

**JAMESTOWN REGIONAL AIRPORT AUTHORITY
JAMESTOWN, NORTH DAKOTA**

AUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

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JAMESTOWN REGIONAL AIRPORT AUTHORITY
BOARD OF DIRECTORS
DECEMBER 31, 2023

Trent Sletto	Chairman
Keith Veil	Vice-Chairman
Gary Staab	Director
David Steele	Director (City Council Rep)
Jerry Bergquist	Director (County Commission Rep)
Craig Olin	Director
David Nelson	Director

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Jamestown Regional Airport Authority
Jamestown, North Dakota

Report on the Financial Statements

Opinion

We have audited the accompanying financial statements of the business-type activities, of the Jamestown Regional Airport Authority as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the Jamestown Regional Airport Authority's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the Jamestown Regional Airport Authority, as of December 31, 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Emphasis of Matters

Component Unit

As discussed in Note 1, the financial statements present only the Jamestown Regional Airport Authority, and do not purport to, and do not, present fairly the financial position of the City of Jamestown, North Dakota as of December 31, 2023 and the changes in its financial position, or, where applicable, its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Correction of Error

As described in Note 11 to the financial statements, a prior period adjustment has been made to adjust the beginning net position. Our opinion is not modified in respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Jamestown Regional Airport Authority's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Jamestown Regional Airport Authority's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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 the financial reporting for placing the basic financial statements in an appropriate operational, economical, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Jamestown Regional Airport Authority's basic financial statements. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic

financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the listing of board of directors but does not include the basic financial statements and our auditor's report thereon. Our opinion on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 24, 2024, on our consideration of the Jamestown Regional Airport Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Jamestown Regional Airport Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Jamestown Regional Airport Authority's internal control over financial reporting and compliance.



**BRADY, MARTZ & ASSOCIATES, P.C.
BISMARCK, NORTH DAKOTA**

September 24, 2024

JAMESTOWN REGIONAL AIRPORT AUTHORITY
STATEMENT OF NET POSITION
DECEMBER 31, 2023

ASSETS

Current assets

Cash and cash equivalents	\$ 219,021
Reserve accounts	115,104
Investments	409,074
Accounts receivable	39,981
Interest receivable	1,862
Lease receivable, current portion	62,994
Taxes receivable	5,796
Due from other governments	<u>1,754,396</u>
Total current assets	<u>2,608,228</u>

Noncurrent assets

Restricted cash and cash equivalents	3,988
Lease receivable, net of current portion	250,573

Capital assets not depreciated:

Land	317,471
Construction in progress	562,021

Capital assets being depreciated:

Infrastructure, runways and improvements	20,814,486
Buildings	5,044,954
Equipment	1,672,069
Right-to-use lease equipment	20,902
Less: Accumulated depreciation/amortization	<u>(13,663,904)</u>

Total capital assets, net	<u>14,767,999</u>
Total noncurrent assets	<u>15,022,560</u>

TOTAL ASSETS	<u>17,630,788</u>
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DEFERRED OUTFLOWS OF RESOURCES

Cost-sharing defined benefit plan - pension	310,002
Cost-sharing defined benefit plan - OPEB	<u>14,337</u>

TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>324,339</u>
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See Notes to the Financial Statements

JAMESTOWN REGIONAL AIRPORT AUTHORITY
STATEMENT OF NET POSITION - CONTINUED
DECEMBER 31, 2023

LIABILITIES

Current liabilities:

Accounts payable	\$ 73,538
Accrued wages payable	22,427
Interest payable	164
Lease liability, current portion	4,036
Current maturities on debt	<u>30,000</u>
Total current liabilities	<u>130,165</u>

Long-term liabilities:

Debt, net of current maturities	535,000
Net pension liability	427,995
Net other post retirement benefit liability	26,996
Lease liability, net of current portion	<u>5,790</u>
Total long-term liabilities	<u>995,781</u>

TOTAL LIABILITIES	<u>1,125,946</u>
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DEFERRED INFLOWS OF RESOURCES

Cost-sharing defined benefit plan - pension	330,789
Cost-sharing defined benefit plan - OPEB	2,548
Leases	<u>306,383</u>

TOTAL DEFERRED INFLOWS OF RESOURCES	<u>639,720</u>
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NET POSITION

Net investment in capital assets	14,193,173
Restricted for:	
Debt service	3,988
PFC improvements	16,250
Unrestricted	<u>1,976,050</u>

TOTAL NET POSITION	<u><u>\$ 16,189,461</u></u>
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See Notes to the Financial Statements

JAMESTOWN REGIONAL AIRPORT AUTHORITY
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2023

Operating revenues:	
Lease revenue	\$ 177,221
Farm rents	134,984
Jet bridge fees	32,750
T-hangar rent	52,833
Variable lease payments	33,435
Interest on leases	5,676
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Total operating revenues	436,899
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Operating expenses:	
Personnel	500,956
Organizational	75,680
Facility	198,819
Equipment and vehicle	103,976
Other	612
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Total operating expenses	880,043
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Operating gain (loss)	(443,144)
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Non-operating revenues:	
Taxes	349,234
State grants and contributions	12,054
Other	7,325
	<hr/>
Total non-operating revenues	368,613
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Non-operating expenses	
Depreciation and amortization	953,612
Interest	14,882
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Total non-operating expenses	968,494
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Income (loss) prior to capital contributions	(1,043,025)
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Capital Contributions:	
Passenger facility charge	45,535
Interest and investment revenue	13,166
Federal and state grants	934,215
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Total	992,916
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Change in net position	(50,109)
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Total net position - beginning of year, originally stated	15,941,387
Prior period adjustment (see Note 11)	298,183
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Net position - beginning of year, restated	16,239,570
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Net position - end of year	\$ 16,189,461
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See Notes to the Financial Statements

JAMESTOWN REGIONAL AIRPORT AUTHORITY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2023

CASH FLOWS FROM OPERATING ACTIVITIES:	
Operating cash receipts from customers	\$ 464,823
Cash payments to suppliers	(420,890)
Cash payments to employees	(461,864)
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NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	(417,931)
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CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Proceeds from issuance of long-term debt	7,562
Principal payments on long-term debt and lease liability	(144,327)
Interest paid on long-term debt and lease liability	(14,723)
Purchases of capital assets	(213,912)
Passenger facility charge receipts	45,535
Proceeds from government grants	345,930
	<hr/>
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	26,065
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CASH FLOWS FROM INVESTING ACTIVITIES	
Interest receipts	13,166
Purchase of certificates of deposit	(360,531)
	<hr/>
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	(347,365)
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CASH FLOWS FROM NON-CAPITAL AND RELATED FINANCING ACTIVITIES:	
Tax revenue	346,967
Other receipts	7,325
State grants and contributions	12,054
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NET CASH PROVIDED (USED) BY NON-CAPITAL AND RELATED FINANCING ACTIVITIES	366,346
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NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(372,885)
BEGINNING OF YEAR	595,894
END OF YEAR	<hr/> <hr/>
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RECONCILIATION OF CASH AND CASH EQUIVALENTS	
Cash and cash equivalents	\$ 219,021
Restricted cash and cash equivalents	3,988
TOTAL CASH AND CASH EQUIVALENTS	<hr/> <hr/>
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RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	
Operating Gain (Loss)	\$ (443,144)
Effects on Operating Cash Flows Due to Changes in:	
Receivables	27,924
Interest receivable	436
Lease receivable	173,963
Accounts payable	(41,803)
Wages payable	2,300
Deferred outflows - cost-sharing defined benefit plans	96,969
Deferred inflows - cost-sharing defined benefit plans	(77,908)
Net pension obligation	(156,284)
Net other post employment benefits obligation	(384)
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CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<hr/> <hr/>

See Notes to the Financial Statements

JAMESTOWN REGIONAL AIRPORT AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The Jamestown Regional Airport Authority was formed in 2007. It operates under the provisions of the North Dakota Century Code, Chapter 2.06. It is governed by a Board of seven commissioners, one of which is a member of the Jamestown City Council, one of which is a Stutsman County Commissioner, four members are appointed by the Mayor and confirmed by the City Council, and one member appointed by the 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.

Component units are legally separate organizations for which the officials of the primary government are financially accountable. The primary government is financially accountable if it appoints a voting majority of the organization's governing board and (1) it is able to impose its will on that organization or (2) there is a potential for the organization to provide specific financial benefits to or burdens on the primary government. The primary government may be financially accountable if an organization is fiscally dependent on the government. The Authority is a component unit of the City of Jamestown, North Dakota, and has been included in that oversight body's financial statements. The Authority has no component units.

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, deferred outflows of resources, liabilities, deferred inflows of resources, 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 and rentals are reported as operating revenues. Capital, grants, financing or investing related transactions are reported as non-operating revenues. All expenses relating to operating the Authority are reported as operating expenses. Interest expense and financing costs are reported as non-operating.

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*.

JAMESTOWN REGIONAL AIRPORT AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2023

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 and right-to-use lease assets, net of accumulated amortization and 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.

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.

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 has two types of items that qualifies for reporting in this category. Cost sharing defined benefit plan – pension and cost sharing defined benefit plan – OPEB are reported as a deferred outflow of resources in the Statement of Net Position, which represents actuarial differences within the NDPERS pension and OPEB plans.

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 has three types of items that qualify for reporting in this category. Cost sharing defined benefit plan – pension, cost sharing defined benefit plan – OPEB, and leases are reported as a deferred inflow of resources in the Statement of Net Position, which represents actuarial differences within the NDPERS pension, OPEB plans, and lease receivables not collectible within 60 days of year end.

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, 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.

JAMESTOWN REGIONAL AIRPORT AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2023

Cash and Cash Equivalents

For purposes of reporting cash flows, the Authority considers all checking, savings and certificates of deposit, with an original maturity of three months or less, to be cash equivalents.

Reserve Account

The reserve account is internally restricted. The Authority strives to build and maintain a balance of 25% of the operating budget in the reserve account. The revenues will be invested in an interest-bearing account with the best terms available for public entities in accordance with NDCC Chapter 21-04. The Reserve Accounts consist of certificates of deposit.

Investments

Investments consist of certificates of deposit with maturity dates greater than 3 months.

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 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 year ended December 31, 2023.

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

Due From Other Governments

Due from other governments includes expenditures of the Authority that will be reimbursed under federal and state grant programs.

Capital Assets

Capital assets comprise of infrastructure (runways and improvements), buildings and equipment and are recorded at cost. All expenditures for equipment over \$5,000 are capitalized. If actual cost cannot be determined, estimated historical cost is used. Donated capital assets are recorded at their acquisition on the date donated. 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 as follows:

Infrastructure, runways and improvements	20-70 Years
Buildings	50-60 Years
Equipment	5-30 Years

JAMESTOWN REGIONAL AIRPORT AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2023

Leases - Lessee

The determination of whether an arrangement contains a lease is made at inception by evaluating whether the arrangement conveys the right to use an identified asset and whether the Authority has control of the right to use asset. Control includes the right to obtain present service capacity and the right to determine the nature and manner of use of the underlying asset, as specified in the contract.

Leases with an initial lease term of more than 12 months, or that contain an option to purchase that the Authority is reasonably certain to exercise, are recognized based on the present value of lease payments over the lease term discounted using the interest rate implicit in the lease. In cases where the implicit rate is not readily determinable, the Authority uses its incremental borrowing rate based on the information available at the lease commencement date. The Authority has made an accounting policy election to use a risk free rate based on US Treasury Tbill rate as of the lease commencement. The Authority accounts for lease agreements with lease and non-lease components together as a single lease component for all underlying classes of assets.

The Authority continues to record rent expense for short term leases on a straight-line basis over the lease term. Short term leases have a term of 12 months or less at lease commencement and do not include an option to purchase the underlying asset that the Authority are reasonably certain to exercise.

The depreciable life of assets and leasehold improvements are limited by the expected lease term unless there is a transfer of title or purchase option reasonably certain of exercise.

The Authority's lease agreements do not include any material residual value guarantees or restrictive covenants.

Leases - Lessor

The Authority is a lessor for several noncancellable leases of land, buildings, and office space. The Authority recognizes a lease receivable and a deferred inflow of resources in the financial statements.

At the commencement of a lease, the Authority initially measures the lease receivable at the present value of payments expected to be received during the lease term.

Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Key estimates and judgments include how the Authority determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts.

- The Authority uses its estimated incremental borrowing rate as the discount rate for leases. The Authority has made an accounting policy election to use a risk free rate based on US Treasury T-bill rate as of the lease commencement.

JAMESTOWN REGIONAL AIRPORT AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2023

- The lease term includes the noncancellable period of the lease. Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

The Authority monitors changes in circumstances that would require a remeasurement of its lease, and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

Compensated Absences

The Authority allows employees to accumulate up to a maximum of 200 hours of sick leave. On termination no payment is made for unused sick leave. Vacation can be carried over up to 40 hours per year. Vacation not taken is paid upon termination.

Pension

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the North Dakota Public Employees Retirement System (NDPERS) and additions to/deductions from NDPERS fiduciary net position have been determined on the same basis as they are reported by NDPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Other Post-Employment Benefits (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expenses, information about the fiduciary net position of the North Dakota Public Employees Retirement System (NDPERS) and additions to/deductions from NDPERS' fiduciary net position have been determined on the same basis as they are reported by NDPERS. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Long-Term Obligations and Costs

Long-term obligations are reported at face value, net of applicable premiums and discounts. Premiums and discounts and gains or losses on advance refunding and defeasances are deferred and amortized over the life of the bonds. Bond issue costs are expensed in the period incurred.

Equity Classifications

Equity is classified as net position and displayed in three components:

- Net investment in capital assets – Consists of capital and right-to-use lease assets including restricted capital assets, net of accumulated amortization and depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, lease liabilities or other borrowings that are attributable to the acquisition, construction or improvement of those assets.

JAMESTOWN REGIONAL AIRPORT AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2023

- Restricted – Consists of net position for which constraints are placed thereon by external parties, such as lender, grantors, contributors, laws, regulations and enabling legislation, including self-imposed legal mandates, less any related liabilities.
- Unrestricted net position – All other net position that does not meet the definitions of “net investment in capital assets” or “restricted.”

Property Taxes

Property tax revenue is recorded as revenue in the year the tax is levied in the basic financial statements.

Property taxes are levied and certified no later than October 10 and property taxes attach as an enforceable lien on property as of January 1 and are due and payable at that time. The first installment of taxes becomes delinquent March 1 and the second installment on October 15. The taxes are collected by the County Treasurer and remitted to the City of Jamestown and, in turn, remitted to the Authority on a monthly basis.

State general and categorical aids and other entitlements are recognized as revenues in the period the Authority is entitled to the resources and the amounts are available. Expenditure-driven programs currently reimbursable are recognized when the qualifying expenditures have been incurred and the amounts are available.

Capital Contributions – Passenger Facility Charges (PFCs)

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 PFCs. PFCs 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 \$4.50 PFC effective June 1, 2018. 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.

Capital Contributions – Federal and State Grants

The Authority receives federal and state grants in support of its Capital Construction Program. 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.

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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

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NOTE 2 DEPOSITS

Custodial Credit Risk

Custodial credit risk is the risk associated with the failure of a depository financial institution. In the event of a depository financial institution's failure, the Authority would not be able to recover its deposits or collateralized securities that are in the possession of the outside parties. According to North Dakota Century Code, the fair value of the collateral pledged must be equal to or greater than 110% of the deposits not covered by insurance or bonds. The Authority does not have a formal policy regarding deposits that limits the amount they may invest in any one issuer.

The Authority maintains cash on deposit at one financial institution. At year ended December 31, 2023, the Authority's carrying amount of deposits totaled \$747,187, and the bank balances totaled \$747,199. Of the bank balances, \$250,000 was covered by Federal Depository Insurance. The remaining bank balances were collateralized with securities held by the pledging financial institution's agent in the Authority's name.

Interest Rate Risk

The Authority does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk

The North Dakota State Statute limits political subdivisions to invest their surplus funds in:

- 1) Bonds, treasury bills and notes, or other securities that are a direct obligation of, or an obligation insured or guaranteed by, the treasury of the United States, or its agencies, instrumentalities or organizations created by an act of Congress,
- 2) Securities sold under agreements to repurchase written by a financial institution in which the underlying securities for the agreement to repurchase are of a type listed above,
- 3) Certificates of deposit fully insured by the Federal Deposit Insurance Corporation or by the state,
- 4) Obligations of the state.

The Authority has no investments other than fully insured and collateralized demand and time deposits.

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NOTE 3 CAPITAL ASSETS

The following is a summary of changes in capital assets for the year ended December 31, 2023:

	1/1/2023	Additions	Deletions	12/31/2023
Capital assets not being depreciated				
Land	\$ 317,471	\$ -	\$ -	\$ 317,471
Construction in progress	357,771	204,250	-	562,021
Total capital assets not being depreciated	675,242	204,250	-	879,492
Capital assets being depreciated or amortized:				
Infrastructure, runways and improvements	20,814,486	-	-	20,814,486
Buildings	5,044,954	-	-	5,044,954
Equipment	1,672,069	-	-	1,672,069
Right-to-use lease equipment	14,821	9,662	(3,581)	20,902
Total capital assets being depreciated or amortized	27,546,330	9,662	(3,581)	27,552,411
Less accumulated depreciation and amortization				
Infrastructure, runways and improvements	10,555,015	805,145	-	11,360,160
Buildings	1,308,019	89,024	-	1,397,043
Equipment	844,082	52,644	-	896,726
Right-to-use lease asset	6,757	6,799	(3,581)	9,975
Total accumulated depreciation and amortization	12,713,873	953,612	(3,581)	13,663,904
Total capital assets being depreciated or amortized, net	14,832,457	(943,950)	-	13,888,507
Net capital assets	\$ 15,507,699	\$ (739,700)	\$ -	\$ 14,767,999

NOTE 4 LEASES

Lessee

The Authority leases a vehicle and a copy machine. The term of the lease for the vehicle is for a period of 30 months, commencing on January 1, 2022 and terminating June 30, 2024. The term of the copy machine is for a period of 60 months, commencing on July 5, 2023 and terminating on June 5, 2028.

Following is the total lease expense for the year ended December 31, 2023.

Amortization expense by class of underlying asset	
Vehicle	\$ 4,496
Copy Machine	2,302
Total amortization expense	6,798
Interest on lease liabilities	197
Total	\$ 6,995

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NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
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Lessor

Substantially all airport facilities are leased or charged to users under various agreements. Facilities are charged to users under lease agreements, which provide for compensatory rental rates designed to cover costs incurred. The terms of the leases have ending dates that range between January of 2024 to December of 2041 and payments are made semi-annually or annually in amounts ranging from \$120 to \$9,236.

Following is the total lease-related revenue for the year ended December 31, 2023.

Lease Revenue	
Office Space	\$ 125,570
Building	25,318
Land	<u>26,333</u>
Total Lease Revenue	177,221
Interest Revenue	5,676
Variable & Other Revenue	<u>33,435</u>
Total	<u><u>\$ 216,332</u></u>

Following is a schedule by years of future minimum rental receipts required under the lease:

For the Year Ending December 31,	Principal	Interest	Total Receipts
2024	\$ 62,994	\$ 4,809	\$ 67,803
2025	61,390	3,959	65,349
2026	44,952	3,159	48,111
2027	32,851	2,521	35,372
2028	17,188	2,120	19,308
2029 - 2033	44,060	7,223	51,283
2034 - 2038	31,757	3,825	35,582
2039 - 2043	18,375	773	19,148
Total	<u><u>\$ 313,567</u></u>	<u><u>\$ 28,389</u></u>	<u><u>\$ 341,956</u></u>

NOTE 5 LONG-TERM DEBT

Changes in long-term debt during the year ended December 31, 2023 was as follows:

	Balance 1/1/23	Additions	Reductions	Balance 12/31/23	Due Within One Year
Long-term debt:					
Revenue bonds	\$ 621,000	\$ -	\$ (56,000)	\$ 565,000	\$ 30,000
Lease Liabilities	8,087	7,562	(5,823)	9,826	4,036
Notes payable	<u>82,504</u>	<u>-</u>	<u>(82,504)</u>	<u>-</u>	<u>-</u>
Total long-term debt	<u><u>\$ 711,591</u></u>	<u><u>\$ 7,562</u></u>	<u><u>\$ (144,327)</u></u>	<u><u>\$ 574,826</u></u>	<u><u>\$ 34,036</u></u>

JAMESTOWN REGIONAL AIRPORT AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
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The obligations under long-term debt are scheduled as follows:

Revenue Bonds Payable

\$670,159 loan dated July 1, 2018, due in annual principal payments of \$30,000 on June 1 with a final balloon payment of \$580,000 due June 1, 2023, and semi-annual interest payments on June 1 and December 1. Interest of 2.00% with maturity on June 1, 2028.

	\$	565,000
Total revenue bonds payable		565,000
Less current portion		(30,000)
Total long-term debt	\$	535,000

**These loans are for repayment of the community share in the Flex PACE loans through Bank of North Dakota. The amounts due for these loans accrue each year based on the interest paid by the community share until the date in which payments become due.

Annual requirements for payment of outstanding debt at December 31, 2023, as are follows:

	Bonds Payable		Lease Liability		Total	Total
	Principal	Interest	Principal	Interest	Principal	Interest
2024	\$ 30,000	\$ 16,950	\$ 4,036	\$ 333	\$ 34,036	\$ 17,283
2025	30,000	16,950	1,849	251	31,849	17,201
2026	30,000	16,050	1,929	171	31,929	16,221
2027	30,000	15,150	2,012	87	32,012	15,237
2028	445,000	13,350	-	-	445,000	13,350
Total	\$ 565,000	\$ 78,450	\$ 9,826	\$ 842	\$ 574,826	\$ 79,292

NOTE 6 PENSION PLAN

North Dakota Public Employees Retirement System (Main System)

The following brief description of NDPERS is provided for general information purposes only. Participants should refer to NDCC Chapter 54-52 for more complete information.

NDPERS is a cost-sharing multiple-employer defined benefit pension plan that covers substantially all employees of the State of North Dakota, its agencies and various participating political subdivisions. NDPERS provides for pension, death and disability benefits. The cost to administer the plan is financed through the contributions and investment earnings of the plan.

Responsibility for administration of the NDPERS defined benefit pension plan is assigned to a board comprised of eleven members. The Governor is responsible for appointing three other members in addition to the Chairman of the Board. Four members are appointed by legislative management, and the remaining three Board members are elected from active employees currently contributing to PERS.

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Pension Benefits

Benefits are set by statute. NDPERS has no provisions or policies with respect to automatic and ad hoc post-retirement benefit increases. Members of the Main System are entitled to unreduced monthly pension benefits beginning when the sum of age and years of credited service equal or exceed 85 (Rule of 85), or at normal retirement age (65). For members hired on or after January 1, 2016 the Rule of 85, was replaced with the Rule of 90 with a minimum age of 60. The monthly pension benefit is equal to 2.00% of their average monthly salary, using the highest 36 months out of the last 180 months of service, for each year of service. For members hired on or after January 1, 2020, the 2.00% multiplier was replaced with a 1.75% multiplier. The plan permits early retirement at ages 55-64 with three or more years of service. The Main Plan will be closed to new employees with the passage of North Dakota House Bill 1040. The closure of the plan will be effective on January 1, 2025.

Members may elect to receive the pension benefits in the form of a single life, joint and survivor, term-certain annuity, or partial lump sum with ongoing annuity. Members may elect to receive the value of their accumulated contributions, plus interest, as a lump sum distribution upon retirement or termination, or they may elect to receive their benefits in the form of an annuity. For each member electing an annuity, total payment will not be less than the members' accumulated contributions plus interest.

Death and Disability Benefits

Death and disability benefits are set by statute. If an active member dies with less than three years of service for the Main System, a death benefit equal to the value of the member's accumulated contributions, plus interest, is paid to the member's beneficiary. If the member has earned more than three years of credited service for the Main System, the surviving spouse will be entitled to a single payment refund, life-time monthly payments in an amount equal to 50% of the member's accrued normal retirement benefit, or monthly payments in an amount equal to the member's accrued 100% Joint and Survivor retirement benefit if the member had reached normal retirement age prior to date of death. If the surviving spouse dies before the member's accumulated pension benefits are paid, the balance will be payable to the surviving spouse's designated beneficiary.

Eligible members who become totally disabled after a minimum of 180 days of service, receive monthly disability benefits equal to 25% of their final average salary with a minimum benefit of \$100. To qualify under this section, the member has to become disabled during the period of eligible employment and apply for benefits within one year of termination. The definition for disabled is set by the NDPERS in the North Dakota Administrative Code.

Refunds of Member Account Balance

Upon termination, if a member of the Main System is not vested (is not 65 or does not have three years of service), they will receive the accumulated member contributions and vested employer contributions, plus interest, or may elect to receive this amount at a later date. If the member has vested, they have the option of applying for a refund or can remain as a terminated vested participant. If a member terminated and withdrew their accumulated member contribution and is subsequently reemployed, they have the option of repurchasing their previous service.

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Member and Employer Contributions

Member and employer contributions paid to NDPERS are set by statute and are established as a percent of salaries and wages. Member contribution rates are 7% and employer contribution rates are 7.12% of covered compensation. For members hired on or after January 1, 2020 member contribution rates are 7% and employer contribution rates are 8.26% of covered compensation.

The member's account balance includes the vested employer contributions equal to the member's contributions to an eligible deferred compensation plan. The minimum member contribution is \$25 and the maximum may not exceed the following:

- 1 to 12 months of service – Greater of one percent of monthly salary or \$25
- 13 to 24 months of service – Greater of two percent of monthly salary or \$25
- 25 to 36 months of service – Greater of three percent of monthly salary or \$25
- Longer than 36 months of service – Greater of four percent of monthly salary or \$25

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

At December 31, 2023, the Authority reported a liability of \$427,995 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Employer's proportion of the net pension liability was based on the Employer's share of covered payroll in the Main System pension plan relative to the covered payroll of all participating Main System employers. At June 30, 2023, the Employer's proportion was 0.02220 percent, which was an increase of 0.00191 percent from its proportion measured as of June 30, 2022.

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For the year ended December 31, 2023, the Authority recognized pension expense of \$57,324. At December 31, 2023, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 13,933	\$ (2,360)
Changes of assumptions	236,001	(324,859)
Net difference between projected and actual earnings on pension plan investments	11,230	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	38,720	(3,570)
Employer contributions subsequent to the measurement date	<u>10,118</u>	<u>-</u>
Total	<u>\$ 310,002</u>	<u>\$ (330,789)</u>

\$10,118 reported as deferred outflows of resources related to pensions resulting from Employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2024.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended December 31:

2024	\$ 13,013
2025	(40,219)
2026	16,944
2027	(20,643)

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Actuarial Assumptions

The total pension liability in the July 1, 2023 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.25%
Salary increases	3.50% to 17.75%, including inflation
Investment rate of return	6.50%, net of investment expenses
Cost-of-living adjustments	None

For active members, inactive members and healthy retirees, mortality rates were based on the Sex-distinct Pub-2010 table for General Employees, with scaling based on actual experience. Respective corresponding tables were used for healthy retirees, disabled retirees, and active members. Mortality rates are projected from 2010 using the MP-2019 scale.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the Fund's target asset allocation are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	30.90%	6.25%
International Equity	20.10%	6.95%
Private Equity	7.00%	9.45%
Domestic Fixed Income	23.00%	2.51%
Global Real Assets	19.00%	4.33%

Discount Rate

For PERS, GASB Statement No. 67 includes a specific requirement for the discount rate that is used for the purpose of the measurement of the Total Pension Liability. This rate considers the ability of the System to meet benefit obligations in the future. To make this determination, employer contributions, employee contributions, benefit payments, expenses and investment returns are projected into the future. The current employer and employee fixed rate contributions are assumed to be made in each future year. The Plan Net Position (assets) in future years can then be determined and compared to its obligation to make benefit payments in those years. In years where assets are not projected to be sufficient to meet benefit payments, which is the case for the PERS plan, the use of a municipal bond rate is required.

The Single Discount Rate (SDR) is equivalent to applying these two rates to the benefits that are projected to be paid during the different time periods. The SDR reflects (1) the long-term expected rate of return on pension plan investments (during the period in which the fiduciary net

JAMESTOWN REGIONAL AIRPORT AUTHORITY
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position is projected to be sufficient to pay benefits) and (2) a tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate of return are not met).

For the purpose of this valuation, the expected rate of return on pension plan investments is 6.50%, the municipal bond rate is 3.86%, and the resulting Single Discount Rate is 6.50%.

Sensitivity of the Employer's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the Employer's proportionate share of the net pension liability calculated using the discount rate of 6.50 percent, as well as what the Employer's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.50 percent) or 1-percentage-point higher (7.50 percent) than the current rate:

	1% Decrease 5.50%	Current Discount Rate 6.50%	1% Increase 7.50%
Employer's proportionate share of the net pension liability	\$ 590,102	\$ 427,995	\$ 293,514

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued NDPERS financial report.

NOTE 7 OTHER POST EMPLOYMENT BENEFITS

North Dakota Public Employees Retirement System

The following brief description of NDPERS is provided for general information purposes only. Participants should refer to NDAC Chapter 71-06 for more complete information.

NDPERS OPEB plan is a cost-sharing multiple-employer defined benefit OPEB plan that covers members receiving retirement benefits from the PERS, the HPRS, and Judges retired under Chapter 27-17 of the North Dakota Century Code a credit toward their monthly health insurance premium under the state health plan based upon the member's years of credited service. Effective July 1, 2015, the credit is also available to apply towards monthly premiums under the state dental, vision and long-term care plan and any other health insurance plan. Effective August 1, 2019 the benefit may be used for any eligible health, prescription drug plan, dental, vision, or long term care plan premium expense. The Retiree Health Insurance Credit Fund is advance-funded on an actuarially determined basis.

Responsibility for administration of the NDPERS defined benefit OPEB plan is assigned to a Board comprised of nine members. The Board consists of a Chairman, who is appointed by the Governor; one member appointed by the Attorney General; one member appointed by the State Health Officer; three members elected by the active membership of the NDPERS system, one member elected by the retired public employees and two members of the legislative assembly appointed by the chairman of the legislative management.

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OPEB Benefits

The employer contribution for the PERS, the HPRS and the Defined Contribution Plan is set by statute at 1.14% of covered compensation. The employer contribution for employees of the state board of career and technical education is 2.99% of covered compensation for a period of eight years ending October 1, 2015. Employees participating in the retirement plan as part-time/temporary members are required to contribute 1.14% of their covered compensation to the Retiree Health Insurance Credit Fund. Employees purchasing previous service credit are also required to make an employee contribution to the Fund. The benefit amount applied each year is shown as "*prefunded credit applied*" on the Statement of Changes in Plan Net Position for the OPEB trust funds. Beginning January 1, 2020, members first enrolled in the NDPERS Main System and the Defined Contribution Plan on or after that date will not be eligible to participate in RHIC. Therefore, RHIC will become for the most part a closed plan. There were no other benefit changes during the year.

Retiree health insurance credit benefits and death and disability benefits are set by statute. There are no provisions or policies with respect to automatic and ad hoc post-retirement benefit increases. Employees who are receiving monthly retirement benefits from the PERS, the HPRS, the Defined Contribution Plan, the Chapter 27-17 judges or an employee receiving disability benefits, or the spouse of a deceased annuitant receiving a surviving spouse benefit or if the member selected a joint and survivor option are eligible to receive a credit toward their monthly health insurance premium under the state health plan.

Effective July 1, 2015, the credit is also available to apply towards monthly premiums under the state dental, vision and long-term care plan and any other health insurance plan. Effective August 1, 2019 the benefit may be used for any eligible health, prescription drug plan, dental, vision, or long term care plan premium expense. The benefits are equal to \$5.00 for each of the employee's, or deceased employee's years of credited service not to exceed the premium in effect for selected coverage. The retiree health insurance credit is also available for early retirement with reduced benefits.

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At December 31, 2023, the Authority reported a liability of \$26,996 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2023 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The Authority's proportion of the net OPEB liability was based on the Authority's share of covered payroll in the OPEB plan relative to the covered payroll of all participating OPEB employers. At June 30, 2023, the Authority's proportion was 0.027003 percent, which was an increase of 0.004192 percent from its proportion measured as of June 30, 2022.

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For the year ended December 31, 2023, the Authority recognized OPEB expense of \$6,801. At December 31, 2023, the Authority reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 508	\$ (309)
Changes of assumptions	5,758	(2,236)
Net difference between projected and actual earnings on OPEB plan investments	1,950	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	4,501	(3)
Employer contributions subsequent to the measurement date	<u>1,620</u>	<u>-</u>
Total	<u>\$ 14,337</u>	<u>\$ (2,548)</u>

\$1,620 reported as deferred outflows of resources related to OPEB resulting from Authority contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending December 31, 2024.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEBs will be recognized in OPEB expense as follows:

Year ending December 31:

2024	\$ 3,699
2025	3,276
2026	3,609
2027	(415)

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Actuarial Assumptions

The total OPEB liability in the July 1, 2023 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.25%
Salary increases	Not applicable
Investment rate of return	5.75%, net of investment expenses
Cost-of-living adjustments	None

For active members, inactive members and healthy retirees, mortality rates were based on the MortalityPub-2010 Healthy retiree Mortality table (for General Employees), sex-distinct, with rates multiplied by 103% for males and 101% for females. Pub-2010 Disabled Retiree Mortality table (for General Employees), sex-distinct, with rates multiplied by 117% for males and 112% for females. Pub-2010 Employee Mortality table (for General Employees), sex-distinct, with rates multiplied by 92% for both males and females. Mortality rates are projected from 2010 using the MP-2019 scale.

The long-term expected investment rate of return assumption for the RHIC fund was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of RHIC investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Estimates of arithmetic real rates of return, for each major asset class included in the RHIC's target asset allocation as of July 1, 2023 are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
S&P 500 Index	33.00%	5.50%
US Small Cap Equity	6.00%	7.65%
World Equity ex-US	26.00%	6.82%
US High Yield	3.00%	5.32%
Emerging Markets Debt	4.00%	6.25%
Core Fixed Income	28.00%	4.04%

Discount Rate

The discount rate used to measure the total OPEB liability was 5.75%. The projection of cash flows used to determine the discount rate assumed plan member and statutory rates described in this report. For this purpose, only employer contributions that are intended to fund benefits of current RHIC members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries are not included. Based on those assumptions, the RHIC fiduciary net position was projected to be sufficient to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on RHIC investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

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Sensitivity of the Employer's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate

The following presents the net OPEB liability of the Plans as of June 30, 2023, calculated using the discount rate of 5.75%, as well as what the RHIC net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.75 percent) or 1-percentage-point higher (6.75 percent) than the current rate:

	1% Decrease 4.75%	Current Discount Rate 5.75%	1% Increase 6.75%
Employer's proportionate share of the net OPEB liability	\$ 35,480	\$ 26,996	\$ 19,854

NOTE 8 CONCENTRATIONS

The Authority operates in a regional market consisting primarily of central and eastern North Dakota.

NOTE 9 RISK MANAGEMENT

The Authority is exposed to various risks including but not limited to losses from workers' compensation, care of employee health and general liability/property.

The Authority participates in the medical self-insurance plan of the City of Jamestown, North Dakota. The plan provides health insurance coverage up to \$20,000 for each employee. In addition, the City has purchased commercial insurance coverage for claims in excess of a predetermined amount. Additional information regarding the plan can be found in the primary government financial statements of the City of Jamestown, North Dakota.

The Authority participates in the North Dakota Insurance Reserve Fund (NDIRF) entity risk pool established by certain municipalities ("members") to provide liability coverage. The Authority's payments to the NDIRF are displayed on the financial statements as expenditures in the appropriate fund. The purpose of the NDIRF is to act as a joint self-insurance pool for the purpose of seeking the prevention or lessening of liability claims for injuries to persons or property or claims for errors and omissions made against the members and other parties included within the scope of coverage of the NDIRF. The Authority does not exercise any control over the activities of the NDIRF.

The Authority's risk for workers' compensation is covered by premiums paid to the North Dakota Worker's Compensation Bureau. The Bureau was created by the Legislature of the State of North Dakota.

The Authority's risk for property coverage is covered by premiums paid to the North Dakota State Fire and Tornado Fund. The Fund was established by the State of North Dakota to insure political subdivisions and certain other entities against loss to public buildings and permanent contents from damage caused by fire, tornadoes and other types of risk.

Settled claims from these risks have not exceeded commercial coverage for the past three years.

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DECEMBER 31, 2023

NOTE 10 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, 2023, 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 11 PRIOR PERIOD ADJUSTMENTS

The Authority recorded prior period adjustments to the December 31, 2022 financial statements for the following:

- Grants receivable were corrected to include missing amounts for federal revenues. This resulted due to the fact that expenses were requested for reimbursement from previous years and increased grants receivable and increased net position by \$316,641 for the year ended December 31, 2022.
- Accounts receivable were corrected to remove 2022 receivable incorrectly recorded. This resulted in a decrease in accounts receivable and a decrease in net position by \$18,458 for the year ended December 31, 2022.

NOTE 12 COMMITMENTS

The Airport has two active contract project commitments outstanding as of December 31, 2023:

- Project 55 for Airfield Concrete Pavement Rehabilitation has a contract amount of \$536,154. There were no payments on this project as of December 31, 2023.
- Project 56 for Runway Rehabilitation has a contract amount of \$4,074,838. Payments on this project as of December 31, 2023 total \$55,726.
- Project 57 for Airfield Lighting Improvements has a contract amount of \$3,042,673. Payments on this project as of December 31, 2023 total \$1,752.

NOTE 13 NEW PRONOUNCEMENTS

GASB Statement No. 100, *Accounting Changes and Error Corrections – An Amendment of GASB Statement No. 62*, enhances the accounting and financial reporting requirements for accounting changes and error corrections. The statement is effective for fiscal years beginning after June 15, 2023.

GASB Statement No. 101, *Compensated Absences*, updates the recognition and measurement guidance for compensated absences through aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The statement is effective for fiscal years beginning after December 15, 2023.

JAMESTOWN REGIONAL AIRPORT AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2023

GASB Statement No. 102, *Certain Risk Disclosures*, requires entities to disclose critical information about their exposure to risks due to certain concentrations or limitations that could lead to financial distress or operational challenges. This statement is effective for fiscal years beginning after June 15, 2024.

GASB Statement No. 103, *Financial Reporting Model Improvements*, revises the requirements for management's discussion and analysis with the goal of making it more readable and understandable, requires unusual or infrequent items to be presented separately, defines operating and nonoperating revenues, includes a new section for noncapital subsidies for proprietary funds' statement of revenues, expenses and changes in net position, removes the option to disclose major component information in the notes and requires them to be shown individually or in combine financial statements following the fund financial statements and requires budgetary comparisons to be presented as RSI with new columns for variances between original-to-final budget and final budget-to-actual results. This statement is effective for fiscal years beginning after June 15, 2025.

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

NOTE 14 SUBSEQUENT EVENTS

No significant events occurred subsequent to the Authority's year end. Subsequent events have been evaluated through September 24, 2024, which is the date these financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

JAMESTOWN REGIONAL AIRPORT AUTHORITY
SCHEDULE OF EMPLOYER'S SHARE OF NET PENSION LIABILITY
ND PUBLIC EMPLOYEES RETIREMENT SYSTEM
LAST 10 FISCAL YEARS*

	Employer's proportion of the net pension liability (asset)	Employer's proportionate share of the net pension liability (asset)	Employer's covered- employee payroll	Employer's proportionate share of the net pension liability (asset) as a percentage of its covered- employee payroll	Plan fiduciary net position as a percentage of the total pension liability
2023	0.02220%	\$ 427,995	\$ 241,139	177.49%	65.31%
2022	0.02029%	584,279	223,011	262.00%	54.47%
2021	0.01986%	207,043	223,011	92.84%	78.26%
2020	0.02027%	637,699	223,605	285.19%	48.91%
2019	0.02057%	241,130	213,998	112.68%	71.66%
2018	0.01406%	237,345	144,485	164.27%	63.53%
2017	0.01392%	223,692	142,066	157.46%	61.98%
2016	0.01335%	130,099	134,524	96.71%	70.46%

*Complete data for this schedule is not available prior to 2015

SCHEDULE OF EMPLOYER'S CONTRIBUTIONS - PENSION
ND PUBLIC EMPLOYEES RETIREMENT SYSTEM
LAST 10 FISCAL YEARS*

	Statutorily required contribution	Contributions in relation to the statutorily required contribution	Contribution deficiency (excess)	Employer's covered- employee payroll	Contributions as a percentage of covered-employee payroll
2023	\$ 21,128	\$ (21,128)	\$ -	\$ 296,744	7.12%
2022	17,169	(17,169)	-	241,139	7.12%
2021	16,184	(16,184)	-	227,310	7.12%
2020	15,878	(15,878)	-	223,011	7.12%
2019	14,476	(14,476)	-	203,319	7.12%
2018	11,143	(11,143)	-	156,506	7.12%
2017	10,302	(10,302)	-	142,066	7.25%
2016	9,739	(9,739)	-	134,524	7.24%

*Complete data for this schedule is not available prior to 2015.

See Notes to the Required Supplementary Information

JAMESTOWN REGIONAL AIRPORT AUTHORITY
SCHEDULE OF EMPLOYER'S SHARE OF NET OPEB LIABILITY
ND PUBLIC EMPLOYEES RETIREMENT SYSTEM
LAST 10 FISCAL YEARS*

	Employer's proportion of the net OPEB liability (asset)	Employer's proportionate share of the net OPEB liability (asset)	Employer's covered- employee payroll	Employer's proportionate share of the net OPEB liability (asset) as a percentage of its covered- employee payroll	Plan fiduciary net position as a percentage of the total OPEB liability
2023	0.027003%	\$ 26,996	\$ 271,433	9.95%	62.74%
2022	0.022811%	27,380	227,310	12.05%	56.28%
2021	0.020632%	11,475	223,011	5.15%	76.63%
2020	0.019615%	16,500	223,605	7.38%	63.38%
2019	0.019178%	15,404	213,998	7.20%	63.13%
2018	0.013204%	10,399	144,485	7.20%	61.89%

*Complete data for this schedule is not available prior to 2017.

SCHEDULE OF EMPLOYER'S CONTRIBUTIONS - OPEB
ND PUBLIC EMPLOYEES RETIREMENT SYSTEM
LAST 10 FISCAL YEARS*

	Statutorily required contribution	Contributions in relation to the statutorily required contribution	Contribution deficiency (excess)	Employer's covered- employee payroll	Contributions as a percentage of covered-employee payroll
2023	\$ 3,833	\$ (3,833)	\$ -	\$ 296,744	1.29%
2022	2,749	(2,749)	-	241,139	1.14%
2021	2,591	(2,591)	-	227,310	1.14%
2020	2,542	(2,542)	-	223,011	1.14%
2019	2,318	(2,318)	-	203,319	1.14%
2018	1,784	(1,784)	-	156,506	1.14%

*Complete data for this schedule is not available prior to 2017.

See Notes to the Required Supplementary Information

JAMESTOWN REGIONAL AIRPORT AUTHORITY
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2023

NOTE 1 CHANGE OF ASSUMPTIONS

NDPERS Pension Plan

All actuarial assumptions used in the actuarial valuation as of July 1, 2022 were based on an experience review for the period from July 1, 2014 to July 1, 2019, and were adopted for first use commencing with the actuarial valuation as of July 1, 2020. There have been no changes in actuarial assumptions since the previous actuarial valuation as of July 1, 2022.

NDPERS OPEB

All actuarial assumptions used in the actuarial valuation as of July 1, 2022 were based on an experience review for the period from July 1, 2014 to July 1, 2019, and were adopted for first use commencing with the actuarial valuation as of July 1, 2020. There have been no changes in actuarial assumptions since the previous actuarial valuation as of July 1, 2022.

NOTE 2 CHANGES OF BENEFIT TERMS

NDPERS Pension Plan

In 2023, House Bill 1040 was passed, which closes the Main System to employees newly enrolled into the system on January 1, 2025 and later. The state employer contribution for 2026 and later was changed to be the amount sufficient to fund the Main System on actuarial basis, with the amortization of the unfunded liability determined on a level percent of payroll basis over a closed period beginning on January 1, 2026 and ending June 30, 2056.

NDPERS OPEB

Beginning January 1, 2020, members first enrolled in the NDPERS Main System and the Defined Contribution Plan on or after that date will not be eligible to participate in RHIC. Therefore, RHIC will become for the most part a closed plan. There have been no other changes in plan provisions since the previous actuarial valuation as of July 1, 2022.

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

To the Board of Directors
Jamestown Regional Airport Authority
Jamestown, 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 Jamestown Regional Airport Authority, as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise Jamestown Regional Airport Authority's basic financial statements, and have issued our report thereon dated September 24, 2024.

Report on Internal Control Over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph 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 have not been identified. However, as described in the accompanying schedule of findings and questioned costs, we did identify certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 2023-002 and 2023-004 to be material weaknesses.

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. We consider the deficiencies described in the accompany schedule of findings and questioned costs as items 2023-001 and 2023-003 to be a significant deficiencies.

Report on Compliance and Other Matters

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

Authority's Responses to Findings

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

Purpose of this Report

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



BRADY, MARTZ & ASSOCIATES, P.C.
BISMARCK, NORTH DAKOTA

September 24, 2024

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

To the Board of Directors
Jamestown Regional Airport Authority
Jamestown, North Dakota

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Jamestown Regional Airport Authority's compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on Jamestown Regional Airport Authority's major federal program for the year ended December 31, 2023. The Jamestown 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.

In our opinion, Jamestown 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, 2023.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

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

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

Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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

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



BRADY, MARTZ & ASSOCIATES, P.C.
BISMARCK, NORTH DAKOTA

September 24, 2024

JAMESTOWN REGIONAL AIRPORT AUTHORITY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2023

U.S. DEPARTMENT OF TRANSPORTATION:	<u>Federal AL Number</u>	<u>Federal Expenditures</u>
Airport Improvement Program		
Project #3-38-0028-49	20.106	\$ 21,358
Project #3-38-0028-52	20.106	20,649
Project #3-38-0028-53	20.106	105,110
Project #3-38-0028-54	20.106	26,460
Project #3-38-0028-55	20.106	499
Project #3-38-0028-56	20.106	42,650
Project #3-38-0028-48 CARES	20.106	37,062
Project #3-38-0028-51 ARPA	20.106	794,328
Project #3-38-0028-50 CRRSA	20.106	<u>202,170</u>
Total Federal Expenditures		<u>\$ 1,250,286</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 Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE 2 INDIRECT COSTS

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 Schedule includes the federal award activity of Jamestown Regional Airport Authority under programs of the federal government for the year ended December 31, 2023. 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 Jamestown Regional Airport Authority, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Jamestown Regional Airport Authority.

JAMESTOWN REGIONAL AIRPORT AUTHORITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2023

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?

X yes ___ no

Significant deficiency(ies) identified

not considered to be material weaknesses?

X yes ___ none reported

Non-compliance material to financial statements
noted?

___ yes X no

Federal Awards

Internal control over major programs:

Material weakness(es) identified?

___ yes X no

Significant deficiency(ies) identified

not considered to be material weaknesses?

___ yes X 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 X no

Identification of major programs:

AL Number(s)

Name of Federal Program or Cluster

20.106

Airport Improvement Program

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

\$750,000

Auditee qualified as low-risk auditee?

___ yes X no

JAMESTOWN REGIONAL AIRPORT AUTHORITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 2023

SECTION II – FINANCIAL STATEMENT FINDINGS

2023-001 – Preparation of Financial Statements – Significant Deficiency

Criteria

An appropriate system of internal controls requires that the Authority prepare financial statements in compliance with accounting principles generally accepted in the United States of America.

Condition

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

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 Authority's financial statements.

Recommendation

We recommend the Authority 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 Authority 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

The Authority's management and Board of Directors have reviewed and discussed the responsibilities of the internal control structure. As a result of this review, management has considered the cost effectiveness of additional duties for compliance of the application of generally accepted accounting principles. The Authority will implement continuous training of its management on the current requirements of the financial statements and disclosures in compliance with accounting principles generally accepted in the United States of America.

Repeat Finding

Repeat Finding of 2022-001

JAMESTOWN REGIONAL AIRPORT AUTHORITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 2023

2023-002 – Proposition of Journal Entries – Material Weakness

Criteria

The Authority is required to maintain internal controls at a level where underlying support for general ledger accounts can be developed and a determination can be made that the general ledger accounts are properly reflected in accordance with GAAP.

Condition

During our audit, adjusting entries to the financial statements were proposed to properly reflect the financial statements in accordance with accounting principles generally accepted in the United States.

Cause

The Authority's internal controls have not been designed to address the specific training needs required of its personnel to identify the adjustments necessary to properly reflect the financial statements in accordance with U.S. GAAP.

Effect

The Authority's financial statements were misstated prior to adjustments detected as a result of audit procedures.

Recommendation

Accounting personnel will need to determine the proper balance in each general ledger account prior to the audit.

Views of Responsible Officials and Planned Corrective Actions

The Authority's management and Board of Directors have reviewed and discussed the responsibilities of the internal control structure. As a result of this review, management has considered the cost effectiveness of additional duties for compliance of the application of generally accepted accounting principles. The Authority will implement continuous training of its management on the current requirements of financial statements and the adjustments necessary for compliance with accounting principles generally accepted in the United States of America.

Repeat Finding

Repeat finding of 2022-002.

JAMESTOWN REGIONAL AIRPORT AUTHORITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 2023

2023-003 – Preparation of Bank Reconciliations – Significant Deficiency

Criteria

An appropriate system of internal controls requires that the Authority prepare bank reconciliations consistently and in a timely fashion in order to properly monitor transactions and to ensure financial reports provided to the board include all relevant information.

Condition

The Authority's personnel prepare financial information for internal use that meets the needs of management and the board. However, the Authority currently does not prepare bank reconciliations on a monthly basis, only annually for the audit.

Cause

The Authority elected to not prepare bank reconciliations on a monthly basis.

Effect

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

Recommendation

We recommend the Authority reconcile the bank statements in their accounting software on a monthly basis.

Views of Responsible Officials and Planned Corrective Actions

The Authority's management and Board of Directors will complete bank reconciliations monthly and retain the reports with other financial records.

Repeat Finding

This is a new finding in the current year.

JAMESTOWN REGIONAL AIRPORT AUTHORITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 2023

2023-004 – Grant Reimbursements – Material Weakness

Criteria

An appropriate system of internal controls requires that the Authority track and request grant expenses consistently in an organized and a timely fashion in order to ensure duplicate expenses aren't requested and to record the associated revenue in the proper period.

Condition

The Authority's personnel requests grant reimbursements when cash flow is needed.

Cause

The Authority did not submit reimbursement requests for 2022 and 2023 expenses until 2024.

Effect

The Authority's financial statements were materially misstated before the prior period adjustment recorded to reflect the receivable associated with the expenses requested.

Recommendation

We recommend the Authority request all expenses eligible for reimbursement for a particular year at one time and when all expenses are known.

Views of Responsible Officials and Planned Corrective Actions

The Authority's management and Board of Directors will request all expenses eligible for reimbursement in a timely manner, when expenses are known.

Repeat Finding

This is a new finding in the current year.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

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

JAMESTOWN REGIONAL AIRPORT AUTHORITY
SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2023

2022-001 – Preparation of Financial Statements – Significant Deficiency

Criteria

An appropriate system of internal controls requires that the Authority to prepare financial statements in compliance with accounting principles generally accepted in the United States of America.

Condition

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

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 Authority's financial statements.

Recommendation

We recommend the Authority 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 Authority 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

The Authority's management and Board of Directors have reviewed and discussed the responsibilities of the internal control structure. As a result of this review, management has considered the cost effectiveness of additional duties for compliance of the application of generally accepted accounting principles. The Authority will implement continuous training of its management on the current requirements of the financial statements and disclosures in compliance with accounting principles generally accepted in the United States of America.

Status

This is a repeat finding of 2023-001.

JAMESTOWN REGIONAL AIRPORT AUTHORITY
SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS - CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 2023

2022-002 – Proposition of Journal Entries – Material Weakness

Criteria

The Authority is required to maintain internal controls at a level where underlying support for general ledger accounts can be developed and a determination can be made that the general ledger accounts are properly reflected in accordance with GAAP.

Condition

During our audit, adjusting entries to the financial statements were proposed to properly reflect the financial statements in accordance with accounting principles generally accepted in the United States.

Cause

The Authority's internal controls have not been designed to address the specific training needs required of its personnel to identify the adjustments necessary to properly reflect the financial statements in accordance with U.S. GAAP.

Effect

The Authority's financial statements were misstated prior to adjustments detected as a result of audit procedures.

Recommendation

Accounting personnel will need to determine the proper balance in each general ledger account prior to the audit.

Views of Responsible Officials and Planned Corrective Actions

The Authority's management and Board of Directors have reviewed and discussed the responsibilities of the internal control structure. As a result of this review, management has considered the cost effectiveness of additional duties for compliance of the application of generally accepted accounting principles. The Authority will implement continuous training of its management on the current requirements of financial statements and the adjustments necessary for compliance with accounting principles generally accepted in the United States of America.

Status

This is a repeat finding of 2023-002.

JAMESTOWN REGIONAL AIRPORT AUTHORITY
SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS - CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 2023

2022-003 – AL 20.106: Reporting – Significant Deficiency

Criteria

SF-425, SF-271, and SF-127 reports are required to be submitted within 90 days of year end and to match supporting documentation from the accounting records.

Condition

SF-425, SF-271, and SF-127 reports were not submitted within 90 days of year end and SF-271 report did not match the supporting documentation from the accounting records.

Cause

The Airport did not ensure proper submittal of reports within the applicable time period.

Effect

Grant awards could potentially be inaccurately reported.

Questioned Costs

None

Recommendation

The airport should submit required reports accurately, and within the required time frame.

Views of Responsible Officials and Planned Corrective Actions

The Authority's management and Board of Directors have reviewed and discussed the responsibilities of Reporting SF-425, SF-271, and SF-127 reports. As a result of this review, management will ensure reports are submitted within 90 days of the end of the year. Authority management will also ensure that the supporting documentation from accounting records matches the reports.

Status

This finding was resolved in the current year.



JAMESTOWN REGIONAL AIRPORT
- ADMIRAL DON WEISS FIELD -

PO Box 1560, Jamestown, North Dakota 58402-1560

Phone: 701-252-6466 Fax: 701-252-2919

Website: www.flyjamestown.net

Corrective Action Plan-December 31, 2023

Contact Person

Katie Hemmer

2023-001 Preparation of Financial Statements

Corrective Action Plan

The Authority's management and Board of Directors have reviewed and discussed the responsibilities of the internal control structure. As a result of this review, management has considered the cost effectiveness of additional duties for compliance of the application of generally accepted accounting principles. The Authority will implement continuous training of its management on the current requirements of financial statements and disclosures in compliance with accounting principles generally accepted in the United States of America.

Completion Date

Jamestown Regional Airport Authority will implement the plan when it becomes cost effective.

2023-002 Proposition of Journal Entries

Corrective Action Plan

The Authority's management and Board of Directors have reviewed and discussed the responsibilities of the internal control structure. As a result of this review, management has considered the cost effectiveness of additional duties for compliance of the application of generally accepted accounting principles. The Authority will implement continuous training of its management on the current requirements of financial statements and the adjustments necessary for compliance with accounting principles generally accepted in the United States of America.

Completion Date

Jamestown Regional Airport Authority will implement the plan when it becomes cost effective.

2023-003 Preparation of Bank Reconciliations

Corrective Action Plan

The Authority's management and Board of Directors will complete Bank Reconciliations monthly and retain the reports with the other financial records.

Completion Date

Jamestown Regional Airport Authority will implement the plan effective October 2024.

2023-004-Grant Reimbursements

Corrective Action Plan

The Authority's management and Board of Directors will request all expenses eligible for reimbursement in a timely manner, when expenses are known.

Completion Date

Jamestown Regional Airport Authority will implement the plan effective October 2024.

**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**

To the Board of Directors
Jamestown Regional Airport Authority
Jamestown, North Dakota

Report on Compliance for Passenger Facility Charges Program

Opinion on Passenger Facility Charges Program

We have audited the compliance of Jamestown 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") that could have a direct and material effect on the Airport's passenger facility charge program for the year ended December 31, 2023. The Authority's passenger facility program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs – passenger facility charge program.

In our opinion, the Jamestown 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, 2023.

Basis for Opinion on Passenger Facility Charges Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the Guide. Our responsibilities under those standards and the Guide are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Guide, we:

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

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

Report on Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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

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



BRADY, MARTZ & ASSOCIATES, P.C.
BISMARCK, NORTH DAKOTA

September 24, 2024

JAMESTOWN REGIONAL AIRPORT AUTHORITY
SCHEDULE OF PASSENGER FACILITY CHARGES AND RELATED EXPENDITURES
FOR THE YEAR ENDED AND EACH QUARTER FROM
JANUARY 1, 2023 THROUGH DECEMBER 31, 2023

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Total
BALANCE, JANUARY 1, 2023	\$ 21,080	\$ 29,866	\$ 3,873	\$ 14,321	\$ 21,080
PASSENGER FACILITY CHARGES	8,784	9,955	10,447	10,403	39,589
INTEREST EARNINGS	2	2	1	1	6
DISBURSEMENTS	<u>-</u>	<u>(35,950)</u>	<u>-</u>	<u>(8,475)</u>	<u>(44,425)</u>
BALANCE, DECEMBER 31, 2023	<u>\$ 29,866</u>	<u>\$ 3,873</u>	<u>\$ 14,321</u>	<u>\$ 16,250</u>	<u>\$ 16,250</u>

JAMESTOWN REGIONAL AIRPORT AUTHORITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS –
PASSENGER FACILITY CHARGE PROGRAM
FOR THE YEAR ENDED DECEMBER 31, 2023

I. Summary of Auditor's Results

- i) An unmodified report was issued on the December 31, 2023 financial statements of the Jamestown 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 four findings related to the financial statements, which are required to be reported in accordance with generally accepted *Government Auditing Standards* shown as 2023-001 through 2023-004 on page 42 through 45.
- III. There were no findings related to the *Passenger Facility Charge Audit Guide for Public Agencies*, which are required to be reported.