Grand Junction Regional Airport Authority

Financial Report
with Supplemental Information
December 31, 2020

Contents

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Independent Auditor's Report

To the Board of Commissioners
Grand Junction Regional Airport Authority

Report on the Financial Statements

We have audited the accompanying financial statements of Grand Junction Regional Airport Authority (the "Authority") as of and for the years ended December 31, 2020 and 2019 and the related notes to the financial statements, which collectively comprise the basic financial statements of the Authority.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

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

To the Board of Commissioners
Grand Junction Regional Airport Authority

Other Matters

Required Supplemental Information

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

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Grand Junction 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*, and the schedule of passenger facility charges, as required by the *Passenger Facility Charge Audit Guide for Public Agencies*, are presented for the purpose of additional analysis and are not a required part of the basic financial statements.

The schedules of expenditures of federal awards and passenger facility charges are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedules of expenditures of federal awards and passenger facility charges are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated July 20, 2021 on our consideration of Grand Junction Regional Airport Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is 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 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 Grand Junction Regional Airport Authority's internal control over financial reporting and compliance.

Plante & Moran, PLLC

July 20, 2021

INTRODUCTION

Grand Junction Regional Airport, Colorado, Public Airport Authority was created in 1971 under the Public Airport Authority Act of 1965. The Grand Junction Regional Airport Authority (the "Authority" or "GJT") is composed of seven appointed members: three from Mesa County, three from the City of Grand Junction and one at-large selection. The term of each Commissioner of the Authority Board is four years; no member may serve more than two consecutive four-year terms. The Board of Commissioners selects and appoints an Executive Director who implements the policies established by the Board, manages the airport, and serves at the pleasure of the Board.

The Authority engages in business-type activities. These are activities that are intended to recover all or a significant portion of their costs through user fee charges to external parties for goods or services. The Authority reports its business-type activities in a single enterprise fund, meaning that its activities are operated and reported like a private-sector business. An enterprise fund uses the accrual basis of accounting, and accordingly, revenues are recognized when earned and expenses are recognized as incurred.

GJT Description

The Grand Junction metropolitan area is classified as a non-hub commercial service market, as the Airport enplanes less than 0.05% of all commercial airline enplanements in the United States.

The Airport is located on approximately 2,800 acres of land and has two active runways and an air traffic control tower. The primary runway is Runway 11/29, which measures 10,501 feet long and 150 feet wide with a northwest-southeast orientation. Crosswind Runway 4/22 measures 5,501 feet long and 75 feet wide in a southwest/northeast orientation. The secondary runway is designed to facilitate the operations of smaller aircraft during crosswind conditions on Runway 11/29.

The passenger terminal building opened in 1982 and contains approximately 76,000 square feet of space and offers one airside concourse with three passenger boarding bridges. The terminal building accommodates passenger ticketing, baggage claim, passenger screening, concessions, and rental car facilities and public parking is available on site. In addition to the passenger terminal building, the Authority also provides cargo and general aviation facilities and has an aircraft rescue firefighting building.

Location

Grand Junction is situated on the western slope of the Rocky Mountains in Mesa County, Colorado. The Airport and the City of Grand Junction are located between Denver and Salt Lake City, approximately 260 miles from each. The closest airports, which provide regularly scheduled commercial or regional jet service, are Aspen-Pitkin County Airport, Eagle County, and Montrose County Regional Airport.

Air Traffic

As of December 31, 2020, GJT offered direct service to Dallas/Fort Worth, Denver, Las Vegas, Mesa, AZ, Phoenix, and Salt Lake City, and seasonal direct service to Los Angeles. Air service was provided in GJT by Allegiant, American Airlines, Delta, Denver Air Connection, and United. As of December 31, 2019, GJT offered direct air service to Dallas/Fort Worth, Denver, Las Vegas, Phoenix, and Salt Lake City, and seasonal direct service to Los Angeles and Chicago through five different commercial carriers.

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following discussion and analysis of the financial position and activity of the Authority provides an introduction and overview of the basic financial statements of the Authority as of and for the years ended December 31, 2020 and 2019. This discussion has been prepared by management and should be read in conjunction with the financial statements and the notes thereto, which follow this section.

Financial Highlights

On March 10, 2020, Colorado Governor Jared Polis declared a State of Emergency related to the presence of the Novel Coronavirus 2019 (COVID-19) in the State of Colorado. On March 11, 2020, the World Health Organization (WHO) declared the outbreak a global pandemic and on March 13, 2020, President Donald J. Trump issued a proclamation declaring the COVID-19 outbreak in the United States a national emergency. Nationally and at the state level, business activities and public gatherings were limited throughout 2020 and air traffic declined sharply following the declarations from the President and the WHO. GJT had a 36% decline in commercial airline landings and a 47% decline in total passengers because of the pandemic.

The pandemic had multiple impacts on the Authority's Statement of Revenue, Expenses, and Changes in Net Position, including the following:

- Due to the severe impact of the pandemic nationwide, the President signed the Coronavirus Aid, Relief, and Economic Security (CARES) Act into law on March 27, 2020. The CARES Act included $10 billion in funding for U.S. airports. The Authority has received a grant for $5,679,740 in connection with the CARES Act to help supplement lost revenues from the pandemic. The Authority utilized $4,094,829 of CARES Act revenues in 2020, $890,579 for debt service, and $3,204,251 to cover operating expenses.

- Excluding grant revenues, total 2020 operating revenues declined 24% from 2019. The most significant decrease was in non-aeronautical revenue from rental cars, parking, and ground transportation which are highly dependent on passengers.

- Non-operating revenue from passenger facility charges and customer facility charges were also down 41% and 62%, respectively, due to the decrease in passengers.

- The Authority made multiple efforts to control operating costs during 2020 including not filling vacant positions, delaying maintenance projects, and cancelling all non-essential travel and training. Excluding depreciation expense, total operating expenses declined approximately $140,000 from 2019 and was $1,150,000 below budget, a decrease of 21%.

The Authority has an extensive Construction Improvement Program that includes a runway replacement and ongoing airfield maintenance on existing pavements. The majority of the funding for these projects comes from the Federal Aviation Administration (FAA) as part of the Airport Improvement Program (AIP). Although the pandemic impacted operating revenues and expenses, the Authority decided to move forward with all planned AIP projects and also received additional funding from the CARES Act to cover the Authority's portion of the cost.

The Authority began construction on an administration building in 2013 to house the Authority staff offices, however, construction was stopped in 2014. During 2019, after exhaustive efforts by the board to procure a public-private partnership to complete the build-out, or identify airport funds to complete construction, it was determined that the partially completed building would be demolished. Accumulated construction costs totaling $4,092,316 were considered impaired and a loss was recognized in the year ended December 31, 2019. An additional $549,146 of construction costs were incurred in 2020 to complete the demolition.

In 2019, Allegiant added year-round twice-weekly service to Mesa, Arizona and United added a seasonal direct flight from GJT to Chicago weekly. In addition to these new destinations, air carriers up-gauged the size of aircraft flown to GJT and added additional flights. The Airport realized a 12% increase in passengers from 2018 to 2019 which resulted in a $357,000 increase in operating revenues from 2018.

In 2019, the Authority completed a major terminal remodel project that included a new HVAC system, back-up generator, new escalators, and new office space for Authority staff. This project was funded by the 2016 refunded bonds and cost approximately $5,775,000.

Capital assets increased over $2,062,000 from 2019 to 2020 and over $6,500,000 related to AIP capital projects from 2018 to 2019.

In 2018 the Authority adopted Governmental Accounting Standards Board ("GASB") No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* which changes the accounting and presentation for the Authority's postemployment health benefits that are administered through the Colorado Public

Employees' Retirement Association. Additional information related to the Authority's pension and other postemployment benefit plans can be found in Note 9 and Note 10.

The Authority also elected to adopt GASB No. 89, *Accounting for Interest Costs Incurred before the End of a Construction Period* which requires interest costs incurred during construction be expensed in the period in which the cost is incurred. The requirements of the statement are effective for reporting periods beginning after December 15, 2019; however, early adoption is encouraged and the Authority elected to implement this GASB in 2018. As a result, no interest was capitalized and added to the cost of capital assets construction in progress but was recognized as interest expense during the year.

Overview of the Financial Statements

The Authority's financial statements consist of its statement of net position; statement of revenues, expenses, and changes in net position; statement of cash flows and notes to the financial statements. The statement of net position presents information on the Authority's assets, deferred outflows, liabilities, deferred inflows, and net position. Over time, increases or decreases in net position serve as a useful indicator of whether the financial position of the Authority is improving or deteriorating. The statement of revenues, expenses, and changes in net position present information showing how the Authority's net position changed during the year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the cash flows. Revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods.

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the financial statements. This report also includes required supplementary information for the Authority's pension and other postemployment benefit plan for the purpose of additional analysis.

These financial statements are prepared in accordance with accounting principles generally accepted in the United States of America as promulgated by the GASB.

Summary of Revenues, Expenses, and Changes in Net Position

The following is a summary of the revenues, expenses, and changes in net position for the years ended December 31, 2020, 2019 and 2018.

	2020	2019	2018
Total operating revenues	$5,223,644	$6,863,913	$6,506,646
Total non-operating revenues	5,107,958	2,032,273	1,941,478
Total revenues	10,331,602	8,896,186	8,448,124
Total operating expenses	9,257,588	8,815,254	8,774,636
Net non-operating expenses	597,230	619,600	650,029
Total expenses	9,854,818	9,434,854	9,424,665
Income (Loss) before capital contributions	476,784	(538,668)	(976,541)
Capital contributions	5,573,707	6,004,320	10,154,051
Special item – Asset impairment	(563,161)	(4,092,316)	-
Increase in net position	$5,487,330	$1,373,336	$9,177,510

The following is a summary of operating revenues for the years ended December 31, 2020, 2019 and 2018.

	2020	2019	2018
Aeronautical revenue			
Passenger airline revenue			
Passenger airline landing fees	$466,624	$632,143	$549,237
Terminal rent	1,240,942	1,183,776	1,181,845
Other	23,035	128,216	113,722
Total passenger airline revenue	1,730,601	1,944,135	1,844,804
Non-passenger airline revenue			
Non-passenger landing fees	224,966	102,453	179,586
Cargo and hangar rentals	54,504	53,466	52,213
Fuel flowage fees and aviation fuel tax	586,236	752,110	697,084
Other	6,270	9,780	5,880
Total non-passenger airline revenue	871,975	917,809	934,763
Total aeronautical revenue	2,602,576	2,861,944	2,779,567
Non-aeronautical revenue			
Land and building leases	607,304	601,551	596,586
Terminal – restaurant and retail	91,907	170,591	142,064
Terminal - rent	182,884	180,686	199,259
Rental cars	898,476	1,306,055	1,270,226
Parking and ground transportation	790,594	1,663,556	1,442,888
Other	49,904	79,530	76,056
Total non-aeronautical revenue	2,621,068	4,001,969	3,727,079
Total operating revenue	$5,223,644	$6,863,913	$6,506,646

Passenger airline revenue is primarily from terminal rent which is currently based on a fixed rates and charges model. Rates and charges remained unchanged in 2018 and 2019, however, there was an increase to both the terminal rent rate, and the airline landing fee in 2020. Even with the increase in the landing fee rate in 2020, the decrease in overall activity resulted in a decrease in landing fee revenue in 2020. In 2019, the airlines flew larger aircraft and increased flight frequency compared to 2018. GJT received 434 additional landings in 2019 compared to 2018, an increase of almost 8%. As a result of the increased flights and landed weight, passenger airline landing fees increased almost $83,000 from 2018.

Non-passenger airline revenue consists primarily of landing fees from non-passenger airline activity like cargo, and fuel flowage fees and taxes. In 2020, the most significant impact to non-passenger airline revenue was the decline in aviation fuel tax from the decline in commercial airline activity. The increase in non-passenger landing fees was related to fire-fighting activities based out of GJT. Fuel flowage fees are collected for general aviation activity and fuel taxes are collected on all jet fuel sold at the airport. The decrease in non-passenger airline revenue from 2018 to 2019 is primarily related to a decrease in activity from the Airport's main cargo airline provider and decreased activity related to firefighting operations that occurred in 2018. In the first half of 2018, the primary cargo carrier at the Airport started making two daily flights instead of just one flight which caused an increase in non-passenger landing fees and fuel flowage fees. They have since returned to their regular flight schedule.

Non-aeronautical revenue consists of some fixed rent charges and other variable revenues that are directly correlated to passenger traffic. The decrease in passenger traffic in 2020 resulting from the pandemic resulted in a decrease of non-aeronautical revenues of $1,381,000. This was offset by the CARES Act revenues received in 2020 to supplement the decline in revenue. With the 12% increase in passengers in 2019, non-aeronautical revenue was $275,000 higher than 2018.

The following is a summary of operating expenses for the years ended December 31, 2020, 2019 and 2018.

	2020	2019	2018
Personnel compensation and benefits	$2,277,753	$1,894,114	$2,422,735
Communications and utilities	308,589	308,906	305,528
Supplies and materials	426,303	574,646	545,175
Contract services	580,374	601,889	578,406
Repairs & maintenance	326,306	584,486	390,626
Insurance	122,503	108,989	92,983
Depreciation	5,040,910	4,459,034	4,196,715
Other	174,850	283,190	242,468
Total operating expenses	$9,257,588	$8,815,254	$8,774,636

The majority of the Airport's operating expenses are fixed in nature, and do not fluctuate with increases and decreases in passenger traffic. As noted above, the Authority implemented cost management measures to minimize operating expenses incurred during the COVID-19 pandemic as much as possible. While total operating expenses increased 5% from 2019 to 2020, the increase was driven to a large degree by an increase in depreciation expense ($581,876) associated with a number of capital projects. Excluding depreciation, operating expenses decreased 3% from 2019 to 2020. Personnel costs increased $383,639 from 2019 to 2020, however, the increase in costs was due to the change in the net pension and other post employment benefit adjustment from 2019 to 2020 which increased by $434,688 and was not from an increase in personnel or wages. The pension and other post employment benefit expenses and adjustments are described further in Notes 9 and 10.

The most notable changes from 2018 to 2019 were a decrease in personnel compensation and benefits of $529,000, an increase in repairs and maintenance of $194,000, and an increase in depreciation of $262,000. The change in personnel costs was entirely related to the Airport's proportionate share of pension expense which was a reduction of costs this year. Actual cash compensation paid was comparable to 2018. Repairs and maintenance cost increases were mostly related to repairs and improvements made to the terminal in conjunction with the terminal remodel project that were below the capitalization policy of the Airport. The Authority painted all existing bathroom tiles and partitions within the terminal which cost approximately $115,000. The increases in depreciation expense are directly related to the terminal project and airfield projects completed in 2019.

Non-Operating Revenues and Expenses, Capital Grants and Capital Contributions

The following is a summary of non-operating revenues and expenses for the years ended December 31, 2020, 2019 and 2018.

	2020	2019	2018
Passenger facility charges	$614,796	$1,050,179	$1,019,592
Interest income	67,958	225,138	197,674
Interest expense	(597,230)	(619,600)	(648,434)
Customer facility charges	278,624	741,144	724,212
Grant revenue	4,132,565	-	-
Capital contributions	5,573,707	6,004,320	10,154,051
Other	(549,146)	(4,076,504)	(1,595)
Total non-operating revenue (expense), net	$9,521,274	$3,324,677	$11,445,500

From 2019 to 2020, the most notable change in non-operating revenues is the $4,132,565 in grant revenue received in 2020 from CARES Act. This grant revenue was available to pay debt service and reimbursement operating expenses incurred during the year. Remaining CARES Act funds totaling $1,547,175 are available to use towards operating expenses and debt service through 2024. Passenger and customer facility charges decreased significantly due to the decline in passenger traffic from the pandemic. Interest income decreased as the restricted bond funds were released from restriction

The most notable change in non-operating revenue and expense from 2018 to 2019 was the change in the amount of capital contributions from the FAA. The capital contributions represent grant revenue towards the Authority's CIP program, primarily focused on the new replacement runway projects. Capital contributions will fluctuate year to year depending on the projects awarded and the amount of construction completed. See Note 4 for a more comprehensive list of capital projects in process.

The other significant fluctuation from 2018 – 2020 is the impairment loss that was recognized related to the Authority's partially completed administration building. In 2019, costs incurred to date were recognized as an impairment lost and additional construction costs to complete the demolition of the building were incurred and recognized in 2020.

Summary of Net Position

The following is a summary of assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position as of December 31, 2020, 2019 and 2018:

	2020	2019	2018
Current assets	$16,573,668	$10,642,105	$13,872,991
Restricted assets	1,996,733	8,287,328	11,890,978
Capital assets, net	74,254,237	72,192,203	69,407,202
Total assets	92,824,639	91,121,636	95,171,171
Deferred outflows of resources	490,761	719,284	413,509
Total assets and deferred outflows of resources	$93,315,400	$91,840,920	$95,584,680
Current liabilities	$1,748,424	$4,478,598	$8,467,783
Non-current liabilities	19,621,746	21,621,750	22,294,813
Total liabilities	21,370,169	26,100,348	30,762,596

Deferred inflows of resources	781,350	64,023	518,871
Net position			
Total net position	71,163,881	65,676,549	64,303,213
Total liabilities, deferred inflows of resources and net position	$93,315,400	$91,840,920	$95,584,680

Current Assets
The increase in current assets of approximately $5,932,000 from 2019 to 2020 was primarily due to the release of restricted cash from the revenue bond reserve fund and restricted Passenger Facility Charges (PFC) fund. The Authority pays for capital projects out of operating funds and then later transfers funds out of restricted accounts.

Current assets decreased by approximately $3,231,000 from 2018 to 2019. The decrease was primarily related to the decrease in grants receivable for AIP projects of $1,858,000 and a decrease in unrestricted cash of $1,352,000. The balance of grants receivable fluctuates based on the amount of work being completed and the timing of receiving reimbursements from the FAA. The decrease in cash from 2018 to 2019 is primarily related to the terminal improvement project that was paid with bond project funds and unrestricted cash.

Capital Assets
Capital assets increased by $2,062,000 from 2019 to 2020. The majority of the increase was related to construction in progress on FAA funded AIP projects. During 2020, the Authority invested $4,855,000 on enabling projects for the runway replacement program including new perimeter roads, fencing, navigational aid relocation, and drainage; and spent another $1,077,000 to engineer and plan 2021 construction projects to rehabilitate and replace existing pavement on the airfield. In the terminal, the Authority completed a flooring replacement project totaling approximately $887,000. Depreciation expense in 2020 was higher than prior years due to the completion of the terminal remodel that was completed in 2019.

In 2019, the Authority completed a $5,775,000 terminal improvement project, completed work on five multi-year AIP projects on the airfield totaling $10,991,000, and started two more AIP projects that incurred approximately $3,963,000. As of December 31, 2019, the Authority recognized an impairment of $4,092,316 associated with an uncomplete construction project. Refer to Note 4 for a full summary of capital assets and additional information on asset impairments.

Current Liabilities
The decrease in current liabilities from 2019 to 2020 is almost entirely related to the decrease in accounts payable for capital assets on December 31. In 2019, the Authority received an AIP grant from the FAA for construction of a new perimeter road, airport operations area fencing, and drainage, and the contractor was able to begin work on the project in the fall and had a winter shutdown in December, resulting in a large outstanding payable balance at year end. In 2020, the FAA AIP grant awards came in late in the construction season and the Authority and the contractor agreed to wait to start work until Spring of 2021. Due to the timing of the grant awards, there was very little contractor activity completed at year end, resulting in a smaller outstanding payable balance.

The change in current liabilities is directly related to the change in capital payables. Accounts payable decreased $3,835,000 from 2018 to 2019 due to a slower winter construction season.

Long-Term Debt
Capital acquisitions are funded using a variety of financing mechanisms, including federal and state grants, passenger facility charges, public debt issues, and airport operating revenues. During 2016 the Authority refunded the 2007 Revenue Bonds with the 2016 Revenue Bonds resulting in a $9,000,000 project fund. As of December 31, the balance due on the 2016 Bonds was $16,935,000 (2020) and $17,650,000 (2019). In addition, the Authority had approximately $230,000 outstanding on a note payable to the Colorado State Infrastructure Bank to finance construction of a rental car parking lot and rental car service area as of December 31, 2018. The note was fully repaid in 2019.

Deferred Outflows and Deferred Inflows of Resources

Changes in deferred outflows and deferred inflows are related to the changes in the Authority's proportionate share of the pension and OPEB liability for the cost-sharing plan that the Authority participates in. See Note 9 and Note 10 for additional information on the calculation of these amounts.

Budgetary Highlights

The Authority establishes its annual operating budget using the modified cash basis which is different that the basis of accounting used to present the Authority's financial statements. Cash outflows for debt principal payments and capital asset purchases that are recorded as changes in the statement of net position are included in the operating budget for the Authority, and no amount is budgeted for non-cash adjustments to the pension and OPEB liability that are recognized in personnel costs, depreciation, and amortization of the bond premium.

	2020 Actual	2020 Budget	Budget to Actual Variance
Operating Revenues			
Aeronautical revenue	$2,602,576	$2,880,000	$(277,424)
Non-aeronautical revenue	2,621,068	4,053,000	(1,431,932)
Total Operating Revenue	5,223,644	6,933,000	(1,709,356)
Operating Expenses Excluding Depreciation	4,216,678	5,369,000	(1,152,322)
Net Operating Revenues Over (Under) Operating Expense	$1,006,966	$1,564,000	$(557,034)

The 46% decline in total passengers resulted in a variance of approximately $1,432,000 in budgeted non-aeronautical revenue, primarily from declines in food and beverage sales, rental car revenues, parking, and ground transportation.

Cost cutting efforts implemented by the Authority at the on-set of the pandemic also resulted in a favorable budget variance of $1,152,000 in operating expenses. The Authority implemented multiple strategies to minimize operating costs, but the most significant savings was in personnel compensation and benefit costs which were approximately $418,000 below budget.

	2019 Actual	2019 Budget	Budget to Actual Variance
Operating Revenues			
Aeronautical revenue	$2,861,944	$2,615,000	$246,944
Non-aeronautical revenue	4,001,969	3,463,400	538,569
Total Operating Revenue	6,863,913	6,078,400	785,513
Operating Expenses Excluding Depreciation	4,356,220	4,725,850	(369,630)
Net Operating Revenues Over (Under) Operating Expense	$2,507,693	$1,352,550	$1,155,143

As a result of the increase in passenger traffic in 2019, operating revenues exceeded budget by $785,500 or 13%. Passenger airline revenue accounted for $121,000 of the budget variance, non-passenger airline revenue was $126,000 ahead of budget, and non-aeronautical revenue was $538,500 above budgeted expectations led by parking revenue and rental car revenue.

Operating expenses were below budget in 2019, with the majority of the budget variance being related to personnel compensation and benefits.

	2018 Actual	2018 Budget	Budget to Actual Variance

Operating Revenues			
Aeronautical revenue	$2,779,567	$2,645,400	$134,167
Non-aeronautical revenue	3,727,079	3,626,000	101,079
Total Operating Revenue	6,506,646	6,271,400	235,246
Operating Expenses Excluding Depreciation	4,577,923	4,734,155	(156,232)
Net Operating Revenues Over (Under) Operating Expense	$1,928,723	$1,537,245	$391,478

Operating revenue from both aeronautical and non-aeronautical sources exceeded budget in 2018. Aeronautical revenue exceeded budget primarily due to the increased activity in Cargo and the firefighting operations described above. Non-aeronautical revenue performance was led by rental car revenues and restaurant and retail sales.

Operating expenses were below budget in a number of categories in 2018, but the primary areas that were below budget were contract services and other expenses including marketing and air service development.

Subsequent Events Impacting Current Operations

Subsequent to the year ended December 31, 2020, Authority was awarded $5,477,345 in additional relief grants from the Coronavirus Response and Relief Supplemental Appropriations Act and the American Rescue Plan as part of the ongoing efforts to help the nation recover from the COVID-19 pandemic. Funds from these grants are available to help support the operating expenses of the Authority to help supplement lost revenues from the pandemic for up to four years after acceptance.

Additionally, two new airlines, Avelo and Frontier, announced service from GJT in 2021.

Request for Information

The Authority's financial statements are designed to present interested parties (customers, tenants, creditors, and the community) with a general overview of the Authority's finances and to demonstrate the accountability to all interested parties. If you have any questions concerning this report or need additional financial information, please contact the Grand Junction Regional Airport Authority, 2828 Walker Field Drive, Ste 301, Grand Junction, Colorado 81506 or at 970-244-9100.

Statement of Net Position

December 31, 2020 and 2019

	2020	2019
Assets		
Current assets:		
Cash and cash equivalents (Note 3)	$ 10,041,100	$ 4,082,138
Receivables:		
Accounts receivable - Net	824,505	711,617
Grants	5,633,949	5,762,033
Prepaid expenses and other assets	74,114	86,317
Total current assets	16,573,668	10,642,105
Noncurrent assets:		
Restricted assets - Cash and cash equivalents (Note 3)	1,996,733	8,287,328
Capital assets: (Note 4)		
Assets not subject to depreciation	15,753,237	9,764,781
Assets subject to depreciation - Net	58,501,000	62,427,422
Total noncurrent assets	76,250,970	80,479,531
Total assets	92,824,638	91,121,636
Deferred Outflows of Resources		
Deferred pension costs (Note 9)	452,508	694,046
Deferred OPEB costs (Note 10)	38,253	25,238
Total deferred outflows of resources	490,761	719,284
Liabilities		
Current liabilities:		
Accounts payable	176,825	192,984
Accounts payable - Capital assets	152,401	2,773,147
Accrued expenses (Note 5)	281,212	346,261
Lease deposits	158,288	164,409
Current portion of revenue received in advance	42,429	83,419
Current portion of revenue bonds payable (Note 6)	925,835	906,791
Current portion of capital leases (Note 6)	11,434	11,587
Total current liabilities	1,748,424	4,478,598
Noncurrent liabilities:		
Revenue received in advance - Net of current portion	394,800	419,867
Revenue bonds payable - Net of current portion (Note 6)	17,241,344	18,167,178
Net pension liability (Note 9)	1,767,875	2,778,666
Net OPEB liability (Note 10)	208,079	233,195
Capital leases - Net of current portion (Note 6)	9,648	22,844
Total noncurrent liabilities	19,621,746	21,621,750
Deferred Inflows of Resources		
Deferred pension cost reductions (Note 9)	737,335	56,766
Deferred OPEB cost reductions (Note 10)	44,015	7,257
Total deferred inflows of resources	781,350	64,023
Net Position		
Net investment in capital assets	56,065,976	53,083,803
Restricted for debt service and capital assets	1,996,733	8,287,328
Unrestricted	13,101,170	4,305,418
Total net position	**$ 71,163,879**	**$ 65,676,549**

See notes to financial statements.

Grand Junction Regional Airport Authority

Statement of Revenue, Expenses, and Changes in Net Position

Years Ended December 31, 2020 and 2019

	2020	2019
Operating Revenue		
Aeronautical revenue:		
Passenger airlines revenue:		
Passenger airlines landing fees	$ 466,624	$ 632,143
Terminal rent	1,240,942	1,183,776
Other aeronautical revenue	23,035	128,216
Total passenger airlines revenue	1,730,601	1,944,135
Nonpassenger airline revenue:		
Landing fees from cargo	224,966	102,453
Cargo and hangar rentals	54,504	53,466
Aviation fuel tax	162,808	210,628
Fuel flowage fees	423,427	541,482
Other nonpassenger airline revenue	6,270	9,780
Total nonpassenger airline revenue	871,975	917,809
Total aeronautical revenue	2,602,576	2,861,944
Nonaeronautical revenue:		
Land and building leases	607,304	601,551
Terminal - Food and beverage	74,555	137,189
Terminal - Retail	17,351	33,402
Terminal - Other	182,884	180,686
Rental cars	898,476	1,306,055
Parking and ground transportation	790,594	1,663,556
Other nonaeronautical revenue	49,904	79,530
Total nonaeronautical revenue	2,621,068	4,001,969
Total operating revenue	5,223,644	6,863,913
Operating Expenses		
Personnel compensation and benefits	2,277,753	1,894,114
Communications and utilities	308,589	308,906
Supplies and materials	426,305	574,646
Contract services	580,375	601,889
Repairs and maintenance	326,306	584,486
Insurance	122,503	108,989
Depreciation	5,040,910	4,459,034
Other	174,847	283,190
Total operating expenses	9,257,588	8,815,254
Operating Loss	(4,033,944)	(1,951,341)
Nonoperating Revenue (Expense)		
Passenger facility charges	614,796	1,050,179
Interest income	67,958	225,138
Customer facility charges	278,624	741,144
Grant revenue	4,132,565	-
Interest expense	(597,230)	(619,600)
Gain on sale of assets	14,015	15,812
Total nonoperating revenue	4,510,728	1,412,673
Income (Loss) - Before capital contributions	476,784	(538,668)
Capital Contributions	5,573,707	6,004,320
Special Item - Asset impairment (Note 4)	(563,161)	(4,092,316)
Change in Net Position	5,487,330	1,373,336
Net Position - Beginning of year	65,676,549	64,303,213
Net Position - End of year	**$ 71,163,879**	**$ 65,676,549**

See notes to financial statements.

Statement of Cash Flows

Years Ended December 31, 2020 and 2019

	2020	2019
Cash Flows from Operating Activities		
Cash received from customers and users	$ 5,059,750	$ 6,905,538
Cash paid to vendors for goods and services	(1,935,287)	(2,517,685)
Cash paid to and for employees	(2,438,577)	(2,367,062)
Net cash and cash equivalents provided by operating activities	685,886	2,020,791
Cash Flows Provided by Noncapital Financing Activities - Operating grants - Operating grants and subsidies	16,567	-
Cash Flows from Capital and Related Financing Activities		
Grants received	9,796,620	7,861,823
Customer facility charges received	278,624	741,144
Passenger facility charges received	614,796	1,050,179
Interest paid	(790,898)	(809,175)
Acquisition and construction of capital assets	(10,272,837)	(15,120,789)
Principal payments on notes and bonds	(728,349)	(924,600)
Net cash and cash equivalents used in capital and related financing activities	(1,102,044)	(7,201,418)
Cash Flows Provided by Investing Activities - Interest received on cash equivalents	67,958	225,138
Net Decrease in Cash and Cash Equivalents	(331,633)	(4,955,489)
Cash and Cash Equivalents - Beginning of year	12,369,466	17,324,955
Cash and Cash Equivalents - End of year	**$ 12,037,833**	**$ 12,369,466**
Classification of Cash and Cash Equivalents		
Operating cash	$ 10,041,100	$ 4,082,138
Restricted cash and cash equivalents	1,996,733	8,287,328
Total cash and cash equivalents	**$ 12,037,833**	**$ 12,369,466**

See notes to financial statements.

Statement of Cash Flows (Continued)

Years Ended December 31, 2020 and 2019

	2020	2019
Reconciliation of Operating Loss to Net Cash and Cash Equivalents from Operating Activities		
Operating loss	$ (4,033,944)	$ (1,951,341)
Adjustments to reconcile operating loss to net cash and cash equivalents from operating activities:		
Depreciation expense	5,040,910	4,459,034
Changes in assets and liabilities:		
Receivables	(91,720)	12,771
Prepaid expenses	12,205	8,773
Accounts payable	(16,159)	(58,894)
Accrued liabilities	(63,171)	41,908
Net pension and net OPEB liability and related deferred inflows and outflows of resources	(90,058)	(524,746)
Revenue received in advance	(66,056)	33,286
Lease deposits	(6,121)	-
Total adjustments	4,719,830	3,972,132
Net cash and cash equivalents provided by operating activities	**$ 685,886**	**$ 2,020,791**

Note 1 - Nature of Business

Grand Junction Regional Airport Authority (the "Authority") was established in 1971 under the provisions of the Public Airport Authority Act of 1965 when all assets of the city/county-owned airport were transferred to the Authority. The Authority's Board of Commissioners (the "Board") is composed of seven appointed members: three from Mesa County, Colorado; three from the City of Grand Junction, Colorado; and one at-large selection. The term of each director of the Board is four years; no member may serve more than two consecutive four-year terms.

As noted above, neither the City of Grand Junction, Colorado nor Mesa County, Colorado appoint a voting majority of the Board; however, both have signed a supplemental co-sponsorship agreement between the Authority and the Federal Aviation Administration (FAA). The co-sponsorship mandates that the City of Grand Junction, Colorado and Mesa County, Colorado would be liable for the financial commitments of the sponsor under the grant agreements should the Authority not be able to satisfy the financial commitments out of the revenue generated by the operation of the airport.

The reporting entity of the Authority includes those activities and functions over which the Authority is considered to be financially accountable. The Authority's financial statements include the accounts and operations of all of the Authority's functions. The Authority is the primary government and does not include any component units using the criteria set forth in accounting principles generally accepted in the United States of America.

The Authority is a special purpose government engaged only in business-type activities. For this type of government, only enterprise financial statements are presented.

Note 2 - Significant Accounting Policies

Accounting and Reporting Principles

The accompanying financial statements of the Authority have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) prescribed in pronouncements of the Governmental Accounting Standards Board (GASB). The following is a summary of the significant accounting policies used by the Authority:

Basis of Accounting

The financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenue is recognized when earned, and expenses are recognized when incurred. Depreciation is computed and recorded as an operating expense. Expenditures for property and equipment are shown as increases in assets. When both restricted and unrestricted resources are available for use, it is the Authority's policy to use restricted resources first.

The operations of the Authority are accounted for on a fund basis in a single enterprise fund. Enterprise funds may be used to account for operations (a) that are financed and operated in a manner similar to business enterprises where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges or (b) where the governing body has decided that periodic determination of revenue earned, expenses incurred, and/or changes in net position is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Note 2 - Significant Accounting Policies (Continued)

Specific Balances and Transactions

Cash and Cash Equivalents

The Authority considers all highly liquid instruments purchased with an original maturity of three months or less to be cash equivalents.

Receivables

Accounts receivable are stated at invoiced amounts. An allowance for doubtful accounts is established based on a specific assessment of all invoices that remain unpaid following normal customer payment periods. In addition, a general valuation allowance is established for other accounts receivable based on historical loss experience. All amounts deemed to be uncollectible are charged against the allowance for doubtful accounts in the period that determination is made. As of December 31, 2020 and 2019, the allowance for doubtful accounts was $24,000.

Grants receivable primarily represent reimbursements due from the federal government for allowable costs incurred on federal award programs.

Restricted Assets

The following amounts are reported as restricted assets:

- *Passenger Facility Charges* - The Authority received approval from the FAA to impose and use a PFC of $4.50 per eligible enplaned passenger. The PFCs are restricted for use in the construction of certain airport improvements and related construction debt, as approved by the FAA. During 2007, the Authority was approved to collect PFCs to help fund airport improvement projects and was approved to collect approximately $15,857,760 in connection with these projects. In 2018, the Authority was approved to collect an additional $11,530,025 of PFCs for improvement projects being completed in 2018 and 2019. As of December 31, 2020 and 2019, the Authority had collected $12,795,423 and $12,334,432, respectively, of the approved charges, and, based on the project costs in the approved PFC applications and the estimated future PFC collection rate determined by the FAA, the Authority is approved to collect PFCs through 2036. The PFC receipts are recognized and recorded as nonoperating revenue in the year collected. PFCs are paid by the carriers, with unexpended amounts reflected as a restriction of net position.

- *Revenue Bond Reserve Fund* - The debt service account is used to segregate resources authorized for use on capital projects with the 2016 bond refinancing. The bond reserve account is drawn down to reimbursement funds spent by the Authority on capital projects. Unexpended amounts are reflected as a restriction of net position.

- *Rental Car Improvements* - In 2008, the Authority began assessing a daily use fee, or customer facility charge (CFC), on airport rental cars. In 2020 and 2019, the CFC charge for on-airport rental cars was $4 per day. These funds are being used to make payments on debt and fund capital projects in airport rental car service areas. Unexpended amounts are reflected as a restriction of net position.

Capital Assets

Capital assets are defined by the Authority as assets with an initial individual cost of more than $5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, ranging from 5 to 50 years. Depreciation of construction in progress assets begins when an asset is placed in service.

Note 2 - Significant Accounting Policies (Continued)

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 represents a consumption of net position that applies to future periods and will not be recognized as an outflow of resources (expense) until then.

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 represents an acquisition of net position that applies to future periods and will not be recognized as an inflow of resources (revenue) until that time.

The Authority reports deferred outflows and inflows of resources related to the pension and OPEB plans as described in Notes 9 and 10.

Net Position

Net position of the Authority is classified in three components. Net investment in capital assets consists of capital assets net of accumulated depreciation and is reduced by the current balances of any outstanding borrowings used to finance the purchase or construction of those assets. The restricted component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Unrestricted net position is the remaining net position that does not meet the definition of invested in capital or restricted.

Operating Revenue and Expenses

The statement of revenue, expenses, and changes in net position distinguishes operating revenue and expenses from nonoperating activity and capital contributions. Operating revenue and expenses generally result from providing services in connection with the Authority's principal ongoing operations. The principal operating revenue is charges to airline tenants for facility rentals and landing fees and revenue from passenger services, such as parking and rental cars. Operating expenses include the cost of providing services, administrative costs, repairs and maintenance of the facilities, and depreciation on capital assets.

Nonoperating Revenue and Expenses

All revenue and expenses not meeting the above definition of operating revenue and expenses are reported as nonoperating revenue and expenses or capital contributions. Such items include passenger facility charges, car rental customer facility charges, interest income and expense, and grants.

Grants and Contributions

Outlays for airport capital improvements are subject to reimbursement from federal grant programs through the Airport Improvement Program (AIP) of the FAA. Funds are also received for airport development from the State of Colorado. Funding provided from government grants is considered earned as the related approved capital outlays are incurred. Costs claimed for reimbursement are subject to audit and acceptance by the granting agency.

Note 2 - Significant Accounting Policies (Continued)

Pension

The Authority participates in the Local Government Division Trust Fund (LGDTF), a cost-sharing multiple-employer defined benefit pension fund administered by the Public Employees' Retirement Association of Colorado (PERA). The LGDTF provides retirement and disability, postretirement annual increases, and death benefits for members or their beneficiaries. The net pension liability, deferred outflows of resources, deferred inflows of resources, and pension expense have been determined using the economic resources measurement focus and the accrual basis of accounting in accordance with GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*; GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASB Statement No. 68*; and GASB Statement No. 82, *Pension Issues - an amendment of GASB Statement No. 67, No. 68, and No. 73*. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value.

Other Postemployment Benefit Costs

In addition to the LGDTF described above, the Authority also participates in the Health Care Trust Fund (HCTF), a cost-sharing multiple-employer defined benefit fund administered by PERA that is considered an other postemployment benefit (OPEB). The HCTF provides a health care premium subsidy to eligible participating PERA benefit recipients and retirees who choose to enroll in one of the PERA health care plans. The net OPEB liability, deferred outflows of resources, deferred inflows of resources, and OPEB expense have been determined using the economic resources measurement focus and the accrual basis of accounting in accordance with GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. For this purpose, benefits paid on behalf of health care participants are recognized when due and/or payable in accordance with the benefit terms. Investments are reported at fair value.

Compensated Absences (Vacation and Sick Leave)

In accordance with the vesting method provided under GASB Statement No. 16, *Accounting for Compensated Absences*, accumulated vacation and personal time is accrued based on assumptions concerning the probability that certain employees will become eligible to receive these benefits in the future.

Budgeting Requirements

The Authority's budgeting process is a financial planning tool used to establish the estimated revenue and expenditures for the airport. The budget is prepared by the Authority and approved by the Board in accordance with the State of Colorado's Financial Management Manual and in accordance with Colorado Revised Statutes. The initial budget is submitted to the Board by October 15, and the Authority adopts an appropriation resolution for the next fiscal year by December 31. The Board may amend the appropriation resolution at any time during the year if warranted by circumstances.

The Authority appropriates, and may not exceed appropriations, at a total fund level. Appropriations for the years ended December 31, 2020 and 2019 were $25,687,000 and $31,033,950, respectively.

The budget basis of accounting differs from the generally accepted accounting principles basis in that debt proceeds are included as revenue, outlays for acquisition of capital assets and debt principal payments are included as expenditures, and depreciation is not included in expenditures.

Note 2 - Significant Accounting Policies (Continued)

Long-lived Assets

The Authority reviews the recoverability of long-lived assets, including buildings and equipment, when events or changes in circumstances occur that indicate the carrying value of the asset may not be recoverable. The assessment of possible impairment is based on the ability to recover the carrying value of the asset from the expected future pretax cash flows (undiscounted and without interest charges) of the related operations. If these cash flows are less than the carrying value of such asset, an impairment loss is recognized for the difference between estimated fair value and carrying value. The measurement of impairment requires management to make estimates of these cash flows related to long-lived assets, as well as other fair value determinations.

As of December 31, 2019, the Authority had identified an impaired asset that was considered idle due to construction stoppage. In 2014, the Authority stopped construction on an administration building that was to be part of the long-term terminal expansion. After reviewing cost estimates to complete the building and considering possible public-private partnerships to fund and complete construction, the Authority made a decision in 2019 to demolish the partially completed structure; therefore, the impairment was considered permanent. As of December 31, 2019, the building was written off and is not included in capital assets not subject to depreciation in the statement of net position, and an impairment loss was recognized in the statement of revenue, expenses, and changes in net position as a special item.

Revenue Received in Advance

During March 2017, the Authority granted a lease to the Bureau of Land Management (BLM) for use of airport land for a term of 20 years. The BLM prepaid the entire lease in the amount of $500,000. The prepayment is reflected as revenue received in advance and is being amortized over the life of the lease in the amount of $25,000 per year. As of December 31, 2020 and 2019, the unamortized balance was $419,867 and $444,933, respectively.

Terminal space rentals and land and building lease payments collected in advance are recorded as a liability and recognized into revenue in the applicable period.

Risk Management

The Authority is exposed to various risks of loss related to torts; errors and omissions; violations of civil rights; theft of, damage to, and destruction of assets; and natural disasters. These risks are covered by commercial insurance. There has been no significant reduction in insurance coverage, and settlement amounts have not materially exceeded coverage for the current or prior three years.

Adoption of New Accounting Pronouncements

As of January 1, 2019, the Authority adopted GASB Statement No. 84, *Fiduciary Activities*, which establishes criteria for identifying and reporting fiduciary activities. As a result of implementing this standard, there were no changes in reported business fund activities that would now be reported as fiduciary activities.

As of January 1, 2019, the Authority adopted GASB Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements.* This statement establishes criteria to improve the information that is disclosed in the notes to the government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. See Note 6 for related disclosures.

Note 2 - Significant Accounting Policies (Continued)

Upcoming Accounting Pronouncements

In June 2017, the GASB issued Statement No. 87, *Leases*, which improves accounting and financial reporting for leases by governments. This statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. The Authority is currently evaluating the impact this standard will have on the financial statements when adopted. The provisions of this statement are effective for the Authority's financial statements for the year ending December 31, 2022.

In May 2019, the GASB issued Statement No. 91, *Conduit Debt Obligations*, which clarifies the existing definition of conduit debt, provides a single method of reporting conduit debt obligations by issuers, and eliminates diversity in practice associated with commitments extended by issuers, arrangements associated with conduit debt obligations, and related note disclosures. As a result, issuers should not recognize a liability for items meeting the definition of conduit debt; however, a liability should be recorded for additional or voluntary commitments to support debt service if certain recognition criteria are met. The standard also addresses the treatment of arrangements where capital assets are constructed or acquired with the proceeds of a conduit debt obligation and used by a third-party obligor. The requirements of the standard will be applied retrospectively and are effective for the Authority's financial statements for the December 31, 2022 fiscal year.

In January 2020, the GASB issued Statement No. 92, *Omnibus 2020*. This statement addresses eight unrelated practice issues and technical inconsistencies in authoritative literature. The standard addresses leases, intraentity transfers of assets, postemployment benefits, government acquisitions, risk financing and insurance-related activities of public entity risk pools, fair value measurements, and derivative instruments. The standard has various effective dates. The Authority does not believe this pronouncement will have a significant impact on its financial statements but is still making a full evaluation.

In March 2020, the GASB issued Statement No. 93, *Replacement of Interbank Offered Rates*. With the London Interbank Offered Rate (LIBOR) expecting to cease existence in its current form at the end of 2021, this statement addresses accounting and financial reporting implications that result from the replacement of an interbank offered rate (IBOR) in hedging derivative instruments and leases. The removal of LIBOR as an appropriate benchmark interest rate for a hedging derivative instrument is effective for the Authority's financial statements for the December 31, 2022 fiscal year. All other requirements of the statement are effective for the Authority's financial statements for the December 31, 2021 fiscal year. Lease modification requirements are effective one year later.

In March 2020, the GASB issued Statement No. 94*, Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, to bring a uniform guidance on how to report public-private and public-public partnership arrangements. As a result, transferors in public-private or public-public arrangements will recognize receivables for installment payments, deferred inflows of resources, and, when applicable, capital assets. Operators will recognize liabilities for installment payments and intangible right-to-use assets and, when applicable, deferred outflows of resources and liabilities for assets being transferred. This statement also provides guidance for accounting and financial reporting for availability payment arrangements, in which a government compensates an operator for services such as designing, constructing, financing, maintaining, or operating an underlying asset for a period of time in an exchange or exchange-like transaction. The provisions of this statement are effective for the Authority’s financial statements for the year ending December 31, 2023.

Note 2 - Significant Accounting Policies (Continued)

In May 2020, the Governmental Accounting Standards Board issued Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITAs)*, which defines SBITAs and provides accounting and financial reporting for SBITAs by governments. This statement requires a government to recognize a subscription liability and an intangible right-to-use subscription asset for SBITAs. The Authority is currently evaluating the impact this standard will have on the financial statements when adopted. The provisions of this statement are effective for the Authority's financial statements for the year ending December 31, 2023.

In June 2020, the Governmental Accounting Standards Board issued Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans.* While this standard had certain aspects impacting defined contribution pension and OPEB plans and other employee benefit plans that were effective immediately, it also clarifies when a 457 should be considered a pension plan or an other employee benefit plan to assist in the application of GASB Statement No. 84 to these types of plans. The Authority is currently evaluating the impact this standard will have on the financial statements when adopted. The provisions of this statement related to 457 plans are effective for the Authority's financial statements for the year ending December 31, 2022.

Subsequent Events

The financial statements and related disclosures include evaluation of events up through and including July 20, 2021, which is the date the financial statements were available to be issued.

Note 3 - Cash and Cash Equivalents

Deposits and investments are reported in the financial statements as follows:

	2020	2019
Unrestricted cash and cash equivalents	$ 10,041,100	$ 4,082,138
Restricted cash - Passenger facility charges	-	2,172,391
Restricted cash - Rental car improvements	1,581,230	1,219,769
Restricted cash equivalents - Revenue bond reserve fund	415,503	4,895,168
Total deposits and investments	$ 12,037,833	$ 12,369,466

The Authority's cash is subject to several types of risk, which are examined in more detail below:

Custodial Credit Risk

Custodial credit risk is the risk that, in the event of a bank failure, the Authority's deposits may not be returned to it. The Authority does not have a deposit policy for custodial credit risk; however, the Authority’s deposits are not deemed to be subject to custodial credit risk, as they are covered by federal depository insurance or are collateralized under the Public Deposit Protection Act (PDPA). At December 31, 2020 and 2019, the Authority had $11,157,038 and $6,835,191, respectively, of bank deposits that were in excess of Federal Deposit Insurance Corporation (FDIC) limits and are covered by PDPA collateral requirements at the financial institution.

Interest Rate Risk

Interest rate risk is the risk that the value of investments will decrease as a result of a rise in interest rates.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The Authority places no limit on the amount the Authority may invest in any one issuer. The Authority does not have any investments subject to concentration of credit risk.

Note 3 - Cash and Cash Equivalents (Continued)

Investments

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. Colorado statutes limit authorized investments to investments having maturities of five years or less, unless the entity's governing body specifically authorizes longer maturities. Currently, the Authority has no investments.

Fair Value Measurements

Fair value measurements are categorized within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets, Level 2 inputs are significant other observable inputs and Level 3 inputs are significant unobservable inputs. Investments that are measured at fair value using net asset value per share (or its equivalent) as a practical expedient are not classified in the fair value hierarchy.

In instances where inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The Authority’s assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset or liability.

The Authority did not have any investments valued with Level 1, 2, or 3 inputs at December 31, 2020 and 2019.

Note 4 - Capital Assets

Capital asset activity of the Authority as of December 31, 2020 is as follows:

	Balance January 1, 2020	Additions	Disposals and Adjustments	Balance December 31, 2020
Capital assets not being depreciated:				
Land	$ 2,416,058	$ -	$ -	$ 2,416,058
Construction in progress	7,348,723	6,885,138	(896,682)	13,337,179
Subtotal	9,764,781	6,885,138	(896,682)	15,753,237
Capital assets being depreciated:				
Buildings and improvements	24,588,665	896,682	-	25,485,347
Land improvements	99,735,642	7,309	-	99,742,951
Equipment	5,743,753	196,321	(33,755)	5,906,319
Subtotal	130,068,060	1,100,312	(33,755)	131,134,617
Accumulated depreciation:				
Buildings and improvements	12,109,746	989,998	-	13,099,744
Land improvements	51,537,718	3,726,003	-	55,263,721
Equipment	3,993,174	308,679	(31,701)	4,270,152
Subtotal	67,640,638	5,024,680	(31,701)	72,633,617
Net capital assets being depreciated	62,427,422	(3,924,368)	(2,054)	58,501,000
Net business-type activities capital assets	$ 72,192,203	$ 2,960,770	$ (898,736)	$ 74,254,237

Note 4 - Capital Assets (Continued)

Capital asset activity of the Authority as of December 31, 2019 is as follows:

	Balance January 1, 2019	Additions	Disposals and Adjustments	Balance December 31, 2019
Capital assets not being depreciated:				
Land	$ 2,416,058	$ -	$ -	$ 2,416,058
Construction in progress	17,127,388	11,144,207	(20,922,872)	7,348,723
Subtotal	19,543,446	11,144,207	(20,922,872)	9,764,781
Capital assets being depreciated:				
Buildings and improvements	19,239,838	5,472,569	(123,741)	24,588,666
Land improvements	89,234,657	11,015,716	(514,731)	99,735,642
Equipment	5,377,983	543,590	(177,821)	5,743,752
Subtotal	113,852,478	17,031,875	(816,293)	130,068,060
Accumulated depreciation:				
Buildings and improvements	11,428,446	802,828	(121,529)	12,109,745
Land improvements	48,672,665	3,372,853	(507,800)	51,537,718
Equipment	3,887,611	283,353	(177,789)	3,993,175
Subtotal	63,988,722	4,459,034	(807,118)	67,640,638
Net capital assets being depreciated	49,863,756	12,572,841	(9,175)	62,427,422
Net business-type activities capital assets	$ 69,407,202	$ 23,717,048	$ (20,932,047)	$ 72,192,203

Construction in progress activity of the Authority as of December 31, 2020 is as follows:

	Balance January 1, 2020	Additional Cost	Transfer to Capital Assets	Balance December 31, 2020
AIP58 - 27 1/4 road relocation	$ 2,612,990	$ 75,889	$ -	$ 2,688,879
AIP60 - RTR RA and Xcel	678,203	(103,449)	-	574,754
AIP62 - Relocate perimeter road	2,603,152	2,644,266	-	5,247,418
AIP63 - Phase 8	1,359,871	2,238,199	-	3,598,070
AIP65 - Run-up pad and apron design	-	553,295	-	553,295
AIP66 - Run-up pad and apron	63,191	428,568	-	491,759
Various improvement projects	31,316	1,048,370	(896,682)	183,004
Total	$ 7,348,723	$ 6,885,138	$ (896,682)	$ 13,337,179

Note 4 - Capital Assets (Continued)

Construction in progress activity of the Authority as of December 31, 2019 is as follows:

	Balance January 1, 2019	Additional Cost	Transfer to Capital Assets	Balance December 31, 2019
AIP55 - Runway phase 1	$ 2,757,247	$ -	$ (2,757,247)	$ -
AIP 56 - Runway phase 2	2,016,814	949	(2,017,763)	-
AIP57 - RTR Relocation	2,741,656	883,032	(3,624,688)	-
AIP58 - 27 1/4 road relocation	1,696,995	915,995	-	2,612,990
AIP59 - Taxiway alpha rehabilitation	1,493,992	138,808	(1,632,800)	-
AIP60 - RTR RA and Xcel	678,203	-	-	678,203
AIP61 - Runway phase 3	363,009	595,739	(958,748)	-
AIP62- Relocate perimeter road	-	2,603,152	-	2,603,152
AIP63-Phase 8	-	1,359,871	-	1,359,871
AIP66- Run-up pad and apron	-	63,191	-	63,191
*Administration/ARFF building	4,092,316	-	(4,092,316)	-
Terminal renovations	1,230,995	4,543,878	(5,774,873)	-
Various improvement projects	56,161	39,592	(64,437)	31,316
Total	$ 17,127,388	$ 11,144,207	$ (20,922,872)	$ 7,348,723

*The administration/ARFF building was not transferred to capital assets but was deemed impaired in 2019. See *Special Item - Asset Impairment* note below for additional information.

Special Item - Asset Impairment

As disclosed in Note 2, as of December 31, 2019, construction in progress included an uncompleted administration building with a cost basis of $4,092,316 that was considered idle and temporarily impaired. The impairment was no longer considered temporary, and the building was written off and is not included in capital assets as of December 31, 2019.

The Authority entered into contract on November 8, 2019 to demolish the uncompleted administration building. During the year ended December 31, 2020, the Authority completed the demolition of the building and incurred $563,161 of additional costs related to this asset. This amount is reflected as a Speical Item - Asset Impairment in the statement of revenue, expenses, and changes in net position.

Note 5 - Accrued Expenses

Accrued expenses as of December 31, 2020 and 2019 consist of the following:

	2020	2019
Accrued vacation	$ 169,118	$ 154,884
Compensation and related	27,347	111,050
Interest	63,988	65,865
Other	20,759	14,462
Total	$ 281,212	$ 346,261

Note 6 - Long-term Debt

Long-term debt activity for the years ended December 31, 2020 and 2019 can be summarized as follows:

	2020				
	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Bonds and contracts payable - Direct borrowings and direct placements:					
Revenue bonds, Series 2016A and 2016B	$ 17,650,000	$ -	$ (715,000)	$ 16,935,000	$ 735,000
Bond premium	1,423,969	-	(191,790)	1,232,179	190,835
Capital lease	34,431	-	(13,349)	21,082	11,434
Total direct borrowings and direct placements principal outstanding	$ 19,108,400	$ -	$ (920,139)	$ 18,188,261	$ 937,269

	2019				
	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Bonds and contracts payable - Direct borrowings and direct placements:					
Revenue bonds, Series 2016A and 2016B	$ 18,345,000	$ -	$ (695,000)	$ 17,650,000	$ 715,000
Bond premium	1,615,687	-	(191,718)	1,423,969	191,791
Colorado State Infrastructure Bank note	229,673	-	(229,673)	-	-
Capital lease	-	44,200	(9,769)	34,431	11,587
Total direct borrowings and direct placements principal outstanding	$ 20,190,360	$ 44,200	$ (1,126,160)	$ 19,108,400	$ 918,378

Interest expense consists of the following for the years ended December 31:

	2020	2019
Revenue bonds, Series 2016A and 206B	$ 790,375	$ 808,245
Colorado State Infrastructure Bank note	-	2,004
Bond premium	(191,790)	(191,791)
Capital lease	812	1,142
Total	$ 599,397	$ 619,600

2016 Bonds

The Authority issued Airport Revenue Bonds, Series 2016A and 2016B, dated November 22, 2016, in the amount of $19,670,000, for the purpose of refunding the 2007 Series bonds. The bonds are secured by net operating revenue by the Authority. The bonds bear interest from 2.3 percent to 5.0 percent with interest payable semiannually on June 1 and December 1, with principal payable annually on December 1 and maturing on December 1, 2036. The bonds are subject to certain restrictive covenants.

Note 6 - Long-term Debt (Continued)

The debt service requirements to maturity, excluding any unamortized premium, are as follows:

Years Ending December 31	Principal	Interest	Total
2021	$ 735,000	$ 767,850	$ 1,502,850
2022	765,000	738,450	1,503,450
2023	795,000	707,850	1,502,850
2024	835,000	668,100	1,503,100
2025	880,000	626,350	1,506,350
2026-2030	5,085,000	2,428,250	7,513,250
2031-2035	6,385,000	1,138,000	7,523,000
Thereafter	1,455,000	50,925	1,505,925
Total	$ 16,935,000	$ 7,125,775	$ 24,060,775

Colorado State Infrastructure Bank Note

The Authority borrowed $4,000,000 from the Colorado State Infrastructure Bank on May 29, 2009 for the purpose of funding complete reconstruction of the rental car parking lot, including construction and installation of all supporting infrastructure and the design phase of the vehicle service area. The note was secured by an on-airport rental car facility fee. The note carried an interest rate of 3 percent and was paid in quarterly installments of principal and interest of $116,122 through June 2019. The note was paid in full as of December 31, 2019.

Capital Lease

The Authority entered into a vehicle lease agreement with GM Financial on May 17, 2019. The finance agreement is secured by a vehicle with a net book value of $40,730 as of December 31, 2020 and 2019 carries an interest rate of 2.5 percent and 7.7 percent, respectively. The lease payments are paid in annual installments of principal and interest of $11,965 through May 2022.

	Principal	Interest	Total
2021	$ 11,434	$ 531	$ 11,965
2022	9,648	244	9,892
Total	$ 21,082	$ 775	$ 21,857

Revenue Pledged

The Authority has pledged substantially all of the net operating revenue of the Authority, net of operating expenses (before depreciation), to repay the Series 2016A and 2016B bonds. A portion of the proceeds were used to refund the 2007 Series bonds used to finance the construction of Walker Field Drive improvements and new project funds of approximately $9,000,000 included in the issuance was used to help finance terminal improvements and runway replacement project costs. The bonds are payable solely from the net revenue of the Authority. The remaining principal and interest to be paid on the bonds is $24,060,775 and $25,566,150 as of December 31, 2020 and 2019, respectively. For the year ended December 31, 2020, net revenue of the Authority pledged for debt service before CARES Act grant revenue was approximately $1,007,000. CARES Act revenues totaling $890,579 were used towards 2020 debt service and as of December 31, 2020 the Authority has $1,547,175 in remaining CARES Act funds available to pay future debt service or operating expenses. For the year ended December 31, 2019, net revenue of the Authority pledged for debt service was approximately $2,508,000 compared to the annual debt requirements of $1,505,183.

Note 7 - Future Rental Revenue

The Authority leases a portion of its property under noncancelable operating lease agreements for airline operations, concessions, and other commercial and private purposes.

The following is a summary of approximate future minimum rental payments to be received under noncancelable operating leases:

Years Ending	Amount
2021	$ 1,619,958
2022	807,003
2023	539,985
2024	366,712
2025	163,536
Thereafter	1,096,548
Total	$ 4,593,742

Note 8 - Concession Agreements

In April 2011, the Authority renewed an agreement with Republic Parking Inc. (Republic), a privately held corporation, under which Republic will operate, maintain, and retain fees from the airport's terminal building public parking areas through March 2016. In January 2016, the agreement was extended for one additional five-year term, terminating on March 31, 2021 at the mutual agreement of the Authority and Republic. Republic is required to operate and maintain the public parking areas in accordance with the Parking Lot Operating Agreement (the "Agreement"); the Agreement also regulates the parking rates and fees that may be charged. In consideration of its operating rights hereunder, Republic shall pay the Authority the greater of (a) the applicable percentage of annual gross revenue or (b) the minimum annual guarantees for each year the Agreement is in effect as amended. The term "applicable percentage of annual gross revenue" means 80.45 percent of gross revenue from $0 up to and including $500,000 plus 91.50 percent of gross revenue in excess of $500,000. The term "minimum annual guarantees" means for each year the Agreement is in effect, as amended, and the guarantees shall be $350,000 each year.

In May 2015, the Authority renewed agreements with various rental car companies, under which the rental car companies are granted the right to operate and retain fees from a nonexclusive rental car concession from the Authority, lease motor vehicles from the rental car office and ticket counter area located in the airport terminal building assigned to the respective companies, and to park and store motor vehicles owned or leased by it in the parking lot spaces assigned to the respective companies through April 2022. The rental car companies are required to operate and maintain the rental car areas in accordance with the Airport Facilities Lease and Rental Car Concession Agreement. In consideration of its operating rights hereunder, the rental car companies shall pay the Authority the guaranteed minimum concession fee set forth for each period of the concession term set forth on the bid proposal or 10 percent of their gross revenue for each such period of the concession term, whichever amount is greater. For each of the subsequent years of the concession term, the annual guaranteed minimum concession shall be the year-one MAG or 85 percent of 10 percent of their previous contract year's annual gross revenue, whichever is greater.

In May 2016, the Authority entered into a service agreement with a concession company. Under the agreement, the company is granted the right to operate a restaurant and retail space in the airport through April 30, 2023. In consideration of its operating rights, the company shall pay the Authority the guaranteed minimum annual fee of $60,000, prorated monthly, or a graduated percentage of gross revenue for each such period of the concession term, whichever is the greater amount.

Note 8 - Concession Agreements (Continued)

In 2020, the minimum concession fees for rental car and restaurant concessionaires were contractually suspended due to the decrease in passenger traffic. According to the rental car contracts and concessionaire contract for restaurants, minimum concession fees were $888,000 and $60,000, respectively. The minimum annual guarantee for Republic parking in 2020 remained at $350,000. In 2019, the minimum concession fees were approximately $1,298,000, which includes minimum concession fees from rental car companies, Republic, and a concession company of approximately $888,000, $350,000, and $60,000, respectively.

According to the rental car contracts and the concessionaire contract for restaurant and retail services, the minimum annual guarantee will be temporarily suspended if the number of revenue passengers for a period of two consecutive calendar months is less than 75 percent of the average number of passengers in the same two calendar months of the preceding calendar year. As a result of COVID-19, which has significantly reduced passenger traffic in 2020, the minimum annual guarantee was temporarily suspended in 2020.

Note 9 - Pension Plans

Plan Description

The Authority participates in the LGDTF, a cost-sharing multiple-employer defined benefit pension fund administered by PERA. Plan benefits are specified in Title 24 of the Colorado Revised Statutes (CRS) and applicable provisions of the federal Internal Revenue Code. Colorado state law provisions may be amended from time to time by the Colorado General Assembly. PERA issues a publicly available Comprehensive Annual Financial Report that includes financial statements and required supplemental information for the LGDTF that can be obtained at www.copera.org/investments/pera-financial-reports. The report can also be obtained by writing to Colorado PERA, 1301 Pennsylvania Street, Denver, CO 80203 or by calling PERA at 1-800-759-PERA (7372) or 303-832-9550.

The LGDTF provides retirement, disability, and survivor benefits for members or their beneficiaries. Retirement benefits are based upon a number of factors, including retirement age, years of credited service, and highest average salary. Retirement eligibility is specified in tables set forth in the Colorado Revised Statutes. The lifetime retirement benefit for all eligible retiring employees under the PERA benefit structure is generally the greater of the following:

- Highest average salary multiplied by 2.5 percent and then multiplied by the credited years of service
- The value of the retiring employee’s member contribution account plus a 100 percent match on eligible amounts as of the retirement date. This amount is then annuitized into a monthly benefit based on life expectancy and other actuarial factors.

In all cases, the service retirement benefit is limited to 100 percent of highest average salary and also cannot exceed the maximum benefit allowed by federal Internal Revenue Code. Members may elect to withdraw their member contribution accounts upon termination of employment with all PERA employers, waiving rights to any lifetime retirement benefits earned. If eligible, the member may receive a match of either 50 percent or 100 percent on eligible amounts depending on when contributions were remitted to PERA, the date employment was terminated, whether five years of service credit has been obtained, and the benefit structure under which contributions were made.

Disability benefits are available for eligible employees once they reach 5 years of earned service credit and meet the definition of a disability. These benefits are divided into a two-tier disability program consisting of a short-term disability program and a disability retirement benefit. At benefit commencement, the member can choose from different payment options, some of which can continue after the retiree's death to a named beneficiary, and for which the benefit amount is appropriately adjusted. Generally, the disability benefit amount is based on the retirement benefit formula shown above considering a minimum 20 years of service credit, if deemed disabled.

Note 9 - Pension Plans (Continued)

Survivor benefits are determined by several factors, which include the amount of earned service credit, highest average salary of the deceased, the benefit structure under which service credit was obtained, and the qualified survivor who will receive the benefits.

Funding Policy

Eligible employees and the Authority are required to contribute to the LGDTF at a rate set by Colorado statute. The contribution requirements of plan members and the Authority are established under Title 24, Article 51, Part 4 of the CRS, as amended. The contribution rate was 8.00 percent of covered salary through June 30, 2020, and 8.50 percent thereafter for eligible employees. The Authority's contribution requirements as a percentage of employee salaries for the years ended December 31, 2020 and 2019 are summarized in the table below:

	2020	2019
Employer contribution rate apportioned to the LGDTF	9.48 %	8.98 %
Amortization equalization disbursement (AED)	2.20	2.20
Supplemental amortization equalization disbursement (SAED)	1.50	1.50
Total employer contribution rate to the LGDTF	13.18 %	12.68 %

The Authority’s contributions are recognized by the LGDTF in the period in which the compensation becomes payable to the member and the Authority is statutorily committed to pay the contributions to the LGDTF. The Authority's contributions to LGDTF for the years ended December 31, 2020 and 2019 were $211,066 and $183,815, respectively.

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

At December 31, 2020 and 2019, the Authority reported a liability of $1,767,875 and $2,778,666, respectively, for its proportionate share of the net pension liability. The net pension liability as of December 31, 2020 and 2019 was measured as of December 31, 2019 and 2018, respectively, and the total pension liability used to calculate the net pension liability was determined as of December 31, 2019 and 2018, respectively, using standard roll-forward techniques in actuarial valuations as of December 31, 2018 and 2017. The Authority's proportion of the net pension liability for the years ended December 31, 2020 and 2019 was based on the Authority's contributions to the LGDTF for the calendar years 2019 and 2018, respectively, relative to the total contributions of participating employers to the LGDTF. At December 31, 2019, the Authority's proportion was 0.2417 percent, which was a increase of 0.0207 percent from its proportion measured as of December 31, 2018. At December 31, 2018, the Authority's proportion was 0.2210 percent, which is an decrease of 0.0076 percent from its proportion measured as of December 31, 2017. For the years ended December 31, 2020 and 2019, the Authority recognized pension recovery of $(88,685) and $(278,834), respectively.

Note 9 - Pension Plans (Continued)

The Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	2020		2019	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 115,687	$ -	$ 116,185	$ -
Net difference between projected and actual earnings on pension plan investments	-	723,262	361,862	-
Changes in proportionate share or difference between amount contributed and proportionate share of contributions	122,158	14,073	2,552	56,766
Employer contributions to the plan subsequent to the measurement date	214,663	-	213,447	-
Total	$ 452,508	$ 737,335	$ 694,046	$ 56,766

The Authority reports deferred outflows of resources related to pensions resulting from the Authority's contributions to the plan subsequent to the measurement date. Amounts reported as deferred outflows as of December 31, 2020 and 2019 were $214,663 and $213,447, respectively, which will be recognized as a reduction of the net pension liability in the years ending December 31, 2021 and 2020, respectively. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Years Ending December 31	Net Amortization
2021	$ (8,449)
2022	(69,478)
2023	(132,257)
2024	(144,652)
2025	(144,654)
Total	$ (499,490)

Note 9 - Pension Plans (Continued)

Actuarial Assumptions

The total pension liability in the December 31, 2018 and 2017 actuarial valuations was determined using the following actuarial cost method, actuarial assumptions, and other inputs:

	LGDTF
Actuarial cost method	Entry age
Price inflation	2.40 percent
Real wage growth	1.10 percent
Wage inflation	3.50 percent
Salary increases (including inflation)	3.50- 10.45 percent
Long-term investment rate of return (net of plan investment expenses, including price inflation)	7.25 percent
Discount rate	7.25 percent
Postretirement benefit increases:	
PERA benefit structure hired prior to January 1, 2007 and DPS benefit structure (automatic)	1.25-1.50 percent compounded annually
PERA benefit structure hired after December 31, 2006 (ad hoc, substantively automatic)	Financed by the Annual Increase Reserve

Healthy mortality assumptions for active members reflect the RP-2014 White Collar Employee Mortality Table, a table specifically developed for actively working people. To allow for an appropriate margin of improved mortality prospectively, the mortality rates incorporate a 70 percent factor applied to male rates and a 55 percent factor applied to female rates.

Healthy, postretirement mortality assumptions reflect the RP-2014 Healthy Annuitant Mortality Table, adjusted as follows:

- Males - Mortality improvement projected to 2018 using the MP-2015 projection scale, a 73 percent factor applied to rates for ages less than 80, a 108 percent factor applied to rates for ages 80 and above, and further adjustments for credibility.
- Females - Mortality improvement projected to 2020 using the MP-2015 projection scale, a 78 percent factor applied to rates for ages less than 80, a 109 percent factor applied to rates for ages 80 and above, and further adjustments for credibility.

For disabled retirees, the mortality assumption was based on 90 percent of the RP-2014 Disabled Retiree Mortality Table.

Discount Rate

The discount rate used to measure the total pension liability was 7.25 percent for the years ended December 31, 2020 and 2019. The projection of cash flows used to determine the discount rate applied the actuarial cost method and assumptions shown above. In addition, the following methods and assumptions were used in the projection of cash flows:

- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.50 percent.
- Employee contributions were assumed to be made at the current member contribution rate. Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.

Note 9 - Pension Plans (Continued)

- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law and effective as of the measurement date, including current and estimated future AED and SAED, until the actuarial value funding ratio reaches 103 percent, at which point the AED and SAED will each drop 0.50 percent every year until they are zero. Additionally, estimated employer contributions included reductions for the funding of the AIR and retiree health care benefits. For future plan members, employer contributions were further reduced by the estimated amount of total service costs for future plan members not financed by their member contributions.
- Employer contributions and the amount of total service costs for future plan members were based upon a process used by the plan to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- The AIR balance was excluded from the initial fiduciary net position, as, per statute, AIR amounts cannot be used to pay benefits until transferred to either the retirement benefits reserve or the survivor benefits reserve, as appropriate. AIR transfers to the fiduciary net position and the subsequent AIR benefit payments were estimated and included in the projections.
- Benefit payments and contributions were assumed to be made at the middle of the year.
- The projected benefit payments reflect the lowered annual increase cap, from 1.50 percent to 1.25 percent, resulting from the 2018 AAP assessment, statutorily recognized July 1, 2019 and effective July 1, 2020.

Based on the above assumptions and methods, the LGDTF's fiduciary net position was projected to be available to make all projected future benefit payments of current members. Therefore, the long-term expected rate of return of 7.25 percent on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate determination does not use the municipal bond index rate, and, therefore, the discount rate is 7.25 percent. There was no change in the discount rate from the prior measurement date.

Investment Rate of Return

The long-term expected return on plan assets is reviewed as part of regular experience studies prepared every four or five years for PERA. Recently, this assumption has been reviewed more frequently. The most recent analyses were outlined in presentations to PERA's board on October 28, 2016.

Several factors were considered in evaluating the long-term rate of return assumption for the LGDTF, including long-term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation) were developed for each major asset class. These ranges were 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 then adding expected inflation.

Note 9 - Pension Plans (Continued)

As of the most recent adoption of the long-term expected rate of return by the PERA board, the target asset allocation and best estimates of geometric real rates of return for each major asset class for December 31, 2020 and 2019 are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
U.S. equity - Large cap	21.20 %	4.30 %
Core fixed income	19.32	1.20
Non-U.S. equity - Developed	18.55	5.20
Core real estate	8.50	4.90
Private equity	8.50	6.60
U.S. equity - Small cap	7.42	4.80
Opportunity fund	6.00	3.80
Non-U.S. equity - Emerging	5.83	5.40
Non-U.S. fixed income - Developed	1.84	0.60
High yield	1.38	4.30
Cash	1.00	0.20
Emerging market debt	0.46	3.90

In setting the long-term expected rate of return, projections employed to model future returns provide a range of expected long-term returns that, including expected inflation, ultimately support a long-term expected rate of return assumption of 7.25 percent.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the Authority's proportionate share of the net pension liability calculated using the discount rate of 7.25 percent, as well as what the Authority's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.25 percent) or 1 percentage point higher (8.25 percent) than the current rate:

	1 Percentage Point Decrease	Current Discount Rate	1 Percentage Point Increase
Authority's proportionate share of the net pension liability as of December 31, 2020	$ 3,247,455	$ 1,767,875	$ 523,562
Authority's proportionate share of the net pension liability as of December 31, 2019	4,250,595	2,778,666	1,547,090

Detailed information about the pension plan's fiduciary net position is available in PERA's Comprehensive Annual Financial Report, which can be obtained at www.copera.org/investments/pera-financial-reports.

Changes between the Measurement Date of the Net Pension Liability

During the 2019 legislative session, the Colorado General Assembly passed HB 19-1217: *PERA Public Employees' Retirement Association Local Government Division Member Contribution Rate*. The bill was signed into law by Governor Polis on May 20, 2019 and eliminates the 2 percent increase in the contribution rate for members in the Local Government Division mandated by SB 18-200.

As of December 31, 2020 and 2019, the Authority has not estimated the change in its proportionate share of the net pension liability as a result of these changes had the bill become law on December 31, 2017.

Note 10 - Other Postemployment Benefit Plan

Plan Description

In addition to the defined benefit pension plan, employees of the Authority are provided with OPEB through the HCTF, a cost-sharing multiple-employer health care trust administered by PERA. The HCTF provides a health care premium subsidy to eligible PERA participating benefit recipients and their eligible beneficiaries. Title 24, Article 51, Part 12 of the CRS, as amended, assigns the authority to establish the HCTF benefit provisions to the PERA board to contract, self-insure, and authorize disbursements necessary in order to carry out the purposes of the PERACare program, including the administration of the premium subsidies. Colorado state law provisions may be amended from time to time by the Colorado General Assembly. PERA issues a publicly available Comprehensive Annual Financial Report that includes financial statements and required supplemental information for the HCTF. That report may be obtained online at www.copera.org; by writing to Colorado PERA, 1301 Pennsylvania Street, Denver, CO 80203; or by calling PERA at 1-800-759-PERA (7372) or 303-832-9550.

Benefits Provided

The HCTF provides a health care premium subsidy to eligible participating PERA benefit recipients and retirees who choose to enroll in one of the PERA health care plans; however, the subsidy is not available if only enrolled in the dental and/or vision plan(s). The health care premium subsidy is based upon the benefit structure under which the member retires and the member’s years of service credit.

Enrollment in PERACare is voluntary and is available to benefit recipients and their eligible dependents, certain surviving spouses, and divorced spouses and guardians, among others. Eligible benefit recipients may enroll into the program upon retirement, upon the occurrence of certain life events, or on an annual basis during an open enrollment period.

The maximum service-based premium subsidy is $230 per month for benefit recipients who are under 65 years of age and who are not entitled to Medicare; the maximum service-based subsidy is $115 per month for benefit recipients who are 65 years of age or older or who are under 65 years of age and entitled to Medicare. The basis for the maximum service-based subsidy, in each case, is for benefit recipients with retirement benefits based on 20 or more years of service credit. There is a 5 percent reduction in the subsidy for each year less than 20. The benefit recipient pays the remaining portion of the premium to the extent the subsidy does not cover the entire amount.

For benefit recipients who have not participated in Social Security and who are not otherwise eligible for premium-free Medicare Part A for hospital-related services, C.R.S. § 24-51-1206(4) (CRS) provides an additional subsidy. According to the statute, PERA cannot charge premiums to benefit recipients without Medicare Part A that are greater than premiums charged to benefit recipients with Part A for the same plan option, coverage level, and service credit. Currently, for each individual PERACare enrollee, the total premium for Medicare coverage is determined assuming plan participants have both Medicare Part A and Part B, and the difference in premium cost is paid by the HCTF on behalf of benefit recipients not covered by Medicare Part A.

Contributions

In accordance with the CRS, certain contributions are apportioned to the HCTF. The Authority is required to contribute at a rate of 1.02 percent of PERA-includable salary into the HCTF. Employer contributions are recognized by the HCTF in the period in which the compensation becomes payable to the member and the Authority is statutorily committed to pay the contributions. The Authority's contributions to the HCTF for the years ended December 31, 2020 and 2019 were $16,978 and $14,786, respectively.

Note 10 - Other Postemployment Benefit Plan (Continued)

Net OPEB Liability

At December 31, 2020 and 2019, the Authority reported a liability of $208,079 and $233,195, respectively, for its proportionate share of the net OPEB liability. The net OPEB liability for the HCTF was measured as of December 31, 2019 and 2018, respectively, and the total OPEB liability used to calculate the net OPEB liability was determined by actuarial valuations as of December 31, 2018 and 2017, respectively. Standard update procedures were used to roll forward the total OPEB liability to December 31, 2019 and 2018.

The Authority's proportion of the net OPEB liability for the years ended December 31, 2020 and 2019 was based on the Authority's contributions to the HCTF for the calendar years 2019 and 2018, respectively, relative to the total contributions of participating employers to the HCTF. At December 31, 2019, the Authority's proportion was 0.01851 percent, which was a increase of 0.00137 percent from its proportion measured as of December 31, 2018. At December 31, 2018, the Authority's proportion was 0.01714 percent, which was a decrease of 0.0006 percent from its proportion measured as of December 31, 2017.

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

For the years ended December 31, 2020 and 2019, the Authority recognized OPEB expense of $15,705 and $18,807, respectively.

At December 31, 2020 and 2019, the Authority reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	2020		2019	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 691	$ 34,965	$ 846	$ 355
Changes in assumptions	-	3,473	1,636	-
Net difference between projected and actual earnings on OPEB plan investments	1,726	-	1,341	-
Changes in proportionate share or difference between amount contributed and proportionate share of contributions	18,568	5,577	4,245	6,902
Employer contributions to the plan subsequent to the measurement date	17,268	-	17,170	-
Total	$ 38,253	$ 44,015	$ 25,238	$ 7,257

Note 10 - Other Postemployment Benefit Plan (Continued)

The Authority reports deferred outflows of resources related to OPEB resulting from the Authority's contributions to the plan subsequent to the measurement date. Amounts reported as deferred outflows as of December 31, 2020 and 2019 were $17,268 and $17,170, respectively, which will be recognized as a reduction of the net OPEB liability in the years ending December 31, 2021 and 2020, respectively. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Years Ending December 31	Net Amortization
2021	$ (3,319)
2022	(3,319)
2023	(3,319)
2024	(4,263)
2025	(3,160)
Thereafter	(5,650)
Total	$ (23,030)

Actuarial Assumptions

The total OPEB liability in the December 31, 2018 and 2017 actuarial valuations was determined using the following actuarial cost method, actuarial assumptions, and other inputs:

Year	PERACare Medicare Plans	Medicare Part A Premiums
2019	5.60 %	3.50 %
2020	8.60	3.50
2021	7.30	3.50
2022	6.00	3.75
2023	5.70	3.75
2024	5.50	3.75
2025	5.30	4.00
2026	5.10	4.00
2027	4.90	4.25
2028	4.70	4.25
2029+	4.50	4.50

The HCTF utilizes the same mortality assumptions as the LGDTF. The following economic and demographic assumptions were specifically developed for, and used in, the measurement of the obligations for the HCTF:

- The assumed rates of PERACare participation were revised to reflect more closely actual experience.
- Initial per capita health care costs for those PERACare enrollees under the PERA benefit structure who are expected to attain age 65 and older ages and are not eligible for premium-free Medicare Part A benefits were updated to reflect the change in costs for the 2019 plan year.
- The percentages of PERACare enrollees who will attain age 65 and older ages and are assumed to not qualify for premium-free Medicare Part A coverage were revised to more closely reflect actual experience.
- The percentage of disabled PERACare enrollees who are assumed to not qualify for premium-free Medicare Part A coverage were revised to reflect more closely actual experience.

Note 10 - Other Postemployment Benefit Plan (Continued)

- Assumed election rates for the PERACare coverage options that would be available to future PERACare enrollees who will qualify for the “No Part A Subsidy” when they retire were revised to more closely reflect actual experience.
- Assumed election rates for the PERACare coverage options that will be available to those current PERACare enrollees, who qualify for the “No Part A Subsidy” but have not reached age 65, were revised to more closely reflect actual experience.
- The health care cost trend rates for Medicare Part A premiums were revised to reflect the then-current expectation of future increases in rates of inflation applicable to Medicare Part A premiums.
- The rates of PERACare coverage election for spouses of eligible inactive members and future retirees were revised to more closely reflect actual experience.
- The assumed age differences between future retirees and their participating spouses were revised to reflect more closely actual experience.

The actuarial assumptions used in the December 31, 2018 and 2017 valuations were based on the results of the 2016 experience analysis for the period from January 1, 2012 through December 31, 2015, as well as the October 28, 2016 actuarial assumptions workshop, and were adopted by the PERA board during the November 18, 2016 board meeting. In addition, certain actuarial assumptions pertaining to per capita health care costs and their related trends are analyzed and reviewed by PERA’s actuary, as needed.

Discount Rate

The discount rate used to measure the total OPEB liability was 7.25 percent at December 31, 2020 and 2019. The projection of cash flows used to determine the discount rate applied the actuarial cost method and assumptions shown above. In addition, the following methods and assumptions were used in the projection of cash flows:

- Updated health care cost trend rates for Medicare Part A premiums as of the December 31, 2019 and 2018 measurement dates
- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.50 percent.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law and effective as of the measurement date. For future plan members, employer contributions were reduced by the estimated amount of total service costs for future plan members.
- Employer contributions and the amount of total service costs for future plan members were based upon a process used by the plan to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- Transfers of a portion of purchase service agreements intended to cover the costs associated with OPEB benefits were estimated and included in the projections.
- Benefit payments and contributions were assumed to be made at the middle of the year.

Note 10 - Other Postemployment Benefit Plan (Continued)

Based on the above assumptions and methods, the projection test indicates the HCTF’s fiduciary net position was projected to make all projected future benefit payments of current members. Therefore, the long-term expected rate of return of 7.25 percent on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability. The discount rate determination does not use the municipal bond index rate, and, therefore, the discount rate is 7.25 percent.

Investment Rate of Return

The long-term expected return on OPEB plan investments is the same as the long-term expected return on the LGDTF investments described above and is reviewed as part of regular experience studies prepared every four or five years for PERA.

In setting the long-term expected rate of return, projections employed to model future returns provide a range of expected long-term returns that, including expected inflation, ultimately support a long-term expected rate of return assumption of 7.25 percent.

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

The following presents the proportionate share of the net OPEB liability of the Authority, calculated using the discount rate of 7.25 percent, as well as what the Authority's net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	1 Percentage Point Decrease (6.25%)	Current Discount Rate (7.25%)	1 Percentage Point Increase (8.25%)
Proportionate share of the net OPEB liability as of December 31, 2020	$ 235,275	$ 208,079	$ 184,820
Proportionate share of the net OPEB liability as of December 31, 2019	260,924	233,195	209,488

Sensitivity of the Net OPEB Liability to Changes in the Health Care Cost Trend Rate

The following presents the proportionate share of the net OPEB liability of the Authority, calculated using the current health care cost trend rates applicable to the PERA benefit structure, as well as what the Authority's net OPEB liability would be if it were calculated using health care cost trend rates that are 1 percentage point lower or 1 percentage point higher than the current rates:

	1 Percentage Point Decrease in Trend Rates	Current Health Care Cost Trend Rates	1 Percentage Point Increase in Trend Rates
Net OPEB liability as of December 31, 2020	$ 203,136	$ 208,079	$ 213,791
Net OPEB liability as of December 31, 2019	226,775	233,195	240,600

Note 11 - Defined Contribution Pension Plan

Employees of the Authority who are also members of the LGDTF may voluntarily contribute to the Voluntary Investment Program, an Internal Revenue Code Section 401(k) defined contribution plan administered by PERA. Title 24, Article 51, Part 14 of the CRS, as amended, assigns the authority to establish the plan provisions to the PERA board of trustees. PERA issues a publicly available CAFR, which includes additional information on the Voluntary Investment Program. That report can be obtained at www.copera.org/investments/pera-financial-reports.

Note 11 - Defined Contribution Pension Plan (Continued)

The Voluntary Investment Program is funded by voluntary member contributions up to the maximum limits set by the Internal Revenue Service, as established under Title 24, Article 51, Section 1402 of the CRS, as amended. In addition, the Authority has agreed to match employee contributions up to 4 percent of covered salary as determined by the Internal Revenue Service. Employees are immediately vested in their own contributions, employer contributions, and investment earnings. For the years ended December 31, 2020 and 2019, the Authority made matching contributions of $46,227 and $43,940, respectively.

Note 12 - Commitments

Tax, Spending, and Debt Limitations

In November 1992, voters passed an amendment to the Constitution of the State of Colorado, Article X, Section 20, which has several limitations, including revenue raising, spending abilities, and other specific requirements of state and local governments. The amendment excludes enterprises from its provisions. Enterprises, defined as government-owned businesses authorized to issue revenue bonds and receiving less than 10 percent of their annual revenue in grants from all state and local governments combined, are excluded from the provisions of the amendment. It is the Authority's opinion that it qualifies for the exclusion and is, therefore, excluded from the provisions of the amendment.

Federally Assisted Grant Programs

The Authority participates in federally assisted grant programs. These programs are subject to the provisions of the Single Audit Act of 1996 and the Uniform Grant Guidance. The amount, if any, of expenditures that may be disallowed by the granting agency cannot be determined at this time, although the Authority expects such amounts, if any, to be immaterial.

Required Supplemental Information

Required Supplemental Information
Schedule of the Authority's Proportionate Share of the Net Pension Liability
Local Government Division Fund
Administered by the Colorado Public Employees' Retirement Association

Last Seven Plan Years*

Measurement Periods Ended December 31

	2019	2018	2017	2016	2015	2014	2013
Authority's proportion of the net pension liability	0.24171 %	0.22102 %	0.22859 %	0.22504 %	0.25758 %	0.23838 %	0.26113 %
Authority's proportionate share of the net pension liability	$ 1,767,875	$ 2,778,666	$ 2,545,148	$ 3,038,815	$ 2,837,459	$ 2,136,600	$ 2,148,912
Authority's covered payroll	$ 1,683,336	$ 1,449,631	$ 1,442,006	$ 1,363,996	$ 1,462,822	$ 1,306,200	$ 1,393,165
Authority's proportionate share of the net pension liability as a percentage of its covered payroll	105.02 %	191.68 %	176.50 %	222.79 %	193.97 %	163.57 %	154.25 %
Plan fiduciary net position as a percentage of the total pension liability	86.26 %	75.96 %	79.37 %	73.65 %	76.87 %	80.72 %	77.66 %

*The required supplemental information is intended to show information for 10 years, and additional years' information will be displayed as it becomes available.

Required Supplemental Information
Schedule of Pension Contributions
Local Government Division Trust Pension Plan
Administered by the Colorado Public Employees' Retirement Association

Last Seven Fiscal Years*

Years Ended December 31

	2020	2019	2018	2017	2016	2015	2014
Statutorily required contribution	$ 214,762	$ 211,066	$ 183,815	$ 182,848	$ 172,959	$ 185,490	$ 165,627
Contributions in relation to the statutorily required contribution	214,762	211,066	183,815	182,848	172,959	185,490	165,627
Contribution Deficiency	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Authority's Covered Payroll	$ 1,674,993	$ 1,683,336	$ 1,449,631	$ 1,442,006	$ 1,363,996	$ 1,462,822	$ 1,306,200
Contributions as a Percentage of Covered Payroll	12.82 %	12.68 %	12.68 %	12.68 %	12.68 %	12.68 %	12.68 %

*The required supplemental information is intended to show information for 10 years, and additional years' information will be displayed as it becomes available.

Required Supplemental Information
Schedule of the Authority's Proportionate Share of the Net OPEB Liability
Health Care Trust Fund
Administered by the Colorado Public Employees' Retirement Association

Last Four Plan Years*

Measurement Periods Ended December 31

	2019	2018	2017	2016
Authority's proportion of the net OPEB liability	0.01851 %	0.01714 %	0.01776 %	0.01727 %
Authority's proportionate share of the net OPEB liability	$ 208,079	$ 233,195	$ 230,836	$ 223,970
Authority's covered payroll	$1,683,336	$1,449,631	$1,442,006	$1,363,996
Authority's proportionate share of the net OPEB liability as a percentage of its covered payroll	12.36 %	16.09 %	16.01 %	16.42 %
Plan fiduciary net position as a percentage of total OPEB liability	24.49 %	17.03 %	17.53 %	16.72 %

*The required supplemental information is intended to show information for 10 years, and additional years' information will be displayed as it becomes available.

Required Supplemental Information
Schedule of OPEB Contributions
Health Care Trust Fund
Administered by the Colorado Public Employees' Retirement Association

Last Four Fiscal Years*

Years Ended December 31

	2020	2019	2018	2017
Contractually required contribution	$ 17,276	$ 16,978	$ 14,786	$ 14,708
Contributions in relation to the contractually required contribution	17,276	16,978	14,786	14,708
Contribution Deficiency	**$ -**	**$ -**	**$ -**	**$ -**
Authority's Covered Payroll	$ 1,674,993	$ 1,683,336	$ 1,449,631	$ 1,442,006
Contributions as a Percentage of Covered Payroll	1.03 %	1.01 %	1.02 %	1.02 %

*The required supplemental information is intended to show information for 10 years, and additional years' information will be displayed as it becomes available.

Pension Information

Benefit Changes

There were no changes of benefit terms in 2020 and 2019.

Changes in Assumptions

There were no changes of benefit assumptions in 2020 and 2019.

Changes in Size or Composition of the Covered Population

There were no significant changes in size or composition of the covered population in 2020 and 2019.

Other Supplemental Information

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Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Independent Auditor's Report

To Management and the Board of Commissioners
Grand Junction Regional Airport Authority

We have audited, 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, the financial statements of Grand Junction Regional Airport Authority (the "Authority") as of and for the year ended December 31, 2020 and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated July 20, 2021.

Internal Control Over Financial Reporting

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

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

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

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*.

To Management and the Board of Commissioners
Grand Junction Regional Airport Authority

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 Authority's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Plante & Moran, PLLC

July 20, 2021

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

Independent Auditor's Report

To the Board of Commissioners
Grand Junction Regional Airport Authority

Report on Compliance for Each Major Federal Program

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

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Authority's major federal programs based on our audit of the types of compliance requirements referred to above.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the "Uniform Guidance"). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

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

Report on Internal Control Over Compliance

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

To the Board of Commissioners
Grand Junction Regional Airport Authority

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

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

Plante & Moran, PLLC

July 20, 2021

Schedule of Expenditures of Federal Awards

Year Ended December 31, 2020

Federal Agency/Pass-through Agency/Program Title	CFDA Number	Grant Number	Provided to Subrecipients	Federal Expenditures
U.S. Department of Transportation, Federal Aviation Administration:				
Airport Improvement Program	20.106	Various	$ -	$ 5,411,968
COVID-19 - Airport Improvement Program	20.106	3-08-0027-064-2020	-	4,094,829
Total			**$ -**	**$ 9,506,797**

See notes to schedule of expenditures of federal awards.

Notes to Schedule of Expenditures of Federal Awards

Year Ended December 31, 2020

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of Grand Junction Regional Airport Authority (the "Authority") under programs of the federal government for the year ended December 31, 2020. The information in the 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* (the "Uniform Guidance"). Because the Schedule presents only a selected portion of the operations of the Authority, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Authority.

Note 2 - Summary of Significant Accounting Policies

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

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

Schedule of Findings and Questioned Costs

Year Ended December 31, 2020

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:	Unmodified	
Internal control over financial reporting:		
• Material weakness(es) identified?	____ Yes	__X__ No
• Significant deficiency(ies) identified that are not considered to be material weaknesses?	____ Yes	__X__ None reported
Noncompliance material to financial statements noted?	____ Yes	__X__ None reported

Federal Awards

Internal control over major programs:		
• Material weakness(es) identified?	____ Yes	__X__ No
• Significant deficiency(ies) identified that are not considered to be material weaknesses?	____ Yes	__X__ None reported
Any audit findings disclosed that are required to be reported in accordance with Section 2 CFR 200.516(a)?	____ Yes	__X__ No

Identification of major programs:

CFDA Number	Name of Federal Program or Cluster	Opinion
20.106	Airport Improvement Program	Unmodified

Dollar threshold used to distinguish between type A and type B programs:	$750,000	
Auditee qualified as low-risk auditee?	__X__ Yes	____ No

Section II - Financial Statement Audit Findings

Current Year None

Section III - Federal Program Audit Findings

Current Year None

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Report on Compliance for the Passenger Facility Charge Program; Report on Internal Control Over Compliance as Required by the *Passenger Facility Charge Audit Guide for Public Agencies*

Independent Auditor's Report

To the Board of Commissioners
Grand Junction Regional Airport Authority

Report on Compliance for the Passenger Facility Charge Program

We have audited Grand Junction Regional Airport Authority's (the "Authority") compliance 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"), as of and for the year ended December 31, 2020. The passenger facility charge program is identified in the schedule of passenger facility charges.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, contracts, and grants applicable to the passenger facility charge program.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for the Authority's passenger facility charge program based on our audit of the types of compliance requirements referred to above.

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

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

Opinion on the Passenger Facility Charge Program

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

Report on Internal Control Over Compliance

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

To the Board of Commissioners
Grand Junction Regional Airport Authority

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

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

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

Plante & Moran, PLLC

July 20, 2021

Schedule of Passenger Facility Charges

For the Year Ended December 31, 2020

Grantor/Program	Approved Application Numbers	Unliquidated Passenger Facility Charges at December 31, 2019	Passenger Facility Charge Revenue	Expenditures	Unliquidated Passenger Facility Charges at December 31, 2020
Passenger facility charges	06-07-C-02-GJT, 18-08-C-00-GJT	$ 2,172,208	$ 742,087	$ (2,914,295)	$ -

See accompanying notes to schedule of expenditures of passenger facility charges

Notes to Schedule of Passenger Facility Charges

Year Ended December 31, 2020

Note 1 - Basis of Presentation

The accompanying schedule of passenger facility charges includes agreements entered into directly between Grand Junction Regional Airport Authority (the "Authority") and the Federal Aviation Administration (FAA). The information in this schedule is prepared on the accrual basis of accounting and is presented in accordance with the provisions of the *Passenger Facility Charge Audit Guide for Public Agencies*, issued by the FAA in September 2000.

Note 2 - Passenger Facility Charges

Revenue consists of passenger facility fees and investment earnings on restricted cash related to passenger facility charges. Expenditures represent principal, which is payments made by the Authority on the revenue bonds that were used to finance the construction of certain airport improvements. Unliquidated passenger facility charges represent the net restricted cash and passenger facility fees receivable and accounts payable as of year end.