

# **Great Falls International Airport Authority**

**Great Falls, Montana**

FINANCIAL STATEMENTS WITH SUPPLEMENTARY INFORMATION AND  
INDEPENDENT AUDITORS' REPORT

**June 30, 2023**



K C O E  
I S O M

# Great Falls International Airport Authority

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June 30, 2023

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## Great Falls International Airport Authority

### AUTHORITY MEMBERS AND APPOINTED OFFICERS

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<u>Authority Members</u>	<u>Position</u>	<u>Term Expires</u>
Casey LaLonde	Chairperson	December 31, 2024
Richard Gibbs	Commissioner	December 31, 2025
Tony Aretz	Commissioner	December 31, 2023
Sean Hoven	Commissioner	December 31, 2024
Todd Timboe	Commissioner	December 31, 2023
Terry Thompson	Commissioner	December 31, 2023
Jordan Husted	Commissioner	December 31, 2025
<u>Appointed Member</u>		
John Faulkner	Airport Director	



## **INDEPENDENT AUDITORS' REPORT**

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

### **Report on the Audit of the Financial Statements**

#### ***Opinion***

We have audited the accompanying financial statements, including Passenger Facility Charge quarterly reports, of the Great Falls International Airport Authority (the Airport Authority), as of and for the year ended June 30, 2023, 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.

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, 2023, and the respective changes in financial position, and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America (GAAP).

#### ***Basis for Opinion***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* (GAS), issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Airport Authority and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### ***Emphasis of Matter***

As discussed in note 1 to the financial statements, the Airport Authority adopted Governmental Accounting Standards Board Statement No. 91, *Conduit Debt Obligations*. Our opinion is not modified with respect to this matter.

#### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with GAAP, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

## **INDEPENDENT AUDITORS' REPORT**

(Continued)

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Airport Authority's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### ***Auditors' Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not absolute assurance, and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and GAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and GAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Airport Authority's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Airport Authority's ability to continue as a going concern for a reasonable period of time.

## **INDEPENDENT AUDITORS' REPORT**

(Continued)

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### ***Report on Summarized Comparative Information***

We have previously audited the Airport Authority's 2022 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated March 28, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2022, is consistent, in all material respects, with the audited financial statements from which it has been derived.

### ***Required Supplementary Information***

GAAP requires that the management's discussion and analysis on pages 7 through 17, the schedule of proportionate share of the net pension liability for the last ten fiscal years on page 54, the schedule of PERS contributions for the last ten fiscal years on page 55 and the notes to the required supplementary information on pages 56 and 57 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, 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.

### ***Supplementary 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 schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the basic financial statements. The schedule of passenger facility charges collected and expended is required by the *Passenger Facility Charge Audit Guide for Public Agencies* issued by the Federal Aviation Administration and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements.

## **INDEPENDENT AUDITORS' REPORT**

(Continued)

The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the schedule of expenditures of federal awards and schedule of passenger facility charges collected and expended are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### ***Other Information***

Management is responsible for the other information included in the annual report. The other information comprises the supplemental schedule of insurance coverage but does not include the basic financial statements and our auditors' report thereon. Our opinion on the basic financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

### ***Other Reporting Required by Government Auditing Standards***

In accordance with GAS, we have also issued our report dated January 30, 2024, 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, grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Airport Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with GAS in considering Authority's internal control over financial reporting and compliance.

*KCoe Jam, LLP*

January 30, 2024

Great Falls, Montana





**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**For the Year Ended June 30, 2023**  
**(With Comparative Totals for the Year Ended June 30, 2022)**

# Great Falls International Airport Authority

## MANAGEMENT'S DISCUSSION AND ANALYSIS

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### 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 (the 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 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 the State of Montana 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.

### 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 are capitalized and (except land) 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 year 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 year 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.

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

**Great Falls International Airport Authority**  
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

**FINANCIAL STATEMENTS (CONTINUED)**

**FINANCIAL POSITION SUMMARY**

Total net position serves over time as a useful indicator of the Airport Authority's financial position. The Airport Authority's net position has increased by \$5,560,296 over the prior fiscal year. This is primarily due to an increase in investment on capital assets.

A condensed summary of the Airport Authority's net position at June 30 is provided below.

**TABLE 1**

June 30	2023	2022
<b>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>		
Current	\$ 8,981,056	\$ 11,006,888
Noncurrent	82,423,738	76,593,978
Deferred outflows of resources	89,883	125,731
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<b>\$ 91,494,677</b>	<b>\$ 87,726,597</b>
<b>LIABILITIES</b>		
Current	\$ 1,187,158	\$ 2,407,410
Pension adjustments	828,827	1,500,435
<b>TOTAL LIABILITIES</b>	<b>\$ 2,015,985</b>	<b>\$ 3,907,845</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Leases	\$ 3,686,065	\$ 3,323,712
Pension adjustments	78,778	341,487
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>\$ 3,764,843</b>	<b>\$ 3,665,199</b>
<b>NET POSITION</b>		
Net investment in capital assets	76,490,544	70,857,568
Restricted	671,289	471,884
Unrestricted	8,552,016	8,824,101
<b>TOTAL NET POSITION</b>	<b>\$ 85,713,849</b>	<b>\$ 80,153,553</b>

The largest portion of the Airport Authority's net position (89.2%) 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)**

**TABLE 2**

**SUMMARY OF OPERATIONS AND CHANGES IN NET POSITION**

	<b>2022/2023</b>	<b>2021/2022</b>
Operating revenues (1)	\$ 5,284,425	\$ 5,435,487
Operating expenses (2)	(2,995,658)	(2,512,641)
<b>Excess Before Depreciation and Other Non-Operating revenues and expenses</b>	<b>2,288,767</b>	<b>2,922,846</b>
Depreciation	(2,177,774)	(2,347,857)
<b>Income (Loss) Before Other Non-Operating Revenue and Expenses</b>	<b>110,993</b>	<b>574,989</b>
Non-operating revenue and (expenses) - net	2,309,193	4,641,816
<b>Income Before Capital Contributions</b>	<b>2,420,186</b>	<b>5,216,805</b>
Capital contributions	8,442,649	1,395,162
Depreciation on federally funded property and equipment	(5,024,455)	(5,023,095)
<b>CHANGE IN NET POSITION</b>	<b>\$ 5,838,380</b>	<b>\$ 1,588,872</b>

Operating revenues decreased by \$151,062 or 3% in FY2023. See table 3  
Operating expenses increased by \$483,017 or 19% in FY2023. See table 5

The Airport Authority's 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

**Great Falls International Airport Authority**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)**

**FINANCIAL POSITION SUMMARY (CONTINUED)**

The following table and chart show the summary of operating revenues for the year ended June 30, 2023, and the amount and percentage of change in relation to prior year amounts.

**TABLE 3**

	FY2023	Percent of Total	FY2022	Percent of Total	Increase (Decrease) from FY2022	Percent Increase (Decrease)
<b>OPERATING REVENUE SOURCE</b>						
Parking	\$ 1,095,499	21%	\$ 831,484	15%	\$ 264,015	32%
Food/gift/other concessions	254,525	5%	213,498	4%	41,027	19%
Car rentals	1,216,438	23%	1,095,911	20%	120,527	11%
Landing fees	576,035	11%	560,978	10%	15,057	3%
Airlines - space rentals - net of reconciliation	814,452	15%	956,471	18%	(142,019)	-15%
Airlines - loading bridge	33,768	1%	35,496	1%	(1,728)	-5%
Land rentals	1,165,104	22%	1,561,473	29%	(396,369)	-25%
Miscellaneous	128,604	2%	180,176	3%	(51,572)	-29%
<b>TOTAL OPERATING REVENUES</b>	<b>\$ 5,284,425</b>	<b>100%</b>	<b>\$ 5,435,487</b>	<b>100%</b>	<b>\$ (151,062)</b>	<b>-3%</b>

**OPERATING REVENUE SOURCES**

The Airport Authority concluded the 2022-2023 fiscal year with a decrease in operating revenue of \$151,062. A decrease was expected and budgeted for in the current fiscal year because the expiration of the FedEx lease in the prior fiscal year resulted in substantial one-time land rentals in that fiscal year. Accordingly, the land rentals category of revenue declined 25% in the current fiscal year. Significant revenue growth in many other categories helped to offset the decline in land rentals and total operating revenue fell by only 3%. Details of other significant changes are as follows:

- Parking revenue exceeded \$1 million for the first time in any fiscal year. Growth in parking revenue of 32% significantly outpaced passenger volume growth of only 11%.
- Food/gift and other concessions climbed 19% also outpacing passenger growth of 11% for the year. The meeting and party business experienced a significant increase as cancelled events such as weddings were back in full swing.
- Car rentals revenue increased 11%, mirroring passenger growth and also benefiting from continued increased rates across the industry.
- Landing fees increased 3% during the fiscal year. Landing fee rates charged to the airlines are calculated on a cost recover basis with credits for operating revenue that we generate elsewhere. Strong revenue performance in other categories kept airline landing fee rates relatively flat during the year.
- Airline space rental rates, like landing fees, are calculated on a cost recovery basis with credits for revenues generated by the airport. Strong parking, rental car and food/gift performance helped to reduce the rental rate charged to the airlines for the year.

**Great Falls International Airport Authority**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)**

**FINANCIAL POSITION SUMMARY (CONTINUED)**

Revenue from the Airport Authority's largest customers were largely consistent with the previous years. As mentioned in the previous section, growth can be seen in revenue from our food/gift vendor, Oakwells, and most of the rental car tenants. Airlines generally paid less, due to lower landing fee and terminal rents as described in the previous section. A notable decline in FedEx revenue is a result of significant one-time revenue realized by the Airport Authority at the expiration of their previous lease in the prior fiscal year. This revenue is not repeatable and FedEx has since signed a new long-term agreement. Delta also reduced their leased area during most of FY2022-23 and a small portion of the prior year while they suspended their Minneapolis flight. Delta resumed that flight in February 2023 and is once again leasing this space.

**OPERATING REVENUE SOURCES (CONTINUED)**

**TABLE 4**

<b>TOP PRODUCING CUSTOMERS</b>		<b>FY2022-23</b>	<b>FY2021-22</b>
Allegiant (rent, per turn, and landing fees)	\$	114,894	\$ 120,103
Oakwells (concession fees and space rent)		203,231	160,498
Enterprise (concession fees and space rent)		221,417	162,732
Horizon (landing fees and space rent)		237,743	278,432
National/Alamo (concession fees and space rent)		238,987	205,322
Avis (concession fees and space rent)		347,934	391,799
Delta (landing fees and space rent)		367,282	448,678
Hertz (concession fees and space rent)		376,179	336,780
United/SkyWest (landing fees and space rent)		389,632	375,262
FedEx (landing fees and rent)		844,586	1,237,355
<b>TOTAL</b>	\$	<b>3,341,885</b>	\$ <b>3,716,961</b>

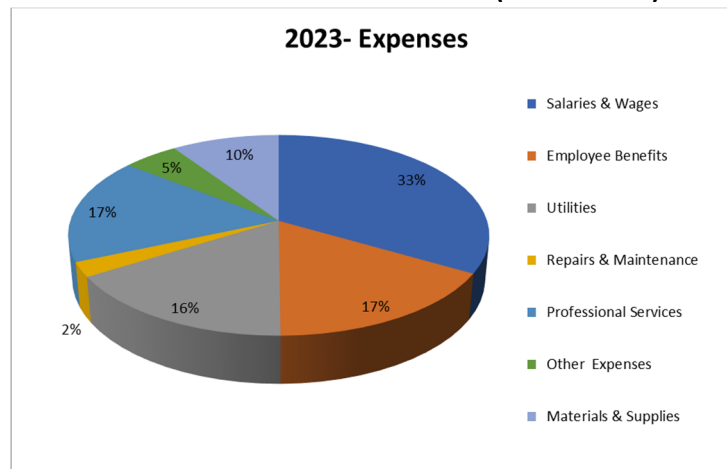
**OPERATING EXPENSES**

The following table shows the summary of operating expenses for the year ended June 30, 2023, and the amount and percentage of change in relation to prior year amounts.

**TABLE 5**

	<b>FY2023</b>	<b>Percent of Total</b>	<b>FY2022</b>	<b>Percent of Total</b>	<b>Increase (Decrease) from FY2022</b>	<b>Percent Increase (Decrease)</b>
<b>PERSONNEL SERVICES</b>						
Salaries and wages	\$ 998,011	33%	\$ 805,687	32%	\$ 192,324	24%
Employee benefits	496,140	17%	324,377	13%	171,763	53%
<b>CONTRACTUAL SERVICES</b>						
Utilities	487,163	16%	435,397	17%	51,766	12%
Repairs and maintenance	70,914	2%	83,088	3%	(12,174)	-15%
Professional services	511,403	17%	461,466	19%	49,937	11%
Other expenses	147,249	5%	124,479	5%	22,770	18%
Materials and supplies	284,778	10%	278,147	11%	6,631	2%
<b>TOTAL OPERATING EXPENSES</b>	\$ 2,995,658	100%	\$ 2,512,641	100%	\$ 483,017	19%

**FINANCIAL POSITION SUMMARY (CONTINUED)**



**OPERATING EXPENSES (CONTINUED)**

Operating expenses for the fiscal year increased 19% as the Airport Authority experienced inflationary increases across most categories and completed planned staffing increases to the airport operations staff levels. Further details are as follows:

- Salaries and wages increased 24%, in part due to the addition of new airport operations staff. This is part of a long-term plan to replace contracted security services with Airport Authority employees so we can achieve 24-7 staffing with our own staff. Overtime was also escalated during the year due to the extreme snow during the winter.
- Employee Benefits increased significantly during the year due to a new full-time position being added and several existing positions that opted to join our benefits plan. Cost increases were also a factor.
- Utility rates were largely higher during the fiscal year. There was terminal construction during the winter which resulted in additional electrical usage by contractors and gas usage for heat while some areas of the building exterior were being reconstructed. The project did result in several thousand square feet of additional conditioned space.
- Professional activities increased as the Airport Authority continued to see escalating prices for contracted cleaning services.
- Other expenses saw inflationary increases. License fees increased and there was a substantial cost increase to lease the US Customs building, which we are required to provide them for free in order to have a customs port.

# Great Falls International Airport Authority

## MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

### NOTEWORTHY INFORMATION & DISCLOSURES

#### Contracts Approved by the Board in FY2023

Turo  
 US Customs Lease  
 Car Rental Extensions  
 Light Industrial Condo Lease Terms  
 Audit Extension Agreement

#### Projects Approved by the Board in FY2023

Centralized Deicing Facility Construction  
 Automated Floor Scrubber  
 Baggage Screening System  
 Terminal Access Control Design/Construction  
 Front Canopy Rehabilitation  
 Phone System  
 Design and Construct West Vestibule Entry Replacement  
 Light Industrial Warehouse Condo Unit Construction of 3rd Condo  
 Taxiway A Fog Seal  
 Southwest General Aviation Taxilanes  
 Access Road Phase III Design  
 Rental Car Carwash Rehabilitation  
 Wifi- Parking Lot Communication

### COST CENTERS

The following table show the cost centers and operating revenues & expenses for the years ended June 30, 2023 and 2022.

	FY2023		FY2022		FY2023		FY2022		FY2023		FY2022		FY2023		FY2022	
Landing area	\$	734,794	\$	601,352	\$	812,716	\$	736,738	\$	376,836	\$	290,771	\$	(454,758)	\$	(426,157)
Terminal area		3,233,401		3,222,706		667,594		600,917		748,592		556,658		1,817,215		2,065,131
Aeronautical area		868,260		404,131		1,128		8,825		188,271		148,394		678,861		246,912
Non-Aeronautical area		397,164		496,791		57,316		61,309		143,206		109,029		196,642		326,453
TOTAL	\$	5,233,619	\$	4,724,980	\$	1,538,754	\$	1,407,789	\$	1,456,905	\$	1,104,852	\$	2,237,960	\$	2,212,339
					\$	2,995,659	\$	2,512,641								

\*Less reimbursed security costs



**Great Falls International Airport Authority**  
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

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**SUMMARY OF CASH FLOW ACTIVITIES**

The following table shows a summary of the major sources and use of cash for fiscal year 2023 and 2022. Cash equivalents are considered cash-on-hand, bank deposits and highly liquid investments.

**TABLE 7**

	<b>2022/2023</b>		<b>2021/2022</b>	
<b>Cash Flows From</b>				
Operating activities	\$	1,084,621	\$	3,913,910
Non-capital financing activities		1,456,719		3,378,823
Capital and related financing activities		(3,619,920)		(2,046,718)
Investing activities		(2,148,804)		174,159
<b>Net Increases/(Decreases) in Cash and Cash Equivalents</b>		(3,227,384)		5,420,174
<b>Cash and Cash Equivalents</b>				
Beginning of Year		7,046,458		1,626,284
<b>End of Year</b>	\$	3,819,074	\$	7,046,458

**Great Falls International Airport Authority**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)**

**CAPITAL IMPROVEMENT PROJECTS**

<b>PROJECT DESCRIPTION</b>	<b>2022/2023</b>	<b>2021/2022</b>
AIP #72 - Centralized Deicing Facility	\$ 3,047,945	\$ 844,697
AIP #75 - Central Deicing Facility	2,006,780	-
AIP #76 - SW GA Design	1,326,051	173,949
AIP #77 - Rotary Plow and Carrier Vehicle	-	14,884
AIP #78 - Terminal Improvements	438,454	-
AIP #79 - Ticket Counter Expansion and Baggage Handling System	1,000,000	-
<b>FAA Approved Capital Improvement Projects</b>	<b>7,819,230</b>	<b>1,033,530</b>
Miscellaneous Projects	-	12,277
Parking Lot	-	306,487
Bathroom Remodel	-	70,629
TSA Office Remodel	-	73,121
Case Wheel Loader and Arctic Snow Pusher	560	272,858
Warehouse Development	519,288	501,757
Security Cameras	-	3,903
Canopy/Vestibule	42,681	-
Taxilanes and Access Road	16,050	-
AIP #72 - Centralized Deicing Facility	-	94,211
AIP #75 - Central Deicing Facility	233,182	1,170
AIP #76 - SW GA Design	150,131	24,633
AIP #77 - Rotary Plow and Carrier Vehicle	-	4,605
AIP #78 - Terminal Improvements	340,178	547,627
AIP #79 - Ticket Counter Expansion and Baggage Handling System	3,852,958	-
<b>Airport Funded Projects</b>	<b>5,155,028</b>	<b>1,913,278</b>
<b>TOTAL</b>	<b>\$ 12,974,258</b>	<b>\$ 2,946,808</b>

During the completed fiscal year, the Airport Authority completed construction of the deicing ramp. The deicing ramp will reduce the amount of clean snow runoff captured in the airport deicing pond, thus creating significantly more storage capacity. The deicing ramp also allows up to two aircraft to deice while maintaining access on the taxilanes that serve the terminal ramp. Previously, deicing aircraft blocked access in and out of the terminal area. During the summer months, the deicing ramp also creates storage capacity for several commercial aircraft that are awaiting another aircraft that may be parked on a terminal gate.

The Airport Authority completed the final phase of taxiway construction in the southwest general aviation area. This project completes a multi-year effort to provide utilities and taxiway access to this 20-acre general aviation development. The site contains more than a dozen hangar sites that are now available for development.

# **Great Falls International Airport Authority**

## **MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)**

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### **CAPITAL IMPROVEMENT PROJECTS (CONTINUED)**

Also, during the completed fiscal year, the Airport Authority undertook a significant terminal modernization effort that included the ticket counters, baggage handling system and airline offices. As part of this project, the ticketing area was expanded to accommodate modern, larger aircraft. The Airport Authority replaced the original 1970's baggage belts with newer equipment and reconfigured the baggage system to provide direct access to one of the two TSA bag screening machines from each airline counter location. Airline offices were also reconstructed. The project allowed for the addition of six new airline counter positions for future growth.

The Airport Authority completed development of all major utilities to 25-acre development site east of the Airport exit from I-15 near the Cascade County Jail. Construction started on three new warehouse units that are available for sale or lease. The units were developed as a joint venture between the Authority and Dick Anderson Construction. Two of the first units are owned by the Airport Authority under this arrangement. This project represents the Airport Authority's first commercial development effort for non-aviation related development.

### **LONG – TERM DEBT ADMINISTRATION**

Please refer to Note 5 – Long-Term Debt, in 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 Authority during fiscal years ending June 30, 2023 and 2022 were \$619,571 and \$581,895 respectively. The most recent PFC application #5 in the amount of \$1,850,000 was approved by the FAA in November 2015. This application extends the estimated charge date of collection from October 2021 to September 2024 and brings the total approved for collection to \$17,754,080. PFC funds during the current fiscal year and most likely the next fiscal year are primarily used to repay the Airport Authority for the cost of the terminal ramp rehabilitation that was approved in the 2001 PFC application.

### **YEAR-END SUMMARY**

Fiscal year 2023 was a strong year for the Airport Authority overall signified by reinvestment in passenger facilities and future land development. The Airport Authority experienced an expected revenue decline of 3% following a large one-time revenue item in the previous year that was associated with the end of the original FedEx lease. Despite the one-time decline in land rentals, the Authority saw its second-best revenue performance ever during the past fiscal year and achieved strong growth in several key revenue categories.

Parking revenue grew 32% and exceeded \$1 million in revenue for the first time. Airport parking revenue has increased significantly since the Airport began self-operating the lot in the prior fiscal year. Passenger growth, which was 11% for the fiscal year, helped fuel growth in multiple categories including rental cars and food concessions.

# Great Falls International Airport Authority

## MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

### YEAR-END SUMMARY (CONTINUED)

Fiscal year passenger boardings of 158,965 remained well below pre-pandemic averages that typically exceeded 175,000 boardings. Delta reinstated their popular Minneapolis flight in February and following that, passenger boardings returned to more normal levels for the final four months of the fiscal year.

Operating expenses climbed 19% during the past fiscal year. The Airport Authority add a planned, new Airport Operations position as the Airport Authority works toward achieving 24-7 staffing for this position. As a result of adding a position and salary increases in a tight labor market, total salaries and wages increased 24% for the year. Employee Benefits surged 53% due to adding a new employee, a substantial rate increase and several positions choosing to take Airport Authority benefits that had not taken them in the past.

Utility expenses increased nearly 12% over the previous year due to the combined impact of rate increases and major construction in the terminal. Construction activity used more electricity than normal and also opened the building up to cold temperatures over the winter months, which resulted in more gas usage. Utility usage is expected to decline slightly in the subsequent fiscal year.

Finally, the Airport Authority continued to experience inflationary pressure in our cleaning contract and supplementary security contract. As a result, professional services increased nearly 11%.

As planned, the Airport Authority drew from reserves to fund capital spending throughout the fiscal year. As demonstrated in Table 7, the Airport Authority reduced its cash position by approximately \$3.2 million. Major uses of the funding included rehabilitating the airline ticket counters and airline offices as well as constructing the new condominium warehouses that are now available for sale or lease. These capital expenditures represent investments in the Airport Authority's core initiatives of air service development by creating six new ticketing positions and in land development by extending major utilities to the Airport Authority's undeveloped land to the south of the Ulm Frontage Road.

	Operating Revenue		Direct Expenses		Allocated Expenses		Net Income (Loss) Before Depreciation/Amortization	
	FY2023	FY2022	FY2023	FY2022	FY2023	FY2022	FY2023	FY2022
Landing area	\$ 734,794	\$ 601,352	\$ 812,716	\$ 736,738	\$ 376,836	\$ 290,771	\$ (454,758)	\$ (426,157)
Terminal area	3,233,401	3,222,706	667,594	600,917	748,592	556,658	1,817,215	2,065,131
Aeronautical area	868,260	404,131	1,128	8,825	188,271	148,394	678,861	246,912
Non-Aeronautical area	397,164	496,791	57,316	61,309	143,206	109,029	196,642	326,453
<b>TOTAL</b>	<b>\$ 5,233,619</b>	<b>\$ 4,724,980</b>	<b>\$ 1,538,754</b>	<b>\$ 1,407,789</b>	<b>\$ 1,456,905</b>	<b>\$ 1,104,852</b>	<b>\$ 2,237,960</b>	<b>\$ 2,212,339</b>

### 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 SECTION**

# Great Falls International Airport Authority

## STATEMENT OF NET POSITION WITH COMPARATIVE TOTALS FOR 2022

June 30	2023	2022
<b>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>		
<b>Current Assets</b>		
Cash - demand deposits	\$ 3,147,785	\$ 6,596,976
Investments	3,273,904	1,653,097
Accounts receivable - net	470,632	423,223
Grants receivable	1,196,750	1,498,994
Interest receivable	53,578	37,812
Inventories	4,100	4,100
Short-term lease receivable	763,889	646,226
Prepaid expenses	70,418	146,460
<b>Total Current Assets</b>	<b>8,981,056</b>	<b>11,006,888</b>
<b>Restricted Cash and Investments</b>		
Cash - demand deposits	671,289	471,884
<b>Capital Assets</b>		
Property and equipment - net	61,600,972	69,359,039
Construction work-in-progress	15,128,622	2,763,061
<b>Total Capital Assets</b>	<b>76,729,594</b>	<b>72,122,100</b>
<b>Other Assets</b>		
Investments	1,726,949	1,140,687
Deposits	3,568	3,568
Long-term lease receivable	3,290,954	2,854,355
Patronage credits	1,384	1,384
<b>Total Other Assets</b>	<b>5,022,855</b>	<b>3,999,994</b>
<b>Deferred Outflows of Resources</b>		
Pension contributions and adjustments	89,883	125,731
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<b>\$ 91,494,677</b>	<b>\$ 87,726,597</b>

*The accompanying notes are an integral part of these financial statements.*

# Great Falls International Airport Authority

## STATEMENT OF NET POSITION WITH COMPARATIVE TOTALS FOR 2022

(Continued)

June 30	2023	2022
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION</b>		
<b>Current Liabilities</b>		
Accounts payable	\$ 573,692	\$ 1,271,921
Accounts payable - construction	387,033	233,306
Cash items	-	22,402
Tenant deposits payable	3,805	116,194
Payroll and payroll taxes payable	911	308
Interest payable	626	5,059
Compensated absences payable	99,041	80,368
Unearned revenue	-	415,818
Current portion of long-term debt	122,050	262,034
<b>Total Current Liabilities</b>	<b>1,187,158</b>	<b>2,407,410</b>
<b>Long-Term Liabilities</b>		
Long-term debt - net of current portion	117,000	1,002,498
PERS pension liability	711,827	497,937
<b>Total Long-Term Liabilities</b>	<b>828,827</b>	<b>1,500,435</b>
<b>Total Liabilities</b>	<b>2,015,985</b>	<b>3,907,845</b>
<b>Deferred Inflows of Resources</b>		
Leases	3,686,065	3,323,712
Pension adjustments	78,778	341,487
<b>Total Deferred Inflows of Resources</b>	<b>3,764,843</b>	<b>3,665,199</b>
<b>Net Position</b>		
Net investment in capital assets	76,490,544	70,857,568
Restricted	671,289	471,884
Unrestricted	8,552,016	8,824,101
<b>Total Net Position</b>	<b>85,713,849</b>	<b>80,153,553</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION</b>	<b>\$ 91,494,677</b>	<b>\$ 87,726,597</b>

*The accompanying notes are an integral part of these financial statements.*

## Great Falls International Airport Authority

### STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION WITH COMPARATIVE TOTALS FOR 2022

For the Years Ended June 30	2023	2022
<b>Operating Revenues</b>		
Facility use fees	\$ 480,446	\$ 559,754
Landing fees	576,035	560,798
Fuel flowage fees	40,289	41,639
Loading bridge and per turn fees	114,728	116,494
Concession fees	1,125,395	993,813
Building and ground rent	1,524,404	2,003,570
Customer facility charge and car wash use fees	261,617	229,632
Parking revenue	1,095,499	831,484
Reimbursed expense revenue	66,012	98,303
<b>Total Operating Revenue</b>	<b>5,284,425</b>	<b>5,435,487</b>
<b>Operating Expenses</b>		
Salaries and benefits	1,494,151	1,130,064
Utilities	487,163	435,397
Repairs and maintenance	70,914	83,088
Professional services	511,403	461,466
Materials and supplies	284,778	278,147
Other	147,249	124,479
<b>Total Operating Expenses</b>	<b>2,995,658</b>	<b>2,512,641</b>
Excess of operating revenues over operating expenses before depreciation	2,288,767	2,922,846
Depreciation	(2,177,774)	(2,347,857)
<b>Operating Income</b>	<b>\$ 110,993</b>	<b>\$ 574,989</b>

*The accompanying notes are an integral part of these financial statements.*



## Great Falls International Airport Authority

### STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION WITH COMPARATIVE TOTALS FOR 2022 (Continued)

For the Years Ended June 30	2023	2022
<b>Non-Operating Revenues and (Expenses)</b>		
Investment and interest income	\$ 230,900	\$ 97,378
Miscellaneous non-operating revenues	45,978	23,363
Interest expense	(9,016)	(16,718)
CARES/CRRSA/ARPA grant revenues	1,410,741	3,817,450
Investment income from lease investment	-	194,282
Interest expense from lease investment	-	(55,834)
Passenger Facility Charges (PFC) - net	619,571	581,895
Gain on sale of asset	11,019	-
<b>Total Non-Operating Revenues (Expenses)</b>	<b>2,309,193</b>	<b>4,641,816</b>
Income before capital contributions and depreciation on federally funded property and equipment	2,420,186	5,216,805
Capital contributions	8,442,649	1,395,162
Depreciation on federally funded property and equipment	(5,024,455)	(5,023,095)
<b>Change in Net Position</b>	<b>5,838,380</b>	<b>1,588,872</b>
<b>Net Position - Beginning of Year</b>	<b>80,153,553</b>	<b>80,008,777</b>
<b>Prior Period Adjustments</b>		
Prior period adjustment - construction work-in-progress adjustment	-	(1,444,096)
Prior period adjustment - GASB 91	(278,084)	-
<b>Total Prior Period adjustments</b>	<b>(278,084)</b>	<b>(1,444,096)</b>
<b>Net Position - Beginning of Year - as Restated</b>	<b>79,875,469</b>	<b>78,564,681</b>
<b>Net Position - End of Year</b>	<b>\$ 85,713,849</b>	<b>\$ 80,153,553</b>

*The accompanying notes are an integral part of these financial statements.*

# Great Falls International Airport Authority

## STATEMENT OF CASH FLOWS WITH COMPARATIVE TOTALS FOR 2022

Years Ended June 30	2023	2022
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash receipts from providing services	\$ 4,673,769	\$ 5,843,848
Cash payments to employees	(1,465,454)	(1,306,332)
Cash payments to suppliers	(2,123,694)	(623,606)
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>1,084,621</b>	<b>3,913,910</b>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>		
Miscellaneous non-operating revenues	1,456,719	3,378,823
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Proceeds from grants - FAA	8,325,059	86,836
Tenant capital contribution	397,442	329,053
Construction work-in-progress additions	(12,820,531)	(2,719,675)
Acquisition of property and equipment	(106,012)	(19,627)
Proceeds from sale of property and equipment	71,000	-
Interest paid	(13,449)	(73,459)
Passenger Facility Charges (PFC) - net	619,571	581,895
Payment on long-term debt	(93,000)	(231,741)
<b>NET CASH USED IN CAPITAL AND RELATED FINANCING ACTIVITIES</b>	<b>(3,619,920)</b>	<b>(2,046,718)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Investment income	58,265	102,223
Purchase of investments	(3,013,677)	(181,146)
Redemption of investments	806,608	253,082
<b>NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES</b>	<b>(2,148,804)</b>	<b>174,159</b>
<b>Net Change in Cash and Cash Equivalents</b>	<b>(3,227,384)</b>	<b>5,420,174</b>
<b>Cash and Restricted Cash - Beginning of Year</b>	<b>7,046,458</b>	<b>1,626,284</b>
<b>Cash and Restricted Cash - End of Year</b>	<b>\$ 3,819,074</b>	<b>\$ 7,046,458</b>

The accompanying notes are an integral part of these financial statements.

# Great Falls International Airport Authority

## STATEMENT OF CASH FLOWS WITH COMPARATIVE TOTALS FOR 2022

(Continued)

Years Ended June 30	2023	2022
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Operating income	\$ 110,993	\$ 574,989
Adjustments to reconcile operating income to net cash:		
Depreciation	2,177,774	2,347,857
Pension adjustments	9,421	(90,017)
Changes in operating assets and liabilities:		
Accounts receivable - net	(47,409)	348,478
Lease receivable	(35,040)	(212,744)
Prepaid expenses	76,042	(26,085)
Accounts payable	(698,229)	785,056
Tenant deposits payable	(112,389)	(142,134)
Payroll and payroll taxes payable	603	(89,623)
Compensated absences payable	18,673	3,372
Unearned revenue	(415,818)	414,761
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>\$ 1,084,621</b>	<b>\$ 3,913,910</b>
<b>SCHEDULE OF INTEREST</b>		
Interest paid	\$ 13,449	\$ 73,459
<b>SCHEDULE OF CASH AND RESTRICTED CASH - END OF YEAR</b>		
Cash items	\$ -	\$ (22,402)
Cash - demand deposits (unrestricted)	3,147,785	6,596,976
Cash - demand deposits (restricted)	671,289	471,884
<b>TOTAL SCHEDULE OF CASH AND RESTRICTED CASH - END OF YEAR</b>	<b>\$ 3,819,074</b>	<b>\$ 7,046,458</b>
<b>SCHEDULE OF NONCASH TRANSACTIONS</b>		
Change in PERS pension liability	\$ 213,890	\$ 73,435
Change in deferred outflows related to pension liability	35,848	34,303
Change in deferred inflows related to pension liability	(262,709)	(64,940)
<b>TOTAL SCHEDULE OF NONCASH TRANSACTIONS</b>	<b>\$ (12,971)</b>	<b>\$ 42,798</b>

The accompanying notes are an integral part of these financial statements.

### 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.

# Great Falls International Airport Authority

## NOTES TO FINANCIAL STATEMENTS

(Continued)

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**New Accounting Pronouncements** The Airport Authority has adopted the provisions of the following GASB pronouncement for the fiscal year 2023:

Statement No. 91, *Conduit Debt Obligations*: This Statement provides a single method of reporting conduit debt obligations by issuers. This Statement established that a conduit debt obligation is not a liability of the issuer and created standards for accounting and financial reporting of additional commitments extended by issuers and associated arrangements. The Statement requires issuers to disclose general information about the conduit debt obligations. The Airport Authority retroactively adopted the requirements of this Statement effective July 1, 2021, and has applied the provisions to the beginning of the period of adoption.

Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements (PPPs)*: This Statement provides accounting and financial reporting guidance for PPPs. A PPP is an arrangement in which a government contracts with an operator to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. Some PPPs meet the definition of a service concession arrangement (SCA). The Airport Authority does not have any PPPs and the implementation of this standard had no impact on the financial statements of the Airport Authority.

Statement No. 96, *Subscription-Based Information Technology Arrangements*: This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement: (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended. The Airport Authority does not have any SBITAs and the implementation of this standard had no impact on the financial statements of the Airport Authority.

### Classification of Net Position

**Net Investment in Capital Assets**: This is the Airport 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 Airport Authority's restricted net position amounts are primarily to be used for passenger facility charge projects and the ramp reserve fund.

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

# Great Falls International Airport Authority

## NOTES TO FINANCIAL STATEMENTS

(Continued)

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**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 of America 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, 2023.

**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, 2023.

**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 the lower of cost or net realizable value. Cost is determined using the first-in, first-out method.

**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 each 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.

# Great Falls International Airport Authority

## NOTES TO FINANCIAL STATEMENTS

(Continued)

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**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, 2023.

**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.

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 Airport Authority saw dramatic decreases in total passengers through the airport which resulted in severely reduced operating revenues.

**Federal Economic Relief to Airports Related to COVID-19** 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% for Airport Improvement Program (AIP) and supplemental discretionary. 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.

# Great Falls International Airport Authority

## NOTES TO FINANCIAL STATEMENTS

(Continued)

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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.

The Airport Authority received a grant totaling \$3,960,216 related to the CARES Act. During the year ended June 30, 2023, the Airport Authority recognized \$230,976 of grant revenue on the CARES Act grant to reimburse eligible expenses.

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 inter-terminal airport concessions. Airports provided 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 Airport Authority received a grant award totaling \$1,815,781 related to the CRRSA Act. During the year ended June 30, 2023, the Airport Authority has recognized \$765,004 as grant revenue to reimburse eligible operating expenses.

The American Rescue Plan Act (ARPA), enacted in March 2021, included funds to provide economic assistance to eligible U.S. airports to prevent, prepare for, and respond to the COVID-19 pandemic. Under ARPA, the Airport Authority received an Airport Rescue Grant in the amount of \$2,792,194. As of June 30, 2023, the Airport Authority recognized \$414,761 as grant revenue to reimburse eligible expenses.



# Great Falls International Airport Authority

## NOTES TO FINANCIAL STATEMENTS

(Continued)

**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.

**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, 2022, from which the comparative information is derived.

**Evaluation of Subsequent Events** Management has evaluated subsequent events through January 30, 2024 **January 30, 2024**, the date on which the financial statements were available to be issued.

## 2. CASH AND INVESTMENTS

The composition of cash and investments was as follows:

June 30, 2023

Cash in banks:		
Demand deposits	\$	3,819,074
Savings deposits		24,325
Time deposit		2,665,278
S.T.I.P.		1,061,316
U.S. Government bonds		1,249,934
<b>Total</b>	<b>\$</b>	<b>8,819,927</b>

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

June 30, 2023

Cash - demand deposits - current	\$	3,147,785
Investments - current		3,273,904
Cash - demand deposits - restricted		671,289
Investments - long-term		1,726,949
<b>Total</b>	<b>\$</b>	<b>8,819,927</b>

# Great Falls International Airport Authority

## NOTES TO FINANCIAL STATEMENTS

(Continued)

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### Restricted Cash and Investments

Restricted cash and investments at June 30, 2023, consist of \$671,289 held for passenger facility charge projects and the ramp reserve fund.

### Cash in Banks

At year-end, the carrying amount of the Airport Authority's deposits was \$6,508,552 and the bank balance was \$6,695,715. 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, 2023, the Airport Authority had \$3,756,112 of bank account deposits in excess of FDIC insurance and \$2,415,278 of time deposits in excess of SIPC coverage.

As of June 30, 2023, the Airport Authority had \$24,325 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 statutes 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 of America 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 statutes described in note 1.

The Airport Authority has no investment policy that would further limit its investment choices.

# Great Falls International Airport Authority

## NOTES TO FINANCIAL STATEMENTS

(Continued)

As of June 30, 2023, the Airport Authority had the following investments and maturities:

June 30, 2023	Amount	Investment Maturities	
		Less Than 1 Year	1-5 years
<b>Investment Type</b>			
Money market	\$ 24,325	\$ 24,325	\$ -
Time deposit	2,665,278	2,188,263	477,015
S.T.I.P.	1,061,316	1,061,316	-
U.S. government bonds	1,249,934	-	1,249,934
<b>Total</b>	<b>\$ 5,000,853</b>	<b>\$ 3,273,904</b>	<b>\$ 1,726,949</b>

### 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

June 30, 2023	Amortized Cost	Credit Quality
		Rating
<b>Investment Type</b>		
Agency or government related	\$ 57,505	A1+
Asset-backed commercial paper	775,829	A1+
Corporate commercial paper	41,399	A1+
Certificates of deposit	103,786	A1+
Interest Bearing Demand Deposit Account	82,797	N/R
<b>Total</b>	<b>\$ 1,061,316</b>	<b>A1+</b>

# Great Falls International Airport Authority

## NOTES TO FINANCIAL STATEMENTS

(Continued)

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### 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.

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

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 methodology used for investments measured at fair value. There have been no changes in the methodology used at June 30, 2023.

*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.

# Great Falls International Airport Authority

## NOTES TO FINANCIAL STATEMENTS

(Continued)

Investments, stated at fair value, are as follows:

June 30, 2023	Cost	Fair Value (Level 2)
U.S. government bonds	\$ 1,314,437	\$ 1,249,934

The net increase in the fair value of investments during the year ended June 30, 2023, was \$9,627. This amount is included in investment income on the statement of revenues, expenses, and changes in net position.

### 3. CAPITAL ASSETS

#### Property and Equipment

A summary of the changes in property and equipment is as follows:

	Balance July 1, 2022	Additions	Deletions	Balance June 30, 2023
<b>Capital Assets - Not Being Depreciated</b>				
Land	\$ 1,501,248	\$ -	\$ -	\$ 1,501,248
Construction in progress	2,763,061	12,974,258	(608,697)	15,128,622
<b>Total Capital Assets - Not Being Depreciated</b>	<b>4,264,309</b>	<b>12,974,258</b>	<b>(608,697)</b>	<b>16,629,870</b>
<b>Capital Assets - Being Depreciated</b>				
Buildings	38,146,774	608,697	(4,035,220)	34,720,251
Improvements	136,461,132	-	-	136,461,132
Furniture, fixtures and equipment	8,844,258	106,012	(115,413)	8,834,857
<b>Total Capital Assets - Being Depreciated</b>	<b>183,452,164</b>	<b>714,709</b>	<b>(4,150,633)</b>	<b>180,016,240</b>
Less: Accumulated depreciation:				
Buildings	(26,029,084)	(1,214,511)	2,824,654	(24,418,941)
Improvements	(83,075,881)	(5,689,251)	-	(88,765,132)
Furniture, fixtures, and equipment	(6,489,408)	(298,467)	55,432	(6,732,443)
<b>Subtotals</b>	<b>(115,594,373)</b>	<b>(7,202,229)</b>	<b>2,880,086</b>	<b>(119,916,516)</b>
<b>Capital Assets - Being Depreciated - Net</b>	<b>67,857,791</b>	<b>(6,487,520)</b>	<b>(1,270,547)</b>	<b>60,099,724</b>
<b>Capital Assets - Net</b>	<b>\$ 72,122,100</b>	<b>\$ 6,486,738</b>	<b>\$ (1,879,244)</b>	<b>\$ 76,729,594</b>

Beginning balances were restated for the implementation of GASB Statement No. 91. Capital assets and related debt that meet the definition of conduit debt are no longer reported. This resulted in a decrease of buildings of \$4,035,220 and a decrease in buildings accumulated depreciation of \$2,824,654 at July 1, 2022.

# Great Falls International Airport Authority

## NOTES TO FINANCIAL STATEMENTS

(Continued)

### Construction Work-in-Progress

A summary of the changes in construction work-in-progress is as follows:

Project	Balance July 1, 2023	Project Additions	Close-Out/ Deletions	Transfers	Balance June 30, 2023
AIP 68 (NonFed)	\$ 265,827	\$ -	\$ -	\$ -	\$ 265,827
AIP 72 (Fed)	847,898	3,047,945	-	94,211	3,990,054
AIP 72 (NonFed)	94,211	-	-	(94,211)	-
AIP 75 (Fed)	-	2,006,780	-	-	2,006,780
AIP 75 (NonFed)	-	225,997	-	-	225,997
AIP 76 (Fed)	173,949	1,326,051	-	-	1,500,000
AIP 76 (NonFed)	19,328	149,037	-	5,305	173,670
AIP 77 (Fed)	15,964	-	-	-	15,964
AIP 77 (NonFed)	4,725	-	-	-	4,725
AIP 78 (Fed)	-	438,454	(547,827)	109,373	-
AIP 78 (NonFed)	-	48,717	(60,870)	12,153	-
AIP 79 (Fed)	-	1,000,000	-	-	1,000,000
AIP 79 (NonFed)	-	3,852,958	-	-	3,852,958
Canopy/Vestibule	-	42,681	-	-	42,681
Taxilanes and access road	-	16,050	-	-	16,050
Terminal improvements	547,627	291,461	-	(121,526)	717,562
Warehouse development	514,199	519,288	-	-	1,033,487
Snow plow	272,858	560	-	-	273,418
Deicing	1,170	7,185	-	-	8,355
SW GA	5,305	1,094	-	(5,305)	1,094
<b>Totals</b>	<b>\$ 2,763,061</b>	<b>\$ 12,974,258</b>	<b>\$ (608,697)</b>	<b>\$ -</b>	<b>\$ 15,128,622</b>

The Airport Improvement Program (AIP) work in progress project additions include expenditures of \$4,276,709 from Airport Authority funds and \$7,819,230 from FAA funds.

## 4. LONG-TERM DEBT

### Direct Borrowings

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, 2023, is \$239,050.

The following is a summary of changes in long-term debt from direct borrowings of the Airport Authority:

	Balance July 1, 2022	Additions	Reductions	Balance June 30, 2023	Current Portion
<b>Note Payable</b>					
Wells Fargo-Car Rental Note Series 2013C	\$ 332,050	\$ -	\$ (93,000)	\$ 239,050	\$ 122,050

## Great Falls International Airport Authority

### NOTES TO FINANCIAL STATEMENTS

(Continued)

Beginning balances were restated for the implementation of GASB Statement No. 91. Capital assets and related debt that meet the definition of conduit debt are no longer reported. This resulted in a decrease in notes payable of \$577,966 and \$354,516. The total decrease of \$932,482 is reflected in the beginning balances as restated at July 1, 2022. The annual debt service requirements to maturity for long-term debt outstanding are as follows:

Years Ending June 30	Principal		Interest		Total
2024	\$	122,050	\$	5,055	\$ 127,105
2025		117,000		407	117,407
<b>Total</b>	\$	239,050	\$	5,462	\$ 244,512

#### 5. CONDUIT DEBT OBLIGATIONS

The Authority entered into loan agreements (the Agreements) in accordance with the Montana Code Annotated 17-6-309(2) which authorizes the Montana Board of Investments (MBOI) to provide capital financing to purchase certain public improvements on real property owned by the Authority from a private entity. The loans were issued under the authority of the MBOI to make infrastructure loans to enhance economic development and create jobs in the basic sector of the economy, if the loan will result in the creation or expansion of a business estimated to employ at least an additional fifteen people in Montana. There are underlying lease agreements between the Authority and the private entity on the public improvements. The loans are payable from payments received from the private entity on the lease agreement, and the Authority has committed to maintain the Agreement with MBOI.

On March 30, 2007, long-term financing to be used toward the Avmax hangar remodel was obtained from the Montana Board of Investments. The term of the note is 240 months with an interest rate of 4.89% per annum. The balance of this note payable at June 30, 2023, is \$286,922. The building is leased to AvMax at the monthly rental fee of \$7,003 for 20 years, which is equal to the note payments.

On October 1, 2008, long-term financing to be used toward the Avmax hangar remodel was obtained from the Montana Board of Investments. The term of the note is 240 months with an interest rate of 5.95% per annum. The balance of this note payable at June 30, 2023, is \$500,601. The building is leased to AvMax at the monthly rental fee of \$9,187 for 20 years, which is equal to the note payments.

Under both agreements, the hangars are pledged as collateral. AvMax has the option reserved for the purchase of the hangars upon full satisfaction of the Airport Authority's obligation under the note at any time without penalty.

## Great Falls International Airport Authority

### NOTES TO FINANCIAL STATEMENTS

(Continued)

#### 6. PASSENGER FACILITY CHARGES

Changes in the passenger facility charges account are as follows:

Balance - beginning of year	\$	1,813,846
Additions:		
Net collections from carriers		619,571
<b>Balance - End of Year</b>	<b>\$</b>	<b>2,433,417</b>

#### 7. NET INVESTMENT IN CAPITAL ASSETS

Changes in the net position category of "net investment in capital assets" are as follows:

<b>Capital Assets - Beginning of Year</b>	\$	69,359,039
Additions:		
Transfers from construction work-in-progress account and acquisition of capital assets		714,709
Deductions:		
Adjustments as a result of prior period adjustment		(1,210,566)
Deletions from capital assets		(59,981)
Depreciation expense		(7,202,229)
<b>Capital Assets - End of Year</b>		<b>61,600,972</b>
<b>Construction Work in Progress - Beginning of Year</b>		<b>2,763,061</b>
Additions:		
Contributions - Airport funds		4,757,584
FAA grants and capital contributions		8,216,674
Deductions:		
Projects closed and transferred to fixed assets		(608,697)
<b>Construction Work in Progress - End of Year</b>		<b>15,128,622</b>
<b>Related Debt - Beginning of Year</b>		<b>(1,264,532)</b>
Deductions:		
Adjustments as a result of prior period adjustment		932,482
Principal payments		93,000
<b>Related Debt - End of Year</b>		<b>(239,050)</b>
<b>Net Investment in Capital Assets at June 30, 2023</b>	<b>\$</b>	<b>76,490,544</b>



# Great Falls International Airport Authority

## NOTES TO FINANCIAL STATEMENTS

(Continued)

### 8. RESTRICTED NET POSITION

Restricted net position consists of the following:

Restricted for passenger facility charges	\$	288,439
Restricted for ramp reserve fund		382,850
<b>Balance - End of Year</b>	<b>\$</b>	<b>671,289</b>

### 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).

# Great Falls International Airport Authority

## NOTES TO FINANCIAL STATEMENTS

(Continued)

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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.

### 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.

# **Great Falls International Airport Authority**

## **NOTES TO FINANCIAL STATEMENTS**

(Continued)

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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.

### **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.

# Great Falls International Airport Authority

## NOTES TO FINANCIAL STATEMENTS

(Continued)

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### **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 Airport 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.

### **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.

# Great Falls International Airport Authority

## NOTES TO FINANCIAL STATEMENTS

(Continued)

### Overview of Contributions

Member and employer contribution rates are shown in the table below:

Fiscal	Member		State and				
	Hired	Hired	Universities	Local Government		School Districts	
Year	<07/01/11	>07/01/11	Employer	Employer	State	Employer	State
2023	7.900%	7.900%	9.070%	8.970%	0.100%	8.700%	0.370%
2022	7.900%	7.900%	8.970%	8.870%	0.100%	8.600%	0.370%
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%	0.370%
2000-2007	6.900%		6.900%	6.800%	0.100%	6.800%	0.100%

# Great Falls International Airport Authority

## NOTES TO FINANCIAL STATEMENTS

(Continued)

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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.
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 \$34,633,570.

### **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. The basis for the Total Pension Liability (TPL) as of June 30, 2023, is on an actuarial valuation performed by the Plan's actuary as of June 30, 2022.

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, 2023, and 2022, 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 \$711,827, and the employer's proportionate share was 0.029935\$.

# Great Falls International Airport Authority

## NOTES TO FINANCIAL STATEMENTS

(Continued)

As of reporting date	Net Pension Liability as of June 30, 2023	Net Pension Liability as of June 30, 2022	Percent of Collective NPL as of June 30, 2023	Percent of Collective NPL as of June 30, 2022	Change in Percent of Collective NPL
Airport Authority Proportionate Share State of Montana Proportionate Share associated with the Airport Authority	\$ 711,827	\$ 497,937	0.029935%	0.027461%	0.002474%
	216,036	149,142	0.009085%	0.008225%	0.000860%
<b>Total</b>	<b>\$ 927,863</b>	<b>\$ 647,079</b>	<b>0.039020%</b>	<b>0.035686%</b>	<b>0.003334%</b>

**Changes in Actuarial Assumptions and Methods:** The following changes in assumptions or other inputs that affected the measurement of the TPL.

1. The discount rate was increased from 7.06% to 7.30%.
2. The investment rate of return was increased from 7.06% to 7.30%.
3. Updated all mortality tables to the PUB2010 tables for general employees.
4. Updated the rates of withdrawal, retirement, and disability.
5. Lowered the payroll growth assumption from 3.50% to 3.25%.
6. The inflation rate was increased from 2.40% to 2.75%.

**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 to the Plan 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.

# Great Falls International Airport Authority

## NOTES TO FINANCIAL STATEMENTS

(Continued)

### Pension Expense

At June 30, 2023, the Airport Authority recognized \$20,515 for its proportionate share of the Plan's pension expense and recognized grant revenue of \$22,392 for the support provided by the State of Montana for its proportionate share of the pension expense associated with the Airport Authority.

	Pension Expense as of June 30, 2023	
Authority's Proportionate Share	\$	20,515
Grant Revenue-State of Montana Proportionate Share		22,392
<b>Total</b>	\$	<b>42,907</b>

### Recognition of Deferred Inflows and Outflows

At June 30, 2023, 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	\$ 9,074	\$ -
Projected investment earnings versus actual investment earnings	20,920	-
Changes in assumptions	26,527	52,112
Changes in proportion differences between employer contributions and proportionate share of contributions	-	26,666
Authority Contributions subsequent to the measurement date	33,362	-
<b>Total</b>	<b>\$ 89,883</b>	<b>\$ 78,778</b>



# Great Falls International Airport Authority

## NOTES TO FINANCIAL STATEMENTS

(Continued)

Other amounts reported as deferred outflows and inflows of resources related to pensions are recognized in the employer's 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
2023	\$ (37,622)
2024	\$ (9,702)
2025	\$ (22,564)
2026	\$ 47,631
Thereafter	\$ -

### Actuarial Assumptions

The TPL in the June 30, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

- Investment Return (net of admin expense) 7.30%
- General Wage Growth\* 3.50%
- \*includes Inflation at 2.75%
- 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%;

# Great Falls International Airport Authority

## NOTES TO FINANCIAL STATEMENTS

(Continued)

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(c) 0% whenever the amortization period for PERS is 40 years or more.

### Mortality

- Mortality assumptions among contributing members, service retired members and beneficiaries were based on PUB-2010 General Amount Weighted Employer Mortality table projected to 2021. Projected generationally using MP-2021.
- Mortality assumptions among disabled members are based on PUB-2010 General Amount Weighted Disabled Retiree Mortality table projected to 2021, set forward 1 year.
- Mortality assumptions among contingent survivors are based on PUB-2010 General Amount Weighted Contingent Survivor Mortality table projected to 2021, set forward 1 year. Projected generationally using MP-2021.
- Mortality assumptions among health retirees are based on PUB-2010 General Amount Healthy Retiree Weighted Mortality Tables projected to 2021, with ages set forward 1 year and adjusted 104% for males and 103% for females. Projected generationally using MP-2021.

The actuarial assumptions and methods utilized in the June 30, 2022 valuation, were developed in the five-year experience study for the period ending 2021.

### Discount Rate

The discount rate used to measure the TPL was 7.30%. The projection of cash flows used to determine the discount rate assumed that contributions from participating plan members, employers, and non-employer contributing entities would 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 the salaries paid by local governments and 0.37% for school districts. In addition, the State contributed a statutory appropriation the general fund.

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 2126. 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.

# Great Falls International Airport Authority

## NOTES TO FINANCIAL STATEMENTS

(Continued)

### Target Allocations

The long-term expected rate of return on pension plan investments is reviewed as part of regular experience studies prepared for the Plan about every five years. The long-term rate of return as of June 30, 2022, is based on analysis in the experience study report dated May 2, 2022, without consideration for the administrative expense analysis shown. Several factors are considered in evaluating the long-term rate of return assumption including long-term historical data, estimates inherent in current market data, and an analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation), along with estimates of variability and correlations for each asset class. These ranges were combined to develop the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The assumption is intended to be a long-term assumption (30 to 50 years) and is not expected to change absent a significant change in the asset allocation, a change in the underlying inflation assumption, or a fundamental change in the market that alters expected returns in future years.

The target asset allocation and best estimates of arithmetic real rates of return for each major asset class as of the most recent experience study, are summarized below:

Asset Class	Target Asset Allocation	Long-Term Expected Real Rate of Return Arithmetic Basis
Cash	3.0%	(0.33%)
Domestic equity	30.0%	5.90%
International equity	17.0%	7.14%
Private investments	15.0%	9.13%
Real assets	5.0%	4.03%
Real estate	9.0%	5.41%
Core fixed income	15.0%	1.14%
Non-core fixed income	6.0%	3.02%
<b>Total</b>	<b>100.0%</b>	

## Great Falls International Airport Authority

### NOTES TO FINANCIAL STATEMENTS

(Continued)

#### 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 7.30%, as well as what the NPL would be if it were calculated using a discount rate 1.00% lower or 1.00% higher than the current rate.

As of reporting date	1.0% Decrease (6.30%)	Current Discount Rate	1.0% Increase (8.30%)
Great Falls International Airport Authority	\$ 1,026,132	\$ 711,827	\$ 488,129

#### PERS Disclosure for the Defined Contribution Plan

The Airport 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 Airport 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.

At the plan level for the measurement period ended June 30, 2022, 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 344 employers that have participants in the PERS-DCRP totaled \$1,681,603.

# Great Falls International Airport Authority

## NOTES TO FINANCIAL STATEMENTS

(Continued)

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### Pension Plan Fiduciary Net Position

The stand-alone statements (76d) 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. These reports are available from the PERB at PO Box 200131, Helena, MT 59620-0131, (406) 444-3154 or are available on the MPERA website at: <http://mpera.mt.gov/about/annualreports1/annualreports>.

## 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, 2023, 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.

## 11. MAJOR CUSTOMERS

During the year ended June 30, 2023, revenue from five air carriers and five concessionaires amounted to \$3,341,886 and represents 63% of total operating revenue. Accounts receivable for the four major air carriers amounted to \$471,715 or 65% of other accounts receivable in aggregate as of June 30, 2023.

Accounts receivable for the five major concessionaires amounted to \$152,159 or 32%, of accounts receivable in aggregate as of June 30, 2023. Generally, all but one of the five major concessionaires are invoiced monthly and had current balances as of June 30, 2023.

## 12. LEASE OF AIRPORT FACILITIES

The Airport Authority receives a significant amount of revenue from rents. These include rent for use of the jetway by the airlines; rental of terminal space to airlines, travel agencies, and other tenants; rental of buildings, land, and hangars to individuals and companies engaged in general aviation; and rental of office buildings to federal government agencies. Certain lease agreements, by their terms, require annual determination of the rental charge based on predetermined formulas.

## Great Falls International Airport Authority

### NOTES TO FINANCIAL STATEMENTS

(Continued)

The Airport Authority also has several leases that require the lessee to remit a percentage of its revenue as the rental charge or a minimum annual guaranteed amount. Amounts in excess of the minimum annual guarantee are considered variable payments and not included in the measurement of the lease receivable. Certain leases are considered regulated leases because the FAA and Department of Transportation (DOT) grant assurances require the Airport Authority to assure that all aeronautical users are entitled to airport access on fair and reasonable terms without unjust discrimination. Aeronautical use of an airport is any activity that involves, makes possible, is required for the safety of, or is otherwise directly related to, the operation of an aircraft. Regulated leases are not included in the measurement of the lease receivable and are recognized as revenue based on the payment provisions of the lease contract.

The following schedule presents a breakdown of these rents for the year ended June 30, 2023:

Lease Revenue	Non-Regulated	Regulated and Short-Term
Building and ground	\$ 941,172	\$ 1,820,799
Interest revenue	156,869	-
Variable and other revenue	368,274	-
<b>Total</b>	<b>\$ 1,466,315</b>	<b>\$ 1,820,799</b>

Total rent and concession revenue reconciles to the statement of revenues, expenses, and changes in net position as follows:

Total non-regulated lease and interest revenue	\$ 1,466,315
Total regulated and short-term lease revenue	1,820,799
Interest revenue included in investment and interest income	(156,869)
<b>Total</b>	<b>\$ 3,130,245</b>
Facility use fees	\$ 480,446
Building and ground rent	1,524,404
Concession revenue	1,125,395
<b>Total</b>	<b>\$ 3,130,245</b>

## Great Falls International Airport Authority

### NOTES TO FINANCIAL STATEMENTS

(Continued)

The following is a schedule by year of expected future payments included in the measurement of the lease receivable for the next five years for the years ended June 30:

Years Ending June 30	Principal		Interest		Total
2024	\$	763,889	\$	165,992	\$ 929,881
2025		798,380		131,502	929,882
2026		231,774		95,445	327,219
2027		257,326		86,057	343,383
2028		265,878		75,587	341,465
2029-2033		1,160,673		231,623	1,392,296
2034-2038		277,413		86,262	363,675
2039-2043		144,484		42,460	186,944
2044-2048		139,521		17,294	156,815
2049-2053		15,504		177	15,681
<b>Total</b>	\$	4,054,842	\$	932,399	\$ 4,987,241

Future minimum lease payments for regulated leases are as follows:

Years Ending June 30	
2024	\$ 954,407
2025	915,595
2026	914,095
2027	820,768
2028	801,623
<b>Total</b>	\$ 4,406,488

### 13. PRIOR PERIOD ADJUSTMENT

As previously mentioned in note 1 and 5, The Airport Authority adopted the provisions of GASB Statement No. 91, *Conduit Debt Obligations*. The Statement establishes that the conduit debt obligations are not a liability of the issuer. Therefore, the notes payable and related capital assets are no longer reported by the Airport Authority.

The beginning net position of the Airport Authority was restated to record the implementation of GASB Statement No. 91 as stated below:

Beginning net position at July 1, 2022	\$ 80,153,553
Recorded capital assets, net of accumulated depreciation, at July 1, 2022	(1,210,566)
MBOI notes payable at July 1, 2022	932,482
<b>Balance - End of Year</b>	<b>\$ 79,875,469</b>

## **REQUIRED SUPPLEMENTARY INFORMATION**



# Great Falls International Airport Authority

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

June 30	2022	2021	2020	2019	2018	2017	2016	2015	2014
<b>Schedule of Proportionate Share of the Net Pension Liability for the Last Ten Fiscal Years*</b>									
Employer's proportion of the net pension liability	\$ 711,827	\$ 497,937	\$ 949,168	\$ 776,989	\$ 703,554	\$ 994,500	\$ 792,092	\$ 634,396	\$ 602,569
Employer's proportionate share of the net pension	2.9935%	2.7461%	3.5978%	0.0372%	0.0337%	0.0511%	0.0465%	0.0454%	0.0484%
State of MT proportionate share of the net pension	216,036	149,142	301,494	254,856	237,072	14,535	9,678	7,793	7,358
<b>Total</b>	<b>\$ 927,863</b>	<b>\$ 647,079</b>	<b>\$ 1,250,662</b>	<b>\$ 1,031,845</b>	<b>\$ 940,626</b>	<b>\$ 1,009,035</b>	<b>\$ 801,770</b>	<b>\$ 642,189</b>	<b>\$ 609,927</b>
Employer's covered payroll	\$ 526,078	\$ 485,074	\$ 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	135.31%	102.65%	157.24%	126.61%	126.91%	158.88%	142.20%	119.78%	108.34%
Plan fiduciary net position the total pension liability	73.66%	79.91%	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	2023	2022	2021	2020	2019	2018	2017	2016	2015
<b>Schedule of Contributions for the Last Ten Fiscal Years*</b>									
Contractually required contributions	\$ 33,362	\$ 46,788	\$ 42,987	\$ 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	\$ 33,362	\$ 46,663	\$ 42,541	\$ 52,887	\$ 52,749	\$ 46,955	\$ 53,019	\$ 49,325	\$ 48,633
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Employer's covered payroll	\$ 371,928	\$ 526,078	\$ 485,074	\$ 603,646	\$ 613,687	\$ 554,362	\$ 625,945	\$ 557,014	\$ 529,628
Contributions of covered payroll	8.97%	8.87%	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 organizations listed as beneficiaries are entitled to receive on 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 rate 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.

## Great Falls International Airport Authority

### NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

(Continued)

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#### 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, 2022 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 payroll, open
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
Admin expenses as % of payroll	0.29%

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.

The actuarial assumptions and methods utilized in the June 30, 2021 valuation, were developed in the six-year experience study for the period ending 2016.

## **OTHER SUPPLEMENTARY INFORMATION**

# Great Falls International Airport Authority

## SCHEDULE OF INSURANCE COVERAGE

Year Ended June 30, 2023

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### Basic Property Coverage

Airport Authority properties are covered under Policy No. EPP0261093 by Cincinnati Insurance Company through July 1, 2023, 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 \$76,183,784 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 \$76,183,784 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, an 80% 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. AAPN10691485003 through July 1, 2023. 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, 2023.

## **Great Falls International Airport Authority**

### **SCHEDULE OF INSURANCE COVERAGE**

Year Ended June 30, 2023

(Continued)

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#### **Police Professional Liability**

The Airport Authority's police professional liability coverage is provided by Indian Harbor Insurance Company under Policy No. PPL095048004 through July 1, 2022. 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 AXIS Insurance Company under Policy No. AX010232102 through July 1, 2022. 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, 2023.

# Great Falls International Airport Authority

## SCHEDULE OF PASSENGER FACILITY CHARGES COLLECTED AND EXPENDED

Year Ended June 30, 2023

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### Passenger Facility Charges Collected and Expended

Revenues - net	\$	619,571
Expenditures	\$	331,132

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**Great Falls International Airport Authority**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**June 30, 2023**

												Amount Passed to Subrecipients	
		Federal Funds Received as of June 30, 2022	Federal Funds Received During Current Year	Federal Funds Received as of June 30, 2023	Federal Funds Recognized as of June 30, 2023	Federal Expenditures as of June 30, 2022	Federal Expenditures During Current Year	Federal Expenditures as of June 30, 2023	Cumulative Airport Expenditures	Total Program Expenditures	During the Year Ended June 30, 2023		
Program Title	Award Amount												
Airport Improvement Program													
Assistance Listing # 20.106													
COVID-19 AIP 3-30-0036-68	\$ 274,351	\$ 273,630	\$ -	\$ -	\$ 273,630	\$ 273,630	\$ -	\$ 273,630	\$ -	\$ 273,630	\$ -		
COVID-19 AIP 3-30-0036-69	3,960,216	3,729,240	230,976	-	3,960,216	3,729,240	230,976	3,960,216	-	3,960,216	-		
COVID-19 AIP 3-30-0036-70	1,815,781	589,846	1,226,189	-	1,816,035	1,051,030	765,004	1,816,034	-	1,816,034	-		
COVID-19 AIP 3-30-0036-71	37,612	37,612	-	-	37,612	37,612	-	37,612	-	37,612	-		
AIP 3-30-0036-72	4,887,580	-	3,990,054	-	3,990,054	849,097	3,142,157	3,991,254	-	3,991,254	-		
COVID-19 AIP 3-30-0036-73	2,792,184	2,792,194	-	-	2,792,194	2,377,433	414,761	2,792,194	-	2,792,194	-		
AIP 3-30-0036-75	2,786,568	-	2,006,781	-	2,006,781	-	2,006,781	2,006,781	225,997	2,232,778	-		
AIP 3-30-0036-76	1,500,000	-	1,369,306	130,694	1,500,000	173,949	1,326,051	1,500,000	173,670	1,673,670	-		
AIP 3-30-0036-77	633,982	-	-	15,964	15,964	14,764	-	14,764	4,724	19,488	-		
AIP 3-30-0036-78	553,617	-	497,734	50,093	547,827	-	547,827	547,827	60,870	608,697	-		
AIP 3-30-0036-79	1,649,751	-	-	1,000,000	1,000,000	-	1,000,000	1,000,000	-	1,000,000	-		
Total AL#20.106	20,891,642	7,422,522	9,321,040	1,196,751	17,940,313	8,506,755	9,433,557	17,940,312	465,261	18,405,573	-		
TOTAL OF EXPENDITURES OF													
FEDERAL AWARDS	\$ 20,891,642	\$ 7,422,522	\$ 9,321,040	\$ 1,196,751	\$ 17,940,313	\$ 8,506,755	\$ 9,433,557	\$ 17,940,312	\$ 465,261	\$ 18,405,573	\$ -		

See the notes to schedule of expenditures of federal awards.

# Great Falls International Airport Authority

## NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

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### 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.

### 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.

### 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*.

### 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*.

## **OTHER REPORTS SECTION**



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

To the Board 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* (GAS) 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, 2023, 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 30, 2024.

***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 #2023-001 that we consider to be a material weakness.

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

(Continued)

***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 GAS.

***Great Falls International Airport Authority's Response to Findings***

GAS requires the auditor to perform limited procedures on the Airport Authority's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The Airport Authority's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

***Purpose of This Report***

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with GAS in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*KCoe Isom, LLP*

January 30, 2024

Great Falls, Montana



## **INDEPENDENT AUDITORS' 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 the Major Federal Program**

#### ***Opinion on the Major Federal Program***

We have audited the Great Falls International Airport Authority's (the Airport Authority) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect the Airport Authority's major federal program for the year ended June 30, 2023. The Airport Authority's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

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

#### ***Basis for Opinion on the Major Federal Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* (GAS) issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Airport Authority and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Airport Authority's compliance with the compliance requirements referred to above.

#### ***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Airport Authority's federal programs.

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

(Continued)

***Auditors' Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Airport Authority's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, GAS, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Airport Authority's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, GAS, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Airport Authority's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Airport Authority's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Airport Authority's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

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

(Continued)

***Report on Internal Control Over Compliance***

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified. Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

GAS requires the auditor to perform limited procedures on The Airport Authority's response to the internal control over compliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. The Airport Authority's response was not subjected to the other 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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

*KCoe Jam, LLP*

January 30, 2024

Great Falls, Montana



## **FINDINGS AND QUESTIONED COSTS SECTION**

**Great Falls International Airport Authority**  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Year Ended June 30, 2023

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**SECTION I**  
**SUMMARY OF AUDITORS' 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?	None reported
Type of auditors' report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(A)?	No
The major program for the year ended June 30, 2023, was as follows:	
<u>Program</u>	<u>AL #</u>
Airport Improvement Program	20.106
Dollar threshold for Type A program:	\$750,000
Auditee qualified as low-risk auditee?	No

**Great Falls International Airport Authority**  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Year Ended June 30, 2023  
(Continued)

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**SECTION II**  
**FINANCIAL STATEMENT FINDINGS**

**Finding #2023-001**

<i>Criteria:</i>	Management is responsible for the fair presentation of financial statements.
<i>Condition &amp; Context:</i>	As a result of our audit procedures, adjusting entries, including a prior period adjustment, were proposed that indicate a material weakness in the account reconciliation and financial statement closing process.
<i>Cause:</i>	Subsequent to year-end, account balances were not reconciled and the financial statement closing process was not completed as a result of turnover in the Airport Accountant position.
<i>Effect:</i>	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.
<i>Recommendation:</i>	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.
<i>Management Response:</i>	Management agrees with the audit adjustments and recommendations. We will correct the issue identified by re-evaluating the monthly and year-end accounting procedures.

**Great Falls International Airport Authority**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

Year Ended June 30, 2023

(Continued)

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**SECTION III**

**FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

None reported.

# Great Falls International Airport Authority

## STATUS OF PRIOR AUDIT FINDINGS

Year Ended June 30, 2023

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### SECTION IV

#### SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

##### Finding Current Status of Recommendation

#2022-001

Account Reconciliation and Financial

Statement Closing Process

See Finding #2023-001

#2022-001

Grant Program: Department of Transportation

Airport Improvement Program –

Assistance Listing #20.106

Allowable Costs

No exceptions noted in the current year audit

## **OTHER COMPLIANCE REPORTS**



## **INDEPENDENT AUDITORS' 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**

#### ***Opinion***

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 (Guide) that could have a direct and material effect on its passenger facility charge (PFC) program for the year ended June 30, 2023.

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 passenger facility charge program for the year ended June 30, 2023.

#### ***Basis for Opinion***

We are required to be independent of the Airport Authority and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient to provide a basis for our opinion on compliance for the PFC program. Our audit does not provide a legal determination on the Airport Authority's compliance with the compliance requirements referred to above.

#### ***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the laws, statutes, regulations, and rules applicable to passenger facility charges program.

#### ***Auditors' Responsibility for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Airport Authority's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards* (GAS), and the *Passenger Facility Charge Audit Guide for Public Agencies* will always detect material noncompliance when it exists.

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

(Continued)

The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Airport Authority's compliance with the requirements of passenger facility charge program as a whole.

In performing an audit in accordance with generally accepted auditing standards, GAS and the *Passenger Facility Charge Audit Guide for Public Agencies*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Airport Authority's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Airport Authority's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the *Passenger Facility Charge Audit Guide for Public Agencies*, but not for the purpose of expressing an opinion on the effectiveness of the Airport Authority's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.



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

(Continued)

**Report on Internal Control Over Compliance**

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of the PFC program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of the PFC program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of the PFC 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 Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

*KCoe Jam, LLP*

January 30, 2024  
Great Falls, Montana