

GREELEY-WELD COUNTY
AIRPORT AUTHORITY



FINANCIAL STATEMENTS

Years Ended December 31, 2019 and 2018



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Independent Auditors' Report

Board of Commissioners
Greeley-Weld County Airport Authority
Greeley, Colorado

We have audited the accompanying basic financial statements of the Greeley-Weld County Airport Authority as of and for the years ended December 31, 2019 and 2018, as listed in the table of contents and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

Opinion

In our opinion, financial statements referred to above present fairly, in all material respects, the financial position of the Greeley-Weld County Airport Authority as of December 31, 2019 and 2018, and the results of its operations and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States.

Other Matters

Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The schedules on pages 23-25 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Accounting principles generally accepted in the United States require that management discussion and analysis be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States, 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 evidence sufficient to express an opinion or provide any assurance.

Anderson & Whitney, P.C.

September 9, 2020

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of Greeley-Weld County Airport Authority (the Authority), we offer readers of the Authority's financial statements this narrative overview and analysis of the financial activities of the Authority for the years ended December 31, 2019 and 2018.

FINANCIAL HIGHLIGHTS

- * The Authority's working capital position increased from \$1,289,420 to \$1,842,285, due to increased capital grants and oil and gas revenues and paying down debt. The current ratio at December 31, 2019 is 6.3 to 1.0, up from 3.0 to 1.0 at December 31, 2018. The Airport Authority is currently a financially self-supporting agency in regards to its annual operations. The Authority continues to rely on capital grants from the Federal Aviation Administration, and the State of Colorado to finance capital improvement projects of the Airport. The City of Greeley, Colorado, Weld County, Colorado and the State of Colorado have historically provided matching fund support on obtaining Federal Aviation Administration Airport Improvement Program grants.
- * The Authority's net position decreased 5.1% or \$1,128,263, primarily due to oil and gas royalty and easement income of \$580,478, offset by charges for depreciation and amortization for 2019 of \$2,058,946. Most of the Authority's net position is reflected in the net investment in capital assets – 92%. Accordingly, these assets are not an available source for future spending.
- * The Authority had a net loss before capital contributions for 2019 of \$1,950,881, which was primarily the result of depreciation and amortization expense in the amount of \$2,058,946. A heavy investment in depreciable infrastructure results in large annual provisions for depreciation. Airports are generally not able to fully recover capital costs through user fees or rents because they are financed primarily by federal capital grants. However, the infrastructure must be maintained, and the Authority budgets for such maintenance, through some combination of the Authority's own resources, state grants and support from City of Greeley and Weld County, Colorado. The 2019 operating income before depreciation and amortization was \$108,065, an increase of \$95,151 from the operating income before depreciation of \$12,914 for 2018.
- * During 2019, the Authority expended \$239,936 less than total budgeted expenditures. This is primarily because of capital outlay was less than budgeted expenditures.
- * Capital purchases include - \$194,632 towards taxiway improvements, and \$132,663 for improvement of hangar roofs and other building improvements.

- * The Authority's mission requires that it provide the Greeley and Weld County communities and the flying public nationwide with a well-managed and safe public aviation facility. This is important for the airport to draw new or relocated businesses to the region. In this endeavor, the Authority focuses on the marketing strategies to attract new tenants and corporate development, maintenance programs for existing infrastructure and safety as well as ongoing security programs for the airport. In addition to the above, moving forward the capital improvement program and master plan updates, to allow for expanded capacity and continuing to improve and enhance existing relationships with airport tenants and the community. The Authority's 2020 budget reflects these goals.
- * The Authority entered into new leases effective during the year of 2019. This will allow the Airport to continue to sustain the programs that we have offered without impairing or reducing our finances. The Authority has been self-sustaining financially and this addition of new lease revenue will cover increasing recurring expenses and maintenance requirements and allow the Airport to be productive in its mission. Capital projects will continue to be funded with current Authority funds and capital grants from the State of Colorado and the FAA.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts – *Management's Discussion and Analysis* (this section), the *Basic Financial Statements*, and *Supplementary Information*. Comparative data are presented when available. The Authority has one type of fund, from which all the financial statements are derived. This fund is a *Proprietary Fund* intended to report on the business-type activities of the Authority. The Authority is financed and operated in a manner similar to private business enterprises – i.e. the intent of the Board of Commissioners is to provide services on a continuing basis and to have the costs associated with these services recovered through user charges as opposed to taxation. Since the Authority uses only one fund for its operations, the entity-wide and the fund presentation information is the same. The basic financial statements include the Statements of Net Position, the Statements of Revenues, Expenses and Changes in Net Position, and the Statements of Cash Flows. They are prepared on the accrual basis of accounting and provide both long-term and short-term information about the Authority's overall financial status.

The financial statements also include notes, which explain information contained in the basic financial statements and provide more detailed information on certain aspects of the financial statements.

The financial statements are followed by *supplementary information* that further explains and supports the data presented in the basic financial statements. For Greeley-Weld County Airport Authority, this supplementary information consists of a statement comparing final operating results with the Authority's adopted budget.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net Position. As noted earlier, net position may serve over time as a useful indicator of a government's financial position. As of December 31, 2019, assets exceeded liabilities by \$20,609,295.

The following table provides a summary of the Authority's net position for 2019 and 2018.

| December 31 | 2019 | 2018 |
|----------------------------------|----------------------|----------------------|
| Assets: | | |
| Current and other assets | \$ 2,215,630 | \$ 1,923,254 |
| Capital assets | 18,893,154 | 20,769,082 |
| Total Assets | 21,108,784 | 22,692,236 |
| Liabilities: | | |
| Current liabilities | 371,067 | 633,834 |
| Noncurrent liabilities | 128,422 | 320,944 |
| Total Liabilities | 499,489 | 954,778 |
| Net Position: | | |
| Net investment in capital assets | 18,893,154 | 20,769,082 |
| Unrestricted | 1,716,141 | 968,476 |
| Total Net Position | \$ 20,609,295 | \$ 21,737,558 |

Current assets increased due to capital grants receivable from Federal Aviation Administration.

Capital assets and the related net investment in capital assets decreased primarily due to depreciation expense being more than capital outlay during the year.

The decrease in unrestricted net position generally reflects current year net operating and nonoperating revenues being less than operating costs. The Authority will generally have a net loss, due to depreciation expense, except for years when there are significant federally funded capital projects.

The following table indicates the changes in net position:

| December 31 | 2019 | 2018 |
|---|----------------|--------------|
| Revenue: | | |
| Operating revenue: | | |
| Leases and rentals | \$ 666,442 | \$ 692,758 |
| Other operating revenue | 148,983 | 153,003 |
| Nonoperating revenue: | | |
| Oil and gas revenue | 580,478 | 83,854 |
| Earnings on investments | 238 | 429 |
| Gain on disposal of assets | 10,300 | 41,500 |
| Insurance proceeds | -- | 1,357,085 |
| Capital contributions | 241,548 | 146,568 |
| Total Revenue and Capital Contributions | 1,647,989 | 2,475,197 |
| Expenses: | | |
| Operating expenses: | | |
| Personal services | 453,646 | 530,285 |
| Contractual services | 27,140 | 31,326 |
| Supplies | 11,583 | 19,157 |
| Repairs and maintenance | 41,420 | 39,450 |
| Utilities | 82,150 | 93,116 |
| Other operating expenses | 91,421 | 119,513 |
| Depreciation and amortization | 2,058,946 | 1,953,368 |
| Nonoperating expenses: | | |
| Interest expense | 9,946 | 12,018 |
| Total Expenses | 2,776,252 | 2,798,233 |
| Change in Net Position | \$ (1,128,263) | \$ (323,036) |

Capital contributions increased in 2019 due to grant receivables from the Federal Aviation Administration.

REQUESTS FOR INFORMATION

This financial report is designed to provide our citizens, investors, creditors, and oversight agencies with a general overview of the Authority's finances and to demonstrate the Authority's accountability for the money it receives. Persons desiring further information are encouraged to contact the Authority by writing to: Airport Manager, Greeley-Weld County Airport Authority, P.O. Box 727, Greeley, Colorado 80632, or by calling the Authority's office at (970) 336-3000.

GREELEY-WELD COUNTY AIRPORT AUTHORITY

STATEMENTS OF NET POSITION

| December 31 | 2019 | 2018 |
|--|----------------------|----------------------|
| ASSETS | | |
| Current Assets: | | |
| Cash on hand | \$ 150 | \$ 150 |
| Cash in checking | 3,188 | 3,188 |
| Cash with Weld County Treasurer | 687,379 | 584,737 |
| Cash in money market accounts | 930,483 | 934,195 |
| Total Cash and Cash Equivalents | 1,621,200 | 1,522,270 |
| Receivables: | | |
| Leases and fees | 75,689 | 94,590 |
| Oil and gas royalties | 105,628 | 7,015 |
| Utility and other expense reimbursements | - | 7,249 |
| Grants and capital contributions: | | |
| Federal Aviation Administration | 349,484 | 253,573 |
| State of Colorado | - | - |
| Total Receivables | 530,801 | 362,427 |
| Prepaid Items | 63,629 | 38,557 |
| Total Current Assets | 2,215,630 | 1,923,254 |
| Noncurrent Assets: | | |
| Capital Assets: | | |
| Nondepreciable capital assets | 4,652,475 | 4,652,475 |
| Depreciable capital assets - net | 14,240,679 | 16,116,607 |
| Total Noncurrent Assets | 18,893,154 | 20,769,082 |
| TOTAL ASSETS | \$ 21,108,784 | \$ 22,692,336 |

Continued on next page

GREELEY-WELD COUNTY AIRPORT AUTHORITY

STATEMENTS OF NET POSITION

| December 31 | 2019 | 2018 |
|--|----------------------|----------------------|
| LIABILITIES | | |
| Current Liabilities: | | |
| Accounts payable | \$ 57,288 | \$ 291,558 |
| Current portion of lease revenue received in advance | 2,278 | 2,278 |
| Current portion of Colorado SIB note payable | 192,522 | 205,301 |
| Compensated absences | 19,586 | 17,870 |
| Accrued wages | - | 16,279 |
| Payroll taxes and benefits payable | - | 1,233 |
| Accrued interest payable | 6,322 | 6,322 |
| Lease revenue invoiced in advance | 95,349 | 92,993 |
| Total Current Liabilities | 373,345 | 633,834 |
| Noncurrent Liabilities: | | |
| Colorado SIB note payable | - | 192,522 |
| Lease revenue received in advance - Colorado Air National Guard | 124,622 | 126,900 |
| Tenant deposits | 1,522 | 1,522 |
| Total Noncurrent Liabilities | 126,144 | 320,944 |
| TOTAL LIABILITIES | 499,489 | 954,778 |
| NET POSITION | | |
| Net investment in capital assets | 18,893,154 | 20,769,082 |
| Unrestricted | 1,716,141 | 968,476 |
| TOTAL NET POSITION | \$ 20,609,295 | \$ 21,737,558 |

See Accompanying Notes to Financial Statements.

GREELEY-WELD COUNTY AIRPORT AUTHORITY

STATEMENTS OF ACTIVITIES

| Years Ended December 31 | 2019 | 2018 |
|--|----------------------|----------------------|
| Operating Revenue: | | |
| Leases and rentals | \$ 666,442 | \$ 692,758 |
| Charges for services | 25,566 | 19,114 |
| Operators licenses | 5,140 | 4,660 |
| Other operating revenue | 118,277 | 129,229 |
| Total Operating Revenue | 815,425 | 845,761 |
| Operating Expenses: | | |
| Personnel services | 453,646 | 530,285 |
| Contractual services | 27,140 | 31,326 |
| Supplies | 11,583 | 19,157 |
| Repairs and maintenance | 41,420 | 39,450 |
| Utilities | 82,150 | 93,116 |
| Other operating expenses | 91,421 | 119,513 |
| Depreciation | 2,058,946 | 1,953,368 |
| Total Operating Expenses | 2,766,306 | 2,786,215 |
| Operating Income (Loss) | (1,950,881) | (1,940,454) |
| Nonoperating Revenue (Expenses): | | |
| Earnings on investments | 238 | 429 |
| Oil and gas revenue | 580,478 | 83,854 |
| Gain on disposal of assets | 10,300 | 41,500 |
| Interest expense and loan escrow fee | (9,946) | (12,018) |
| Insurance proceeds | - | 1,357,085 |
| Capital contributions | 241,548 | 146,568 |
| Net Nonoperating Revenue | 822,618 | 1,617,418 |
| Net Loss | (1,128,263) | (323,036) |
| Net Position, Beginning of Year | 21,737,558 | 22,060,594 |
| Net Position, End of Year | \$ 20,609,295 | \$ 21,737,558 |

See Accompanying Notes to Financial Statements.

GREELEY-WELD COUNTY AIRPORT AUTHORITY

STATEMENTS OF CASH FLOWS

| Years Ended December 31 | 2019 | 2018 |
|--|--------------|--------------|
| Cash Flows from Operating Activities: | | |
| Cash received from customers | \$ 829,692 | \$ 956,020 |
| Cash payments to suppliers | (259,930) | (332,985) |
| Cash payments to employees | (453,646) | (543,432) |
| Net Cash Provided by Operating Activities | 116,116 | 79,603 |
| Cash Flows From Noncapital Financing Activities: | | |
| Oil and gas lease revenue | 135,874 | 47,174 |
| Net Cash Provided by Noncapital Financing Activities | 135,874 | 47,174 |
| Cash Flows from Capital and Related Financing Activities: | | |
| Proceeds from sale of assets and grants of permanent easements | 363,540 | 85,196 |
| Payments on Colorado SIB note payable | (215,247) | (423,948) |
| Proceeds of capital grants | 253,573 | 177,958 |
| Proceeds from insurance | - | 1,357,085 |
| Acquisition of property and equipment | (555,164) | (1,386,194) |
| Net Cash Used by Capital and Related Financing Activities | (153,298) | (189,903) |
| Cash Flows from Investing Activities: | | |
| Interest on investments | 238 | 429 |
| Net Cash Provided by Investing Activities | 238 | 429 |
| Net Increase (Decrease) in Cash | 98,930 | (62,697) |
| Cash, beginning of year | 1,522,270 | 1,584,967 |
| Cash, end of year | \$ 1,621,200 | \$ 1,522,270 |

**Reconciliation of Operating Loss to Net Cash Provided
by Operating Activities:**

| | | |
|--|----------------|----------------|
| Operating loss | \$ (1,950,881) | \$ (1,940,454) |
| Change in assets and liabilities: | | |
| Increase (decrease) in: | | |
| Long-term lease amortization | (2,278) | (2,278) |
| Depreciation and amortization | 2,058,946 | 1,951,788 |
| Decrease (increase) in accounts receivable | 18,901 | 32,622 |
| (Increase) decrease in prepaid items | (25,072) | (21,914) |
| (Decrease) increase in accounts payable | 34,652 | 75,470 |
| Increase (decrease) in accrued expenses | (15,796) | (13,147) |
| (Increase) decrease in lease revenue invoiced in advance | (2,356) | (2,484) |
| Net Cash Provided by Operating Activities | \$ 116,116 | \$ 79,603 |

See Accompanying Notes to Financial Statements.

GREELEY-WELD COUNTY AIRPORT AUTHORITY

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - Summary of Significant Accounting Policies:

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

Reporting Entity:

The Greeley-Weld County Airport Authority is a political subdivision of the State of Colorado. The Authority currently operates as the Greeley-Weld County Airport. The Authority was created on August 11, 1978 by joint action of the City of Greeley, Colorado and the County of Weld, Colorado. Prior to 1978, the Weld County Municipal Airport was jointly operated by Weld County and the City of Greeley. The Authority is administered by a seven-member board of commissioners appointed by the governmental units that established the entity.

The mission of the Authority is to provide the Greeley and Weld County, Colorado communities with a public aviation facility operated in a safe and cost effective manner, while providing superior commercial aviation ground support services through a commitment to quality and excellence, and to act as an economic base for local businesses, and as a magnet for the attraction of new businesses to the area through the development of new and existing facilities and infrastructure, and to increase the demands of corporate, industrial, and general aviation users through new and innovative marketing strategies.

For financial reporting purposes, management has considered all potential component units. The Authority meets the criteria of an "other stand-alone government" as defined in GASB No. 39.

Basis of Presentation:

The accounts of the Authority are organized on the basis of a single proprietary-type (enterprise) fund. The operations of this fund are accounted for with a set of self-balancing accounts that comprise its assets, liabilities, net position, revenues, and expenses.

Proprietary funds are accounted for on a flow of economic resources measurement focus. This means that all assets and liabilities (whether current or non-current) associated with the fund's activity are included on the statement of net position. Proprietary fund type operating statements present increases (revenue) and decreases (expenses) in total net position.

GREELEY-WELD COUNTY AIRPORT AUTHORITY

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - Summary of Significant Accounting Policies - Continued:

Basis of Presentation – Continued:

Further, enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises – where the intent of the governing body and/or regulatory agencies is to provide goods and services on a continuing basis, with the costs associated with these goods and services to be recovered primarily through user charges; or where the governing body and/or regulatory agencies have decided that periodic determination of the revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

Basis of Accounting:

Accounting is on the accrual basis. Revenue and expenses are recognized and recorded as earned or incurred, respectively.

Accounts Receivable:

Accounts receivable are stated at management’s estimate of the net realizable amount. Accounts not considered collectible have been charged to current operations.

Net Position:

Net position represents the difference between assets and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvements of those assets. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation adopted by the Authority or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Unrestricted net position represents the net position of the Authority not restricted for any project or other purpose. A deficit will require future funding. The Authority applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available. The Authority did not have any restricted net position for 2019.

Operating Revenue and Expenses:

Operating revenue are those revenues that are generated directly from primary activities. For the Authority, these revenues are leases and rentals, charges for services, operator licenses and miscellaneous reimbursements. Operating expenses are necessary costs incurred to provide the goods or services that are the primary activity of the Authority.

GREELEY-WELD COUNTY AIRPORT AUTHORITY

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - Summary of Significant Accounting Policies - Continued:

Contributions of Capital:

Contributions of capital arise from outside contributions of fixed assets or outside contributions of resources restricted to capital acquisition and construction.

Estimates:

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

Deposits and Investments:

The Authority maintains demand deposits, savings accounts and certificates of deposit with various financial institutions and the Weld County Treasurer. Deposits are displayed on the statement of net position as cash and cash equivalents. Deposits are carried at cost.

The Authority's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from date of acquisition. Authority funds are invested in accordance with the Public Deposit Protection Act and other state statutes.

Capital assets:

Capital assets are recorded at acquisition cost. The Authority capitalizes fixed assets with a minimum acquisition unit value of \$5,000. Donated capital assets are recorded at their fair value as of the date received. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, as follows:

| Category | Years |
|-----------------------------------|-------|
| Buildings | 3-40 |
| Vehicles, equipment and furniture | 3-20 |
| Land improvements | 5-30 |

Compensated absences:

Accumulated unpaid vacation pay is accrued when incurred. The maximum accumulation of vacation leave is limited to 320 hours. Employees are paid 100% of their accumulated vacation pay when they terminate their employment for any reason.

GREELEY-WELD COUNTY AIRPORT AUTHORITY

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - Summary of Significant Accounting Policies - Continued:

Comparative Data:

Comparative total data for the prior year have been presented in the financial statements in order to provide an understanding of the changes in the financial position and operations. Also, certain amounts presented in the prior year data have been reclassified to be consistent with the current year's presentation.

Budget Information and Control:

The annual budget of the Authority is prepared on the basis of the flow of financial resources or working capital, exclusive of the current portion of long-term debt or assets.

The Authority is subject to the Colorado Local Government Budget Law. Appropriations lapse at the end of the budget year. The Authority must appropriate monies not greater than the budgeted total expenditures at which level actual expenditures may not exceed appropriations for the year. Generally, additional appropriations may be authorized by law during the year in cases of emergency caused by a public enemy or some contingency which could not have been reasonably foreseen at the time of adoption of the budget.

The following calendar includes various deadlines for the budget process set by state statute:

October 15: Submission of proposed budget to Board of Commissioners. Notice of budget is published setting the public hearing date.

December 31: Budget must be adopted. Certified copy of budget is sent to the Division of Local Government within 30 days of adoption. The Board of Commissioners appropriates funds for the budget year.

Intangible Assets:

The cost of Authority adopted master plans are capitalized and amortized over 5 - 10 years using the straight-line method, and are reported with capital assets.

Subsequent Events:

Management has evaluated subsequent events through the date the financial statements were available for issuance, which is the same date as the auditor's report.

GREELEY-WELD COUNTY AIRPORT AUTHORITY

NOTES TO FINANCIAL STATEMENTS

NOTE 2 – Deposits and Investments:

Cash Deposits:

Custodial credit risk – deposits:

In the case of deposits, this is the risk that in the event of bank failure, the government's deposits may not be returned to it. The Authority's deposit policy is in accordance with CRS 11-10.5-101, The Colorado Public Deposit Protection Act (PDPA), which governs the investment of public funds. PDPA requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulations. Amounts on deposit in excess of federal insurance levels (\$250,000) must be collateralized by eligible collateral as determined by the PDPA. The financial institution is allowed to create a single collateral pool for all public funds held. The pool is to be maintained by another institution, or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the uninsured deposits. The institution's internal records identify collateral by depositor and as such, these deposits are considered uninsured but collateralized. The State regulatory commissions for banks and financial services are required by statute to monitor the naming of the eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools. At December 31, 2018, all the Authority's deposits as shown below were either insured by federal depository insurance or collateralized under PDPA and are therefore not deemed to be exposed to custodial credit risk.

At December 31, 2019, the Authority's cash deposits had bank and carrying balances as follows:

| | Bank Balance | Carrying Balance |
|----------------------------|-----------------|---------------------|
| FDIC Insured | \$ 250,000 | \$ 250,000 |
| PDPA Collateralized | 683,821 | 683,821 |
| With Weld County Treasurer | 687,379 | 687,379 |
| Total Cash Deposits | \$ 1,621,200 | \$ 1,621,200 |

GREELEY-WELD COUNTY AIRPORT AUTHORITY

NOTES TO FINANCIAL STATEMENTS

NOTE 3 – Capital Assets:

| | Balance, 1/1/19 | Additions | Reclassifications /Deletions | Balance, 12/31/19 |
|--|--------------------|---------------|---------------------------------|----------------------|
| <u>Business-type activities</u> | | | | |
| Capital assets not being depreciated: | | | | |
| Land | \$ 4,652,475 | \$ -- | \$ -- | \$ 4,652,475 |
| Total capital assets not being depreciated | 4,652,475 | -- | -- | 4,652,475 |
| Capital assets being depreciated: | | | | |
| Land improvements | 34,190,844 | 194,632 | -- | 34,385,476 |
| Buildings and improvements | 4,636,427 | 132,663 | -- | 4,769,090 |
| Vehicles, equipment and furniture | 1,164,311 | -- | 14,158 | 1,150,153 |
| Master plan | 243,070 | -- | -- | 243,070 |
| Total capital assets being depreciated | 40,234,652 | 327,295 | 14,158 | 40,547,789 |
| Less Accumulated Depreciation: | | | | |
| Land improvements | 21,277,120 | 1,887,617 | -- | 23,164,737 |
| Buildings and improvements | 2,094,181 | 170,859 | -- | 2,260,040 |
| Vehicles, equipment and furniture | 702,190 | 120,443 | 14,158 | 808,475 |
| Master plan | 44,554 | 24,304 | -- | 68,858 |
| Total accumulated depreciation | 24,118,045 | 2,203,223 | 14,158 | 26,307,110 |
| Total capital assets being depreciated, net | 16,116,607 | (1,875,928) | -- | 14,240,679 |
| Business-type activities capital assets, net | \$20,769,082 | \$(1,875,928) | \$ -- | \$18,893,154 |

GREELEY-WELD COUNTY AIRPORT AUTHORITY

NOTES TO FINANCIAL STATEMENTS

NOTE 3 – Capital Assets – Continued:

| | Balance, 1/1/18 | Additions | Reclassifications/ Deletions | Balance, 12/31/18 |
|--|--------------------|--------------|---------------------------------|----------------------|
| <u>Business-type activities</u> | | | | |
| Capital assets not being depreciated: | | | | |
| Land | \$4,652,475 | \$ -- | \$ -- | \$ 4,652,475 |
| Construction in progress: | | | | |
| Runway rehabilitation | 6,330,699 | -- | (6,330,699) | -- |
| Total capital assets not being depreciated | 10,983,174 | -- | (6,330,699) | 4,652,475 |
| Capital assets being depreciated: | | | | |
| Land improvements | 27,042,974 | 817,171 | 6,330,699 | 34,190,844 |
| Buildings and improvements | 4,067,405 | 569,022 | -- | 4,636,427 |
| Vehicles, equipment and furniture | 1,419,817 | -- | (255,506) | 1,164,311 |
| Master plan | 243,070 | -- | -- | 243,070 |
| Total capital assets being depreciated | 32,773,266 | 1,386,193 | 6,075,193 | 40,234,652 |
| Less Accumulated Depreciation: | | | | |
| Land improvements | 19,540,165 | 1,736,955 | -- | 21,277,120 |
| Buildings and improvements | 1,993,414 | 100,767 | -- | 2,094,181 |
| Vehicles, equipment and furniture | 867,937 | 89,759 | (255,506) | 702,190 |
| Master plan | 20,247 | 24,307 | -- | 44,554 |
| Total accumulated depreciation | 22,421,763 | 1,951,788 | (255,506) | 24,118,045 |
| Total capital assets being depreciated, net | 10,351,503 | (565,595) | 6,330,699 | 16,116,607 |
| Business-type activities capital assets, net | \$21,334,677 | \$ (565,595) | \$ -- | \$ 20,769,082 |

GREELEY-WELD COUNTY AIRPORT AUTHORITY

NOTES TO FINANCIAL STATEMENTS

NOTE 4 – Long-Term Debt:

Changes in long-term obligations for the year ended December 31, 2019 are as follows:

| | Beginning Balance | Increases | Decreases | Ending Balance | Due in One Year |
|--|----------------------|-----------|-----------|-------------------|--------------------|
| Colorado State Infrastructure Bank Note | \$397,823 | \$ -- | \$205,301 | \$192,522 | \$192,522 |

The Authority borrowed \$1,000,000 through the Colorado State Infrastructure Bank on May 13, 2016 for the purpose of funding the rehabilitation of the west hangar taxilane. The note carries an interest rate of 2.5% and is to be paid in annual installments of principal and interest of \$215,247 through May of 2020. All revenues of the Authority are pledged for repayment, including the oil and gas lease revenue. The Authority must maintain cash reserves and other readily liquid securities sufficient to pay the remaining principal and interest due at any time.

The debt service requirements to maturity are as follows:

| Year Ending December 31 | Principal | Interest | Total |
|-------------------------|------------|----------|------------|
| 2020 | \$ 192,522 | \$ 4,813 | \$ 197,335 |
| | \$ 192,522 | \$ 4,813 | \$ 197,335 |

NOTE 5 –Taxpayer’s Bill of Rights:

On November 3, 1992, Colorado voters enacted the Taxpayer’s Bill of Rights (TABOR). The net financial effect of this amendment to the state constitution relates to the limitation of the amount of revenue, after 1992, able to be spent or retained by a Colorado governmental entity subject to its provisions. Generally, subject revenue may be increased annually to the extent of the combined percentage increase in inflation and growth in actual value of real property within the government’s boundaries. Also, Colorado governments are still subject to restrictions under laws existing prior to November 3, 1992, until changed by the voters. Revenue in excess of limitations must be refunded to taxpayers unless voters approve the retention of such revenue.

TABOR also restricts the imposition, without prior voter approval, new or increased taxes, increasing a property tax mill levy above that of the prior year, extending expiring taxes or changing tax policies causing net revenue increases. TABOR generally forbids debt or other financial obligations (including pension) with maturities in excess of one year without prior voter approval.

GREELEY-WELD COUNTY AIRPORT AUTHORITY

NOTES TO FINANCIAL STATEMENTS

NOTE 5 – Taxpayer’s Bill of Rights – Continued:

TABOR is complex and subject to judicial interpretation. The Authority’s governing board has adopted the position that it is not subject to the provisions of TABOR because the governing board is not an elected board, does not have an electoral constituency, and does not have the power to impose taxes, all basic operational requirements of TABOR.

NOTE 6 – Conditional Gift:

On April 9, 1993, the Authority received, as a conditional gift from the U.S. Aerospace Maintenance and Regeneration Center, a GT-38A jet aircraft solely for use as a static display. The conditions for transfer include (a) the Authority may not dispose of the aircraft without prior approval of the transferor or use it as security and (b) if not used as a static display or if the Authority does not wish to retain the aircraft, title reverts to transferor. All costs associated with the transport, maintenance and disposition of the aircraft are the responsibility of the Authority. The aircraft has been properly decommissioned and therefore, is not in flying condition. The value of this conditional gift is not readily determinable and it has not been capitalized.

NOTE 7 – Risk Management:

The Authority is exposed to losses related to torts; theft of, damage to, or destruction of assets; errors and omissions; job-related illnesses or injuries to employees, and natural disasters. The Authority purchases sufficient commercial insurance to cover losses from these events other than deductibles, and does not self-insure or participate in a public entity risk pool. Settlement amounts have not exceeded insurance coverage for the current year or the three prior years. Expenditures and claims are recognized when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. In determining claims, events that might create claims, but for which none have been reported, are considered.

NOTE 8 – Capital Contributions:

In the normal course of operations, the Authority receives grant funds from various Federal and State agencies. The grant programs are subject to audit by agents of the granting authority, the purpose of which is to ensure compliance with conditions precedent to the granting funds. Any liability for reimbursement which may arise as the result of these audits is not believed to be material.

GREELEY-WELD COUNTY AIRPORT AUTHORITY

NOTES TO FINANCIAL STATEMENTS

NOTE 8 – Capital Contributions – Continued:

Capital contributions for the year ended December 31, 2019, are summarized by source as follows:

| | |
|---------------------------------|------------|
| Federal Aviation Administration | \$ 225,942 |
| State of Colorado | 15,606 |
| Total capital contributions | \$ 241,548 |

NOTE 9 – Simplified Employee Pension Plan:

The Authority has established an employer Simplified Employee Pension Plan, which is a “money-purchase” defined contribution plan under current law and U.S. Treasury regulations. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Employees are eligible to participate twelve months from the date of employment. The Authority contributes 5% of base salary each pay period. Contributions made by the Authority are not taxable to the employee until they are withdrawn. All contributions vest immediately to the employee. The Authority has no statutory or contractual liability for any individual’s post-employment benefits under this plan. Employer contributions for the years ended December 31, 2019 and 2018 totaled \$13,359 and \$12,880, respectively.

NOTE 10 – Operating Leases:

Cancelable Leases:

The Airport has twelve hangars (9 T-hangars and 3 conventional hangars) and three T-sheds in which space is available for lease. Cost of the buildings, built or purchased between 1959 and 2015, was \$1,876,545 with accumulated depreciation at December 31, 2019 of \$ 1,187,041. There are 114 T-hangar units and 14 storage units. During 2019, monthly rental rates ranged from \$210 to \$423 for each hangar unit and \$110 for each T-shed unit. Lease terms range from one month up to one year but are generally cancelable at any time at the lessee’s option. One hangar building (hangar 49) with 2 hangars and an office was subject to an annual lease with a monthly rent of \$1,379.

GREELEY-WELD COUNTY AIRPORT AUTHORITY

NOTES TO FINANCIAL STATEMENTS

NOTE 10 – Operating Leases – Continued:

Noncancelable Land and/or Terminal Area Leases:

The Authority leases depreciable property with a total cost of \$2,067,775 and accumulated depreciation of \$917,073 at December 31, 2019, and land under ground leases. Included in these amounts is the terminal, of which only a portion is leased, with a cost of \$1,761,549 and accumulated depreciation of \$658, 161 at December 31, 2019.

The following is a schedule by years of minimum future rentals of noncancelable operating leases on land and/or in the terminal area as of December 31, 2019:

| Year Ending December 31 | |
|-------------------------|------------|
| 2020 | \$ 185,622 |
| 2021 | 121,182 |
| Total | \$ 306,804 |

Included in this schedule are noncancelable land rents received in advance as of December 31, 2019 of \$126,900. Revenue is recognized annually for the amount of \$2,278.

SUPPLEMENTARY INFORMATION

GREELEY-WELD COUNTY AIRPORT AUTHORITY

**SCHEDULE OF FINANCIAL RESOURCES PROVIDED, APPLIED AND
CHANGES IN WORKING CAPITAL - BUDGET AND ACTUAL**

| Year Ended December 31, 2019 | 2019 Actual | Original Budget | Final Budget | Variance |
|---|------------------|--------------------|-----------------|-----------------|
| <u>FINANCIAL RESOURCES PROVIDED</u> | | | | |
| <u>Leases and rentals</u> | | | | |
| Land rents | \$ 256,046 | \$ 258,000 | \$ 258,000 | \$ (1,954) |
| Air National Guard land | 2,278 | 2,278 | 2,278 | - |
| Hangar rents | 373,582 | 389,737 | 389,737 | (16,155) |
| Tie-downs | 660 | 660 | 660 | - |
| Office and restaurant | 20,031 | 20,000 | 20,000 | 31 |
| Farm cash rents | 13,845 | 14,240 | 14,240 | (395) |
| Other rents | - | 59,100 | 59,100 | (59,100) |
| Total leases and rentals | 666,442 | 744,015 | 744,015 | (77,573) |
| <u>Charges for services</u> | | | | |
| Fuel flow fees | 25,566 | 21,000 | 21,000 | 4,566 |
| Operators licenses | 5,140 | 6,060 | 6,060 | (920) |
| <u>Other operating revenue</u> | | | | |
| Colorado fuel and sales tax distribution | 36,237 | 32,000 | 32,000 | 4,237 |
| Miscellaneous revenue | 82,040 | 50,736 | 50,736 | 31,304 |
| Total other operating revenue | 118,277 | 82,736 | 82,736 | 35,541 |
| <u>Other financial resources provided</u> | | | | |
| Grants from FAA | 225,942 | - | - | 225,942 |
| Grants from State of Colorado | 15,606 | - | - | 15,606 |
| Earnings on investments | 238 | 600 | 600 | (362) |
| Oil and gas royalties and leases | 227,238 | 30,000 | 30,000 | 197,238 |
| Proceeds from sale of assets and grants of right of way | 363,540 | - | - | 363,540 |
| Total other resources provided | 832,564 | 30,600 | 30,600 | 801,964 |
| Total resources provided | 1,647,989 | 884,411 | 884,411 | 763,578 |

Continued on next page.

GREELEY-WELD COUNTY AIRPORT AUTHORITY

SCHEDULE OF FINANCIAL RESOURCES PROVIDED, APPLIED AND CHANGES IN WORKING CAPITAL - BUDGET AND ACTUAL

| Year Ended December 31, 2019 | 2019 Actual | Original Budget | Final Budget | Variance |
|---|----------------|--------------------|-----------------|----------------|
| <u>FINANCIAL RESOURCES APPLIED</u> | | | | |
| <u>Personnel services</u> | | | | |
| Salaries and wages | \$ 335,157 | \$ 380,659 | \$ 380,659 | \$ 45,502 |
| FICA/Medicare | 25,228 | 32,000 | 32,000 | 6,772 |
| Health and life insurance | 59,478 | 92,500 | 92,500 | 33,022 |
| Worker's compensation | 4,676 | 10,500 | 10,500 | 5,824 |
| Retirement contributions | 13,359 | 16,500 | 16,500 | 3,141 |
| Employee wellness | 1,139 | 1,500 | 1,500 | 361 |
| Total personnel services | 439,037 | 533,659 | 533,659 | 94,622 |
| <u>Contractual services</u> | | | | |
| Audit | 11,500 | 12,800 | 12,800 | 1,300 |
| Security | 2,664 | 3,500 | 3,500 | 836 |
| Legal | 8,406 | 2,500 | 2,500 | (5,906) |
| EPA storm water assessment | - | 185 | 185 | 185 |
| Internet fees/other professional fees | 4,571 | 3,500 | 3,500 | (1,071) |
| Total contractual services | 27,141 | 22,485 | 22,485 | (4,656) |
| <u>Supplies</u> | | | | |
| Office supplies | 2,668 | 3,000 | 3,000 | 332 |
| Computer software | 165 | 2,000 | 2,000 | 1,835 |
| Consumable supplies | 4,942 | 4,500 | 4,500 | (442) |
| Durable supplies/tools | 666 | 3,000 | 3,000 | 2,334 |
| Uniforms and clothing | 2,955 | 5,500 | 5,500 | 2,545 |
| Total supplies | 11,396 | 18,000 | 18,000 | 6,604 |
| <u>Repairs and maintenance</u> | | | | |
| Buildings | 8,227 | 10,500 | 10,500 | 2,273 |
| Equipment | 17,014 | 20,000 | 20,000 | 2,986 |
| Grounds | 16,179 | 16,000 | 16,000 | (179) |
| Total repairs and maintenance | 41,420 | 46,500 | 46,500 | 5,080 |
| <u>Utilities</u> | | | | |
| Telephone | 8,093 | 7,000 | 7,000 | (1,093) |
| Electric | 43,256 | 45,000 | 45,000 | 1,744 |
| Water utility | 6,895 | 3,200 | 3,200 | (3,695) |
| Irrigation water assessments | 14,670 | 14,000 | 14,000 | (670) |
| Natural gas | 9,236 | 9,500 | 9,500 | 264 |
| Total utilities | 82,150 | 78,700 | 78,700 | (3,450) |

Continued on next page.

GREELEY-WELD COUNTY AIRPORT AUTHORITY

SCHEDULE OF FINANCIAL RESOURCES PROVIDED, APPLIED AND CHANGES IN WORKING CAPITAL - BUDGET AND ACTUAL

| Year Ended December 31, 2019 | 2019 Actual | Original Budget | Final Budget | Variance |
|---|--------------------|--------------------|-------------------|--------------------|
| <u>FINANCIAL RESOURCES APPLIED - Continued</u> | | | | |
| <u>Other</u> | | | | |
| Insurance | \$ 62,152 | \$ 40,000 | \$ 40,000 | \$ (22,152) |
| Equipment rent | 4,184 | 6,000 | 6,000 | 1,816 |
| Dues and subscriptions | 4,630 | 3,500 | 3,500 | (1,130) |
| Miscellaneous | 1,576 | 1,500 | 1,500 | (76) |
| Bad debts | 1,021 | 500 | 500 | (521) |
| Credit card processing | 5,505 | 5,200 | 5,200 | (305) |
| Postage | 1,123 | 1,500 | 1,500 | 377 |
| Promotion and advertising | 5,078 | 7,500 | 7,500 | 2,422 |
| ARFF equipment/training | 1,395 | 3,000 | 3,000 | 1,605 |
| Fuel for equipment | 10,673 | 15,000 | 15,000 | 4,327 |
| Meetings and travel | 8,883 | 13,000 | 13,000 | 4,117 |
| Total other | 106,220 | 96,700 | 96,700 | (9,520) |
| Total current operating expenses | 707,364 | 796,044 | 796,044 | 88,680 |
| <u>Debt service</u> | | | | |
| Interest and loan escrow fees | 9,946 | - | - | (9,946) |
| Principal payments | 205,301 | - | - | (205,301) |
| Total debt service | 215,247 | - | - | (215,247) |
| <u>Capital outlay</u> | | | | |
| Property and equipment | 327,295 | 693,798 | 693,798 | 366,503 |
| Total resources applied | 1,249,906 | 1,489,842 | 1,489,842 | 239,936 |
| INCREASE (DECREASE) IN FINANCIAL RESOURCES | 398,083 | (605,431) | (605,431) | 1,003,514 |
| <u>WORKING CAPITAL*</u> | | | | |
| Beginning of year | 1,495,477 | 1,495,477 | 1,495,477 | - |
| End of year | \$1,893,560 | \$ 890,046 | \$ 890,046 | \$1,003,514 |

*Current assets minus current liabilities, deposits, plus current portion of notes payable and advance lease payments.