

**GRAND FORKS REGIONAL AIRPORT AUTHORITY  
GRAND FORKS, NORTH DAKOTA**

AUDITED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

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**GRAND FORKS REGIONAL AIRPORT AUTHORITY**  
**BOARD OF COMMISSIONERS**  
**AT DECEMBER 31, 2020**

|                  |   |
|------------------|---|
| Rick Meland      | Chairman                                  |
| Steve Kuhlman    | Vice-Chairman                             |
| Jeannie Mock     | Commissioner                              |
| Tim Mutchler     | Commissioner                              |
| Cynthia Pic      | Commissioner                              |
| Karl Bollingberg | Commissioner                              |
| Dane Simonson    | Commissioner                              |
| Ryan Riesinger   | Executive Director                        |
| Tanna Aasand     | Director of Finance<br>and Administration |

## INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners  
Grand Forks Regional Airport Authority  
Grand Forks, North Dakota

### Report on the Financial Statements

We have audited the accompanying financial statements of the Grand Forks Regional Airport Authority, Grand Forks, North Dakota, as of and for the years ended December 31, 2020 and 2019, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditor's Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Grand Forks Regional Airport Authority, Grand Forks, North Dakota, as of December 31, 2020 and 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

## ***Other Matters***

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

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Other Information***

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Authority's basic financial statements. The Schedule of Revenues and Expenses – Budget and Actual as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards and Schedule of Passenger Facility Charges and Related Expenditures are presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and as specified in the *Passenger Facility Charge Audit Guide for Public Agencies*, issued by the Federal Aviation Administration, and are also not a required part of the basic financial statements.

The Schedule of Revenues and Expenses – Budget and Actual, Schedule of Expenditures of Federal Awards, and Schedule of Passenger Facility Charges and Related Expenditures are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Revenues and Expenses – Budget and Actual, Schedule of Expenditures of Federal Awards and Schedule of Passenger Facility Charges and

Related Expenditures are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The board of commissioners listing has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated March 19, 2021 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.



**BRADY, MARTZ & ASSOCIATES, P.C.  
GRAND FORKS, NORTH DAKOTA**

March 19, 2021

**GRAND FORKS REGIONAL AIRPORT AUTHORITY**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED**  
**FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019**

The following discussion and analysis of the financial performance and activity of the Grand Forks Regional Airport Authority (the Authority) is to provide an introduction and understanding of the basic financial statements of the Authority for the year ended December 31, 2020 with selected comparative information for the years ended December 31, 2019 and 2018. This discussion has been prepared by management and is unaudited; and should be read in conjunction with the financial statements, and the notes thereto, which follow this section.

The Grand Forks Regional Airport Authority (Authority) was formed April 20, 1987. It operates under the provisions of the North Dakota Century Code, Chapter 2.06. It is governed by a Board of seven commissioners, four of whom are appointed by the Mayor of the City of Grand Forks and confirmed by the City Council and three of whom are appointed by the Grand Forks County Commission. The Authority's financial statements include only funds and departments over which the Authority officials exercise oversight responsibility. No other agencies, Boards, commissions or other organizations have been included in the Authority's financial statements. The Authority is a component unit of the City of Grand Forks.

The Authority operates an airport system that provides domestic air service for the mid-west region. The organization consists of more than 24 employees in a structure that includes central administration, airport management and operations, and public safety.

In addition to operating the airport, the Authority is responsible for capital improvements at the airport.

The Authority is self-supporting, using aircraft landing fees, fees from terminal and other rentals, and revenue from concessions to fund operating expenses. The Authority is taxpayer-funded. The Capital Construction Program (CCP) is funded by bonds issued by the Authority, federal and state grants, Passenger Facility Charges (PFCs) and the Authority revenues.

***Using the Financial Statements***

The Authority's financial report includes three financial statements: the Statements of Net Position, the Statements of Revenues, Expenses and Changes in Net Position and the Statements of Cash Flows. The financial statements are prepared in accordance with accounting principles generally accepted in the United States of America as promulgated by the Governmental Accounting Standards Board (GASB) principles.

**Enplanements, Operations, and Cargo Activity for 2020**

On March 11, 2020, a national emergency was declared for the COVID-19 outbreak in the United States of America. This event had a direct impact on the activities of the Authority as travel restrictions and stay at home orders were issued.

Delta Air Lines and their partner Airlines along with Allegiant Air provide scheduled service to the airport. A total of 46,891 scheduled airline passengers and charter passengers embarked from Grand Forks International Airport in 2020. This represents a decrease of 71,034 passengers from 2019 (117,925).

A total of 246,634 takeoffs and landings were performed at the airport in 2020. This represents a 16.00% decrease from 2019 (295,272). The bulk of operations, approximately 95%, continue to be performed by the UND aviation school.

**GRAND FORKS REGIONAL AIRPORT AUTHORITY**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED - CONTINUED**  
**FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019**

**Enplanements, Operations, and Cargo Activity for 2019**

Delta Air Lines and their partner Airlines along with Allegiant Air provide scheduled service to the airport. A total of 117,925 scheduled airline passengers and charter passengers embarked from Grand Forks International Airport in 2019. This represents an increase of 3,086 passengers from 2018 (114,839).

A total of 295,272 takeoffs and landings were performed at the airport in 2019. This represents a 20.00% decrease from 2018 (368,385). The bulk of operations, approximately 95%, continue to be performed by the UND aviation school.

***Financial Highlights***

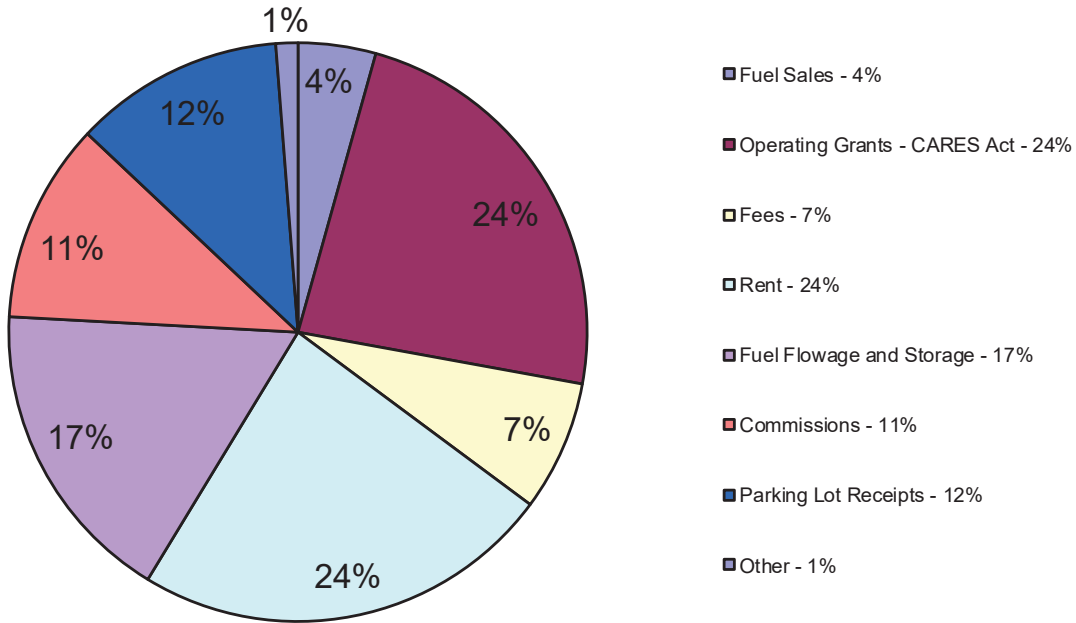
Approximately half of the operating revenues at the Airport are related to the number of passengers and aircraft operations. Operating revenues are \$3,438,652, which represents a decrease of \$440,584 from operating revenues in 2019.



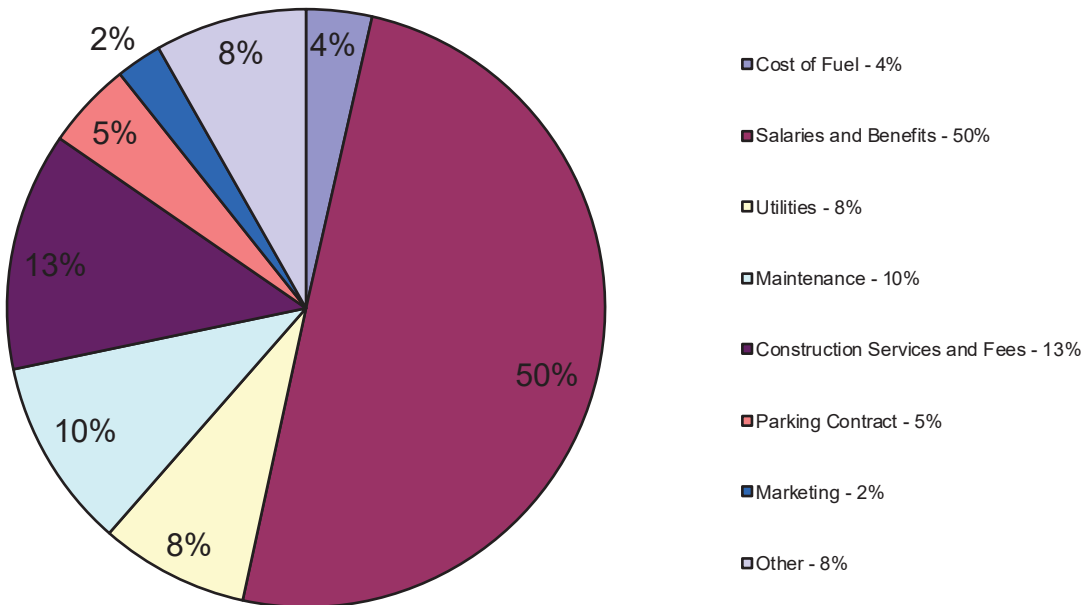
**GRAND FORKS REGIONAL AIRPORT AUTHORITY**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED - CONTINUED**  
**FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019**

The following is an illustration of the total operating revenues and expenses by source and use for the year ended December 31, 2020:

### 2020 Operating Revenues



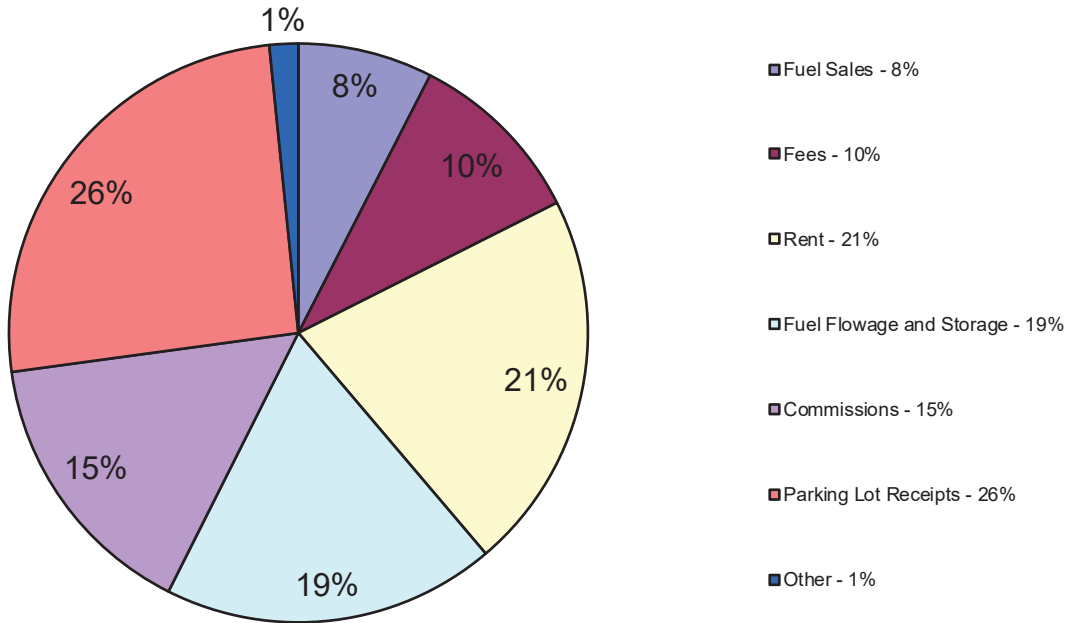
### 2020 Operating Expenses (Excluding Depreciation)



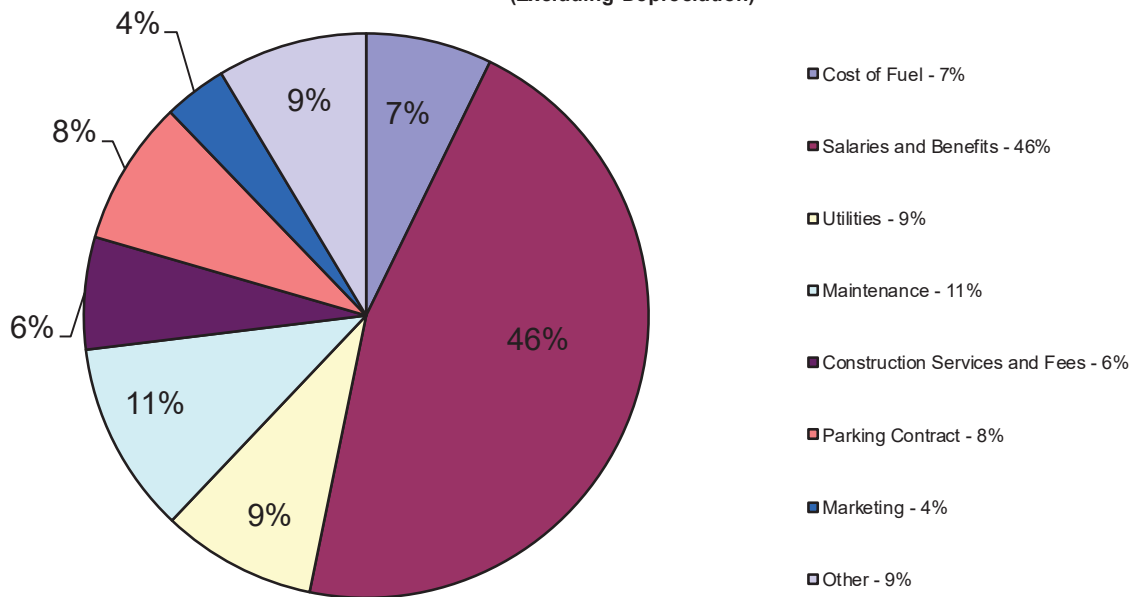
**GRAND FORKS REGIONAL AIRPORT AUTHORITY**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED - CONTINUED**  
**FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019**

The following is an illustration of the total operating revenues and expenses by source and use for the year ended December 31, 2019:

**2019 Operating Revenues**



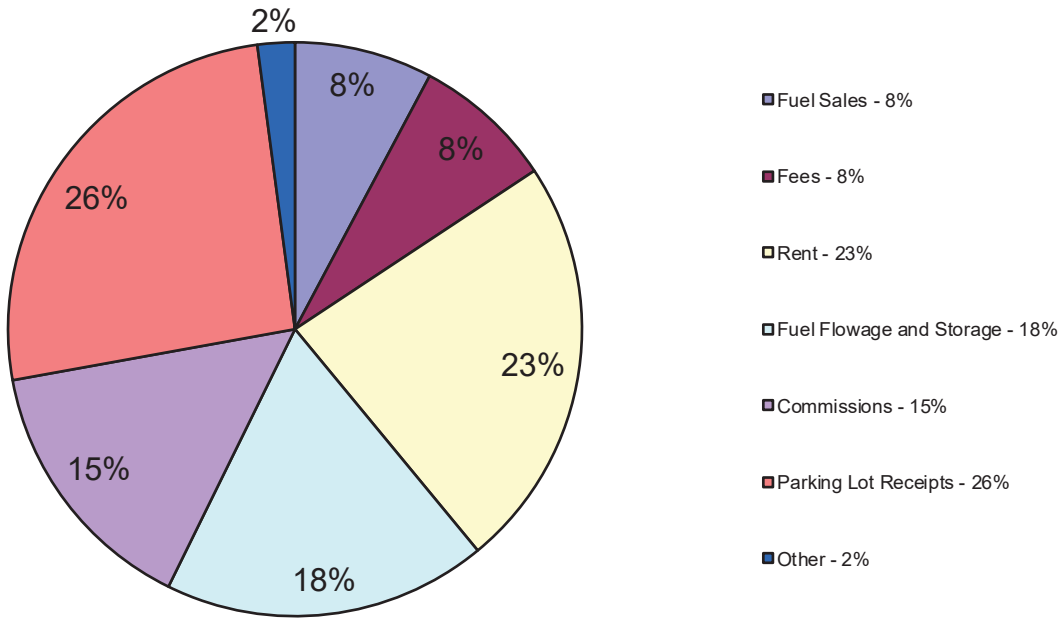
**2019 Operating Expenses**  
(Excluding Depreciation)



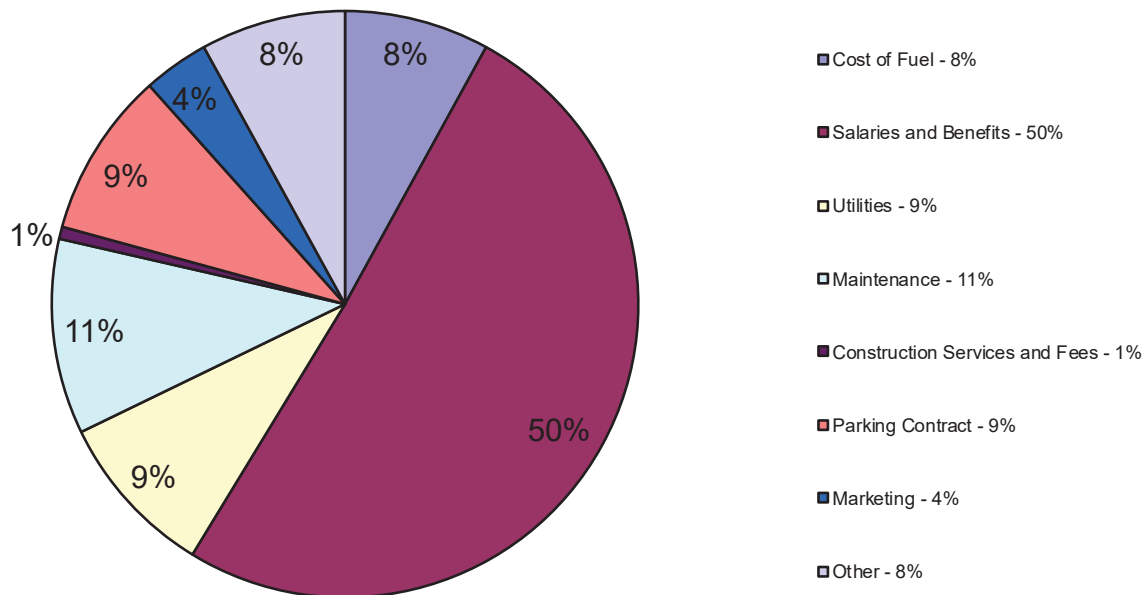
**GRAND FORKS REGIONAL AIRPORT AUTHORITY**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED - CONTINUED**  
**FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019**

The following is an illustration of the total operating revenues and expenses by source and use for the year ended December 31, 2018:

**2018 Operating Revenues**



**2018 Operating Expenses**  
(Excluding Depreciation)



**GRAND FORKS REGIONAL AIRPORT AUTHORITY**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED - CONTINUED**  
**FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019**

**CONDENSED STATEMENTS OF REVENUES, EXPENSES**  
**AND CHANGES IN NET POSITION**  
**For the Years Ended December 31, 2020, 2019 and 2018**

|  | <u>2020</u>          | <u>2019</u>          | <u>2018</u>          |
|--|----------------------|----------------------|----------------------|
| Operating Revenues                         | \$ 3,438,652         | \$ 3,879,236         | \$ 3,803,581         |
| Operating Expenses                         | <u>7,492,773</u>     | <u>7,854,144</u>     | <u>7,585,485</u>     |
| Operating Loss                             | <u>(4,054,121)</u>   | <u>(3,974,908)</u>   | <u>(3,781,904)</u>   |
| Non-Operating Revenues                     | 1,276,860            | 1,417,945            | 1,003,745            |
| Income (Loss) Before Capital Contributions | <u>(2,777,261)</u>   | <u>(2,556,963)</u>   | <u>(2,778,159)</u>   |
| Capital Contributions                      | <u>4,523,649</u>     | <u>1,510,698</u>     | <u>1,069,928</u>     |
| Change in Net Position                     | 1,746,388            | (1,046,265)          | (1,708,231)          |
| Net Position, Beginning                    | <u>55,795,594</u>    | <u>56,841,859</u>    | <u>58,550,090</u>    |
| Net Position, End of Year                  | <u>\$ 57,541,982</u> | <u>\$ 55,795,594</u> | <u>\$ 56,841,859</u> |

The net position for the year ended December 31, 2020 increased by \$1,746,388 and decreased by \$1,046,265 for the year ended December 31, 2019. The operating revenues and operating expenses are consistent with the budget and the prior year. The majority of our revenues continue to come in the form of rents and fees as well as capital contributions (federal and state grants and passenger facility charges). Excluding the depreciation of our facilities, the main operating expense is salaries and benefits.

**GRAND FORKS REGIONAL AIRPORT AUTHORITY**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED - CONTINUED**  
**FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019**

**CONDENSED STATEMENTS OF NET POSITION**  
**As of December 31, 2020, 2019 and 2018**

|                                     | <u>2020</u>          | <u>2019</u>          | <u>2018</u>          |
|-------------------------------------|----------------------|----------------------|----------------------|
| <b>ASSETS</b>                       |                      |                      |                      |
| Current Assets                      | \$ 17,737,277        | \$ 15,924,978        | \$ 14,294,377        |
| Restricted Assets                   | <u>331,846</u>       | <u>1,695,264</u>     | <u>1,500,290</u>     |
| Capital Assets                      | 112,181,310          | 111,604,861          | 110,572,390          |
| Accumulated Depreciation            | <u>(72,212,744)</u>  | <u>(68,372,980)</u>  | <u>(64,331,466)</u>  |
| Total Capital Assets                | <u>39,968,566</u>    | <u>43,231,881</u>    | <u>46,240,924</u>    |
| <b>TOTAL ASSETS</b>                 | <u>58,037,689</u>    | <u>60,852,123</u>    | <u>62,035,591</u>    |
| <b>LIABILITIES AND NET POSITION</b> |                      |                      |                      |
| Current Liabilities                 | <u>495,707</u>       | <u>1,053,214</u>     | <u>814,003</u>       |
| Long-Term Liabilities               | <u>-</u>             | <u>4,003,315</u>     | <u>4,379,729</u>     |
| <b>TOTAL LIABILITIES</b>            | <u>495,707</u>       | <u>5,056,529</u>     | <u>5,193,732</u>     |
| <b>NET POSITION</b>                 |                      |                      |                      |
| Net Investment in Capital Assets    | 39,968,566           | 38,748,473           | 41,260,551           |
| Restricted - Bond Covenants         | -                    | 1,438,325            | 1,500,290            |
| Unrestricted                        | <u>17,573,416</u>    | <u>15,608,796</u>    | <u>14,081,018</u>    |
| <b>TOTAL NET POSITION</b>           | <u>\$ 57,541,982</u> | <u>\$ 55,795,594</u> | <u>\$ 56,841,859</u> |

In its thirty-second full year of operations, the Authority's financial position remained strong at December 31, 2020, with assets of \$58,037,689 and liabilities of \$495,707. The Authority has \$39,968,566 in capital assets (net of depreciation), a decrease of \$3,263,315 from 2019. The Authority's capital assets are principally built from the proceeds of revenue bonds, the Authority revenue, capital contributions from federal and state grants, and PFC's. Assets, other than capital assets, which are stated at historical cost less an allowance for depreciation, and liabilities, are measured using current value.

Net position, which represents the residual interest in the Authority's assets after liabilities are deducted, was \$57,541,982 on December 31, 2020, an increase of \$1,746,388 from 2019. The account "Net Investment in Capital Assets" increased by \$1,220,093 to \$39,968,566. Restricted Net Position decreased during 2020 due to the defeasance of debt.

The restricted and unrestricted remaining net position is derived from the Authority operations since the Authority's inception in 1987, as well as grant and PFC collections. The remaining unrestricted net position of \$17,573,416, an increase of \$1,964,620 from 2019, may be used to meet any of the Authority's ongoing operations subject to approval of the Authority's Board.

**GRAND FORKS REGIONAL AIRPORT AUTHORITY**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED - CONTINUED**  
**FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019**

***Highlights of the 2020 Budget***

A budget is prepared each year and is a financial planning tool used to estimate revenues and expenditures. The budget is not prepared according to GAAP.

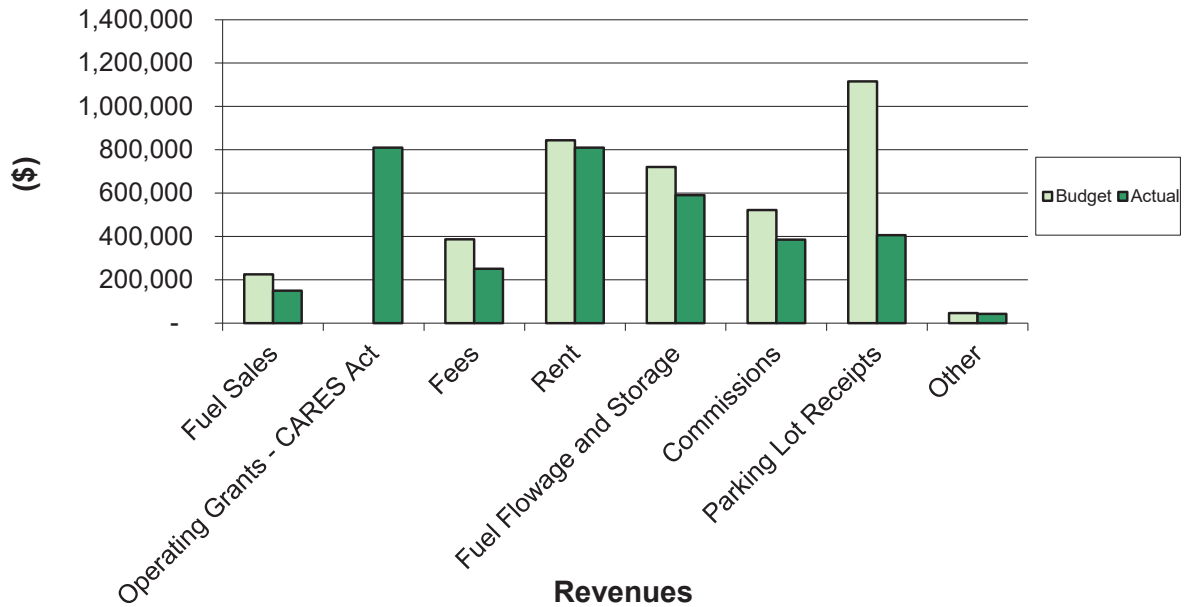
**CONDENSED SCHEDULE OF REVENUES AND EXPENSES**  
**BUDGET AND ACTUAL**  
**For the Year Ended December 31, 2020**

|  | <u>2020<br/>Budget</u> | <u>2020<br/>Actual</u> | <u>Variance</u>     |
|--|------------------------|------------------------|---------------------|
| Operating Revenues                         | \$ 3,856,260           | \$ 3,438,652           | \$ (417,608)        |
| Operating Expenses                         | <u>5,335,408</u>       | <u>7,492,773</u>       | <u>(2,157,365)</u>  |
| Operating Loss                             | <u>(1,479,148)</u>     | <u>(4,054,121)</u>     | <u>(2,574,973)</u>  |
| Non-Operating Revenues                     | 1,071,089              | 1,276,860              | 205,771             |
| Income (Loss) Before Capital Contributions | <u>(408,059)</u>       | <u>(2,777,261)</u>     | <u>(2,369,202)</u>  |
| Capital Contributions                      | <u>840,000</u>         | <u>4,523,649</u>       | <u>3,683,649</u>    |
| Change in Net Position                     | <u>\$ 431,941</u>      | <u>\$ 1,746,388</u>    | <u>\$ 1,314,447</u> |

After accounting for CARES Act Operating Grants, Operating Revenues were lower than the budget as the Authority saw a large decline in boardings and landings directly related to COVID-19. Due to this decrease in revenues, management focused on reducing expenditures. Depreciation expense of \$3,968,311 was not budgeted for, factoring out depreciation expense, expenses were lower than the budget by \$1,810,946. The Authority was awarded additional federal dollars under the airport improvement program due to COVID-19. The Authority has used a portion of these funds to defease the remaining debt of the Authority.

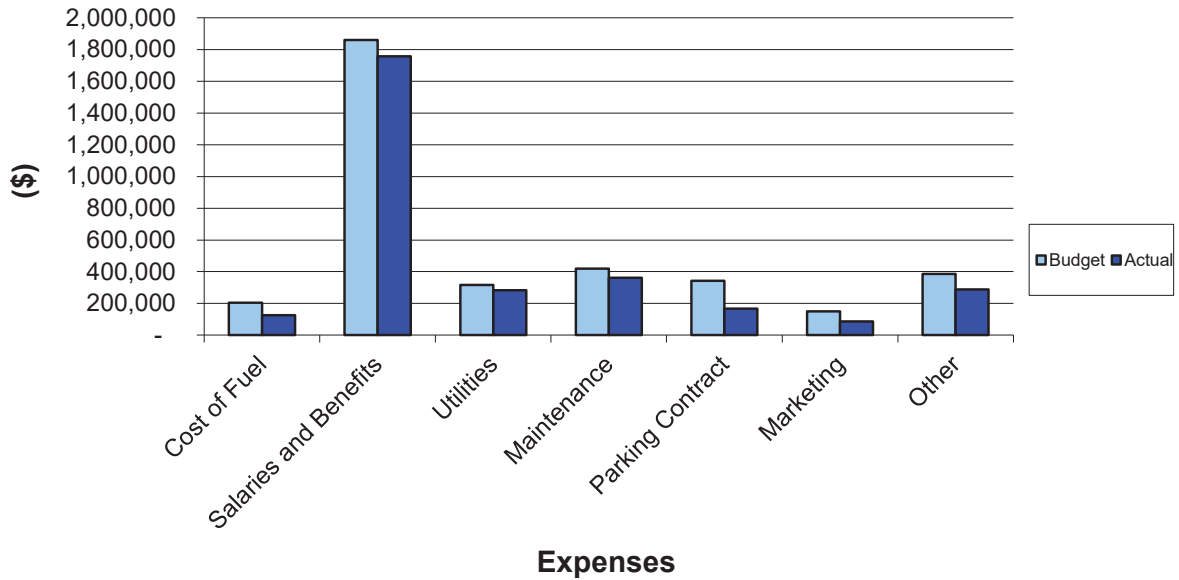
**GRAND FORKS REGIONAL AIRPORT AUTHORITY**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED - CONTINUED**  
**FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019**

**2020 Operating Revenues - Budget and Actual**



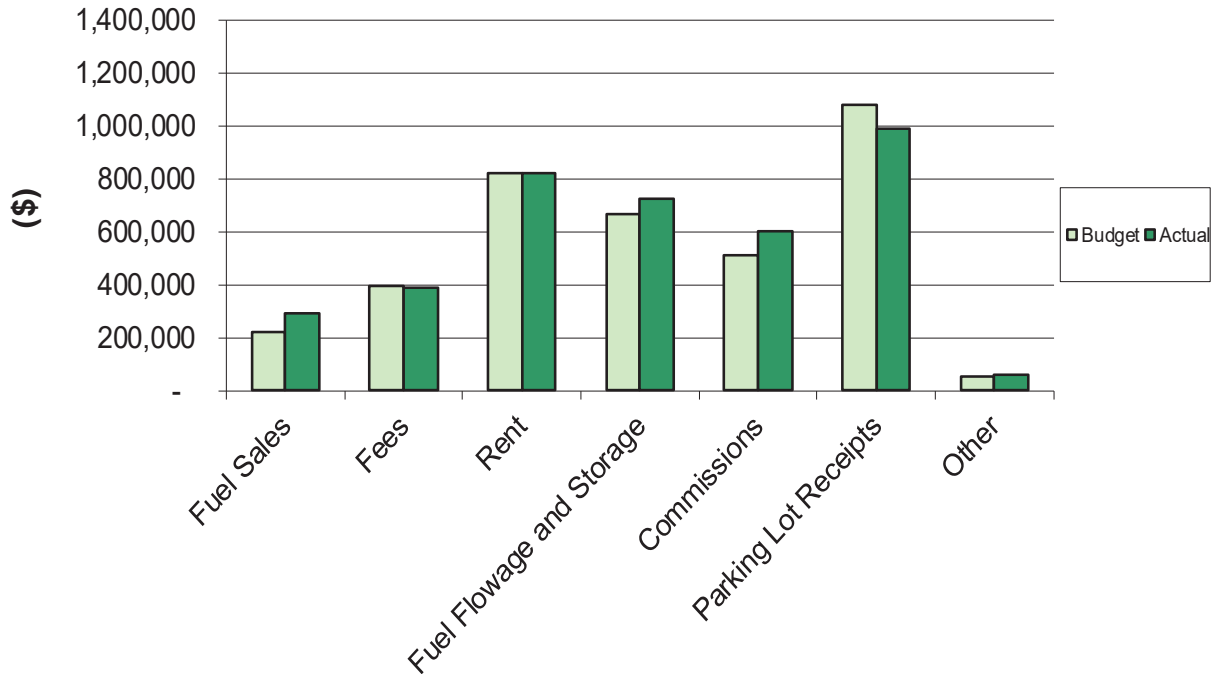
**2020 Operating Expenses - Budget and Actual**

(Excluding Construction Services and Fees and Depreciation)



**GRAND FORKS REGIONAL AIRPORT AUTHORITY**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED - CONTINUED**  
**FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019**

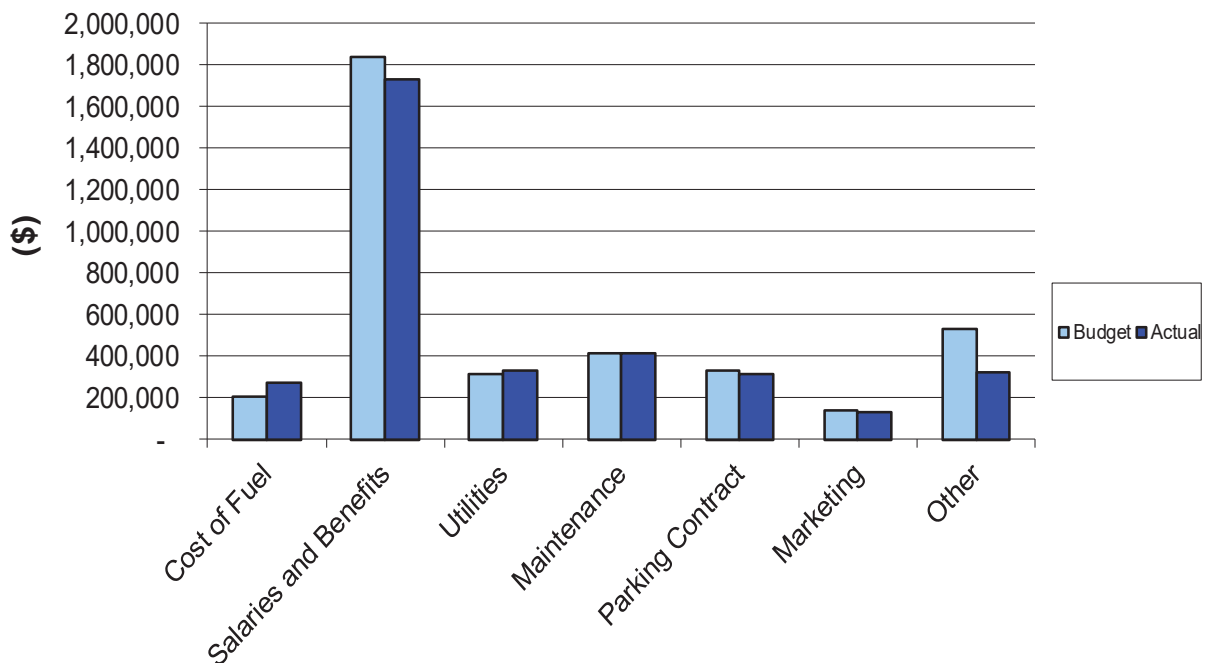
### 2019 Operating Revenues - Budget and Actual



#### Revenues

### 2019 Operating Expenses - Budget and Actual

(Excluding Construction Services and Fees and Depreciation)

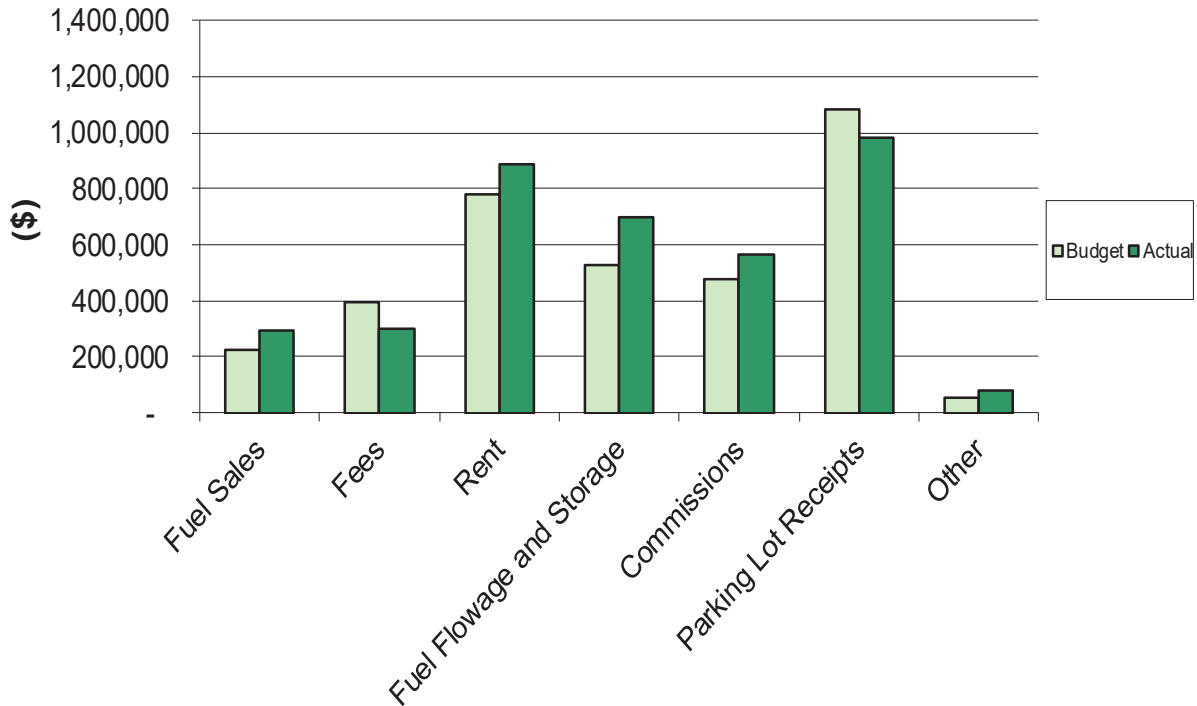


#### Expenses



**GRAND FORKS REGIONAL AIRPORT AUTHORITY**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED - CONTINUED**  
**FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019**

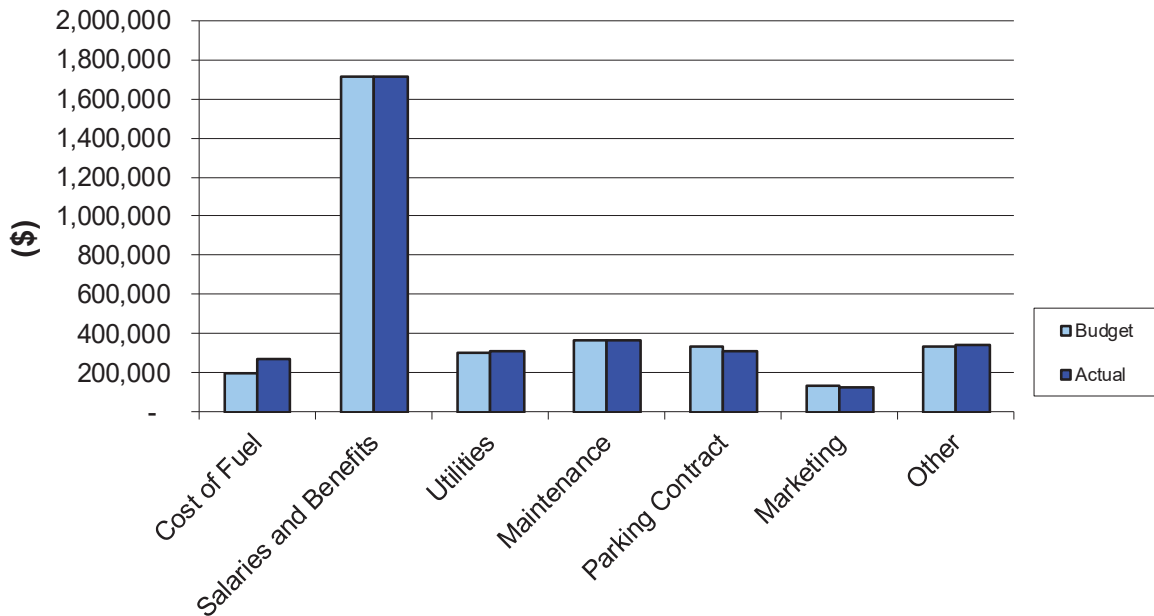
### 2018 Operating Revenues - Budget and Actual



#### Revenues

### 2018 Operating Expenses - Budget and Actual

(Excluding Construction Services and Fees and Depreciation)



#### Expenses

**GRAND FORKS REGIONAL AIRPORT AUTHORITY**  
MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED - CONTINUED  
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

***Cash and Investment Management***

As of December 31, 2020 and 2019, all cash funds were held in demand deposit, savings and certificate of deposit accounts. All cash is secured with FDIC coverage and pledge pools maintained by local financial institutions. The investment maintained by the Authority consists of shares of stock and is uninsured.

***Capital Construction***

The Authority's Airport Master Plan and Airport Layout Plan (ALP) provide details of expected capital developments for 20 years into the future. The Authority also prepares and provides to the Federal Aviation Administration (FAA) and North Dakota Aeronautics Commission (NDAC) its three-year and ten-year capital improvement plans (CIPs).

The Airport Authority completed the intersection of Taxiway 17R and 35L, in July of 2019 and the West GA development July of 2020. The Master Plan/ALP update is proceeding on schedule.

Airport Authority staff continues to conduct crack sealing and pavement maintenance around the airport surfaces. It is anticipated that the maintenance work will prolong the life of the assets.

***Capital Financing and Debt Management***

Capital construction is funded through federal and state grants, and local taxes.

The Authority currently received approximately \$5,063,773 and \$948,237 during 2020 and 2019, respectively, in Airport Improvement Program (AIP) entitlement funds. Larger projects rely on FAA commitments of Airport Improvement Program (AIP) discretionary funds, state funds or on long-term borrowing.

The Authority occasionally finances capital improvements from reserves or by short-term borrowing. It uses passenger facility charge (PFC) revenues to finance capital expenditures.

Notes 5 and 6 to the financial statements present the analysis of the capital asset and long-term debt transactions.

***Contacting the Authority's Financial Management***

The financial report is designed to provide the Authority's Board, management, investors, creditors and customers with a general view of the Authority's finances and to demonstrate the Authority's accountability for the funds it receives and expends. For additional information about this report or for additional financial information, please contact Tanna Aasand, Director of Finance and Administration, 2301 Airport Drive, Grand Forks, ND 58201, or email [taasand@gfkairport.com](mailto:taasand@gfkairport.com).

**GRAND FORKS REGIONAL AIRPORT AUTHORITY**  
**STATEMENTS OF NET POSITION**  
**DECEMBER 31, 2020 AND 2019**

|  | <u>2020</u>         | <u>2019</u>         |
|--|---------------------|---------------------|
| <b>ASSETS</b>                                |                     |                     |
| <b>CURRENT</b>                               |                     |                     |
| Cash and Cash Equivalents                    | \$ 17,271,192       | \$ 14,876,681       |
| Investments                                  | 55,910              | 61,985              |
| Accounts Receivable                          | 201,796             | 301,789             |
| Due from Federal and State Agencies          | 123,228             | 551,607             |
| Taxes Receivable                             | 47,631              | 45,468              |
| Interest Receivable                          | 7,027               | 21,245              |
| Prepaid Expenses                             | 12,364              | 33,538              |
| Inventory                                    | 18,129              | 32,665              |
| Total  | <u>17,737,277</u>   | <u>15,924,978</u>   |
| <b>RESTRICTED ASSETS</b>                     |                     |                     |
| Revenue Bond Covenants                       | -                   | 813,416             |
| Defeasance Escrow                            | -                   | 624,909             |
| Customer Facility Charges Collected          | 322,885             | 256,939             |
| Customer Facility Charges Receivable         | 8,961               | -                   |
| Total  | <u>331,846</u>      | <u>1,695,264</u>    |
| <b>CAPITAL ASSETS</b>                        |                     |                     |
| Land   | 1,746,081           | 1,746,081           |
| Software                                     | 59,950              | 59,950              |
| Buildings, Systems and Structures            | 102,057,046         | 101,144,826         |
| Equipment and Motor Vehicles                 | 8,318,233           | 7,689,551           |
| Construction in Process                      | -                   | 964,453             |
| Total  | <u>112,181,310</u>  | <u>111,604,861</u>  |
| Less Accumulated Depreciation                | <u>(72,212,744)</u> | <u>(68,372,980)</u> |
| Total  | <u>39,968,566</u>   | <u>43,231,881</u>   |
| <b>TOTAL ASSETS</b>                          | <u>58,037,689</u>   | <u>60,852,123</u>   |
| <b>CURRENT LIABILITIES</b>                   |                     |                     |
| Accounts Payable                             | 83,762              | 175,066             |
| Taxes Payable                                | 15,404              | 12,757              |
| Compensated Absences Payable                 | 19,669              | 22,752              |
| Construction Contracts (Including Retainage) | -                   | 105,093             |
| Salaries Payable                             | 20,510              | 67,335              |
| Pension Payable                              | 722                 | 2,500               |
| Customer Facility Charges Collected          | 331,846             | 256,939             |
| Unearned Revenue                             | 23,794              | 19,306              |
| Accrued Interest Payable                     | -                   | 16,466              |
| Bonds Payable                                | -                   | 375,000             |
| Total Current Liabilities                    | <u>495,707</u>      | <u>1,053,214</u>    |

See Notes To The Financial Statements

**GRAND FORKS REGIONAL AIRPORT AUTHORITY**  
**STATEMENTS OF NET POSITION - CONTINUED**  
**DECEMBER 31, 2020 AND 2019**

|                                       | <u>2020</u>              | <u>2019</u>              |
|---------------------------------------|--------------------------|--------------------------|
| LONG-TERM                             |                          |                          |
| Bonds Payable- Net of Current Portion | \$ -                     | \$ 4,003,315             |
| Total                                 | <u>-</u>                 | <u>4,003,315</u>         |
| <br>TOTAL LIABILITIES                 | <br><u>495,707</u>       | <br><u>5,056,529</u>     |
| <br>NET POSITION                      |                          |                          |
| Net Investment in Capital Assets      | 39,968,566               | 38,748,473               |
| Restricted - Bond Covenants           | -                        | 1,438,325                |
| Unrestricted                          | <u>17,573,416</u>        | <u>15,608,796</u>        |
| <br>TOTAL NET POSITION                | <br><u>\$ 57,541,982</u> | <br><u>\$ 55,795,594</u> |

See Notes To The Financial Statements

**GRAND FORKS REGIONAL AIRPORT AUTHORITY**  
**STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**  
**FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019**

|                                       | 2020               | 2019               |
|---------------------------------------|--------------------|--------------------|
| <b>OPERATING REVENUES</b>             |                    |                    |
| Fuel Sales                            | \$ 149,414         | \$ 291,954         |
| Landing/ARFF Fees                     | 250,320            | 389,562            |
| Operating Grants - CARES Act          | 809,057            | -                  |
| Terminal Rent                         | 358,253            | 377,447            |
| Ground Rent                           | 238,992            | 232,694            |
| Terminal Advertising                  | 27,020             | 31,365             |
| Commissions                           | 383,913            | 598,775            |
| Parking Lot Receipts                  | 404,259            | 990,877            |
| Fuel Flowage                          | 498,570            | 580,428            |
| Tie Downs and Jet Bridge Rent         | 131,371            | 131,168            |
| Hangar Rent                           | 11,327             | 10,989             |
| Building Rent                         | 69,414             | 71,220             |
| Fuel Storage Fees                     | 91,527             | 141,733            |
| Miscellaneous Airfield Fees           | 15,215             | 31,024             |
| Total                                 | <u>3,438,652</u>   | <u>3,879,236</u>   |
| <b>OPERATING EXPENSES</b>             |                    |                    |
| Cost of Fuel                          | 125,407            | 272,350            |
| Salaries and Wages                    | 1,363,975          | 1,356,739          |
| Payroll Taxes/Benefits                | 392,705            | 376,570            |
| Supplies                              | 95,607             | 136,953            |
| Professional Fees                     | 125,681            | 139,557            |
| Security                              | 4,822              | 9,336              |
| Marketing                             | 87,259             | 136,210            |
| Electricity, Heat and Other Utilities | 283,277            | 333,981            |
| Maintenance of Building and Grounds   | 141,302            | 129,778            |
| Maintenance of Equipment              | 125,443            | 147,746            |
| Board Expenses                        | 677                | 3,640              |
| Dues and Subscriptions                | 7,007              | 7,402              |
| Education and Training                | 11,130             | 12,432             |
| Telephone and Postage                 | 54,387             | 47,281             |
| Travel Expense                        | 4,914              | 15,184             |
| Construction Services and Fees        | 454,007            | 242,098            |
| Insurance                             | 70,610             | 64,256             |
| Bank Charges                          | 10,187             | 8,929              |
| Parking Contract                      | 166,065            | 313,418            |
| Depreciation and Amortization         | 3,968,311          | 4,100,284          |
| Total                                 | <u>7,492,773</u>   | <u>7,854,144</u>   |
| <b>OPERATING LOSS</b>                 | <u>(4,054,121)</u> | <u>(3,974,908)</u> |

See Notes To The Financial Statements

**GRAND FORKS REGIONAL AIRPORT AUTHORITY**  
**STATEMENTS OF REVENUES, EXPENSES AND CHANGES**  
**IN NET POSITION- CONTINUED**  
**FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019**

|  | <u>2020</u>          | <u>2019</u>          |
|--|----------------------|----------------------|
| NON-OPERATING REVENUES (EXPENSES)          |                      |                      |
| Investment Income                          | \$ 157,547           | \$ 315,111           |
| Tax Revenue                                | 1,253,999            | 1,220,123            |
| Gain (Loss) on Disposal of Fixed Assets    | (13,775)             | -                    |
| Gain (Loss) on Investments                 | (6,074)              | 12,205               |
| Bad Debt Expense                           | (2,041)              | -                    |
| Other                                      | 35,595               | 87,879               |
| Interest Expense                           | <u>(148,391)</u>     | <u>(217,373)</u>     |
| Total                                      | <u>1,276,860</u>     | <u>1,417,945</u>     |
| INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS | <u>(2,777,261)</u>   | <u>(2,556,963)</u>   |
| CAPITAL CONTRIBUTIONS                      |                      |                      |
| Passenger Facility Charge                  | 181,669              | 469,279              |
| CARES Act Funding - Bonds                  | 3,908,452            | -                    |
| Federal Grants                             | 346,264              | -                    |
| State Grants                               | <u>87,264</u>        | <u>1,041,419</u>     |
| Total                                      | <u>4,523,649</u>     | <u>1,510,698</u>     |
| Change in Net Position                     | <u>1,746,388</u>     | <u>(1,046,265)</u>   |
| NET POSITION, BEGINNING                    | <u>55,795,594</u>    | <u>56,841,859</u>    |
| NET POSITION, END OF YEAR                  | <u>\$ 57,541,982</u> | <u>\$ 55,795,594</u> |

See Notes To The Financial Statements

**GRAND FORKS REGIONAL AIRPORT AUTHORITY**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019**

|   | <u>2020</u>          | <u>2019</u>          |
|---|----------------------|----------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>                                    |                      |                      |
| Operating Cash Receipts from Customers  | \$ 3,543,133         | \$ 3,835,136         |
| Cash Payments to Suppliers  | (1,928,470)          | (2,089,813)          |
| Cash Payments to Employees  | (1,805,719)          | (1,716,078)          |
| <b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>                         | <u>(191,056)</u>     | <u>29,245</u>        |
| <b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>                |                      |                      |
| Principal Payments on Long-Term Debt  | (4,365,000)          | (360,000)            |
| Interest Paid on Long-Term Debt   | (178,172)            | (219,939)            |
| Payments for Capital Expenditures   | (718,769)            | (1,091,242)          |
| Passenger Facility Charge Receipts  | 185,237              | 465,740              |
| Government Grants   | 4,766,791            | 956,697              |
| <b>NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES</b>     | <u>(309,913)</u>     | <u>(248,744)</u>     |
| <b>CASH FLOWS FROM NON-CAPITAL AND RELATED FINANCING ACTIVITIES:</b>            |                      |                      |
| Tax Revenue   | 1,251,836            | 1,198,824            |
| Customer Facility Charges Collected   | 65,946               | 256,939              |
| Other Receipts  | 33,554               | 87,879               |
| <b>NET CASH PROVIDED (USED) BY NON-CAPITAL AND RELATED FINANCING ACTIVITIES</b> | <u>1,351,336</u>     | <u>1,543,642</u>     |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>                                    |                      |                      |
| Interest Received on Investments  | 171,765              | 393,430              |
| <b>NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES</b>                         | <u>171,765</u>       | <u>393,430</u>       |
| <b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>                     | 1,022,132            | 1,717,573            |
| <b>CASH AND CASH EQUIVALENTS, Beginning of Period</b>                           | <u>16,571,945</u>    | <u>14,854,372</u>    |
| <b>CASH AND CASH EQUIVALENTS, End of Period</b>                                 | <u>\$ 17,594,077</u> | <u>\$ 16,571,945</u> |
| <b>CASH AND CASH EQUIVALENTS RECONCILIATION:</b>                                |                      |                      |
| Cash and Cash Equivalents   | \$ 17,271,192        | \$ 14,876,681        |
| Cash Restricted for Revenue Bond Covenants                                      | -                    | 813,416              |
| Defeasance Escrow   | -                    | 624,909              |
| Customer Facility Charges Collected   | 322,885              | 256,939              |
| <b>Total cash and cash equivalents</b>  | <u>\$ 17,594,077</u> | <u>\$ 16,571,945</u> |

See Notes To The Financial Statements

**GRAND FORKS REGIONAL AIRPORT AUTHORITY**  
**STATEMENTS OF CASH FLOWS - CONTINUED**  
**FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019**

| RECONCILIATION OF OPERATING INCOME TO NET<br>CASH PROVIDED (USED) BY OPERATING ACTIVITIES      | <u>2020</u>         | <u>2019</u>      |
|--|---------------------|------------------|
| Operating Loss   | \$ (4,054,121)      | \$ (3,974,908)   |
| Adjustments to Reconcile Operating Loss to<br>Net Cash Provided (Used) by Operating Activities |                     |                  |
| Depreciation and Amortization  | 3,968,311           | 4,100,284        |
| Effects on Operating Cash Flows Due to Changes in:   |                     |                  |
| Accounts Receivable  | 99,993              | (59,308)         |
| Inventory  | 14,536              | (1,505)          |
| Prepaid Assets   | 21,174              | (3,743)          |
| Accounts Payable/Construction Contracts  | (196,398)           | (64,014)         |
| Accrued Expenses   | (51,686)            | 8,416            |
| Unearned Revenue   | 4,488               | 15,208           |
| Taxes Payable  | <u>2,647</u>        | <u>8,815</u>     |
| CASH PROVIDED (USED) BY OPERATING ACTIVITIES   | <u>\$ (191,056)</u> | <u>\$ 29,245</u> |
| SCHEDULE OF NONCASH INVESTING FINANCING ACTIVITIES   |                     |                  |
| Gain (Loss) on Investments   | <u>\$ (6,074)</u>   | <u>\$ 12,205</u> |

See Notes To The Financial Statements



**GRAND FORKS REGIONAL AIRPORT AUTHORITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020 AND 2019**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Reporting Entity**

The Grand Forks Regional Airport Authority (Authority) was formed April 20, 1987. It operates under the provisions of the North Dakota Century Code, Chapter 2.06. It is governed by a Board of seven commissioners, four of which are appointed by the Mayor of the City of Grand Forks and confirmed by the City Council and three of which are appointed by the Grand Forks County Commission. The Authority's financial statements include only funds and departments over which the Authority officials exercise oversight responsibility. No other agencies, Boards, commissions or other organizations have been included in the Authority's financial statements. The Authority is a component unit of the City of Grand Forks.

**B. Basis of Accounting**

The accompanying financial statements have been prepared on the accrual basis. The Authority reports as a Business Type Activity, as defined by the Governmental Accounting Standards Board (GASB). Business Type Activities are those that are financed in whole or in part by fees charged to external parties for goods or services.

The Authority's activities are accounted for similar to those often found in the private sector using the flow of economic resources measurement focus and the accrual basis of accounting. All assets, liabilities, net position, revenues, and expenses are accounted for through a single enterprise fund with revenues recorded when earned and expenses recorded at the time liabilities are incurred. Current assets include cash and amounts convertible to cash during the next normal operating cycle or one year. Current liabilities include those obligations to be liquidated with current assets.

Proprietary funds distinguish operating revenues and expenses from *non-operating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Revenues from airlines, concessions, rental cars and parking are reported as operating revenues. Capital, grants, financing or investing related transactions are reported as non-operating revenues. All expenses related to operating the Authority are reported as operating expenses. Interest expense and financing costs are reported as non-operating.

**C. Net Position**

GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, provides guidance for reporting deferred outflows of resources, deferred inflows of resources, and net position in accordance with Concepts Statement No. 4, *Elements of Financial Statements*.

Net position represents the difference between (a) assets and deferred outflows of resources and (b) liabilities and deferred inflows of resources in the Authority's financial statements. Net investment in capital assets, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any long-term debt attributable to the acquisition, construction, or improvement of those assets. Restricted Net Position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Unrestricted Net Position is the net amount of assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

**GRAND FORKS REGIONAL AIRPORT AUTHORITY**  
**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**DECEMBER 31, 2020 AND 2019**

When both restricted and unrestricted resources are available for use, it is the Authority's policy to use restricted resources first, then unrestricted resources as they are needed.

**D. Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resource (expense/expenditure) until then. The Authority does not have any items that qualify for reporting in this category.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The Authority does not have any items that qualify for reporting in this category.

**E. Budgeting Requirements**

The Authority's annual budgeting process is a financial planning tool used to establish the estimated revenues and expenditures. The annual budget is developed after reviewing revenue forecasts, the impact of funding increases on landing fees, rental rates, and other rates and charges, prior year actual, our current program levels, new operating requirements, and the overall economic climate of the region and airline industry. The budget to actual results are reviewed periodically throughout the year to ensure compliance with the provisions of the Authority's entity-wide annual budget, which is approved by the Board.

In keeping with the requirements of a proprietary fund, budget comparisons have not been included in this report.

**F. Revenues Recognition**

Rentals and concession fees are generated from airlines, parking lots, food, rental cars, fixed base operators, and other commercial tenants. Rental revenue is recognized over the life of the respective leases, and concession revenue is recognized based on reported concession revenue. Rental revenue and concession revenue are recognized as operating revenues on the Statements of Revenues, Expenses and Changes in Net Position.

Landing fees are principally generated from scheduled airlines and non-scheduled commercial aviation and are based on the landed weight of the aircraft. The scheduled airline fee structure is determined annually pursuant to an agreement between the Authority and the Airline. Landing fees are recognized as part of operating revenues when the airline related facilities are utilized.

**G. Cash and Cash Equivalents**

For purposes of reporting cash flows, cash and cash equivalents include cash on hand, demand deposits, certificates of deposit, and commercial paper. Cash equivalents also include United States Government and agency obligations, mutual funds, and repurchase agreements collateralized by United States Government or agency obligations with an original maturity of three months or less, including restricted assets.

**GRAND FORKS REGIONAL AIRPORT AUTHORITY**  
**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**DECEMBER 31, 2020 AND 2019**

**H. Investments**

Investments are reported at fair value. Securities traded on the national or international exchange are valued at the last reported sales price at current exchange rates.

When fair value measurements are required, various data is used in determining those values. This statement requires that assets and liabilities that are carried at fair value must be classified and disclosed in the following levels based on the nature of the data used.

- Level 1: Quoted market prices in active markets for identical assets or liabilities.
- Level 2: Observable market-based inputs or unobservable inputs that are corroborated by market data.
- Level 3: Unobservable inputs that are not corroborated by market data.

**I. Accounts Receivable**

Trade receivables are carried at the original invoice amount less an estimate made for doubtful receivables based on a review of all outstanding amounts on a monthly basis. Management determines the allowance for doubtful accounts by identifying troubled accounts and by using historical experience applied to an aging of accounts. Trade receivables are written off when deemed uncollectible. Recoveries of trade receivables previously written off are recorded when received. There is no allowance for doubtful accounts for the years ended December 31, 2020 and 2019.

A trade receivable is considered to be past due if any portion of the receivable balance is outstanding for more than 30 days.

**J. Inventory**

Inventory consists of gas and diesel fuel and is stated at the lower of cost or net realizable value, using the first-in, first-out method.

**K. Capital Assets**

Capital Assets contributed to the Authority from the City of Grand Forks have been recorded at acquisition value. Assets acquired subsequent to the transfer are stated at historical cost and include the expense of federal grants to construct and improve the facilities of the Authority. The costs for property and facilities include net interest expense incurred from the date of issuance of the debt to finance construction until the completion of the capital project. Major improvements and replacements of property are capitalized. Maintenance, repairs, and minor improvements and replacements are expensed.

Provision for depreciation has been calculated using the straight-line method over the estimated useful lives of the assets using a \$5,000 capitalization threshold as follows:

|                        |             |
|------------------------|-------------|
| Equipment              | 5-10 Years  |
| Motor Vehicles         | 5 Years     |
| Buildings              | 20-40 Years |
| Systems and Structures | 10-40 Years |

**GRAND FORKS REGIONAL AIRPORT AUTHORITY**  
**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**DECEMBER 31, 2020 AND 2019**

**L. Compensated Absences**

Employees accrue PTO and sick leave (compensated absences). All regular full-time employees having continuous service, as indicated below, shall accumulate PTO as follows:

| Length of Service       | Non-Exempt     |                  | Exempt         |                  | 24 Hour Shift  |                  |
|-------------------------|----------------|------------------|----------------|------------------|----------------|------------------|
|                         | Maximum        |                  | Maximum        |                  | Maximum        |                  |
|                         | Hours Per Year | Hours Carry-Over | Hours Per Year | Hours Carry-Over | Hours Per Year | Hours Carry-Over |
| Up to 5 years           | 192            | 48               | 232            | 48               | 253            | 48               |
| Over 5 but less than 10 | 240            | 48               | 256            | 48               | 320            | 48               |
| Over 10                 | 264            | 48               | 280            | 48               | 353            | 48               |

Employees shall be paid for compensated absences at the time of termination.

**M. Capital Contributions – Passenger Facility Charges (PFC's)**

In 1990, Congress approved the Aviation Safety and Capacity Expansion Act that authorized domestic airports to impose a Passenger Facility Charge (PFC) on enplaning passengers. In May 1991, the FAA issued the regulations for the use and reporting of PFC's. PFC's may be used for airport projects that meet at least one of the following criteria: preserve or enhance safety, security, or capacity of the national air transportation system; reduce noise or mitigate noise impacts resulting from an airport; or furnish opportunities for enhanced competition between or among carriers.

The Authority was granted permission to begin collecting a \$3.00 PFC effective February 1, 1993. The charges, less an administrative fee charged by the Airlines for processing, are collected by the Airlines and remitted on a monthly basis to the Authority. Due to their restricted use, PFC's are categorized as non-operating revenues and are accounted for on the cash basis. The Authority applied for and received the approval on January 26, 2001, to increase the PFC collection from \$3.00 to \$4.50, effective April 1, 2001.

**N. Capital Contributions – Federal and State Grants**

The Authority receives federal and state grants in support of its Capital Construction Program. The federal program provides funding for airport development, airport planning and noise compatibility programs. The State of North Dakota also provides discretionary funds for capital programs.

Grants for capital asset acquisition, facility development, rehabilitation of facilities and long-term planning are reported in the Statements of Revenues, Expenses and Changes in Net Position, after non-operating revenues and expense as capital contributions.

**GRAND FORKS REGIONAL AIRPORT AUTHORITY**  
**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**DECEMBER 31, 2020 AND 2019**

**O. Customer Facility Charges (CFC's)**

On August 30, 2019, the Airport Authority approved and authorized the car rental agencies to collect a CFC per transaction day. All CFCs are collected by the operator and remitted to the Airport Authority. All CFCs remitted to the Authority will be used for the following permitted uses: paying off the remaining debt on the consolidated car rental service facility; reimbursement of costs associated with construction of the ready car space and rental car counters, offices and que space constructed by the Authority; emergency repairs to the rental car facilities; and costs associated with capital improvements, financing costs, and development of future rental car facilities.

**P. Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at year-end and revenues and expenses during the year then ended. The actual outcome of the estimates could differ from the estimates made in the preparation of the financial statements.

**NOTE 2 DEPOSITS**

In accordance with North Dakota statutes, the Authority maintains deposits at those depository banks and savings and loans authorized by the Board of Commissioners. Those depository banks and savings and loans are all members of the Federal Reserve System.

Statutes require that all deposits be protected by insurance, surety bond, or collateral. The market value of the collateral pledged must equal 110 percent of the deposits not covered by insurance or bonds.

North Dakota statutes authorize municipalities to invest their surplus funds in bonds, treasury bills and notes or other securities which are a direct obligation of the United States or an instrumentality thereof.

At December 31, 2020 and 2019, the carrying amounts of the Authority's deposits were \$17,603,038 and \$16,571,945, respectively, and the bank balances in 2020 and 2019 were \$17,598,910 and \$16,537,038, respectively, which is covered by depository insurance or collateral held in safekeeping in the Authority's name.

**NOTE 3 INVESTMENTS**

The Authority maintains an investment in Principal Financial Group stock. The investment of \$55,910 and \$61,985 as of December 31, 2020 and 2019, respectively, consists of 1,127 shares of stock. The investment is carried at fair market value based on the trading value of the New York Stock Exchange as of December 31, 2020 and 2019, a Level 1 fair value measurement.

**GRAND FORKS REGIONAL AIRPORT AUTHORITY**  
**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**DECEMBER 31, 2020 AND 2019**

**NOTE 4 PROPERTY TAXES**

Property tax revenues are recognized in the year for which they are levied. Property tax levies are set in September each year and are certified to Grand Forks County for collection in the following year. In North Dakota, counties act as collection agents for all property tax.

The County spreads all levies over taxable property. Property taxes are attached as an enforceable lien on the real estate and become due on January 1 of the year following the assessment date.

A five percent reduction on the taxes is allowed if the taxes are paid in full by February 15. Penalty and interest are added on March 1 if the first half of the taxes are not paid. Additional penalty and interest are added October 15 to those taxes, which are not paid.

**NOTE 5 CAPITAL ASSETS**

Changes in property, plant and equipment by major classification are as follows:

|   | Beginning Balance<br>January 01, 2020 | Additions      | Deletions   | Transfers    | Ending Balance<br>December 31, 2020 |
|---|---------------------------------------|----------------|-------------|--------------|-------------------------------------|
| Capital Assets Not Being Depreciated          |                                       |                |             |              |                                     |
| Construction In Progress                      | \$ 964,453                            | \$ 24,286      | \$ -        | \$ (988,739) | \$ -                                |
| Software                                      | 59,950                                | -              | -           | -            | 59,950                              |
| Land  | 1,746,081                             | -              | -           | -            | 1,746,081                           |
| Total Capital Assets Not<br>Being Depreciated | 2,770,484                             | 24,286         | -           | (988,739)    | 1,806,031                           |
| Capital Assets Being Depreciated              |                                       |                |             |              |                                     |
| Equipment                                     | 3,454,275                             | 11,370         | -           | -            | 3,465,645                           |
| Motor Vehicles                                | 4,235,276                             | 683,113        | (65,800)    | -            | 4,852,589                           |
| Buildings                                     | 27,154,080                            | -              | -           | -            | 27,154,080                          |
| Systems and Structures                        | 73,990,746                            | -              | (76,520)    | 988,739      | 74,902,965                          |
| Total Other Capital Assets                    | 108,834,377                           | 694,483        | (142,320)   | 988,739      | 110,375,279                         |
| Less Accumulated Depreciation                 |                                       |                |             |              |                                     |
| A/D Equipment                                 | (3,044,094)                           | (146,714)      | -           | -            | (3,190,808)                         |
| A/D Motor Vehicles                            | (3,579,309)                           | (227,352)      | 65,802      | -            | (3,740,859)                         |
| A/D Buildings                                 | (8,934,692)                           | (942,595)      | 62,745      | -            | (9,814,542)                         |
| A/D Systems and Structures                    | (52,814,885)                          | (2,651,650)    | -           | -            | (55,466,535)                        |
| Total Accumulated Depreciation                | (68,372,980)                          | (3,968,311)    | 128,547     | -            | (72,212,744)                        |
| Totals  | \$ 43,231,881                         | \$ (3,249,542) | \$ (13,773) | \$ -         | \$ 39,968,566                       |

**GRAND FORKS REGIONAL AIRPORT AUTHORITY**  
**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**DECEMBER 31, 2020 AND 2019**

|  | Beginning Balance<br>January 01, 2019 | Additions      | Deletions | Transfers    | Ending Balance<br>December 31, 2019 |
|--|---------------------------------------|----------------|-----------|--------------|-------------------------------------|
| Capital Assets Not Being Depreciated       |                                       |                |           |              |                                     |
| Construction In Progress                   | \$ 588,885                            | \$ 1,062,115   | \$ -      | \$ (686,547) | \$ 964,453                          |
| Software                                   | 59,950                                | -              | -         | -            | 59,950                              |
| Land                                       | 1,746,081                             | -              | -         | -            | 1,746,081                           |
| Total Capital Assets Not Being Depreciated | 2,394,916                             | 1,062,115      | -         | (686,547)    | 2,770,484                           |
| Capital Assets Being Depreciated           |                                       |                |           |              |                                     |
| Equipment                                  | 3,433,849                             | 20,426         | -         | -            | 3,454,275                           |
| Motor Vehicles                             | 4,285,346                             | 8,700          | (58,770)  | -            | 4,235,276                           |
| Buildings                                  | 27,154,080                            | -              | -         | -            | 27,154,080                          |
| Systems and Structures                     | 73,304,199                            | -              | -         | 686,547      | 73,990,746                          |
| Total Other Capital Assets                 | 108,177,474                           | 29,126         | (58,770)  | 686,547      | 108,834,377                         |
| Less Accumulated Depreciation              |                                       |                |           |              |                                     |
| A/D Equipment                              | (2,933,128)                           | (169,736)      | 58,770    | -            | (3,044,094)                         |
| A/D Motor Vehicles                         | (3,374,375)                           | (204,934)      | -         | -            | (3,579,309)                         |
| A/D Buildings                              | (7,984,909)                           | (949,783)      | -         | -            | (8,934,692)                         |
| A/D Systems and Structures                 | (50,039,054)                          | (2,775,831)    | -         | -            | (52,814,885)                        |
| Total Accumulated Depreciation             | (64,331,466)                          | (4,100,284)    | 58,770    | -            | (68,372,980)                        |
| Totals                                     | \$ 46,240,924                         | \$ (3,009,043) | \$ -      | \$ -         | \$ 43,231,881                       |

**NOTE 6 LONG-TERM DEBT**

Changes in long-term debt during the years ended December 31, 2020 and 2019 were as follows:

|                      | Balance<br>1/1/2020 | Issued     | Retired        | Balance<br>12/31/2020 | Due Within<br>One Year |
|----------------------|---------------------|------------|----------------|-----------------------|------------------------|
| Compensated Absences | \$ 22,752           | \$ 144,620 | \$ (147,703)   | \$ 19,669             | \$ 19,669              |
| 2009 Bonds Payable   | 2,775,000           | -          | (2,775,000)    | -                     | -                      |
| 2013 Bonds Payable   | 1,590,000           | -          | (1,590,000)    | -                     | -                      |
| Bond Premium         | 13,315              | -          | (13,315)       | -                     | -                      |
| Total                | \$ 4,401,067        | \$ 144,620 | \$ (4,526,018) | \$ 19,669             | \$ 19,669              |

|                      | Balance<br>1/01/2019 | Issued     | Retired      | Balance<br>12/31/2019 | Due Within<br>One Year |
|----------------------|----------------------|------------|--------------|-----------------------|------------------------|
| Compensated Absences | \$ 22,067            | \$ 138,490 | \$ (137,805) | \$ 22,752             | \$ 22,752              |
| 2009 Bonds Payable   | 2,990,000            | -          | (215,000)    | 2,775,000             | 225,000                |
| 2013 Bonds Payable   | 1,735,000            | -          | (145,000)    | 1,590,000             | 150,000                |
| Bond Premium         | 14,729               | -          | (1,414)      | 13,315                | -                      |
| Total                | \$ 4,761,796         | \$ 138,490 | \$ (499,219) | \$ 4,401,067          | \$ 397,752             |



**GRAND FORKS REGIONAL AIRPORT AUTHORITY**  
**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**DECEMBER 31, 2020 AND 2019**

The details of the long-term debt of the Airport Authority are detailed below:

|  | <u>2020</u> | <u>2019</u>         |
|--|-------------|---------------------|
| <u>Airport Revenue Bonds of 2009</u>   |             |                     |
| \$4,500,000 serial bonds due in annual installments of \$175,000 to \$340,000 through June 1, 2029; interest at 2 percent to 5 percent.      | \$ -        | \$ 2,775,000        |
| <u>Airport Revenue Bonds of 2013</u>   |             |                     |
| \$2,410,000 serial bonds due in annual installments of \$125,000 to \$210,000 through June 1, 2028; interest at 1.25 percent to 4.5 percent. | <u>-</u>    | <u>1,590,000</u>    |
| Total  | <u>\$ -</u> | <u>\$ 4,365,000</u> |

In July 2020, the Airport Revenue Bonds of 2009 were called and subsequently paid off using AIP funding related to COVID-19 which allowed for funds to be used for debt service. The Airport Revenue Bonds of 2013 were fully defeased through escrow accounts as of December 31, 2020. The Authority has no remaining payments left to be made on debt as of December 31, 2020.

The bond premium has been fully amortized as of December 31, 2020 as a result of the revenue bonds of 2009 being fully paid off.

**NOTE 7 DEFINED CONTRIBUTION PENSION PLAN**

The Grand Forks Regional Airport Authority adopted a defined contribution plan, named as the Grand Forks Regional Airport Authority Retirement Savings Plan, on January 1996 in which substantially all employees are covered. The Grand Forks Regional Airport Authority is the principal sponsor of the plan.

The principal sponsor reserves the power to amend this plan in any respect and either prospectively or retroactively or both in any respect by resolution of its Board.

The employees contribute 6.5 percent of their regular salary to the plan with the Authority matching another 4.5 percent. The total payroll covered by the plan for the years ended December 31, 2020 and 2019 was \$1,081,939 and \$1,108,775, respectively. The total contributions to the plan for the years ended December 31, 2020 and 2019 were \$69,784 and \$74,952 by the employees and \$48,644 and \$51,607 by the Authority, respectively.

**NOTE 8 LEASES**

Substantially all airport facilities are leased or charged to users under various agreements. Certain facilities are leased under lease agreements, which require the lessee to pay annual rentals equal to the debt service requirements of the debt issued to construct facility. Other facilities at the Grand Forks International Airport are charged to users under lease agreements, which provide for compensatory rental rates designed to cover costs incurred. All leases have cancellation clauses that provide either a 30 or 60-day notice of cancellation.



**GRAND FORKS REGIONAL AIRPORT AUTHORITY**  
**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**DECEMBER 31, 2020 AND 2019**

The following is a summary of leases as of December 31, 2020 and 2019:

| Tenant   | 2020<br>Rent      | 2019<br>Rent      |
|--|-------------------|-------------------|
| Aerospace Foundation                                 | \$ 40,871         | \$ 40,184         |
| AutoCorp, LLC  | 18,670            | 18,356            |
| AvFlight - Ground Site                               | 90,065            | 88,551            |
| AvFlight - Hanger                                    | 11,327            | 10,989            |
| UND Aviation Storage and Rental- Ground Site         | 61,356            | 58,113            |
| UND Aviation Storage and Rental- Tie Down            | 98,463            | 96,816            |
| UND Aviation - Building Rent                         | -                 | 2,142             |
| UND Department of Atmospheric Sciences               | 336               | -                 |
| UND School of Medicine - Building Rent               | 6,480             | 6,480             |
| Rydell Chevrolet - Ground Site                       | 3,083             | 2,964             |
| Minnkota Power- Ground Site                          | 4,674             | 4,595             |
| Four Corners Real Estate - Ground                    | 20,273            | 19,932            |
| Allegiant - Jetbridge Rent                           | 2,323             | 3,590             |
| Suncountry - Jetbridge Rent                          | 99                | 301               |
| Misc - Jetbridge Rent                                | -                 | 180               |
| Delta Terminal Rents                                 | 287,745           | 285,501           |
| Delta Building Rents                                 | 4,811             | 4,811             |
| Allegiant Terminal Rent                              | 50,803            | 68,830            |
| FAA Airway Facilities                                | 57,787            | 57,787            |
| Transportation Safety Administration - Terminal Rent | 49,177            | 49,170            |
| Sun Country & Others                                 | 1,014             | 4,226             |
|  | <u>\$ 809,357</u> | <u>\$ 823,518</u> |

**NOTE 9 CONCENTRATIONS**

The Authority operates in a regional market consisting primarily of Eastern North Dakota and Western Minnesota. The accounting loss if customers fail to perform is \$201,796 for 2020, and \$301,789 for 2019, which is the balance of accounts receivable, respectively.

The Authority's operating revenues include the following vendors, along with their percentage of the operating revenues:

|                                 |        |
|---------------------------------|--------|
| Allegiant Airlines              | 5.90%  |
| AvFlight                        | 8.93%  |
| Avis Rent A Car                 | 5.57%  |
| Delta Airlines                  | 23.50% |
| Enterprise/National Car Rental  | 8.88%  |
| JDO School of Aerospace         | 25.51% |
| Overland West, Inc / Hertz      | 3.46%  |
| Red River Valley Grill & Market | 1.08%  |
| Republic Parking                | 15.60% |
| UND Aerospace Foundation        | 1.57%  |

**GRAND FORKS REGIONAL AIRPORT AUTHORITY**  
**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**DECEMBER 31, 2020 AND 2019**

**NOTE 10 DEFERRED COMPENSATION PLAN AND TRUST**

The Grand Forks Regional Airport Authority offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The Plan, available to all Authority employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights are (until paid or made available to the employee or other beneficiary) solely the property and rights of the employees. Accordingly, the plan/trust assets have been excluded from the Authority's reported assets.

**NOTE 11 RISK MANAGEMENT**

The Grand Forks Regional Airport Authority is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

In 1986, state agencies and political subdivisions of the State of North Dakota joined together to form the North Dakota Insurance Reserve Fund (NDIRF), a public entity risk pool currently operating as a common risk management and insurance program for the state and over 2,000 political subdivisions. The Grand Forks Regional Airport Authority pays an annual premium to NDIRF for its general liability, auto, and inland marine insurance coverage. The coverage by NDIRF is limited to losses of one million dollars per occurrence.

The Grand Forks Regional Airport Authority participates in the North Dakota Fire and Tornado Fund and State Bonding Fund. The Grand Forks Regional Airport Authority pays an annual premium to the Fire and Tornado fund to cover property damage to buildings and personal property. Replacement cost coverage is provided by estimating replacement cost in consultation with the Fire and Tornado Fund. The Fire and Tornado Fund is reinsured by a third party insurance carrier for losses in excess of one million dollars per occurrence during a 12-month period.

The Grand Forks Regional Airport Authority carries commercial insurance for workers compensation, boiler and machinery and flood insurance.

Settled claims resulting from these risks have not exceeded insurance coverage in any of the past three fiscal years.

**NOTE 12 PASSENGER FACILITY CHARGES**

As described in Note 1, Passenger Facility Charges are collected in accordance with the FAA regulations allowing airports to impose a \$4.50 PFC. For the years ended December 31, 2020 and 2019, the Authority earned PFC's of \$181,669 and \$469,279, respectively.

**GRAND FORKS REGIONAL AIRPORT AUTHORITY**  
**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**DECEMBER 31, 2020 AND 2019**

**NOTE 13 GRANT PROGRAMS**

The Authority participates in numerous federal grant programs, which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the Authority has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectability of any related receivable at December 31, 2020, may be impaired.

In the opinion of the Authority, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying financial statements for such contingencies.

**NOTE 14 NEW PRONOUNCEMENTS**

GASB Statement No. 87, *Leases*, establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. This Statement requires recognition of certain lease assets and liabilities for leases that were previously classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. 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 is effective for reporting periods beginning after June 15, 2021. Earlier application is encouraged.

GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, establishes accounting requirements for interest cost incurred before the end of a construction period. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. The requirements of this Statement are effective for reporting periods beginning after December 15, 2020. Earlier application is encouraged.

GASB Statement No. 91, *Conduit Debt Obligations*, provides a single method of reporting conduit debt obligations by issuers and eliminates diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement clarifies the existing definition of a conduit debt obligation; establishes that a conduit debt obligation is not a liability of the issuer; establishes standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improves required note disclosures. This Statement also addresses arrangements—often characterized as leases—that are associated with conduit debt obligations. The requirements of this Statement are effective for reporting periods beginning after December 15, 2021. Earlier application is encouraged.

**GRAND FORKS REGIONAL AIRPORT AUTHORITY**  
**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**DECEMBER 31, 2020 AND 2019**

GASB Statement No. 92, *Omnibus 2020*, provides additional guidance to improve consistency of authoritative literature by addressing practice issues identified during the application of certain GASB statements. This statement provides accounting and financial reporting requirements for specific issues related to leases, intra-entity transfers of assets, postemployment benefits, government acquisitions, risk financing and insurance-related activity of public entity risk pools, fair value measurements and derivative instruments. The requirements of this Statement are effective for reporting periods beginning after June 15, 2021. Earlier application is encouraged.

GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, improves financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs) and also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). The statement provides definitions of PPPs and APAs and provides uniform guidance on accounting and financial reporting for transactions that meet those definitions. A PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. An APA is an arrangement in which a government compensates an operator for services that may include designing, constructing, financing, maintaining, or operating an underlying nonfinancial asset for a period of time in an exchange or exchange-like transaction. The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. Earlier application is encouraged.

GASB Statement No. 96, *Subscription-Based Information Arrangements* provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs).

A SBITA is defined as a contract that conveys control of the right to use another party's (a SBITA vendor's) information technology (IT) software, alone or in combination with tangible capital assets (the underlying IT assets), as specified in the contract for a period of time in an exchange or exchange-like transaction. Under this Statement, a government generally should recognize a right-to use subscription asset—an intangible asset—and a corresponding subscription liability. The requirements of this Statement will improve financial reporting by establishing a definition for SBITAs and providing uniform guidance for accounting and financial reporting for transactions that meet that definition. The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. Earlier application is encouraged.

GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32* provides additional guidance for determining whether a primary government is financially accountable for a potential component unit. This Statement requires that the financial burden criterion in paragraph 7 of Statement No. 84, *Fiduciary Activities*, be applicable to only defined benefit pension plans and defined benefit OPEB plans that are administered through trusts that meet the criteria in paragraph 3 of Statement No. 67, *Financial Reporting for Pension Plans*, or paragraph 3 of Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, respectively. This Statement (1) requires that a Section 457 plan be classified as either a pension plan or an other employee benefit plan depending on whether the plan meets the definition of a pension plan and (2) clarifies that Statement 84, as amended, should be applied to all arrangements organized under IRC Section 457 to determine whether

**GRAND FORKS REGIONAL AIRPORT AUTHORITY**  
**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**DECEMBER 31, 2020 AND 2019**

those arrangements should be reported as fiduciary activities. The requirements of this Statement that (1) exempt primary governments that perform the duties that a governing board typically performs from treating the absence of a governing board the same as the appointment of a voting majority of a governing board in determining whether they are financially accountable for defined contribution pension plans, defined contribution OPEB plans, or other employee benefit plans and (2) limit the applicability of the financial burden criterion in paragraph 7 of Statement 84 to defined benefit pension plans and defined benefit OPEB plans that are administered through trusts that meet the criteria in paragraph 3 of Statement 67 or paragraph 3 of Statement 74, respectively, are effective immediately. The requirements of this Statement that are related to the accounting and financial reporting for Section 457 plans are effective for fiscal years beginning after June 15, 2021.

Management has not yet determined the effect these statements will have on the Authority's financial statements.

**NOTE 15 RECLASSIFICATIONS**

Certain accounts in the prior-year financial statements have been reclassified for comparative purposes to conform to the presentation in the current-year financial statements.

**NOTE 16 SUBSEQUENT EVENTS**

No significant events occurred subsequent to the Authority's year end. Subsequent events have been evaluated through March 19, 2021, which is the date these financial statements were available to be issued.

**GRAND FORKS REGIONAL AIRPORT AUTHORITY**  
**SCHEDULE OF REVENUES AND EXPENSES – BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

|                                       | Original and<br>Final Budget | Actual             | Variance           |
|---------------------------------------|------------------------------|--------------------|--------------------|
| <b>OPERATING REVENUES</b>             |                              |                    |                    |
| Fuel Sales                            | \$ 223,595                   | \$ 149,414         | \$ (74,181)        |
| Landing/ARFF Fees                     | 386,038                      | 250,320            | (135,718)          |
| Operating Grants - CARES Act          | -                            | 809,057            | 809,057            |
| Terminal Rent                         | 394,860                      | 358,253            | (36,607)           |
| Ground Rent                           | 239,203                      | 238,992            | (211)              |
| Terminal Advertising                  | 24,000                       | 27,020             | 3,020              |
| Commissions                           | 521,406                      | 383,913            | (137,493)          |
| Parking Lot Receipts                  | 1,115,000                    | 404,259            | (710,741)          |
| Fuel Flowage                          | 573,712                      | 498,570            | (75,142)           |
| Tie Downs                             | 134,549                      | 131,371            | (3,178)            |
| Hangar Rent                           | 11,280                       | 11,327             | 47                 |
| Building Rent                         | 63,817                       | 69,414             | 5,597              |
| Fuel Storage Fees                     | 146,800                      | 91,527             | (55,273)           |
| Miscellaneous Airfield Fees           | 22,000                       | 15,215             | (6,785)            |
| Total                                 | <u>3,856,260</u>             | <u>3,438,652</u>   | <u>(417,608)</u>   |
| <b>OPERATING EXPENSES</b>             |                              |                    |                    |
| Cost of Fuel                          | 205,300                      | 125,407            | 79,893             |
| Salaries and Wages                    | 1,424,171                    | 1,363,975          | 60,196             |
| Payroll Taxes/Benefits                | 435,600                      | 392,705            | 42,895             |
| Supplies                              | 138,750                      | 95,607             | 43,143             |
| Professional Fees                     | 178,870                      | 125,681            | 53,189             |
| Security                              | 15,000                       | 4,822              | 10,178             |
| Marketing                             | 151,000                      | 87,259             | 63,741             |
| Electricity, Heat and Other Utilities | 317,000                      | 283,277            | 33,723             |
| Maintenance of Building and Grounds   | 146,000                      | 141,302            | 4,698              |
| Maintenance of Equipment              | 134,000                      | 125,443            | 8,557              |
| Board Expenses                        | 5,000                        | 677                | 4,323              |
| Dues and Subscriptions                | 6,500                        | 7,007              | (507)              |
| Education and Training                | 26,500                       | 11,130             | 15,370             |
| Telephone and Postage                 | 54,000                       | 54,387             | (387)              |
| Travel Expense                        | 20,000                       | 4,914              | 15,086             |
| Construction Services and Fees        | 1,654,000                    | 454,007            | 1,199,993          |
| Insurance                             | 70,467                       | 70,610             | (143)              |
| Bank Charges                          | 9,500                        | 10,187             | (687)              |
| Parking Contract                      | 343,750                      | 166,065            | 177,685            |
| Depreciation                          | -                            | 3,968,311          | (3,968,311)        |
| Total                                 | <u>5,335,408</u>             | <u>7,492,773</u>   | <u>(2,157,365)</u> |
| <b>OPERATING LOSS</b>                 | <u>(1,479,148)</u>           | <u>(4,054,121)</u> | <u>(2,574,973)</u> |

**GRAND FORKS REGIONAL AIRPORT AUTHORITY**  
**SCHEDULE OF REVENUES AND EXPENSES – BUDGET AND ACTUAL - CONTINUED**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

|   | Original and<br>Final Budget | Actual              | Variance            |
|---|------------------------------|---------------------|---------------------|
| NON-OPERATING REVENUES                        |                              |                     |                     |
| (EXPENSES)                                    |                              |                     |                     |
| Investment Income                             | \$ 308,463                   | \$ 157,547          | \$ (150,916)        |
| Tax Revenue                                   | 1,227,682                    | 1,253,999           | 26,317              |
| Loss on Disposal of Fixed Assets              | -                            | (13,775)            | (13,775)            |
| Bad Debt Expense                              | -                            | (2,041)             | (2,041)             |
| Gain on Investments                           | -                            | (6,074)             | (6,074)             |
| Other   | 23,795                       | 35,595              | 11,800              |
| Interest Expense                              | (488,851)                    | (148,391)           | 340,460             |
| Total   | <u>1,071,089</u>             | <u>1,276,860</u>    | <u>205,771</u>      |
| INCOME (LOSS) BEFORE CAPITAL<br>CONTRIBUTIONS | <u>(408,059)</u>             | <u>(2,777,261)</u>  | <u>(2,369,202)</u>  |
| CAPITAL CONTRIBUTIONS                         |                              |                     |                     |
| Passenger Facility Charge                     | 460,000                      | 181,669             | (278,331)           |
| CARES Act Funding                             | -                            | 3,908,452           | 3,908,452           |
| Federal Grants                                | 360,000                      | 346,264             | (13,736)            |
| State Grants                                  | 20,000                       | 87,264              | 67,264              |
| Total   | <u>840,000</u>               | <u>4,523,649</u>    | <u>3,683,649</u>    |
| NET POSITION                                  |                              |                     |                     |
| Change in Net Position                        | <u>\$ 431,941</u>            | <u>\$ 1,746,388</u> | <u>\$ 1,314,447</u> |



**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  
Grand Forks Regional Airport Authority  
Grand Forks, North Dakota

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Grand Forks Regional Airport Authority, as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise Grand Forks Regional Airport Authority's basic financial statements, and have issued our report thereon dated March 19, 2021.

## **Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Authority's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Grand Forks Regional Airport Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of Grand Forks Regional Airport Authority's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies, and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control described in the accompanying schedule of findings and questioned costs as items 2020-001 and 2020-002 that we consider to be significant deficiencies.



## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## **Authority's Response to Findings**

The Authority's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The Authority's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

## **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 Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



**BRADY, MARTZ & ASSOCIATES, P.C.  
GRAND FORKS, NORTH DAKOTA**

March 19, 2021

## 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  
Grand Forks Regional Airport Authority  
Grand Forks, North Dakota

### Report on Compliance for Each Major Federal Program

We have audited Grand Forks Regional Airport Authority's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on Grand Forks Regional Airport Authority's major federal program for the year ended December 31, 2020. The Grand Forks Regional Airport Authority's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

### Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and terms and conditions of federal awards applicable to its federal programs.

### Auditor's Responsibility

Our responsibility is to express an opinion on compliance for Grand Forks Regional Airport Authority's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit 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). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether non-compliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Grand Forks Regional Airport Authority's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Grand Forks Regional Airport Authority's compliance.

## Opinion on Each Major Federal Program

In our opinion, Grand Forks Regional Airport Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2020.

## Report on Internal Control Over Compliance

Management of the Grand Forks Regional Airport Authority is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Grand Forks Regional Airport Authority's internal control over compliance with the types of requirements that could have a direct and material effect on a major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major federal program 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over 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.



**BRADY, MARTZ & ASSOCIATES, P.C.**  
**GRAND FORKS, NORTH DAKOTA**

March 19, 2021

**GRAND FORKS REGIONAL AIRPORT AUTHORITY**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**AND NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

| <u>Federal Grantor/Program Title</u>      | <u>CFDA/Contract Number</u> | <u>Expenditures</u> |
|---|-----------------------------|---------------------|
| <u>Department of Transportation (FAA)</u> |                             |                     |
| Airport Improvement Program               | 20.106                      | \$ 346,264          |
| COVID-19 Airport Improvement Program      | 20.106                      | <u>4,717,509</u>    |
| Total Department of Transportation (FAA)  |                             | <u>5,063,773</u>    |
| Total Expenditures of Federal Awards      |                             | <u>\$ 5,063,773</u> |

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Expenditures reported on the schedule of expenditures of federal awards (the "Schedule") are reported on the accrual basis of accounting. Such expenditures are recognized following, as applicable, the cost principles contained in Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

**NOTE 2 INDIRECT COST RATE**

The Authority has not elected to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

**NOTE 3 BASIS OF PRESENTATION**

The accompanying Schedule includes the federal award activity of the Grand Forks Regional Airport Authority for the year ended December 31, 2020. The information in this Schedule is presented in accordance with the 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). Because the Schedule presents only a selected portion of the operations of the Grand Forks Regional Airport Authority, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Grand Forks Regional Airport Authority.

**GRAND FORKS REGIONAL AIRPORT AUTHORITY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

**SECTION I - SUMMARY OF AUDITOR'S RESULTS**

Financial Statements

Type of auditor's report issued:

Unmodified

Internal control over financial reporting:

Material weakness(es) identified?

☐ yes ☒ no

Significant deficiency(ies) identified

not considered to be material weaknesses?

☒ yes ☐ none reported

Non-compliance material to financial statements  
noted?

☐ yes ☒ no

Federal Awards

Internal control over major programs:

Material weakness(es) identified?

☐ yes ☒ no

Significant deficiency(ies) identified

not considered to be material weaknesses?

☐ yes ☒ none reported

Type of auditor's report issued on compliance  
for major programs:

Unmodified

Any audit findings disclosed that are  
required to be reported in accordance  
with 2 CFR 200.516(a)?

☐ yes ☒ no

Identification of major programs:

CFDA Number(s)

Name of Federal Program or Cluster

20.106

Airport Improvement Program

20.106

COVID-19 Airport Improvement Program

Dollar threshold used to distinguish  
between Type A and Type B programs:

\$750,000

Auditee qualified as low-risk auditee?

☐ yes ☒ no

**GRAND FORKS REGIONAL AIRPORT AUTHORITY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

**SECTION II - FINANCIAL STATEMENT FINDINGS**

2020-001

Criteria

An appropriate system of internal control requires the entity to prepare financial statements in compliance with accounting principles generally accepted in the United States of America

Condition

The Authority's personnel prepare periodic financial information for internal use that meets the needs of management and the Board of Commissioners. However, the Authority does not prepare financial statements, including accompanying note disclosures, as required by accounting principles generally accepted in the United States of America. The entity has elected to have the auditors assist in the preparation of the financial statements and note.

Cause

The Authority elected to not allocate resources for the preparation of the financial statements.

Effect

There is an increased risk of material misstatement to the entity's financial statements.

Repeat Finding

Yes. Prior audit finding 2019-001.

Recommendation

We recommend the Authority entity consider the additional risk of having the auditors assist in the preparation of the financial statements and note disclosures and consider preparing them in the future. As a compensating control the entity should establish an internal control policy to document the annual review of the financial statements and schedules and to review a financial statement disclosure checklist.

Views of Responsible Officials and Planned Corrective Actions

Management recognizes the deficiency and believes it is effectively handling the reporting responsibilities with the procedures described above.

**GRAND FORKS REGIONAL AIRPORT AUTHORITY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

2020-002

Criteria

Generally, a system of internal control has the proper separation of duties between authorization, custody, record keeping and reconciliation.

Condition

There is not a system in place for accounting duties to be properly segregated between authorization, custody, record keeping and reconciliation.

Cause

Size and budget constraints limiting the number of personnel within the accounting department.

Effect

The design of the internal control over financial reporting could adversely affect the ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements.

Recommendation

The internal control procedures should be reviewed periodically and consideration given to improving the segregation of duties. Compensating controls over the underlying financial information may be obtained through oversight by management and the board.

Repeat Finding

Yes. Prior audit finding 2019-002.

Views of Responsible Officials and Planned Corrective Actions

The Director of Finance and Administration and Executive Director have reviewed the current procedures in place and will continually review and update to ensure the proper segregation of duties.

**SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

There are no findings required to be reported under this section.

**GRAND FORKS REGIONAL AIRPORT AUTHORITY**  
**SCHEDULE OF PRIOR YEAR AUDIT FINDINGS**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

2019-001

The Authority does not have the internal resources to prepare the full-disclosure financial statements in conformity with generally accepted accounting principles (GAAP).

Condition

The Authority's personnel prepare periodic financial information for internal use that meets the needs of management and the Board of Directors. However, the Authority does not have internal resources to prepare full-disclosure financial statements required by GAAP for external reporting. The Authority is aware of this significant deficiency, and obtains our assistance in the preparation of the Authority's annual financial statements.

Cause

The Authority does not have the internal resources needed to handle all aspects of the external financial reporting.

Effect

The Authority's management is aware of the deficiency and addresses it by reviewing and approving the completed statements prior to distribution to the end users.

Recommendation

For entities of the Authority's size, it generally is not practical to obtain the internal expertise needed to handle all aspects of the external financial reporting.

Views of Responsible Officials and Planned Corrective Actions

Management recognizes the significant deficiency and believes it is effectively handling the reporting responsibilities with the procedures described above.

Corrective Action Taken

See current year finding 2020-001.



**GRAND FORKS REGIONAL AIRPORT AUTHORITY**  
**SCHEDULE OF PRIOR YEAR AUDIT FINDINGS - CONTINUED**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

2019-002

Criteria

Generally, a system of internal control has the proper separation of duties between authorization, custody, record keeping and reconciliation.

Condition

There is not a system in place for accounting duties to be properly segregated between authorization, custody, record keeping and reconciliation.

Cause

Size and budget constraints limiting the number of personnel within the accounting department.

Effect

The design of the internal control over financial reporting could adversely affect the ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements.

Recommendation

The internal control procedures should be reviewed periodically and consideration given to improving the segregation of duties. Compensating controls over the underlying financial information may be obtained through oversight by management and the board.

Views of Responsible Officials and Planned Corrective Actions

The Director of Finance and Administration and Executive Director have reviewed the current procedures in place and will continually review and update to ensure the proper segregation of duties.

Corrective Action Taken

See current year finding 2020-002.

Corrective Action Plan  
December 31, 2020

2020-001

Contact Person – Tanna Aasand, Director of Finance and Administration, and Ryan Riesinger, Executive Director

Corrective Action Plan – Ongoing monitoring of internal financial reports.

Completion Date - Ongoing

2020-002

Contact Person – Tanna Aasand, Director of Finance and Administration, and Ryan Riesinger, Executive Director

Corrective Action Plan – Continually review and update procedures to ensure separation of duties.

Completion Date - Ongoing

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH  
REQUIREMENTS APPLICABLE TO PASSENGER FACILITY CHARGES  
AND INTERNAL CONTROL OVER COMPLIANCE IN  
ACCORDANCE WITH *PASSENGER FACILITY CHARGE GUIDE FOR PUBLIC AGENCIES***

Board of Commissioners  
Grand Forks Regional Airport Authority  
Grand Forks, North Dakota

## **Report on Compliance for Passenger Facility Charges Program**

We have audited the compliance of Grand Forks Regional Airport Authority (the "Authority"), with the types of compliance requirements described in the *Passenger Facility Charge Audit Guide for Public Agencies* issued by the Federal Aviation Administration (the "Guide") for its passenger facility charge program for the year ended December 31, 2020. The Grand Forks Regional Airport Authority's passenger facility program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

## **Management's Responsibility**

Management is responsible for compliance with the requirements of laws and regulations applicable to its passenger facility charge program.

## **Auditor's Responsibility**

Our responsibility is to express an opinion on the Authority's compliance based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the Guide. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on the passenger facility charge program occurred. An audit includes examining, on a test basis, evidence about the Authority's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance with the program. However, our audit does not provide a legal determination of the Authority's compliance with those requirements.

## Opinion on Passenger Facility Charges Program

In our opinion, the Grand Forks Regional Airport Authority complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect to the passenger facility charge program for the year ended December 31, 2020.

## Report on Internal Control Over Compliance

The management of the Grand Forks Regional Airport Authority is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws and regulations pertaining to the passenger facility charge program. In planning and performing our audit, we considered the Authority's internal control over compliance with requirements that could have a direct and material effect on the passenger facility charge program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with the Guide.

*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 passenger facility program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of the passenger facility 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 passenger facility program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the *Passenger Facility Charge Audit Guide for Public Agencies* issued by the Federal Aviation Administration (the "Guide"). Accordingly, this report is not suitable for any other purpose.

This report is intended solely for the information of the Board of Commissioners, management, and the Department of Transportation and is not intended to be and should not be used by anyone other than these specified parties.



**BRADY, MARTZ & ASSOCIATES, P.C.**  
**GRAND FORKS, NORTH DAKOTA**

March 19, 2021

**GRAND FORKS REGIONAL AIRPORT AUTHORITY**  
**SCHEDULE OF PASSENGER FACILITY CHARGES AND RELATED EXPENDITURES**  
**FOR THE YEAR ENDED AND EACH QUARTER FROM**  
**JANUARY 1, 2020 THROUGH DECEMBER 31, 2020**

|                            | First<br>Quarter | Second<br>Quarter | Third<br>Quarter | Fourth<br>Quarter | Total            |
|----------------------------|------------------|-------------------|------------------|-------------------|------------------|
| BALANCE, JANUARY 1, 2020   | \$ -             | \$ -              | \$ -             | \$ -              | \$ -             |
| PASSENGER FACILITY CHARGES | 119,490          | 17,888            | 22,494           | 25,365            | 185,237          |
| INTEREST EARNINGS          | -                | -                 | -                | -                 | -                |
| DISBURSEMENTS              | <u>(119,490)</u> | <u>(17,888)</u>   | <u>(22,494)</u>  | <u>(25,365)</u>   | <u>(185,237)</u> |
| BALANCE, DECEMBER 31, 2020 | <u>\$ -</u>      | <u>\$ -</u>       | <u>\$ -</u>      | <u>\$ -</u>       | <u>\$ -</u>      |

Passenger Facility Charges are presented above on a cash basis. Below is a reconciliation to the Statement of Revenues, Expenses and Changes in Net Position, which presents the Passenger Facility Charges on an accrual basis.

|                        |                   |
|------------------------|-------------------|
| CASH BASIS (ABOVE)     | \$ 185,237        |
| ACCOUNTS RECEIVABLE PY | (33,862)          |
| ACCOUNTS RECEIVABLE CY | <u>30,294</u>     |
| ACCRUAL BASIS          | <u>\$ 181,669</u> |

**GRAND FORKS REGIONAL AIRPORT AUTHORITY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS -**  
**PASSENGER FACILITY CHARGE PROGRAM**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

I. Summary of Auditor's Results

- i) An unmodified report was issued on the December 31, 2020 financial statements of the Grand Forks Regional Airport Authority (the "Authority").
  - ii) No non-compliance, which is material to the financial statements, was disclosed by the audit.
  - iii) An unmodified opinion was issued on compliance for the passenger facility charge program.
- II. There were two findings related to the financial statements, which are required to be reported in accordance with generally accepted *Government Auditing Standards* shown as 2020-001 and 2020-002 on pages 44 and 45.
- III. There were no findings related to the *Passenger Facility Charge Audit Guide for Public Agencies*, which are required to be reported.