

**Arapahoe County Public Airport Authority**  
(A Component Unit of Arapahoe County, Colorado)

Financial Statements

December 31, 2022 and 2021

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## Independent Auditor's Report

Board of Commissioners  
Arapahoe County Public Airport Authority  
Englewood, Colorado

### Report on the Audit of the Financial Statements

#### **Opinion**

We have audited the financial statements of the Arapahoe County Public Airport Authority (the Authority), a component unit of Arapahoe County, Colorado, as of and for the years ended December 31, 2022 and 2021, and the related notes to the financial statements, which collectively comprise the Authority'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 Authority, as of December 31, 2022 and 2021, and the changes in its financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

#### **Basis for Opinion**

We conducted our audits 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 (*Government Auditing Standards*). 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 Arapahoe County Public Airport Authority, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### **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 Authority's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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 Authority's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for a reasonable period of time.

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

**Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the management’s discussion and analysis 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 audits 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 audits were conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Authority’s basic financial statements. The accompanying budgetary schedules 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 relate 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 GAAS. In our opinion, the budgetary schedules 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 also have issued our report dated May 10, 2023, on our consideration of the Authority’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority’s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority’s internal control over financial reporting and compliance.

**FORVIS,LLP**

Denver, Colorado  
May 10, 2023

**Arapahoe County Public Airport Authority**  
**(A Component Unit of Arapahoe County, Colorado)**  
**Management's Discussion and Analysis**  
**(Unaudited)**  
**Years Ended December 31, 2022 and 2021**

This section of the Arapahoe County Public Airport Authority's (the Authority) annual financial report presents our narrative and analysis of the Authority's financial performance during the years ended December 31, 2022 and 2021, with comparative information for December 31, 2020.

#### FINANCIAL HIGHLIGHTS

- The number of operations decreased from 2021 by 3.63%. The number of gallons of fuel sold remained stable, only increasing by 0.16% from 2021. Building and land rentals increased from 2021 to 2022. Aviation fuel fee revenue increased from 2021 to 2022. Overall, operating revenues for 2022 increased compared to 2021. The Authority's operating expenses exceeded operating revenues in 2022.
- During 2022, a ground lease terminated under its own terms, leading to the Authority taking possession of the Air Plaza facility. This facility was sold during 2022 for a gain of \$14.4 million.
- The Authority was awarded a \$148,000 federal grant in 2021 through the American Rescue Plan Act (ARPA). The grant award was claimed in 2022.
- The Authority was awarded a federal grant of \$8.8 million in 2022 for the rehabilitation of Runway 17R/35L, Taxiway B, North run-up area and construction of a mid-field run-up area. Work on this grant project continues into 2023.
- The assets of the Authority exceeded its liabilities as of December 31, 2022 by \$83.5 million (net position). Of the net position balance, \$30.2 million is unrestricted and available to meet the Authority's ongoing obligations.
- The Authority's 2022 net position increased by \$20.4 million, or 32.43%, from 2021. This is related to the sale of the Air Plaza facility and grant reimbursements.
- The Authority's operating revenues increased by \$1.5 million, or 17.46%, compared to 2021. Operating expenses, less depreciation, increased by \$0.7 million, or 15.05%, compared to 2021. Depreciation expense increased by \$0.1 million, or 1.91%, compared to 2021. This resulted in net operating income of \$4.1 million, before other nonoperating revenue, nonoperating expense, depreciation, grants, and capital contributions in 2022.
- In 2022, the Authority had a loan outstanding at year-end for construction of the Aviation Community & Administrative Facility in the amount of \$5.0 million. Construction of this building was completed in 2020.
- During 2022, the Authority made capital investments of \$7.0 million.

**Arapahoe County Public Airport Authority**  
**(A Component Unit of Arapahoe County, Colorado)**  
**Management’s Discussion and Analysis (Continued)**  
**(Unaudited)**  
**Years Ended December 31, 2022 and 2021**

[OVERVIEW OF THE FINANCIAL STATEMENTS](#)

This annual report is comprised of three parts:

- Management’s discussion and analysis
- Financial statements and notes to the financial statements
- Supplementary information

[REQUIRED FINANCIAL STATEMENTS](#)

The Authority’s financial statements report information about the Authority 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 provide information about the nature and amounts of investments in resources (assets) and obligations to Authority creditors (liabilities) and deferred inflows of resources. It also provides the basis for computing the rate of return, evaluating the capital structure of the Authority and assessing the liquidity and financial flexibility of the Authority.

**Statements of Revenues, Expenses and Changes in Position**

The statements measure the results of the Authority’s operations over the past year and can be used to determine whether the Authority has successfully recovered all its costs through its lease revenue, fuel fees, fuel taxes and other user fee revenues.

**Statements of Cash Flows**

The primary purpose of the statements of cash flows is to report cash receipts, cash payments and net changes in cash resulting from operating, investing, and capital and related financing activities.

**Arapahoe County Public Airport Authority**  
**(A Component Unit of Arapahoe County, Colorado)**  
**Management’s Discussion and Analysis (Continued)**  
**(Unaudited)**  
**Years Ended December 31, 2022 and 2021**

FINANCIAL ANALYSIS OF THE AUTHORITY

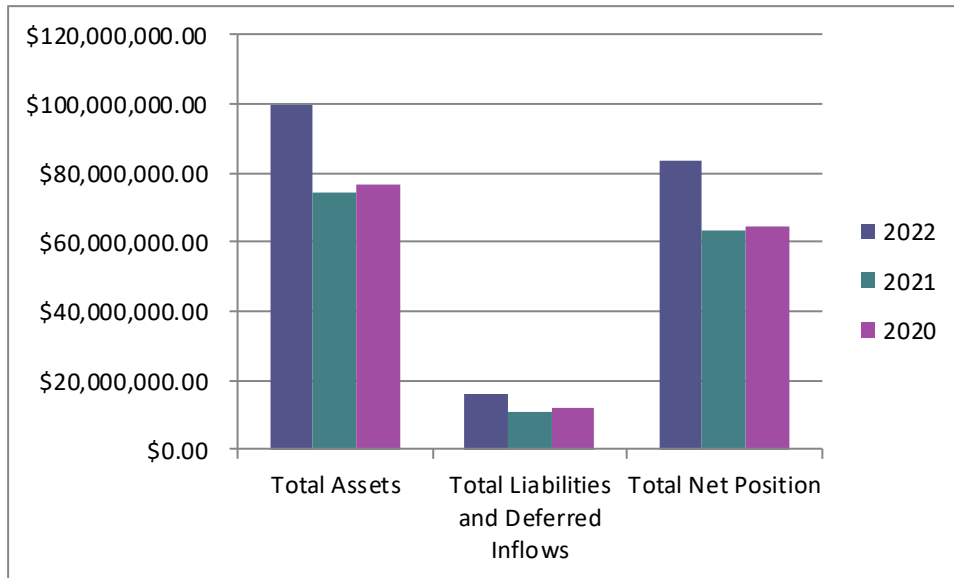
NET POSITION

**Condensed Statements of Net Position**

	<b>December 31,</b>		
	<b>2022</b>	<b>2021</b>	<b>2020</b>
Current assets	\$ 30,683,822	\$ 12,620,473	\$ 11,116,675
Capital assets	59,312,066	57,153,760	60,695,716
Other assets	9,549,064	4,438,632	4,679,004
<b>Total assets</b>	<b>99,544,952</b>	<b>74,212,865</b>	<b>76,491,395</b>
Current liabilities	2,163,693	1,557,826	1,808,884
Noncurrent liabilities	4,490,145	5,846,104	6,525,267
<b>Total liabilities</b>	<b>6,653,838</b>	<b>7,403,930</b>	<b>8,334,151</b>
Deferred inflows of resources	9,337,809	3,718,530	3,845,087
Net investment in capital assets	53,359,493	51,096,383	53,811,062
Unrestricted	30,193,812	11,994,022	10,501,095
<b>Total net position</b>	<b>\$ 83,553,305</b>	<b>\$ 63,090,405</b>	<b>\$ 64,312,157</b>

**Arapahoe County Public Airport Authority**  
**(A Component Unit of Arapahoe County, Colorado)**  
**Management’s Discussion and Analysis (Continued)**  
**(Unaudited)**  
**Years Ended December 31, 2022 and 2021**

**Comparison of Condensed Statements of Net Position**



2022

As can be seen from the condensed statements of net position and the chart above, the total net position increased by \$20.4 million in 2022 to \$83.5 million. This is up from \$63.1 million in 2021. The chart also shows that the 2022 change in net position is a result of the changes in total assets which increased by \$25.3 million and total liabilities and deferred inflows of resources, which increased by \$4.9 million. Total assets increased primarily from grants and contributions and a significant gain on the sale of the Air Plaza facility. Total liabilities and deferred inflows of resources increased primarily due to a new lease which increases deferred inflows of resources.

2021

As can be seen from the condensed statements of net position and the chart above, the total net position decreased by \$1.2 million in 2021 to \$63.1 million. This is down from \$64.3 million in 2020. The chart also shows that the 2021 change in net position is a result of the changes in total assets which decreased by \$2.3 million and total liabilities and deferred inflows of resources, which decreased by \$1.1 million. Total assets decreased from expenses exceeding revenues, primarily from limited grants and contributions. Total liabilities and deferred inflows of resources decreased primarily due to the payment of long-term debt.

**Arapahoe County Public Airport Authority**  
**(A Component Unit of Arapahoe County, Colorado)**  
**Management’s Discussion and Analysis (Continued)**  
**(Unaudited)**  
**Years Ended December 31, 2022 and 2021**

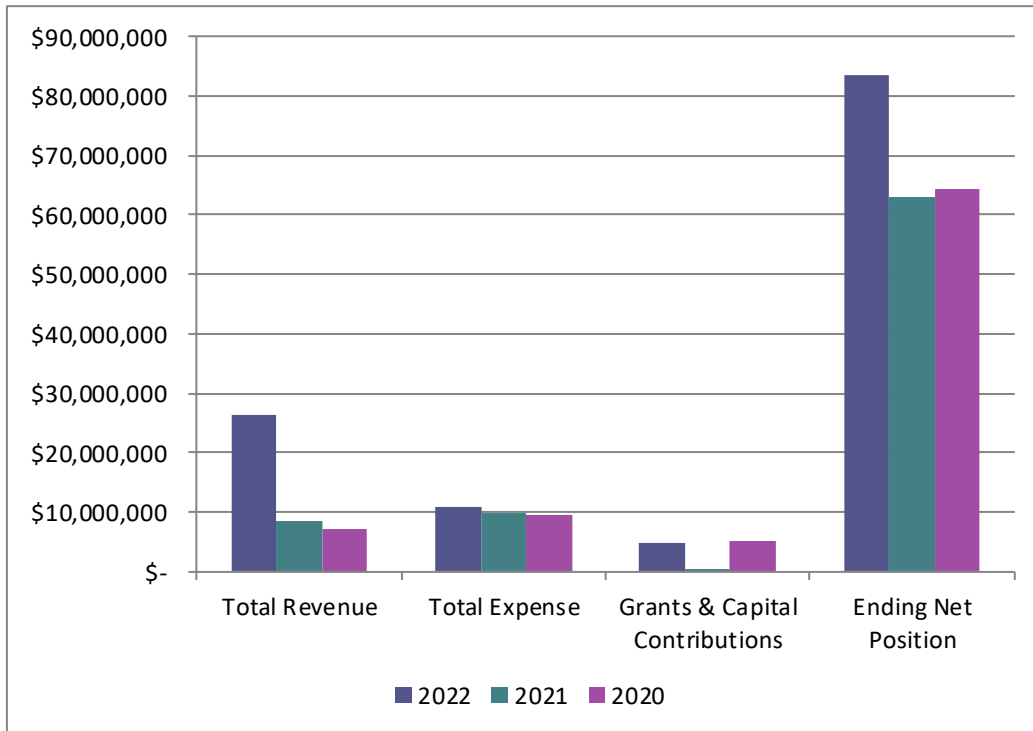
**REVENUES, EXPENSES AND CHANGES IN NET POSITION**

**Condensed Statements of Revenues, Expenses and Changes in Net Position**

	<b>Years Ended December 31,</b>		
	<b>2022</b>	<b>2021</b>	<b>2020</b>
Operating revenues	\$ 9,831,508	\$ 8,370,045	\$ 6,984,650
Nonoperating revenues	16,407,411	109,201	233,858
<b>Total revenues</b>	<b>26,238,919</b>	<b>8,479,246</b>	<b>7,218,508</b>
Depreciation expense	4,868,088	4,776,724	4,738,900
Other operating expenses	5,694,675	4,949,753	4,514,013
Nonoperating expenses	140,019	162,969	190,648
<b>Total expenses</b>	<b>10,702,782</b>	<b>9,889,446</b>	<b>9,443,561</b>
<b>Grants and capital contributions</b>	<b>4,926,763</b>	<b>188,448</b>	<b>5,184,551</b>
<b>Change in net position</b>	<b>20,462,900</b>	<b>(1,221,752)</b>	<b>2,959,498</b>
Beginning net position	63,090,405	64,312,157	61,352,659
<b>Ending net position</b>	<b>\$ 83,553,305</b>	<b>\$ 63,090,405</b>	<b>\$ 64,312,157</b>

**Arapahoe County Public Airport Authority**  
**(A Component Unit of Arapahoe County, Colorado)**  
**Management’s Discussion and Analysis (Continued)**  
**(Unaudited)**  
**Years Ended December 31, 2022 and 2021**

**Comparison of Revenues, Expenses, Grants and Fund Net Position**



2022

While the statement of net position shows the change in net position, the statement of revenues, expenses and changes in net position provides answers as to the nature and source of these changes. As can be seen in the condensed statements of revenues, expenses and changes in net position as well as the chart above, ending net position increased by \$20.4 million in 2022. This is primarily from grants and contributions and a significant gain from the sale of the Air Plaza facility in 2022.

2021

While the statement of net position shows the change in net position, the statement of revenues, expenses and changes in net position provides answers as to the nature and source of these changes. As can be seen in the condensed statements of revenues, expenses and changes in net position as well as the chart above, ending net position decreased in 2021. This is due to limited grants and capital contributions received in 2021.

**Arapahoe County Public Airport Authority**  
**(A Component Unit of Arapahoe County, Colorado)**  
**Management’s Discussion and Analysis (Continued)**  
**(Unaudited)**  
**Years Ended December 31, 2022 and 2021**

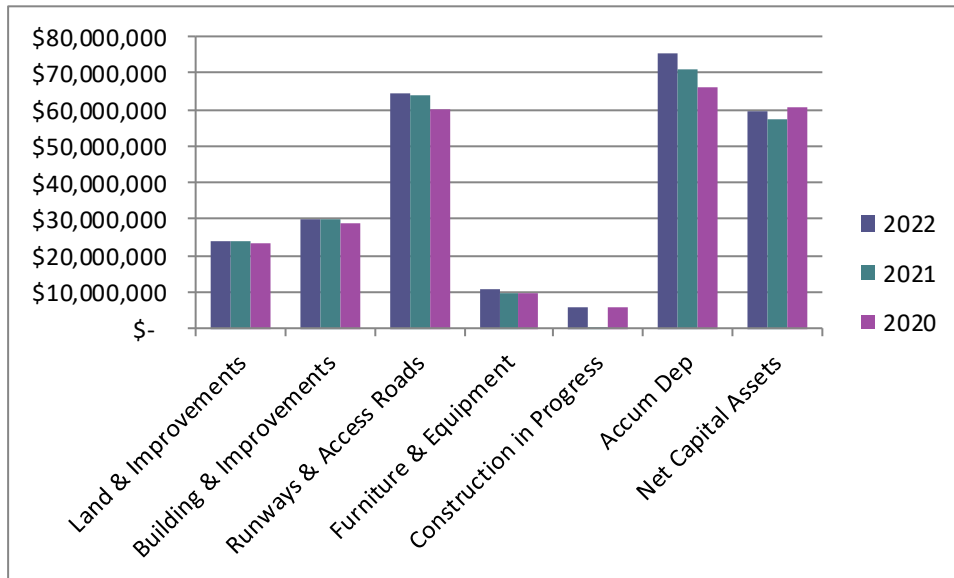
**CAPITAL ASSETS**

During 2022, the Authority invested \$7.0 million in a broad range of capital improvements. As shown in the following schedule and chart, the Authority continues to maintain and improve its infrastructure and equipment to meet the demands of the second busiest general aviation airport in the nation. During 2021, the Authority invested \$1.2 million in a broad range of capital improvements.

	<b>Capital Assets</b>		
	<b>December 31,</b>		
	<b>2022</b>	<b>2021</b>	<b>2020</b>
Land and site improvements	\$ 23,849,953	\$ 23,849,953	\$ 23,170,565
Buildings and improvements	29,926,689	29,806,610	28,667,620
Runways, taxiways and ramps	64,545,420	64,075,027	59,848,613
Furniture and equipment	10,776,810	9,823,466	9,585,502
Construction in progress	5,802,126	617,034	5,682,354
<b>Subtotal</b>	<b>134,900,998</b>	<b>128,172,090</b>	<b>126,954,654</b>
Less accumulated depreciation	75,588,932	71,018,330	66,258,938
<b>Net capital assets</b>	<b>\$ 59,312,066</b>	<b>\$ 57,153,760</b>	<b>\$ 60,695,716</b>

**Arapahoe County Public Airport Authority**  
**(A Component Unit of Arapahoe County, Colorado)**  
**Management’s Discussion and Analysis (Continued)**  
**(Unaudited)**  
**Years Ended December 31, 2022 and 2021**

**Comparison of Capital Assets**



**Major Improvements to the Airport in 2022:**

- Airport improvements implemented with grant funds included:
  - Work on the rehabilitation of Runway 17R/35L, Taxiway B, North Run-up, and construction of a Mid-field Run-up
  - Completion of the electric vehicle charging station
- Other major capital investments during the year included:
  - South Metro Fire Rescue ARFF Equipment
  - Design work for the expansion of the snow removal equipment maintenance facility
  - Airfield seal coat, striping and rubber removal
  - Taxiway grooving and RWIS improvements
  - Upgrade security gates and cameras
  - Upgrade computers, software and servers
  - Gate One driveway improvements
  - Airport vehicles
  - Upgrade ramp lighting to LED
  - Design work for perimeter fence upgrade
  - Furniture and fixtures
  - Various other equipment

**Arapahoe County Public Airport Authority**  
**(A Component Unit of Arapahoe County, Colorado)**  
**Management's Discussion and Analysis (Continued)**  
**(Unaudited)**  
**Years Ended December 31, 2022 and 2021**

**LONG-TERM DEBT**

At the end of 2022 and 2021, the Authority had total debt outstanding of \$5,034,813 and \$5,803,788, respectively. This amount represents a note that is secured by the deed of trust on the building financed with the loan proceeds.

**BUDGETARY HIGHLIGHTS**

As required by State Law, the Authority adopts a budget and appropriates funds for the following year by December 15th of each year. If an amendment is necessary, the Board will approve a supplemental appropriation at a public hearing and file it with the State of Colorado. There were no supplemental appropriations in 2022. The Authority's budget to actual statements are included as supplementary information to the audited financial statements.

The total revenue in 2022 was \$2.1 million greater than budgeted primarily due to:

- Building and land rentals were greater than budgeted. Fuel and aircraft parking fees were greater than budgeted.
- Investment income was greater than budgeted. Asset sale proceeds were significantly greater than budgeted.
- Other operating and non-operating income was greater than budget. The Uniform Guidance Finding 2016-001 was settled.

The following revenue areas were less than budgeted during 2022:

- FAA grant reimbursements were less than budgeted
- Other airport operator fees, particularly construction fees, were less than budgeted

The total expenditures in 2022 were \$20.6 million less than budgeted primarily due to:

- Lower capital expenditures related to Federal Aviation Administration (FAA) grants than budgeted
- Lower non grant capital expenditures than budgeted
- Operating expenses were slightly greater than budgeted

**ECONOMIC FACTORS**

- High uncertainty continues to surround the global economic outlook, primarily related to the Russia-Ukraine war as well as the recovery from the COVID-19 pandemic. Additionally, high inflation and supply chain issues continue to impact the global economy. The *IMF World Economic Outlook Update (4/2023)* estimates 3.4 percent growth of the global economy in 2022 and projects the global economy to grow 2.8 percent in 2023. Advanced economies are expected to see an especially pronounced growth slowdown, from 2.7 percent in 2022 to 1.3 percent in 2023. The global economic outlook depends on the path of the Russia-Ukraine war, high inflation, supply chain disorder, and the policies and actions taken to counteract these issues.

**Arapahoe County Public Airport Authority**  
**(A Component Unit of Arapahoe County, Colorado)**  
**Management’s Discussion and Analysis (Continued)**  
**(Unaudited)**  
**Years Ended December 31, 2022 and 2021**

- The national unemployment rate, according to the *Bureau of Labor Statistics Data*, decreased during 2022 compared to 2021. The rate at the end of 2022 was 3.5%, which was lower than the 3.9% rate at the end of 2021, which was lower than the 6.7% rate at the end of 2020. The highest unemployment rate during the pandemic was 14.7% in April 2020.
- Inflation continued to be a significant concern during 2022. According to the *Bureau of Labor Statistics Data*, the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) increased by 6.3% at the end of 2022 compared to 2021.
- The Authority continues to be eligible for FAA grants. New grants awarded in 2023 under the Airport Improvement Program are expected to require a ten percent match.
- Most major airport tenants are well capitalized and are continuing to recover from the impact of the pandemic
- The Authority will monitor any businesses that may be adversely impacted by the economic fallout of the pandemic

In 2022, business activity continued to rebound. The Authority’s income streams have seen improvement and strong performance is expected in 2023. Liquidity is expected to remain stable. The Authority has sufficient cash reserves to maintain the status quo but is prepared to make adjustments when necessary. The Authority is keeping expenses in line with the revenue stream.

**CONTACT INFORMATION**

If you have questions or need additional information please contact:

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**Arapahoe County Public Airport Authority**  
**(A Component Unit of Arapahoe County, Colorado)**  
**Statements of Net Position**  
**December 31, 2022 and 2021**

**Assets**

	<u>2022</u>	<u>2021</u>
<b>Current Assets</b>		
Cash and cash equivalents	\$ 28,062,590	\$ 10,864,704
Receivables		
Leases	69,133	134,508
Trade	609,752	924,033
Grants	917,896	52,152
Note	6,421	6,048
Due from other governments	367,128	290,887
Interest	92,046	33,575
Prepaid expenses	<u>558,856</u>	<u>314,566</u>
Total current assets	<u>30,683,822</u>	<u>12,620,473</u>
<b>Noncurrent Assets</b>		
Capital assets		
Nondepreciable	28,626,289	23,441,197
Depreciable	<u>106,274,709</u>	<u>104,730,893</u>
Total capital assets	134,900,998	128,172,090
Accumulated depreciation	<u>(75,588,932)</u>	<u>(71,018,330)</u>
Net capital assets	<u>59,312,066</u>	<u>57,153,760</u>
Other assets		
Investments restricted for deferred compensation plan	232,377	800,176
Lease receivable - long-term	9,268,675	3,584,023
Note receivable - long-term	<u>48,012</u>	<u>54,433</u>
Total other assets	<u>9,549,064</u>	<u>4,438,632</u>
Total noncurrent assets	<u>68,861,130</u>	<u>61,592,392</u>
Total assets	<u>\$ 99,544,952</u>	<u>\$ 74,212,865</u>

**Arapahoe County Public Airport Authority**  
**(A Component Unit of Arapahoe County, Colorado)**  
**Statements of Net Position (Continued)**  
**December 31, 2022 and 2021**

**Liabilities**

	<b>2022</b>	<b>2021</b>
<b>Current Liabilities</b>		
Accounts and contracts payable	\$ 1,042,465	\$ 450,183
Accrued liabilities	109,322	92,200
Accrued interest payable	73,798	85,069
Unearned revenue	36,938	39,990
Compensated absences	112,970	121,409
Note payable	788,200	768,975
Total current liabilities	2,163,693	1,557,826
<b>Noncurrent liabilities</b>		
Note payable, less current maturities	4,246,613	5,034,813
Deferred compensation plan liability	232,377	800,176
Deposits	11,155	11,115
Total noncurrent liabilities	4,490,145	5,846,104
Total liabilities	6,653,838	7,403,930
<b>Deferred Inflows of Resources</b>		
Leases	9,337,809	3,718,530
<b>Net Position</b>		
Net investment in capital assets	53,359,493	51,096,383
Unrestricted	30,193,812	11,994,022
Total net position	\$ 83,553,305	\$ 63,090,405

**Arapahoe County Public Airport Authority**  
**(A Component Unit of Arapahoe County, Colorado)**  
**Statements of Revenues, Expenses and Changes in Net Position**  
**Years Ended December 31, 2022 and 2021**

	<u>2022</u>	<u>2021</u>
Operating revenues		
Building and land rental	\$ 3,905,162	\$ 3,086,990
Fuel and aircraft parking fees	4,662,644	3,967,004
Concession fees	286,323	248,469
Other airport operator fees	124,074	369,490
Custom fees	450,764	345,718
Other operating revenues	<u>402,541</u>	<u>352,374</u>
Total operating revenues	<u>9,831,508</u>	<u>8,370,045</u>
Operating expenses		
Depreciation	4,868,088	4,776,724
Salaries and related payroll expenses	2,807,170	2,709,352
Maintenance, repairs and operating supplies	963,202	734,128
Customs expense	356,606	388,518
Telephone and utilities	470,788	469,984
Insurance	180,726	156,299
Public relations	64,255	55,112
Travel and meetings	88,350	64,898
Firefighting services	14,275	2,279
Legal	37,408	61,890
Accounting and audit	41,780	57,900
Noise expense	127,237	107,600
Office expense	505,302	81,649
Office and equipment expense	26,671	32,825
Miscellaneous	<u>10,905</u>	<u>27,319</u>
Total operating expenses	<u>10,562,763</u>	<u>9,726,477</u>
Operating income (loss)	<u>(731,255)</u>	<u>(1,356,432)</u>

**Arapahoe County Public Airport Authority**  
**(A Component Unit of Arapahoe County, Colorado)**  
**Statements of Revenues, Expenses and Changes in Net Position (Continued)**  
**Years Ended December 31, 2022 and 2021**

	<u>2022</u>	<u>2021</u>
Nonoperating revenues (expenses)		
Investment income	199,032	11,738
Lease interest income	150,745	94,087
Interest expense	(133,730)	(152,854)
Gain on disposition of asset sale	14,441,286	115
Centennial Airport Foundation income	4,450	3,376
Centennial Airport Foundation expense	(6,289)	(10,230)
Recovery of airport funds	1,611,898	-
	<u>16,267,392</u>	<u>(53,768)</u>
Total nonoperating revenues (expenses)		
	15,536,137	(1,410,200)
Gain (loss) before grants and capital contributions		
Grants and capital contributions	<u>4,926,763</u>	<u>188,448</u>
Change in net position	20,462,900	(1,221,752)
Total net position, beginning of year	<u>63,090,405</u>	<u>64,312,157</u>
Total net position, end of year	<u>\$ 83,553,305</u>	<u>\$ 63,090,405</u>

**Arapahoe County Public Airport Authority**  
**(A Component Unit of Arapahoe County, Colorado)**  
**Statements of Cash Flows**  
**Years Ended December 31, 2022 and 2021**

	<b>2022</b>	<b>2021</b>
<b>Cash Flows From Operating Activities</b>		
Cash received		
Services provided	\$ 6,165,827	\$ 5,310,715
Building and land rentals	3,905,162	3,086,990
Cash payments		
Suppliers of goods and services	(3,209,972)	(2,149,377)
Employees for services	(2,798,487)	(2,708,839)
	<u>4,062,530</u>	<u>3,539,489</u>
<b>Cash Flows From Capital and Related Financing Activities</b>		
Acquisition of capital assets	(6,116,541)	(984,534)
Recovery of airport funds	1,611,898	-
Payment of payables incurred for capital asset acquisition	(253,589)	(636,575)
Interest paid on long-term debt	(145,001)	(163,851)
Proceeds from grants and capital contributions	4,061,019	525,877
Principal paid on notes payable	(768,975)	(750,220)
Proceeds from disposition of assets (costs incurred)	(249,132)	3,473
Proceeds from sale of assets held for sale	14,698,323	-
	<u>12,838,002</u>	<u>(2,005,830)</u>
<b>Cash Flows From Investing Activities</b>		
Interest received	199,032	11,738
Lease interest income	92,274	95,489
Note receivable	6,048	5,697
	<u>297,354</u>	<u>112,924</u>
<b>Net Increase in Cash and Cash Equivalents</b>	<u>17,197,886</u>	<u>1,646,583</u>
<b>Cash and Cash Equivalents, Beginning of Year</b>	<u>10,864,704</u>	<u>9,218,121</u>
<b>Cash and Cash Equivalents, End of Year</b>	<u>\$ 28,062,590</u>	<u>\$ 10,864,704</u>

**Arapahoe County Public Airport Authority**  
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**Statements of Cash Flows (Continued)**  
**Years Ended December 31, 2022 and 2021**

	<b>2022</b>	<b>2021</b>
<b>Reconciliation of Operating Income (Loss) to Net</b>		
<b>Cash Provided By Operating Activities</b>		
Operating gain (loss)	\$ (731,255)	\$ (1,356,432)
Depreciation expense	4,868,088	4,776,724
Foundation activity	(1,839)	(6,854)
Changes in operating assets and liabilities		
Accounts receivable	238,040	8,589
Prepaid expenses	(244,290)	(6,725)
Accounts payable	(71,885)	107,554
Accrued liabilities	17,122	17,037
Compensated absences	(8,439)	(16,524)
Deposits	40	20
Unearned revenue	(3,052)	16,100
	<u>\$ 4,062,530</u>	<u>\$ 3,539,489</u>
Net cash provided by operating activities	<u>\$ 4,062,530</u>	<u>\$ 3,539,489</u>
 <b>Supplemental Cash Flows Information</b>		
 <b>Noncash Capital and Related Financing Activities</b>		
Accounts payable incurred for purchase of capital assets	\$ 472,386	\$ 253,589
Earned retainage	\$ 445,374	\$ -

**Arapahoe County Public Airport Authority**  
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**Notes to the Financial Statements**  
**December 31, 2022 and 2021**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Reporting Entity**

Arapahoe County Public Airport Authority (the Authority) is governed pursuant to the provisions of the Colorado Public Airport Authority Act. The Authority operates Centennial Airport, which is located in Arapahoe and Douglas Counties. The Authority was formed for the statutory purposes of acquiring and improving an airport, air navigational facilities, related facilities and for financing the cost of such acquisitions and improvements.

Governmental Accounting Standards Board (GASB) Statement No. 61, *The Financial Reporting Entity: Omnibus – An Amendment of GASB Statements 14 and 39*, provides reporting guidance for blending a component unit when the primary government is a business-type activity that uses a single column presentation for financial reporting. GASB Statements No. 14, *The Financial Reporting Entity* and No. 39, *Determining Whether Certain Organizations Are Component Units – an Amendment of GASB Statement No. 14*, require governmental entities, which exercise oversight responsibility and control over other government units, to include those units in their financial statements. Oversight responsibility includes, but is not limited to, selection of the governing authority, ability to significantly influence operations, financial interdependency and accountability for fiscal matters.

The Authority exercises oversight responsibility over the Centennial Airport Foundation (CAF), and the Board of Directors of CAF is composed of all five voting members of the Authority’s Board of Commissioners; therefore, CAF is blended into the Authority’s financial statements. Separate financial statements are not prepared. CAF’s primary goal is to disburse funds raised each year to eligible not-for-profit entities, schools, colleges, universities and affiliated foundations to support aviation education. CAF received a determination letter from the IRS for Section 501(c)(3) tax-exempt status on April 16, 2007. Following is the condensed financial information of CAF:

	<b>2022</b>	<b>2021</b>
Assets	\$ 38,926	\$ 40,765
Liabilities	-	-
Net Position	\$ 38,926	\$ 40,765
Revenue	\$ 4,450	\$ 3,376
Expenses	6,289	10,230
Change in Net Position	\$ (1,839)	\$ (6,854)

The Authority is a component unit of Arapahoe County, Colorado (the County).

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**Measurement Focus and Basis of Accounting**

The Authority is accounted for as a proprietary enterprise fund. The enterprise fund is used since the Authority is operated in a manner similar to a private entity when net income and capital maintenance are appropriate determinations of accountability. The Authority's records are maintained on the accrual basis of accounting. Revenue is recognized when earned. 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 payment of lease obligations are recorded as a reduction in the related liability. Capital grant proceeds are recognized as a component of other income when the qualifying expenditures under the specific grant are incurred.

**Operating Revenues and Expenses**

The Authority 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 Authority's principal ongoing operations. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

**Budgets**

In accordance with the State Budget Law, the Authority's Board of Commissioners holds public hearings in the fall of each year to approve the budget and appropriate the funds for the ensuing year. The Authority's Board of Commissioners can modify the budget by line item within the total appropriation without notification. The appropriation can only be modified upon completion of notification and publication requirements. The appropriation is at the total fund expenditures level and lapses at year-end.

**Investments**

Investments in debt securities and certificates of deposit are carried at fair value based on fair market values as reported by the asset custodian. Investments restricted for the deferred compensation plan are mutual funds that are carried at fair value. Investments in local government investment pools are carried at net asset value per share.

**Leases**

The Authority, as lessor, reports its leases in accordance with the provisions of GASB Statement No. 87, *Leases*.

Leases are contracts that convey control of the right to use another entity's nonfinancial asset (the underlying asset) as specified in the contract for a period of time in an exchange or exchange-like transaction. The lease term is the period of time where there is a noncancelable right to use the underlying asset. For regulated lessor contracts, the Authority recognizes inflows of resources (revenues) based on the payment provisions of the lease contract. For non-regulated lessor contracts, lease receivables and deferred inflows of resources are reported at present value using the stated interest rate in the contract if that is the rate charged the lessee. If

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there is no stated rate, or the stated rate is not used to charge the lessee, then the rate implicit in the lease is used, if determinable, otherwise the Authority's own incremental borrowing rate is the discount rate.

**Capital Assets**

Capital assets are recorded at cost except for certain vehicles and land parcel, which have been contributed to the Authority. The contributed assets are stated at their acquisition value at the date of contribution. The Authority capitalizes all assets with an original cost of \$1,000 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	20–40 years
Runways and access roads	10 years
Furniture and equipment	3–10 years

**Compensated Absences**

The Authority has a policy which allows employees to accumulate unused vacation benefits up to a maximum of 224 hours. Compensated absences are recognized as current salary costs when earned.

**Operating Revenues**

The Authority generates the majority of its revenues through rental agreements with operators for land and buildings rented from the Authority, option payments for rent and other management and use fees. The fixed base operators may enter into sub-lease arrangements with concessionaires such as automobile rental companies. The concessionaires pay fees to the Authority based upon a percentage of their revenues.

One large fixed based operator (FBO) accounted for 17% and 23% of total operating revenues for the years ended December 31, 2022 and 2021, respectively. In addition, this same FBO accounts for 28% and 23% of year-end accounts receivable at December 31, 2022 and 2021, respectively.

**Cash and Cash Equivalents**

For purposes of the statements of cash flows, the Authority considers all cash on hand, cash on deposit and money market accounts available for immediate withdrawal and unrestricted investments with the Colorado Local Government Liquid Asset Trust (COLOTRUST), a highly liquid local government investment pool, to be cash and cash equivalents.

**Arapahoe County Public Airport Authority**  
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**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, liabilities, and deferred inflows of resources and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**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 Deposit Insurance Corporation (FDIC) levels must be collateralized. The eligible collateral is determined by the PDPA, which 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 equal to the 102% aggregate uninsured deposits.

The Authority has noninterest-bearing transaction accounts which are covered under the FDIC Temporary Liquidity Unlimited Coverage for noninterest-bearing transaction accounts program. FDIC insurance limits as of December 31, 2022 and 2021 is \$250,000.

**Custodial Credit Risk**

Custodial credit risk is the risk that in the event of failure of the custodian, the Authority may not be able to recover the value of deposits that are in the possession of a third party. The Authority does not have a deposit policy for custodial credit risk.

At December 31, 2022 and 2021, the Authority’s cash deposits and cash on hand had carrying balances of \$2,247,195 and \$998,256, respectively. The bank balances were as follows:

	<b>2022</b>	<b>2021</b>
Insured or collateralized deposits	\$ 1,073,171	\$ 1,048,999

**Investments**

Colorado statutes specify investment instruments meeting defined rating and risk criteria in which local governments may invest, which include:

- Obligations of the United States and certain U.S. government agency securities
- Certain international agency securities
- General obligation and revenue bonds of U.S. local government entities
- Bankers’ acceptances of certain banks

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- Commercial paper limited to securities with highest rating category by at least one nationally recognized rating agency at time of purchase
- Written repurchase agreements collateralized by certain authorized securities
- Certain money market funds
- Guaranteed investment contracts
- Local government investment pools

The Authority had the following investments at December 31, 2022:

<b>Investment Type</b>	<b>Maturity</b>	<b>Fair Value</b>
COLOTRUST (unrestricted)	N/A	<u>\$ 25,815,395</u>
Total investments		<u>\$ 25,815,395</u>
Statement of net position classification		
Cash and cash equivalents		<u>\$ 25,815,395</u>
Total		<u>\$ 25,815,395</u>

The Authority had the following investments at December 31, 2021:

<b>Investment Type</b>	<b>Maturity</b>	<b>Fair Value</b>
COLOTRUST (unrestricted)	N/A	<u>\$ 9,866,448</u>
Total investments		<u>\$ 9,866,448</u>
Statement of net position classification		
Cash and cash equivalents		<u>\$ 9,866,448</u>
Total		<u>\$ 9,866,448</u>

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**Recurring Measurements**

The Authority categorizes its fair value measurements 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; Level 3 inputs are significant unobservable inputs.

The Authority had no recurring fair value measurements as of December 31, 2022.

**Investment Risk Factors**

There are many factors that can affect the value of investments, some of which are custodial credit risk, credit risk, interest rate risk and foreign currency risk. The Authority follows Colorado State Statutes for investing. The Authority's investment portfolio consists of certificates of deposit which vary in maturity, all of which exceed three months.

As of December 31, 2022 and 2021, the Authority had \$25,815,395 and \$9,866,448, respectively, invested in COLOTRUST (the Trust); an investment vehicle established for local government entities in Colorado to pool surplus funds. COLOTRUST offers shares in two portfolios, COLOTRUST PRIME and COLOTRUST PLUS+. The Trust is a local government investment pool with a stable net asset value. The State Securities Commissioner administers and enforces all state statutes governing the Trust. The Trust operates similarly to a money market fund and each share is equal in value to \$1.00, although not guaranteed. Investment objectives and strategies focus on safety, liquidity, transparency, and competitive yields through investment in a diversified portfolio of short-term marketable securities. The Trust may invest in U.S. Treasury securities and repurchase agreements collateralized by U.S. Treasury securities and certain obligations of U.S. government agencies. The Trust does not have any limitations or restrictions on participant withdrawals. COLOTRUST is not subject to custodial risk, interest rate risk or foreign currency risk.

A designated custodial bank serves as custodian for COLOTRUST's portfolios pursuant to a custodian agreement. The custodian acts as a safekeeping agent for COLOTRUST's investment portfolios and provides services as the depository in connection with direct investments and withdrawals. The custodian's internal records segregate investments owned by COLOTRUST.

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The risk is evidenced by a rating issued by a nationally recognized statistical rating organization (NRSRO), which regularly rates such obligations. The Authority has no investment policy that would limit its investment choices.

COLOTRUST PRIME and COLOTRUST PLUS+ were rated AAAM by Standard and Poor's as of December 31, 2022 and 2021, respectively.

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Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of the investment in a single issuer. Pooled investments and direct obligations of the U.S. government are exempt from concentration of credit risk disclosure. The Authority places no limit on the amount that may be invested in any one issuer.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. 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.

At December 31, 2022 and 2021, the cash and investments are reflected on the Statements of Net Position as follows:

	<b>2022</b>	<b>2021</b>
Cash and cash equivalents, unrestricted	\$ 28,062,590	\$ 10,864,704
Total cash and investments	\$ 28,062,590	\$ 10,864,704

At December 31, 2022 and 2021, cash and cash equivalents are comprised of the following:

	<b>2022</b>	<b>2021</b>
Cash deposits, certificates of deposits, money markets and cash on hand	\$ 2,247,195	\$ 998,256
COLOTRUST	25,815,395	9,866,448
Total cash and cash equivalents	\$ 28,062,590	\$ 10,864,704

**Arapahoe County Public Airport Authority**  
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**NOTE 3 – CAPITAL ASSETS**

A summary of changes to capital assets for the year ended December 31, 2022 follows:

	<b>Balance 12/31/2021</b>	<b>Additions</b>	<b>Deletions</b>	<b>Transfers</b>	<b>Balance 12/31/2022</b>
<b>Capital Assets, Not Depreciated</b>					
Construction in progress	\$ 617,034	\$ 5,791,049	\$ -	\$ (605,957)	\$ 5,802,126
Land	21,824,163	-	-	-	21,824,163
Restrictive covenant on land	1,000,000	-	-	-	1,000,000
Total capital assets, not depreciated	<u>23,441,197</u>	<u>5,791,049</u>	<u>-</u>	<u>(605,957)</u>	<u>28,626,289</u>
<b>Capital Assets, Being Depreciated</b>					
Site improvements	1,025,790	-	-	-	1,025,790
Buildings and improvements	29,806,610	10,982	26,467	135,564	29,926,689
Runways, taxiways and ramps	64,075,027	-	-	470,393	64,545,420
Furniture and equipment	9,823,466	1,231,618	278,274	-	10,776,810
Total capital assets, being depreciated	<u>104,730,893</u>	<u>1,242,600</u>	<u>304,741</u>	<u>605,957</u>	<u>106,274,709</u>
<b>Accumulated Depreciation</b>					
Site improvements	(745,382)	(26,004)	-	-	(771,386)
Buildings and improvements	(16,958,790)	(667,394)	(19,586)	-	(17,606,598)
Runways, taxiways and ramps	(45,293,879)	(3,545,779)	-	-	(48,839,658)
Furniture and equipment	(8,020,279)	(628,912)	(277,901)	-	(8,371,290)
Total accumulated depreciation	<u>(71,018,330)</u>	<u>(4,868,089)</u>	<u>(297,487)</u>	<u>-</u>	<u>(75,588,932)</u>
Net capital assets, being depreciated	<u>33,712,563</u>	<u>(3,625,489)</u>	<u>7,254</u>	<u>605,957</u>	<u>30,685,777</u>
Total capital assets, net	<u><u>\$ 57,153,760</u></u>	<u><u>\$ 2,165,560</u></u>	<u><u>\$ 7,254</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 59,312,066</u></u>

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

	<b>Balance 12/31/2020</b>	<b>Additions</b>	<b>Deletions</b>	<b>Transfers</b>	<b>Balance 12/31/2021</b>
<b>Capital Assets, Not Depreciated</b>					
Construction in progress	\$ 5,682,354	\$ 788,873	\$ -	\$ (5,854,193)	\$ 617,034
Land	21,154,689	-	-	669,474	21,824,163
Restrictive covenant on land	1,000,000	-	-	-	1,000,000
Total capital assets, not depreciated	<u>27,837,043</u>	<u>788,873</u>	<u>-</u>	<u>(5,184,719)</u>	<u>23,441,197</u>
<b>Capital Assets, Being Depreciated</b>					
Site improvements	1,015,876	9,914	-	-	1,025,790
Buildings and improvements	28,667,620	17,600	-	1,121,390	29,806,610
Runways, taxiways and ramps	59,848,613	163,085	-	4,063,329	64,075,027
Furniture and equipment	9,585,502	258,654	20,690	-	9,823,466
Total capital assets, being depreciated	<u>99,117,611</u>	<u>449,253</u>	<u>20,690</u>	<u>5,184,719</u>	<u>104,730,893</u>
<b>Accumulated Depreciation</b>					
Site improvements	(719,626)	(25,756)	-	-	(745,382)
Buildings and improvements	(16,356,046)	(602,744)	-	-	(16,958,790)
Runways, taxiways and ramps	(41,802,506)	(3,491,373)	-	-	(45,293,879)
Furniture and equipment	(7,380,760)	(656,852)	(17,333)	-	(8,020,279)
Total accumulated depreciation	<u>(66,258,938)</u>	<u>(4,776,725)</u>	<u>(17,333)</u>	<u>-</u>	<u>(71,018,330)</u>
Net capital assets, being depreciated	<u>32,858,673</u>	<u>(4,327,472)</u>	<u>3,357</u>	<u>5,184,719</u>	<u>33,712,563</u>
Total capital assets, net	<u>\$ 60,695,716</u>	<u>\$ (3,538,599)</u>	<u>\$ 3,357</u>	<u>\$ -</u>	<u>\$ 57,153,760</u>

On January 1, 2022, a ground lease terminated on its own terms and the related leasehold improvements reverted to the Authority. The leasehold improvements included a 92,000 square foot hangar and office space facility. These improvements were classified as assets held for sale as it was not the Authority's plan to hold the assets long-term. During the year, the Authority collected building rent from the tenants of this facility and invested in improvements. On December 12, 2022, the Authority sold the leasehold improvements and entered a new ground lease with the purchaser.

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**NOTE 4 – NONCURRENT LIABILITIES**

A summary of changes in noncurrent liabilities, exclusive of deposits, for the year ended December 31, 2022 follows:

	<b>Balance December 31, 2021</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance December 31, 2022</b>	<b>Amounts Due in One Year</b>
Note payable	<u>\$ 5,803,788</u>	<u>\$ -</u>	<u>\$ 768,975</u>	<u>\$ 5,034,813</u>	<u>\$ 788,200</u>

A summary of changes in noncurrent liabilities, exclusive of deposits, for the year ended December 31, 2021 follows:

	<b>Balance December 31, 2020</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance December 31, 2021</b>	<b>Amounts Due in One Year</b>
Note payable	<u>\$ 6,554,008</u>	<u>\$ -</u>	<u>\$ 750,220</u>	<u>\$ 5,803,788</u>	<u>\$ 768,975</u>

**Notes Payable**

On May 10, 2018, the Authority approved a loan agreement to borrow \$8,000,000 for the purpose of financing the construction of an aviation community and administrative facility. The loan bears interest at a rate of 2.50% and is payable in annual amounts of \$914,070 over the next 10 years. The loan is secured by the building financed with the loan proceeds.

<b>Year Ended December 31,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2023	\$ 788,200	\$ 125,870	\$ 914,070
2024	807,905	106,165	914,070
2025	828,102	85,968	914,070
2026	848,805	65,265	914,070
2027	870,025	44,045	914,070
2028	<u>891,776</u>	<u>22,294</u>	<u>914,070</u>
Total	<u>\$ 5,034,813</u>	<u>\$ 449,607</u>	<u>\$ 5,484,420</u>

**Arapahoe County Public Airport Authority**  
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**NOTE 5 – LEASE REVENUE**

The Authority has rental agreements with fixed base operators and leases for rental of land and buildings owned by the Authority. These agreements stipulate that upon termination, title of any leasehold improvements will pass to the Authority. Some rental agreements and leases include arrangements for the lessee to pay the Authority a fee based upon a percentage of their revenue. All aviation-related leases between the Authority and aeronautical users are subject to FAA rules and regulation. Since aeronautical leases are subject to FAA rules and regulation, the Authority is not required to include aeronautical leases as part of the lease receivable.

The total amount of revenue recognized for regulated and non-regulated leases for the years ended December 31, 2022 and 2021 is as follows:

<b>2022</b>	<b>Regulated</b>	<b>Non-Regulated</b>	<b>Total</b>
Land and building rent	\$ 2,659,383	\$ 177,367	\$ 2,836,750
Interest revenue	\$ -	\$ 150,745	\$ 150,745
Other lease revenue	\$ 826,840	\$ 241,572	\$ 1,068,412
<b>2021</b>	<b>Regulated</b>	<b>Non-Regulated</b>	<b>Total</b>
Land and building rent	\$ 2,660,060	\$ 161,864	\$ 2,821,924
Interest revenue	\$ -	\$ 94,087	\$ 94,087
Other lease revenue	\$ 30,076	\$ 234,990	\$ 265,066

The Authority has entered into lease agreements with the FAA to lease approximately 2,100 square feet of the Authority’s tower and approximately 4,050 square feet of the Authority’s tower office space. The Authority’s tower lease had an expiration date of September 30, 2015. This lease extension is currently in negotiation. On December 1, 2020, the Authority entered into a lease agreement with the FAA to lease the Authority’s tower office space. Income under these leases amounted to \$197,431 during 2022 and 2021. The earning stream from these agreements is included in the amounts disclosed above.

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**Non-regulated Leases**

The Authority recognized revenue of \$181,572 and \$174,990 for variable and other payments from non-regulated leases not previously recognized in the lease receivable for the years ended December 31, 2022 and 2021, respectively. The following is a schedule of future minimum payments under non-regulated leases that are included in the measurement of the lease receivable:

Year	Year Ending December	Total to be Paid	Principal	Interest
Year 1	2023	\$ 300,919	\$ 69,133	\$ 231,786
Year 2	2024	350,178	120,600	229,578
Year 3	2025	355,289	128,849	226,440
Year 4	2026	363,531	140,462	223,069
Year 5	2027	372,445	153,050	219,395
Year 6-10	2028-2032	2,006,668	976,628	1,030,040
Year 11-15	2033-2037	2,193,756	1,310,541	883,215
Year 16-20	2038-2042	1,105,938	318,382	787,556
Year 21-25	2043-2047	1,273,837	538,396	735,441
Year 26-30	2048-2052	1,198,780	530,168	668,612
Year 31-35	2053-2057	1,377,780	789,384	588,396
Year 36-40	2058-2062	1,595,479	1,124,574	470,905
Year 41-45	2063-2067	1,847,622	1,540,675	306,947
Year 46-50	2068-2072	1,686,250	1,596,966	89,284
	Total	<u>\$ 16,028,472</u>	<u>\$ 9,337,808</u>	<u>\$ 6,690,664</u>

**Arapahoe County Public Airport Authority**  
**(A Component Unit of Arapahoe County, Colorado)**  
**Notes to the Financial Statements**  
**December 31, 2022 and 2021**

**Regulated Leases**

The Authority recognized revenue of \$826,840 and \$30,076 for variable and other payments from regulated leases not previously included in expected future minimum payments for the years ended December 31, 2022 and 2021, respectively. The following is a schedule of future minimum payments under regulated leases:

<b>Year Ending December</b>	<b>Total to be Paid</b>
2023	\$ 2,206,128
2024	2,230,554
2025	2,255,688
2026	2,281,551
2027	2,240,995
2028-2032	11,368,979
2033-2037	11,857,223
2038-2042	14,406,993
2043-2047	16,464,905
2048-2052	16,800,196
2053-2057	16,071,743
2058-2062	15,413,884
2063-2067	14,868,839
2068-2072	14,789,967
2073-2077	7,216,273
2078-2082	7,335,357
2083-2087	6,523,534
2088-2092	5,776,172
2093-2097	4,406,416
Total	\$ 174,515,395

**Arapahoe County Public Airport Authority**  
**(A Component Unit of Arapahoe County, Colorado)**  
**Notes to the Financial Statements**  
**December 31, 2022 and 2021**

**NOTE 6 – FEDERAL AVIATION ADMINISTRATION GRANTS**

The Authority has grant agreements with the Federal Aviation Administration (the FAA) for funding airport improvement and security research and development projects. The Authority was awarded \$8,837,909 and \$205,000 in FAA funding in 2022 and 2021, respectively. This does not include possible grants that the Airport has applied for and not yet received. The Authority has construction commitments related to grant funding of approximately \$4,750,034 and \$0 at December 31, 2022 and 2021, respectively.

In addition, the Authority had incurred costs and recorded a receivable for capital grant monies due from the FAA, which are included in grants receivable, as of December 31, 2022 and 2021 of \$815,011 and \$52,152, respectively.

These federal awards are for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to requests for reimbursements to grantor agencies for expenditures disallowed under the terms of the grants. Management believes disallowances, if any, will be immaterial.

**NOTE 7 – DEFINED CONTRIBUTION PLAN**

The Authority maintains a defined contribution pension plan, which is administered by the Principal Financial Group (Administrator). In a defined contribution plan, benefits depend solely on amounts contributed to the plan, plus investment earnings.

Employees become eligible to participate in the plan after two months of employment. Under this plan, up to 7% of the employees’ base salary is withheld and remitted to the administrator along with a matching payment of up to 7% from the Authority. Additional nonmatched contributions may be made by the employees. Employees are 100% vested in employer contributions at all times. There is no liability for benefits under the plan beyond the Authority’s matching payments. The difference between total payroll and base salary represent employees who are not eligible to or have opted not to participate. Additional contribution information is as follows:

	<b>2022</b>	<b>2021</b>
Total payroll for the year	\$ 2,099,819	\$ 2,072,829
Base salary for contribution calculation	\$ 1,784,285	\$ 1,848,322
Employee contributions	\$ 184,037	\$ 179,755
Authority contributions	\$ 122,369	\$ 124,765

**Executive Benefit Plan**

Effective November 8, 2012, the Authority adopted a non-qualified deferred compensation plan, (the Plan) covering certain key employees. Under this Plan, the Authority may elect to contribute to the Plan in accordance with limits specified within the Plan. The Authority authorized contributions to the Plan of \$70,000 and \$20,000 in 2022 and 2021, respectively. As the Plan assets are subject and available to the Authority’s creditors the related assets and liabilities have been included in the Authority’s financial statements.

**Arapahoe County Public Airport Authority**  
**(A Component Unit of Arapahoe County, Colorado)**  
**Notes to the Financial Statements**  
**December 31, 2022 and 2021**

**NOTE 8 – RISK MANAGEMENT**

The Authority 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 Authority carries commercial insurance. There have been no significant reductions in insurance coverage from the prior year and no claim settlements in excess of insurance coverage in the last three years.

**NOTE 9 – COMMITMENTS AND CONTINGENCIES**

**Uniform Guidance Finding 2016-001**

The Authority and County entered into an Airport Ground Lease Purchase agreement in 1986. This agreement was amended and restated in 1993, and was subsequently amended three times – in 1997, 2002 and 2010. In 2002, the County entered into a Judicial Complex Lease with the Arapahoe County Building Finance Corporation. After this transaction, all rental payments made by the Authority were passed through for the County to make payments on this Judicial Complex Lease, of which the original reserves were funded by the Authority in 1986. The debt reserve fund was not utilized for the final debt payment. This required the Authority to utilize additional airport revenues to make the final payment and required the reserve fund to be written off as an asset of the Authority. The write off of the reserve fund resulted in an expenditure from the Authority to the County of \$1,611,898. This issue was identified in the December 31, 2016 year-end Uniform Guidance audit. Both parties provided information to the FAA and on April 20, 2022, the FAA ruled in favor of the Authority, including a requirement that the funds be returned to the Authority. On December 29, 2022, the Authority received payment from the County and the issue has been resolved.

**NOTE 10 – NET INVESTMENT IN CAPITAL ASSETS**

Net investment in capital assets is comprised of the following:

	<b>2022</b>	<b>2021</b>
Capital assets, net	\$ 59,312,066	\$ 57,153,760
Notes payable - current portion	(788,200)	(768,975)
Notes payable - noncurrent portion	(4,246,613)	(5,034,813)
Accounts payable incurred for capital asset purchases	(472,386)	(253,589)
Earned retainage	(445,374)	-
	<b>\$ 53,359,493</b>	<b>\$ 51,096,383</b>

**SUPPLEMENTARY INFORMATION**

**Arapahoe County Public Airport Authority**  
**(A Component Unit of Arapahoe County, Colorado)**  
**Schedule of Revenues, Expenditures and Changes in Funds Available -**  
**Budget and Actual (Non-GAAP Budgetary Basis)**  
**Year Ended December 31, 2022**

	<b>Original and Final Budget</b>	<b>Actual</b>	<b>Variance - Favorable (Unfavorable)</b>
<b>Revenues</b>			
Grants and contributions	\$ 14,559,000	\$ 4,926,763	\$ (9,632,237)
Building and land rental	3,077,035	3,905,162	828,127
Fuel and aircraft parking fees	3,628,335	4,662,644	1,034,309
Concession fees	225,500	286,323	60,823
Other airport operator fees	846,600	124,074	(722,526)
Custom fees	325,000	450,764	125,764
Interest income	104,294	349,777	245,483
Note receivable principal payments	6,028	6,048	20
Asset sale proceeds	6,000,000	14,449,192	8,449,192
Other operating and non-operating income	290,686	402,541	111,855
Recovery of airport funds	-	1,611,898	1,611,898
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total revenues	<u>\$ 29,062,478</u>	<u>\$ 31,175,186</u>	<u>\$ 2,112,708</u>
<b>Expenditures</b>			
Principal and interest	\$ 902,798	\$ 902,705	\$ 93
Salaries and related payroll expense	2,923,919	2,807,170	116,749
Maintenance, repairs and operating supplies	913,003	963,202	(50,199)
Customs expense	350,000	356,606	(6,606)
Telephone and utilities	503,406	470,788	32,618
Insurance	176,305	180,726	(4,421)
Public relations	80,700	64,255	16,445
Travel and meetings	147,500	88,350	59,150
Firefighting services	20,000	14,275	5,725
Legal	80,000	37,408	42,592
Accounting and audit	42,250	41,780	470
Noise expense	149,500	127,237	22,263
Office expense	117,050	505,302	(388,252)
Office and equipment rental	34,869	26,671	8,198
Miscellaneous	60,300	10,905	49,395
Capital outlay	27,718,244	7,033,649	20,684,595
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total expenditures	<u>\$ 34,219,844</u>	<u>\$ 13,631,029</u>	<u>\$ 20,588,815</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (5,157,366)</u>	<u>\$ 17,544,157</u>	<u>\$ 22,701,523</u>

**Arapahoe County Public Airport Authority**  
**(A Component Unit of Arapahoe County, Colorado)**  
**Reconciliation of Non-GAAP Budgetary Basis (Actual) to Statements of**  
**Revenues, Expenses and Changes in Net Position**  
**Year Ended December 31, 2022**

**Revenues**

Total revenues (budgetary basis)	\$	31,175,186
Asset Sale Proceeds		(14,449,192)
Note receivable principal payments		(6,048)
CAF income		4,450
Gain on disposition of capital assets		14,441,286
		14,441,286
Total revenues		31,165,682

**Expenses**

Total expenditures (budgetary basis)		13,631,029
CAF expenses		6,289
Capital outlay		(7,033,649)
Note principal payments		(768,975)
Depreciation and amortization		4,868,088
		4,868,088
Total expenses		10,702,782

Change in net position per statements of revenues, expenses and changes in net position		\$ 20,462,900
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**Arapahoe County Public Airport Authority**  
**(A Component Unit of Arapahoe County, Colorado)**  
**Schedule of Revenues, Expenditures and Changes in Funds Available -**  
**Budget and Actual (Non-GAAP Budgetary Basis)**  
**Year Ended December 31, 2021**

	<b>Original and Final Budget</b>	<b>Actual</b>	<b>Variance - Favorable (Unfavorable)</b>
<b>Revenues</b>			
Grants and contributions	\$ 5,091,623	\$ 188,448	\$ (4,903,175)
Building and land rental	3,016,630	3,086,990	70,360
Fuel and aircraft parking fees	2,977,250	3,967,004	989,754
Concession fees	170,305	248,469	78,164
Other airport operator fees	693,550	369,490	(324,060)
Custom fees	209,000	345,718	136,718
Interest income	117,429	105,825	(11,604)
Asset sale proceeds	5,679	5,697	18
Other operating and non-operating income	284,444	352,374	67,930
	<u>\$ 12,565,910</u>	<u>\$ 8,670,015</u>	<u>\$ (3,895,895)</u>
<b>Expenditures</b>			
Principal and interest	\$ 903,074	\$ 903,074	\$ -
Salaries and related payroll expense	2,763,132	2,709,352	53,780
Maintenance, repairs and operating supplies	900,139	734,128	166,011
Customs expense	285,000	388,518	(103,518)
Telephone and utilities	504,850	469,984	34,866
Insurance	172,000	156,299	15,701
Public relations	58,600	55,112	3,488
Travel and meetings	80,500	64,898	15,602
Firefighting services	20,000	2,279	17,721
Legal	100,000	61,890	38,110
Accounting and audit	50,450	57,900	(7,450)
Noise expense	130,500	107,600	22,900
Office expense	121,115	81,649	39,466
Office and equipment rental	34,403	32,825	1,578
Miscellaneous	62,773	27,319	35,454
Capital outlay	6,949,826	1,238,126	5,711,700
	<u>\$ 13,136,362</u>	<u>\$ 7,090,953</u>	<u>\$ 6,045,409</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (570,452)</u>	<u>\$ 1,579,062</u>	<u>\$ 2,149,514</u>

**Arapahoe County Public Airport Authority**  
**(A Component Unit of Arapahoe County, Colorado)**  
**Reconciliation of Non-GAAP Budgetary Basis (Actual) to Statements of**  
**Revenues, Expenses and Changes in Net Position**  
**Year Ended December 31, 2021**

**Revenues**

Total revenues (budgetary basis)	\$ 8,670,015
Note receivable principal payments	(5,697)
CAF income	<u>3,376</u>
Total revenues	<u>8,667,694</u>

**Expenses**

Total expenditures (budgetary basis)	7,090,953
CAF expenses	10,230
Capital outlay	(1,238,126)
Note principal payments	(750,220)
Loss on disposition of capital assets	(115)
Depreciation and amortization	<u>4,776,724</u>
Total expenses	<u>9,889,446</u>

Changes in net position per statements of revenues, expenses and changes in net position	<u>\$ (1,221,752)</u>
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