

2024

Annual Comprehensive **FINANCIAL REPORT**

Gallatin Airport Authority

Belgrade, Montana

Fiscal Year Ended June 30, 2024

Bozeman Yellowstone International Airport (BZN) connects Bozeman, Southwest Montana and Yellowstone National Park with the rest of the world.

BZN is owned and operated by the Gallatin Airport Authority.



Annual Comprehensive Financial Report
Fiscal Year Ended June 30, 2024

Gallatin Airport Authority
Belgrade, MT

Prepared by:
Gallatin Airport Authority
Finance and Administration



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INTRODUCTORY SECTION

- Letter of transmittal
- Board of commissioners and senior staff
- Organizational chart
- Certificate of achievement





October 28, 2024

TO THE BOARD OF COMMISSIONERS

We are pleased to present the Annual Comprehensive Financial Report (ACFR) of the Gallatin Airport Authority (Authority), for the year ended June 30, 2024.

Responsibility for the accuracy of the reported data, for its completeness, and for the fairness of its presentation, rests with the Authority's management. To the best of our knowledge and belief, the enclosed information is accurate and complete in all material respects and reported in a manner designed to present fairly the financial position, changes in net position, and cash flows in accordance with Generally Accepted Accounting Principles (GAAP).

Management's discussion and analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A complements this letter of transmittal and should be read in conjunction with it.

PROFILE OF THE AUTHORITY

The Gallatin Airport Authority is a public body, corporate and politic, established to own and operate the Bozeman Yellowstone International Airport (BZN). The Authority was created on November 22, 1972 by resolution of the Board of Commissioners of Gallatin County, Montana.

The Authority is governed by a five-member Board appointed by the Gallatin County Commissioners to serve five-year terms. The Board is given broad powers to plan, establish, acquire, develop, construct, enlarge, improve, maintain, equip, operate and regulate the Bozeman Yellowstone International Airport. The Gallatin Airport Authority Board has established the following mission:

The function of the Gallatin Airport Authority is to plan for, provide, operate and safely maintain an aviation facility adequate to the needs of the flying public and to keep it self-sustaining.

The Authority has been 100% self-sustaining for over 25 years and has not utilized any local tax funds during this period. While the Authority operates 100% on user fees, the businesses serving BZN contribute nearly \$2 million in local taxes for Gallatin County, Belgrade Schools and the Central Valley Fire District.

You may refer to note 1 in the notes to the financial statements for more information regarding the profile of the Authority.

ECONOMIC CONDITIONS AND OUTLOOK

State of the Industry

U.S. airlines are coping with an ongoing capacity crunch; over the past year, domestic capacity grew just 3.5%. Aircraft manufacturers are experiencing supply chain issues and struggling to fulfill orders. In the first quarter of 2024, Boeing delivered just 83 aircraft — down from 130 in the first quarter of 2023. Airbus has downgraded its production and financial goals for 2024 due to supply chain issues and slow delivery of CFM engines. Production delays and equipment malfunctions are causing havoc for airlines in need of additional aircraft to service demand. In August 2023, Boeing disclosed a manufacturing defect in its B-737 MAX that required inspections of inventory aircraft. On January 6, 2024 a door plug on a B-737 MAX 9 detached from an Alaska Airlines flight. The accident triggered an emergency airworthiness directive from the FAA for all MAX aircraft types to be grounded and inspected.

On another note, Ultra Low-Cost Carriers (ULCCs) like Frontier, JetBlue and Spirit all reported losses despite a rebound in air travel due to significant cost increases, pilot shortages and rise of competition. United and Delta have improved competing with ULCCs by adopting a multi-tier pricing structure (Basic Economy) and reducing costs with densely-configured aircraft like the Boeing 737 MAX 9 and Airbus A321neo. By segmenting the market and selling basic economy fares on select routes, United and Delta offer passengers an elevated experience with complimentary carry-on baggage, inflight snacks with more frequency at a competitive ULCC fare.

Market segmentation has also prompted Southwest Airlines to revamp its offerings. The Dallas-based airline announced an end to its open seating policy, will begin offering premium seating and is introducing redeye flight options. The airline said changes are the next step in a continuing strategic transformation and designed to "elevate the customer experience" while improving its bottom line.

The U.S. economy has remained resilient and while passenger numbers are slightly below pre-pandemic levels, airline revenue in 2024 should surpass 2019's record \$248B. However, optimism is tempered by the need to balance capacity effectively considering rising costs. The global economy continues to slow down and higher fuel and labor costs are not expected to abate anytime soon, demand for air travel is likely to fall off as GDP growth declines.

State of the Region

We continue to see a thriving economy in Southwest Montana. Unemployment ticked upward slightly to 2.3% but still within what many consider a full employment rate. Inflation has eased but sporadic supply chain issues remain resulting in some uncertainties but much improved compared to the past several years. While much of the passenger growth in Montana has been focused at BZN since COVID, FY 2024 saw the other major Montana airports return to or exceed pre-Covid passenger levels. Specific to BZN, record enrollment at Montana State University, continued population growth in Gallatin County and new lodging construction helped support a strong 8.7% increase in enplanements during fiscal year 2024. Montana continues to be a desired destination and the local population contribute equally to robust passenger traffic.

BZN handled a record 2,542,822 total passengers in FY 2024 maintaining its status as Montana's busiest airport for the tenth consecutive year. In addition, BZN handled 42.7% of all passengers traveling to/from or within the state of Montana and maintained its rank as the 7th busiest in the Northwest Region (Colorado, Utah, Wyoming, Montana, Idaho, Oregon and Washington) and 92nd busiest airport in the nation.

ECONOMIC CONDITIONS AND OUTLOOK (continued)

	2024	2023	2010	Change 23 to '24	Change '10 to '24
BZN total passengers	2,542,822	2,338,521	728,048	8.7%	249.3%
Montana State University enrollment	17,144	16,688	12,764	2.7%	34.3%
Bozeman population	59,050	58,250	37,284	1.4%	58.4%
Bozeman unemployment rate	2.3%	1.8%	5.4%	27.8%	-57.4%
Gallatin County population	129,265	127,795	89,599	1.2%	44.3%

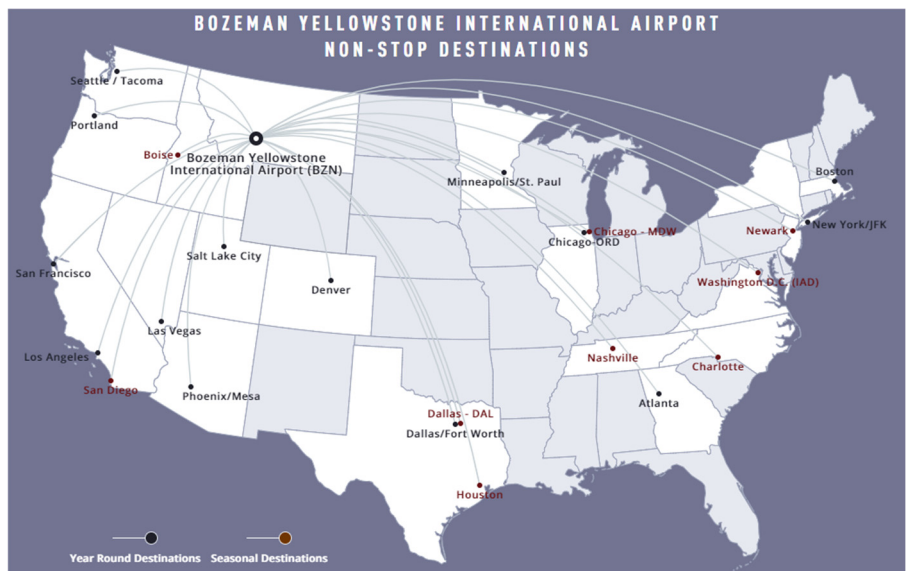
AIRPORT HIGHLIGHTS – FISCAL YEAR 2024

FY 2024 passenger traffic growth doubled from 4.3% in FY 2023 to 8.7% in FY 2024 despite a relatively poor snow year during the winter period. Available seat capacity increased 9.0% on an increase of 9.5% in flights resulting in a slight decrease in load factor (percentage of seats filled) from 82.4% to 82.2% for the fiscal year. Average aircraft size serving BZN remained at 143 seats, among the highest in the region and comparable to large airports such as Denver Int'l and Seattle/Tacoma Int'l.

Passenger growth percentages only tell a portion of the story each year. In FY 2023, locally originating passenger growth exceeded inbound passenger growth when analyzing much stronger parking concession revenue growth compared to rental car revenue growth. In FY 2024, this trend reversed with rental car concession revenue growth (8.2%) exceeding the growth in parking concession revenue (4.7%). Fortunately for BZN, both segments continue to see ongoing growth and strength in the market.

Air Service

BZN currently has year-round non-stop service to twelve destinations including Seattle-Tacoma, Portland, San Francisco, Los Angeles, Las Vegas, Phoenix/Mesa, Salt Lake City, Denver, Minneapolis-St Paul, Dallas-Fort Worth, Chicago – O'Hare and Atlanta. BZN also has seasonal non-stop service to ten additional destinations including, San Diego, Dallas-Love, Chicago-Midway, Houston, Nashville, Charlotte, Boston, New York – JFK, New York – Newark and Washington, D.C. During FY 2024, service was resumed to Chicago-Midway and Charlotte and new service to Boise will begin in December 2024. Air service is always dynamic and along with the additional service, we also saw service to Orange County, Burbank and Austin discontinued.

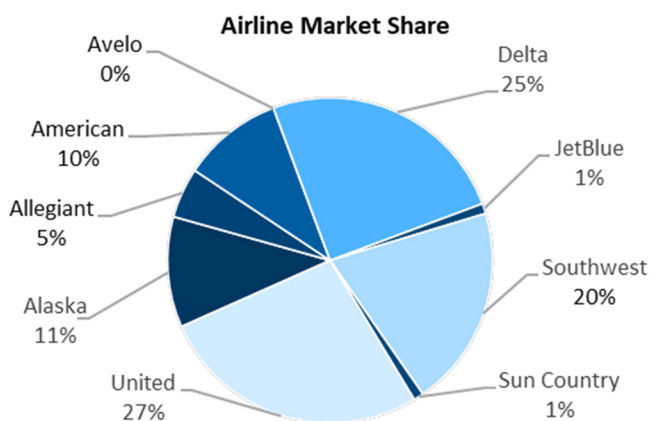


AIRPORT HIGHLIGHTS – FISCAL YEAR 2024 (continued)

The following table shows major air traffic activities during the fiscal years ended June 30, 2024 and 2023.

	2024	2023	Change
Enplaned passengers	1,269,749	1,169,924	8.5%
Deplaned passengers	1,273,073	1,168,597	8.9%
Enplaned and deplaned passengers	2,542,822	2,338,521	8.7%
Aircraft operations	125,454	118,769	5.6%
Available departing seats	1,545,051	1,417,342	9.0%
Load factor average	82.2%	82.4%	-0.3%

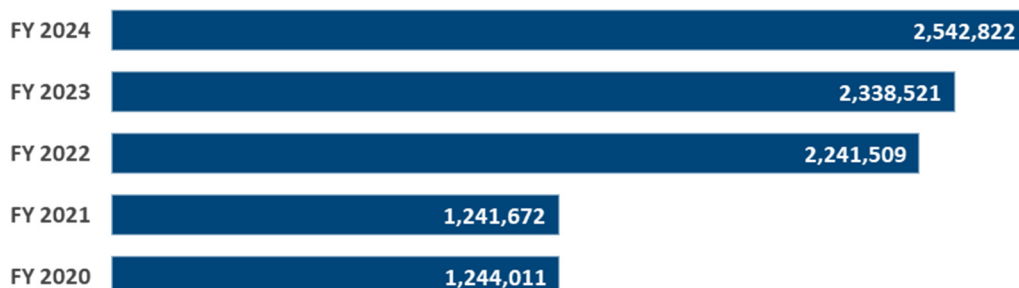
The following chart shows airline market share at BZN for the fiscal year ended June 30, 2024.



Passenger Traffic

FY 2024 passenger traffic at BZN increased 8.7% to 2,542,822. Available seats increased 9.0% on an annual basis resulting in load factor decreasing slightly from 82.4% to 82.2%. Weekly average departures increased 10.6% from 189 in FY 2023 to 209 in FY 2024. Average seats per aircraft remained steady at 143. Seven airline brands serving BZN saw increases in market share for FY 2024, Alaska (1.07 points), American (.52 points), Avelo (.50 points), JetBlue (.01 points), Southwest (.27 points), Sun Country (.19 points) and United (.02 points). Two brands saw decreases, Allegiant (-.39 points) and Delta (-2.2 points). Avelo returned to BZN in June 2023 after a 20-month suspension but also discontinued service to BZN in August 2024.

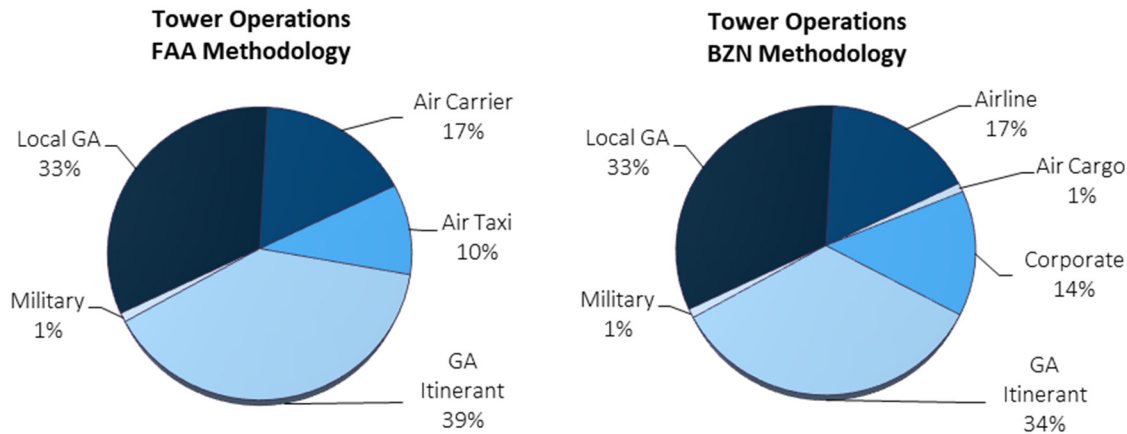
Total Passengers



AIRPORT HIGHLIGHTS – FISCAL YEAR 2024 (continued)

Tower Operations

Tower operations (landing or takeoff) increased to a record 125,454 compared to the previous record set in FY 2023 of 118,769, up 5.6%. Air carrier and air taxi operations increased 9.9% and 3.4% respectively during FY 2024. General aviation Itinerant and military operations were up 6.6% and 11.6% respectively. Local general aviation operations increased 3.1%. BZN further clarifies Itinerant activity to airline, cargo, corporate and general aviation itinerant. BZN continues to see peak day operations of over 500 and peak hour operations that exceed 60.



Cargo

Cargo revenues consist of landing fees from FedEx and UPS, and ground rent paid by cargo operators for their facilities. As shown below, total cargo, express and air mail carried by air increased 8.1% from 3,260,569 lbs. to 3,524,323. FedEx moved 2,680,864 lbs. in FY 2024, up 17.1% from 2,288,598 lbs. the previous year. UPS carried 518,119 lbs., down 5.5% from 549,160 lbs. carried in FY 2023.

	Pounds Moved		
	2024	2023	Change
FedEx	2,680,864	2,288,598	17.1%
UPS	518,119	548,169	-5.5%
Airlines	325,340	423,802	-23.2%
Total	3,524,323	3,260,569	8.1%

Customs and Border Protection

The United States Customs and Border Protection facility at BZN handled 261 international arrivals during FY 2024, compared to 234 in FY 2023. Unlike locations at Helena, Great Falls and Kalispell, this location is operated as a user fee facility with the majority of the operating cost paid for by the international arriving aircraft and the remaining split three ways between the Yellowstone Club, Signature Flight Support, and Jet Aviation.

AIRPORT HIGHLIGHTS – FISCAL YEAR 2024 (continued)

General Aviation

General aviation activity was steady during FY 2024 up 4.9%. General aviation operations account for approximately 73% of all airport tower operations. Corporate landings (aircraft 12,500 lbs. and above) were up 10.4% to a record 8,605. The Gallatin College Aviation Program continues to thrive at BZN with Summit Aviation (now TransMedics) operating 18 aircraft in conjunction with the aviation instruction program. In addition, Ridgeline Aviation also continues to expand their flight school program. While general aviation contributes 73% of the airport operations, it accounted for only 7.2% of the airport operating revenue during FY 2024.

The following summarizes the fleets of our top operators for FY 2024.

Summit Aviation	18
Bridger Aerospace	16
Central Copters	12
Ridgeline Aviation	8
Total	54

General Aviation Hangar Development

During FY 2024, two hangars were constructed, three hangars were under construction, and three hangars were removed to make room for new larger hangars. Land has been leased for an additional hangar to be constructed in the next two fiscal years. The redevelopment of our general aviation ramp front line continues with the former Summit Aviation hangar and the Signature ground support equipment building in the process of being demolished for construction of two new larger 40,000 square foot hangars. In addition, the Summit (TransMedics) hangar on the north ramp was completed in September 2024 and Ridgeline broke ground on their new facility on the north ramp. Planning is in process for more future development but we do not anticipate having the infrastructure in place until 2025-2026 due to FAA planning requirements.



Fuel Flowage

Total fuel flowage for the year increased 5.5% to 19,435,071 gallons through our three fixed base operators (FBO), Yellowstone Jetcenter, Jet Aviation and Million Air. Of this total, Jet A (airline) increased 4.9% to 13,245,864 gallons, Jet A (non-airline) fuel flowage increased 6.5% to 6,002,740 gallons, and Avgas increased 13.7% to 186,467 gallons.

Land Acquisition

The Gallatin Airport Authority continually evaluates potential land acquisitions as opportunities arise. One 1–3-acre parcel was purchased during FY 2024.

AIRPORT HIGHLIGHTS – FISCAL YEAR 2024 (continued)

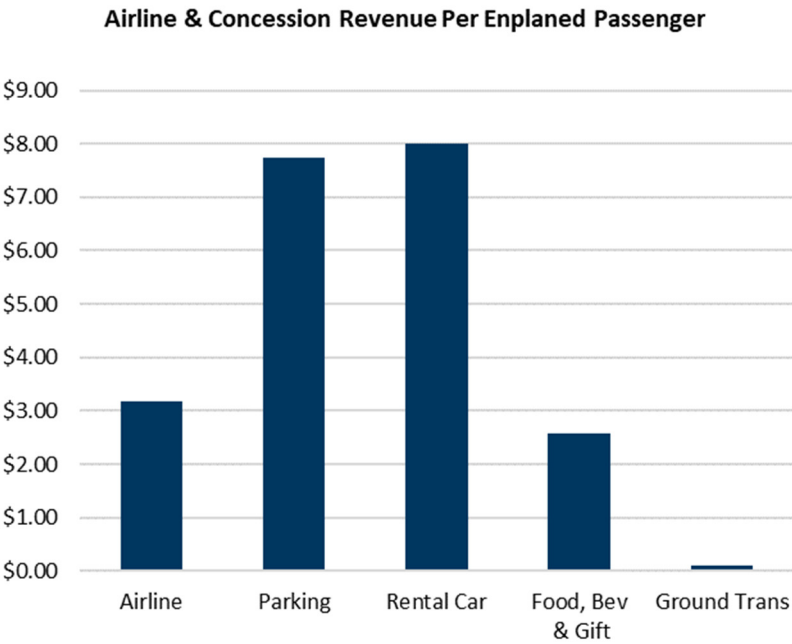
Financial

Financially, the Authority depends on our passengers with over 90% of the Authority’s operating revenues generated from the businesses that utilize the airline terminal building through rents and concession fees. However, we are dependent upon the airlines providing seats into our market and we compete with every airport in the country for those seats. While the market is the primary driver of airline decisions, there is one factor that we control, the airline cost of using our airport. Consequently, it is our philosophy that by maintaining one of the lowest airline costs per passenger in the industry we help make our market more profitable, which in turn makes us more likely to attract additional airline seats.

The Authority has diligently controlled the costs passed on to the airlines through strict cost controls, a highly professional and cross utilized staff, and a fiscally conservative capital improvement program. Airline cost per enplanement to operate at BZN in FY 2024 increased slightly from \$2.68 to \$3.17.

	2024	2023
Airline cost	\$ 4,014,659	\$ 3,127,037
Enplanements (scheduled)	1,267,899	1,168,162
Cost per enplaned passenger	\$ 3.17	\$ 2.68

Airline and concession revenues are variable dependent upon passenger enplanements. These revenues increased from \$20.57 per enplanement in FY 2023 to \$21.58 per enplanement in FY 2024. Airline revenues account for \$3.17 per enplanement or 14.7%; rental car and parking concessions account for \$15.74 per enplanement or 73.0%; food, beverage and gift concessions account for \$2.57 per enplanement or 11.9%; and ground transportation accounts for \$.10 per enplanement or .4%. In FY 2024, total enplanements of 1,269,749 generated airline and concession revenues of \$27,386,857; this compares to FY 2023 with 1,169,924 total enplanements generating \$24,061,530.



CAPITAL AND LONG-TERM PLANNING

The Gallatin Airport Authority has a comprehensive 10-year Capital Improvement Plan. This plan is designed to accommodate the future capital needs of BZN within the financial capability of the Authority. Projects in the first five years of the plan are more defined with the projects in the later ten years more fluid due to future unknowns. The Gallatin Airport Authority invested \$32 million in capital improvements during FY 2024, and over the next seven years the Gallatin Airport Authority expects to invest over \$340 million in capital improvements. The following table summarizes major projects completed in FY 2024 and those planned for FY 2025-2031, the estimated costs, and the funding by the Authority, Airport Improvement Program (AIP) entitlements and discretionary, Bipartisan Infrastructure Law (BIL), Passenger Facility Charges (PFC), and Transportation Security Administration (TSA) grant.

Project	Est. Cost	Authority	Funding				PFC's and TSA Grant
			AIP Entitlements	AIP Discretionary	BIL		
Baggage Handling System Upgrade	21,644,317	2,164,432	-	-	-		19,479,885
Taxiway G and East Ramp Rehab	5,519,484	551,948	-	-	4,967,536		-
Taxiway F and GA Apron Rehab	5,913,215	591,322	572,247	3,642,000	1,107,646		-
ARFF/SRE Building Expansion	6,929,444	692,944	-	-	6,236,500		-
NAVAID Improvements	9,890,000	2,762,900	-	-	7,127,100		-
Taxiway B	14,744,600	1,474,460	7,065,610	1,610,633	4,593,897		-
Runway 30 328' Extension/Dual Txy	8,014,660	801,466	4,166,170	2,650,000	397,024		-
Airport Rd Relocation	4,703,900	470,390		-	4,233,510		-
Taxiway C Relocation/Extension	13,394,000	1,339,400	7,432,340	4,622,260	-		-
Runway 11/29 Widening and Extension	21,426,000	2,142,600	7,832,340	11,451,060	-		-
Snow Removal/ARFF Equipment	5,539,070	553,907	2,585,163	2,400,000			-
East Terminal Expansion	200,273,028	61,541,845	-	-	30,000,000		108,731,183

Baggage Handling System Upgrade - FY 2023–2024

Construction on the fully inline system was essentially complete in November 2023. The TSA contributed \$14,260,135 toward the baggage screening portion of the project with the remainder coming from passenger facility charges and an increase in airline rates and charges as they will benefit from the much more efficient system. The overall cost of this project was \$21,644,317.



Taxiway F, Taxiway G and General Aviation Ramp Rehabilitations - FY 2023–2024

We completed our general aviation ramp rehabilitations during the 2023 summer/fall and opened taxiway G in November 2023. In 2024, we relocated taxiway F to the west to add a parallel service road to de-conflict aircraft and vehicular traffic on the southeast side of the airport. The overall cost of these projects is estimated at \$11,432,699.

CAPITAL AND LONG-TERM PLANNING (continued)

ARFF/SRE Building Expansion and Equipment - FY 2024-FY 2029

We have added a third aircraft rescue and fire fighting (ARFF) truck and are in the process of adding additional snow removal equipment (SRE) due to the additional pavement we have added over the past several years. This is necessitating additional vehicle storage space and additional office space for the additional personnel required to operate the equipment. The overall cost of the equipment and the building expansion is estimated at \$9,992,159.

NAVAID (Navigational Aids) Improvements – FY 2024-2025

We are working with the Federal Aviation Administration to improve the navigational aid capability at BZN. These improvements would significantly lower landing minimum visibility on both runway 12 and runway 30. In addition, this project would relocate FAA equipment in preparation of the extension of runway 11/29. The total estimated cost \$9,890,000.

Taxiway B and Runway 30 328' Extension – FY 2024-2026

Taxiway B will be located between our two parallel runways and will improve runway efficiency and will be a necessary component as we begin the process of extending and widening runway 11/29. This project will be phased with the first section providing access to our crosswind runway 3/21 from both taxiway C1 and C2. The second phase will extend the taxiway from C2 to the end of runway 12. In conjunction with taxiway B, runway 30 will be extended 328' to allow for a secondary access to improve aircraft traffic flow. The total estimated cost of both phases and the runway 30 extension is \$22,759,260.

Airport Road Relocation – FY 2025

As we develop the northside of the airport, we will need to relocate Airport Road to provide single road access from the Frontage Road to our new northside development. This will also allow for navigation aid improvements on runway 30 and a future extension of runway 29. The expected cost of this project is approximately \$4,693,900.

Taxiway C Relocation and Extension, Runway 11/29 Extension and Widening – FY 2027 – FY 2030

The taxiway C Relocation is necessary to provide the separation from runway 11/29 when that runway is lengthened to 7,480' and widened to 150' making it air carrier capable. This project will need to be completed before we begin the runway project. Overall, we estimate the cost of the taxiway C Relocation and Extension to be \$13,394,000 and the Extension and Widening of runway 11/29 at \$21,426,000.

CAPITAL AND LONG-TERM PLANNING (continued)

East Terminal Expansion - FY 2022–2027

We are completing several enabling projects so that our existing terminal will continue to function effectively during construction of the east terminal expansion. These enabling projects will be complete in November 2024 allowing for Schedule I (demolition, excavation and structure) to begin. The expansion will include greatly expanding our baggage claim, increased hold room areas for four gates, a second passenger screening checkpoint, concessions and an expanded airport administration area.



Additionally, we anticipate a second concurrent phase will add three additional gates taking our terminal total to fifteen. Completion of all phases (including architectural and engineering) is currently budgeted at \$200,273,028.

OTHER INFORMATION

Independent Audit

For the fiscal year ended June 30, 2024, the annual financial statements of the Authority have been audited by Holmes & Turner, PC, a firm of independent Certified Public Accountants. As part of the annual audit, the auditors perform procedures in accordance with the Uniform Guidance and the provisions of grant agreements. The auditors also perform procedures to help ensure the Authority's compliance with FAA regulations related to the Passenger Facility Charge program. The independent auditor's report on the financial statements is included in the financial section of this report, and the reports relating to the single audit and the passenger facility charge program are located in the compliance section.

Internal Controls

The Authority is responsible for establishing and maintaining internal accounting controls designed to ensure that its assets are protected from loss, theft or misuse, and to ensure that adequate accounting data is compiled to allow for preparations of financial statements in conformity with GAAP. Internal controls are designed to provide reasonable, rather than absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that the cost of a control should not exceed the benefits likely to be derived from the control and that the control and the evaluation of costs and benefits require estimates and judgments by management.

OTHER INFORMATION (continued)

As a recipient of federal and state financial assistance, the Authority is also responsible for ensuring that adequate internal controls are in place for documenting compliance with applicable laws and regulations related to these programs. The internal controls are subject to periodic evaluation by management and external independent auditors.



AWARDS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Authority for its annual comprehensive financial report for the fiscal year ended June 30, 2023. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized annual comprehensive financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe that our current annual comprehensive financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

ACKNOWLEDGEMENTS

Success in any organization is dependent upon people. We are fortunate to have a dedicated and knowledgeable Authority Board that understands the business of airports. We also have an exceptional staff of 49 experienced and customer friendly professionals that keep the airport in top condition, financially sound and prepared for any challenge. We are proud to serve the flying public and hope that this report will provide valuable information on the status of your airport. We welcome and value your input on how we can better serve you at Bozeman Yellowstone International Airport.

Respectfully submitted,

Brian Sprenger, A.A.E.
President / CEO

Scott Humphrey, A.A.E.
Vice President / COO

Troy Watling, CPA, CM
Director of Finance &
Administration / CFO

BOARD OF COMMISSIONERS



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Kendall Switzer
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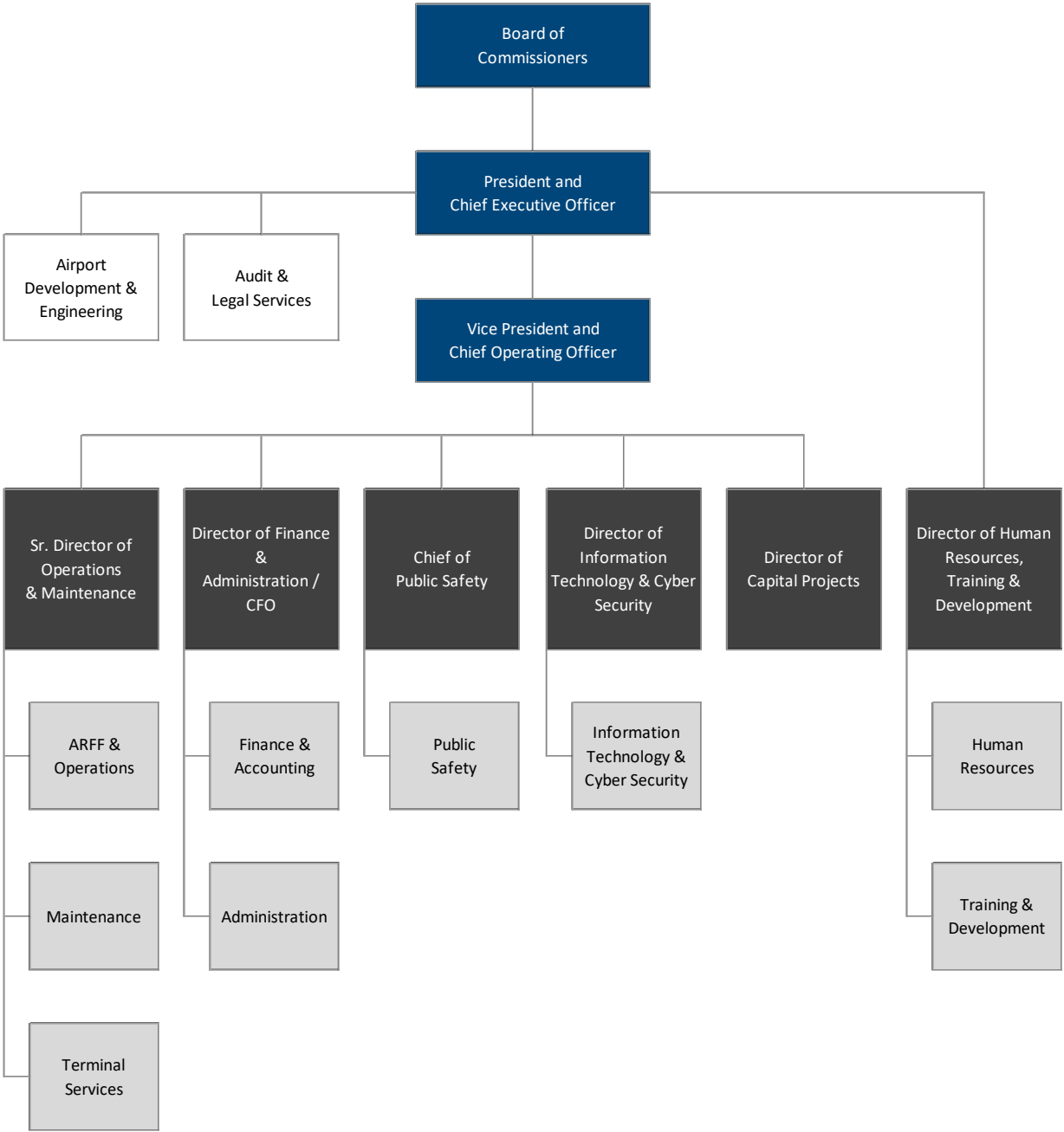


Kevin Kelleher
Member

SENIOR STAFF

Brian Sprenger, A.A.E......President / CEO
Scott Humphrey, A.A.E. Vice President / COO
Jake Simpson, C.M.Sr. Director of Operations & Maintenance
Troy Watling, CPA, CMDirector of Finance & Administration / CFO
Bill Dove Chief of Public Safety
Rachel Peavyhouse Director of Human Resources, Training & Development
Bob Edgar Director of Information Technology & Cyber Security
Rhett BoergerDirector of Capital Projects

Organizational Chart





Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**Gallatin Airport Authority
Montana**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2023

Christopher P. Morrell

Executive Director/CEO



FINANCIAL SECTION

- Independent auditor's report
- Management's discussion and analysis
- Basic financial statements:
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INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners
Gallatin Airport Authority
Belgrade, Montana

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements, including the PFC quarterly reports, of the Gallatin Airport Authority (Authority), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

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

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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 opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *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 generally accepted auditing standards 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 the management's discussion and analysis and pension schedules on pages 27-35 and 57-59 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 opinions on the financial statements that collectively comprise the Authority's basic financial statements. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of passenger facility charges collected and expended is required by the Passenger Facility Audit Guide for Public Agencies issued by the Federal Aviation Administration and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. 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 schedule of expenditures of federal awards 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 introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do 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 October 28, 2024, on our consideration of the 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 the 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 the Authority's internal control over financial reporting and compliance.

A handwritten signature in dark ink that reads "Holmes + Turner" followed by a long, sweeping horizontal line.

Bozeman, Montana
October 28, 2024

The following discussion and analysis provide an overview of the Gallatin Airport Authority's (Authority) financial statements for the fiscal year ended June 30, 2024 with selected comparative information for the fiscal year ended June 30, 2023. This discussion and analysis has been prepared by management and should be read in conjunction with the basic financial statements.

OVERVIEW OF THE FINANCIAL STATEMENTS

The Authority is structured as an enterprise fund and the financial statements are prepared on the accrual basis of accounting. Therefore, revenues are recognized when earned and expenses are recognized when incurred. Capital assets are capitalized and depreciated over their useful lives, except for land and assets held for future use. See the notes to the financial statements for a summary of the Authority's significant accounting practices and policies.

The Authority's basic financial statements include three statements: the Statement of Net Position; the Statement of Revenues, Expenses, and Changes in Net Position; and the Statement of Cash Flows.

Statement of Net Position - presents information on the Authority's assets, liabilities, and deferred inflows/outflows of resources, with the difference reported as net position. Total net position serves as a useful indicator of the Authority's financial position and is a measurement of the financial condition of the Authority at a specific point in time.

Statement of Revenues, Expenses and Changes in Net Position - presents information related to revenue and expense activity. The difference between revenues and expenses will either increase or decrease total net position. The resulting ending net position balance is reflected on the Statement of Net Position. The change in net position serves as a useful indicator of whether the overall financial condition of the Authority has improved or declined during the year.

Statement of Cash Flows - presents information related to the flows of cash and investments. Consequently, only transactions that affect the Airport's cash and investments accounts are recorded in this statement. A reconciliation is included at the bottom of this statement to assist in the understanding of the difference between operating income and cash flows from operating activities.

The basic financial statements also include the notes to the financial statements that explain some of the information in the financial statements and provide more detailed data. The notes to the financial statements are followed by required supplementary information and statistical schedules that further explain and support the information in the basic financial statements.

Certain fiscal year 2023 balances have been reclassified to conform to the fiscal year 2024 presentation.

FINANCIAL HIGHLIGHTS

Statement of Net Position

The following table represents a condensed summary of the Authority's statement of net position at June 30, 2024 and 2023.

	Dollars in 000's	
	2024	2023
Current assets	\$ 53,213	\$ 46,047
Noncapital noncurrent assets	5,054	5,563
Capital assets, net - noncurrent	232,313	208,733
Total assets	290,580	260,343
Deferred outflows of resources	1,435	1,265
Current liabilities	7,475	8,804
Noncurrent liabilities	7,218	9,009
Total liabilities	14,693	17,813
Deferred inflows of resources	3,628	3,234
Net investment in capital assets	226,264	199,527
Restricted	2,077	3,271
Unrestricted	45,353	37,763
Total net position	\$ 273,694	\$ 240,561

Total assets were up by 11.6% from FY 2023 to FY 2024. Current assets increased by 15.6% mainly due to higher cash and investment balances. Noncurrent assets increased by 10.8% with the FY 2024 capital additions offset by depreciation.

Current liabilities decreased by 15.1% from FY 2023 to FY 2024. The decrease was primarily the result of lower construction payables at the end of FY 2024.

Noncurrent liabilities decreased by 19.9% from FY 2023 to FY 2024. The decrease was mainly due to principal payments on the bank loan.

Changes in deferred outflows of resources and deferred inflows of resources relate to the Authority's retirement plan with the State of Montana's Public Employees' Retirement System and its lease arrangements. Refer to notes 8 and 10 in the notes to the financial statements for details.

Total net position improved by 13.8% from FY 2023 to FY 2024. A summary of the changes in net position follows.

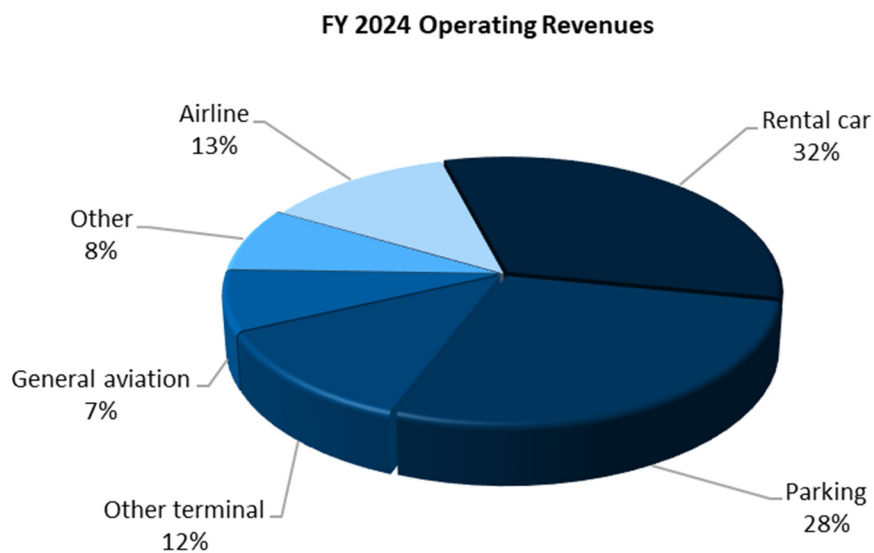
Statement of Revenues, Expenses, and Change in Net Position

The following table represents a condensed summary of the statement of revenues, expenses and changes in net position for the years ended June 30, 2024 and 2023.

	Dollars in 000's	
	2024	2023
Operating revenues	\$ 32,026	\$ 28,126
Operating expenses, excluding depreciation	(13,619)	(11,913)
Depreciation	(7,077)	(6,301)
Operating income	11,330	9,912
Net nonoperating revenues (expenses)	9,338	8,608
Income before contributions	20,668	18,520
Capital contributions	12,465	25,474
Change in net position	33,133	43,994
Net position - beginning (2021 restated)	240,561	196,567
Net position - ending	\$ 273,694	\$ 240,561

Operating Revenues

The following chart illustrates the principal revenue sources and their percentage of total operating revenues for the year ended June 30, 2024.



Operating Revenues (continued)

The following table shows the operating revenues for the years ended June 30, 2024 and 2023, and the percentage change.

	Dollars in 000's		
	2024	2023	Change
Airline	\$ 4,015	\$ 3,127	28.4%
Rental car	10,318	9,142	12.9%
Parking	8,892	8,496	4.7%
Other terminal	3,927	3,302	18.9%
General aviation	2,336	2,054	13.7%
Other	2,538	2,005	26.6%
Total operating revenues	\$ 32,026	\$ 28,126	13.9%

Airline revenues increased by 28.4% and consist primarily of landing fees and airline terminal rents. Landing fee revenues increased by 10.6% to \$1,509,520 primarily due to the increase in operations. Airline terminal rent increased by 42.2% to \$2,505,138 driven by increased passengers and rates.

Rental car revenues increased by 12.9% and include on and off airport concessions fees and rents. The major contributor was on-airport rental car concessions which increased by 23.9% to \$10,240,900. On-airport rental agencies pay the Authority the greater of a minimum annual guarantee or 10% commission fee, plus rent for office space and parking stalls. Transaction days (the number of days a vehicle is rented) increased by 10.1% to 952,877 days in FY 2024. The average cost-per-day of an on-airport rental car increased by 11.3% to \$107.47.

Parking revenues were up by 4.7% and consist primarily of parking concessions revenues which increased by 4.6% to \$8,859,099. The parking revenues are net of parking management fees which were \$400,664 in FY 2024. The Authority contracted with Reef Parking to operate the pay parking lot under a six-year agreement through September 2023. The Authority awarded LAZ Parking a contract for management and operation of the parking facilities effective October, 1, 2023.

Other terminal concessions and rents revenues increased by 18.9% and consist primarily of food, beverage and gift shop concessions fees; advertising; and space rents. Most of the increase is due to food, beverage, and gift shop concessions, which increased by 24.8% to \$3,199,476 due primarily to the rise in passenger traffic. The Authority has contracted with Sharbert Enterprises to operate terminal food, beverage, and gift concessions under a ten-year agreement ending Oct 2025.

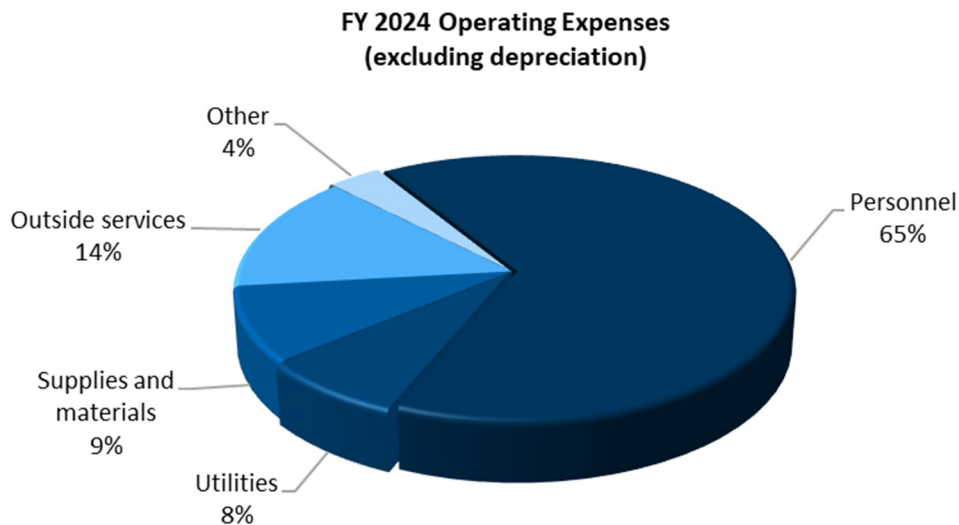
Operating Revenues (continued)

General aviation revenues increased by 13.7%. General aviation landing fees increased by 3.4% to \$816,708 primarily due to the increase in landings. Fuel flowage fees were up 5.7% to \$478,690. Tie down fee and parking fees increased by 32.4% to \$174,763.

Other operating revenues increased by 26.6% and consist of revenues from the consolidated rental car facility, the customs facility, cargo, the law enforcement reimbursement program, and other land/building rents. The consolidated rental car facility revenue rose by 29.9% to \$1,729,889 and is directly related to the rental car activity. The majority of the consolidated rental car facility revenues is from the operating portion of the customer facility charges which totaled \$1,429,316 in FY 2024. The customs facility user fees were up 6.5% to \$241,762 in FY 2024. Cargo revenue increased by 3.8% to \$73,724. The law enforcement reimbursement decreased to \$101,824 in FY 2024, as a result of funding for the program ending mid-year.

Operating Expenses

The following chart illustrates the principal operating expenses (excluding depreciation) and their percentage of total operating expenses for the year ended June 30, 2024.



Operating Expenses (continued)

Controlling operating cost in any environment is important, but during long periods of growth as we have experienced, it becomes essential in order to ensure the organization does not grow beyond its need. FY 2024 operating expenses (excluding depreciation) increased 14.3% to \$13,618,658.

The following table shows the operating expenses for the years ended June 30, 2024 and 2023, and the percentage change.

	Dollars in 000's		
	2024	2023	Change
Personnel	\$ 8,886	\$ 7,600	16.9%
Utilities	1,051	1,112	-5.5%
Supplies and materials	1,248	1,017	22.7%
Outside services	1,950	1,762	10.7%
Insurance	234	229	2.2%
Other	249	193	29.0%
	13,618	11,913	14.3%
Depreciation	7,077	6,301	12.3%
Total operating expenses	\$ 20,695	\$ 18,214	13.6%

Personnel expenses increased by 16.9%. The increase is due to the addition of four full-time positions, annual wage adjustments, and a rise in employee benefit rates.

Utilities expense decreased by 5.5%. The decrease is attributed primarily to the relatively mild winter temperatures.

Supplies and materials expenses increased by 22.7% which is mainly due to rising costs, major repairs, custodial supply stock purchases and the timing of large orders.

Outside services expenses increased by 10.7% due largely to snow removal and ice control services, customs staffing, IT services, and major maintenance performed by others.

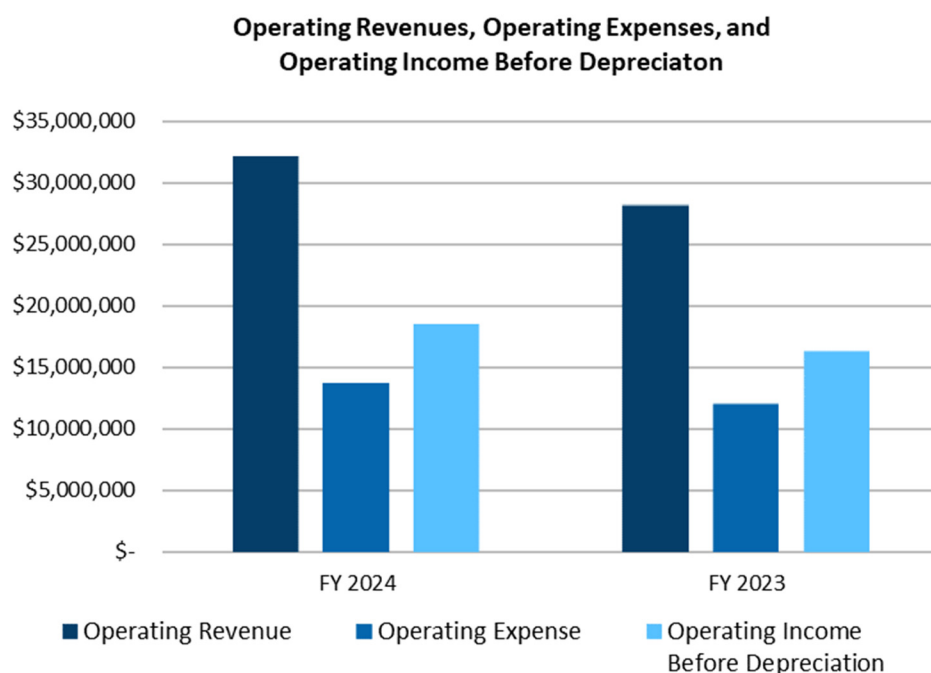
Insurance expense increased by 2.2% due primarily to a slight increase in rates.

Other expense, consisting primarily of overhead costs, increased by 29.0%. The increase is primarily due to a rise in professional services and employee training.

Depreciation expense increased by 12.3% as a result of major assets additions placed in service during the year.

Operating Income (before depreciation)

FY 2024 operating income before depreciation was down 2.8% to \$16,212,873. Operating revenues increased by 7.6% while operating expenses (excluding depreciation) increased by 25.9%, as reflected in the chart below.



Nonoperating Revenues and Capital Contributions

Nonoperating revenues increased by 7.2% to \$9,579,655 in FY 2024, and consist of passenger facility charges, customer facility charges, interest income, and non-capital grants.

Passenger facility charges (PFC) revenues increased by 5.4% to \$4,424,597 in FY 2024. The increase is directly attributable to the rise in passenger traffic.

Customer facility charges (CFC), capital revenues increased by 26.2% to \$2,424,671 in FY 2024. This increase is also due to the rise in passenger traffic.

Interest income increased by 17.6% to \$2,609,894 in FY 2024, and is primarily from investments and the CFC parking garage construction reimbursement. The increase is mainly due to improved balances and investment earnings.

Non-capital grants remained flat at \$120,493 in FY 2024, and consist primarily of funds from the State of Montana related to the Public Employee Retirement System. See note 8 in the notes to the financial statements for more information regarding the Public Employee Retirement System.

Capital contributions decreased by 51.1% to \$12,465,141 in FY 2024, and consist of Airport Improvement Program and Transportation Security Administration Grant funds.

Nonoperating Expenses

Interest expense decreased by 25.7% to \$241,683 in FY 2024, due to the terms on long-term borrowing. See note 7 in the notes to the financial statements for details.

Statement of Cash Flows

The following table represents a condensed summary of the statement of cash flows for the fiscal years ended June 30, 2024 and 2023.

	Dollars in 000's	
	2024	2023
Cash provided by operating activities	\$ 31,411	\$ 27,519
Cash used by operating activities	(13,067)	(11,721)
Cash from operating activities	18,344	15,798
Cash from capital and related financing activities	(7,787)	(18,496)
Cash from investing activities	1,699	1,111
Change in cash and investments	12,256	(1,587)
Cash and investments, beginning of year	35,907	37,494
Cash and investments, end of year	\$ 48,163	\$ 35,907

Cash and investments increased by 34.1% primarily due to an increase in capital asset spending. Cash provided by operating activities was up 5.0%, which primarily related to an increase in cash flows from operations and a decrease in capital outlays.

The Authority has been purposeful in building cash reserves in anticipation of several upcoming major capital improvements that will require significant Authority funding. The Authority intends to maintain \$10 million cash on hand in order to provide for contingencies as well as flexibility in completing projects that are dependent upon FAA funding and appropriations.

Notes 1 and 2 in the notes to the financial statements provides additional details regarding cash and cash investments.

CAPITAL ASSETS

The Authority expended \$31,939,759 on capital assets in FY 2024 compared to \$41,431,486 in FY 2023. Major capital asset activity in FY 2024 included apron expansions, north side utilities, parking lot improvements, baggage handling system, east terminal expansion, terminal marketplace, snow removal equipment, land purchases, taxiway and road improvements, and small terminal and airfield projects.

Note 4 in the notes to the financial statements and the letter of transmittal provide further details regarding capital asset activities.

DEBT ADMINISTRATION

The Authority approved the issuance of revenue bonds in 2009 to partially fund the terminal expansion completed in 2011. In FY 2023 the bonds were refinanced with a bank loan in order to significantly reduce future interest expense.

Note 7 in the notes to the financial statements describes the debt in greater detail.

REQUEST FOR INFORMATION

This financial report is designed to provide all interested parties with a general overview of the Authority's finances and to demonstrate the Authority's accountability for the funds it receives and expends. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Airport President/CEO, 850 Gallatin Field Road Suite 6, Belgrade, MT 59714.

Statement of Net Position

June 30, 2024

Current Assets	
Cash and investments	\$ 46,520,924
Accounts receivable	6,580,509
Prepaid expenses	111,261
	53,212,694
Noncurrent Assets	
Cash and investments - restricted	1,642,585
Accounts receivable	2,976,956
Accounts receivable - restricted	434,273
Nondepreciable capital assets	83,865,296
Depreciable capital assets, net	148,447,658
	237,366,768
Total Assets	290,579,462
Deferred Outflow of Resources	
Montana Public Employees Retirement System	1,434,549
Current Liabilities	
Accounts payable	4,147,593
Deposits	164,000
Accrued payroll liabilities	619,321
Unearned revenue	11,061
Current portion of noncurrent liabilities	2,532,575
	7,474,550
Noncurrent Liabilities	
Net pension liability	4,597,670
Bank loan, net of current portion	2,620,424
	7,218,094
Total Liabilities	14,692,644
Deferred Inflow of Resources	
Montana Public Employees Retirement System	163,988
Leases	3,463,754
	3,627,742
Net Position	
Net investment in capital assets	226,264,142
Restricted - capital projects and debt service	1,927,964
Restricted - customs	148,894
Unrestricted	45,352,625
Total Net Position	\$ 273,693,625

See accompanying notes to financial statements

Statement of Revenues, Expenses, and Changes in Net Position

Year Ended June 30, 2024

Operating Revenues	
Airline	\$ 4,014,659
Rental car	10,318,228
Parking	8,891,749
Terminal	3,926,575
General aviation	2,335,726
Air cargo	73,724
Other	2,464,909
	32,025,570
Operating Expenses	
Personnel	8,886,341
Utilities	1,050,806
Supplies and materials	1,248,162
Outside services	1,950,139
Insurance	234,275
Other	248,935
	13,618,658
Operating income before depreciation	18,406,912
Depreciation expense	7,077,610
Operating Income	11,329,302
Nonoperating Revenues (Expenses)	
Passenger facility charges	4,424,597
Customer facility charges	2,424,671
Interest income	2,609,894
Other nonoperating revenue	120,493
Interest expense	(241,683)
	9,337,972
Capital Contributions	
Federal grants	12,465,141
Change in Net Position	33,132,415
Net position, beginning of year	240,561,210
Net Position, End of Year	\$ 273,693,625

See accompanying notes to financial statements

Statement of Cash Flows

Year Ended June 30, 2024

Cash Flows From Operating Activities	
Operating cash receipts from customers	\$ 31,411,300
Cash payments to suppliers for goods and services	(4,663,718)
Cash payments to employees for services	(8,403,749)
	18,343,833
Cash Flows From Capital and Related Financing Activities	
Purchase of capital assets	(31,939,759)
Federal grant receipts	18,625,120
Passenger facility charge receipts	4,880,767
Customer facility charge receipts	3,335,070
Debt payments	(2,688,484)
	(7,787,286)
Cash Flows from Investing Activities	
Interest received	1,699,495
Net Increase In Cash and Investments	
Cash and investments, beginning of year	35,907,467
Cash and Investments, End of Year	\$ 48,163,509
Reconciliation of operating income to cash flows from operating activities	
Operating income	\$ 11,329,302
Adjustments to reconcile operating income to cash flows from operating activities:	
Depreciation	7,040,346
Changes in current assets and liabilities:	
Receivables	(306,879)
Prepaid expenses	(89,432)
Accounts payable	195,295
Deposits	-
Unearned revenues	(307,391)
Accrued payroll liabilities	482,592
Cash flows from operating activities	\$ 18,343,833
Noncash investing and financing activities	
Retainage payable for amounts invested in capital assets	895,813

See accompanying notes to financial statements

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Gallatin Airport Authority (Authority) have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Authority's accounting policies are described below.

Reporting Entity

The Gallatin Airport Authority was established by Resolution No. 1553 dated November 22, 1972, of the Board of County Commissioners of Gallatin County, Montana, pursuant to the statutory authority granted in Title 67, Chapter 11, parts 1-3, Montana Code Annotated.

The Authority was established to assume ownership and responsibility for the improvements, equipment and operation of Gallatin Field, with all powers granted to municipal airport authorities by state law and resolved in Resolution 1553. The powers and duties of the Authority are vested in the Board of Commissioners consisting of five members appointed by the Board of County Commissioners of Gallatin County. Pursuant to said Resolution No. 1553, the Authority has assumed ownership and responsibility for the improvements, equipment and operations of Gallatin Field, and all rights, title and interest of the City of Bozeman, Gallatin County, and the Authority Board has been granted, conveyed, and transferred to the Authority.

The name of the airport known as Gallatin Field was changed to Bozeman Yellowstone International Airport at Gallatin Field by an act of the Gallatin Airport Authority Board at their regular meeting held December 8, 2011.

The Authority, governed by its Board of Commissioners and operated by its employees, is an independent political entity with the authority to contract, own property, incur debt, and generally operate the Airport.

Measurement Focus and Basis of Accounting

The term measurement focus is used to denote what is being measured and reported in the Authority's financial statements. The Authority operates as an enterprise fund and its financial statements have been prepared using the economic resources measurement focus. The enterprise fund operates in a manner similar to private business enterprises, where the intent of the Authority is that the expenses of meeting its organizational purpose be financed or recovered primarily through user charges.

The term basis of accounting is used to determine when a transaction or event is recognized on the Authority's financial statements. The Authority uses the accrual basis of accounting. Non-exchange revenues, including grants, are reported when all eligibility requirements have been met. Fees and charges and other exchange revenues are recognized when earned and expenses are recognized when incurred.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Cash and Investments

The Authority is authorized by statute to invest in time and savings deposits with a bank, savings and loan association, or credit union in the state. In addition, it may also invest in obligations of the United States Government, securities issued by agencies of the United States, repurchase agreements, and the State Short-Term Investment Pool (STIP).

The Authority categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. 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; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

Inventories

Purchases of supplies are recognized as expenses at the time of purchase. Items on hand at year-end were immaterial.

Accounts Receivable

Accounts receivable represents unpaid billings to outside parties. Due to the nature of the receivables consisting of primarily collected user fees and leases, the Authority considers the majority of these receivables as collectible. A provision for uncollectible receivables in the amount of \$6,200 was established for 2024.

Capital Assets

The Authority’s capital assets are capitalized at historical cost. Contributions of capital assets are recorded at acquisition value. The Authority has set the capitalization threshold for reporting capital assets at \$5,000. Depreciation of capital assets is calculated using the straight-line method with estimated useful lives as follows:

Runways and improvements	5-20 years
Buildings and equipment	3-40 years
Intangibles	20 years

Maintenance and repair costs are expensed as incurred. Replacements, which improve or extend the life of a capital asset, are capitalized.

Compensated Absences

Vested vacation leave is recorded as an expense and liability as the benefits accrue to employees. In accordance with the provisions of Statement of Financial Accounting Standards No. 43, Accounting for Compensated Absences, no liability is recorded for non-vesting accumulating rights to receive sick pay benefits. However, a liability is recognized for that portion of accumulated sick leave pay benefits that is estimated will be taken when an employee leaves employment.

Net Pension Liability and Deferred Outflows/Inflows of Resources

The Authority recognizes net pension liability for the pension plan in which it participates. Changes in the net pension liability during the year are recorded as pension expense, or as deferred inflows of resources or deferred outflows of resources depending on the nature of the change.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Those changes in net pension liability that are recorded as deferred inflows of resources or deferred outflows of resources that arise from changes in actuarial assumptions or other inputs and differences between expected or actual experience are amortized over the weighted average remaining service life of all participants in the pension plan and recorded as a component of pension expense beginning with the period in which they are incurred. Projected earnings on qualified pension plan investment earnings are recognized as a component of pension expense. Differences between projected and actual investment earnings are reported as deferred inflows of resources or deferred outflows of resources and amortized as a component of pension expense.

Leases

For lessee lease arrangements that are reported under GASB 87:

- A lease liability and a lease asset are recognized at the commencement of the lease term.
- For the measurement of an initial lease liability (1) the interest rate stated in the lease is used as the discount rate, (2) the lease term includes the noncancellable periods of the lease, and (3) the lease payments are composed of fixed payments and purchase option price that the Authority is reasonably certain to exercise.
- The lease liability is reduced as payments are made and interest expense is recognized.
- The lease asset is depreciated on a straight-line basis over the shorter of the lease term or the useful life of the underlying asset.

For lessor lease arrangements that are reported under GASB 87:

- A lease receivable and a deferred inflow of resources are recognized at the commencement of the lease term.
- For the measurement of an initial lease receivable (1) the Authority's incremental borrowing rate is used as the discount rate, (2) the lease term includes the noncancellable periods of the lease, and (3) the lease payments are composed of fixed payments from the lease.
- The lease receivable is reduced as payments are made and interest income is recognized.
- The deferred revenue is reduced and lease revenue is recognized in a systematic and rational manner over the lease term.

For leases that are excluded from GASB 87 reporting, lease revenues or expenses are recognized according to the scheduled payment terms provided in the lease arrangement.

Net Position

Net position is divided into three components:

- Net investment in capital assets – consists of the historical cost of capital assets less accumulated depreciation and less any debt that remains outstanding that was used to finance those assets plus deferred outflows of resources less deferred inflows of resources related to those assets.
- Restricted net position– consists of assets that are restricted as a result of external constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.
- Unrestricted net position – all other net position is reported in this category.

When an expense is incurred that can be paid using either restricted or unrestricted resources (net position), the Authority's policy is to first apply the expense toward restricted resources and then toward unrestricted resources.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Operating Revenues and Expenses

Operating revenues include airline, concessions, and other revenues. Concessions and other revenues consist primarily of rental car, parking, and other ancillary services revenues. Such revenue is generally based on a fixed percentage of tenant revenues subject to certain minimum monthly fees or a fixed fee schedule. Concessions and other revenues are recognized when earned.

Operating expenses include personnel costs, utilities, supplies and materials, outside services, other expenses, and depreciation.

Budget

The Authority annually adopts a non-legally binding budget.

Use of Estimates

The preparation of the basic financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

New accounting pronouncement – GASB Statement No. 100

GASB Statement No. 100, Accounting Changes and Error Corrections, issued by the Governmental Accounting Standards Board (GASB) was adopted by the Authority for the year ended June 30, 2024. The objective of this statement is to enhance accounting and reporting requirements over accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. The Authority did not make any changes to its accounting principles, estimates, or financial reporting entity, and did not make any error corrections that warrant the additional reporting requirements of GASB Statement No. 100 as of the fiscal year ended June 30, 2024. The Authority will continue to monitor its financial reporting practices going forward to ensure compliance with the new standard.

NOTE 2. CASH AND INVESTMENTS

The Authority’s cash and investments as of June 30, 2024 are reported as follows:

Unrestricted	\$ 46,520,924
Restricted	1,642,585
	\$ 48,163,509

At June 30, 2024, the carrying amount of the Authority's deposits in local banks and investments is \$48,163,509. Account balances are covered by the Federal Depository Insurance Corporation (FDIC) up to \$250,000 per bank, per depositor. The remaining balance is covered by collateral held by the pledging bank's agent in the Authority's name.

On June 30, 2024, the following interest rate risks and valuation inputs were associated with the Authority’s deposits and investments.

NOTE 2. CASH AND INVESTMENTS (continued)

	Fair Value	Maturities	Credit Risk Rating	Valuation Input
Demand deposits	\$ 5,078,768	N/A	N/A	Level 1
Short-Term Investment Pool (STIP)	25,710,353	N/A	N/A	Level 2
U.S. Treasury bills	17,374,388	Sep-Dec 2024	S&P AA+	Level 1
	48,163,509			

Credit risk is defined as the risk that an issuer or other counterpart to an investment that will not fulfill its obligation. The above credit risk rating indicates the probability that the issuer may default in making timely principal and interest payments. The credit ratings presented in the previous tables are provided by Standard and Poor's Corporation (S&P). The Authority has no formal policy relating to interest risk and no formal policy relating to credit risk.

The Authority voluntarily participates in the STIP (Short Term Investment Pool) administered by the Montana Board of Investments (MBOI). A local government's STIP ownership is represented by shares, the prices of which are fixed at \$1.00 per share, and participants may buy or sell shares with one business days' notice. STIP administrative expenses are charged daily against the STIP income, which is distributed on the first calendar day of each month. Shareholders have the option to automatically reinvest their distribution income in additional shares. STIP is not registered with the Securities and Exchange Commission. STIP is not FDIC insured or otherwise insured or guaranteed by the federal government, the State of Montana, the Montana Board of Investments (MBOI) or any other entity against investment losses and there is no guaranteed rate of return on funds invested in STIP shares. The MBOI maintains a reserve fund to offset possible losses and limit fluctuations in STIP's valuation. The STIP investment portfolio consists of securities with maximum maturity of 2 years. Information on investments held in the STIP can be found in the Annual Report on the MBOI website at <https://investmentmt.com/Annual-Reports>.

NOTE 3. ACCOUNTS RECEIVABLE

The composition of accounts receivable on June 30, 2024 was as follows:

Current	
Trade accounts receivable, net	\$ 3,849,582
Leases receivable	845,341
Grants receivable	1,885,586
	6,580,509
Noncurrent	
Leases receivable	2,976,956
Passenger facility charges receivable - restricted	382,733
Customs receivable - restricted	51,540
	3,411,229
Total accounts receivable	\$ 9,991,738

NOTE 4. CAPITAL ASSETS

The following is a summary of capital asset activity for the year ended June 30, 2024:

	June 30, 2023	Additions	Reductions	June 30, 2024
Nondepreciable capital assets				
Land	\$ 18,539,075	\$ 4,304,812	\$ -	\$ 22,843,887
Construction in progress *	51,527,946	25,203,991	(15,710,528)	61,021,409
	70,067,021	29,508,803	(15,710,528)	83,865,296
Depreciable capital assets				
Runways & improvements	78,830,513	15,007,804	-	93,838,317
Buildings & equipment	143,944,899	1,091,837	(37,264)	144,999,472
Intangibles	731,700	759,927	-	1,491,627
	223,507,112	16,859,568	(37,264)	240,329,416
Accumulated depreciation				
Runways & improvements	(43,759,342)	(2,999,181)	-	(46,758,523)
Buildings & equipment	(40,728,051)	(4,021,416)	37,264	(44,712,203)
Intangibles	(354,019)	(57,013)	-	(411,032)
	(84,841,412)	(7,077,610)	37,264	(91,881,758)
Depreciable capital assets, net	138,665,700	9,781,958	-	148,447,658
Total capital assets, net	\$ 208,732,721	\$ 39,290,761	\$ (15,710,528)	\$ 232,312,954

* Construction in progress at June 30, 2024 consists mainly of costs associated with the taxiway and apron improvements, north side utilities, parking lot improvements, baggage handling system, terminal marketplace, and east terminal expansion.

NOTE 5. UNEARNED REVENUE

The Authority reports unearned revenue on its statement of net position when revenues have been received but not yet earned. In subsequent periods, when revenue recognition criteria are met, the liability for unearned revenue is removed from the statement of net position and the revenue is recognized.

NOTE 6. NONCURRENT LIABILITIES

The following is a summary of noncurrent liabilities activity for the year ended June 30, 2024:

	June 30, 2023	Additions	Reductions	June 30, 2024	Current Portion	Noncurrent Portion
Bank loan	\$ 7,599,800	\$ -	\$ (2,446,801)	\$ 5,152,999	\$ 2,532,575	\$ 2,620,424
Net pension liability	3,856,443	741,227	-	4,597,670	-	4,597,670
Totals	\$ 11,456,243	\$ 741,227	\$ (2,446,801)	\$ 9,750,669	\$ 2,532,575	\$ 7,218,094

NOTE 7. DEBT

In July of 2019, the Authority approved a resolution to refund the outstanding revenue bonds in the amount of \$12,250,000 and replace the bonds with a bank loan for the same principal amount. The financing pays a portion of the costs to expand, improve, construct, reconstruct and equip the airline terminal building. Maturity dates began December 2019 and will end June 2026. The loan interest rate is 3.45% and is secured by a first lien upon the net revenues of the Authority. Interest is payable semiannually June 1 and December 1. The following table summarizes the annual debt service through the loan payoff.

Fiscal Year	Principal Amount	Interest Rate	Interest Amount	Principal and Interest
2025	2,532,575	3.450%	155,909	2,688,484
2026	2,620,424	3.450%	68,059	2,688,483
	\$ 5,152,999		\$ 223,968	\$ 5,376,967

In July 2019, the Authority also approved a resolution to open a three-year line of credit. The line of credit has a maximum borrowing limit of \$6.5 million and an interest rate of 4.5%. The line of credit ends July 2024. There is no amount outstanding on the line of credit as of June 30, 2024.

NOTE 8. PUBLIC EMPLOYEES' RETIREMENT SYSTEM

In accordance with GASB Statement 68, Accounting and Financial Reporting for Pensions, employers and the non-employer contributing entity are required to recognize and report certain amounts associated with participation in the Public Employees' Retirement System Defined Benefit Retirement Plan (the Plan). This includes their proportionate share of the collective Net Pension Liability; Pension Expense; and Deferred Outflows and Deferred Inflows of Resources associated with pensions.

Plan Description

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

All new members are initially members of the PERS-DBRP and have a 12-month window during which they 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.

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

NOTE 8. PUBLIC EMPLOYEES' RETIREMENT SYSTEM (continued)

Summary of Benefits

Service retirement:

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

Member's highest average compensation (HAC)

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

Compensation Cap

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

Monthly benefit formula

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.

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:
 - 1.5% for each year PERS is funded at or above 90%;
 - 1.5% is reduced by 0.1% for each 2% PERS is funded below 90%; and
 - 0% whenever the amortization period for PERS is 40 years or more.

Contributions

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

NOTE 8. PUBLIC EMPLOYEES' RETIREMENT SYSTEM (continued)

Special Funding

The state of Montana, as the non-employer contributing entity, paid to the Plan, additional contributions that qualify as special funding. Those employers who received special funding are all participating employers. Member and employer contribution rates are shown in the table below.

Fiscal Year	Member		Local Government	
	Hired < 07/01/11	Hired after > 07/01/11	Employer	State of Montana
2024	7.900%	7.900%	9.070%	0.100%
2023	7.900%	7.900%	8.970%	0.100%
2022	7.900%	7.900%	8.870%	0.100%
2021	7.900%	7.900%	8.770%	0.100%
2020	7.900%	7.900%	8.670%	0.100%
2019	7.900%	7.900%	8.570%	0.100%
2018	7.900%	7.900%	8.470%	0.100%
2017	7.900%	7.900%	8.370%	0.100%
2016	7.900%	7.900%	8.270%	0.100%
2015	7.900%	7.900%	8.170%	0.100%
2014	7.900%	7.900%	8.070%	0.100%
2012-2013	6.900%	7.900%	7.070%	0.100%
2010-2011	6.900%		7.070%	0.100%
2008-2009	6.900%		6.935%	0.100%
2000-2007	6.900%		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 actuary valuation results that show the amortization period has dropped below 25 years and would remain below the 25 years following the reduction of both the additional employer and additional member contributions 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 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 the member accounts.
3. Non-Employer Contributions:
 - a. Special Funding
 - i. The State contributed 0.1% of members' compensation on behalf of local government entities.
 - ii. The State contributed 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.

NOTE 8. PUBLIC EMPLOYEES' RETIREMENT SYSTEM (continued)

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

GASB Statement 68 allows a measurement date of up to 12 months before the employer's fiscal year-end. The basis for the Total Pension Liability (TPL) as of June 30, 2023, is on an actuarial valuation performed by the Plan's actuary as of June 30, 2023.

The Total Pension Liability (TPL) minus the Fiduciary Net Position equals the Net Pension Liability (NPL). The proportionate shares of the employer's and the state of Montana's NPL for June 30, 2023, and 2022, are displayed below. The employer's proportionate share equals the ratio of the employer's contributions to the sum of all employer and non-employer contributions during the measurement period. The state's proportionate share for a particular employer equals the ratio of the contributions for a particular employer to the total state contributions paid. The employer recorded a liability of \$4,597,670 and the employer's proportionate share was 0.188402 percent.

As of Measurement Date	NPL as of 6/30/2023	NPL as of 6/30/2022	Percent of Collective NPL as of 6/30/2023	Percent of Collective NPL as of 6/30/2022	Changes in Percent of Collective NPL
Employer's proportionate share	\$ 4,597,670	\$ 3,856,443	0.1884%	0.1622%	0.0262%
State of Montana proportionate share associated with employer	1,284,376	1,162,325	0.0526%	0.0489%	0.0037%
Total	\$ 5,882,046	\$ 5,018,768	0.2410%	0.2111%	0.0299%

Changes in actuarial assumptions and methods: The following changes in assumptions or other inputs were made that affected the measurement of the TPL.

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

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

Changes in proportionate share: There were no changes to the Plan between the measurement date of the collective NPL and the employer's reporting date that are expected to have a significant effect on the employer's proportionate share of the collective NPL.

NOTE 8. PUBLIC EMPLOYEES' RETIREMENT SYSTEM (continued)

Pension Expense

At June 30, 2023 the employer recognized pension expense of \$861,967 for its proportionate share of the Plan's pension expense. The employer also recognized grant revenue of \$120,493 for the support provided by the state of Montana for its proportionate share of the pension expense associated with the employer.

As of Measurement Date	Pension Expense as of 6/30/2023
Employer's proportionate share	\$ 861,967
State of Montana Proportionate Share associated with the Employer	120,493
Total	\$ 982,460

Recognition of Deferred Inflows and Outflows

At June 30, 2023, the employer reported its proportionate share of the Plan's deferred outflows of resources and deferred inflows of resources from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Expected vs. actual experience	\$ 183,117	\$ -
Projected investment earnings vs. actual investment earnings	11,665	-
Changes in assumptions	-	163,988
Changes in proportion and differences between employer contributions and proportionate share of contributions	703,409	-
Employer contributions subsequent to the measurement date	536,358	-
Total	\$ 1,434,549	\$ 163,988

NOTE 8. PUBLIC EMPLOYEES' RETIREMENT SYSTEM (continued)

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

For the Measurement Year Ended June 30:	Recognition of Deferred Outflows and Deferred Inflows in future years as an increase or (decrease) to Pension Expense
2024	\$ 371,715
2025	\$ 118,527
2026	\$ 271,867
2027	\$ (27,906)
Thereafter	\$ -

Actuarial Assumptions

The total pension liability as of June 30, 2023, was determined on the results of an actuarial valuation date of June 30, 2023, using the following actuarial assumptions, applied to all periods included in the measurement. Among those assumptions were the following:

Investment return (net of admin expense)	7.30%
General wage growth (includes inflation at 2.75%)	3.50%
Merit increases	0% to 4.80%
Postretirement benefit increases: 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 (provided below) each January, inclusive of all other adjustments to the member's benefit.	
- Members hired prior to July 1, 2007	3.00%
- Members hired between July 1, 2007 & June 30, 2013	1.50%
- Members hired on or after July 1, 2013	
• For each year PERS is funded at or above 90%	1.50%
The 1/5% is reduced by 0.1% for each 2.0%	
PERS is funded below 90%	
• 0% whenever the amortization period for PERS is 40 years or more	0.00%
<u>Mortality:</u> Active Participants: PUB-2010 General Amount Weighted Employer Mortality projected to 2021 for for males and females. Projected generationally using MP-2021. Disabled Retirees: PUB-2010 General Amount Weighted Disabled Retiree Mortality table, projected to 2021, set forward one year for both males and females. Contingent Survivor: PUB-2010 General Amount Weighted Contingent Survivor Mortality projected to 2021 with ages set forward one year for males and females. Projected generationally using MP-2021. Healthy Retirees: 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 generatinally using MP-2021.	

NOTE 8. PUBLIC EMPLOYEES' RETIREMENT SYSTEM (continued)

The actuarial assumptions and methods utilized in the June 30, 2023 valuation, were developed in the five-year experience study for the period ending 2021.

Discount Rate

The discount rate used to measure the TPL was 7.30%. The projection of cash flows used to determine the discount rate assumed that contributions from participating plan members, employers, and non-employer contributing entities would be made based on the Board's funding policy, which establishes the contractually required rates under the Montana Code Annotated. The State contributes 0.10% of the salaries paid by local governments. 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 benefit payments to determine the TPL. A municipal bond rate was not incorporated in the discount rate.

Target Allocation

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 expenses 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 the 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	30.0%	5.90%
International equity	17.0%	7.14%
Private investments	15.0%	9.13%
Real assets	5.0%	4.03%
Real estate	9.0%	5.41%
Core fixed income	15.0%	1.14%
Non-core fixed income	6.0%	3.02%
Total	100.0%	

NOTE 8. PUBLIC EMPLOYEES' RETIREMENT SYSTEM (continued)

The following presents the employer's sensitivity of the NPL to the discount rate in the table below. A small change in the discount rate can create a significant change in the liability. The NPL was calculated using the discount rate of 7.30%, as well as what the NPL would be if it were calculated using a discount rate 1.00% lower or 1.00% higher than the current rate.

As of Measurement Date	1.0% Decrease (6.30%)	Current Discount Rate	1.0% Increase (8.30%)
Employer's Net Pension Liability	\$ 6,641,318	\$ 4,597,670	\$ 2,883,233

Summary of Significant Accounting Policies

MPERA prepared financial statements using the accrual basis of accounting. The same accrual basis was used by MPERA for the purposes of determining the NPL; Deferred Outflows of Resources and Deferred Inflows of Resources related to pensions; Pension Expense; the Fiduciary Net Position; and, Additions to or Deductions from Fiduciary Net Position. Member contributions are recognized in the period in which contributions are due. Employer contributions are recognized when due and the employer has made a formal commitment to provide the contributions. Revenues are recognized in the accounting period they are earned and become measurable. Benefit payments and refunds are recognized in the accounting period in which they are due and payable in accordance with the benefit terms. Expenses are recognized in the period incurred. Investments are reported at fair value. MPERA adhered to all accounting principles generally accepted by the United States of America. MPERA applied all applicable pronouncements of the Governmental Accounting Standards Board (GASB).

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 the 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 344 employers that have participants in the PERS-DCRP totaled \$1,409,309.

The stand-alone 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, as well as the actuarial valuations and experience study, are available from the PERB at PO Box 200131, Helena MT 59620a-0131, (406) 444-3154 or the MPERA website at <http://mpera.mt.gov>.

NOTE 9. NET POSITION

Net position consists of the following as of June 30, 2024:

Net investment in capital assets	
Capital assets	\$ 232,312,954
Less: current liabilities	
Retainage payable for amounts invested in capital assets	(895,813)
Current portion of noncurrent liabilities for amount invested in capital assets	(2,532,575)
Less: noncurrent liabilities	
Noncurrent liabilities for amount invested in capital assets	(2,620,424)
	226,264,142
Restricted net position	
Capital projects and debt service	1,927,964
Customs	148,894
	2,076,858
Unrestricted net position	45,352,625
Total net position	\$ 273,693,625

NOTE 10. LEASES

GASB Statement No. 87, Leases

GASB Statement No. 87, Leases, issued by the Governmental Accounting Standards Board (GASB) was adopted by the Authority in the year ended June 30, 2021. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities.

This Statement defines a lease as a contract that conveys control of the right to use another entity's nonfinancial asset as specified in the contract for a period of time in an exchange or exchange-like transaction. Any contract that meets this definition should be accounted for under the lease guidance, unless specifically excluded in this Statement.

NOTE 10. LEASES (continued)

Lessor Lease Arrangements Subject to GASB 87 Reporting

Authority lessor arrangements that are subject to GASB 87 reporting include property leased to car rental companies, concessionaires, governmental agencies, car condos, and others. The primary assets related to these leases are the terminal building, parking garage, and land. An interest rate of 3% was used as the discount rate for the lease receivable.

The following is a summary by category of the balances, inflows and scheduled payments for the lessor lease arrangements subject to GASB 87 reporting for the year ended June 30, 2024.

Category	Lease Receivable	Deferred Inflows	Lease Revenue	Interest Revenue	Scheduled Payments
Rental car space	\$ 21,751	\$ 19,332	\$ 77,328	\$ 2,046	\$ 87,438
Terminal food, bev, gift & other	1,700,875	1,471,250	635,945	61,812	721,788
Land and other buildings	2,099,671	1,973,172	184,440	67,287	225,626
	\$ 3,822,297	\$ 3,463,754	\$ 897,713	\$ 131,145	\$ 1,034,852

Lessee Lease Arrangements Subject to GASB 87 Reporting

The Authority had no lessee lease arrangement during fiscal year 2024 subject to GASB 87 reporting.

Lease Arrangements Excluded from GASB 87 Reporting

The Authority has lease arrangements that are exempt from GASB 87 reporting because they are regulated or short-term. The regulated leases are those that are aviation related and regulated by the Federal Aviation Administration. The short-term leases are those that have an original lease term of twelve months or less. Total lease revenue from these leases for the year ended June 30, 2024 was \$1,017,082.

The following is a schedule of the expected future minimum lease payments to be received from lease arrangements excluded from GASB 87 reporting.

Fiscal Year	Amount
2025	\$ 709,856
2026	\$ 697,446
2027	\$ 606,250
2028	\$ 583,465
2029	\$ 564,092
2030-2034	\$ 2,460,816
2035-2039	\$ 1,790,227
2040-2044	\$ 658,803
2045-2049	\$ 107,046

NOTE 11. SUBSCRIPTION BASED INFORMATION TECHNOLOGY ARRANGEMENTS

GASB Statement No. 96, Subscription Based Information Technology Arrangements, issued by the Governmental Accounting Standards Board (GASB) was adopted by the Authority in the year ended June 30, 2023. This Statement establishes uniform accounting and financial reporting requirements for subscription-based information technology arrangements (SBITAs). The Statement defines an SBITA as a contract that conveys control of the right to use another party's IT software, alone or in combination with tangible capital assets, as specified in the contract for a period of time in an exchange or exchange-like transaction. The Statement provides exclusions for arrangements that are short-term, those that meet the definition of a lease under GASB Statement No. 87, and other specific criteria.

The Authority's SBITAs for the fiscal year ending June 30, 2024 were excluded from GASB 96 reporting, primarily due to their short-term nature, therefore expenses related to these arrangements are recognized according to the scheduled payment terms provided in the arrangements. Total expenses related to the excluded arrangements for the year ended June 30, 2024 was \$44,818.

NOTE 12. PASSENGER FACILITY CHARGE PROGRAM

In 1990, the United States Congress enacted the Aviation Safety and Capacity Expansion Act ("ASCEA") of 1990, which allows public agencies controlling commercial service airports to charge eligible enplaning passengers at the airport a \$1, \$2 or \$3 passenger facility charge, or PFC. In 2000, the U.S. Congress passed the Aviation Investment and Reform Act for the 21st Century ("AIR-21"), which allowed airports to levy a PFC of \$4.00 or \$4.50 per eligible enplaned passenger. Gallatin Airport Authority was authorized to impose the PFC beginning August 1, 1993. The Authority will continue to impose the PFC until "the total net PFC revenues collected plus interest thereon equals the allowable cost of the approved projects."

Proceeds from PFCs are to be used to finance eligible airport-related projects that preserve or enhance safety, capacity or security of the national air transportation system, reduce noise from an airport that is part of such system, or furnish opportunities for enhanced competition between or among air carriers.

The active PFC approved projects during the fiscal year ended June 30, 2024 were PFC 09-05-C-00-BZN (PFC-5) and PFC 20-06-C-00-BZN (PFC-6). PFC-5 provides for a charge of \$4.50 per enplaned passenger and total project expenditures of \$26,700,000. PFC-6 provides for a charge of \$4.50 per enplaned passenger and total project expenditures of \$34,408,193.

NOTE 13. CUSTOMER FACILITY CHARGES

Customer facility charges (CFCs) are levied by the Authority pursuant to an agreement with the rental car companies serving the Authority. The CFC rate per contract rental day was increased from \$4.25 to \$5.00 effective January 1, 2019.

NOTE 14. RISK MANAGEMENT

Significant losses for public officials, automobiles, property, and general liability are covered by commercial insurance policies. There have been no significant reductions in insurance coverage. Insurance coverage for potential losses due to environmental damages is not available. Therefore, the Authority has no coverage for such potential losses. There have been no settlements in excess of the insurance coverage in any of the three prior years.

NOTE 15. RELATED PARTIES

Karen Stelmak (Board Member) and Tom Stelmak entered into a 10-year lease with the Authority beginning September 1, 1999. An option for a 10-year renewal was taken. Lease revenues for the year ended June 30, 2024 were \$1,075.

Ted Mathis (Board Member) leases a hangar from the Authority on a month-to-month basis. Lease revenues for the year ended June 30, 2024 were \$3,000.

The related party leases are regulated lease arrangements and are excluded from GASB 87 reporting. No amounts were due to or from any of these related parties as of June 30, 2024.

NOTE 16. COMMITMENT

The Authority entered into an agreement with the City of Belgrade for the upgrade of the Belgrade Waste Water Treatment Plant and future Airport water and sewer service. The Authority had committed funding not-to-exceed \$3,000,000 for the upgrade project. As of June 30, 2024, this commitment had been met. The ongoing expense related to the water and sewer service for the fiscal year 2024 has not been determined.

NOTE 17. CONCENTRATIONS

The Authority receives a significant portion of its operating revenues from leasing the parking facility. The revenues from this lease accounted for approximately 28% of operating revenues for the year ended June 30, 2024.

NOTE 18. SUBSEQUENT EVENTS

Management has evaluated subsequent events through October 28, 2024, the date on which these financial statements were available to be issued.

Required Supplementary Information – Pension Schedules

Year Ended June 30, 2024

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

As of Measurement Date	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Employer's proportion of the net pension liability	0.1884%	0.1622%	0.1239%	0.1327%	0.1160%	0.1160%	0.1419%	0.1422%	0.1396%	0.1401%
Employer's net pension liability	\$ 4,597,670	\$ 3,856,443	\$ 2,246,159	\$ 3,499,882	\$ 2,425,315	\$ 2,420,408	\$ 2,763,602	\$ 2,422,514	\$ 1,951,981	\$ 1,745,531
State's Net Pension Liability	\$ 1,284,376	\$ 1,162,325	\$ 668,011	\$ 1,108,996	\$ 795,474	\$ 815,227	\$ 41,740	\$ 29,600	\$ 23,977	\$ 21,316
Total Net Pension Liability	\$ 5,882,046	\$ 5,018,768	\$ 2,914,170	\$ 4,608,878	\$ 3,220,789	\$ 3,235,635	\$ 2,805,342	\$ 2,452,114	\$ 1,975,958	\$ 1,766,847
Employer's covered payroll	\$ 3,502,746	\$ 2,850,124	\$ 2,188,135	\$ 2,225,832	\$ 1,914,421	\$ 1,907,151	\$ 1,760,010	\$ 1,703,557	\$ 1,629,621	\$ 1,610,223
Employer's proportionate share as a % as of covered payroll	131.26%	135.31%	102.65%	157.24%	126.69%	126.91%	157.02%	142.20%	119.78%	111.22%
Plan fiduciary net position as a % of Total Pension Liability	73.93%	73.66%	79.91%	68.90%	73.85%	73.47%	73.75%	74.71%	78.40%	79.87%

SCHEDULE OF CONTRIBUTIONS

As of Most Recent FYE (reporting date)	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required DB contributions	\$ 384,121	\$ 314,196	\$ 252,806	\$ 193,911	\$ 195,013	\$ 164,653	\$ 161,536	\$ 147,334	\$ 142,393	\$ 134,287
Plan Choice Rate required contributions	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,383	\$ 15,244
Contributions in relation to the contractually required contributions	\$ 384,121	\$ 314,196	\$ 252,806	\$ 193,911	\$ 195,013	\$ 164,653	\$ 161,536	\$ 147,334	\$ 151,776	\$ 149,531
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Employer's covered payroll	\$ 4,235,070	\$ 3,502,746	\$ 2,850,124	\$ 2,188,135	\$ 2,225,832	\$ 1,914,421	\$ 1,907,151	\$ 1,760,010	\$ 1,703,557	\$ 1,629,621
Contributions as a % of covered payroll	9.07%	8.97%	8.87%	8.86%	8.76%	8.60%	8.47%	8.37%	8.91%	9.18%

* The above schedules are intended to show information for 10 years.
Additional years will be displayed as they become available.

Notes to Required Supplementary Information – Pension Schedules

Year Ended June 30, 2024

CHANGES IN BENEFIT TERMS

The following changes to the plan provision were made as identified:

2017 Legislative Changes:

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

- I. Terminating members eligible to retire may, in lieu of receiving monthly retirement, refund their accumulated contributions in a lump sum.
- II. Terminating members with accumulated contributions between \$200 and \$1,000 who wish to rollover their refund must do so within 90 days of terminating service.
- III. Trusts, estates, and charitable organizations listed as beneficiaries are entitled to receive only a lump-sum payment.

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 membered hired prior to July 1, 2011 who have a normal retirement age of 60 and are eligible for a disability benefit until age 65.

Notes to Required Supplementary Information – Pension Schedules

Year Ended June 30, 2024

CHANGE IN ACTUARIAL ASSUMPTIONS AND METHODS

Method and assumptions used in calculations of actuarially determined contributions

The following actuarial assumptions and methods were used to determine contribution rates reported for fiscal year ending June 30, 2023, which were based on the results of the June 30, 2022 actuarial valuation:

General Wage Growth *	3.50%
Investment Rate of Return *	7.30%, net of pension plan investments and administrative expenses
* 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 payroll, open
Remaining amortization period	30 years
Mortality (Active Participants)	PUB-2010 General Amount Weighted Employee Mortality projected to 2021 for males and females. Projected generationally using MP-2021.
Mortality (Disabled Retirees)	PUB-2010 General Amount Weighted Disabled Retiree mortality table, projected to 2021, set forward one year for both males and females.
Mortality (Contingent Survivors)	PUB-2010 General Amount Weighted Contingent Survivor Mortality projected to 2021 with ages set forward one year for males and females. Projected generationally using MP-2021.
Mortality (Healthy Retirees)	PUB-2010 General Amount Weighted Health 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.

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



STATISTICAL SECTION

- Statistical section introduction
- Net position and changes in net position
- Changes in cash and investments
- Operating and nonoperating expenses
- Operating revenues, airline cost per enplanement, and airline rates
- Debt service, coverages, and ratios
- Aircraft operations and total passengers
- Enplanements and load factor by air carrier
- Budgeted employees by department
- Insurance coverage
- Airport information
- Demographic and economic statistics
- Principal employers in region



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Statistical Section Introduction

The Statistical Section presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the Authority's overall financial health. Unless otherwise noted, the information in these schedules is derived from the financial statements for the relevant year.

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These schedules contain trend information to help the reader understand how the Authority's financial performance and well-being have changed over time.

Revenue Capacity	67
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This schedule contains information to help the reader assess the Authority's significant revenue sources.

Debt Capacity	68
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This schedule presents information to help the users understand and assess the Authority's outstanding debt and its ability to cover and issue additional debt.

Operating Information	69
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These schedules present contextual information about the Authority's operations and resources to help users to understand and assess the Authority's economic condition.

Demographic and Economic Information	74
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These schedules contain information to help users understand the socio-economic environment in which the Authority operates.

Net Position and Changes in Net Position

Ten Years Ended June 30

		Dollars in 000's									
		2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Operating revenues	\$	32,026	28,126	26,147	14,304	12,947	13,975	11,888	10,498	9,630	8,918
Operating expenses		13,619	11,913	9,461	7,620	7,120	6,622	6,120	5,186	4,639	4,434
Operating income, before depreciation		18,407	16,213	16,686	6,684	5,827	7,353	5,768	5,312	4,991	4,484
Less: depreciation		7,077	6,301	6,300	5,351	5,535	4,698	4,225	4,182	3,976	3,848
Operating income (loss)		11,330	9,912	10,386	1,333	292	2,655	1,543	1,130	1,015	636
Net nonoperating revenues (expenses)		9,338	8,608	4,259	4,960	4,028	4,586	3,973	2,839	2,409	(839)
Capital contributions		12,465	25,474	13,977	12,645	10,556	3,328	7,976	6,866	3,358	4,688
Change in net position	\$	33,133	43,994	28,622	18,938	14,876	10,569	13,492	10,835	6,782	4,485
Net investment in capital assets	\$	226,264	199,527	150,471	151,061	143,731	123,161	104,192	82,435	72,958	71,296
Restricted		2,077	3,271	2,840	2,183	2,555	9,308	7,217	5,847	4,672	3,824
Unrestricted		45,353	37,763	43,256	14,701	2,697	1,638	12,129	21,764	21,581	17,309
Total net position	\$	273,694	240,561	196,567	167,945	148,983	134,107	123,538	110,046	99,211	92,429

Source: Gallatin Airport Authority records

Changes in Cash and Investments

Ten Years Ended June 30

	Dollars in 000's									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Cash from operating activities										
Receipts from customers	\$ 31,411	27,519	26,214	11,734	13,980	13,834	11,646	10,849	8,794	9,133
Payments to suppliers	(4,663)	(4,698)	(3,900)	(2,170)	(2,665)	(2,447)	(2,360)	(1,909)	(1,771)	(1,617)
Payments to employees	(8,404)	(7,023)	(5,641)	(4,375)	(4,350)	(4,026)	(3,765)	(3,225)	(2,941)	(2,825)
	18,344	15,798	16,673	5,189	6,965	7,361	5,521	5,715	4,082	4,691
Cash from noncapital financing activities										
	-	-	(3,000)	-	21	(334)	17	7	(79)	(422)
Cash from capital and related financing activities										
Capital asset purchases	(31,940)	(41,431)	(11,319)	(15,572)	(24,331)	(25,718)	(23,508)	(11,756)	(4,702)	(4,705)
Grant receipts (payments)	18,625	18,125	17,844	10,273	8,364	5,884	7,055	5,401	3,362	2,940
Passenger fac. charge receipts	4,881	4,470	4,540	2,383	2,884	2,902	2,403	2,183	2,022	1,872
Customer fac. charge receipts	3,335	3,030	1,798	820	742	2,197	1,936	1,095	878	750
Debt principal payments	(2,447)	(2,365)	(2,285)	-	0	(585)	(565)	(550)	(535)	(520)
Debt interest payments	(241)	(325)	(407)	(427)	(492)	(555)	(574)	(592)	(608)	(624)
Other receipts (payments)	-	-	-	-	-	-	-	-	-	-
	(7,787)	(18,496)	10,171	(2,523)	(12,833)	(15,875)	(13,253)	(4,219)	417	(287)
Cash from investing activities										
Interest received	1,699	1,111	1,315	1,310	1,241	246	91	62	93	128
Reclass of investments	-	-	-	-	-	-	-	-	-	23
	1,699	1,111	1,315	1,310	1,241	246	91	62	93	151
Change in cash and investments										
	12,256	(1,587)	25,159	3,976	(4,606)	(8,602)	(7,624)	1,565	4,513	4,133
Cash and investments, beginning of year										
	35,907	37,494	12,335	8,359	12,965	21,567	29,191	27,626	23,112	18,979
Cash and investments, end of year										
	\$ 48,163	35,907	37,494	12,335	8,359	12,965	21,567	29,191	27,626	23,112

Source: Gallatin Airport Authority records

Operating and Nonoperating Expenses

Ten Years Ended June 30

	Dollars in 000's									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Operating Expenses										
Personnel	\$ 8,886	7,600	5,732	4,941	4,411	3,871	3,712	3,237	2,941	2,845
Utilities	1,051	1,112	917	807	771	707	682	629	654	644
Supplies and materials	1,248	1,017	1,263	667	607	765	497	536	347	381
Outside services	1,950	1,762	1,219	881	863	932	936	509	437	341
Insurance	234	229	184	211	214	120	99	98	92	89
Other	249	193	146	113	254	227	194	178	168	135
Depreciation expense	7,077	6,301	6,300	5,351	5,535	4,699	4,225	4,182	3,976	3,848
	20,695	18,214	15,761	12,971	12,655	11,321	10,345	9,368	8,615	8,282
Nonoperating Expenses										
Interest Expense	241	325	407	427	492	555	574	592	608	624
Payments to other agencies	-	-	3,000	-	0	347	-	0	84	400
Other	-	-	-	-	-	-	-	-	0	44
	241	325	3,407	427	492	902	574	592	692	1,068
Total expenses	\$ 20,936	18,539	19,168	13,398	13,147	12,223	10,919	9,960	9,307	9,350

Source: Gallatin Airport Authority records

Operating Revenues, Airline Cost Per Enplanement, and Airline Rates

Ten Years Ended June 30

	Revenues and Enplanements in 000's									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Airline Revenues										
Landing fees	\$ 1,510	1,365	1,259	880	747	848	705	624	619	605
Terminal rentals	2,505	1,762	1,591	1,137	1,095	1,059	969	895	848	853
	4,015	3,127	2,850	2,017	1,842	1,907	1,674	1,519	1,467	1,458
Non-airline Revenues										
Rental car	10,318	9,142	9,873	5,135	3,972	4,293	3,685	3,218	2,743	2,624
Parking	8,892	8,496	6,749	2,438	2,860	3,675	3,150	2,753	2,590	2,396
Other terminal	3,927	3,302	3,158	1,647	1,914	1,998	1,655	1,465	1,384	1,110
General aviation	2,336	2,054	1,475	1,308	864	775	687	617	570	519
Air cargo	73	71	48	49	41	41	43	43	41	39
Other	2,465	1,934	1,994	1,710	1,454	1,286	994	883	834	772
Total operating revenues	\$ 32,026	28,126	26,147	14,304	12,947	13,975	11,888	10,498	9,629	8,918
Scheduled enplanements	1,268	1,168	1,121	619	622	742	627	572	529	498
Airline cost per enplanement	\$ 3.17	2.68	2.54	3.26	2.96	2.57	2.67	2.66	2.77	2.93
Airline Rates										
Landing fee (per 1,000 lbs. over 12,500 GLW)	\$ 1.07	1.05	1.00	1.00	1.00	1.00	1.00	1.02	1.06	1.06
Terminal rents (per sq. ft. per year):										
Finished	\$ 26.00	26.00	24.00	24.00	24.00	24.00	24.00	22.27	22.27	22.27
Unfinished	\$ 15.00	15.00	12.97	12.97	12.97	12.97	12.97	12.97	12.97	12.97
Jetway rent (per use)	\$ 10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00

Source: Gallatin Airport Authority records

Debt Service, Coverages, and Ratios

Ten Years Ended June 30

	Dollars and Enplanements in 000's									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Outstanding debt										
2009 revenue bonds	\$ -	-	-	-	0	12,250	12,835	13,400	13,950	14,485
Long-term debt	5,153	7,600	9,965	12,250	12,250	-	-	-	-	-
Total outstanding debt	5,153	7,600	9,965	12,250	12,250	12,250	12,835	13,400	13,950	14,485
Enplaned passengers	1,270	1,170	1,124	619	625	744	629	574	531	500
Outstanding debt per enplaned passenger	\$ 4.06	6.50	8.87	19.79	19.60	16.47	20.41	23.34	26.27	28.97
Principal	\$ 2,447	2,365	2,285	-	0	585	565	550	535	520
Interest	241	325	407	427	492	555	574	592	608	624
Total debt service	\$ 2,688	2,690	2,692	427	492	1,140	1,139	1,142	1,143	1,144
Net revenues available for debt service	\$ 27,745	24,821	24,821	20,945	9,855	11,939	9,741	8,151	7,400	5,584
Debt service	2,688	2,690	2,692	427	492	1,140	1,139	1,142	1,143	1,144
Debt service coverage	\$ 10.32	9.23	9.22	49.05	20.03	10.47	8.55	7.14	6.47	4.88

Source: Gallatin Airport Authority records

Enplanements and Load Factor by Air Carrier

Ten Years Ended June 30

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Aircraft Operations										
Air carrier	21,333	19,411	22,494	18,054	13,607	15,574	11,861	10,735	9,990	10,388
Air taxi	12,409	12,001	12,335	11,499	10,379	9,996	9,834	9,009	8,923	8,336
GA itinerant	49,381	46,334	44,224	46,495	36,691	35,633	30,298	31,108	30,456	30,135
Military	616	552	535	634	543	642	274	297	340	220
Total itinerant	83,739	78,298	79,588	76,682	61,220	61,845	52,267	51,149	49,709	49,079
GA local	41,715	40,471	34,284	39,770	34,765	34,560	26,052	25,794	30,920	30,653
Total aircraft operations	125,454	118,769	113,872	116,452	95,985	96,405	78,319	76,943	80,629	79,732
Total Passengers										
Enplanements	1,269,749	1,169,924	1,124,292	618,964	624,562	744,316	628,533	573,767	530,903	499,977
Deplanements	1,273,073	1,168,597	1,117,217	622,708	619,449	743,695	629,441	574,580	529,829	497,664
Total passengers	2,542,822	2,338,521	2,241,509	1,241,672	1,244,011	1,488,011	1,257,974	1,148,347	1,060,732	997,641
Growth	8.7%	4.3%	80.5%	-0.2%	-16.4%	18.3%	9.5%	8.3%	6.3%	8.7%

Source: Gallatin Airport Authority records

Enplanements and Load Factor by Air Carrier

Ten Years Ended June 30

	Enplanements in 000's									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Delta										
Enplanements	314	315	297	178	211	255	233	214	223	202
Load factor	83.9%	86.0%	82.8%	52.9%	76.4%	83.1%	85.0%	85.9%	85.3%	82.8%
United										
Enplanements	336	309	297	163	203	266	225	208	177	160
Load factor	85.6%	83.3%	79.9%	64.0%	79.0%	78.7%	78.6%	82.6%	83.2%	80.3%
Alaska										
Enplanements	143	119	113	82	82	91	86	89	82	70
Load factor	75.0%	78.4%	71.4%	52.3%	74.5%	79.1%	86.4%	86.3%	84.7%	82.7%
Frontier										
Enplanements	0	0	3	17	23	25	8	14	16	37
Load factor	0.0%	0.0%	57.0%	65.7%	82.1%	86.2%	87.2%	83.9%	86.6%	89.7%
Allegiant										
Enplanements	57	57	49	34	30	34	29	29	29	29
Load factor	81.9%	82.3%	72.9%	56.1%	78.9%	82.9%	87.5%	88.2%	86.6%	86.5%
American										
Enplanements	131	115	133	117	69	66	46	19	2	-
Load factor	86.2%	90.5%	83.1%	68.5%	79.3%	81.5%	81.9%	81.2%	1	-
JetBlue										
Enplanements	17	16	22	8	4	5	-	-	-	-
Load factor	78.6%	71.9%	51.9%	34.5%	57.1%	0.71	-	-	-	-
Sun Country										
Enplanements	8	5	8	4.00	-	-	-	-	-	-
Load factor	87.2%	80.6%	62.2%	52.7%	0.36	-	-	-	-	-
Southwest										
Enplanements	255	232	195	14.00	-	-	-	-	-	-
Load factor	78.5%	76.9%	62.2%	0.48	-	-	-	-	-	-
Avelo										
Enplanements	7	0	4	2.00	-	-	-	-	-	-
Load factor	63.8%	52.4%	51.3%	0.30	-	-	-	-	-	-
Market share	40.9%	40.9%	40.9%	0.41	-	-	-	-	-	-
Total available seats	1,545	1,417	1,498	1,072	804	918	792	708	659	636
Total scheduled enplanements	1,268	1,168	1,121	619	622	742	627	572	529	498
Average load factor	82.2%	82.4%	74.8%	57.7%	77.4%	80.8%	79.2%	80.8%	80.3%	78.3%
Charter										
Enplanements	2	2	3	-	3	2	2	2	1	2
Total enplanements	1,270	1,170	1,124	619	625	744	629	574	530	500

Source: Gallatin Airport Authority records

Budgeted Employees by Department

Ten Years Ended June 30

Year	Number of Employees				Total
	Maintenance & Airside Operations	Landside Operations	Public Safety	Administration (includes HR & IT)	
2024	36	14	11	14	75
2023	34	14	11	12	71
2022	28	14	10	9	61
2021	21	11	9	8	49
2020	18	10	9	8	45
2019	18	10	8	7	43
2018	17	9	8	5	39
2017	15	8	7	5	35
2016	12	8	7	5	32
2015	12	7	7	5	31

Source: Gallatin Airport Authority's operating budget records

Insurance Coverage

As of June 30, 2024

Policy Type	Insurer	Coverage	Expiration
Buildings	Cincinnati Insurance	\$ 120,891,271	8/10/2024
Business Personal Property	Cincinnati Insurance	\$ 1,442,927	8/10/2024
Automobile	Cincinnati Insurance	\$ 1,000,000	8/10/2024
General Liability	Ace Property and Casualty	\$ 100,000,000	8/10/2024
Mobile Equipment	Cincinnati Insurance	\$ 1,879,899	8/10/2024
Employee Theft	Cincinnati Insurance	\$ 50,000	8/10/2024
Employment Practices	Cincinnati Insurance	\$ 1,000,000	8/10/2024
Directors & Officers	Cincinnati Insurance	\$ 1,000,000	8/10/2024
Aviation	Ace Property and Casualty	\$ 100,000,000	8/10/2024
Law Enforcement	Allied World	\$ 1,000,000	8/10/2024

Source: Gallatin Airport Authority records

Airport Information

Year Ended June 30, 2024

Location:	9 miles northwest of Bozeman, MT		
Area:	Fee title	1,969	acres
	Easement controlled	1,334	acres
	State lease	93	acres
	Total	3,396	acres
Airport code:	BZN		
Elevation:	4,475'		
Runways:	12/30	Paved	8,994' x 150'
	03/21	Paved	2,650' x 75'
	11/29	Turf	3,197' x 80'
	11/29	Paved	5,050' x 75'
Terminal:	300,000 sq. ft.		
Parking spaces:	Pay parking economy	1,648	
	Pay parking premium	1,868	
	Pay parking garage	91	
	One-hour	172	
	Rental car ready/returns	1,000	
	Rental car storage	1,315	
	Employee parking	328	
	Total	6,422	
Apron areas:	Terminal	1,315,030	sq. ft.
	Old terminal	71,210	sq. ft.
	General aviation	644,630	sq. ft.
	Tie-down	211,490	sq. ft.
	East ramp	883,840	sq. ft.
	Total	3,126,200	sq. ft.
Based aircraft:	Sailplane	9	
	Single engine (piston)	228	
	Twin engine (piston)	13	
	Single engine (turboprop)	15	
	Twin engine (turboprop)	17	
	Single engine (jet)	6	
	Multi engine (jet)	74	
	Helicopter	24	
	Total	386	
Hangars:	222		

Airport Employees:	Airport Authority	75
	Airlines / Ground Handling	371
	Rental Car / Ground Trans / Parking	260
	Retail / Food & Bev Concessions	175
	Federal Govt / Tower / Screening	99
	Fixed Based Operators	106
	Flight School	62
	Air Ambulance	79
	Air Cargo	82
	Rotorcraft Operation	25
	Aerial Firefighting	154
	Aviation Business	22
	Engineering / Architecture Support	31
	Total	1,541
Fixed based operators:	Jet Aviation	
	Yellowstone Jetcenter	
	Million Air	
International:	U.S. Customs User Fee Facility	

Source: Gallatin Airport Authority records

Demographic and Economic Statistics

Ten Years Ended June 30

GALLATIN COUNTY				
Year	Population	Per Capita Personal Income	Personal Income (in 000's)	Unemployment Rate
2024	129,265	unavailable	unavailable	2.5%
2023	127,795	unavailable	unavailable	2.0%
2022	124,857	80,909	10,102,055	2.0%
2021	122,713	70,276	8,623,779	2.0%
2020	118,960	63,432	7,545,871	6.9%
2019	114,434	58,195	6,659,487	2.2%
2018	111,876	53,536	5,989,394	2.5%
2017	107,810	51,410	5,542,512	2.6%
2016	104,502	49,764	5,200,438	2.7%
2015	100,739	47,755	4,810,791	2.9%

MONTANA				
Year	Population	Per Capita Personal Income	Personal Income (in 000's)	Unemployment Rate
2024	unavailable	unavailable	unavailable	unavailable
2023	1,132,812	63,918	72,407,077	2.7%
2022	1,122,867	60,984	68,476,921	2.4%
2021	1,104,271	56,848	62,775,598	2.6%
2020	1,084,225	54,106	58,663,078	7.6%
2019	1,068,778	50,099	53,544,709	3.5%
2018	1,062,305	47,197	50,137,609	3.7%
2017	1,050,493	45,112	47,389,840	3.9%
2016	1,042,646	43,826	45,695,004	4.2%
2015	1,032,949	42,764	44,173,031	4.1%

Sources:

Census Bureau

Bureau of Economic Analysis

Principal Employers in Region

Year Ended June 30, 2024

Current Year *		2015	
Private Employers By Class	Number of Employees	Private Employers By Class	Number of Employees
Bozeman Health	1,000 +	Bozeman Health	1,000 +
Oracle	250 to 499	Oracle	250 to 499
Kenyon Noble	250 to 499	Wal Mart	250 to 499
Town Pump	250 to 499	Albertson's	100 to 249
Wal Mart	250 to 499	Bridger Bowl	100 to 249
Albertson's	100 to 249	Community Food Co-Op	100 to 249
Bridger Bowl	100 to 249	Costco	100 to 249
Community Food Co-Op	100 to 249	Federal Premium Ammunition	100 to 249
Costco	100 to 249	First Student	100 to 249
First Student	100 to 249	Kenyon Noble	100 to 249
Glacier Bancorp	100 to 249	Korman Marketing Group	100 to 249
McDonalds	100 to 249	Martel Construction	100 to 249
Murdoch's Ranch & Home Supply	100 to 249	McDonalds	100 to 249
Ressler Motors	100 to 249	Murdoch's Ranch & Home Supply	100 to 249
Rosauers Food & Drug	100 to 249	Ressler Motors	100 to 249
Target	100 to 249	Rosauers Food & Drug	100 to 249
Town & Country Foods	100 to 249	Simkin Hallin Lumber	100 to 249
UPS	100 to 249	Town & Country Foods	100 to 249
Williams Plumbing & Heating	100 to 249	Town Pump	100 to 249
Zoot Enterprises	100 to 249	Zoot Enterprises	100 to 249
Public Employers By Class	Number of Employees	Public Employers By Class	Number of Employees
Montana State University	1,000 +	Montana State University	1,000 +
Bozeman School District	500 to 999	Bozeman School District	1,000 +
Belgrade School District	500 to 999	Belgrade School District	500 to 999
Gallatin County	500 to 999	Gallatin County	250 to 499
City of Bozeman	250 to 499	City of Bozeman	250 to 499

* 2023 information is presented for current year and is the most recent available

Region is defined as Gallatin County

Source: Montana Department of Labor & Industry



COMPLIANCE SECTION

- Independent auditor's report on internal control over financial reporting and on compliance and other matters based on an audit of financial statements performed in accordance with Government Auditing Standards
- Independent auditor's report on compliance for each major program and on internal control over compliance required by the Uniform Guidance
- Schedule of expenditures of federal awards
- Schedule of findings and questioned costs
- Independent auditor's report on compliance with requirements that could have a direct and material effect on the passenger facility charge program and on internal control over compliance applicable to the passenger facility charge program
- Schedule of passenger facility charge collections, interest and disbursements



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

To the Board of Commissioners
Gallatin Airport Authority
Belgrade, Montana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Gallatin Airport Authority (Authority), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise Gallatin Airport Authority's basic financial statements, and have issued our report thereon dated October 28, 2024.

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) to determine the 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 may exist that have not been 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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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.

A handwritten signature in cursive script that reads "Holmes + Turner" followed by a long, sweeping horizontal line.

Bozeman, Montana

October 28, 2024

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

To the Board of Commissioners
Gallatin Airport Authority
Belgrade, Montana

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Gallatin Airport Authority's (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 types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2024.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit 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 programs.

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 generally accepted auditing standards, *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 each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *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.



Bozeman, Montana
October 28, 2024

Schedule of Expenditures of Federal Awards

Year Ended June 30, 2024

Federal Source / Program	ALN Number	Federal Expenditures
U.S. DEPARTMENT OF TRANSPORTATION		
Federal Aviation Administration - Airport Improvement Program (AIP)		
Project No. 3-30-0010-54	20.106	13,730
Project No. 3-30-0010-56	20.106	312,605
Project No. 3-30-0010-59	20.106	127,825
Project No. 3-30-0010-61	20.106	402,774
Project No. 3-30-0010-63	20.106	149,557
Project No. 3-30-0010-64	20.106	514,145
Project No. 3-30-0010-65	20.106	58,662
Project No. 3-30-0010-66	20.106	4,843,347
Project No. 3-30-0010-67	20.106	651,158
Project No. 3-30-0010-68	20.106	29,487
Project No. 3-30-0010-69	20.106	2,477,905
Project No. 3-30-0010-71	20.106	146,431
Total U.S. Dept. of Transportation		\$ 9,727,626
U.S. DEPARTMENT OF HOMELAND SECURITY		
Transportation Security Administration - Electronic Baggage Screening Program		
OTA No. 70T0422T7672N003	N/A	2,737,515
Total Transportation Security Administration		\$ 2,737,515
Total expenditures of federal awards		\$ 12,465,141

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Summary of Significant Accounting Policies

This schedule was prepared on the same basis of accounting as the financial statements (see Note 1). For this schedule, Airport Improvement Program (AIP) funds are considered expended when eligible for reimbursement by the Federal Aviation Administration. Eligibility includes having an AIP grant agreement in place specific to the costs incurred, reaching certain project milestones, and other criteria. Federal expenditures reported above that were incurred in fiscal year 2024 totaled \$9,422,108.

The schedule of expenditures of federal awards for the year ended June 30, 2024 has been subjected to the applicable compliance testing requirements prescribed by the Uniform Guidance. The Authority has not elected to use the 10-percent de minimis cost rate allowed under the Uniform Guidance.

I. SUMMARY OF AUDITOR'S RESULTSFinancial Statements

Type of audit report issued: Unmodified

Internal control over financial reporting:

- Significant deficiency disclosed? No
- Material weaknesses disclosed? No
- Material noncompliance disclosed? No

Federal Awards

Type of auditor's report on compliance for the major federal program: Unmodified

Internal control over the major program:

- Significant deficiency disclosed? No
- Material weaknesses disclosed? No

Audit findings that are required to be reported in accordance with 2 CFR Section 200.516(a)? No

Identification of major program: Airport Improvement Program (AIP)

Dollar threshold to distinguish between Type A and Type B programs: \$750,000

Auditee qualifies as a low-risk auditee? Yes

II. FINANCIAL STATEMENT FINDINGS

None reported

III. FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

None reported

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A
DIRECT AND MATERIAL EFFECT ON THE PASSENGER FACILITY CHARGE PROGRAM AND ON
INTERNAL CONTROL OVER COMPLIANCE APPLICABLE TO THE PASSENGER FACILITY CHARGE
PROGRAM

To the Board of Commissioners
Gallatin Airport Authority
Belgrade, Montana

Report on Compliance for the Passenger Facility Charge Program

Opinion on the Passenger Facility Charge Program

We have audited Gallatin Airport Authority's (Authority) compliance with the types of compliance requirements identified as subject to audit in the Passenger Facility Charge Audit Guide for Public Agencies, issued by the Federal Aviation Administration (PFC Audit Guide) that could have a direct and material effect on the Authority's passenger facility charge (PFC) program for the year ended June 30, 2024.

In our opinion, the Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its passenger facility charge program for the year ended June 30, 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; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the Passenger Facility Charge Audit Guide for Public Agencies (PFC Audit Guide). Our responsibilities under those standards and the PFC Audit 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 and regulations 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 generally accepted auditing standards, *Government Auditing Standards*, and the PFC Audit 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 PFC program.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the PFC Audit 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 PFC Audit 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 PFC program. Accordingly, this report is not suitable for any other purpose.



Bozeman, Montana
October 28, 2024

Schedule of Passenger Facility Charge Collections, Interest and Disbursements

Year Ended June 30, 2024

	Total June 30, 2023	FY 2024 Activity				Total June 30, 2024
		1st qtr	2nd qtr	3rd qtr	4th qtr	
Collections	\$ 43,206,377	1,242,647	1,126,014	1,169,844	1,342,248	\$ 48,087,130
Interest	394,630	4,936	6,490	4,822	5,829	416,707
Disbursements	(41,338,876)		(2,500,000)		(3,171,270)	(47,010,146)
Cash balance	\$ 2,262,131	\$ 1,247,583	\$ (1,367,496)	\$ 1,174,666	\$ (1,823,193)	\$ 1,493,691

Thank you to our major tenants and other partners!

AIRLINES



RENTAL CARS



FIXED-BASE OPERATORS



FOOD, BEVERAGE AND GIFT



PARKING



CARGO



OTHERS

General aviation	Summit Aviation	Life Flight
Bridger Aerospace	Ridgeline Aviation	Federal Aviation Administration
Billings Clinic	Central Copters	Transportation Security Administration

A special thanks to Rex Connell for providing many of the photos in this report.

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