



DURANGO-LA PLATA COUNTY AIRPORT

FINANCIAL STATEMENTS

December 31, 2024

DURANGO – LA PLATA COUNTY AIRPORT

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Independent Auditor's Report

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

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the business-type activities of the Durango-La Plata County Airport (the Airport), as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the Airport's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the Airport, as of December 31, 2024, and the respective changes in financial position, and its cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*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 Airport, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Airport's basic financial statements. The accompanying Schedule of Revenues and Expenditures – Budget to Actual (Non-GAAP Budgetary Basis) – 2024 and Schedule of Passenger Facility Charges- Revenues and Expenditures are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the Schedule of Revenues and Expenditures – Budget to actual (Non-GAAP Budgetary Basis) and Schedule of Passenger Facility Charges- Revenues and Expenditures are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 13, 2025 on our consideration of the Airport's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Airport's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Airport's internal control over financial reporting and compliance.



Denver, Colorado
June 13, 2025

DURANGO-LA PLATA COUNTY AIRPORT
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2024

Within this section of the Durango-La Plata County Airport (DRO) annual financial report, the Airport management is pleased to provide this narrative and analysis of the financial activities of the Airport for the fiscal year ended December 31, 2024 and 2023. The Airport's financial performance is discussed and analyzed within the context of the accompanying financial statements and disclosures following this section.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report is comprised of three parts:

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

FINANCIAL HIGHLIGHTS

- Passenger enplanements increased from 217,133 in 2023 to 250,894 in 2024, a 16% increase. We attribute this growth to a strong local economy, continued robust demand for inbound visitation to the region, recovering business air travel, and the airlines at DRO providing additional seat capacity through added flight frequencies and larger aircraft.
- Airline seat capacity increased from 276,150 in 2023 to 307,122 in 2024, an 11% increase. The increased supply of seat capacity can be attributed to added flight frequencies and the use of larger aircraft by the airlines serving DRO. American Airlines decreased seat capacity 3% YOY, while United airlines increased seat capacity 26% YOY.
- Airline load factors finished 2024 at 81.7% compared to 78.6% in 2023. Load factors elevated in 2024, representing the ongoing strength in passenger demand within the market despite a noteworthy increase in airline seat capacity.
- A \$23 million construction agreement was executed with Nunn Construction for the construction of Phase 1B of the terminal expansion project. The project broke ground in October 2024, with an expected duration of 27 months.
- A \$13 million Federal Aviation Administration (FAA) discretionary grant offer was executed in 2024, representing a sizable portion of the capital funding associated with Phase 1B of the terminal expansion project.
- An \$8 million Colorado Department of Transportation (CDOT) State Infrastructure Bank (SIB) loan agreement was executed in 2024 to provide additional funding for the capital costs of the ongoing multi-phase terminal expansion project. Debt service on the loan will be payable through a 10-year term.

DURANGO-LA PLATA COUNTY AIRPORT
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2024

REQUIRED FINANCIAL STATEMENTS

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

Statement of Net Position

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

Statement of Revenues, Expenses and Changes in Net Position

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

Statement of Cash Flows

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

Notes to the Financial Statements

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

Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP Budgetary Basis) This schedule reports the budgeted revenue and expenditure activities as compared with actual activities. Though this schedule is not required by GAAP to be part of the audited financial statements, it is added for review as other supplementary information.

DURANGO-LA PLATA COUNTY AIRPORT
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2024

FINANCIAL ANALYSIS OF THE AIRPORT NET POSITION

The Airport's net position as of December 31, 2024 was \$81,283,386. The following table provides a summary of the Airport's net position for the years ended December 31, 2024 and December 31, 2023:

Condensed Statements of Net Position

	2024	2023	2024/2023 Change	2024/2023 Percent Change
ASSETS:				
Current assets	\$ 28,965,953	\$ 20,537,890	\$ 8,428,063	41.04%
Capital assets	62,237,893	58,000,662	4,237,231	7.31%
Long term lease receivables	970,367	2,411,506	(1,441,139)	-59.76%
Total Assets	<u>92,174,213</u>	<u>80,950,058</u>	<u>11,224,155</u>	<u>13.87%</u>
LIABILITIES:				
Current liabilities	2,205,056	1,368,767	836,289	61.10%
Long-term liabilities	7,410,519	81,125	7,329,394	9034.69%
Total Liabilities	9,615,575	1,449,891	8,165,684	563.19%
Deferred inflows related to leases	1,275,252	3,254,645	(1,979,393)	-60.82%
Total Liabilities	<u>10,890,827</u>	<u>4,704,536</u>	<u>6,186,291</u>	<u>131.50%</u>
NET POSITION:				
Net investment in capital assets	61,914,119	57,817,235	4,096,884	7.09%
Restricted	16,079,451	6,285,393	9,794,058	155.82%
Unrestricted	3,289,816	12,142,894	(8,853,078)	-72.91%
Total Net Position	<u>\$ 81,283,386</u>	<u>\$ 76,245,522</u>	<u>\$ 5,037,864</u>	<u>6.61%</u>

DURANGO-LA PLATA COUNTY AIRPORT
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2024

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

The following table provides a summary of the Airport's changes in net position for the years ended December 31, 2024, and 2023:

Summary of Changes in Net Position

	2024	2023	2024/2023 Change	2024/2023 Percent Change
REVENUES:				
Operating Revenues	\$ 6,723,001	\$ 5,768,913	\$ 954,088	16.54%
Non-Operating Revenues	6,783,892	8,894,526	(2,110,634)	-23.73%
Total Revenues	<u>13,506,893</u>	<u>14,663,439</u>	<u>(1,156,546)</u>	<u>-7.89%</u>
EXPENSES:				
Operating Expenses	4,101,955	4,376,713	(274,758)	-6.28%
Other Capital	122,477	107,990	14,487	13.42%
Interest Expense	46,667	-	46,667	0.00%
Depreciation	4,197,930	4,221,446	(23,516)	-0.56%
Total Expenses	<u>8,469,029</u>	<u>8,706,149</u>	<u>(237,120)</u>	<u>-2.72%</u>
Change in Net Position	5,037,864	5,957,290	(919,426)	-15.43%
Beginning Net Position	76,245,522	70,288,232	5,957,290	8.48%
Ending Net Position	<u>\$ 81,283,386</u>	<u>\$ 76,245,522</u>	<u>\$ 5,037,864</u>	<u>6.61%</u>

Total net position for the Airport increased by \$5,037,864 in 2024. Total revenues decreased approximately 8% from 2023 to 2024 due largely to a decrease in intergovernmental revenue, while expenses decreased approximately 3% from 2023 to 2024.

DURANGO-LA PLATA COUNTY AIRPORT
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2024

CAPITAL ASSETS AND DEBT ADMINISTRATION

The following table provides a summary of capital asset activity for the year ended December 31, 2024, 2023, and 2022. See Note 3 for additional information about changes in capital assets during the fiscal year and amounts outstanding at the end of the year.

	Balance 12/31/2024	Balance 12/31/2023	Balance 12/31/2022
Capital Assets, Non-Depreciable			
Land and Right of Way	\$ 2,125,516	\$ 2,125,516	\$ 2,125,516
Construction in Progress	13,118,114	7,187,368	1,082,653
Total Capital Assets, Non-Depreciable	<u>15,243,630</u>	<u>9,312,884</u>	<u>3,208,169</u>
Capital Assets, Depreciable			
Buildings, Improvements, & Infrastructure	84,230,474	81,886,893	105,989,048
Equipment	7,017,510	6,861,858	7,012,229
Right of Use Equipment	9,770	4,900	2,456
Total Capital Assets, Being Depreciated	<u>91,257,754</u>	<u>88,753,651</u>	<u>113,003,733</u>
Less Accumulated depreciation/amortization for:			
Right of Use Lease Assets	(4,080)	(4,392)	(2,196)
Accumulated Depreciation	<u>(44,259,411)</u>	<u>(40,061,481)</u>	<u>(60,564,617)</u>
Depreciable Capital Assets, Net	<u>46,994,263</u>	<u>48,687,778</u>	<u>52,436,920</u>
Total Capital Assets	<u>\$ 62,237,893</u>	<u>\$ 58,000,662</u>	<u>\$ 55,645,089</u>

LONG-TERM LIABILITY

The following table provides a summary of long-term liability activity for the year ended December 31, 2024, 2023 and 2022.

	Balance At 12/31/2024	Balance At 12/31/2023	Balance at 12/31/2022
Compensated Absences	\$ 184,901	\$ 162,248	\$ 196,894
CO Infrastructure Bk Loan	8,000,000	-	-
Total	<u>\$ 8,184,901</u>	<u>\$ 162,248</u>	<u>\$ 196,894</u>

DURANGO-LA PLATA COUNTY AIRPORT
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2024

MAJOR HIGHLIGHTS AT THE AIRPORT IN 2024

- Established a new annual passenger traffic record.
- Completed construction of Phase 1A of the terminal expansion project.
- Initiated construction of Phase 1B of the terminal expansion project.
- Completed construction of 276 new paved parking spaces.

BUDGETARY HIGHLIGHTS

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

ECONOMIC CONDITIONS AND NEXT YEAR'S BUDGET

- Economic conditions were generally strong in 2024, with nationwide demand for air travel reaching new heights. While a persistent pilot shortage continues to impact the regional airline industry, DRO experienced relief in 2024 as the airlines began to find additional stability in pilot hiring and the expansion of mainline aircraft in the market offered solutions beyond regional jet flying.
- Strong consumer demand for leisure and friends/family travel continued to buoy the market, outweighing still-sluggish business travel demand.
- The Airport continues to be eligible for Federal Aviation Administration Airport Improvement Program (AIP) grants. New grants will require an 8.12% local match, traditionally split between the Colorado Department of Transportation Aeronautics Division and the Airport.
- Passenger leakage to competing airports (primarily Albuquerque, NM) remains an ongoing challenge due principally to high airfares in the Durango market.
- United Airlines was the market share leader at DRO in 2024, carrying 55% of traffic. American Airlines carried 45% of traffic.
- DRO entered 2025 with very healthy and growing passenger enplanement numbers, record breaking load factors, and a diverse nonstop airline route network serving three major hub destinations daily, plus one more seasonally.
- FY 2025 budget priorities include fortifying the airline service route network, executing an ambitious capital program, continuing investment in preventative maintenance programs, continuing construction on airport terminal and vehicle parking expansion, further exploring diversified revenue streams, and augmenting airport staffing levels. Sustaining marketing and public relations efforts to combat passenger leakage and facilitating utility system upgrades also represent key efforts.
- Airline rates and charges were increased by 26% in 2025 to offset increased operating costs driven by inflation and to also support a significant ongoing capital program. This larger percentage increase had been anticipated and communicated to the airlines for multiple years as design was completed on the terminal expansion project. With debt service being taken on to support

DURANGO-LA PLATA COUNTY AIRPORT
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2024

this project, an increase in airline rates and charges was necessary to ensure the airport's financial stability throughout the project. Despite the increase in airline rates and charges, DRO remains competitively positioned with a Cost Per Enplanement (CPE) at or below most industry peer airports within the state of Colorado and greater Mountain West.

CONTACTING THE AIRPORT'S FINANCIAL MANAGEMENT

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

DURANGO - LA PLATA COUNTY AIRPORT
STATEMENT OF NET POSITION
December 31, 2024

	2024
ASSETS	
CURRENT ASSETS	
Cash in Managed Pool	\$ 17,622,431
Cash Construction Fund, Restricted	8,000,000
Accounts Receivable	2,868,946
Prepaid Expenses	66,667
Inventory	19,795
Lease Receivables	388,114
Total Current Assets	28,965,953
Long Term Lease Receivable	970,367
PROPERTY AND EQUIPMENT	
Land and Right of Way	2,125,516
Buildings, Improvements, and Infrastructure	84,230,474
Equipment	7,017,510
Construction in progress	13,118,114
Accumulated Depreciation	(44,259,411)
Net Property and Equipment	62,232,203
Right to use Assets	
Right To Use Equipment	9,770
Accumulated Amortization	(4,080)
Right to use Assets, net	5,690
Total Capital Assets	62,237,893
Total Assets	92,174,213
LIABILITIES	
CURRENT LIABILITIES	
Accounts and Retainage Payable	1,331,205
Accrued Liabilities	97,549
Short Term Loan Payable	681,931
Compensated Absences - due in one year	92,450
Lease Payable	1,921
Total Current Liabilities	2,205,056
LONG TERM LIABILITIES	
Long Term Loan Payable	7,318,069
Compensated Absences, net of current portion	92,450
Total Long Term Liabilities	7,410,519
Total Liabilities	9,615,575
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows of resources - lease related	1,275,252
Total Deferred Inflows of Resources	1,275,252
NET POSITION	
Net Investment in Capital Assets	61,914,119
Restricted	16,079,451
Unrestricted	3,289,816
Total Net Position	\$ 81,283,386

The accompanying notes are an integral part of these financial statements

DURANGO - LA PLATA COUNTY AIRPORT
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
For the Year Ended December 31, 2024

	2024
OPERATING REVENUES	
Concession Sales and Parking Charges	\$ 4,464,256
Rentals	1,133,199
Landing and Flowage Fees	744,005
Fuel Sales	239,167
Miscellaneous	142,056
Lease Revenue	318
Total Operating Revenues	6,723,001
OPERATING EXPENSES	
Depreciation	4,197,930
Personnel Services	2,187,074
Purchased Services	1,110,450
Supplies	536,647
Utilities	267,784
Total Operating Expenses	8,299,885
OPERATING LOSS	(1,576,884)
NONOPERATING REVENUES (EXPENSES)	
Intergovernmental Revenue	4,471,760
Passenger Facility Charges	984,340
Customer Facility Charges	485,832
Interest Income	841,960
Other Capital	(122,477)
Interest Expense	(46,667)
Total Non-Operating Revenues (Expenses)	6,614,748
CHANGE IN NET POSITION	5,037,864
NET POSITION, Beginning of Year	76,245,522
NET POSITION, End of Year	\$ 81,283,386

The accompanying notes are an integral part of these financial statements

DURANGO - LA PLATA COUNTY AIRPORT
STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2024

	2024
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash Received from customers	\$ 6,564,729
Cash Paid to Suppliers	(1,772,948)
Cash Paid to Employees	(2,164,422)
Cash Received from Other Operating Activities	142,056
Net Cash Provided (Used) by Operating Activities	2,769,415
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Purchase of Property, Plant and Equipment	(8,552,476)
Cash Received on Lease Receivables - Interest	(46,675)
Net Cash Used by Capital and Related Financing Activities	(8,599,151)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Intergovernmental Revenues Received	5,147,364
Cash Received from Other Nonoperating Activities	1,470,172
Net Cash Provided by Noncapital Financing Activities	6,617,536
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest Received	841,960
Net Cash Provided by Investing Activities	841,960
NET INCREASE (DECREASE) IN CASH IN MANAGED POOL	1,629,760
CASH IN MANAGED POOL - Beginning of Year	15,992,671
CASH IN MANAGED POOL - End of Year	\$ 17,622,431
RECONCILIATION OF LOSS FROM OPERATIONS TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	
Gain (Loss) from Operations	\$ (1,576,884)
ADJUSTMENTS TO RECONCILE LOSS FROM OPERATIONS TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	
Depreciation	4,197,930
Increase/(Decrease) in Assets and Liabilities:	
Accounts Receivable	(15,898)
Prepaid Expenses	6,666
Inventory	(6,401)
Accounts and Retainage Payable	66,321
Accrued Liabilities	75,029
Compensated Absences	22,652
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ 2,769,415

The accompanying notes are an integral part of the financial statements

DURANGO-LA PLATA COUNTY AIRPORT
NOTES TO THE FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

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

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

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

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

Fund Accounting

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

DURANGO-LA PLATA COUNTY AIRPORT
NOTES TO THE FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Accounting

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

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

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

Budgets

In accordance with the State Budget Law, the Durango City Council holds public hearings in the fall of each year to approve the budget and appropriate the funds for the ensuing year. The budget is also approved by the Board of County Commissioners. The City Manager can modify the budget by line item within the total appropriation without notification. The City Council must approve additional appropriations. Operating appropriations lapse at year-end; however, capital projects are re-appropriated should the project span more than one fiscal year.

Cash in Managed Pool

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

Cash Construction Fund

The funds for the Colorado State Infrastructure Bank (SIB) loan are held by an escrow agent and reflected on the balance sheet on the Cash Construction Fund line item. As of 12/31/2024, no funds had yet been drawn.

Accounts Receivable

The Airport recognizes revenue in the period earned. Accounts receivables are reported net of estimated uncollectible amounts. An allowance for doubtful accounts for the

DURANGO-LA PLATA COUNTY AIRPORT
NOTES TO THE FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Aviation Enterprise Fund is based on management estimates of uncollectible revenue billings. At December 31, 2024, the Airport reports no allowance for doubtful accounts.

Inventory

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

Capital Assets

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

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

Lease Receivables

Lease receivables are recorded by the Airport as the present value of future lease payments expected to be received from the lessee during the lease term, reduced by any provision for estimated uncollectible amounts. Lease receivables are subsequently reduced over the life of the lease as cash is received in the applicable reporting period. The present value of future lease payments to be received are discounted based on the interest rate the Airport charges the lessee.

Compensated Absences

Airport employees are entitled to accumulate earned but unused personal time off (PTO). All permanent employees of the Airport are permitted to accumulate a maximum carryover of accrued PTO in the amount of two times the accrual rate in effect for that employee. Maximum carryover for employees with 20 years of service or more is 62 days (496) hours. In the event an employee reaches their maximum accrued PTO, they will no longer accrue PTO until their PTO balance is brought below their maximum accrual. The Airport implemented GASB Statement No. 101 for its fiscal year ending December 31, 2024. The implementation of GASB Statement No. 101 did not result in a material change in the Airport's financial position; the Airport had previously recognized a liability for compensated absences. However, certain salary-related payments (401a, FMLA, and Medicare) are now included in the measurement of the liabilities.

DURANGO-LA PLATA COUNTY AIRPORT
NOTES TO THE FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred Inflows of Resources

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Deferred inflows are related to leases where the Airport is the lessor and it is reported in the Airport balance sheet and statement of net position. The deferred inflows of resources related to leases are recognized as an inflow of resources (revenue) on a straight-line basis over the term of the lease.

Compliance with Uniform Grant Guidance

The Airport receives funding from the Federal Aviation Administration, and the City of Durango administers these grants. As such, these grants have been included in the City's Schedule of Expenditures for Federal Awards.

Passenger Facility Charges

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

Customer Facility Charges

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

Use of Estimates

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

Net Position

Equity is displayed in three components, as follows:

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

DURANGO-LA PLATA COUNTY AIRPORT
NOTES TO THE FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

Implementation of GASB Statement No. 100

As of January 1, 2024, the City of Durango adopted GASB Statement No. 100, *Accounting Changes and Error Corrections*. The implementation of this standard requires additional presentation and disclosure requirements for accounting changes and error corrections. The financial statements have been determined to be in conformity with GASB Statement No. 100 for the fiscal year ended December 31, 2024 and no changes were required.

Implementation of GASB Statement No. 101

In June 2022, GASB issued Statement No. 101, *Compensated Absences*, effective for fiscal years beginning after December 15, 2023. The Airport implemented GASB Statement No. 101 for its fiscal year ending December 31, 2024. This statement establishes standards of accounting and financial reporting for compensated absences by state and local governments. The primary objective of GASB Statement No. 101 is to enhance the consistency and comparability for recognizing leave liabilities. For the year ended December 31, 2024 reporting, compensated absences recognizes a liability for leave that employees have earned and are more likely than not to use for time off or otherwise be paid for in future reporting periods. The Airport has assessed its policies and practices related to vacation, sick leave, and other compensated absences to ensure compliance with the new standards. As required by GASB Statement No. 101, the Airport has recorded a liability for compensated absences as of December 31, 2024. This liability reflects the amount owed to employees for unused leave that is attributable to services rendered through that date and is measured based on the pay rates in effect as of the end of the reporting period. The implementation of GASB Statement No. 101 did not result in a material change in the Airport’s financial position, as the Airport had previously recognized a liability for compensated absences.

Rounding

The preparation of the financial statements represents accurate numerical values by using rounding which may cause differences in the statements due to rounding. Rounding a numerical value means replacing it by another value that is approximately equal but shorter, simpler, or more explicit.

DURANGO-LA PLATA COUNTY AIRPORT
NOTES TO THE FINANCIAL STATEMENTS

NOTE 2: CASH DEPOSITS AND INVESTMENTS

Cash Deposits

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

The State Bank Commissioner is required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools. The Airport pools its cash deposits with the City of Durango. As such, at December 31, 2024, all cash deposits are covered by federal depository insurance or collateralized with securities under the Public Deposit Protection Act.

Investments

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

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

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

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

DURANGO-LA PLATA COUNTY AIRPORT
NOTES TO THE FINANCIAL STATEMENTS

NOTE 2: CASH DEPOSITS AND INVESTMENTS (CONTINUED)

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

As of December 31, 2024, the City's investments in local government investment pools (CSAFE and COLOTRUST) were rated AAAM by S&P Global Ratings.

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

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

At least 5 percent of the portfolio shall be invested in overnight instruments or in marketable securities which can be sold to raise cash in one day's notice. The City's total portfolio was within these limits for the year ended December 31, 2024.

NOTE 3: CAPITAL ASSETS

A summary of changes to capital assets for the year ended December 31, 2024, follows:

	Balance 12/31/2023	Additions	Deletions	Transfers	Balance 12/31/2024
Capital Assets, Non-Depreciable					
Land and Right of Way	\$ 2,125,516	\$ -	\$ -	\$ -	2,125,516
Construction in Progress	7,187,368	6,049,599	-	(118,853)	13,118,114
Total Capital Assets, Non-Depreciable	9,312,884	6,049,599	-	(118,853)	15,243,630
Capital Assets, Depreciable					
Right to use lease Equipment	4,900	4,870	-	-	9,770
Buildings, Improvements, & Infrastructure	81,886,893	2,224,729	-	118,853	84,230,475
Equipment	6,861,858	155,652	-	-	7,017,510
Total Capital Assets, Being Depreciated	88,753,651	2,385,250	-	118,853	91,257,754
Accumulated Amortization	(4,392)	312	-	-	(4,080)
Accumulated Depreciation	(40,061,481)	(4,197,930)	-	-	(44,259,411)
Depreciable Capital Assets, Net	48,687,778	(1,812,368)	-	118,853	46,994,263
Total Capital Assets	\$ 58,000,662	\$ 4,237,231	\$ -	\$ -	62,237,893

DURANGO - LA PLATA COUNTY AIRPORT
NOTES TO THE FINANCIAL STATEMENTS

NOTE 4: LONG-TERM LIABILITY

Following is a summary of long-term liability transactions for the year ended December 31, 2024:

	Balance at 12/31/2023	Additions	Deletions	Balance at 12/31/2024	Due Within One Year
CO State Infrastruc Bank Loan \$	-	8,000,000	-	8,000,000	\$ 681,931
Compensated Absences	162,248	127,558	(104,906)	184,900	92,450
Total	<u>\$ 162,248</u>	<u>\$ 8,127,558</u>	<u>\$ (104,906)</u>	<u>\$ 8,184,900</u>	<u>\$ 774,381</u>

Colorado State Infrastructure Bank loan - An \$8 million Colorado Department of Transportation (CDOT) State Infrastructure Bank (SIB) loan agreement was executed in 2024 to provide additional funding for the capital costs of the ongoing multi-phase terminal expansion project. Debt service on the loan will be payable through a 10-year term at an interest rate of 3.5 percent.

Fiscal Year	Principal	Interest	Total
2025	\$ 681,931	\$ 280,000	\$ 961,931
2026	705,799	256,132	961,931
2027	730,501	231,429	961,930
2028	756,069	205,862	961,931
2029	782,531	179,400	961,931
2030	809,920	152,011	961,931
2031	838,267	123,664	961,931
2032	867,607	94,324	961,931
2033	897,973	63,958	961,931
2034	929,402	32,529	961,931
Total	<u>\$ 8,000,000</u>	<u>\$ 1,619,309</u>	<u>\$ 9,619,309</u>

NOTE 5: PENSION

401(a) Money Purchase Plan Great West Life

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

DURANGO - LA PLATA COUNTY AIRPORT
NOTES TO THE FINANCIAL STATEMENTS

NOTE 5: PENSION (CONTINUED)

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

In a defined contribution plan, benefits depend solely on amounts contributed to the Plan plus investment earnings. Employees covered by this Plan are eligible to participate from the date of employment. The Plan defines the City and employee contributions as 11.2% and 9% respectively. The City's contributions for each employee are fully vested in five years. These contributions are vested at 20% at one year, 40% at two years, 60% at 3 years, 80% at 4 years, and 100% at 5 years. City contributions, and the interest thereon, for employees who leave employment prior to becoming vested, are applied toward the City's obligation to contribute. The plan allows hardship distributions and can be taken on a lump sum or installment basis. The Airport's total payroll for the year ended December 31, 2024, was \$1,468,555. The contribution to the plan totaled \$283,266 which consists of \$126,207 contributed by employees and \$157,058 contributed by the Airport.

NOTE 6: RESTRICTED NET POSITION

Net position is restricted for capital projects related to the following fees collected at the Airport. Also, the Colorado Infrastructure loan proceeds are restricted.

	2024
CO State Infrastructure Bank Loan	\$ 8,000,000
Passenger Facility Charges	3,210,981
Customer Facility Charges	4,868,470
Total Restricted Net Position	\$ 16,079,451

NOTE 7: RISK MANAGEMENT

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

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

DURANGO - LA PLATA COUNTY AIRPORT
NOTES TO THE FINANCIAL STATEMENTS

NOTE 8: TABOR

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

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

NOTE 9: COMMITMENTS AND CONTINGENCIES

The Airport participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenses financed by grants are subject to audit by the appropriate grantor government. If expenses are disallowed due to noncompliance with grant program regulations, the Airport may be required to reimburse the grantor government. As of December 31, 2024, significant amounts of grant expenses have not been audited, but the Airport believes disallowed expenses, if any, based on subsequent audits will not have a material effect on its overall financial position.

NOTE 10: LEASES

Lessor

The Airport leases land and buildings for several leases as the Lessor. Lease receivables are recorded by the Airport as the present value of the future lease payments expected to be received from the lessee during the lease terms. Lease receivables are then reduced over the life of the lease as payments are received and applied in the appropriate period. The interest rate used for lease receivables ranges from 1.35% to 3.29% and is based on State and Local Government Series (SLGS) securities statistics. For these leases the Airport is reporting lease receivables of \$1,358,481 and a deferred inflow of resources of \$1,275,252 as of December 31, 2024.

DURANGO - LA PLATA COUNTY AIRPORT
NOTES TO THE FINANCIAL STATEMENTS

NOTE 10: LEASES (CONTINUED)

Future minimum payments:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 388,114	\$ 44,089	\$ 432,203
2026	336,971	27,926	364,897
2027	212,204	15,443	227,647
2028	153,797	10,380	164,177
2029	120,921	6,043	126,964
2030 - 2034	146,474	4,344	150,818
Total	<u>\$ 1,358,481</u>	<u>\$ 108,225</u>	<u>\$ 1,466,706</u>

Some leases are comprised of fixed and variable payments. Concession lease agreement revenues are based on the greater of an aggregated percentage of gross receipts or a Minimum Annual Guarantee (MAG). Concession agreements are capitalized using the MAG amount and amounts over the MAG are recorded as rental revenue. The Airport Authority received \$429,120 of rental revenue for fiscal year 2024 from the variable component above the minimum.

Regulated Leases

The Airport leases hangars, buildings, office space, terminal space, and land that are considered regulated leases that are subject to external laws, regulations or legal rulings, the U.S. Department of Transportation and Federal Aviation Administration (FAA), between airports, air carriers and other aeronautical users. In accordance with GASB No. 87, the Airport Authority does not recognize a lease receivable and deferred inflow of resources for regulated leases. In fiscal year 2024, the Airport recognized lease revenue of \$124,899 for regulated leases.

DURANGO - LA PLATA COUNTY AIRPORT
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET TO ACTUAL (NON-GAAP BUDGETARY BASIS)
For the Year Ended December 31, 2024

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Concession Sales and Parking Charges	\$ 3,487,091	\$ 3,487,091	\$ 4,464,256	\$ 977,165
Rentals	1,124,038	1,124,038	1,133,199	9,161
Landing and Flowage Fees	678,670	678,670	744,005	65,335
Fuel Sales	223,257	223,257	239,167	15,910
Miscellaneous	123,159	123,159	142,056	18,897
Lease Revenue	-	-	318	318
Total Revenues	5,636,215	5,636,215	6,723,001	1,086,786
EXPENDITURES				
Personnel Services	2,196,309	2,252,632	2,187,074	65,558
Purchased Services	33,662,825	40,911,112	9,540,449	31,370,663
Supplies	618,593	618,593	536,647	81,946
Utilities	307,889	307,889	267,784	40,105
Total Expenditures	36,785,616	44,090,226	12,531,954	31,558,272
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ (31,149,401)	\$ (38,454,011)	\$ (5,808,953)	\$ 32,645,058
OTHER FINANCING SOURCES				
Intergovernmental Revenue	28,835,396	30,182,096	4,471,760	(25,710,336)
Passenger Facility Charges	733,429	733,429	984,340	250,911
Customer Facility Charges	391,794	391,794	485,832	94,038
Interest Income	160,800	160,800	841,960	681,160
Total Other Financing Sources	30,121,419	31,468,119	6,783,892	(24,684,227)
OTHER FINANCING USES				
Other Capital	(179,750)	(179,750)	(122,477)	57,273
Interest Expense	-	-	(46,667)	(46,667)
Total Other Financing Uses	(179,750)	(179,750)	(169,144)	10,606
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ (1,207,732)	\$ (7,165,642)	805,795	\$ 7,971,437
Reconciliation to GAAP Net Income:				
Remove Capital Outlay			8,429,999	
Add Depreciation			(4,197,930)	
Net Income (Loss)			\$ 5,037,864	

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

For the Year Ended December 31, 2024 and each quarter during
the period from January 1, 2024 through December 31, 2024

Agency/Program Grant Title	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Total
Unexpended passenger facility charges balance, January 1, 2024					\$ 2,122,405
Passenger facility charges collected	\$ 234,160	\$ 255,004	\$ 265,151	\$ 230,024	984,339
Interest Income	28,328	31,256	34,697	34,713	128,994
Passenger facility charges expended Capital Projects	(1,658)	-	(318)	(22,781)	<u>(24,757)</u>
Unexpended passenger facility charges balance, December 31, 2024					<u>\$ 3,210,981</u>



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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the Durango – La Plata County Airport (the Airport) (the “Airport”), as of and for the year ended December 31, 2024 and the related notes to the financial statements, which collectively comprise the Airport’s basic financial statements and have issued our report thereon dated June 13, 2025.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Airport's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Eide Bailly LLP

Denver, Colorado



Independent Auditor’s Report on Compliance with the Passenger Facility Charge Program; Report on Internal Control Over Compliance; and Report on the Schedule of Passenger Facility Charges Revenues and Expenditures Required by the Passenger Facility Charge Audit Guide for Public Agencies

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

Report on Compliance for the Passenger Facility Charge Program

Opinion on Compliance with the Passenger Facility Charge Program

We have audited Durango – La Plata County Airport’s compliance with the types of compliance requirements identified as subject to audit in the *Passenger Facility Charge Audit Guide for Public Agencies*, issued by the Federal Aviation Administration (Guide) that could have a direct and material effect on its passenger facility charge program for the quarters ended March 31, 2024, June 30, 2024, September 30, 2024 and December 31, 2024 and for the year ended December 31, 2024.

In our opinion, Durango – La Plata County Airport’s complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its passenger facility charge program for the quarters ended March 31, 2024, June 30, 2024, September 30, 2024 and December 31, 2024 and for the year ended December 31, 2024.

Basis for our Opinion

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

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

Responsibilities of Management for Compliance

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

Auditor’s Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control over Compliance

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

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

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

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

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

Report on the Schedule of Passenger Facility Charges Revenues and Expenditures Required by the Guide

We have audited the financial statements of the business-type activities of Durango – La Plata County Airport's as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise Durango – La Plata County Airport's basic financial statements. We issued our report thereon dated June 13, 2025, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of passenger facility charges, on page 26 of the financial statements, is presented for purposes of additional analysis as required by the Guide and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Passenger Facility Charges Revenues and Expenditures is fairly stated in all material respects in relation to the basic financial statements as a whole.



Denver, Colorado
June 13, 2025

Section I – Financial Statement Findings

None.