Reports of Independent Auditors
and Financial Statements
with Supplementary Information

Missoula County Airport Authority

June 30, 2024 and 2023

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Missoula County Airport Authority
Missoula, Montana
Organization – Board of Commissioners and Administration

Board of Commissioners

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Deb Poteet .... Vice Chair

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Report of Independent Auditors

The Board of Commissioners
Missoula County Airport Authority

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Missoula County Airport Authority (the Authority), which comprises the statements of net position as of June 30, 2024 and 2023, and the related statements of revenues, expenses, and changes in net position and cash flows for the years then ended, and the related notes to the financial statements, as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the Authority as of June 30, 2024 and 2023, and the respective changes in net position and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits 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 (Government Auditing Standards)*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Authority and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. 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 of the financial statements, Missoula County Airport Authority adopted the provisions of GASB Statement No. 101, *Compensated Absences*. The financial statements have been retroactively restated for these changes. 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 accounting principles generally accepted in the United States of America, 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.

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 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.

Auditor's 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 auditor's 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 GAAS and *Government Auditing Standards* 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 *Government Auditing Standards*, 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 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 Authority's ability to continue as a going concern for a reasonable period of time.

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.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis, schedule of proportionate share of the PERS net pension liability, schedule of PERS contributions, and notes to required supplementary information, as listed in the table of contents, 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 auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Authority's basic financial statements. The schedule of expenditures of federal awards as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, the schedule of Passenger Facility Charges (PFC) collected and expended as required by the Federal Aviation Administration, *Passenger Facility Charge Audit Guide for Public Agencies*, operating revenues, operating expenses, revenue bond coverage, and federally funded airport projects are presented for purposes of additional analysis and are not a required part of the basic 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. 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 auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is 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 Organization – Board of Commissioners and Administration, the airport operations information, insurance in force, and graphs, but does not include the basic financial statements and our auditor’s 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 *Government Auditing Standards*, we have also issued our report dated December 17, 2024, on our consideration of Missoula County Airport Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 Missoula County Airport Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Missoula County Airport Authority's internal control over financial reporting and compliance.

Moss Adams LLP

Portland, Oregon
December 17, 2024

Management's Discussion and Analysis

MISSOULA COUNTY AIRPORT AUTHORITY
MISSOULA, MONTANA

MANAGEMENT'S DISCUSSION AND ANALYSIS

To Whom It May Concern:

We are pleased to present Missoula County Airport Authority's (the Authority) audited financial statements for the fiscal years ended June 30, 2024 and 2023. Independent Certified Public Accountants have issued an unmodified opinion on these financial statements. The discussion and analysis that follows provides an overview of the Missoula County Airport Authority's financial activities for the fiscal year ended June 30, 2024.

OVERVIEW OF THE FINANCIAL STATEMENTS

The Statements of Net Position and the Statements of Revenues, Expenses, and Changes in Net Position report information about the Authority as a whole and about its activities. These statements include all assets, deferred outflows of resources, liabilities, and deferred inflows of resources of the Authority using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. Revenues and expenses are recorded when they are earned or incurred regardless of when cash is received or paid.

These two statements report on the Authority's net position and changes in net position. Net position is the difference between assets and deferred outflows, and liabilities and deferred inflows, which is one way to measure the Authority's financial health, or financial position. Over time, increases or decreases in the Authority's net position is one indicator of whether its financial health is improving or deteriorating.

FINANCIAL HIGHLIGHTS

As shown on the **Statements of Net Position:**

	2024	As Restated 2023	2024 to 2023 Changes	%	2022	2023 to 2022 Changes	%
Current Assets	$ 14,029,935	$ 13,646,829	$ 383,106	3%	$ 12,060,475	$ 1,586,354	13%
Restricted Cash	1,503,252	2,885,936	(1,382,684)	-48%	1,724,861	1,161,075	67%
Capital Assets, Net	153,278,083	130,579,198	22,698,885	17%	124,476,887	6,102,311	5%
Other Assets	1,855,687	3,596,022	(1,740,335)	-48%	5,503,408	(1,907,386)	-35%
Deferred Outflows	978,352	738,296	240,056	33%	763,771	(25,475)	-3%
Total Assets and Deferred Outflows	171,645,309	151,446,281	20,199,028	13%	144,529,402	6,916,879	5%
Current Liabilities	5,985,990	4,260,811	1,725,179	40%	4,694,786	(433,975)	-9%
Long-term Liabilities	33,146,405	25,665,957	7,480,448	29%	21,633,563	4,032,394	19%
Deferred Inflows	2,324,808	4,704,817	(2,380,009)	-51%	7,864,434	(3,159,617)	-40%
Total Liabilities and Deferred Inflows	41,457,203	34,631,585	6,825,618	20%	34,192,783	438,802	1%
Net Investment In Capital Assets	125,046,068	108,908,534	16,137,534	15%	105,036,387	3,872,147	4%
Restricted	1,503,252	2,885,936	(1,382,684)	-48%	1,724,861	1,161,075	67%
Unrestricted	3,638,786	5,020,226	(1,381,440)	-28%	3,575,371	1,444,855	40%
Total Net Position	130,188,106	116,814,696	13,373,410	11%	110,336,619	6,478,077	6%
Total Liabilities, Deferred Inflows & Net Position	$ 171,645,309	$ 151,446,281	$ 20,199,028	13%	$ 144,529,402	$ 6,916,879	5%

Total assets and deferred outflows of $171,645,309 includes:

- Current assets and restricted assets consisting of $8,531,451 in cash and investments, $1,503,252 in restricted cash, $1,721,660 in accounts receivable and $3,776,824 in other current assets which includes grants receivable, lease interest receivable, short-term lease receivable, prepaid expenses and other assets, and current portion of the note receivable.
- Net capital assets of $153,278,083.
- Other assets equal to $1,855,687 which includes the long-term portion of a note receivable, long-term lease receivable, other long-term assets, and subscription-based information technology arrangements (SBITA) as explained in the notes to the financial statements.
- Deferred outflows of resources of $978,352, are related to pension and OPEB adjustments as explained in the notes to the financial statements.
- Overall assets and deferred outflows increased by 13%.

FINANCIAL HIGHLIGHTS (CONTINUED)

Total liabilities and net position include:

- Current liabilities include accounts payable and accrued liabilities of $5,417,334, current liabilities related to payroll and leave balances of $426,889, current portion of long-term debt of $548,542, and current SBITA liabilities of $76,957.
- Long-term liabilities include accrued liabilities of $282,314, notes payable of $26,557,036, as well as the Authority's share of the unfunded pension liability in the Public Employees Retirement System of $4,150,997, contract retainage of $1,232,715, SBITA liability of $183,948, and OPEB liability of $255,663.
- Deferred inflows of resources include pension adjustments of $148,056, OPEB adjustments of $51,450, and leases of $2,125,302 as discussed in the notes to the financial statements.
- The net position of $130,188,106 includes $125,046,068 invested in capital assets net of related debt, $1,503,252 in restricted net position and $3,638,786 in unrestricted net position.

As shown on the **Statements of Revenues, Expenses, and Changes in Net Position:**

	2024	As Restated 2023	2024 to 2023 Changes	%	2022	2023 to 2022 Changes	%
Operating Revenues	$ 12,459,348	$ 11,749,606	$ 709,742	6%	$ 10,240,204	$ 1,509,402	15%
Operating Expenses	(9,862,647)	(8,597,802)	(1,264,845)	15%	(7,406,170)	(1,191,632)	16%
Depreciation	(7,962,603)	(8,041,045)	78,442	-1%	(6,168,907)	(1,872,138)	30%
Other Expense	(719,233)	(493,121)	(226,112)	46%	(113,316)	(379,805)	335%
Capital Contributions	19,458,545	11,860,439	7,598,106	64%	18,398,531	(6,538,092)	-36%
Change in Net Position	$ 13,373,410	$ 6,478,077	$ 6,895,333	106%	$ 14,950,342	$ (8,472,265)	-57%

Overall net position increased by $6,895,333 resulting from:

- A net loss from operations of $5,365,902, which is the net of operating income $2,596,701, less depreciation of $7,962,603.
- Capital contributions of $19,458,545 include $17,472,210 in federal grants, $1,878,580 in passenger facility charge (PFC) collections, and $107,755 in state grants.
- Other revenue (expense) includes interest expense of $894,789, interest revenue of $232,497, amortization of $80,432, and insurance recovery of $23,491.

FINANCIAL HIGHLIGHTS (CONTINUED)

Revenue from operations before depreciation include:

- Operating revenues of $12,459,348 increased by 6% from the previous fiscal year. Sources of operating revenue continue to be diversified over air carrier landing and use fees, terminal rent, car rentals including customer facility charges, parking fees, land leases, ground services, concessions, and fuel flowage fees.
- Operating expenses of $9,862,647 (before depreciation) increased by $1,264,845 or 15% from the previous fiscal year.
- Details of operating revenues and expenses can be found in the Supplementary Information section of this report.
- Details of federally funded projects can be found in the Supplementary Information section of this report.
- No local property tax revenues were received by the Airport.

CAPITAL ASSETS

- At the end of fiscal year 2024 the Authority has $256,337,423 of capital assets, comprised of $46,871,767 in non-depreciable assets, and $209,465,656 in depreciable assets. Capital assets at fiscal year end include land, airfield and other land improvements, buildings, equipment, vehicles, furniture/fixtures, studies, and construction in progress. Additional information can be found in the Notes to the Financial Statements.
- The annual depreciation expense was $7,962,603.
- The amount of new capital asset investment during the year was $30,661,488.
- Capital asset additions, deletions and depreciation resulted in a net increase to property and equipment of $22,698,885.
- At year end, the amount invested in capital assets, net of related debt, totaled $125,046,068.
- At year end, $27,105,578 of debt existed related to capital assets.

The year end construction in progress balance consisted of expenditures incurred for aviation improvements and planning, parking equipment, pavement rehabilitation, snow removal equipment, and the terminal replacement project.

DEBT

- The Authority secured financing from a local lender, to partially fund the terminal replacement project. Further information regarding the terms and structure of the debt can be found in the notes to the financial statements.
- At fiscal year end the Authority had $27,105,578 in debt related to the terminal replacement project.
- The current coverage ratio exceeds the minimum coverage required by the existing debt agreement of 1.25%.

OTHER ECONOMIC INFORMATION

- In July 2022, the Authority began work on the East Concourse phase of the terminal project. The new concourse will include 4 additional boarding gates, a permanent baggage claim area, and space for rental car operations. That project is budgeted at approximately $59 million and expected to be completed in 2025.

This financial report is designed to provide interested parties with a general overview of Missoula Montana Airport Authority's finances and to show the Authority's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Authority's Finance Manager, at Missoula Montana Airport Authority, 5225 Hwy 10 West, Missoula, MT 59808.

Financial Statements

Missoula County Airport Authority
Statements of Net Position
June 30, 2024 and 2023

	2024	As Restated 2023
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES		
CURRENT ASSETS		
Cash and investments	$ 8,531,451	$ 8,761,671
Accounts receivable	1,721,660	1,090,693
Grants receivable	1,965,568	1,313,706
Projects receivable	-	4,336
Current portion of note receivable	100,000	100,000
Current portion of concession contract receivable	-	729,998
Lease interest receivable	9,697	16,118
Short-term lease receivable	1,590,049	1,541,162
Prepaid expenses and other assets	111,510	89,145
Total current assets	14,029,935	13,646,829
RESTRICTED ASSETS		
Cash - passenger facility charges	1,503,252	2,885,936
CAPITAL ASSETS, NET	153,278,083	130,579,198
OTHER LONG-TERM ASSETS		
Note receivable, net of current portion	700,518	800,259
Lease receivable, net of current portion	737,144	2,327,192
SBITA, net	367,183	219,504
Other long-term assets	50,842	249,067
Total other long-term assets	1,855,687	3,596,022
DEFERRED OUTFLOWS OF RESOURCES		
OPEB adjustments	155,403	174,012
Pension contributions and adjustments	822,949	564,284
Total deferred outflows of resources	978,352	738,296
Total assets and deferred outflows of resources	$ 171,645,309	$ 151,446,281

See accompanying notes.

Missoula County Airport Authority
Statements of Net Position
June 30, 2024 and 2023

	2024	As Restated 2023
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	$ 5,417,334	$ 3,615,370
Current portion of compensated absences	426,889	351,777
Current portion of SBITA liability	76,957	26,199
Current portion of long-term debt	548,542	535,906
Total current liabilities	6,469,722	4,529,252
LONG TERM LIABILITIES		
Compensated absences, net of current portion	282,314	297,290
SBITA liability, net of current portion	183,948	95,721
Long-term debt, net of current portion	26,557,036	20,805,868
Contract retainage	1,232,715	426,474
OPEB liability	255,663	238,171
Pension liability	4,150,997	3,533,992
Total long-term liabilities	32,662,673	25,397,516
Total liabilities	39,132,395	29,926,768
DEFERRED INFLOWS OF RESOURCES		
Pension adjustments	148,056	308,792
OPEB adjustments	51,450	49,609
Leases	2,125,302	3,616,418
Service concession arrangement - Republic Parking	-	729,998
Total deferred inflows of resources	2,324,808	4,704,817
NET POSITION		
Net investment in capital assets	125,046,068	108,908,534
Restricted	1,503,252	2,885,936
Unrestricted	3,638,786	5,020,226
Total net position	$ 130,188,106	$ 116,814,696

See accompanying notes.

Missoula County Airport Authority
Statements of Revenues, Expenses, and Changes in Net Position
Years Ended June 30, 2024 and 2023

	2024	As Restated 2023
OPERATING REVENUES		
Landing field	$ 1,177,873	$ 1,078,992
Terminal	10,258,449	9,699,283
Fixed base/government	262,290	263,651
Industrial park	760,736	707,680
Total operating revenues	12,459,348	11,749,606
DIRECT OPERATING EXPENSES	(9,862,647)	(8,597,802)
REVENUE FROM OPERATIONS BEFORE DEPRECIATION	2,596,701	3,151,804
DEPRECIATION	(7,962,603)	(8,041,045)
LOSS FROM OPERATIONS	(5,365,902)	(4,889,241)
NONOPERATING REVENUE (EXPENSE)		
Interest revenue	232,497	271,899
Interest expense	(894,789)	(803,665)
Other revenue (expense)	(56,941)	38,645
Total nonoperating expense	(719,233)	(493,121)
LOSS BEFORE CONTRIBUTIONS	(6,085,135)	(5,382,362)
CONTRIBUTIONS		
Federal government	17,472,210	7,745,605
CARES Act grants	-	588,161
CRRSA Act grants	-	1,016,149
State grants	-	224,901
Pension revenue – State aid	107,755	109,618
Other transaction agreements	-	186,842
Contributed capital	-	82,682
Passenger facility charges	1,878,580	1,906,481
Total contributions	19,458,545	11,860,439
CHANGE IN NET POSITION	13,373,410	6,478,077
NET POSITION, beginning of year as restated	116,814,696	110,336,619
NET POSITION, end of year	$ 130,188,106	$ 116,814,696

See accompanying notes.

Missoula County Airport Authority
Statements of Cash Flows
Years Ended June 30, 2024 and 2023

	2024	As Restated 2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers	$ 12,022,372	$ 11,473,800
Cash paid to suppliers	(3,659,133)	(3,183,371)
Cash paid to employees and employee benefits	(5,720,363)	(5,446,662)
Net cash flows from operating activities	2,642,876	2,843,767
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Payments for capital assets	(30,661,488)	(14,144,735)
Proceeds on sale of capital asset	-	21,000
Change in construction-related payables	2,283,293	505,734
Interest paid on long-term debt	(854,366)	(761,422)
Proceeds on long-term debt	8,296,000	2,525,000
Principal payments on long-term debt	(2,532,196)	(623,726)
Federal contributions	17,020,488	11,087,677
State grants	-	224,901
Capital contributions	102,162	129,160
Passenger facility charges	1,878,580	1,906,481
Net cash flows from capital and related financing activities	(4,467,527)	870,070
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Pension revenue – State aid	107,755	109,618
Insurance and funds recovery	23,491	73,900
Net cash flows from noncapital financing activities	131,246	183,518
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	80,501	44,579
Net cash flows from investing activities	80,501	44,579
Net change in cash and investments	(1,612,904)	3,941,934
Cash and investments, beginning of year	11,647,607	7,705,673
Cash and investments, end of year	$ 10,034,703	$ 11,647,607

See accompanying notes.

Missoula County Airport Authority
Statements of Cash Flows
Years Ended June 30, 2024 and 2023

	2024	As Restated 2023
CASH AND CASH INVESTMENTS ARE PRESENTED IN THE ACCOMPANYING STATEMENTS OF NET POSITION UNDER THE FOLLOWING CAPTIONS		
Cash and investments	$ 8,531,451	$ 8,761,671
Restricted Cash - passenger facility charges	1,503,252	2,885,936
	$ 10,034,703	$ 11,647,607
RECONCILIATION OF LOSS FROM OPERATIONS TO NET CASH FLOWS FROM OPERATING ACTIVITIES		
Loss from operations	$ (5,365,902)	$ (4,889,241)
Adjustments to reconcile loss from operations to net cash flows from operating activities:		
Depreciation	7,962,603	8,041,045
Change in assets and liabilities:		
Pension and OPEB adjustments	229,718	59,170
Change in receivables	99,031	265,220
Change in prepaid expenses and other assets	(22,365)	(14,610)
Lease and SBITA adjustments	117,443	50,843
Change in unearned revenue and deferred inflows	(729,998)	(735,061)
Change in accounts payable and accrued liabilities	352,346	66,401
Total adjustments	8,008,778	7,733,008
Net cash flows from operating activities	$ 2,642,876	$ 2,843,767
SUPPLEMENTAL DISCLOSURE OF NONCASH FINANCING AND INVESTING ACTIVITIES		
Change in pension and OPEB liability, net	$ 229,718	$ 59,170

See accompanying notes.

Note 1 – Summary of Significant Accounting Policies

Reporting entity – The Missoula County Airport Authority (the Authority) was established on December 29, 1980, through adoption of Resolution Number 80-183 by Missoula County, creating a municipal airport authority conferred with all the powers authorized by Title 67, Chapter 11, Montana Code Annotated. On March 23, 2005, the Missoula County Commissioners adopted Resolution Number 2005-033 to expand the Authority governing Board of Commissioners from five to seven members, two of whom are in the employ of Missoula County. The Commissioners of the Authority serve five-year staggered terms and are appointed by the Missoula County Commissioners.

The County Commissioners appoint the Authority's governing board, but cannot impose their will on the Authority, nor does the County derive any benefit or burden from the Authority. Therefore, the Authority is not considered to be a component unit of the County. Under criteria established by the Governmental Accounting Standards Board (GASB), there are no organizations that are considered to be component units of the Authority.

Nature of operations – The Authority provides airfield, terminal and related facilities to air carriers, charter service operators and other transportation-related concessionaires under various use and lease agreements. These users are granted short-term credit on monthly billings for use fees, rentals and other services. The airport is also open to the public for general aviation use.

Basis of presentation and measurement focus – The 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 reporting. GASB is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The Authority's financial statements include a Statement of Net Position; a Statement of Revenues, Expenses, and Changes in Net Position; and a Statement of Cash Flows. The Authority's financial statements are presented using the "economic resources" measurement focus and the accrual basis of accounting. Accordingly, all assets, deferred outflows of resources, liabilities (whether current or noncurrent), and deferred inflows of resources are included on the Statement of Net Position. The Statement of Revenues, Expenses, and Changes in Net Position presents increases (revenues) and decreases (expenses) in total Net Position. Under the accrual basis of accounting, revenues are recognized in the period in which they occur while expenses are recognized in the period incurred, regardless of the timing of related cash flows.

Operating revenues are those revenues that are generated from the primary operations of the Authority. All other revenues are reported as non-operating revenues. Operating expenses are those expenses that are essential to the primary operation of the Authority. All other expenses are considered non-operating expenses.

New accounting pronouncements – The Authority has adopted the provisions of the following GASB pronouncements for fiscal year 2024:

In June 2022, the GASB issued Statement No. 100, *Accounting Changes and Error Corrections*, effective for the Authority's fiscal year beginning July 1, 2023. The statement defines accounting changes and prescribes the accounting and financial reporting for each type of accounting change and error correction. The adoption of this statement did not have a material effect on the Authority's financial statements.

In June 2022, the GASB issued Statement No. 101, *Compensated Absences*, effective for the Authority's fiscal year beginning July 1, 2024. The statement updates the recognition and measurement guidance for compensated absences to better meet the information needs of financial statement users. The Authority early-adopted this standard during the year ended June 30, 2024, and restated amounts reported for June 30, 2023 in the amount of $115,422. The impact prior to years ended June 30, 2023, was determined to not be material to the Authority's financial statements.

Classification of net position

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

Restricted net position – These are resources that are expendable only for specified purposes. The Authority's restricted net position amounts are primarily to be used for debt service payments as required under the Passenger Facility Charge program as of June 30, 2024 and 2023.

Unrestricted net position – These are resources over which the governing board has discretionary control.

Cash – For purposes of the statement of cash flows, the Authority considers all highly liquid instruments with an original maturity of three months or less to be cash equivalents, including Montana Short-term Investment Pool (STIP) amounts and restricted cash.

Investments – Investments consist of debt service reserve amounts on deposit with the revenue bonds trustee. Under the terms of the related revenue bond indenture, bond fund investments are restricted to qualified investments, which generally consist of U.S. government obligations, obligations of U.S. agencies guaranteed by the full faith and credit of the United States, STIP investments, repurchase agreements, and institution deposits that are secured by appropriate securities or insurance. Investments are reported at fair value.

Capital assets – Capital assets are recorded at cost, including freight and delivery costs incidental to placing the assets into service. Repairs and maintenance are expensed when incurred and betterments costing more than $15,000 are capitalized.

Depreciation is provided on a straight-line basis over the estimated useful lives of the related assets as follows:

Airfield improvements	5-15 years
Building and related improvements	5-30 years
Other land improvements	5-15 years
Equipment	5-15 years
Furniture and fixtures	3-5 years
Vehicles	5-10 years
Studies	5-10 years

Costs relating to the construction or expansion of Authority property and equipment are recorded as construction in-progress until the project is completed and placed into service.

Leases – Lease receivables and deferred inflows of resources are reported on the statements of net position. At the commencement of a lease, the lease receivable is initially measured at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Subscription-based information technology arrangements (SBITAs) – SBITA intangible right-to-use assets and liabilities are reported under other long-term assets, and current and long term liabilities, respectively, on the statements of net position. At the commencement of the agreement, SBITA liabilities are measured at the present value of payments expected to be made during the contract term. Subsequently, the SBITA liability is reduced by the principal portion of payments made. The SBITA asset is initially measured as the initial amount of the SBITA liability, adjusted for payments made at or before the contract commencement date, plus certain initial direct costs. Subsequently, the SBITA asset is amortized on a straight-line basis over its useful life.

The interest rate charged by the SBITA vendor is used as the discount rate. When the interest rate charged by the vendor is not provided, the Authority’s estimated incremental borrowing rate is used. The SBITA term includes the noncancellable period of the agreement. SBITA payments included in the measurement of the liability are composed of fixed payments and purchase option price, if applicable, that is reasonably certain to be exercised.

Impairment of long-lived assets – The Authority evaluates its capital and other long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable.

Federal capital contributions – The Authority receives capital contributions from the U.S. Department of Transportation for airport construction, development and planning and are recorded as expenditures are incurred.

Federal economic relief for 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 percent for Airport Improvement Program (AIP) and supplemental discretionary grants. Under normal circumstances, AIP grant recipients contribute a matching percentage of the project costs.

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

Under the CARES Airport Program:

- Primary commercial service airports, with more than 10,000 annual passenger boardings, received additional funds based on the number of annual boardings, in a similar way to how they currently receive AIP entitlement funds.

- All commercial service airports received funds based on the number of passengers that board aircraft there, 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 Authority received a grant award totaling $5,616,102 related to the CARES Act. As of June 30, 2023, the Authority recognized $588,161 as grant revenue on the CARES Act grant to reimburse eligible expenses. No funds were recorded as revenue during the year ended June 30, 2024, as the funds were exhausted during the prior year.

During 2021, legislation provided additional economic relief to airports in order to prevent, prepare for, and respond to the COVID-19 pandemic. Coronavirus Response and Relief Supplemental Appropriation Act, 2021 (CRRSA) was signed into law on December 27, 2020. The Authority received $3,294,323 in CRRSA Act funds to reimburse operating costs, debt service payments, debt defeasance and eligible project costs. As of June 30, 2023, the Authority recognized $1,016,149 as grant revenue to reimburse eligible expenses. No funds were recorded as revenue during the year ended June 30, 2024, as the funds were exhausted during the prior year.

Passenger facility charges – The Authority is authorized under Federal Aviation Administration (FAA) regulations to charge a passenger facility charge of four dollars and fifty cents ($4.50) per enplaned passenger to fund designated capital projects. The passenger facility charges (PFCs) are collected by air carriers and remitted to the Authority on a monthly basis, net of an administrative fee retained by the carriers. PFCs are accounted for in a manner similar to federal capital contributions. PFC cash and related interest earnings are maintained in a separate bank account until disbursed for a qualified project.

Contributed capital, projects receivable and note receivable – The Authority occasionally receives capital contributions from airport tenants for capital improvement projects. Capital contributions are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Projects receivable at June 30, 2023, represented the balance due to the Authority for eligible capital improvement costs incurred. No project receivable were recorded at June 30, 2024.

In fiscal year 2022, the Authority incurred $1,000,000 in capital improvement cost that will be repaid by a food and beverage concessioner over a ten-year term note. The note is non-interest bearing and requires monthly principal payments beginning July 1, 2022, in the amount of $8,333 per month, or $100,000 annually. Management has determined imputed interest to be immaterial.

Compensated absences – Employees of the Authority are compensated for vacation and sick leave absences. Unused vacation benefits are fully accrued and may be accumulated up to a total not to exceed two times the maximum number of days earned annually as of the end of the first pay period of the next calendar year. Sick leave that has been earned and is expected to be used is recorded within the Authority's compensated absences liability. Additionally, 25 percent of accumulated unused sick leave is accrued per Montana Code Annotated. There is no maximum accrual for sick leave hours; however, the Authority only records the amount anticipated to be used.

Airline revenues – The Authority has executed airline use agreements with three carriers, while other carriers remain subject to rates and charges established by resolution. The resolution and use agreements specify a combination of compensatory and residual rate-making methods for various cost centers. The effects of differences between estimated and actual amounts in the residual cost center are reconciled and resolved once the annual audit has been substantially completed. The reconciliation revealed no amount due to the airlines at June 30, 2024 and 2023. The term of the current agreement is July 1, 2022, to June 30, 2027, with an optional 3 year renewal.

Marketing – Marketing costs represent expenditures related to air service development. These costs are charged to operations in the year incurred and totaled $203,698 and $183,783, in 2024 and 2023, respectively.

Use of 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.

Reclassifications – Certain amounts from the financial statements have been reclassified to conform to current year presentation. These reclassifications had no impact on the change in net position.

Note 2 – Cash and Investments

Cash and investments at June 30 were as follows:

	2024	2023
Petty cash	$ 300	$ 300
Cash in checking, general	4,643,575	5,976,021
Project checking account	5,000	5,000
Undeposited funds	2,940	46,004
U.S. Forest Service account	160,360	50,040
Payroll checking account	128,747	(1,432)
PFC cash account	1,503,252	2,885,936
CFC account	321,758	321,398
STIP	937,638	783,989
Money market accounts	2,322,855	1,242,518
Flex - benefits	6,903	7,593
Direct deposit account	1,043	-
Contingency account (Debt service account)	332	330,240
	$ 10,034,703	$ 11,647,607

Cash and investments are presented in the statements of net position as follows at June 30:

	2024	2023
Cash and investments	$ 8,531,451	$ 8,761,671
Restricted assets		
Cash	1,503,252	2,885,936
Total cash and investments	$ 10,034,703	$ 11,647,607

The Authority reports certain investments at fair value in the statements of net position and recognizes the corresponding change in the fair value of investments in the year in which the change occurred in the statements of revenues, expenses, and changes in net position.

Fair value measurements – The Authority categorizes its fair value measurements within the fair value hierarchy established by GAAP. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets (these assets are valued using quoted prices in active markets); Level 2 inputs are significant other observable inputs (these assets are valued using matrix pricing); Level 3 inputs are significant unobservable inputs (these assets are valued using consensus pricing). All of the Authority's assets are valued using Level 1 inputs.

Deposits

Custodial Credit Risk for deposits is the risk that in the event of bank failure, the Authority's deposits may not be returned or the Authority will not be able to recover collateral securities in the possession of an outside party. The Authority's policy requires that all deposits are insured by an agency of the United States Government and deposits in excess of insurance require pledged securities in compliance with Section 7-6-207 of the Montana Code Annotated (MCA). Third-party safekeeping of collateral is mandatory and pledged securities are valued at market rather than face value. All deposits were insured or collateralized at June 30, 2024 and 2023.

Custodial credit risk for deposits is not formally addressed by bond indentures or pension trust policy. Indentures require that the trustee bank specified in the indenture maintain restricted deposits.

Investment Policies

Credit Risk is the risk that an issuer or other counterpart to an investment will not fulfill its obligations. Investing is performed in accordance with investment policies adopted by the Authority's Commissioners complying with State Statutes and any applicable Attorney General, County Attorney, and Airport Authority-retained counsel's opinions. Authority funds may be invested in obligations of the U.S. Treasury and U.S. Government Agencies, interest- bearing certificates of deposit and repurchase agreements. Statutes require that securities underlying repurchase agreements must have a market value of at least 100% of the cost of the repurchase agreement.

Interest Rate Risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Authority's investment policy requires the Authority's investment portfolio to be diversified in instruments, institutions, and maturity dates to preclude losses due to defaults or market price changes. The Authority may diversify by investing with local financial institutions, STIP, or by purchasing qualified U.S. government securities to the extent it is consistent with the policy objectives on safety of capital and return on investment.

Concentration of Credit Risk is the risk of loss attributed to the magnitude of the Authority's investments in a single issuer. The Authority's investment policy requires that investments be diversified in instruments, institutions, and maturity dates.

External Investment Pool

STIP is managed by a State agency, the Montana Board of Investments, and invests in short- term, highly liquid investments. Amounts invested may be redeemed at any date at the carrying value on that date. The STIP unit value is fixed at $1 for both purchases and redemption. A purchased unit earns income on the purchase date and ceases to earn income on the day before the unit is sold. Income is distributed on the first calendar day of each month and is generally reinvested in additional units.

STIP is not registered with the Securities and Exchange Commission (SEC), but it operates in a manner consistent with the SEC's Rule 2a-7 of the Investment Company Act of 1940 (similar to a money market fund). The net asset value of the pooled investments is determined annually and is based on year-end market prices.

Credit risk reflects the security quality rating, by investment security type. If a security type is not rated, the quality type is indicated by NR (not rated). Although the individual investment types in STIP have been rated, STIP, as an external investment pool, has not been rated by the Nationally Recognized Statistical Rating Organizations (NRSRO). The NRSRO consists of Standard and Poor (S&P), Moody's, Duff and Phelps, Fitch, IBCA, and Thompson's Bank Watch. The S&P rating service provides the short-term credit ratings. If an S&P rating is not available, a Moody's rating has been used. An AI+ rating is the highest short-term rating by the S&P rating service.

Audited financial statements for STIP may be obtained from: the State of Montana's Board of Investments, P.O. Box 200126, Helena, MT 59620-0126.

Note 3 – Accounts Receivable

Accounts receivable include amounts due from air carriers, car rentals, and parking facilities. These receivables are due within one year. It is the Authority's policy to charge off receivables when management determines the receivable will not be collected. Based upon management's analysis, an allowance for uncollectible accounts is not considered necessary.

At June 30, accounts receivable consisted of the following:

	2024	2023
Trade	$ 1,475,037	$ 947,617
Advertising	33,243	5,035
Ground handling	213,380	138,041
	$ 1,721,660	$ 1,090,693

Note 4 – Capital Assets

A summary of capital assets at June 30, 2024, is as follows:

	Balance July 1, 2023	Additions	Deletions, Transfers and Reclassifications	Balance June 30, 2024
Capital assets not being depreciated				
Land	$ 11,617,234	$ -	$ -	$ 11,617,234
Construction in progress	14,749,945	30,525,863	(10,021,275)	35,254,533
Total capital assets not being depreciated	26,367,179	30,525,863	(10,021,275)	46,871,767
Capital assets being depreciated				
Land improvements	20,577,484	-	-	20,577,484
Buildings	86,569,968	25,012	319,772	86,914,752
Runways, taxiways, apron	70,927,696	-	9,424,671	80,352,367
Air traffic control tower	6,513,530	-	-	6,513,530
Studies	1,925,407	-	-	1,925,407
Machinery and equipment	3,511,933	65,417	276,832	3,854,182
Vehicles	7,821,686	45,196	(65,512)	7,801,370
Furniture and fixtures	1,526,564	-	-	1,526,564
Total capital assets being depreciated	199,374,268	135,625	9,955,763	209,465,656
Less accumulated depreciation	(95,162,249)	(7,962,603)	65,512	(103,059,340)
Capital assets, net	$ 130,579,198	$ 22,698,885	$ -	$ 153,278,083

A summary of capital assets at June 30, 2023, follows:

	Balance July 1, 2022	Additions	Deletions, Transfers and Reclassifications	Balance June 30, 2023
Capital assets not being depreciated				
Land	$ 11,617,234	$ -	$ -	$ 11,617,234
Construction in progress	4,705,490	13,876,621	(3,832,166)	14,749,945
Total capital assets not being depreciated	16,322,724	13,876,621	(3,832,166)	26,367,179
Capital assets being depreciated				
Land improvements	20,416,305	230,247	(69,068)	20,577,484
Buildings	83,531,944	-	3,038,024	86,569,968
Runways, taxiways, apron	70,927,696	-	-	70,927,696
Air traffic control tower	6,513,530	-	-	6,513,530
Studies	1,925,407	-	-	1,925,407
Machinery and equipment	3,210,247	-	301,686	3,511,933
Vehicles	7,264,986	198,676	358,024	7,821,686
Furniture and fixtures	1,549,110	-	(22,546)	1,526,564
Total capital assets being depreciated	195,339,225	428,923	3,606,120	199,374,268
Less accumulated depreciation	(87,185,062)	(8,041,045)	63,858	(95,162,249)
Capital assets, net	$ 124,476,887	$ 6,264,499	$ (162,188)	$ 130,579,198

Note 5 – Long-Term Debt

Long-term debt from direct borrowings at June 30 consisted of the following:

	2024	2023
Airport revenue note - series 2019A	$ 13,316,800	15,316,800
Airport revenue note - series 2019B	2,917,498	3,449,694
Airport revenue note - series 2022	10,871,280	2,575,280
	27,105,578	21,341,774
Current portion of long-term debt	(548,542)	(535,906)
	$ 26,557,036	$ 20,805,868

The Authority's outstanding notes from direct borrowings of $27,105,578 are secured by net revenues, passenger facility charges and customer facility charges. The outstanding notes from direct borrowings require, among other things, that net operating revenues equal at least 125 percent of the debt service requirement (the rate covenant), minimum levels of insurance coverage, and compliance with PFC regulations. The notes are subject to redemption and prepayment in whole or in part at the option of the Authority.

Airport Revenue Note Series 2019A was issued in August 2019 as a draw down obligation for $27,500,000 with the principal amounts advanced as requested by the Authority. Interest on the unpaid principal is calculated on the basis of actual number of days elapsed in a 365 or 366 day year at a fixed annual interest rate of 3.98%. Interest is due and payable on the 1st day of each calendar quarter, beginning July 1, 2020. Principal is due and payable on the 1st day of each calendar quarter, beginning July 1, 2029. All unpaid principal and accrued interest is due and payable on July 1, 2044.

Airport Revenue Note Series 2019B was issued in August 2019 as a draw down obligation for $7,500,000 with the principal amounts advanced as requested by the Authority. Interest on the unpaid principal is calculated on the basis of actual number of days elapsed in a 365 or 366 day year at a fixed annual interest rate of 3.04%. Interest is due and payable on the 1st day of each calendar quarter, beginning July 1, 2020. Principal is due and payable on the 1st day of each calendar quarter, beginning July 1, 2022. All unpaid principal and accrued interest is due and payable on April 1, 2029.

Airport Revenue Note Series 2022 was issued in April 2022 as a draw down obligation for $30,000,000 with the principal amounts advanced as requested by the Authority. Interest on the unpaid principal is calculated on the basis of actual number of days elapsed in a 365 or 366 day year at a fixed annual interest rate of 3.87%. Interest is due and payable on the 1st day of each calendar quarter, commencing April 1, 2023, and principal is due and payable on the 1st day of each calendar quarter, commencing July 1, 2032. All unpaid principal of accrued interest is due and payable on April 1, 2047.

The holder of the Series 2022 Note will provide the Authority a debt maturity schedule based upon the principal amount drawn down by the Authority.

As of June 30, 2024, the future payments of the Series 2019 were as follows:

	Principal	Interest	Total Payments
Note Payable to First Security Bank - Series 2019B & 2019A			
2025	$ 548,542	$ 612,810	$ 1,161,352
2026	565,473	595,879	1,161,352
2027	582,927	578,426	1,161,353
2028	600,854	561,950	1,162,804
2029	619,702	541,888	1,161,590
2030-2034	3,515,957	2,330,671	5,846,628
2035-2039	4,286,212	1,560,416	5,846,628
2040-2044	5,225,172	621,456	5,846,628
2045-2047	289,459	2,872	292,331
	$ 16,234,298	$ 7,406,368	$ 23,640,666

Changes in long-term debt were as follows:

	Balance July 1, 2023	Additions	Reductions	Balance June 30, 2024	Amount Due in One Year
Notes Payable:					
First Security Bank - series 2019A	$15,316,800	$ -	$ (2,000,000)	$13,316,800	$ -
First Security Bank - series 2019B	3,449,694	-	(532,196)	2,917,498	548,542
First Security Bank - series 2022	2,575,280	8,296,000	-	10,871,280	-
	21,341,774	8,296,000	(2,532,196)	27,105,578	548,542
Other Liabilities:					
Accrued vacation and sick leave*	649,067	60,136	-	709,203	426,889
	$21,990,841	$ 8,356,136	$ (2,532,196)	$27,814,781	$ 975,431

*The change in accrued vacation and sick leave liability is presented as a net change.

Note 6 – Lease of Airport Facilities

The 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 (Transportation Security Administration and U.S. Forest Service). Certain lease agreements, by their terms, require annual determination of the rental charge based on predetermined formulas.

The 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 (MAG). Amounts in excess of the minimum annual guarantee are considered variable payments and not included in the measurement of the lease receivable.

A schedule of terms and conditions for leases that require the lessee to remit a percentage of its revenue as rental charge as of June 30, 2024, follows:

Description	Terms	Conditions
On-airport car rentals	07/01/2020 - 06/30/2025	MAG or % of gross receipts as defined in the lease agreement, whichever is greater
In terminal food and beverage service	07/01/2022 - 06/30/2033	% of gross receipts as defined in the lease agreement

Certain leases are considered regulated leases because the FAA and Department of Transportation (DOT) grant assurances require the 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 lease-related revenue for the years ended June 30:

Lease-related revenue*	2024	2023
Lease revenue		
Land	$ -	$ 12,657
Building	1,491,117	1,479,407
Total Lease Revenue	1,491,117	1,492,064
Interest Revenue	151,996	227,320
Variable & other revenue	2,871,190	3,314,824
Total	$ 4,514,303	$ 5,034,208

* Lease-related revenue is included in the accompanying statements of revenues, expenses, and changes in net position with terminal operating revenue.

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

	Principal	Interest	Total Receipts
2025	$ 1,590,049	$ 79,817	$ 1,669,866
2026	123,740	34,047	157,787
2027	130,071	27,716	157,787
2028	136,725	21,062	157,787
2029	60,112	15,450	75,562
2030-2034	191,714	49,054	240,768
2035-2037	94,782	5,963	100,745
	$ 2,327,193	$ 233,109	$ 2,560,302

Estimated future minimum lease payments for regulated leases are as follows:

2025	$ 1,138,271
2026	885,603
2027	861,444
2028	354,617
2029	344,552
2030-2034	1,640,015
2035-2039	1,460,712
2040-2044	731,442
2045-2049	481,271
2050-2054	167,146
2055-2059	108,616
	$ 8,173,689

Note 7 – Subscription-Based Information Technology Arrangements (SBITAs)

The Authority has entered into three subscription-based contracts to utilize vendor-provided information technology software, with contract terms ranging between 3 to 5 years. As of June 30, 2024 and 2023, the Authority recorded $502,491 and $274,380 for intangible subscription assets with an associated $135,308 and $54,876 of accumulated amortization, respectively.

Minimum future payments for SBITAs for the five succeeding fiscal years and thereafter are as follows:

	Principal	Interest
2025	$ 76,957	$ 11,866
2026	83,185	8,843
2027	100,763	5,772
Total	$ 260,905	$ 26,481

Note 8 – Public Employees' Retirement System (PERS)

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 GASB.

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

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

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

Summary of benefits

Eligibility for benefit

Service retirement:

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

Early retirement:

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

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

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

Highest Average Compensation (HAC)

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

Compensation cap

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

Monthly benefit formula

1. Members hired prior to July 1, 2011:
   - ♦ Less than 25 years of membership service: 1.785% of HAC per year of service credit;
   - ♦ 25 years of membership service or more: 2% of HAC per year of service credit.
2. Members hired on or after July 1, 2011:
   - ♦ Less than 10 years of membership service: 1.5% of HAC per year of service credit;
   - ♦ 10 years or more, but less than 30 years of membership service: 1.785% of HAC per year of service credit;
   - ♦ 30 years or more of membership service: 2% of HAC per year of service credit.

Guaranteed Annual Benefit Adjustment (GABA)

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

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

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

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

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

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

Fiscal	Member		State &				
Year	Hired	Hired	Universities	Local Government		School Districts	
	<07/01/11	>07/01/11	Employer	Employer	State	Employer	State
2024	7.900%	7.900%	9.170%	9.070%	0.100%	8.800%	0.370%
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%	0.235%
2000-2007	6.900%		6.900%	6.800%	0.100%	6.800%	0.100%

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

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 $34,979,900.

Pension liabilities, pension expense, and deferred outflows of resources and deferred inflows of resources related to pensions – GASB 68 allows a measurement date of up to 12 months before the employer's fiscal year-end can be utilized to determine the Plan's total pension liability (TPL). The basis for the TPL as of June 30, 2024, was determined by taking the results of the June 30, 2023, actuarial valuation and applying standard roll-forward procedures. The roll-forward procedure uses a calculation that adds the annual normal cost (also called the service cost), subtracts the actual benefit payments and refunds for the plan year, and then applies the expected investment rate of return for the year. The roll-forward procedure will include the effects of any assumption changes and legislative changes. The update procedures are in conformity with Actuarial Standards of Practice issued by the Actuarial Standards Board.

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, 2024 and 2023, 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 Authority recorded a liability of $4,150,997 and the employer's proportionate share was 0.170098 percent.

	Net Pension Liability as of June 30, 2024	Net Pension Liability as of June 30, 2023	Percent of Collective NPL as of June 30, 2024	Percent of Collective NPL as of June 30, 2023	Change in Percent of Collective NPL
Authority proportionate share	$ 4,150,997	$ 3,533,992	0.170098%	0.148619%	0.021479%
State of Montana proportionate share associated with the Authority	1,148,595	1,057,576	0.047067%	0.044475%	0.002592%
Total	$ 5,299,592	$ 4,591,568	0.217165%	0.193094%	0.024071%

Changes in actuarial assumptions and methods – There have been no changes to the assumptions or other inputs that affected the measurement of the TPL since the previous measurement date.

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 Authority's reporting date that are expected to have a significant effect on the Authority's proportionate share of the collective NPL.

Pension expense – At June 30, 2024, the Authority recognized $493,974 for its proportionate share of the Plan's pension expense and recognized grant revenue of $107,755 for the support provided by the State of Montana for its proportionate share of the pension expense associated with the Authority.

	Pension expense as of 6/30/2024	Pension expense as of 6/30/2023
Authority's proportionate share	$ 493,974	$ 324,038
State of Montana proportionate share associated with the employer	107,755	109,618
Total	$ 601,729	$ 433,656

Recognition of deferred inflows and outflows – At June 30, 2024, the 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 vs. actual experience	$ 165,327	$ -
Change in assumptions	-	148,056
Projected vs. actual investment earnings	10,532	-
Changes in proportion share and differences between employer contributions and proportionate share of contributions	353,081	-
Employer contributions subsequent to measurement date	294,009	-
Total	$ 822,949	$ 148,056

Deferred outflows of resources related to pensions resulting from the Authority's contributions subsequent to the measurement date in the amount of $294,009 will be recognized as a reduction of the net pension liability in the year ending June 30, 2025.

Other amounts reported as deferred outflows and inflows of resources related to pensions are recognized in the Authority's pension expense as follows:

Year ended June 30	Recognition of deferred outflows and deferred inflows in future years as an increase or (decrease) to Pension Expense
2025	$ 70,908
2026	89,716
2027	245,455
2028	(25,195)

Actuarial assumptions – The TPL in the June 30, 2023, actuarial valuation was determined using the following actuarial assumptions:

- 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%;

         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 the PUB-2010 General Amount Weighted Employer Mortality projected to 2021 for males and females Projected 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 one year for both males and females.

The discount rate used to measure the TPL was 7.30%. The projection of cash flows used to determine the discount rate assumed the 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 the Montana Code Annotated. The state contributed 0.10% of the salaries paid by local governments and 0.37% paid by school districts. In addition, the state contributed a statutory appropriation from 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 2127. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected payments to determine the TPL. A municipal bond rate was not incorporated in the discount rate.

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, 2023, 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 in the following table.

Asset Class	Target Asset Allocation	Long-Term Expected Real Rate of Return Arithmetic Basis
Cash	3.00%	-0.33%
Domestic Equity	30.00%	5.90%
International Equity	17.00%	7.14%
Private Investments	15.00%	9.13%
Real Assets	5.00%	4.03%
Real Estate	9.00%	5.41%
Core Fixed Income	15.00%	1.14%
Non-Core Fixed Income	6.00%	3.02%
Total	100.00%	

Sensitivity of the proportionate share of the net pension liability to changes in the discount rate – The following presents the Authority'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 net pension liability would be if it were calculated using a discount rate 1.00% lower or 1.00% higher than the current rate.

	1.0% Decrease (6.30%)	Current Discount Rate (7.30%)	1.0% Increase (8.30%)
Missoula County Airport Authority's net pension liability	$ 5,996,099	$ 4,150,997	$ 2,603,120

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

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

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

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

At the plan level for the measurement period ended June 30, 2023, 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 340 employers that have participants in the PERS-DCRP totaled $1,409,309.

Pension plan fiduciary net position – The standalone financial statements of the Montana Public Employees Retirement Board (PERB) Annual Comprehensive Financial Report (ACFR) and the GASB 68 Report disclose the Plan's fiduciary net position. The reports are available from the PERB at PO Box 200131, Helena MT 59620-0131, (406)444-3154 or the MPERA website at http://mpera.mt.gov/about/annualreports1/annualreports.

Note 9 – Other Retirement and Medical Benefit Plans

Other retirement plan – In 2024 and 2023, the Authority contributed 4% of compensation for regular full-time employees as a non-elective contribution to the Authority's 414(h) retirement plan (the Plan). The Authority's profit sharing contribution for 2024 and 2023 was 8% of compensation for all eligible employees. The Authority reserves the right to amend the retirement plan, including the percentage of contributions.

The Authority's contributions to the profit sharing plan for years ended June 30, 2024 and 2023, were $281,146 and $271,861, respectively. Employee contributions to the Authority's 414(h) retirement plan for years ended June 30, 2024 and 2023, were $140,577 and $135,930, respectively.

Deferred compensation plan – The Authority sponsors a deferred compensation plan in accordance with Internal Revenue Code Section 457. The Plan is available to all Authority employees, and permits employees to defer a portion of their salary until future years. Participation in the Plan is optional. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency. The retirement plan assets are held in an irrevocable trust, which will protect the plan assets from any potential future claims by creditors.

Medical benefit plan – The Authority participates in the Missoula County Medical Benefit Plan. During 2024 and 2023, the Authority paid $593,785 and $543,423, respectively, to the Plan.

Note 10 – Other Post-Employment Benefits

The Authority participates in the Missoula County Employee Benefits Plan, a self-insured agent multiple-employer plan. To qualify for retiree medical benefits, the employee must have attained the age of 60 plus five years of service, or attained age 65, or completed 30 years of service. An employee may qualify for early retirement by meeting one of the following criteria: attained the age of 50 plus five years of service or completed 25 years of service.

These benefits are established and may be amended by Missoula County. The plan issues stand-alone financial statements which can be obtained from Missoula County Risk & Benefits, 200 West Broadway, Missoula, MT 59802.

Retirees pay into the plan what the Authority and active employees would pay on a monthly basis. Subsequent to retirement, the retiree's relationship is with the benefit plan and the Authority is not required to make any additional contributions for the retired employee.

The OPEB provision is accounted for in accordance with GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The amounts related to OPEB Dare not material to the Authority; therefore, the additional disclosures related to OPEB have not been included within the notes to the financial statements.

Note 11 – Risk Management

The Authority is exposed to various risks of loss related to torts, theft, damage, and destruction of assets; business interruption; errors and omissions; employee injuries and illness; natural disasters; and medical insurance costs of employees. Settled claims did not exceed the commercial coverage for the years ended June 30, 2024, 2023 or 2022. Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. No liability accrual was required at June 30, 2024 and 2023.

The Authority provides workers' compensation coverage for all employees through the Missoula County Workers' Compensation Group Insurance Authority (formerly the Missoula County Workers' Compensation Plan). The Authority's contribution rates were $.009 to $.0625 per $100 of covered salary, depending on employee classification. The Authority's contributions for the years ended June 30, 2024 and 2023 were $104,948 and $116,215, respectively.

As discussed in Note 10, employee medical and life insurance is provided through the Authority's participation in the Missoula County self-insured medical plan.

Note 12 – Commitments and Contingencies

In July 2022, the Authority began work on the East Concourse phase of the terminal project. The new concourse will include 4 additional boarding gates, a permanent baggage claim area, and space for rental car operations. The project is budgeted at approximately $59 million and expected to be complete in 2025. Approximately $30 million is remaining at June 30, 2024.

Note 13 – Service Concession Arrangement

The Authority entered into a concession agreement with Republic Parking System, Inc. (RPS) to operate the Authority's public parking facility located on airport property which expired on June 30, 2024, and was not renewed. The Authority entered into the arrangement as a means to provide parking facilities to members of the public visiting the Missoula Montana Airport (the Airport) in a more efficient, cost-effective manner.

The facility is reported by the Authority as a capital asset and is being depreciated over its useful life. The Authority recorded a receivable in the amount of $729,998 as of June 30, 2023, which was collected during the fiscal year ended June 30, 2024. The deferred inflow of resources was amortized to revenue over the term of the agreement.

Required Supplementary Information

Missoula County Airport Authority
Schedule of Proportionate Share of the PERS Net Pension Liability
* For the Last Ten Fiscal Years
June 30, 2024

Measurement date as of June 30,	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Employer's proportion of the net pension liability as a percentage	0.1701%	0.1486%	0.1467%	0.1572%	0.1538%	0.1355%	0.1709%	0.1536%	0.1509%	0.1402%
Employer's net pension liability as an amount	$ 4,150,997	$ 3,533,992	$ 2,659,825	$ 4,147,738	$ 3,215,165	$ 2,827,317	$ 3,327,526	$ 2,616,735	$ 2,110,016	$ 1,747,437
State of Montana's net pension liability	1,148,595	1,057,576	784,526	1,306,207	1,046,472	948,439	46,963	31,973	25,918	21,339
Total	$ 5,299,592	$ 4,591,568	$ 3,444,351	$ 5,453,945	$ 4,261,637	$ 3,775,756	$ 3,374,489	$ 2,648,708	$ 2,135,934	$ 1,768,776
Employer's covered payroll **	$ 3,162,448	$ 2,611,817	$ 2,591,116	$ 2,637,849	$ 2,537,886	$ 2,227,772	$ 2,119,084	$ 1,840,137	$ 1,761,557	$ 1,610,102
Employer's proportionate share of the net pension liability as a percentage of covered payroll	131.26%	135.31%	102.65%	157.24%	126.69%	126.91%	157.03%	142.20%	119.78%	111.22%
Plan fiduciary net position as a percentage of the total pension liability	73.93%	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.*

*** All employer adjustments made in the current fiscal year 2023 but are adjusting a payroll with a pay date in a prior fiscal year, are considered prior year adjustments and are removed from the covered payroll report before the actuary calculates the employers proportionate share.*

See accompanying notes to required supplementary information.

Missoula County Airport Authority
Schedule of PERS Contributions
* For the Last Ten Fiscal Years
June 30, 2024

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Schedule of Contributions for the Last Ten Fiscal Years*										
Contractually required contributions	$ 294,009	$ 283,672	$ 232,285	$ 229,622	$ 231,111	$ 218,276	$ 188,692	$ 177,398	$ 153,809	$ 145,159
Plan choice rate required contributions	-	-	-	-	-	-	-	-	8,830	11,371
Contributions in relation to the contractually required contributions	$ 294,009	$ 283,672	$ 232,285	$ 229,622	$ 231,111	$ 218,276	$ 188,692	$ 177,398	$ 162,639	$ 156,530
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Employer's covered-employee payroll **	$ 3,241,546	$ 3,162,448	$ 2,611,817	$ 2,591,116	$ 2,637,849	$ 2,537,886	$ 2,227,772	$ 2,119,084	$ 1,840,137	$ 1,761,557
Contributions as a percent of covered-employee payroll	9.07%	8.97%	8.89%	8.86%	8.76%	8.60%	8.47%	8.37%	8.84%	8.89%

**The amounts presented for each fiscal year were determined as of June 30, the most recent fiscal year end.*

*** All employer adjustments made in the current fiscal year 2023 but are adjusting a payroll with a pay date in a prior fiscal year, are considered prior year adjustments and are removed from the covered payroll report before the actuary calculates the employers proportionate share.*

See accompanying notes to required supplementary information.

Changes of benefit terms – The following changes to the plan provisions were made as identified:

2017:

Working retiree limitations – for PERS

Effective July 1, 2017, if a PERS retiree returns as an independent contractor to what would otherwise be PERS-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 a 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 only a 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 became disabled were previously only eligible for a disability benefit until age 65. Effective July 1, 2017, these individuals will be eligible for a disability benefit until they reach 70, thus ensuring the same 5-year time period available to PERS DC disabled members hired prior to July 1, 2011, who have a normal retirement age of 60 and are eligible for a disability benefit until age 65.

Changes 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*	7.30%
*Includes inflation at	2.75%
Merit salary increases	0% to 4.80%
Asset valuation method	4-year smoothed market
Actuarial cost method	Entry age normal
Amortization method	Level percentage of pay, open
Remaining amortization period	30 years
Mortality (healthy members)	PUB-2010 General amount weighted healthy retiree mortality table projected to 2021, with ages set forward one year and adjusted 104% for males and 103% for females. Projected generationally using MP-2021.
Mortality (disabled members)	PUB-2010 General amount weighted disabled retiree mortality table, projected to 2021, set forward one year for both males and females.

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

Supplementary Information

Missoula County Airport Authority
Operating Revenues
Years Ended June 30, 2024 and 2023

	2024	2023	Increase (Decrease)
LANDING FIELD			
Landing fees			
Airlines	$ 847,788	$ 774,422	$ 73,366
Freight carriers	68,572	44,423	24,149
Forest service	-	30,534	(30,534)
Non-based Landing Fees	152,766	124,755	28,011
Non-sig turn fees	-	1,850	(1,850)
Fuel flowage	108,747	103,008	5,739
Total landing field	1,177,873	1,078,992	98,881
TERMINAL			
Airline rentals	487,280	638,400	(151,120)
Advertising revenue	251,107	241,216	9,891
Land transportation facilities			
Customer facility charges	1,035,314	949,616	85,698
On-airport car rentals	2,323,720	2,155,272	168,448
Off-airport car rentals	37,549	45,583	(8,034)
Parking lot	3,345,983	2,975,990	369,993
Rental car fuel	118,924	-	118,924
Glycol disposal	18,164	25,061	(6,897)
Ground services	800,854	905,087	(104,233)
Ground transportation	169,057	172,109	(3,052)
Restaurant	169,021	155,336	13,685
Coffee concession	11,321	10,838	483
Liquor concession	143,425	131,203	12,222
Travel agency	5,272	5,272	-
Gift shops	308,933	355,199	(46,266)
Non-sig use fees	285,202	134,534	150,668
Telephones and vending	29,214	32,101	(2,887)
Utilities reimbursement	28,571	36,674	(8,103)
Security reimbursement	108,649	122,821	(14,172)
Signatory use fee	715,479	761,977	(46,498)
Lease adjustment	(208,463)	(208,648)	185
Other	73,873	53,642	20,231
Total terminal	10,258,449	9,699,283	559,166
FIXED BASE/GOVERNMENT			
Fixed base operator's rental	262,290	263,651	(1,361)
Total fixed base/government	262,290	263,651	(1,361)
INDUSTRIAL PARK			
Building and ground rental	720,347	706,051	14,296
Agricultural ground rental	35,960	(2,674)	38,634
Fuel farm rental	4,429	4,303	126
Total industrial park	760,736	707,680	53,056
TOTAL OPERATING REVENUES	$ 12,459,348	$ 11,749,606	$ 709,742

Missoula County Airport Authority
Operating Expenses
Years Ended June 30, 2024 and 2023

	2024	As Restated 2023	Increase (Decrease)
Accounting and auditing services	$ 92,964	$ 32,500	$ 60,464
Badging related expenses	8,758	-	8,758
Consulting services	238,927	217,099	21,828
Display/visitor information center	14,690	3,228	11,462
Insurance	228,860	200,135	28,725
Legal services	22,906	12,041	10,865
Maintenance, repairs and equipment rentals	1,753,139	1,460,231	292,908
Membership and organization dues	35,503	46,183	(10,680)
Office supplies and equipment	178,442	69,270	109,172
Other	10,838	40,910	(30,072)
Petroleum products and tires	90,090	139,554	(49,464)
Rental car fuel	114,533	-	114,533
Safety supply and equipment	36,665	38,273	(1,608)
Salaries and related payroll expenses	5,963,088	5,415,735	547,353
Telephone	44,013	41,909	2,104
Landing fee commission	30,553	22,779	7,774
Training	80,860	89,191	(8,331)
Travel, meals and public relations	161,618	102,185	59,433
Uniforms and laundry	43,788	68,778	(24,990)
Utilities	712,412	597,801	114,611
	$ 9,862,647	$ 8,597,802	$ 1,264,845

Missoula County Airport Authority
Revenue Bond Coverage
Year Ended June 30, 2024

GROSS REVENUES	
Passenger facility charges	$ 1,878,580
Operating	12,459,348
Plus interest - unrestricted, debt service and debt service reserve	232,497
	14,570,425
OPERATING EXPENSES	9,862,647
NET REVENUE AVAILABLE FOR DEBT SERVICE	$ 4,707,778
FISCAL YEAR DEBT SERVICE REQUIREMENT	$ 3,386,562
COVERAGE RATIO	1.39
MINIMUM DEBT SERVICE COVERAGE REQUIRED BY RATE COVENANT	1.25

Missoula County Airport Authority
Federally Funded Airport Projects
Year Ended June 30, 2024

AIP Funded Projects

Project #	Projects	Percent Complete	Grant Award
80	Master Plan	37%	$ 990,000
81	Terminal Phase II	100%	11,000,000
82	Deice Pad	100%	3,849,000
83	Seal, Crack Repair	100%	1,014,436
84	De-Ice Ramp Expansion	99%	3,054,240
85	Terminal Phase II	80%	3,809,741
86	Terminal Phase II	45%	2,340,936
87	Terminal Phase II & III	22%	6,000,000

Passenger Facility Funded Projects

Application #	Projects	Percent Complete	Grant Award
18-09-C-00-MSO	Approved July 9, 2018 Federally eligible terminal projects costs and related debt service Collection authority for approximately 30 years	25%	$ 36,265,589

Missoula County Airport Authority
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2024

Federal Grantor / Program Description	Federal AL No.	Federal Contract No.	Federal Expenditures	Passed Through to Subrecipients
U.S. Department of Transportation				
Direct:				
Administered by the Federal Aviation Administration				
Airport Improvement Program	20.106	3-30-0056-080-2022	$ 470,250	$ -
Airport Improvement Program	20.106	3-30-0056-081-2022	4,894,704	-
Airport Improvement Program	20.106	3-30-0056-082-2022	2,900,341	-
Airport Improvement Program	20.106	3-30-0056-083-2023	798,211	-
Airport Improvement Program	20.106	3-30-0056-084-2023	3,051,575	-
Airport Improvement Program	20.106	3-30-0056-085-2023	3,054,399	-
Airport Improvement Program	20.106	3-30-0056-086-2023	1,053,067	-
Airport Improvement Program	20.106	3-30-0056-087-2024	1,319,662	-
Total U.S. Department of Transportation			17,542,209	-
Total Federal Expenditures			$ 17,542,209	$ -

See notes to schedule of expenditure of federal awards.

Note 1 – Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the Authority under programs of the federal government for the year ended June 30, 2024. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements of Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Authority, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Authority.

Note 2 – Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable, or are limited as to reimbursement. Reported federal expenditures include capital asset purchases which are capitalized and not reported as expenses in the accompanying financial statements.

Note 3 – Airport Improvement Projects

The Authority receives federal contributions totaling 90-95% of actual expenditures incurred on qualified airport improvement projects, and the Authority provides the remaining match.

Note 4 – Indirect Cost Rate

The Authority has elected not to use the 10% de minimis indirect cost rate described under the Uniform Guidance.

See schedule of expenditures of federal awards.

Missoula County Airport Authority
Schedule of Passenger Facility Charges (PFC) Collected and Expended
Year Ended June 30, 2024

Quarter Ended	PFC Revenue Collected	Interest Earned	Expenditures on PFC Projects
September 2023	$ 339,955	$ 67	$ 342,604
December 2023	435,858	72	314,311
March 2024	367,783	28	2,311,468
June 2024	734,984	25	293,074
Total	$ 1,878,580	$ 192	$ 3,261,457

Total PFC collections authorized	$ 59,763,524
Cumulative PFC collections	33,924,779
Remaining PFC collections authorized	$ 25,838,745

See notes to the schedule of passenger facility charges (PFC) collected and expended.

Note 1 – Basis of Accounting

This Schedule of Passenger Facility Charges (PFC) Collected and Expended (the Schedule) is reported on a cash basis. Therefore, only those revenues received and expenses paid for the quarter are reported. PFC revenues not received or expenses incurred prior to the end of each quarter are not accrued and are reported as revenues and expenses of the subsequent reporting period.

Other Information

Missoula County Airport Authority
Airport Operations Information
Years Ended June 30, 2024 and 2023

REVENUE PASSENGERS HANDLED

	2024	2023
Airlines		
Revenue passengers enplaned	475,040	441,974
Revenue passengers deplaned	472,136	437,063
Total	947,176	879,037

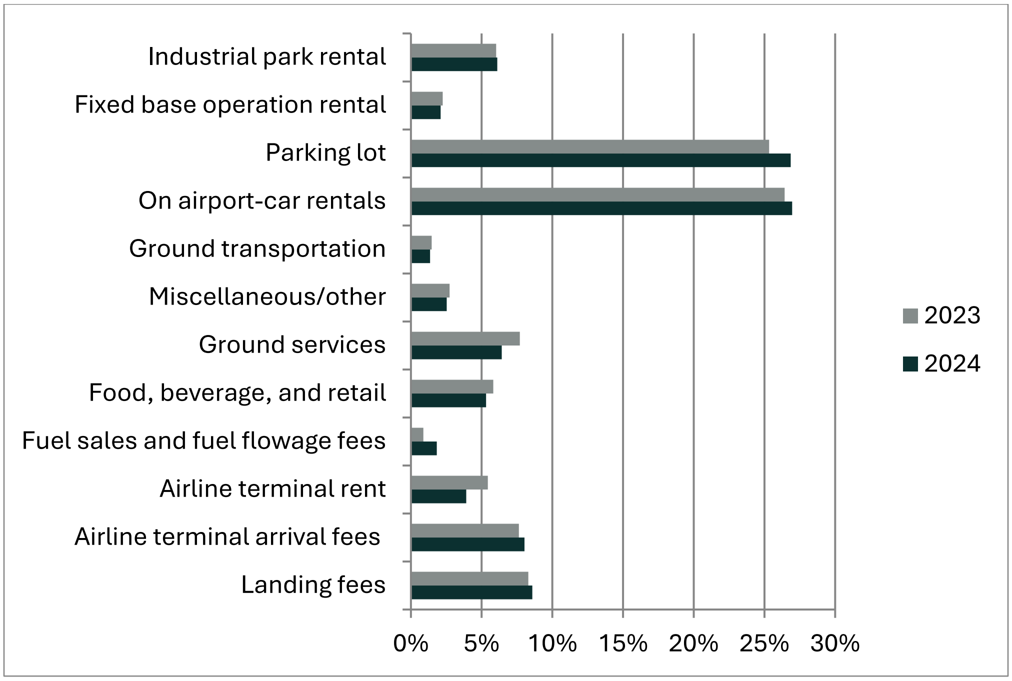
TOWER AIRCRAFT OPERATIONS

	2024	2023
Total Traffic	44,465	41,468

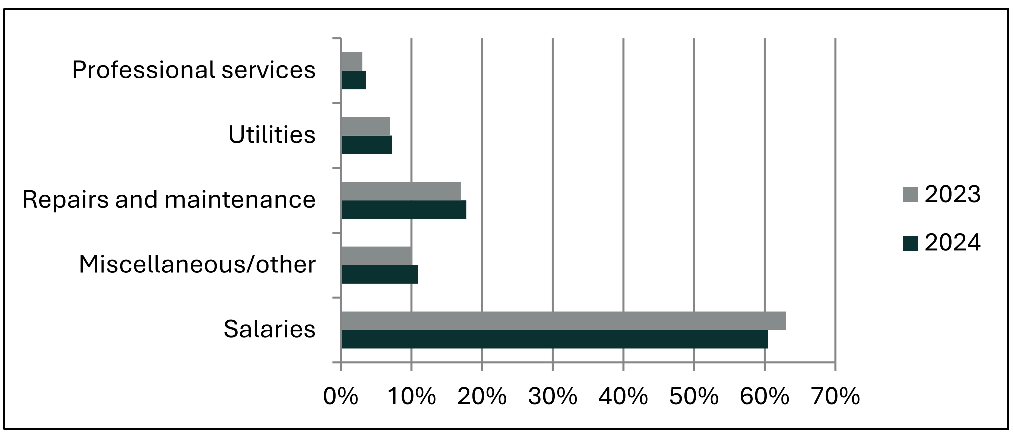
Missoula County Airport Authority
Insurance in Force
Year Ended June 30, 2024

Insurer	Risk Covered	Coverage
PayneWest Insurance		
Liability	Products/completed operations aggregate limit	$ 50,000,000
	Personal/advertising injury aggregate limit	50,000,000
	Fire damage limit any one fire	1,000,000
	Medical expense limit any one person	5,000
	Hangarkeepers liability each aircraft	50,000,000
	Hangarkeepers liability each occurrence	50,000,000
	Employee benefits liability	1,000,000
	On-airport premises auto liability	50,000,000
	Excess auto liability	25,000,000
	Malpractice aggregate limit	50,000,000
	Non-owned aircraft liability	50,000,000
	Excess employers liability (excess of $1m underlying)	25,000,000
	Passenger baggage liability aggregate limit	250,000
	Passenger baggage liability each occurrence	2,500
	Limited terrorism	5,000,000
Commercial Auto	Combined single limit liability	1,000,000
	Uninsured/underinsured motorist	1,000,000
	Hired/non-owned liability	1,000,000
	Medical payments	5,000
	Comprehensive deductible	1,000
	Collision deductible	1,000
Commercial Property	Blanket building limit	75,879,494
	Terminal buildings limit	55,000,000
	Blanket contents limit	900,322
	Terminal contents	733,394
	Blanket business income limit	1,500,000
	Fencing, gates, and outdoor lighting	257,000
	Scheduled mobile equipment	6,287,701
	Flood coverage	1,000,000
	Earthquake coverage	5,000,000
	Crime coverage	125,000
Non-Profit Organization Policy	Directors and officers liability aggregate limit	2,000,000
	Employment practices liability aggregate limit	2,000,000
	Fiduciary liability	1,000,000

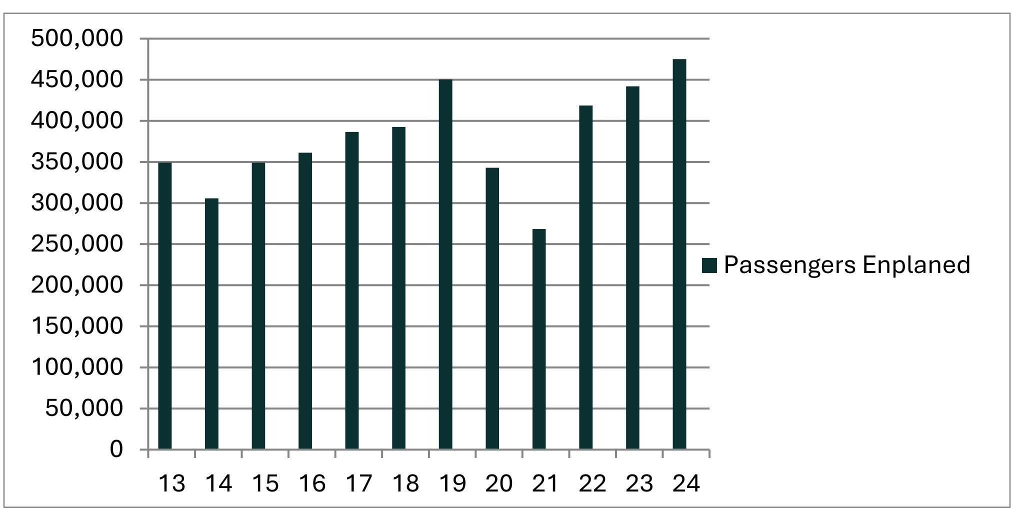
The policy year for the contracts was July 1, 2023, through July 1, 2024.



Industrial park rental
Fixed base operation rental
Parking lot
On airport-car rentals
Ground transportation
Miscellaneous/other
Ground services
Food, beverage, and retail
Fuel sales and fuel flowage fees
Airline terminal rent
Airline terminal arrival fees
Landing fees
0%
5%
10%
15%
20%
25%
30%
2023
2024



Professional services
Utilities
Repairs and maintenance
Miscellaneous/other
Salaries
0%
10%
20%
30%
40%
50%
60%
70%
2023
2024



500,000
450,000
400,000
350,000
300,000
250,000
200,000
150,000
100,000
50,000
0
13
14
15
16
17
18
19
20
21
22
23
24
Passengers Enplaned

Single Audit Section

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Report of Independent Auditors 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*

The Board of Commissioners
Missoula County Airport Authority

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Missoula County Airport Authority (the Authority) which comprise the statement of net position as of June 30, 2024, and the related statements of revenues, expenses, and changes in net position and cash flows for the year then ended, and the related notes to the financial statements, which collectively comprise Missoula County Airport Authority's basic financial statements, and have issued our report thereon dated December 17, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the 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 Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Moss Adams LLP

Portland, Oregon
December 17, 2024

MOSSADAMS

Report of Independent Auditors on Compliance for the Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance

The Board of Commissioners
Missoula County Airport Authority

Report on Compliance for the Major Federal Program

Opinion on the Major Federal Program

We have audited Missoula County Airport Authority's (the 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 on the Authority's major federal program for the year ended June 30, 2024. The Authority's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Authority complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on the major federal program for the year ended June 30, 2024.

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* issued by the Comptroller General of the United States *(Government Auditing Standards)*; 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 Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the 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 the major federal program. Our audit does not provide a legal determination of the 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 Authority's federal program.

Auditor's 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 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, *Government Auditing Standards*, 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 Authority's compliance with the requirements of the major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards,* 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 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 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 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.

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.

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.

Moss Adams LLP

Portland, Oregon
December 17, 2024

Section I – Summary of Auditor's Results

Financial Statements

Type of auditor's report issued on whether the financial statements audited were prepared in accordance with GAAP: *Unmodified*

Internal control over financial reporting:

- Material weakness(es) identified? ☐ Yes ☒ No
- Significant deficiency(ies) identified? ☐ Yes ☒ None reported

Noncompliance material to financial statements noted? ☐ Yes ☒ No

Federal Awards

Internal control over major federal programs:

- Material weakness(es) identified? ☐ Yes ☒ No
- Significant deficiency(ies) identified? ☐ Yes ☒ None reported

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? ☐ Yes ☒ No

Identification of Major Federal Programs and Type of Auditor's Report Issued on Compliance for Major Federal Programs

Federal Assistance Listing Numbers	*Name of Federal Program or Cluster*	*Type of Auditor's Report Issued on Compliance for Major Federal Program*
20.106	Airport Improvement Program	*Unmodified*

Dollar threshold used to distinguish between type A and type B programs: $750,000

Auditee qualified as low-risk auditee? ☐ Yes ☒ No

Section II – Financial Statement Findings

None reported.

Section III – Federal Awards Findings and Questioned Costs

None reported.

Missoula County Airport Authority
Summary Schedule of Prior Audit Findings
Year Ended June 30, 2024

None reported.

Other Compliance Reports

MOSSADAMS

Report of Independent Auditors on Compliance with Requirements that Could Have a Direct and Material Effect on the Passenger Facility Charge Program and Report on Internal Control Over Compliance in Accordance with the *Passenger Facility Charge Program Audit Guide for Public Agencies*

The Board of Commissioners
Missoula County Airport Authority

Report on Compliance for the Passenger Facility Charge Program

Opinion on the Passenger Facility Charge Program

We have audited Missoula County Airport Authority's (the Authority) compliance with the types of compliance requirements described in the *Passenger Facility Charge Program 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, 2024.

In our opinion, the Authority complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its PFC program for the year ended June 30, 2024.

Basis for Opinion on the Passenger Facility Charge 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* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of the Guide. Our responsibilities under those standards and the Guide are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the 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 the PFC program. Our audit does not provide a legal determination of the 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 Authority's PFC program.

Auditor's 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 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, *Government Auditing Standards*, and the Guide 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 Authority's compliance with the requirements of the Guide as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Guide, 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 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 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 Guide, but not for the purpose of expressing an opinion on the effectiveness of the 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.

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 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.

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

Moss Adams LLP

Portland, Oregon
December 17, 2024