

DURANGO-LA PLATA COUNTY
AIRPORT

FINANCIAL STATEMENTS

December 31, 2021 and 2020

DURANGO – LA PLATA COUNTY AIRPORT
NOTES TO THE FINANCIAL STATEMENTS

TABLE OF CONTENTS

	PAGE
INDEPENDENT AUDITOR’S REPORT.....	1-3
MANAGEMENT’S DISCUSSION AND ANALYSIS.....	4-10
BASIC FINANCIAL STATEMENTS	
Statements of Net Position	11
Statements of Revenues, Expenses and Changes in Net Position	12
Statements of Cash Flows	13
Notes to Financial Statements	14-25
SUPPLEMENTARY INFORMATION	
Schedule of Revenues and Expenditures - Budget to Actual (Non-GAAP Budgetary Basis) - 2021.....	26
Schedule of Revenues and Expenditures - Budget to Actual (Non-GAAP Budgetary Basis) – 2020	27
Schedule of Passenger Facility Charges.....	28
COMPLIANCE	
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government</i> <i>Auditing Standards</i>	29-30
Independent Auditor's Report on Compliance with the Passenger Facility Charge Program and on Internal Control over Compliance and on the Schedule of Passenger Facility Charges Earned and Expended.....	31-33



Independent Auditor's Report

Durango City Council and the La Plata Board of County Commissioners
Durango-La Plata County Airport
Durango, Colorado

Report on the Audit of the Financial Statements

Opinions

We have audited accompanying financial statements of the business-type activity of Durango-La Plata County Airport ("the Airport") as of and for the years then ended December 31, 2021 and 2020, and the related notes to the financial statements, which collectively comprise the Airport's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activity of the Airport, as of December 31, 2021 and 2020, and the respective changes in financial position, and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Airport's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Airport's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussions and analysis on pages 4-10 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Airport's basic financial statements. The accompanying Schedule of Revenues and Expenditures – Budget to Actual (Non-GAAP Budgetary Basis) – 2021 and 2020 and Schedule of Passenger Facility Charges are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Revenues and Expenditures – Budget to actual (Non-GAAP Budgetary Basis) and Schedule of 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 September 14, 2022 on our consideration of the Airport's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Airport's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Airport's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "Eide Bailly LLP".

Denver, Colorado
September 14, 2022

DURANGO-LA PLATA COUNTY AIRPORT
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2021 and 2020

Within this section of the Durango-La Plata County Airport (DRO) annual financial report, the Airport management is pleased to provide this narrative and analysis of the financial activities of the Airport for the fiscal year ended December 31, 2021 and 2020. The Airport's financial performance is discussed and analyzed within the context of the accompanying financial statements and disclosures following this section.

FINANCIAL HIGHLIGHTS

- Passenger enplanements increased from 99,390 in 2020 to 199,677 in 2021, a 101% increase. The increase was attributable to a dramatic rebound in consumer demand for air travel as the impacts of the COVID-19 pandemic began to ease.
- Total revenues decreased from \$11,586,201 in 2020 to \$7,864,892 in 2021. Intergovernmental revenues decreased from \$7,847,757 in 2020 to \$2,155,571 in 2021. Operating revenues increased from \$2,968,949 collected in 2020 to \$4,481,069 in 2021. Operating revenues generally increased with the exception of a modest decrease in rentals and large increases in Concession Sales and Parking Charges which increased from \$1,454,786 in 2020 to \$2,765,157 in 2021.
- Airline seat capacity increased from 178,901 in 2020 to 280,260 in 2021, a 57% increase. Airport load factors finished 2021 at 71.2% compared to 55.6% in 2020. The increased supply (seat capacity) and demand (load factor) can be attributed to a dramatic rebound in consumer demand for air travel as the impacts of the COVID-19 pandemic began to ease, and the subsequent matching supply in airline seat capacity.
- Net position for 2021 increased by \$939,641 and \$5,298,287 in 2020.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report is comprised of three parts:

- Management's Discuss and Analysis
- Basic Financial Statements
- Supplementary Information

DURANGO-LA PLATA COUNTY AIRPORT
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2021 and 2020

REQUIRED FINANCIAL STATEMENTS

The Airport's financial statements report information about the Airport using accounting methods similar to those used by private sector companies. These statements offer short-term and long-term financial information about its activities.

Statements of Net Position

The Statements of Net Position provides information about the nature and amounts of investments in resources (assets) and obligations to Airport creditors (liabilities). It also provides the basis for computing the rate of return, evaluating the capital structure of the Airport and assessing the liquidity and financial flexibility of the Airport.

Statements of Revenues, Expenses and Changes in Net Position

This statement measures the results of the Airport's operation over the past year and can be used to determine whether the Airport has successfully recovered all its costs through its lease revenue, fees, fuel taxes and other user fees.

Statements of Cash Flows

The primary purpose of the Statement of Cash Flows is to report cash receipts, cash payments, and net changes in cash resulting from operations, investing, and financing activities.

Notes to the Financial Statements

The notes to the financial statements provide additional required disclosures that are essential to a full understanding of the data provided in the financial statements.

Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP Budgetary Basis)

This schedule reports the budgeted revenue and expenditure activities as compared with actual activities. Though this schedule is not required by GAAP to be part of the audited financial statements, it is added for review as other supplementary information.

DURANGO-LA PLATA COUNTY AIRPORT
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2021 and 2020

FINANCIAL ANALYSIS OF THE AIRPORT NET POSITION

The Airport's net position at December 31, 2021 was \$54,906,153. The following table provides a summary of the Airport's net position.

Condensed Statements of Net Position

	2021	2020	2019	2021/2020 Change	2021/2020 Percent Change
ASSETS:					
Current assets	\$ 13,714,092	\$ 10,335,020	\$ 10,316,460	\$ 3,379,072	32.70%
Capital assets	41,804,302	44,292,076	43,206,822	\$ (2,487,774)	-5.62%
Total Assets	<u>55,518,394</u>	<u>54,627,096</u>	<u>53,523,282</u>	<u>891,298</u>	<u>1.63%</u>
LIABILITIES:					
Current liabilities	538,096	593,497	1,228,689	\$ (55,401)	-9.33%
Long-term liabilities	74,144	67,087	3,626,368	\$ 7,057	10.52%
Total Liabilities	<u>612,240</u>	<u>660,584</u>	<u>4,855,057</u>	<u>\$ (48,344)</u>	<u>-7.32%</u>
NET POSITION:					
Net Investment in Capital					
Assets	41,804,302	44,292,076	39,306,822	\$ (2,487,774)	-5.62%
Restricted	5,099,002	4,118,499	3,785,035	\$ 980,503	23.81%
Unrestricted	8,002,849	5,555,937	5,576,368	\$ 2,446,912	44.04%
Total Net Position	<u>\$ 54,906,153</u>	<u>\$ 53,966,512</u>	<u>\$ 48,668,225</u>	<u>\$ 939,641</u>	<u>1.74%</u>

DURANGO-LA PLATA COUNTY AIRPORT
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2021 and 2020

CONDENSED STATEMENTS OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION

The following table provides a summary of the Airport's changes in net position for the years ended December 31, 2021, 2020 and 2019:

Summary of Changes in Net Position

	2021	2020	2019	2021/2020 Change	2021/2020 Percent Change
REVENUES:					
Operating Revenues	\$ 4,481,069	\$ 2,968,949	\$ 4,082,878	\$ 1,512,120	50.93%
Non-Operating Revenues	3,383,823	8,617,252	7,159,716	\$ (5,233,429)	-60.73%
Total Revenues	<u>7,864,892</u>	<u>11,586,201</u>	<u>11,242,594</u>	<u>(3,721,309)</u>	<u>-32.12%</u>
EXPENSES:					
Operating Expenses	3,478,528	3,136,861	3,492,178	\$ 341,667	10.89%
Non-Operating Expenses	-	39,617	72,508	\$ (39,617)	-100.00%
Depreciation	3,446,723	3,111,436	2,541,545	\$ 335,287	10.78%
Total Expenses	<u>6,925,251</u>	<u>6,287,914</u>	<u>6,106,231</u>	<u>\$ 637,337</u>	<u>10.14%</u>
Change in Net Position	939,641	5,298,287	5,891,959	\$ (4,358,646)	-82.27%
Beginning Net Position	53,966,512	48,668,225	42,776,266	\$ 5,298,287	10.89%
Ending Net Position	<u>\$ 54,906,153</u>	<u>\$ 53,966,512</u>	<u>\$ 48,668,225</u>	<u>\$ 939,641</u>	<u>1.74%</u>

Total net position for the Airport increased by \$939,641 in 2021. Total revenues decreased from 2020 to 2021 due largely to a decrease in intergovernmental revenue, while expenses only increased approximately 10% from 2020 to 2021.

DURANGO-LA PLATA COUNTY AIRPORT
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2021 and 2020

CAPITAL ASSETS AND DEBT ADMINISTRATION

The following table provides a summary of capital asset activity for the year ended December 31, 2021, 2020 and 2019. See Note 3 for additional information about changes in capital assets during the fiscal year and amounts outstanding at the end of the year.

	Balance December 31, 2021	Balance December 31, 2020	Balance December 31, 2019
Capital Assets, Non-Depreciable			
Land and Right of Way	\$ 2,125,516	\$ 2,125,516	\$ 2,125,516
Construction in Progress	772,695	17,525	261,208
Total Capital Assets, Non-Depreciable	<u>2,898,211</u>	<u>2,143,041</u>	<u>2,386,724</u>
Capital Assets, Depreciable			
Buildings, Improvements, & Infrastructure	89,425,579	90,152,728	85,737,312
Equipment	6,844,116	6,807,748	6,797,791
Total Capital Assets, Being Depreciated	<u>96,269,695</u>	<u>96,960,476</u>	<u>92,535,103</u>
Accumulated Depreciation	(57,363,604)	(54,811,441)	(51,715,005)
Depreciable Capital Assets, Net	<u>38,906,091</u>	<u>42,149,035</u>	<u>40,820,098</u>
Total Capital Assets	<u>\$ 41,804,302</u>	<u>\$ 44,292,076</u>	<u>\$ 43,206,822</u>

Long-Term Debt

During the year ended December 31, 2019, the Airport issued Certificates of Participation, Series 2019 in the amount of \$3,900,000. During the year ended December 31, 2020, the Airport received grant funds to pay off this debt. See Note 4 for additional information. The following table provides a summary of long-term debt activity for the year ended December 31, 2021, 2020 and 2019.

	Balance at December 31, 2021	Balance at December 31, 2020	Balance at December 31, 2019
Certificates of Participation, Series 2019	\$ -	\$ -	\$ 3,900,000
Compensated Absences	148,288	134,174	122,736
Total	<u>\$ 148,288</u>	<u>\$ 134,174</u>	<u>\$ 4,022,736</u>

DURANGO-LA PLATA COUNTY AIRPORT
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2021 and 2020

MAJOR HIGHLIGHTS AT THE AIRPORT IN 2021

- Onboarded two new airlines (Delta and Frontier) serving three nonstop routes.
- Managed airport finances through the COVID-19 pandemic to achieve a healthy operating surplus in FY21.
- Completed design for the rehabilitation of Runway 3/21. Facilitated project stakeholder collaboration with the FAA, CDOT, airlines, and community.
- Expedited discussions on terminal development timing and funding strategy and revised the airport's CIP accordingly. Initiated design on Phase 1A of the project.
- Completed the FAA-required triennial full-scale exercise of Airport Emergency Plan
- Constructed a post-security outdoor patio addition to serve growing passenger traffic during the peak summer season.
- Significantly reduced the formation of Disinfection By Products (DBPs) in the airport's water distribution system and attained Colorado Department of Public Health and Environment (CDPHE) compliance for greater than four quarters.

BUDGETARY HIGHLIGHTS

Budget to actual schedules are included as Supplementary Information in the financial statements.

ECONOMIC CONDITIONS AND NEXT YEAR'S BUDGET

- The COVID-19 pandemic emerged as a worldwide emergency during the first quarter of 2020, which severely impacted in the United States beginning in mid-March of 2020. The aviation industry, and commercial airline traffic in particular, were heavily impacted by this pandemic. Worldwide passenger traffic in 2020 was reduced on an unprecedented scale. Recovery of the industry began in earnest in 2021, but is anticipated to take another 1-3 years before 2019 passenger traffic levels are again realized worldwide. At Durango-La Plata County Airport, passenger traffic has recovered well ahead of the nationwide average, reaching record levels through the second half of 2021. Traffic recovery led to a strong bounce back of airport operating revenue in 2021. Coronavirus Aid, Relief, and Economic Security Act (CARES), Coronavirus Response and Relief Supplemental Appropriations Act, 2021 (CRRSAA), and American Rescue Plan Act of 2021 (ARPA) COVID relief funding and healthy unrestricted reserves are forecast to fortify the operating budget and allow for continued investment in capital project funding at DRO into 2022.
- The Airport continues to be eligible for Federal Aviation Administration Airport Improvement Program (AIP) grants. New grants will require an 8.12% match, traditionally split between the Colorado State Aeronautics Division and the Airport.
- Demand for commercial airline service at DRO tracked far above nationwide averages during a pandemic-impacted 2021. Consistent with nationwide trends, DRO's position serving a market attractive to domestic leisure travel has boosted the pandemic recovery.

DURANGO-LA PLATA COUNTY AIRPORT
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2021 and 2020

ECONOMIC CONDITIONS AND NEXT YEAR'S BUDGET (CONTINUED)

- Leakage to competing airports in Albuquerque and Denver remains an ongoing challenge due primarily to high airfares in the Durango market.
- American Airlines was the market share leader at DRO in 2020, carrying 47% of traffic. United Airlines carried 43% of traffic. Delta Air Lines and Frontier Airlines each carried 5% of traffic.
- Despite lingering impacts from the pandemic, DRO entered 2022 with proportionately healthy passenger enplanement numbers, strong airline seat capacity, and a diverse nonstop route network serving four overall destination and three major hub destinations daily.
- FY 2022 budget priorities include fortifying the air service route network, executing an ambitious capital program, reinvesting in preventative maintenance, completing design and financial analysis on airport terminal expansion, further exploring diversified revenue streams, and restoring airport staffing levels. Sustaining marketing and public relations efforts to combat passenger leakage and facilitating utility system upgrades all represent key efforts as well.
- Airline rates and charges were increased by 5% in 2022 to offset increased operating costs and a growing capital program. As passenger traffic demand continues to evolve and the airport's capital program comes into further clarity, the airport's Cost Per Enplanement (CPE) will be re-evaluated as DRO seeks to maximize its existing revenue sources and invest in capital infrastructure.

CONTACTING THE AIRPORT'S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the Airport's finances, comply with finance-related laws and regulations, and demonstrate the Airport's commitment to public accountability. If you have questions about this report or would like to request additional information, contact the City of Durango Finance Director or the Director of Aviation for the Airport at the City of Durango, 949 E. Second Avenue, Durango, CO 81301.

DURANGO - LA PLATA COUNTY AIRPORT
STATEMENTS OF NET POSITION
December 31, 2021 and 2020

	2021	2020
<u>ASSETS</u>		
CURRENT ASSETS		
Cash in Managed Pool	\$ 12,174,017	\$ 8,391,727
Accounts Receivable	1,424,045	1,828,508
Prepaid Expenses	86,667	93,333
Inventory	29,362	21,452
Total Current Assets	<u>13,714,091</u>	<u>10,335,020</u>
PROPERTY AND EQUIPMENT		
Land and Right of Way	2,125,516	2,125,516
Buildings, Improvements, and Infrastructure	89,425,579	90,152,728
Equipment	6,844,116	6,807,748
Construction in Process	772,695	17,525
Total Property and Equipment	<u>99,167,906</u>	<u>99,103,517</u>
Accumulated Depreciation	(57,363,604)	(54,811,441)
Net Property and Equipment	<u>41,804,302</u>	<u>44,292,076</u>
Total Assets	<u>55,518,393</u>	<u>54,627,096</u>
<u>LIABILITIES AND NET POSITION</u>		
Current Liabilities		
Accounts and Retainage Payable	419,168	446,878
Deposits	12,500	12,500
Accrued Liabilities	32,283	67,032
Compensated Absences - due in one year	74,144	67,087
Total Current Liabilities	<u>538,095</u>	<u>593,497</u>
LONG TERM LIABILITIES		
Compensated Absences, net of current portion	74,144	67,087
Total Long Term Liabilities	<u>74,144</u>	<u>67,087</u>
Total Liabilities	<u>612,239</u>	<u>660,584</u>
NET POSITION		
Net Investment in Capital Assets	41,804,302	44,292,076
Restricted	5,099,002	4,118,499
Unrestricted	8,002,848	5,555,937
Total Net Position	<u>\$ 54,906,152</u>	<u>\$ 53,966,512</u>

The accompanying notes are an integral part of these financial statements

DURANGO - LA PLATA COUNTY AIRPORT
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
For the Years Ended December 31, 2021 and 2020

	2021	2020
OPERATING REVENUES		
Concession Sales and Parking Charges	\$ 2,765,157	\$ 1,454,786
Rentals	932,614	938,766
Landing and Flowage Fees	495,695	333,283
Fuel Sales	234,900	147,173
Miscellaneous	52,702	94,941
Total Operating Revenues	4,481,068	2,968,949
OPERATING EXPENSES		
Depreciation	3,446,723	3,111,436
Personnel Services	2,130,545	1,761,412
Purchased Services	552,784	721,683
Supplies	595,540	385,263
Utilities	199,660	268,503
Total Operating Expenses	6,925,252	6,248,297
OPERATING LOSS	(2,444,184)	(3,279,348)
NONOPERATING REVENUES (EXPENSES)		
Intergovernmental Revenue	2,155,571	7,847,757
Passenger Facility Charges	814,950	411,815
Customer Facility Charges	412,959	286,242
Interest Income	343	71,238
Gain on Sale of Fixed Asset	-	200
Interest Expense	-	(39,617)
Total Non-Operating Revenues (Expenses)	3,383,823	8,577,635
CHANGE IN NET POSITION	939,640	5,298,287
NET POSITION, Beginning of Year	53,966,512	48,668,225
NET POSITION, End of Year	\$ 54,906,152	\$ 53,966,512

The accompanying notes are an integral part of these financial statements

DURANGO - LA PLATA COUNTY AIRPORT
STATEMENTS OF CASH FLOWS
For the Years Ended December 31, 2021 and 2020

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Received from Customers	\$ 4,562,876	\$ 2,838,603
Cash Paid to Suppliers	(1,411,685)	(1,770,049)
Cash Paid to Employees	(2,116,431)	(1,749,974)
Cash Received from Other Operating Activities	52,702	94,941
Net Cash Provided (Used) by Operating Activities	1,087,462	(586,479)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Purchase of Property, Plant and Equipment	(958,949)	(4,196,690)
Sale of Property, Plant and Equipment	-	200
Principal paid Certificates of Participation	-	(3,900,000)
Interest Paid	-	(50,830)
Net Cash Used by Capital and Related Financing Activities	(958,949)	(8,147,320)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Intergovernmental Revenues Received	2,425,525	12,786,541
Cash Received from Other Nonoperating Activities	1,227,908	698,057
Net Cash Provided by Noncapital Financing Activities	3,653,433	13,484,598
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest Received	343	71,238
Net Cash Provided by Investing Activities	343	71,238
NET INCREASE (DECREASE) IN CASH IN MANAGED POOL	3,782,289	4,822,037
CASH IN MANAGED POOL - Beginning of Year	8,391,727	3,569,690
CASH IN MANAGED POOL - End of Year	\$ 12,174,016	\$ 8,391,727
RECONCILIATION OF LOSS FROM OPERATIONS TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Loss from Operations	\$ (2,444,184)	\$ (3,279,348)
ADJUSTMENTS TO RECONCILE LOSS FROM OPERATIONS TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:		
Depreciation	3,446,723	3,111,436
Increase/(Decrease) in Assets and Liabilities:		
Accounts Receivable	134,510	(35,405)
Prepaid Expenses	6,667	(93,333)
Inventory	(7,909)	(6,569)
Accounts and Retainage Payable	(27,710)	(297,207)
Accrued Liabilities	(34,749)	2,509
Accrued Salaries and Vacation	14,114	11,438
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ 1,087,462	\$ (586,479)

The accompanying notes are an integral part of these financial statements

DURANGO – LA PLATA COUNTY AIRPORT
NOTES TO THE FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

In accordance with governmental accounting standards, the Durango - La Plata County Airport (the Airport) has considered the possibility of inclusion of additional entities in its financial statements. The definition of a reporting entity is based primarily on financial accountability. The Airport is financially accountable for organizations that make up its legal entity. It is also financially accountable for legally separate organizations if Airport officials appoint a voting majority of the organization's governing body and either it is able to impose its will on that organization or there is a potential for benefits to, or to impose specific burdens on, the Airport. The Airport may also be financially accountable for other organizations that are fiscally dependent upon it. Based on the application of this criterion, no additional organizations are includable within the Airport's reporting entity.

The Airport is jointly operated under an Intergovernmental Agreement (IGA) between the City of Durango (City) and La Plata County (County). All property of the Airport is owned 50% by the City and 50% by the County and all costs and expenses are shared in the same proportion. Only the financial transactions of this joint venture are included in this report, and the Airport is not included as a component unit of any other government.

The IGA sets forth the operations of the Airport. The City of Durango is the manager of the Airport and is responsible for the operations of the Airport. The Airport is managed as a City Department and follows all City of Durango regulations, policies, and procedures. All Airport employees are City of Durango employees.

The Durango City Council and the La Plata County Board of County Commissioners appoint an advisory commission to serve in a liaison role to the Durango-La Plata County Airport. The Durango-La Plata County Airport Commission consists of nine members: three citizen members appointed by the Durango City Council; three citizen members appointed by the Board of County Commissioners of La Plata County; two ex-officio members (one of which shall be an elected official or City staff member appointed by the City Council and one of which shall be an elected official or County staff member appointed by the Board of County Commissioners); and one member jointly appointed by the Durango City Council and the Board of County Commissioners.

DURANGO – LA PLATA COUNTY AIRPORT
NOTES TO THE FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Accounting

Enterprise fund accounting is utilized in accordance with generally accepted accounting principles. Enterprise funds recognize revenues and expenses on the accrual basis of accounting. Revenue is recognized when earned and expenses are recognized when incurred. The accounting policies of the Airport conform to accounting principles generally accepted in the United States of America (US GAAP) as applicable to governmental units accounted for as an Enterprise Fund.

Basis of Accounting

The Airport distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods and services in connection with the Airport's principal ongoing operations. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The Airport applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

The Airport's records are maintained on the accrual basis of accounting. Revenue is recognized when earned, with the exception of contingent lease payments, which are recognized when received, as amounts cannot be reasonably estimated. Expenses are recognized when the liability is incurred. Depreciation is computed and recorded as an operating expense, expenditures for property and equipment are shown as increases in assets and payments of capital lease obligations are recorded as a reduction in liabilities. Capital grant proceeds are recognized as a component of other income when the qualifying expenditures under the specific grant are incurred.

Budgets

In accordance with the State Budget Law, the Durango City Council holds public hearings in the fall of each year to approve the budget and appropriate the funds for the ensuing year. The budget is also approved by the County. The City Manager can modify the budget by line item within the total appropriation without notification. The

City Council must approve additional appropriations. Operating appropriations lapse at year end; however, capital projects approved do not.

DURANGO – LA PLATA COUNTY AIRPORT
NOTES TO THE FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash in Managed Pool

For purposes of the statement of cash flows, cash and cash equivalents are considered to be short-term investments with original maturities three months or less from the date of purchase. The Airport considers all cash on hand and on deposit available for immediate withdrawal to be cash and cash equivalents.

Accounts Receivable

The Airport recognizes revenue in the period earned. Accounts receivable are reported net of estimated uncollectible amounts. An allowance for doubtful accounts for the Aviation Enterprise Fund is based on management estimates of uncollectible revenue billings. At December 31, 2021 and 2020 the Airport reports no allowance for doubtful accounts.

Inventory

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

Capital Assets

Capital assets are recorded at cost except for certain vehicles and land parcels, which have been contributed to the Airport. The contributed assets are stated at their estimated fair value at the date of contribution. The Airport capitalizes all assets with an original cost of \$5,000 or more and an estimated useful life in excess of one year. Depreciation expense has been computed using the straight-line method. Estimated useful lives are:

Buildings and improvements	40 years
Runways and access roads	10 years
Furniture and equipment	5 - 10 years

Compensated Absences

Airport employees are entitled to accumulate earned by unused personal time off (PTO). All PTO is accrued as expense when incurred.

DURANGO – LA PLATA COUNTY AIRPORT
NOTES TO THE FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Compliance with Uniform Grant Guidance

The Airport receives funding from the Federal Aviation Administration and the City of Durango administers these grants. As such, these grants have been included in the City's Single Audit Report.

Passenger Facility Charges

The Airport collects passenger facility charges on each enplanement in the amount of \$4.50 per passenger. These funds are restricted for specific projects that are approved by the Federal Aviation Administration.

Customer Facility Charges

The Airport collects rental car surcharge on each rental car transaction of \$3 per rental day. These funds are restricted by agreements for specific projects that are related to rental car agencies.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities 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.

Net Position

Equity is displayed in three components, as follows:

Net Investment in Capital Assets – This consists of capital assets, net of accumulated depreciation, less the outstanding balances of any bonds, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted – This consists of net position that is legally restricted by outside parties or by law through constitutional provisions or enabling legislation.

Unrestricted – This consists of net position that does not meet the definition of “restricted” or “net investment in capital assets.”

When both restricted and unrestricted resources are available for use, generally it is the Airport’s policy to use restricted resources first and then unrestricted resources when they are needed.

DURANGO – LA PLATA COUNTY AIRPORT
NOTES TO THE FINANCIAL STATEMENTS

NOTE 2: CASH DEPOSITS AND INVESTMENTS

Cash Deposits

The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulators. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is determined by the PDPA. PDPA allows the institution to create a single collateral pool for all public funds. The pool for all the uninsured public deposits as a group is to be maintained by another institution or held in trust. The market value of the collateral must be at least 102% of the aggregate uninsured deposits.

The State Bank Commissioner is required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools.

The Airport pools its cash deposits with the City of Durango. As such, at December 31, 2021 all cash deposits are covered by federal depository insurance or collateralized with securities under the Public Deposit Protection Act.

Investments

The Airport pools its investments with the City of Durango. Colorado revised statutes and the City's investment policy specifies investment instruments meeting defined rating and risk criteria in which the City may invest:

- Obligations of the United States and certain U.S. Agency securities and the World Bank
- Certain international agency securities
- General obligation and revenue bonds of U.S. local government entities
- Bankers' acceptances of certain banks
- Commercial Paper
- Local government investment pools
- Written repurchase agreements collateralized by certain authorized securities.
- Certain money market funds, and
- Guaranteed investment contracts (GICs)

All investments are held in the name of the City of Durango. These investments include local government investment pools.

DURANGO – LA PLATA COUNTY AIRPORT
NOTES TO THE FINANCIAL STATEMENTS

NOTE 2:

CASH DEPOSITS AND INVESTMENTS (CONTINUED)

Interest Rate Risk - As a means of limiting its exposure to fair value losses from prevailing market interest rates, the City's investment policy states that the City will minimize the interest rate risk by structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity. The City investment policy states that the weighted average maturity of the portfolio shall be no greater than 3 years, and all investments shall have a final maturity not exceeding five years from the date of purchase.

Credit Risk-The City's investment policy is to apply the prudent person rule where investments are made as a prudent person would be expected to act. The City's investment policy limits investments in fixed income securities to U.S. Treasury Bills; U.S. Government Agencies; Certificates of Deposit; Commercial Paper; Investment-grade Obligations of the State; Repurchase Agreements; Money Market Mutual Funds' and Local Government Investment Pools. The investment policy limits investments in commercial paper to be rated A-1 by Standard & Poor's, P-1 by Moody's, or F-1 by Fitch at the time of purchase.

As of December 31, 2021, the City's investments in local government investment pools (CSAFE and COLOTRUST) were rated AAAM by Standard & Poor's.

Concentration of Credit Risk - It is the intent of the City to diversify the investments within the portfolio to avoid incurring unreasonable risks inherent in over investing in specific instruments, individual financial institutions, or maturities. The City's policy specifies that no more than 50 percent of the portfolio may be invested in the securities of a single issuer, except for securities of the U.S. Treasury. No more than 10 percent of the portfolio may be invested in each of the following categories of securities:

- Commercial Paper
- Negotiable certificates of deposit
- Banker's acceptance
- Obligations not fully collateralized or insured

At least 5 percent of the portfolio shall be invested in overnight instruments or in marketable securities which can be sold to raise cash in one day's notice. The City's total portfolio was within these limits for the year ended December 31, 2021.

DURANGO – LA PLATA COUNTY AIRPORT
NOTES TO THE FINANCIAL STATEMENTS

NOTE 3: CAPITAL ASSETS

A summary of changes to capital assets for the year ended December 31, 2021 follows:

	Balance December 31, 2020	Additions	Deletions	Balance December 31, 2021
Capital Assets, Non-Depreciable				
Land and Right of Way	\$ 2,125,516	\$ -	\$ -	\$ 2,125,516
Construction in Progress	17,525	755,170		772,695
Total Capital Assets, Non-Depreciable	2,143,041	755,170	-	2,898,211
Capital Assets, Depreciable				
Buildings, Improvements, & Infrastructure	90,152,728	167,411	(894,560)	89,425,579
Equipment	6,807,748	36,368	-	6,844,116
Total Capital Assets, Being Depreciated	96,960,476	203,779	(894,560)	96,269,695
Accumulated Depreciation	(54,811,441)	(3,289,796)	737,633	(57,363,604)
Depreciable Capital Assets, Net	42,149,035	(3,086,017)	(156,927)	38,906,091
Total Capital Assets	\$ 44,292,076	\$ (2,330,847)	\$ (156,927)	\$ 41,804,302

A summary of changes to capital assets for the year ended December 31, 2020 follows:

	Balance December 31, 2019	Additions	Deletions	Balance December 31, 2020
Capital Assets, Non-Depreciable				
Land and Right of Way	\$ 2,125,516	\$ -	\$ -	\$ 2,125,516
Construction in Progress	261,208	17,525	(261,208)	17,525
Total Capital Assets, Non-Depreciable	2,386,724	17,525	(261,208)	2,143,041
Capital Assets, Depreciable				
Buildings, Improvements, & Infrastructure	85,737,312	4,415,416	-	90,152,728
Equipment	6,797,791	24,957	(15,000)	6,807,748
Total Capital Assets, Being Depreciated	92,535,103	4,440,373	(15,000)	96,960,476
Accumulated Depreciation	(51,715,005)	(3,111,436)	15,000	(54,811,441)
Depreciable Capital Assets, Net	40,820,098	1,328,937	-	42,149,035
Total Capital Assets	\$ 43,206,822	\$ 1,346,462	\$ (261,208)	\$ 44,292,076

DURANGO – LA PLATA COUNTY AIRPORT
NOTES TO THE FINANCIAL STATEMENTS

NOTE 4: LONG-TERM DEBT

Following is a summary of long-term debt transactions for the year ended December 31, 2021:

	Balance at December 31,			Balance at	Due Within
	2020	Additions	Deletions	December 31, 2021	One Year
Compensated Absences	134,174	139,194	(125,080)	148,288	74,143
Total	\$ 134,174	\$ 139,194	\$ (125,080)	\$ 148,288	\$ 74,143

Following is a summary of long-term debt transactions for the year ended December 31, 2020:

	Balance at December 31,			Balance at	Due Within
	2019	Additions	Deletions	December 31, 2020	One Year
Certificates of Participation, Series 2019	\$ 3,900,000	\$ -	\$(3,900,000)	\$ -	
Compensated Absences	122,736	123,092	(111,654)	134,174	67,087
Total	\$ 4,022,736	\$ 123,092	\$(4,011,654)	\$ 134,174	\$ 67,087

On June 17, 2019, the City issued Certificates of Participation, Series 2019, in the amount of \$3,900,000, for the purpose of financing the purchase of a parcel of land for the Durango - La Plata County Airport. Payments of principal were due annually on December 1 through 2029. Interest accrued at a rate of 3.450% and was payable semiannually on June 1 and December 1. As the result of a receipt of a grant the Airport paid all of the outstanding principal on the Certificates of Participation during the year ended December 31, 2020.

NOTE 5: PENSION

401A Money Purchase Plan Great West Life

Effective January 1, 2003, all eligible employees were enrolled in a money purchase plan. The plan offered to eligible participants is a 401(a) Money Purchase Plan administered by the Great West Life and Annuity Insurance Company. The participants are offered various investment options through the plan and are allowed to invest all monies in their account, at their own discretion, among the options. The City may amend, modify, or terminate

DURANGO – LA PLATA COUNTY AIRPORT
NOTES TO THE FINANCIAL STATEMENTS

the Plan, upon approval of such amendment, modification, or termination by 65% of the active participants, provided no amendment or modification shall reduce the account balances of any participant accrued to the date of the change.

In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Employees covered by this plan are eligible to participate from the date of employment. The plan defines the City and employee contributions as 11.2% and 9% respectively. The City's contributions for each employee are fully vested in five years. These contributions are vested at 20% at one year, 40% at two years, 60% at 3 years and 80% at 4 years. City contributions, and the interest thereon, for employees who leave employment prior to becoming vested are applied toward the City's obligation to contribute. The Airport's total payroll for the year ended December 31, 2021 was \$1,315,681. The contribution to the plan totaled \$253,369 which consists of \$112,887 contributed by employees and \$140,482 contributed by the Airport. For the year ended December 31, 2020, the Airport's total payroll was \$1,187,638. The contribution to the plan totaled \$231,427 which consists of \$103,111 contributed by employees and \$128,316 contributed by the Airport.

NOTE 6: NET POSITION

Net position is restricted for capital projects related to the following fees collected at the Airport:

	2021	2020
Passenger Facility Charges	\$ 1,488,086	\$ 922,594
Customer Facility Charges	3,610,916	3,195,905
Total Restricted Net Position	\$ 5,099,002	\$ 4,118,499

NOTE 7: RISK MANAGEMENT

The Airport is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which the Airport carries commercial insurance. The Colorado Intergovernmental Risk Sharing Agency (CIRSA) is a public entity risk pool currently operating as a common risk management and insurance program for over 100 municipalities. The City, as a member of the pool, pays annual premiums on behalf of the Airport to CIRSA for its property and casualty insurance and workers' compensation insurance coverage. The bylaws and Intergovernmental Agreement of CIRSA provides that CIRSA will provide coverage through pooling of self-insured losses and the purchase of stop-loss insurance coverage. The Airport also has an Airport Liability policy through ACE Group insurance companies. Claims did not exceed insurance coverage in any of the three prior years.

DURANGO – LA PLATA COUNTY AIRPORT
NOTES TO THE FINANCIAL STATEMENTS

Benefits are provided to Airport employees by the City’s insurance programs. Beginning in 1985, the City has a self-insurance program for medical claims.

NOTE 8:

TABOR

In November 1992, the voters of Colorado approved Amendment 1, commonly known as the Taxpayer's Bill of Rights (TABOR), which added Section 20 to Article X of the Colorado Constitution. TABOR contains tax, spending, revenue and debt limitations which apply to the State of Colorado and all local governments.

Enterprises, defined as government-owned businesses authorized to issue revenue bonds and receiving less than 10% of annual revenue in grants from all state and local governments combined are excluded from the provisions of TABOR. Management believes its airport operations and all activities related thereto are carried on as an Enterprise within the meaning of TABOR and the Enterprise Act, C.R.S. 37-45-1-01, et seq. TABOR is complex and subject to interpretation. Many of the provisions, including the interpretation of how to calculate Fiscal Year Spending limits and qualification as an Enterprise may require judicial interpretation. The Airport believes it is in compliance with TABOR.

NOTE 9:

COMMITMENTS AND CONTINGENCIES

The Airport participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenses financed by grants are subject to audit by the appropriate grantor government. If expenses are disallowed due to noncompliance with grant program regulations, the Airport may be required to reimburse the grantor government. As of December 31, 2021, significant amounts of grant expenses have not been audited but the Airport believes disallowed expenses, if any, based on subsequent audits will not have a material effect its overall financial position.

COVID Pandemic

In January 2020, the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) as a “Public Health Emergency of International Concern,” which continues to spread throughout the world, including the United States. COVID-19 has adversely impacted global commercial activity and contributed to significant declines and volatility in financial markets. In addition, because of the COVID-19 pandemic, many governmental entities, including the State of Colorado, have issued directives limiting travel, reducing social gatherings, and restricting the movement of individuals. At the current time, the duration and the resulting economic fallout of the COVID-19 pandemic crisis is still unknown.

DURANGO – LA PLATA COUNTY AIRPORT
NOTES TO THE FINANCIAL STATEMENTS

NOTE 9: COMMITMENTS AND CONTINGENCIES (CONTINUED)

On March 11, 2021, the President of the United States signed the American Rescue Plan Act of 2021 (“ARPA”), a \$1.9 trillion economic stimulus package designed to help the United States’ economy recover from the adverse impacts of the COVID-19 pandemic. In addition to other economic relief, ARPA includes financial relief for certain eligible airports. For eligible airports, ARPA appropriates \$8 billion to assist to prevent, prepare for, and respond to COVID-19, and such amounts remain available until September 30, 2024. ARPA requires that, of the \$8 billion appropriated, not more than \$6.492 billion will be made available for primary airports such as the Airport, for “costs related to operations, personnel, cleaning, sanitation, janitorial services, combating the spread of pathogens at the airport, and debt service payments.” ARPA further appropriates not more than \$608 million to pay a federal share of one hundred percent of the costs for any grant awarded in federal fiscal year 2021 (or in federal fiscal year 2020 with less than a one hundred percent federal share) for any airport redevelopment project, and provides for not more than \$800 million for sponsors of primary airports to provide relief from rent and minimum annual guarantees to airport concessions. To date the Airport has been awarded \$2,757,318 in operational funding and \$167,244 in concession relief funding

NOTE 10: ADOPTION OF CURRENT GASB PRONOUNCEMENTS

For the year ended December 31, 2021, the Airport implemented the following Governmental Accounting Standards Board (GASB) statements; GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, GASB Statement No. 91, *Conduit Debt Obligations*, and GASB Statement No. 93, *Replacement of Interbank Offered Rates*. These statements did not have a material impact on the Airport’s financial statements.

Future GASB pronouncements

In addition, the Airport has reviewed pronouncements which have been issued but not yet implemented. Of those, only GASB Statement No. 87, *Leases* may have a material impact on the Airport. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This statement 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. On May 6, 2020, GASB issued GASB Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*, which postpones GASB 87’s

DURANGO – LA PLATA COUNTY AIRPORT
NOTES TO THE FINANCIAL STATEMENTS

effective date to reporting periods beginning after June 15, 2021. The impact of this pronouncement on the Airport's financial statements is currently being evaluated and has not yet been fully determined.

DURANGO - LA PLATA COUNTY AIRPORT
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET TO ACTUAL (NON-GAAP BUDGETARY BASIS)
For the Year Ended December 31, 2021

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Grants				
Federal	\$ 1,636,700	\$ 2,549,933	\$ 2,029,979	\$ (519,954)
State	129,473	147,338	125,592	(21,746)
Charges for Services	2,567,737	3,240,651	4,177,761	937,110
Passenger Facility Charges	411,300	411,300	814,950	403,650
Customer Facility Charges	245,000	245,000	412,959	167,959
Interest Income	18,000	27	343	316
Miscellaneous	287,950	316,021	303,307	(12,714)
Total Revenues	5,296,160	6,910,270	7,864,891	954,622
EXPENDITURES				
Terminal	3,524,105	3,877,669	3,464,413	413,256
Non-Departmental	-	-	14,115	(14,115)
Capital Outlay	1,318,027	3,387,317	945,959	2,441,358
Total Expenditures	4,842,132	7,264,986	4,424,487	2,840,499
Excess (deficiency) of revenues over expenditures	\$ 454,028	(\$ 354,716)	\$ 3,440,405	(\$ 1,885,877)
 Reconciliation to GAAP				
Revenue to GAAP Basis				
Operating Revenues			\$4,481,068	
Non-Operating Revenues			3,383,823	
Total Actual Revenue Budgetary Basis			7,864,891	
Expense Reconciliation				
Operating Expenses			6,925,252	
Total Expenses GAAP Basis			6,925,252	
Add:				
Capital Outlay			945,959	
Less:				
Depreciation			(3,446,723)	
Subtotal			(2,500,764)	
Total Actual Expenditures Budgetary Basis			\$4,424,488	

DURANGO - LA PLATA COUNTY AIRPORT
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET TO ACTUAL (NON-GAAP BUDGETARY BASIS)
For the Year Ended December 31, 2020

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Grants				
Federal	\$ 1,031,537	\$ 2,131,007	\$ 7,330,304	\$ 5,199,297
State	403,577	1,796,665	517,453	(1,279,212)
Charges for Services	3,926,441	2,483,883	2,615,791	131,908
Passenger Facility Charges	746,025	746,025	411,815	(334,210)
Customer Facility Charges	436,450	436,450	286,242	(150,208)
Interest Income	50,000	170,547	71,238	(99,309)
Miscellaneous	500,007	329,460	353,158	23,698
Gain on Sale of Fixed Asset	-	-	200	200
Total Revenues	7,094,037	8,094,037	11,586,201	3,492,164
EXPENDITURES				
Terminal	3,672,868	4,700,868	3,125,423	1,575,445
Non-Departmental	19,000	19,000	11,438	7,562
Debt Service				
Principal	335,000	3,900,000	3,900,000	-
Interest Expense	134,550	134,550	39,617	94,933
Capital Outlay	1,125,470	4,063,033	4,196,690	(133,657)
Total Expenditures	5,286,888	12,817,451	11,273,168	1,544,283
Excess (deficiency) of revenues over expenditures	\$ 1,807,149	(\$ 4,723,414)	\$ 313,033	\$ 1,947,881
 Reconciliation to GAAP				
Revenue to GAAP Basis				
Operating Revenues			\$ 2,968,949	
Non-Operating Revenues			8,617,252	
Total Actual Revenue Budgetary Basis			11,586,201	
 Expense Reconciliation				
Operating Expenses			6,248,297	
Non-Operating Expenses			39,617	
Total Expenses GAAP Basis			6,287,914	
Add:				
Capital Outlay			4,196,690	
Principal			3,900,000	
Less:				
Depreciation			(3,111,436)	
Subtotal			4,985,254	
Total Actual Expenditures Budgetary Basis			\$ 11,273,168	

DURANGO - LA PLATA COUNTY AIRPORT
SCHEDULE OF PASSENGER FACILITY CHARGES
REVENUES AND EXPENDITURES

For the Year Ended December 31, 2021 and each quarter during
the period from January 1, 2021 through December 31, 2021

Agency/Program Grant Title	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Total
Unexpended passenger facility charges balance, January 1, 2021					\$ 922,594
Passenger facility charges collected	\$ 150,201	\$ 247,546	\$ 239,366	\$ 177,837	814,950
Interest Income	481	211	128	92	911
Passenger facility charges expended Capital Projects	48,472	90,017	45,371	66,509	250,369
Unexpended passenger facility charges					<u>\$ 1,488,086</u>



Independent Auditor’s Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Durango City Council and the La Plata Board of County Commissioners
Durango – La Plata County Airport
Durango, Colorado

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 Durango – La Plata County Airport (the Airport), as of and for the year then ended December 31, 2021, and the related notes to the financial statements, which collectively comprise Durango – La Plata County Airport’s basic financial statements and have issued our report thereon dated September 14, 2022.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Airport'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*.

Purpose of this Report

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

The image shows a handwritten signature in black ink that reads "Eide Bailly LLP". The signature is written in a cursive, flowing style.

Denver, Colorado
September 14, 2022



Independent Auditor’s Report on Compliance with the Passenger Facility Charge Program and on Internal Control over Compliance and on the Schedule of Passenger Facility Charges Earned and Expended

Durango City Council and the La Plata Board of County Commissioners
Durango – La Plata County Airport
Durango, Colorado

Report on Compliance

Opinion on the Airport’s Passenger Facility Charge Program

We have audited the compliance of the Durango – La Plata County Airport’s (the Airport) compliance with the types of requirements described in the Passenger Facility Charge Audit Guide for Public Agencies (the Guide), issued by the Federal Aviation Administration, that could have a direct and material effect on its passenger facility charge program for the quarters ended March 31, 2021, June 30, 2021, September 30, 2021, December 31, 2021 and for the year ended December 31, 2021.

In our opinion, the Airport complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the passenger facility charge program for the quarters ended March 31, 2021, June 30, 2021, September 30, 2021, and December 31, 2021 and for the year ended December 31, 2021.

Basis for Opinion on Airport’s Passenger Facility Charge Program

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

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

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Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to The Airport's passenger facility charge program.

Auditor's Responsibilities for the Audit of Compliance

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

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Guide, we:

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

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

Report on Internal Control over Compliance

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

A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

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

Report on Schedule of Passenger Facility Charges Earned and Expended

We have audited the basic financial statements of the Airport as of and for the year ended December 31, 2021, and have issued our report thereon dated September 14, 2022, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the basic financial statements of the Airport taken as a whole. The accompanying schedule of Passenger Facility Charges Earned and Expended is presented for purposes of additional analysis as specified in the Guide and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Passenger Facility Charges Earned and Expended is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



Denver, Colorado
September 14, 2022