO THE PASSENGER FACILITY CHARGE PROGRAM

To the Board of Directors
Great Falls International Airport Authority
Great Falls, Montana

Report on Compliance for the Passenger Facility Charge Program
We have audited Great Falls International Airport Authority's (the Airport Authority) compliance with the types of compliance requirements described in the *Passenger Facility Charge Audit Guide for Public Agencies,* issued by the Federal Aviation Administration (the Guide) that could have a direct and material effect on its passenger facility charge (PFC) program for the year ended June 30, 2021.

Management's Responsibility
Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to the PFC program.

Auditor's Responsibility
Our responsibility is to express an opinion on compliance for the Airport Authority's PFC program 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 *Passenger Facility Charge Audit Guide for Public Agencies*. Those standards 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 the PFC program occurred. An audit includes examining, on a test basis, evidence about the 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 the PFC program. However, our audit does not provide a legal determination the Airport Authority's compliance.

Opinion on the Passenger Facility Charge Program
In our opinion, the 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 the PFC program for the year ended June 30, 2021.

Report on Internal Control Over Compliance
Management of the 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 of compliance, we considered the Airport Authority's internal control over compliance with the types of requirements that could have a direct and material effect on the PFC program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the PFC program and to test and report on internal control over compliance in accordance with the Guide, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Airport Authority's internal control over PFC compliance.

A *deficiency in internal control over PFC compliance* exists when the design or operation of a control over PFC 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 PFC compliance requirement on a timely basis. A *material weakness in internal control over PFC compliance* is a deficiency, or combination of deficiencies, in internal control over PFC compliance, such that there is a reasonable possibility that material noncompliance with a type of PFC compliance requirement will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over PFC compliance* is a deficiency, or a combination of deficiencies, in internal control over PFC compliance with a type of PFC compliance requirement that is less severe than a material weakness in internal control over PFC compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over PFC 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 PFC compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over PFC compliance that we consider to be material weaknesses However, material weaknesses may exist that have not been identified.

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

Anderson Zurmuehlen & Co., P.C.

Great Falls, Montana
January 25, 2022

CERTIFIED PUBLIC ACCOUNTANTS & BUSINESS ADVISORS

www.azworld.com

MEMBER: AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS