



Arapahoe County Public Airport Authority

(A Component Unit of Arapahoe County, Colorado)

Financial Statements

December 31, 2023 and 2022




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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, 2023 and 2022, 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, 2023 and 2022, 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 13, 2024, 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 13, 2024

Arapahoe County Public Airport Authority
(A Component Unit of Arapahoe County, Colorado)
Management's Discussion and Analysis
(Unaudited)
Years Ended December 31, 2023 and 2022

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, 2023 and 2022. Please read it in conjunction with the financial statements.

FINANCIAL HIGHLIGHTS

- The number of operations increased from 2022 by 19.74%. The number of gallons of fuel sold decreased by -10.64% from 2022. Building and land rentals decreased from 2022 to 2023. Aviation fuel fee revenue decreased from 2022 to 2023. Overall, operating revenues for 2023 increased compared to 2022. The Authority's operating expenses exceeded operating revenues in 2023.
- The Authority adopted and implemented Governmental Accounting Standards Board (GASB) Statement No. 96, *Subscription-Based Information Technology Arrangements* (SBITA). This adoption of GASB No. 96 impacted the Authority's financial statements. It led to recognition of a SBITA asset, accumulated amortization, and corresponding liability.
- The Authority was awarded several federal grants in 2023, including \$1.6 million for the rehabilitation of roadways and the main parking lot, \$2.0 million for a Part 150 noise study, and \$1.8 million for siting and design work for a new air traffic control tower. Work on these grant projects continue into 2024.
- The Authority was awarded a state grant for \$300,000 in 2023 for the design work on Taxiway C & D reconstruction.
- The assets of the Authority exceeded its liabilities as of December 31, 2023 by \$89.8 million (net position). Of the net position balance, \$26.2 million is unrestricted and available to meet the Authority's ongoing obligations. Net position increased by \$6.2 million, or 7.47%, from 2022.
- The Authority's operating revenues increased by \$0.2 million, or 2.25%, compared to 2022. Operating expenses, less depreciation, decreased by \$0.3 million, or -4.80%, compared to 2022. Depreciation expense remained stable, decreasing -0.40% compared to 2022. This resulted in net operating income of \$4.7 million, before other nonoperating revenue, nonoperating expense, depreciation, grants, and capital contributions in 2023.
- In 2023, the Authority had a loan outstanding at year-end for construction of the Aviation Community & Administrative Facility in the amount of \$4.2 million. Construction of this building was completed in 2020.
- During 2023, the Authority made capital investments of \$15.0 million.

Arapahoe County Public Airport Authority
(A Component Unit of Arapahoe County, Colorado)
Management's Discussion and Analysis (Continued)
(Unaudited)
Years Ended December 31, 2023 and 2022

[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 Net 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, 2023 and 2022

FINANCIAL ANALYSIS OF THE AUTHORITY

NET POSITION

Condensed Statements of Net Position

	December 31,		
	As Restated		
	2023	2022	2021*
Current assets	\$ 26,641,388	\$ 30,683,822	\$ 12,620,473
Capital assets	69,578,883	59,506,058	57,153,760
Other assets	9,701,719	9,549,064	4,438,632
Total assets	105,921,990	99,738,944	74,212,865
Current liabilities	3,096,869	2,255,241	1,557,826
Noncurrent liabilities	3,762,787	4,592,589	5,846,104
Total liabilities	6,859,656	6,847,830	7,403,930
Deferred inflows of resources	9,268,771	9,337,809	3,718,530
Net investment in capital assets	63,552,485	53,359,493	51,096,383
Unrestricted	26,241,078	30,193,812	11,994,022
Total net position	\$ 89,793,563	\$ 83,553,305	\$ 63,090,405

*2021 was not restated for the implementation of GASB 96

Arapahoe County Public Airport Authority
(A Component Unit of Arapahoe County, Colorado)
Management’s Discussion and Analysis (Continued)
(Unaudited)
Years Ended December 31, 2023 and 2022

Comparison of Condensed Statements of Net Position



2023

As can be seen from the condensed statements of net position and the chart above, the total net position increased by \$6.2 million in 2023 to \$89.8 million. This is up from \$83.5 million in 2022. The chart also shows that the 2023 change in net position is a result of the changes in total assets which increased by \$6.2 million and total liabilities and deferred inflows of resources, which decreased by \$0.1 million. Total assets increased primarily from grants and contributions and strong construction fees and investment income. Total liabilities and deferred inflows of resources remained stable from 2022.

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 \$25.5 million and total liabilities and deferred inflows of resources, which increased by \$5.1 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 being added to deferred inflows of resources.

Arapahoe County Public Airport Authority
(A Component Unit of Arapahoe County, Colorado)
Management's Discussion and Analysis (Continued)
(Unaudited)
Years Ended December 31, 2023 and 2022

REVENUES, EXPENSES AND CHANGES IN NET POSITION

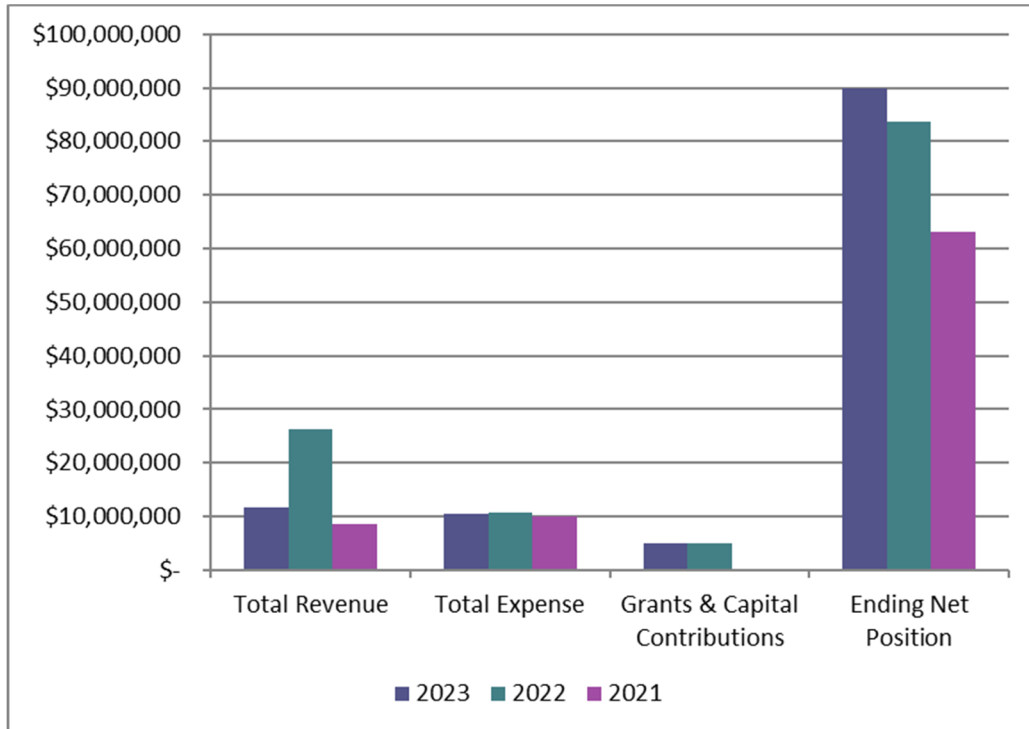
Condensed Statements of Revenues, Expenses and Changes in Net Position

	Years Ended December 31,		
	As Restated		
	2023	2022	2021*
Operating revenues	\$ 10,052,883	\$ 9,831,508	\$ 8,370,045
Nonoperating revenues	1,593,899	16,407,411	109,201
Total revenues	11,646,782	26,238,919	8,479,246
Depreciation and amortization expense	4,931,916	4,951,651	4,776,724
Other operating expenses	5,322,980	5,591,442	4,949,753
Nonoperating expenses	151,858	159,689	162,969
Total expenses	10,406,754	10,702,782	9,889,446
Grants and capital contributions	5,000,230	4,926,763	188,448
Change in net position	6,240,258	20,462,900	(1,221,752)
Beginning net position	83,553,305	63,090,405	64,312,157
Ending net position	\$ 89,793,563	\$ 83,553,305	\$ 63,090,405

*2021 was not restated for the implementation of GASB 96

Arapahoe County Public Airport Authority
(A Component Unit of Arapahoe County, Colorado)
Management’s Discussion and Analysis (Continued)
(Unaudited)
Years Ended December 31, 2023 and 2022

Comparison of Revenues, Expenses, Grants and Fund Net Position



2023

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 \$6.2 million in 2023. This is primarily from grants and contributions and strong construction fees and investment income.

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.

Arapahoe County Public Airport Authority
(A Component Unit of Arapahoe County, Colorado)
Management’s Discussion and Analysis (Continued)
(Unaudited)
Years Ended December 31, 2023 and 2022

CAPITAL ASSETS

During 2023, the Authority invested \$15.0 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 busiest general aviation airport in the nation. During 2022, the Authority invested \$14.5 million in a broad range of capital improvements.

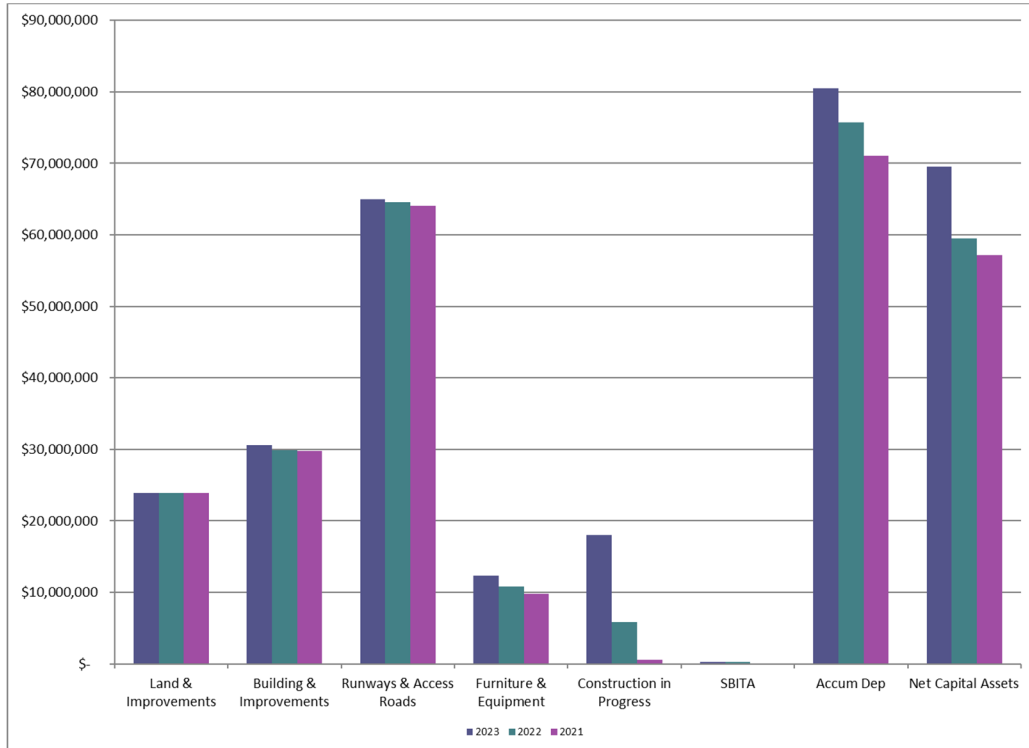
Capital Assets

	December 31,		
	As Restated		
	2023	2022	2021*
Land and site improvements	\$ 23,849,951	\$ 23,849,953	\$ 23,849,953
Buildings and improvements	30,548,906	29,926,689	29,806,610
Runways, taxiways and ramps	64,961,985	64,545,420	64,075,027
Furniture and equipment	12,361,507	10,776,810	9,823,466
Construction in progress	18,031,892	5,802,126	617,034
SBITA	299,128	277,554	-
Subtotal	150,053,369	135,178,552	128,172,090
Less accumulated depreciation	80,474,486	75,672,494	71,018,330
Net capital assets	\$ 69,578,883	\$ 59,506,058	\$ 57,153,760

*2021 was not restated for the implementation of GASB 96

Arapahoe County Public Airport Authority
(A Component Unit of Arapahoe County, Colorado)
Management’s Discussion and Analysis (Continued)
(Unaudited)
Years Ended December 31, 2023 and 2022

Comparison of Capital Assets



Major Improvements to the Airport in 2023:

- Airport improvements implemented with grant funds included:
 - Rehabilitation of runway 17R/35L, taxiway B, north run-up, and construction of a mid-field run-up
 - Part 150 noise study
 - Main parking lot and roadways
 - Design for taxiway C & D reconstruction
 - New ATCT siting and design
- Other major capital investments during the year included:
 - Expansion of snow removal equipment maintenance facility
 - Upgrade perimeter fence
 - Tow behind runway broom
 - Airfield striping, rubber removal & seal coat
 - Upgrade security gates and cameras
 - Landscaping
 - Upgrade computers, software and servers

Arapahoe County Public Airport Authority
(A Component Unit of Arapahoe County, Colorado)
Management's Discussion and Analysis (Continued)
(Unaudited)
Years Ended December 31, 2023 and 2022

- Upgrade streetside lights to LED
- Reconstruct fire station pavement
- ATCT roof and elevator repairs
- Airport vehicles
- Furniture and fixtures
- Various other equipment

LONG-TERM DEBT

At the end of 2023 and 2022, the Authority had total debt outstanding of \$4,246,613 and \$5,034,813, 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 2023. The Authority's budget to actual statements are included as supplementary information to the audited financial statements.

The total revenue in 2023 was \$6.2 million less than budgeted primarily due to:

- Grants and contributions were less than budgeted.
- Other airport operator fees, particularly construction fees, were less than budgeted.
- Customs fees were less than budgeted.

The following revenue areas were greater than budgeted during 2023:

- Building and land rentals were greater than budgeted.
- Fuel and aircraft parking fees were greater than budgeted.
- Investment income was greater than budgeted.

The total expenditures in 2023 were \$22.7 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 less than budgeted.
- The Authority deferred payoff of the SIB#3 outstanding loan.
- Airport infrastructure improvements bank was not utilized.

Arapahoe County Public Airport Authority
(A Component Unit of Arapahoe County, Colorado)
Management’s Discussion and Analysis (Continued)
(Unaudited)
Years Ended December 31, 2023 and 2022

ECONOMIC FACTORS

- High uncertainty continues to surround the global economic outlook, primarily related to the Russia-Ukraine war and conflict in the middle east. Additionally, high inflation, economic instability and supply chain issues continue to impact the global economy. The *IMF World Economic Outlook Update (4/2024)* estimates 3.2% growth of the global economy in 2023 and projects the global economy to stay at the same pace in 2024 and 2025. The economic outlook depends on the path of ongoing global and domestic issues and the policies and actions taken to counteract these problems.
- The national unemployment rate, according to the *Bureau of Labor Statistics Data*, increased during 2023 compared to 2022. The rate at the end of 2023 was 3.7%, which was higher than the 3.5% rate at the end of 2022, which was lower than the 3.9% rate at the end of 2021. The highest unemployment rate during the pandemic was 14.7% in April 2020.
- Inflation began to alleviate during 2023, but it is still an area of concern. According to the *Bureau of Labor Statistics Data*, the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) increased by 3.3% at the end of 2023 compared to 2022.
- The Authority continues to be eligible for FAA grants. New grants awarded in 2023 under the Airport Improvement Program are expected to require a 5% to 10% match.
- Most major airport tenants are well capitalized and are continuing to recover from the impact of the pandemic.

In 2023, business activity continued to grow. The Authority’s income streams have remained steady and consistent performance is expected in 2024. 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, 2023 and 2022

Assets

	2023	As Restated 2022
Current Assets		
Cash and cash equivalents	\$ 22,470,501	\$ 28,062,590
Receivables		
Leases	120,598	69,133
Trade	1,584,360	609,752
Grants	1,421,038	917,896
Note	56,851	6,421
Due from other governments	284,640	367,128
Interest	103,426	92,046
Prepaid expenses	599,974	558,856
Total current assets	26,641,388	30,683,822
Noncurrent Assets		
Capital assets		
Nondepreciable	40,856,056	28,626,289
Depreciable	109,197,313	106,552,263
Total capital assets	150,053,369	135,178,552
Accumulated depreciation and amortization	(80,474,486)	(75,672,494)
Net capital assets	69,578,883	59,506,058
Other assets		
Investments restricted for deferred compensation plan	312,944	232,377
Lease receivable - long-term	9,148,173	9,268,675
Note receivable - long-term	240,602	48,012
Total other assets	9,701,719	9,549,064
Total noncurrent assets	79,280,602	69,055,122
Total assets	\$ 105,921,990	\$ 99,738,944

Arapahoe County Public Airport Authority
(A Component Unit of Arapahoe County, Colorado)
Statements of Net Position (Continued)
December 31, 2023 and 2022

Liabilities

	2023	As Restated 2022
Current Liabilities		
Accounts and contracts payable	\$ 1,873,139	\$ 1,042,465
Accrued liabilities	90,948	109,322
Accrued interest payable	62,799	73,798
Subscription payable (current)	102,444	91,548
Unearned revenue	46,665	36,938
Compensated absences	112,969	112,970
Note payable	807,905	788,200
	3,096,869	2,255,241
Noncurrent liabilities		
Note payable, less current maturities	3,438,708	4,246,613
Subscription payable, less current maturities	-	102,444
Deferred compensation plan liability	312,944	232,377
Deposits	11,135	11,155
	3,762,787	4,592,589
Total noncurrent liabilities	3,762,787	4,592,589
Total liabilities	6,859,656	6,847,830
Deferred Inflows of Resources		
Leases	9,268,771	9,337,809
Net Position		
Net investment in capital assets	63,552,485	53,359,493
Unrestricted	26,241,078	30,193,812
Total net position	\$ 89,793,563	\$ 83,553,305

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, 2023 and 2022

	2023	As Restated 2022
Operating revenues		
Building and land rental	\$ 3,212,559	\$ 3,905,162
Fuel and aircraft parking fees	4,256,682	4,662,644
Concession fees	325,036	286,323
Other airport operator fees	1,642,846	124,074
Custom fees	315,522	450,764
Other operating revenues	300,238	402,541
Total operating revenues	10,052,883	9,831,508
Operating expenses		
Depreciation and amortization	4,931,916	4,951,651
Salaries and related payroll expenses	3,044,712	2,807,170
Maintenance, repairs and operating supplies	803,215	963,202
Customs expense	325,971	356,606
Telephone and utilities	467,717	470,788
Insurance	189,471	180,726
Public relations	97,151	64,255
Travel and meetings	113,354	88,350
Firefighting services	4,022	14,275
Legal	44,873	37,408
Accounting and audit	45,145	41,780
Noise expense	49,871	24,004
Office expense	87,526	505,302
Office and equipment expense	21,871	26,671
Miscellaneous	28,081	10,905
Total operating expenses	10,254,896	10,543,093
Operating loss	(202,013)	(711,585)

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, 2023 and 2022

	2023	As Restated 2022
Nonoperating revenues (expenses)		
Investment income	1,326,706	199,032
Lease interest income	232,095	150,745
Interest expense	(114,091)	(133,730)
Subscriptions interest expense	(13,024)	(19,670)
Gain on disposition of asset sale	16,364	14,441,286
Centennial Airport Foundation income	18,734	4,450
Centennial Airport Foundation expense	(24,743)	(6,289)
Recovery of airport funds	-	1,611,898
Total nonoperating revenues (expenses)	1,442,041	16,247,722
Gain before grants and capital contributions	1,240,028	15,536,137
Grants and capital contributions	5,000,230	4,926,763
Change in net position	6,240,258	20,462,900
Total net position, beginning of year	83,553,305	63,090,405
Total net position, end of year	\$ 89,793,563	\$ 83,553,305

Arapahoe County Public Airport Authority
(A Component Unit of Arapahoe County, Colorado)
Statements of Cash Flows
Years Ended December 31, 2023 and 2022

	2023	As Restated 2022
Cash Flows From Operating Activities		
Cash received		
Services provided	\$ 5,976,665	\$ 6,165,824
Building and land rentals	3,212,558	3,905,164
Cash payments		
Suppliers of goods and services	(2,273,056)	(3,106,740)
Employees for services	(3,063,087)	(2,798,487)
	<u>3,853,080</u>	<u>4,165,761</u>
Cash Flows From Capital and Related Financing Activities		
Acquisition of capital assets	(13,308,462)	(6,116,540)
Asset acquisitions from subscriptions	(21,574)	-
Principal paid on subscriptions	(91,548)	(83,562)
Interest paid on subscriptions	(12,300)	(19,670)
Recovery of airport funds	-	1,611,898
Payment of payables incurred for capital asset acquisition	(917,760)	(253,589)
Interest paid on long-term debt	(125,814)	(145,001)
Proceeds from grants and capital contributions	4,497,088	4,061,019
Principal paid on notes payable	(788,200)	(768,975)
Proceeds from disposition of capital assets	19,000	-
Costs incurred related to asset held for resale	-	(249,132)
Proceeds from sale of assets held for sale	-	14,698,323
Note receivable Taxilane Sierra (WOTR)	(250,000)	-
	<u>(10,999,570)</u>	<u>12,734,771</u>
Net cash provided by (used in) capital and related financing activities		
	<u>(10,999,570)</u>	<u>12,734,771</u>
Cash Flows From Investing Activities		
Interest received	1,326,706	199,032
Lease interest income	220,715	92,274
Note receivable Parcel 50 Ramp	6,980	6,048
	<u>1,554,401</u>	<u>297,354</u>
Net cash provided by investing activities		
	<u>1,554,401</u>	<u>297,354</u>
Net Increase (Decrease) in Cash and Cash Equivalents	<u>(5,592,089)</u>	<u>17,197,886</u>
Cash and Cash Equivalents, Beginning of Year	<u>28,062,590</u>	<u>10,864,704</u>
Cash and Cash Equivalents, End of Year	<u>\$ 22,470,501</u>	<u>\$ 28,062,590</u>

Arapahoe County Public Airport Authority
(A Component Unit of Arapahoe County, Colorado)
Statements of Cash Flows (Continued)
Years Ended December 31, 2023 and 2022

	2023	As Restated 2022
Reconciliation of Operating Income to Net Cash Provided By Operating Activities		
Operating loss	\$ (202,013)	(711,585)
Depreciation expense and amortization	4,931,916	4,951,651
Foundation activity	(6,009)	(1,839)
Changes in operating assets and liabilities		
Accounts receivable	(892,120)	238,040
Prepaid expenses	(41,118)	(244,290)
Accounts payable	71,092	(71,887)
Accrued liabilities	(18,374)	17,122
Compensated absences	(1)	(8,439)
Deposits	(20)	40
Unearned revenue	9,727	(3,052)
Net cash provided by operating activities	\$ 3,853,080	\$ 4,165,761
 Supplemental Cash Flows Information		
Noncash Capital and Related Financing Activities		
Accounts payable incurred for purchase of capital assets	\$ 497,877	\$ 472,386
Earned retainage	\$ 1,179,464	\$ 445,374

Arapahoe County Public Airport Authority
(A Component Unit of Arapahoe County, Colorado)
Notes to the Financial Statements
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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:

	2023	2022
Assets	\$ 42,917	\$ 38,926
Liabilities	10,000	-
Net Position	\$ 32,917	\$ 38,926
Revenue	\$ 18,734	\$ 4,450
Expenses	24,743	6,289
Change in Net Position	\$ (6,009)	\$ (1,839)

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 there

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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.

Subscription Assets

Subscription assets are initially recorded at the initial measurement of the subscription liability, plus subscription payments made at or before the commencement of the subscription-based information technology arrangement (SBITA) term, less any vendor incentives received at and certain payments made before the commencement of the SBITA term, plus capitalizable initial implementation costs. Subscription assets are amortized on a straight-line basis over the shorter of the term of the arrangement or the useful life of the underlying IT asset.

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 21% and 17% of total operating revenues for the years ended December 31, 2023 and 2022, respectively. In addition, this same FBO accounts for 30% and 28% of year-end accounts receivable at December 31, 2023 and 2022, respectively.

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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 investments with the Colorado Local Government Liquid Asset Trust (COLOTRUST), a highly liquid local government investment pool, to be cash and cash equivalents.

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, 2023 and 2022 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, 2023 and 2022, the Authority’s cash deposits and cash on hand had carrying balances of \$716,473 and \$2,247,195, respectively. The bank balances were as follows:

	2023	2022
Insured or collateralized deposits	\$ 2,582,948	\$ 1,073,171

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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
- 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, 2023:

Investment Type	Maturity	Fair Value
COLOTRUST (unrestricted)	N/A	<u>\$ 21,754,028</u>
Total investments		<u><u>\$ 21,754,028</u></u>
Statement of net position classification		
Cash and cash equivalents		<u>\$ 21,754,028</u>
Total		<u><u>\$ 21,754,028</u></u>

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

Investment Type	Maturity	Fair Value
COLOTRUST (unrestricted)	N/A	<u>\$ 25,815,395</u>
Total investments		<u><u>\$ 25,815,395</u></u>
Statement of net position classification		
Cash and cash equivalents		<u>\$ 25,815,395</u>
Total		<u><u>\$ 25,815,395</u></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, 2023 or 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, 2023 and 2022, the Authority had \$21,754,028 and \$25,815,395, 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, 2023 and 2022.

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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, 2023 and 2022, the cash and investments are reflected on the Statements of Net Position as follows:

	2023	2022
Cash and cash equivalents, unrestricted	\$ 22,470,501	\$ 28,062,590
Total cash and investments	\$ 22,470,501	\$ 28,062,590

At December 31, 2023 and 2022, cash and cash equivalents are comprised of the following:

	2023	2022
Cash deposits, certificates of deposits, money markets and cash on hand	\$ 716,473	\$ 2,247,195
COLOTRUST	21,754,028	25,815,395
Total cash and cash equivalents	\$ 22,470,501	\$ 28,062,590

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Notes to the Financial Statements
December 31, 2023 and 2022

NOTE 3 – CAPITAL AND SUBSCRIPTION ASSETS

A summary of changes to capital assets for the year ended December 31, 2023 follows:

	Balance 1/1/2023	Additions	Deletions	Transfers	Balance 12/31/2023
Capital Assets, Not Depreciated					
Construction in progress	\$ 5,802,126	\$ 13,167,059	\$ -	\$ (937,292)	\$ 18,031,893
Land	21,824,163	-	-	-	21,824,163
Restrictive covenant on land	1,000,000	-	-	-	1,000,000
Total capital assets, not depreciated	<u>28,626,289</u>	<u>13,167,059</u>	<u>-</u>	<u>(937,292)</u>	<u>40,856,056</u>
Capital Assets, Being Depreciated					
Site improvements	1,025,790	-	-	-	1,025,790
Buildings and improvements	29,926,689	246,855	(5,700)	381,061	30,548,905
Runways, taxiways and ramps	64,545,420	-	-	416,563	64,961,983
Furniture and equipment	10,776,810	1,571,830	(126,801)	139,668	12,361,507
Subscription assets	277,554	21,574	-	-	299,128
Total capital assets, being depreciated	<u>106,552,263</u>	<u>1,840,259</u>	<u>(132,501)</u>	<u>937,292</u>	<u>109,197,313</u>
Accumulated Depreciation					
Site improvements	(771,386)	(26,004)	-	-	(797,390)
Buildings and improvements	(17,606,598)	(660,877)	4,845	-	(18,262,630)
Runways, taxiways and ramps	(48,839,658)	(3,413,277)	-	-	(52,252,935)
Furniture and equipment	(8,371,290)	(740,210)	125,079	-	(8,986,421)
Subscription assets	(83,562)	(91,548)	-	-	(175,110)
Total accumulated depreciation	<u>(75,672,494)</u>	<u>(4,931,916)</u>	<u>129,924</u>	<u>-</u>	<u>(80,474,486)</u>
Net capital assets, being depreciated	<u>30,879,769</u>	<u>(3,091,657)</u>	<u>(2,577)</u>	<u>937,292</u>	<u>28,722,827</u>
	<u>\$ 59,506,058</u>	<u>\$ 10,075,402</u>	<u>\$ (2,577)</u>	<u>\$ -</u>	<u>\$ 69,578,883</u>

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

	Balance 1/1/2022				Balance 12/31/2022
	As Restated	Additions	Deletions	Transfers	
Capital Assets, Not Depreciated					
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>
Capital Assets, Being Depreciated					
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
Subscription assets	277,554	-	-	-	277,554
Total capital assets, being depreciated	<u>105,008,447</u>	<u>1,242,600</u>	<u>(304,741)</u>	<u>605,957</u>	<u>106,552,263</u>
Accumulated Depreciation					
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)
Subscription assets	-	(83,562)	-	-	(83,562)
Total accumulated depreciation	<u>(71,018,330)</u>	<u>(4,951,651)</u>	<u>297,487</u>	<u>-</u>	<u>(75,672,494)</u>
Net capital assets, being depreciated	<u>33,990,117</u>	<u>(3,709,051)</u>	<u>(7,254)</u>	<u>605,957</u>	<u>30,879,769</u>
	<u>\$ 57,431,314</u>	<u>\$ 2,081,998</u>	<u>\$ (7,254)</u>	<u>\$ -</u>	<u>\$ 59,506,058</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, 2023 follows:

	Balance January 1, 2023	Additions	Deletions	Balance December 31, 2023	Amounts Due in One Year
Note payable	\$ 5,034,813	\$ -	\$ 788,200	\$ 4,246,613	\$ 807,905
Subscription payable	\$ 193,992	\$ -	\$ 91,548	\$ 102,444	\$ 102,444

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

	Balance January 1, 2022 As Restated	Additions	Deletions	Balance December 31, 2022	Amounts Due in One Year
Note payable	\$ 5,803,788	\$ -	\$ 768,975	\$ 5,034,813	\$ 788,200
Subscription payable	\$ 277,554	\$ -	\$ 83,562	\$ 193,992	\$ 91,548

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.

Year Ended December 31,	Principal	Interest	Total
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	891,776	22,294	914,070
Total	<u>\$ 4,246,613</u>	<u>\$ 323,737</u>	<u>\$ 4,570,350</u>

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Subscription Liabilities [GASB 96]

The Authority has various subscription-based information technology arrangements (SBITAs), the terms of which expire in various years through 2024. The SBITAs do not have any associated variable payments.

The following is a schedule by year of payments under subscription liabilities as of December 31, 2023:

Year Ending December 31,	Principal	Interest	Total
2024	<u>\$ 102,444</u>	<u>\$ 4,766</u>	<u>\$ 107,210</u>

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, 2023 and 2022 is as follows:

2023	Regulated	Non-Regulated	Total
Land and building rent	\$ 2,723,030	\$ 196,964	\$ 2,919,994
Interest revenue	\$ -	\$ 232,095	\$ 232,095
Other lease revenue	\$ 7,825	\$ 284,740	\$ 292,565
2022	Regulated	Non-Regulated	Total
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

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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. On December 1, 2020, the Authority entered into a lease agreement with the FAA to lease the Authority’s tower office space. On December 14, 2023, the Authority entered into a lease agreement with the FAA to lease the Authority’s tower. The agreement includes a onetime back rent payment of \$109,289. Income under these leases amounted to \$149,461 and \$197,431 during 2023 and 2022, respectively. The earning stream from these agreements is included in the amounts disclosed above.

Non-regulated Leases

The Authority recognized revenue of \$224,740 and \$181,572 for variable and other payments from non-regulated leases not previously recognized in the lease receivable for the years ended December 31, 2023 and 2022, 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	2024	\$ 350,242	\$ 120,598	\$ 229,644
Year 2	2025	355,355	128,846	226,509
Year 3	2026	363,596	140,462	223,134
Year 4	2027	372,503	153,049	219,454
Year 5	2028	381,677	166,226	215,451
Year 6-10	2029-2033	2,057,575	1,052,760	1,004,815
Year 11-15	2034-2038	1,970,594	1,116,995	853,599
Year 16-20	2039-2043	1,136,350	357,452	778,898
Year 21-25	2044-2048	1,266,282	545,063	721,219
Year 26-30	2049-2053	1,224,067	570,098	653,969
Year 31-35	2054-2058	1,417,052	850,664	566,388
Year 36-40	2059-2063	1,640,515	1,200,854	439,661
Year 41-45	2064-2068	1,899,277	1,635,034	264,243
Year 46-50	2069-2073	1,280,520	1,230,670	49,850
	Total	<u>\$ 15,715,605</u>	<u>\$ 9,268,771</u>	<u>\$ 6,446,834</u>

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Regulated Leases

The Authority recognized revenue of \$7,825 and \$826,840 for variable and other payments from regulated leases not previously included in expected future minimum payments for the years ended December 31, 2023 and 2022, respectively. The following is a schedule of future minimum payments under regulated leases:

Year	Year Ending December	Total to be Paid
Year 1	2024	\$ 2,296,284
Year 2	2025	2,321,417
Year 3	2026	2,347,281
Year 4	2027	2,307,745
Year 5	2028	2,335,242
Year 6-10	2029-2033	11,759,764
Year 11-15	2034-2038	12,154,947
Year 16-20	2039-2043	15,164,000
Year 21-25	2044-2048	16,543,407
Year 26-30	2049-2053	16,822,741
Year 31-35	2054-2058	15,949,193
Year 36-40	2059-2063	15,146,287
Year 41-45	2064-2068	14,943,849
Year 46-50	2069-2073	13,156,873
Year 51-55	2074-2078	7,470,741
Year 56-60	2079-2083	6,991,395
Year 61-65	2084-2088	6,523,534
Year 66-70	2089-2093	5,589,331
Year 71-75	2094-2098	3,288,550
	Total	<u>\$ 173,112,581</u>

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 \$5,405,235 and \$8,837,909 in FAA funding in 2023 and 2022, 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 \$3,344,630 and \$4,750,034 at December 31, 2023 and 2022, 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, 2023 and 2022 of \$1,323,141 and \$815,011, respectively.

Arapahoe County Public Airport Authority
(A Component Unit of Arapahoe County, Colorado)
Notes to the Financial Statements
December 31, 2023 and 2022

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:

	2023	2022
Total payroll for the year	\$ 2,329,372	\$ 2,099,819
Base salary for contribution calculation	\$ 2,115,135	\$ 1,784,285
Employee contributions	\$ 206,773	\$ 184,037
Authority contributions	\$ 144,254	\$ 122,369

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 \$60,000 and \$70,000 in 2023 and 2022, 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, 2023 and 2022

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 – NET INVESTMENT IN CAPITAL ASSETS

Net investment in capital assets is comprised of the following:

	2023	2022
Capital assets, net	\$ 69,578,883	\$ 59,506,058
Notes payable - current portion	(807,905)	(788,200)
Notes payable - noncurrent portion	(3,438,708)	(4,246,613)
Subscription liability	(102,444)	(193,992)
Accounts payable incurred for capital asset purchases	(497,877)	(472,386)
Earned retainage	(1,179,464)	(445,374)
	\$ 63,552,485	\$ 53,359,493

NOTE 10 – IMPLEMENTATION OF NEW ACCOUNTING STANDARD

As of January 1, 2022, the Authority adopted GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. The adoption resulted in recognition of subscription assets and subscription liabilities of \$277,554, which were reported at present value using the Authority’s estimated incremental borrowing rate unless otherwise noted in the contract as of January 1, 2022. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users. This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended. The effect of the implementation of this standard had no impact on beginning net position or change in net position.

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, 2023

	Original and Final Budget	Actual	Variance - Favorable (Unfavorable)
Revenues			
Grants and contributions	\$ 12,239,323	\$ 5,000,230	\$ (7,239,093)
Building and land rental	3,006,542	3,212,559	206,017
Fuel and aircraft parking fees	3,900,000	4,256,682	356,682
Concession fees	252,750	325,036	72,286
Other airport operator fees	2,269,127	1,642,846	(626,281)
Custom fees	480,000	315,522	(164,478)
Interest income	317,762	1,558,801	1,241,039
Note receivable principal payments Parcel 50 Ramp	6,400	6,980	580
Note receivable principal payments Sierra Taxilane	50,000	-	(50,000)
Other operating and non-operating income	285,148	300,238	15,090
	<u>22,807,052</u>	<u>16,618,894</u>	<u>(6,188,158)</u>
Total revenues			
Expenditures			
Principal and interest	5,110,000	902,291	4,207,709
Airport Infrastructure Improvements Bank	1,000,000	-	1,000,000
Loan to tenant	250,000	250,000	-
Salaries and related payroll expense	3,313,618	3,044,712	268,906
Maintenance, repairs and operating supplies	1,035,150	803,215	231,935
Customs expense	365,000	325,971	39,029
Telephone and utilities	516,269	467,717	48,552
Insurance	197,710	189,471	8,239
Public relations	111,200	97,151	14,049
Travel and meetings	152,600	113,354	39,246
Firefighting services	20,000	4,022	15,978
Legal	100,000	44,873	55,127
Accounting and audit	54,715	45,145	9,570
Noise expense	151,600	49,871	101,729
Office expense	115,525	87,526	27,999
Office and equipment rental	39,214	21,871	17,343
Miscellaneous	73,300	28,081	45,219
Subscriptions principal and interest	-	104,572	(104,572)
Capital outlay	31,577,485	14,985,744	16,591,741
	<u>44,183,386</u>	<u>21,565,587</u>	<u>22,617,799</u>
Total expenditures			
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (21,376,334)</u>	<u>\$ (4,946,693)</u>	<u>\$ 16,429,641</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, 2023

Revenues

Total revenues (budgetary basis)	\$ 16,618,894
Note receivable principal payments	(6,980)
CAF income	18,734
Gain on disposition of capital assets	<u>16,364</u>
Total revenues	<u>16,647,012</u>

Expenses

Total expenditures (budgetary basis)	21,565,587
CAF expenses	24,743
Capital outlay	(14,985,744)
Note principal payments	(788,200)
Loan to tenant	(250,000)
SBITA principal payments	(91,548)
Depreciation and amortization	<u>4,931,916</u>
Total expenses	<u>10,406,754</u>

Change in net position per statements of revenues, expenses and changes in net position	<u><u>\$ 6,240,258</u></u>
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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, 2022

	Original and Final Budget	Actual	Variance - Favorable (Unfavorable)
Revenues			
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>29,062,478</u>	<u>31,175,186</u>	<u>2,112,708</u>
Total revenues			
Expenditures			
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	24,004	125,496
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
Subscriptions principal and interest	-	103,232	(103,232)
Capital outlay	27,718,244	7,033,649	20,684,595
	<u>34,219,844</u>	<u>13,631,028</u>	<u>20,588,816</u>
Total expenditures			
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (5,157,366)</u>	<u>\$ 17,544,158</u>	<u>\$ 22,701,524</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	<u>14,441,286</u>
Total revenues	<u>31,165,682</u>

Expenses

Total expenditures (budgetary basis)	13,631,028
CAF expenses	6,289
Capital outlay	(7,033,649)
Note principal payments	(768,975)
SBITA principal payments	(83,562)
Depreciation and amortization	<u>4,951,651</u>
Total expenses	<u>10,702,782</u>

Changes in net position per statements of revenues, expenses and changes in net position	<u><u>\$ 20,462,900</u></u>
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