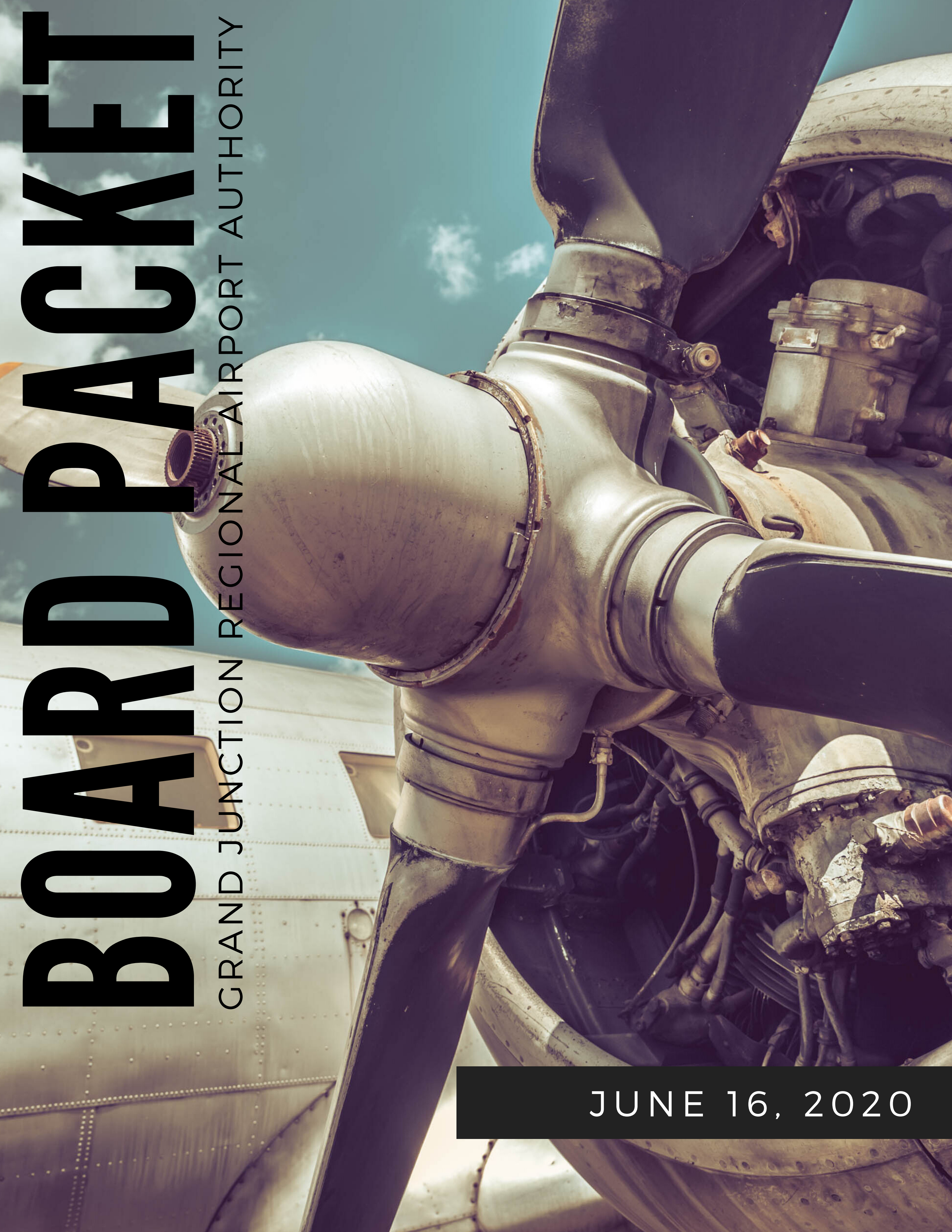

BOARD PACKET

GRAND JUNCTION REGIONAL AIRPORT AUTHORITY

JUNE 16, 2020

Grand Junction Regional Airport Authority

Date: **June 16, 2020**

Location:
Electronic Meeting
Link: https://us02web.zoom.us/j/813501044?pwd=Zi82UlQ5Rnpjc2ZQU1JqRDNpc0NYUT09
Time: **5:15 PM**

REGULAR MEETING AGENDA

I. Call to Order

II. Pledge of Allegiance

III. Approval of Agenda

IV. Commissioner Comments

V. Citizens Comments

The Grand Junction Regional Airport Authority welcomes respectful public comments at its meetings. The Citizens Comment section is open to all individuals that would like to comment. If you wish to speak under the Citizens Comment portion of the agenda, please e-mail your comment to the Board Clerk (jburtard@gjairport.com) 30 minutes prior to the meeting. Comments not sent 30 minutes prior to the meeting will not be accepted. The Board Chairman will indicate when you may come forward and comment. Please state your name for the record. Presentations are limited to **three minutes** and yielding time to others is not permitted. Speakers are to address the Chairman, not each other or the audience, and are expected to conduct themselves in an appropriate manner. The use of abusive or profane language shall not be allowed. No debate or argument between speakers and/or members of the audience shall be permitted.

VI. Action Item

A. May 19, 2020 Meeting Minutes ______________________________ 1

- Approval of May 19, 2020 Board Meeting Minutes

B. Tailwind Concessions Agreement Extension ______________________ 2

- Authorize the two one-year extension options with Tailwind GJT, LLC resulting in a lease expiration date of April 30, 2023.

C. 2019 Audit Presentation and Acceptance ________________________ 3

- Board approval of Finance and Audit Committee's recommendation to accept the 2019 Grand Junction Regional Airport Audit.

D. Banking Resolution No. 2020-006- Dual Signature Requirement for ACH Payments _ 4

- Adopt Resolution No. 2020-006: Revised Resolution Concerning Execution of Documents Pertaining to Bank Accounts.

VII. Discussion

A. Terminal Building Structural Assessment Presentation by Knott Laboratory

- Knott Laboratory specializes in forensic engineering work. Knott Laboratory performed a structural assessment on the main terminal building. Representatives from Knott Laboratory will give a presentation on their report.

B. Employee Benefits ____ 5

- HUB representatives will present the proposed employee benefit rates for September 1, 2020.

VIII. Staff Reports

A. Executive Director Report (Angela Padalecki)
B. Operations Report (Dylan Heberlein)
C. Finance and Activity Report (Sarah Menge) __________________________________ 6
D. External Affairs Report (Joe Burtard)
E. Facilities Report (Ben Peck)
F. Project Report (Eric Trinklein)

IX. Any other business which may come before the Board

X. Adjournment

Grand Junction Regional Airport Authority Board
Regular Board Meeting
Meeting Minutes
May 19, 2020

REGULAR BOARD MEETING

I. Call to Order

Mr. Tom Benton, Board Chairman, called the Meeting of the Grand Junction Regional Airport Authority Board to order at 5:15 PM on May 19, 2020 in Grand Junction, Colorado and in the County of Mesa. The meeting was hosted electronically.

Commissioners Present:	Guests:
Tom Benton (Chairman) Chuck McDaniel Thaddeus Shrader Clay Tufly Erling Brabaek Ron Velarde Linde Marshall **Airport Staff:** Angela Padalecki (Executive Director) Joseph Burtard (Clerk) Karl Hanlon (Counsel) Dan Reimer (Counsel) Sarah Menge Ben Peck Eric Trinklein Dylan Heberlein Cameron Reece Shelagh Flesch	Jeff Hurd, Ireland Stapleton Pryor & Pascoe, PC. Brad Rolf, Mead and Hunt Jeremy Lee, Mead and Hunt Shannon Kinslow, TOIL Julie Theissen, Armstrong Colin Bible, Garver

II. Pledge of Allegiance

III. Approval of Agenda

Commissioner McDaniel made a motion to approve the May 19, 2020 Board Agenda. Commissioner Velarde second the motion. Roll Call Vote: Commissioner Benton, yes; Commissioner Brabaek, yes; Commissioner Marshall, yes; Commissioner McDaniel, yes; Commissioner Shrader, yes; Commissioner Tufly, yes; and Commissioner Velarde, yes. The motion carries.

IV. Commissioner Comments

Chairman recognized Commissioner McDaniel on his reappointment to the Grand Junction Regional Airport Authority Board by the City of Grand Junction.

V. Citizen Comments

No citizen comments were made.

VI. Consent Agenda

April 21, 2020 Meeting Minutes
Approval of April 21, 2020 Board Meeting Minutes

May 5, 2020 Meeting Minutes
Approval of May 5, 2020 Special Board Meeting Minutes

DVR Replacement
Purchase of $11,700 DVR replacement to expand storage for Airport video camera recordings.

~~**Airport Insurance Policy Renewal**~~
~~Board approval of the 2020-2021 renewal of property and casualty insurance brokered by HUB International. Estimated premiums and broker fees totaling $125,482.~~

City Annexation of Airport Property Received from BLM
In 2019, the BLM transferred 188 acres to the Airport. Board approval of moving land transfer before the City of Grand Junction Planning Department for annexation into the City of Grand Junction city limits to be consistent with Airport property.

Chairman asked to move the Airport Insurance Policy Renewal item off consent for further discussion under the action items. Commissioner Shrader made motion to approve the Consent Agenda. Commissioner Brabaek seconded. Roll Call Vote: Commissioner Benton, yes; Commissioner Brabaek, yes; Commissioner Marshall, yes; Commissioner McDaniel, yes; Commissioner Shrader, yes; Commissioner Tufly, yes; and Commissioner Velarde, yes. The motion carries.

VII. Action Items

Draft Senate Bill (PFAS Enterprise) Formal Opposition
Commissioner Marshall made a motion for the Chairman to sign joint community opposition of a proposed senate bill regarding a tax to aviation fuel which would fund a PFAS Enterprise. In addition, Grand Junction Regional Airport will submit a letter of opposition. Commissioner Velarde seconded the motion. Roll Call Vote: Commissioner Benton, yes; Commissioner Brabaek, yes; Commissioner Marshall, yes; Commissioner McDaniel, yes; Commissioner Shrader, yes; Commissioner Tufly, yes; and Commissioner Velarde, yes. The motion carries.

Airport Insurance Policy Renewal
Commissioner Marshall made a motion to approve the 2020-2021 renewal of property and casualty insurance brokered by HUB International. Estimated premiums and broker fees totaling $125,482. Commissioner Velarde seconded the motion. Roll Call Vote: Commissioner Benton, yes; Commissioner Brabaek, yes; Commissioner Marshall, yes; Commissioner McDaniel, yes; Commissioner Shrader, yes; Commissioner Tufly, yes; and Commissioner Velarde, yes. The motion carries.

VIII. Discussion

IX. Staff Reports

A. Executive Director Report (Angela Padalecki)
B. Operations Report (Dylan Herberlein)
C. Finance and Activity Report (Sarah Menge)
D. External Affairs Report (Joseph Burtard)
E. Facilities Report (Ben Peck)
F. Project Report (Eric Trinklein)

X. Any other business which may come before the Board

No additional business was discussed.

XI. Adjournment

The meeting adjourned at approximately 6:37 PM.

Audio recording of the complete meeting can be found at https://gjairport.com/Board_Meetings

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Tom Benton, Board Chairman

ATTEST:

Joseph R. Burtard, Clerk to the Board

Grand Junction Regional Airport Authority

Agenda Item Summary

TOPIC:	Tailwind Concession Agreement Extension
PURPOSE:	Information ☐ Guidance ☐ Decision ☒
RECOMMENDATION:	Authorize the two one-year extension options with Tailwind GJT, LLC resulting in a lease expiration date of April 30, 2023.
SUMMARY:	Tailwind GJT, LLC ("Tailwind") has provided concession services at the Airport since May 2016. The primary term of the lease expires April 30, 2021 and the original lease provided for two one-year extension options if Tailwind is not in default and the Authority is satisfied with the service. Tailwind is not in default of their lease terms and the Authority has been satisfied with the concession services provided and impressed by the flexibility and cooperation that Tailwind management demonstrated over the past three months with the COVID-19 pandemic. Although the expiration of the primary lease term is not until April 2021, we were recently notified that Tailwind's liquor license renewal application was denied because the lease expiration date is less than one year from the license renewal date. In order to simplify administrative matters like the liquor license renewal and offer some additional time for Tailwind to make-up for lost revenues resulting from the COVID-19 pandemic, we are recommending that we grant both extension options at this time.
REVIEWED BY:	Finance Director and Legal Counsel
FISCAL IMPACT:	N/A
ATTACHMENTS:	N/A
STAFF CONTACT:	Angela Padalecki 970-852-1247 Apadalecki@gjairport.com

Grand Junction Regional Airport Authority

Agenda Item Summary

TOPIC:	2019 Audit Acceptance
PURPOSE:	Information ☐ Guidance ☐ Decision ☒
RECOMMENDATION:	Recommend that the Board approve the 2019 Audit.
SUMMARY:	The Airport staff and the Finance and Audit Committee have reviewed the draft financial statements and recommend that the board formally approve the financials as presented. A summary of significant audit findings and reports is as follows: - Plante Moran is issuing an unmodified opinion. - There were no material weaknesses identified. - There were no findings in the Single Audit over the PFC or AIP Grant Revenues that were reported. - No financial statement adjustments were identified during the audit that required posting to the financial statements. - The auditors are continuing to recommend oversight of the Finance Director due to the small size of our organization and a lack of segregation of duties. This recommendation was also made in the 2018 audit and is not identified as a finding or weakness, but rather serves as a reminder of the importance of oversight by the executive director, finance committee, and Board in a small organization with limited segregation of duties. The audit must be approved and filed with the state auditor's office by July 31, 2020. While we are recommending approval at this meeting, should anyone need additional time for review or have questions that require follow-up from staff or the auditors, we can defer the approval until the July meeting.
REVIEWED BY:	Executive Director and Legal Counsel
FISCAL IMPACT:	N/A
ATTACHMENTS:	Plante Moran Audit Presentation, Communication Letter, and Draft Audited Financial Statements
STAFF CONTACT:	Sarah Menge 970-248-8581 smenge@gjairport.com

Presentation to the Board of Commissioners – Grand Junction Regional Airport Authority

June 16, 2020

Agenda

- Communication between auditors and those charged with governance.

- Grand Junction Regional Airport Authority (the "Authority") financial statements.

Overview of Auditor Communication with those Charged with Governance

- Unmodified opinion on financial statements
- No material weaknesses in internal control over financial reporting
- No findings reported under Uniform Grant Guidance (Airport Improvement Program)
- No findings reported over the Passenger Facility Charge audit
- No difficulties/disagreements/other
- Independence Confirmation:
  - We confirm we are independent of Grand Junction Regional Airport Authority in compliance with Rules of the Colorado State Board of Accountancy, the AICPA's Code of Professional Conduct, and Government Auditing Standards.

Financial Statement Overview

- Total assets: $91.1 million, a decrease of $4.1 million compared to prior year
  - Current assets decreased by $3.2 million caused by decreases in grants receivable. Similarly, current liabilities/accounts payable are down approx. $4M.
  - Decrease in assets includes the $4M write-down of the unfinished administration building
  - Total cash is down approx. $1.4M largely due to terminal improvement project that was paid for using bond cash and unrestricted cash. AIP projects are paid 90% by the FAA, but the terminal project was all GJRAA funded and decreased our overall balance.
  - Total net position: $65.1 million, an increase of $848k

Financial Statement Overview

- Statement of Revenue, Expenses and Changes in Net Position
  - Total operating income (before depreciation) – $2.5 million, a decrease of $500k over prior year – however, this is $1.4M greater than budget
    - Total aeronautical revenue is up $84k
    - 2019 passenger enplanements are up 12% from 239k to 268k in 12/31/19
  - Total change in net position – $1.4M, a decrease of $7.8 million from prior year
    - Operating expenses were relatively consistent with prior year – up $41k. Personnel and benefits expense was up $529k from prior year, related mostly to GASB 68 pension expenses and depreciation expense increased by approx. $262k from prior year.
    - Non-operating revenue (expenses) and capital contributions – $7.4M million, a decrease of $4 million over prior year
    - Capital contributions (grant income) down by $4.1 million from prior year due to decreased AIP activity
    - Special item – impairment expense of $4M was recognized in the current year for the unfinished administration building

Financial Statement Overview

- GASB 88 – Debt Disclosures
- Two year presentation for comparison purposes vs. single-year presentation
- GASB 87 has been postponed and will be required to be implemented for year ended December 31, 2021
- COVID-19 impact
  - Emphasis of matter paragraph in opinion letter on page 1
  - Note 2 discloses subsequent event

Thank you for the opportunity to serve as your auditors!

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June 16, 2020

To the Board of Commissioners
Grand Junction Regional Airport Authority

We have audited the financial statements of Grand Junction Regional Airport Authority (GJRAA or the "Authority") as of and for the year ended December 31, 2019 and have issued our report thereon dated June 16, 2020. Professional standards require that we provide you with the following information related to our audit.

Our Responsibility Under U.S. Generally Accepted Auditing Standards

As stated in our engagement letter dated January 6, 2020, our responsibility, as described by professional standards, is to express an opinion about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities. Our responsibility is to plan and perform the audit to obtain reasonable, but not absolute, assurance that the financial statements are free of material misstatement.

As part of our audit, we considered the internal control of GJRAA. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures specifically to identify such matters.

Our audit of GJRAA's financial statements has also been conducted in accordance with *Government Auditing Standards*, issued by the Comptroller General of the United States. Under *Government Auditing Standards*, we are obligated to communicate certain matters that come to our attention related to our audit to those responsible for the governance of GJRAA, including compliance with certain provisions of laws, regulations, contracts, and grant agreements; certain instances of error or fraud; illegal acts applicable to government agencies; and significant deficiencies in internal control that we identify during our audit. Toward this end, we issued a separate letter dated June 16, 2020 regarding our consideration of GJRAA's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements.

Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing previously communicated to you in our meeting about planning matters on April 24, 2020.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by GJRAA are described in Note 2 to the financial statements.

As described in Note 2, GJRAA adopted Governmental Accounting Standards Board (GASB) Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*. The primary objective of this statement is to improve the information that is disclosed in the notes to the financial statements related to debt, including direct borrowings and direct placements. Accordingly, the accounting change has been retrospectively applied to prior periods presented as if the policy had always been used.

GJRAA also adopted GASB Statement No. 84, *Fiduciary Activities*. The primary objective of this statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The Authority did not identify any such activities, and there were no changes in reported activities for the Authority as a result of implementing this statement.

We noted no transactions entered into by the GJRAA during the year for which there is a lack of authoritative guidance or consensus.

We noted no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected.

The most sensitive estimates affecting the financial statements were management's estimates of the pension and OPEB liabilities. Management's estimate of the unfunded liability for the pension plan and the OPEB liability was calculated by multiplying the funds' portions of the contributions made to the respective plans by the total liability of the plans provided by an independent actuary and the Colorado Public Employees' Retirement Association (PERA). The independent actuary used a number of assumptions to determine the overall unfunded liability of the plans. We evaluated the key factors and assumptions used to develop the net pension and OPEB liabilities in determining that they are reasonable in relation to the financial statements taken as a whole.

The disclosures in the financial statements are neutral, consistent, and clear. Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosure affecting the financial statements was the subsequent event disclosure in Note 2 related to COVID-19. As the situation is evolving quickly, there is potential for future impacts that were not known as of the date of the report.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Disagreements with Management

For the purpose of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. We did not detect any misstatements as a result of audit procedures.

Significant Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, business conditions affecting GJRAA, and business plans and strategies that may affect the risks of material misstatement, with management each year prior to our retention as GJRAA's auditors. However, these discussions occurred in the normal course of our professional relationship, and our responses were not a condition of our retention.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated June 16, 2020.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to GJRAA's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

<u>Other Recommendations and Observations</u>

Cash Reconciliation Procedures

During our review of procedures surrounding cash, we noted the director of finance has the ability to create vendors within the accounting system, print checks, access to online bank functions, ability to post journal entries, has administrative access to accounting system, and is an individual performing bank reconciliations. The risk with lack of segregation of duties in these various roles and capabilities is that transactions can be recorded or disbursements can be made without authorization by appropriate individuals. While we did note mitigating controls in place to offset the risk, the Authority should examine access to all systems to ensure appropriate individuals have access to correct systems and modules to minimize risk of inappropriate/unapproved activity.

Upcoming Accounting Pronouncement - GASB Statement No. 87

A new Governmental Accounting Standards Board standard, GASB Statement No. 87, *Leases*, was issued in June 2017, and the Authority will be impacted. The new standard revises the financial reporting for leases based on the foundational principle that leases are financings of the right to use an underlying asset. As a result, leases that were previously considered operating leases will, under this new standard, now be reported on the balance sheet as a lease receivable or a lease liability, with an offsetting deferred inflow of resources or intangible right to use the asset. For regulated leases, the GASB standard requires disclosure of a description of the agreements and the extent to which capital assets are subject to exclusive or preferential use by major asset class and by major counterparty. Additionally, the Authority will be required to disclose revenue recognized under these agreements during the reporting period, as well as expected future minimum payments from these agreements for each of the subsequent five years and in five-year increments thereafter. To the extent the Authority has recognized variable revenue in excess of the minimum payments in the current reporting period, the disclosure of that amount is required. Finally, if the Authority has issued debt secured by lease payments from agreements in which the lessee has the option to terminate the lease or abate lease payments, the Authority must disclose the existence of these terms and conditions. The new standard is effective for periods beginning after December 15, 2020. Retroactive application of the standard by restating all prior periods presented is required to the extent this is feasible.

To the Board of Commissioners
Grand Junction Regional Airport Authority

June 16, 2020

This information is intended solely for the use of the board of commissioners and management of GJRAA and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

Plante & Moran, PLLC

Lisa Meacham

Lisa Meacham, CPA
Partner

Rumzei Abdallah, CPA
Senior Manager

Grand Junction Regional Airport Authority

Financial Report
with Supplemental Information
December 31, 2019

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Independent Auditor's Report

To the Board of Commissioners
Grand Junction Regional Airport Authority

Report on the Financial Statements

We have audited the accompanying financial statements of Grand Junction Regional Airport Authority (the "Authority") as of and for the years ended December 31, 2019 and 2018 and the related notes to the financial statements, which collectively comprise the basic financial statements of the Authority.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of Grand Junction Regional Airport Authority as of December 31, 2019 and 2018 and the changes in its financial position and its cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As described in Note 2 to the financial statements, subsequent to year end, the COVID-19 pandemic has impacted the Authority's operations and has resulted in a severe decline in the Authority's activity. Our opinion is not modified with respect to this matter.

To the Board of Commissioners
Grand Junction Regional Airport Authority

Other Matters

Required Supplemental Information

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

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Grand Junction Regional Airport Authority's basic financial statements. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and the schedule of passenger facility charges, as required by the *Passenger Facility Charge Audit Guide for Public Agencies*, are presented for the purpose of additional analysis and are not a required part of the basic financial statements.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 16, 2020 on our consideration of Grand Junction Regional Airport Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Grand Junction Regional Airport Authority's internal control over financial reporting and compliance.

June 16, 2020

INTRODUCTION

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

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

GJT Description

The National Plan of Integrated Airport Systems classifies the Grand Junction Regional Airport (the "Airport" or "GJT") as a short-haul primary commercial service airport. These airports provide commercial airline service, mostly to destinations within 500 miles, in addition to general aviation services. The Grand Junction metropolitan area is classified as a non-hub commercial service market, as the Airport enplanes less than 0.05% of all commercial airline enplanements in the United States.

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

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

Location

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

Air Traffic

As of December 31, 2019, GJT offered direct service to Dallas/Fort Worth, Denver, Las Vegas, Mesa, AZ, Phoenix, and Salt Lake City, and seasonal direct service to Los Angeles and Chicago. Air service is provided in GJT by Allegiant, American Airlines, Delta, Denver Air Connection, and United. As of December 31, 2018, GJT offered direct air service to Dallas/Fort Worth, Denver, Las Vegas, Phoenix, and Salt Lake City, and seasonal direct service to Los Angeles through five different commercial carriers.

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following discussion and analysis of the financial position and activity of the Authority provides an introduction and overview of the basic financial statements of the Authority as of and for the years ended December 31, 2019 and 2018. This discussion has been prepared by management and should be read in conjunction with the financial statements and the notes thereto, which follow this section.

Financial Highlights

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

Operating revenues in 2018 exceeded budgeted revenues by $235,000 and 2017 revenues by $146,000. This increase was primarily related to non-passenger airline revenue from cargo and other itinerant operations at the airport. In 2018 the Airport served as a base for firefighting operations in the region and served over 300 diversions throughout the year compared to approximately 175 in 2017.

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

The Authority broke ground on a runway replacement project in 2018 and as of December 31, the Authority has ten (2019) and eight (2018) Airport Improvement Program (AIP) projects still in process with the FAA, primarily related to enabling projects for the runway replacement. These AIP projects are funded primarily by the Federal Aviation Administration. Capital assets increased over $6,500,000 related to AIP capital projects from 2018 to 2019. Total assets increased over $13,400,000 from 2017 to 2018 due to increases in capital grants receivable and capital assets.

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

In 2018 the Authority adopted Governmental Accounting Standards Board ("GASB") No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* which changes the accounting and presentation for the Authority's postemployment health benefits that are administered through the Colorado Public Employees' Retirement Association. Additional information related to the Authority's pension and other postemployment benefit plans can be found in Note 9 and Note 10.

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

Overview of the Financial Statements

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

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

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

Summary of Revenues, Expenses, and Changes in Net Position

The following is a summary of the revenues, expenses, and changes in net position for the years ended December 31, 2019, 2018 and 2017.

	2019	2018	2017
Total operating revenues	$6,863,913	$6,506,646	$6,360,576
Total non-operating revenues	2,016,461	1,941,478	1,808,815
Total revenues	8,880,374	8,448,124	8,169,391
Total operating expenses	8,815,254	8,774,636	8,447,618
Net non-operating expenses	4,696,104	650,029	1,468,896
Total expenses	13,511,358	9,424,665	9,916,514
Loss before capital contributions	(4,630,984)	(976,541)	(1,747,123)
Capital contributions	6,004,320	10,154,051	5,201,808
Increase in net position	$1,373,336	$9,177,510	$3,454,685

The following is a summary of operating revenues for the years ended December 31, 2019, 2018 and 2017.

	2019	2018	2017
Aeronautical revenue			
Passenger airline revenue			
Passenger airline landing fees	632,143	$549,237	$528,794
Terminal rent	1,183,776	1,181,845	1,185,356
Other	128,216	113,722	102,575
Total passenger airline revenue	1,944,135	1,844,804	1,816,725
Non-passenger airline revenue			
Non-passenger landing fees	102,453	179,586	143,955
Cargo and hangar rentals	53,466	52,213	51,173
Fuel flowage fees and aviation fuel tax	752,110	697,084	629,287
Other	9,780	5,880	3,030
Total non-passenger airline revenue	917,809	934,763	827,445
Total aeronautical revenue	2,861,944	2,779,567	2,644,170
Non-aeronautical revenue			
Land and building leases	601,551	596,586	573,411
Terminal – restaurant and retail	170,591	142,064	125,230
Terminal - rent	180,686	199,259	255,550
Rental cars	1,306,055	1,270,226	1,217,503
Parking and ground transportation	1,663,556	1,442,888	1,476,492
Other	79,530	76,056	68,220
Total non-aeronautical revenue	4,001,969	3,727,079	3,716,406
Total operating revenue	$6,863,913	$6,506,646	$6,360,576

Rates and charges for airport operations remained unchanged from 2017 to 2019 so changes in operating revenues were driven by activity and not changes in fees.

Passenger airline revenue is primarily from terminal rent which is currently based on a fixed rates and charges model, therefore there was almost no change to terminal rent from 2017 to 2019. In 2019, the airlines flew larger aircraft and increased flight frequency compared to 2018. GJT received 434 additional landings in 2019 compared to 2018, an increase of almost 8%. As a result of the increased flights and landed weight, passenger airline landing fees increased almost $83,000 from 2018. Overall passenger traffic remained flat from 2017 to 2018, so there was little change in passenger airline revenues in 2018.

Non-passenger airline revenue consists primarily of landing fees from non-passenger airline activity like cargo, and fuel flowage fees and taxes. Fuel flowage fees are collected for general aviation activity and fuel taxes are collected on all jet fuel sold at the airport. The decrease in non-passenger airline revenue from 2018 to 2019 is primarily related to a decrease in activity from the Airport’s main cargo airline provider and decreased activity related to firefighting operations that occurred in 2018. Non-passenger landing fees and fuel flowage fees increased 10.8% from 2017 to 2018. This was primarily the result of increased cargo deliveries in 2018 and increased landing fees from firefighting operations staged from the Airport. In the first half of 2018, the primary cargo carrier at the Airport started making two daily flights instead of just one flight which caused an increase in non-passenger landing fees and fuel flowage fees. They have since returned to their regular flight schedule.

Non-aeronautical revenue consists of some fixed rent charges and other variable revenues that are directly correlated to passenger traffic. With the 12% increase in passengers in 2019, non-aeronautical revenue was$275,000 higher than 2018. Non-aeronautical revenue remained flat from 2017 to 2018 although there were some changes in the revenue sources. The decrease in terminal rent was related to a decrease in total space rented by the tenant. Rental car revenues increased from 2017 to 2018 due to a combination of increased rental days and higher average daily rates. Daily rates charged for diversion traffic tends to be higher than regular rates, and the Airport had almost twice as many diversions in 2018 as 2017.

The following is a summary of operating expenses for the years ended December 31, 2019, 2018 and 2017.

	2019	2018	2017
Personnel compensation and benefits	$1,894,114	$2,422,735	$2,294,107
Communications and utilities	308,906	305,528	292,520
Supplies and materials	574,646	545,175	440,370
Contract services	601,889	578,406	547,622
Repairs & maintenance	584,486	390,626	349,878
Insurance	108,989	92,983	93,944
Depreciation	4,459,034	4,196,715	4,161,422
Other	283,190	242,468	267,755
Total operating expenses	$8,815,254	$8,774,636	$8,447,618

The majority of the Airport’s operating expenses are fixed in nature, and do not fluctuate with increases and decreases in passenger traffic. The most notable changes from 2018 to 2019 were a decrease in personnel compensation and benefits of $529,000, an increase in repairs and maintenance of $194,000, and an increase in depreciation of $262,000. The change in personnel costs was entirely related to the Airport’s proportionate share of pension expense which was a reduction of costs this year. Actual cash compensation paid was comparable to 2018. Repairs and maintenance cost increases were mostly related to repairs and improvements made to the terminal in conjunction with the terminal remodel project that were below the capitalization policy of the Airport. The Authority painted all existing bathroom tiles and partitions within the terminal which cost approximately $115,000. The increase in depreciation expense was directly related to the terminal project and airfield projects completed in 2019.

The largest increases from 2017 to 2018 were in personnel compensation and benefits and supplies and materials. The increase in personnel compensation and benefits was related to hiring a new executive director in 2018 and other staffing changes in 2018 as well as changing insurance benefits. This resulted in an increase in personnel compensation and benefits of $129,000. Supplies and materials increased $105,000 due to the purchase of new office furniture and IT equipment in 2018. The Authority was in the process of remodeling office space for staff in 2018 and these purchases were below the capitalization threshold and therefore were expensed.

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

The following is a summary of non-operating revenues and expenses for the years ended December 31, 2019, 2018 and 2017.

	2019	2018	2017
Passenger facility charges	$1,050,179	$1,019,592	$901,543
Interest income	225,138	197,674	187,301
Interest expense	(619,600)	(648,434)	(1,318,486)
Customer facility charges	741,144	724,212	719,971
Capital contributions	6,004,320	10,154,051	5,201,808
Other	(4,076,504)	(1,595)	(150,410)
Total non-operating revenue (expense), net	$3,324,677	$11,445,500	$5,541,727

The most notable changes in non-operating revenue and expense from 2017 to 2019 are the increases and decreases in capital contributions from the FAA. These contributions represent grant revenue towards the Authority's AIP projects, primarily focused on the new replacement runway projects. Grant revenue will fluctuate year to year depending on the projects awarded and the amount of construction completed.

The decrease in interest expense from 2017 to 2019 is due to the payoff of the State Infrastructure Bond in 2019 and scheduled annual debt service payments.

Summary of Net Position

The following is a summary of assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position as of December 31, 2019, 2018 and 2017:

	2019	2018	2017
Current assets	$10,642,105	$13,872,991	$9,727,950
Restricted assets	8,287,328	11,890,978	11,690,440
Capital assets, net	72,192,203	69,407,202	60,304,804
Total assets	91,121,636	95,171,171	81,723,194
Deferred outflows of resources	719,284	413,509	847,415
Total assets and deferred outflows of resources	91,840,920	$95,584,680	$82,570,609
Current liabilities	4,478,598	$8,467,783	$3,371,417
Non-current liabilities	21,621,750	22,294,813	23,699,175
Total liabilities	26,100,348	30,762,596	27,070,592
Deferred inflows of resources	64,023	518,871	165,052
Net position			
Total net position	65,676,549	64,303,213	55,334,965
Total liabilities, deferred inflows of resources and net position	$91,840,920	$95,584,680	$82,570,609

Current Assets

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

The increase in current assets from 2017 to 2018 was related to the increase in the accounts receivable for the FAA for AIP project grants. Grants receivable as of December 31, 2018 was approximately $5,802,000 higher than grants receivable as of December 31, 2017.

Capital Assets

In 2019, the Authority completed a $5,775,000 terminal improvement project, completed work on five multi-year AIP projects on the airfield totaling $10,991,000, and started two more AIP projects that incurred approximately $3,963,000. Refer to note 4 for a full summary of capital assets.

During 2018, the Authority had a net increase in construction in progress of approximately $7,000,000. The AIP provides grants to public agencies for the planning and development of public-use airports. The Authority completed the East Apron replacement and the passenger boarding bridge projects during 2018 with a final cost of approximately $4,661,595 and $1,550,962, respectively. The following table illustrates the project costs incurred and the balance of construction in progress as of and for the year ended December 31, 2018:

Current Liabilities

The change in current liabilities is directly related to the change in capital payables. Accounts payable decreased $3,835,000 from 2018 to 2019 due to a slower winter construction season. Current liabilities increased from 2017 to 2018 related to capital assets payable related to projects totaling $5,600,000.

Long-Term Debt

Capital acquisitions are funded using a variety of financing mechanisms, including federal and state grants, passenger facility charges, public debt issues, and airport operating revenues. During 2016 the Authority refunded the 2007 Revenue Bonds with the 2016 Revenue Bonds resulting in a $9,000,000 project fund. As of December 31, the balance due on the 2016 Bonds was $17,650,000 (2019) and $18,345,000 (2018). In addition, the Authority had approximately $230,000 outstanding on a note payable to the Colorado State Infrastructure Bank to finance construction of a rental car parking lot and rental car service area as of December 31, 2018. The note was fully repaid in 2019.

Deferred Outflows and Deferred Inflows of Resources

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

Budgetary Highlights

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

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

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

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

	2018 Actual	2018 Budget	Budget to Actual Variance
Operating Revenues			
Aeronautical revenue	$2,779,567	$2,645,400	$134,167
Non-aeronautical revenue	3,727,079	3,626,000	101,079
Total Operating Revenue	6,506,646	6,271,400	235,246
Operating Expenses Excluding Depreciation	4,577,923	4,734,155	(156,232)
Net Operating Revenues Over (Under) Operating Expense	$1,928,723	$1,537,245	$391,478

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

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

	2017 Actual	2017 Budget	Budget to Actual Variance
Operating Revenues			
Aeronautical revenue	$2,644,170	$2,649,000	$(4,830)
Non-aeronautical revenue	3,716,406	3,239,700	476,706
Total Operating Revenue	6,360,576	5,888,700	471,876
Operating Expenses Excluding Depreciation	4,286,196	4,277,959	8,237
Net Operating Revenues Over (Under) Operating Expense	$2,074,380	$1,610,741	$463,639

Non-aeronautical revenue from parking and rental cars both exceeded budgeted expectations in 2017 by $85,000 and $260,000, respectively. Additionally, terminal rent was $65,000 ahead of budget.

Subsequent Events Impacting Current Operations

On March 10, 2020, Colorado Governor Jared Polis declared a State of Emergency related to the presence of the Novel Coronavirus 2019 (COVID-19) in the State of Colorado. On March 11, 2020, the World Health Organization (WHO) declared the outbreak a global pandemic and on March 13, 2020, President Donald J. Trump issued a proclamation declaring the COVID-19 outbreak in the United States a national emergency. Nationally and at the state level, business activities and public gatherings have been limited and air traffic declined sharply following the declarations from the President and the WHO. The pandemic has caused a severe decline in Airport activity with national air carriers canceling more than 50% of domestic flights through the summer of 2020 and passenger numbers declining by more than 75% in April and May 2020.

Due to the severe impact of the pandemic nationwide, the President signed the Coronavirus Aid, Relief, and Economic Security (CARES) Act into law on March 27, 2020. The CARES Act included $10 billion in funding for U.S. airports. The Authority has received a grant for $5,679,740 in connection with the CARES Act to help supplement lost revenues from the pandemic. The Authority may seek reimbursement for any lawful purpose for four years from the date of acceptance of the grant. No impairments were recorded as of December 31, 2019 as a result of the pandemic; however, due to significant uncertainty surrounding the situation, management's judgment regarding this could change in the future.

Request for Information

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

Statement of Net Position

December 31, 2019 and 2018

	2019	2018
Assets		
Current assets:		
Cash and cash equivalents (Note 3)	$ 4,082,138	$ 5,433,977
Receivables:		
Accounts receivable - Net	711,617	724,388
Grants	5,762,033	7,619,536
Prepaid expenses and other assets	86,317	95,090
Total current assets	10,642,105	13,872,991
Noncurrent assets:		
Restricted assets - Cash and cash equivalents (Note 3)	8,287,328	11,890,978
Capital assets: (Note 4)		
Assets not subject to depreciation	9,764,781	19,543,446
Assets subject to depreciation - Net	62,427,422	49,863,756
Total noncurrent assets	80,479,531	81,298,180
Total assets	91,121,636	95,171,171
Deferred Outflows of Resources		
Deferred pension costs (Note 9)	694,046	392,348
Deferred OPEB costs (Note 10)	25,238	21,161
Total deferred outflows of resources	719,284	413,509
Liabilities		
Current liabilities:		
Accounts payable	192,984	251,878
Accounts payable - Capital assets	2,773,147	6,607,828
Accrued expenses (Note 5)	346,261	302,000
Lease deposits	164,409	164,546
Current portion of revenue received in advance	83,419	25,067
Current portion of note payable (Note 6)	-	229,673
Current portion of revenue bonds payable (Note 6)	906,791	886,791
Current portion of capital leases (Note 6)	11,587	-
Total current liabilities	4,478,598	8,467,783
Noncurrent liabilities:		
Revenue received in advance - Net of current portion	419,867	444,933
Revenue bonds payable - Net of current portion (Note 6)	18,167,178	19,073,896
Net pension liability (Note 9)	2,778,666	2,545,148
Net OPEB liability (Note 10)	233,195	230,836
Capital leases - Net of current portion (Note 6)	22,844	-
Total noncurrent liabilities	21,621,750	22,294,813
Deferred Inflows of Resources		
Deferred pension cost reductions (Note 9)	56,766	514,969
Deferred OPEB cost reductions (Note 10)	7,257	3,902
Total deferred inflows of resources	64,023	518,871
Net Position		
Net investment in capital assets	53,083,804	49,216,842
Restricted for debt service and capital assets	8,287,328	11,890,978
Unrestricted	4,305,417	3,195,393
Total net position	**$ 65,676,549**	**$ 64,303,213**

See notes to financial statements.

Grand Junction Regional Airport Authority

Statement of Revenue, Expenses, and Changes in Net Position

Years Ended December 31, 2019 and 2018

	2019	2018
Operating Revenue		
Aeronautical revenue:		
Passenger airlines revenue:		
Passenger airlines landing fees	$ 632,143	$ 549,237
Terminal rent	1,183,776	1,181,845
Other aeronautical revenue	128,216	113,722
Total passenger airlines revenue	1,944,135	1,844,804
Nonpassenger airline revenue:		
Landing fees from cargo	102,453	179,586
Cargo and hangar rentals	53,466	52,213
Aviation fuel tax	210,628	158,851
Fuel flowage fees	541,482	538,233
Other nonpassenger airline revenue	9,780	5,880
Total nonpassenger airline revenue	917,809	934,763
Total aeronautical revenue	2,861,944	2,779,567
Nonaeronautical revenue:		
Land and building leases	601,551	596,586
Terminal - Food and beverage	137,189	110,929
Terminal - Retail	33,402	31,135
Terminal - Other	180,686	199,259
Rental cars	1,306,055	1,270,226
Parking and ground transportation	1,663,556	1,442,888
Other nonaeronautical revenue	79,530	76,056
Total nonaeronautical revenue	4,001,969	3,727,079
Total operating revenue	6,863,913	6,506,646
Operating Expenses		
Personnel compensation and benefits	1,894,114	2,422,735
Communications and utilities	308,906	305,528
Supplies and materials	574,646	545,175
Contract services	601,889	578,406
Repairs and maintenance	584,486	390,626
Insurance	108,989	92,983
Depreciation	4,459,034	4,196,715
Other	283,190	242,468
Total operating expenses	8,815,254	8,774,636
Operating Loss	(1,951,341)	(2,267,990)
Nonoperating Revenue (Expense)		
Passenger facility charges	1,050,179	1,019,592
Interest income	225,138	197,674
Customer facility charges	741,144	724,212
Interest expense	(619,600)	(648,434)
Gain (loss) on sale of assets	15,812	(1,595)
Total nonoperating revenue	1,412,673	1,291,449
Loss - Before capital contributions	(538,668)	(976,541)
Capital Contributions	6,004,320	10,154,051
Special Item - Asset impairment (Note 4)	(4,092,316)	-
Change in Net Position	1,373,336	9,177,510
Net Position - Beginning of year	64,303,213	55,125,703
Net Position - End of year	**$ 65,676,549**	**$ 64,303,213**

See notes to financial statements.

Statement of Cash Flows

Years Ended December 31, 2019 and 2018

	2019	2018
Cash Flows from Operating Activities		
Cash received from customers and users	$ 6,905,538	$ 6,133,355
Cash paid to vendors for goods and services	(2,517,685)	(2,392,122)
Cash paid to and for employees	(2,367,062)	(2,089,357)
Net cash and cash equivalents provided by operating activities	2,020,791	1,651,876
Cash Flows from Capital and Related Financing Activities		
Grants received	7,861,823	4,352,251
Customer facility charges received	741,144	724,212
Passenger facility charges received	1,050,179	1,019,592
Interest paid	(809,175)	(837,670)
Acquisition and construction of capital assets	(15,120,789)	(7,703,389)
Principal payments on note and bonds payable	(924,600)	(1,129,158)
Net cash and cash equivalents used in capital and related financing activities	(7,201,418)	(3,574,162)
Cash Flows Provided by Investing Activities - Interest received on cash equivalents	225,138	197,674
Net Decrease in Cash and Cash Equivalents	(4,955,489)	(1,724,612)
Cash and Cash Equivalents - Beginning of year	17,324,955	19,049,567
Cash and Cash Equivalents - End of year	**$ 12,369,466**	**$ 17,324,955**
Classification of Cash and Cash Equivalents		
Operating cash	$ 4,082,138	$ 5,433,977
Restricted cash and cash equivalents	8,287,328	11,890,978
Total cash and cash equivalents	**$ 12,369,466**	**$ 17,324,955**
Reconciliation of Operating Loss to Net Cash and Cash Equivalents from Operating Activities		
Operating loss	$ (1,951,341)	$ (2,267,990)
Adjustments to reconcile operating loss to net cash and cash equivalents from operating activities:		
Depreciation expense	4,459,034	4,196,715
Changes in assets and liabilities:		
Receivables	12,771	(238,267)
Prepaid expenses	8,773	(30,124)
Accounts payable	(58,894)	143,210
Accrued liabilities	41,908	(337,382)
Net pension and net OPEB liability and related deferred inflows and outflows of resources	(524,746)	315,632
Revenue received in advance	33,286	(129,918)
Total adjustments	3,972,132	3,919,866
Net cash and cash equivalents provided by operating activities	**$ 2,020,791**	**$ 1,651,876**

Note 1 - Nature of Business

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

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

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

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

Note 2 - Significant Accounting Policies

Accounting and Reporting Principles

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

Basis of Accounting

The financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenue is recognized when earned, and expenses are recognized when the liability is incurred. Depreciation is computed and recorded as an operating expense. Expenditures for property and equipment are shown as increases in assets. When both restricted and unrestricted resources are available for use, it is the Authority's policy to use restricted resources first with the exception of the debt service on the revenue bonds that is paid partially from the restricted passenger facility charges (PFC) and partially from operating funds.

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

Use of Estimates

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

Note 2 - Significant Accounting Policies (Continued)

Specific Balances and Transactions

Cash and Cash Equivalents

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

Receivables

Accounts receivable are stated at invoiced amounts. An allowance for doubtful accounts is established based on a specific assessment of all invoices that remain unpaid following normal customer payment periods. In addition, a general valuation allowance is established for other accounts receivable based on historical loss experience. All amounts deemed to be uncollectible are charged against the allowance for doubtful accounts in the period that determination is made. As of December 31, 2019 and 2018, the allowance for doubtful accounts was $24,000 and $0, respectively.

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

Restricted Assets

The following amounts are reported as restricted assets:

- *Passenger Facility Charges* - The Authority received approval from the FAA to impose and use a PFC of $4.50 per eligible enplaned passenger. The PFCs are restricted for use in the construction of certain airport improvements and related construction debt, as approved by the FAA. During 2007, the Authority was approved to collect PFCs to help fund airport improvement projects and was approved to collect approximately $15,857,760 in connection with these projects. In 2018, the Authority was approved to collect an additional $11,530,025 of PFCs for improvement projects being completed in 2018 and 2019. As of December 31, 2019 and 2018, the Authority had collected $12,052,991 and $11,017,476, respectively, of the approved charges, and, based on the project costs in the approved PFC applications and the estimated future PFC collection rate determined by the FAA, the Authority is approved to collect PFCs through 2036. The PFC receipts are recognized and recorded as nonoperating revenue in the year collected. PFCs are paid by the carriers, with unexpended amounts reflected as a restriction of net position.

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

- *Rental Car Improvements* - During 2008, the Authority began assessing a daily use fee, or customer facility charge (CFC), of up to $3.25 per on airport rental car per day. In 2016, the CFC was increased to $4.00 per on airport rental car per day. These funds are being used to make payments on debt and fund capital projects in on airport rental car service areas. Unexpended amounts are reflected as a restriction of net position.

Capital Assets

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

Note 2 - Significant Accounting Policies (Continued)

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to future periods and will not be recognized as an outflow of resources (expense) until then.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to future periods and will not be recognized as an inflow of resources (revenue) until that time.

Net Position

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

Operating Revenue and Expenses

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

Nonoperating Revenue and Expenses

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

Grants and Contributions

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

Note 2 - Significant Accounting Policies (Continued)

Pension

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

Other Postemployment Benefit Costs

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

Compensated Absences (Vacation and Sick Leave)

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

Budgeting Requirements

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

The Authority appropriates, and may not exceed appropriations, at a total fund level. Appropriations for the years ended December 31, 2019 and 2018 were $33,033,950 and $30,308,230, respectively.

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

Note 2 - Significant Accounting Policies (Continued)

Long-lived Assets

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

As of December 31, 2019 and 2018, the Authority had identified an impaired asset that was considered idle due to construction stoppage. In 2014, the Authority stopped construction on an administration building that was to be part of the long-term terminal expansion. As of December 31, 2018, the Authority believed that this impairment was temporary, and, therefore, no impairment loss was recognized in the statement of revenue, expenses, and changes in net position. As of December 31, 2018, the uncompleted building had a carrying value of $4,092,316 and was included in capital assets not subject to depreciation in the statement of net position. After reviewing cost estimates to complete the building and considering possible public-private partnerships to fund and complete construction, the Authority made a decision in 2019 to demolish the partially completed structure; therefore, the impairment was considered permanent. As of December 31, 2019, the building was written off and is not included in capital assets not subject to depreciation in the statement of net position, and an impairment loss was recognized in the statement of revenue, expenses, and changes in net position as a special item.

Revenue Received in Advance

During March 2017, the Authority granted a lease to the Bureau of Land Management (BLM) for use of airport land for a term of 20 years. The BLM prepaid the entire lease in the amount of $500,000. The prepayment is reflected as revenue received in advance and is being amortized over the life of the lease in the amount of $25,000 per year. As of December 31, 2019 and 2018, the unamortized balance was $466,667 and $470,000, respectively.

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

Risk Management

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

Adoption of New Accounting Pronouncements

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

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

Note 2 - Significant Accounting Policies (Continued)

Upcoming Accounting Pronouncements

In June 2017, the GASB issued Statement No. 87, *Leases*, which improves accounting and financial reporting for leases by governments. This statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. The Authority is currently evaluating the impact this standard will have on the financial statements when adopted. The provisions of this statement are effective for the Authority's financial statements for the year ending December 31, 2021.

In March 2020, the GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, which improves accounting and financial reporting for arrangements where a governmental entity contracts with an operator to provide public services by conveying control of the right to operate or use nonfinancial assets, such as infrastructure or other capital assets, for a period of time in an exchange or exchange-like transaction. It establishes the definitions of public-private and public-public partnerships (PPPs) and availability payment arrangements (APAs) and provides uniform guidance on accounting and financial reporting for transactions that meet those definitions. It requires governments to report assets and liabilities related to PPPs consistently and disclose important information about PPP transactions. The Authority is currently evaluating the impact this standard will have on the financial statements when adopted. The provisions of this statement are effective for the Authority's financial statements for the year ending December 31, 2023.

In May 2020, the GASB issued Statement No. 95, *Postponement of the Effective Date of Certain Authoritative Guidance*, which provides temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. That objective is accomplished by postponing the effective dates of certain provisions in statements and implementation guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018 and later. The effective dates of certain provisions contained in the following pronouncements that the Authority has not yet adopted are postponed by one year: Statement No. 91, Conduit Debt Obligations; Statement No. 92, *Omnibus 2020*; Statement No. 93, *Replacement of Interbank Offered Rates*; Implementation Guide No. 2017-3, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (and Certain Issues Related to OPEB Plan Reporting)*; Implementation Guide No. 2018-1, *Implementation Guidance Update - 2018*; Implementation Guide No. 2019-1, *Implementation Guidance Update - 2019*; and Implementation Guide No. 2019-2, *Fiduciary Activities*. The effective dates of the following pronouncements are postponed by 18 months: Statement No. 87, *Leases*, and Implementation Guide No. 2019-3, *Leases*.

Subsequent Events

The financial statements and related disclosures include evaluation of events up through and including June 16, 2020, which is the date the financial statements were available to be issued.

As described in Notes 2 and 4, the Authority made a decision during 2019 to demolish a partially constructed building. The Authority entered into a construction contract in November 2019, and demolition of the building commenced in January 2020. As of the date of the report, the demolition of the building has been completed for a final contract amount of $560,000.

Note 2 - Significant Accounting Policies (Continued)

On March 10, 2020, Colorado Governor Jared Polis declared a state of emergency related to the presence of the novel coronavirus (COVID-19) in the state of Colorado. On March 11, 2020, the World Health Organization (WHO) declared the outbreak a global pandemic, and, on March 13, 2020, President Donald J. Trump issued a proclamation declaring the COVID-19 outbreak in the United States a national emergency. Nationally and at the state level, business activities and public gatherings have been limited, and air traffic declined sharply following the declarations from the president and the WHO. The pandemic has caused a severe decline in airport activity with national air carriers canceling more than 50 percent of domestic flights through the summer of 2020 and passenger numbers declining by more than 75 percent in April and May 2020.

Due to the severe impact of the pandemic nationwide, the president signed the Coronavirus Aid, Relief, and Economic Security (CARES) Act into law on March 27, 2020. The CARES Act included $10 billion in funding for U.S. airports. The Authority has received a grant for $5,679,740 in connection with the CARES Act to help supplement lost revenue from the pandemic. The Authority may seek reimbursement for any lawful purpose for four years from the date of acceptance of the grant. No impairments were recorded as of December 31, 2019 as a result of the pandemic; however, due to significant uncertainty surrounding the situation, management's judgment regarding this could change in the future.

Note 3 - Cash and Cash Equivalents

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

	2019	2018
Unrestricted cash and cash equivalents	$ 4,082,138	$ 5,433,977
Restricted cash - Passenger facility charges	2,172,391	1,901,305
Restricted cash - Rental car improvements	1,219,769	775,124
Restricted cash equivalents - Revenue bond reserve fund	4,895,168	9,214,549
Restricted cash - Rental car improvements	$ 12,369,466	$ 17,324,955

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

Custodial Credit Risk

Custodial credit risk is the risk that, in the event of a bank failure, the Authority's deposits may not be returned to it. The Authority does not have a deposit policy for custodial credit risk; however, the Authority’s deposits are not deemed to be subject to custodial credit risk, as they are covered by federal depository insurance or are collateralized under the Public Deposit Protection Act (PDPA). At December 31, 2019 and 2018, the Authority had $6,835,191 and $7,957,434, respectively, of bank deposits that were in excess of Federal Deposit Insurance Corporation (FDIC) limits and are covered by PDPA collateral requirements at the financial institution.

Interest Rate Risk

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

Concentration of Credit Risk

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

Note 3 - Cash and Cash Equivalents (Continued)

Investments

The Authority does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. Colorado statutes limit authorized investments to investments having maturities of five years or less, unless the entity's governing body specifically authorizes longer maturities. Currently, the Authority has no investments.

Fair Value Measurements

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. Investments that are measured at fair value using net asset value per share (or its equivalent) as a practical expedient are not classified in the fair value hierarchy.

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

The Authority did not have any investments valued with Level 1, 2, or 3 inputs at December 31, 2019 and 2018.

Note 4 - Capital Assets

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

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

Note 4 - Capital Assets (Continued)

Capital asset activity of the Authority as of December 31, 2018 is as follows:

	Balance January 1, 2018	Additions	Disposals and Adjustments	Balance December 31, 2018
Capital assets not being depreciated:				
Land	$ 2,416,058	$ -	$ -	$ 2,416,058
Construction in progress	10,119,140	13,220,806	(6,212,558)	17,127,388
Subtotal	12,535,198	13,220,806	(6,212,558)	19,543,446
Capital assets being depreciated:				
Buildings and improvements	17,752,371	1,550,962	(63,495)	19,239,838
Land improvements	85,578,079	4,668,322	(1,011,744)	89,234,657
Equipment	5,343,531	73,178	(38,726)	5,377,983
Subtotal	108,673,981	6,292,462	(1,113,965)	113,852,478
Accumulated depreciation:				
Buildings and improvements	10,832,689	659,249	(63,492)	11,428,446
Land improvements	46,448,278	3,236,131	(1,011,744)	48,672,665
Equipment	3,623,408	301,335	(37,132)	3,887,611
Subtotal	60,904,375	4,196,715	(1,112,368)	63,988,722
Net capital assets being depreciated	47,769,606	2,095,747	(1,597)	49,863,756
Net business-type activities capital assets	$ 60,304,804	$ 15,316,553	$ (6,214,155)	$ 69,407,202

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

	Balance January 1, 2019	Additional Cost	Transfer to Capital Assets	Balance December 31, 2019
AIP55 - Runway phase 1	$ 2,757,247	$ -	$ (2,757,247)	$ -
AIP56 - Runway phase 2	2,016,814	949	(2,017,763)	-
AIP57 - RTR Relocation	2,741,656	883,032	(3,624,688)	-
AIP58 - 27 1/4 road relocation	1,696,995	915,995	-	2,612,990
AIP59 - Taxiway alpha rehabilitation	1,493,992	138,808	(1,632,800)	-
AIP60 - RTR RA and Xcel	678,203	-	-	678,203
AIP61 - Runway phase 3	363,009	595,739	(958,748)	-
AIP62 - Relocate perimeter road	-	2,603,152	-	2,603,152
AIP63 - Phase 8	-	1,359,871	-	1,359,871
AIP64 - Run-up pad and apron	-	63,191	-	63,191
Administration/ARFF building	4,092,316	-	(4,092,316)	-
Terminal renovations	1,230,995	4,543,878	(5,774,873)	-
Various improvement projects	56,161	39,592	(64,437)	31,316
Total	$ 17,127,388	$ 11,144,207	$ (20,922,872)	$ 7,348,723

Note 4 - Capital Assets (Continued)

Construction in progress activity of the Authority as of December 31, 2018 is as follows:

	Balance January 1, 2018	Additional Cost	Transfer to Capital Assets	Balance December 31, 2018
AIP54 - Rehabilitate apron	$ 2,982,420	$ 1,679,177	$ (4,661,597)	$ -
AIP55 - Runway phase 1	1,856,900	900,347	-	2,757,247
AIP 56 - Runway phase 2	708,830	1,307,984	-	2,016,814
AIP57 - RTR Relocation	156,078	2,585,578	-	2,741,656
AIP58 - 27 1/4 road relocation	2,975	1,694,020	-	1,696,995
AIP59 - Taxiway alpha rehabilitation	5,049	1,488,943	-	1,493,992
AIP60 - RTR RA and Xcel	-	678,203	-	678,203
AIP61 - Runway phase 3	-	363,009	-	363,009
Administration/ARFF building	4,092,316	-	-	4,092,316
Passenger boarding bridge	157,145	1,393,816	(1,550,961)	-
Terminal renovations	157,427	1,073,568	-	1,230,995
Various improvement projects	-	56,161	-	56,161
Total	$ 10,119,140	$ 13,220,806	$ (6,212,558)	$ 17,127,388

Special Item - Asset Impairment - As disclosed in Note 2, as of December 31, 2018, construction in progress included an uncompleted administration building with a cost basis of $4,092,316 that was considered idle and temporarily impaired. During the year ended December 31, 2019, the impairment was no longer considered temporary, and the building was written off and is not included in capital assets as of December 31, 2019.

The Authority entered into contract on November 8, 2019 to demolish the uncompleted administration building. As of the date of the report, the demolition of the building has been completed for a final contract amount of $560,000. See Note 2 for additional information.

Note 5 - Accrued Expenses

Accrued expenses for the years ended December 31, 2019 and 2018 consist of the following:

	2019	2018
Accrued vacation	$ 154,884	$ 142,892
Compensation and related	111,050	66,375
Interest	65,865	68,081
Other	14,462	24,652
Total	$ 346,261	$ 302,000

Note 6 - Long-term Debt

Long-term debt activity for the years ended December 31, 2019 and 2018 can be summarized as follows:

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

2018	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Bonds and contracts payable - Direct borrowings and direct placements:					
Revenue bonds, Series 2016A and 2016B	$ 19,025,000	$ -	$ (680,000)	$ 18,345,000	$ 695,000
Bond premium	1,807,478	-	(191,791)	1,615,687	191,791
Colorado State Infrastructure Bank note	678,831	-	(449,158)	229,673	229,673
Total direct borrowings and direct placements principal outstanding	$ 21,511,309	$ -	$ (1,320,949)	$ 20,190,360	$ 1,116,464

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

	2019	2018
Revenue bonds, Series 2016 A and B	$ 808,245	$ 826,003
Colorado State Infrastructure Bank note	2,004	14,222
Bond premium	(191,791)	(191,791)
Capital leases	1,142	-
Total	$ 619,600	$ 648,434

2016 Bonds

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

Note 6 - Long-term Debt (Continued)

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

Years Ending December 31	Principal	Interest	Total
2020	$ 715,000	$ 790,375	$ 1,505,375
2021	735,000	767,850	1,502,850
2022	765,000	738,450	1,503,450
2023	795,000	707,850	1,502,850
2024	835,000	668,100	1,503,100
2025-2029	4,845,000	2,670,500	7,515,500
2030-2034	6,100,000	1,422,000	7,522,000
2035-2036	2,860,000	151,025	3,011,025
Total	$ 17,650,000	$ 7,916,150	$ 25,566,150

Colorado State Infrastructure Bank Note

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

Capital Leases

The Authority entered into vehicle lease agreement with GM Financial on May 17, 2019. The finance agreement is unsecured and carries an interest rate of 7.7 percent. The lease payments are paid in annual installments of principal and interest of $11,965 through May 2022.

	Principal	Interest	Total
2020	$ 11,587	$ 378	$ 11,965
2021	11,434	532	11,966
2022	11,410	678	12,088
Total	$ 34,431	$ 1,588	$ 36,019

The Authority's outstanding capital lease is secured by a vehicle with a net book value of $40,730 as of December 31, 2019.

Revenue Pledged

The Authority has pledged substantially all of the net operating revenue of the Authority, net of operating expenses (before depreciation), to repay the Series 2016A and 2016B bonds. Proceeds from the bonds were used for the refunding of the 2007 Series bonds, which were primarily used in financing for the construction of Walker Field Road improvements. The bonds are payable solely from the net revenue of the Authority. The remaining principal and interest to be paid on the bonds is $25,566,150 and $27,071,033 as of December 31, 2019 and 2018, respectively. For the year ended December 31, 2019, net revenue of the Authority pledged for debt service was approximately $2,508,000 compared to the annual debt requirements of $1,505,183. For the year ended December 31, 2018, net revenue of the Authority pledged for debt service was approximately $1,929,000 compared to the annual debt requirements of $1,507,523.

Note 7 - Future Rental Revenue

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

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

Years Ending	Amount
2020	$ 1,271,013
2021	677,046
2022	482,070
2023	450,457
2024	381,141
Thereafter	812,424
Total	$ 4,074,151

Note 8 - Concession Agreements

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

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

In May 2016, the Authority entered into a service agreement with a concession company. Under the agreement, the company is granted the right to operate a restaurant and retail space in the airport through April 30, 2021, with an option to extend the term of the contract by two additional one-year terms. In consideration of its operating rights, the company shall pay the Authority the guaranteed minimum annual fee of $60,000, prorated monthly, or a graduated percentage of gross revenue for each such period of the concession term, whichever is the greater amount.

Note 8 - Concession Agreements (Continued)

In 2019, the minimum concession fees were approximately $1,298,000, which includes minimum concession fees from rental car companies, Republic, and a concession company of approximately $888,000, $350,000, and $60,000, respectively. In 2018, the minimum concession fees were approximately $1,140,000, which includes minimum concession fees from rental car companies, Republic, and a concession company of approximately $730,000, $350,000, and $60,000, respectively.

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

Note 9 - Pension Plans

Plan Description

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

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

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

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

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

Note 9 - Pension Plans (Continued)

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

Funding Policy

Eligible employees and the Authority are required to contribute to the LGDTF at a rate set by Colorado statute. The contribution requirements of plan members and the Authority are established under Title 24, Article 51, Part 4 of the CRS, as amended. The contribution rate is 8.00 percent of covered salary for eligible employees. The Authority's contribution requirements as a percentage of employee salaries for the years ended December 31, 2019 and 2018 are summarized in the table below:

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

The Authority’s contributions are recognized by the LGDTF in the period in which the compensation becomes payable to the member and the Authority is statutorily committed to pay the contributions to the LGDTF. The Authority's contributions to LGDTF for the years ended December 31, 2019 and 2018 were $183,815 and $182,848, respectively.

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

At December 31, 2019 and 2018, the Authority reported a liability of $2,778,666 and $2,545,148, respectively, for its proportionate share of the net pension liability. The net pension liability as of December 31, 2019 and 2018 was measured as of December 31, 2018 and 2017, respectively, and the total pension liability used to calculate the net pension liability was determined as of December 31, 2018 and 2017, respectively, using standard roll-forward techniques in actuarial valuations as of December 31, 2017 and 2016, respectively. The Authority's proportion of the net pension liability for the years ended December 31, 2019 and 2018 was based on the Authority's contributions to the LGDTF for the calendar years 2018 and 2017, respectively, relative to the total contributions of participating employers to the LGDTF. At December 31, 2018, the Authority's proportion was 0.2210 percent, which was a decrease of 0.0076 percent from its proportion measured as of December 31, 2017. At December 31, 2017, the Authority's proportion was 0.2286 percent, which is an increase of 0.0036 percent from its proportion measured as of December 31, 2016. For the years ended December 31, 2019 and 2018, the Authority recognized pension (recovery) expense of $(278,834) and $495,132, respectively.

Note 9 - Pension Plans (Continued)

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

	2019		2018	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 116,185	$ -	$ 159,222	$ -
Changes in assumptions	-	-	26,886	-
Net difference between projected and actual earnings on pension plan investments	361,862	-	-	494,716
Changes in proportionate share or difference between amount contributed and proportionate share of contributions	2,552	56,766	22,425	20,253
Employer contributions to the plan subsequent to the measurement date	213,447	-	183,815	-
Total	$ 694,046	$ 56,766	$ 392,348	$ 514,969

Deferred outflows of resources related to pensions resulting from the Authority's contributions subsequent to the measurement date of $213,447 and $183,815 will be recognized as a reduction of the net pension liability in the years ending December 31, 2019 and 2018, respectively. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Years Ending December 31	Amount
2020	$ 83,562
2021	108,336
2022	89,677
2023	72,372
2024	69,886
Total	$ 423,833

Note 9 - Pension Plans (Continued)

Actuarial Assumptions

The total pension liability in the December 31, 2017 and 2016 actuarial valuations was determined using the following actuarial cost method, actuarial assumptions, and other inputs:

	LGDTF
Actuarial cost method	Entry age
Price inflation	2.40 percent
Real wage growth	1.10 percent
Wage inflation	3.50 percent
Salary increases (including inflation)	3.50 - 10.45 percent
Long-term investment rate of return (net of plan investment expenses, including price inflation)	7.25 percent
Discount rate	7.25 percent
Postretirement benefit increases:	
PERA benefit structure hired prior to January 1, 2007 and DPS benefit structure (automatic)	2.00 percent compounded annually
PERA benefit structure hired after December 31, 2006 (ad hoc, substantively automatic)	Financed by the Annual Increase Reserve

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

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

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

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

The actuarial assumptions used in the December 31, 2016 valuation were based on the results of the 2016 experience analysis for the period from January 1, 2012 through December 31, 2015, as well as the October 28, 2016 actuarial assumptions workshop, and were adopted by the PERA board during the November 18, 2016 board meeting.

Discount Rate

The discount rate used to measure the total pension liability was 7.25 percent for the years ended December 31, 2019 and 2018. The projection of cash flows used to determine the discount rate applied the actuarial cost method and assumptions shown above. In addition, the following methods and assumptions were used in the projection of cash flows:

- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.50 percent.

Note 9 - Pension Plans (Continued)

- Employee contributions were assumed to be made at the current member contribution rate. Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law and effective as of the measurement date, including current and estimated future AED and SAED, until the actuarial value funding ratio reaches 103 percent, at which point the AED and SAED will each drop 0.50 percent every year until they are zero. Additionally, estimated employer contributions included reductions for the funding of the AIR and retiree healthcare benefits. For future plan members, employer contributions were further reduced by the estimated amount of total service costs for future plan members not financed by their member contributions.
- Employer contributions and the amount of total service costs for future plan members were based upon a process used by the plan to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- The AIR balance was excluded from the initial fiduciary net position, as, per statute, AIR amounts cannot be used to pay benefits until transferred to either the retirement benefits reserve or the survivor benefits reserve, as appropriate. As the ad hoc postretirement benefit increases financed by the AIR are defined to have a present value at the long-term expected rate of return on plan investments equal to the amount transferred for their future payment, AIR transfers to the fiduciary net position and the subsequent AIR benefit payments have no impact on the single equivalent interest rate (SEIR) determination process when the timing of AIR cash flows is not a factor (i.e., the plan's fiduciary net position is not projected to be depleted). When AIR cash flow timing is a factor in the SEIR determination process (i.e., the plan's fiduciary net position is projected to be depleted), AIR transfers to the fiduciary net position and the subsequent AIR benefit payments were estimated and included in the projections.
- Benefit payments and contributions were assumed to be made at the end of the month.

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

Investment Rate of Return

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

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

Note 9 - Pension Plans (Continued)

As of the most recent adoption of the long-term expected rate of return by the PERA board, the target asset allocation and best estimates of geometric real rates of return for each major asset class for December 31, 2019 and 2018 are summarized in the following table:

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

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

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

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

	1 Percentage Point Decrease	Current Discount Rate	1 Percentage Point Increase
Authority's proportionate share of the net pension liability as of December 31, 2019	$ 4,250,785	$ 2,778,666	$ 1,547,090
Authority's proportionate share of the net pension liability as of December 31, 2018	4,053,595	2,545,148	1,287,640

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

Changes between the Measurement Date of the Net Pension Liability and December 31, 2018

During the 2018 legislative session, the Colorado General Assembly passed significant pension reform through SB 18-200: *Concerning Modifications to the Public Employees’ Retirement Association Hybrid Defined Benefit Plan Necessary to Eliminate with a High Probability the Unfunded Liability of the Plan within the Next Thirty Years.* The bill was signed into law by Governor Hickenlooper on June 4, 2018. SB 18-200 makes changes to the plans administered by PERA with the goal of eliminating the unfunded actuarial accrued liability of the Division Trust Funds and thereby reach a 100 percent funded ratio for each division within the next 30 years. Some of the major changes to plan provisions include modification of the retirement benefits, changes to future member and employer contributions, and expanded eligibility to participate in the defined contribution plan as an alternative to the defined benefit plan. The full bill can be found online at www.leg.colorado.gov.

Note 9 - Pension Plans (Continued)

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

As of December 31, 2019 and 2018, the Authority has not estimated the change in its proportionate share of the net pension liability as a result of these changes had the bill become law on December 31, 2017.

Note 10 - Other Postemployment Benefit Plan

Plan Description

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

Benefits Provided

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

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

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

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

Note 10 - Other Postemployment Benefit Plan (Continued)

Contributions

In accordance with the CRS, certain contributions are apportioned to the HCTF. The Authority is required to contribute at a rate of 1.02 percent of PERA-includable salary into the HCTF. Employer contributions are recognized by the HCTF in the period in which the compensation becomes payable to the member and the Authority is statutorily committed to pay the contributions. The Authority's contributions to the HCTF for the years ended December 31, 2019 and 2018 were $14,786 and $14,708, respectively.

Net OPEB Liability

At December 31, 2019 and 2018, the Authority reported a liability of $233,195 and $230,836, respectively, for its proportionate share of the net OPEB liability. The net OPEB liability for the HCTF was measured as of December 31, 2018 and 2017, respectively, and the total OPEB liability used to calculate the net OPEB liability was determined by actuarial valuations as of December 31, 2017 and 2016, respectively. Standard update procedures were used to roll forward the total OPEB liability to December 31, 2018 and 2017.

The Authority's proportion of the net OPEB liability for the years ended December 31, 2019 and 2018 was based on the Authority's contributions to the HCTF for the calendar years 2018 and 2017, respectively, relative to the total contributions of participating employers to the HCTF. At December 31, 2018, the Authority’s proportion was 0.01714 percent, which was a decrease of 0.0006 percent from its proportion measured as of December 31, 2017. At December 31, 2017, the Authority’s proportion was 0.01776 percent, which was an increase of 0.0005 percent from its proportion measured as of December 31, 2016.

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

For the years ended December 31, 2019 and 2018, the Authority recognized OPEB expense of $18,807 and $19,101, respectively.

At December 31, 2019 and 2018, the Authority reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	2019		2018	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 846	$ 355	$ 1,092	$ -
Changes in assumptions	1,636	-	-	-
Net difference between projected and actual earnings on OPEB plan investments	1,341	-	-	3,862
Changes in proportionate share or difference between amount contributed and proportionate share of contributions	4,245	6,902	5,283	40
Employer contributions to the plan subsequent to the measurement date	17,170	-	14,786	-
Total	$ 25,238	$ 7,257	$ 21,161	$ 3,902

Note 10 - Other Postemployment Benefit Plan (Continued)

Deferred outflows of resources related to pensions resulting from the Authority's contributions subsequent to the measurement date of $14,746 and $14,708, respectively, will be recognized as a reduction of the net pension liability in the years ending December 31, 2019 and 2018, respectively. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Years Ending December 31	Amount
2020	$ 303
2021	303
2022	303
2023	303
2024	(769)
Thereafter	368
Total	$ 811

Actuarial Assumptions

The total OPEB liability in the December 31, 2017 and 2016 actuarial valuations was determined using the following actuarial cost method, actuarial assumptions, and other inputs:

Year	PERACare Medicare Plans	Medicare Part A Premiums
2018	5.00 %	3.25 %
2019	5.00	3.50
2020	5.00	3.75
2021	5.00	4.00
2022	5.00	4.25
2023	5.00	4.50
2024	5.00	4.75
2025+	5.00	5.00

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

- The assumed rates of PERACare participation were revised to reflect more closely actual experience.
- Initial per capita healthcare costs for those PERACare enrollees under the PERA benefit structure who are expected to attain age 65 and older ages and are not eligible for premium-free Medicare Part A benefits were updated to reflect the change in costs for the 2017 plan year.
- The percentages of PERACare enrollees who will attain age 65 and older ages and are assumed to not qualify for premium-free Medicare Part A coverage were revised to more closely reflect actual experience.
- The percentage of disabled PERACare enrollees who are assumed to not qualify for premium-free Medicare Part A coverage were revised to reflect more closely actual experience.
- Assumed election rates for the PERACare coverage options that would be available to future PERACare enrollees who will qualify for the "No Part A Subsidy" when they retire were revised to more closely reflect actual experience.

Note 10 - Other Postemployment Benefit Plan (Continued)

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

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

Discount Rate

The discount rate used to measure the total OPEB liability was 7.25 percent at December 31, 2019 and 2018. The projection of cash flows used to determine the discount rate applied the actuarial cost method and assumptions shown above. In addition, the following methods and assumptions were used in the projection of cash flows:

- Updated healthcare cost trend rates for Medicare Part A premiums as of the December 31, 2017 measurement date
- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.50 percent.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law and effective as of the measurement date. For future plan members, employer contributions were reduced by the estimated amount of total service costs for future plan members.
- Employer contributions and the amount of total service costs for future plan members were based upon a process used by the plan to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- Transfers of a portion of purchase service agreements intended to cover the costs associated with OPEB benefits were estimated and included in the projections.
- Benefit payments and contributions were assumed to be made at the end of the month.

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

Note 10 - Other Postemployment Benefit Plan (Continued)

Investment Rate of Return

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

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

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

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

	1 Percentage Point Decrease (6.25%)	Current Discount Rate (7.25%)	1 Percentage Point Increase (8.25%)
Proportionate share of the net OPEB liability as of December 31, 2019	$ 260,924	$ 233,195	$ 209,488
Proportionate share of the net OPEB liability as of December 31, 2018	259,532	230,836	206,343

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

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

	1 Percentage Point Decrease in Trend Rates	Current Healthcare Cost Trend Rates	1 Percentage Point Increase in Trend Rates
Net OPEB liability as of December 31, 2019	$ 226,775	$ 233,195	$ 240,600
Net OPEB liability as of December 31, 2018	224,484	230,836	238,485

Note 11 - Defined Contribution Pension Plan

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

The Voluntary Investment Program is funded by voluntary member contributions up to the maximum limits set by the Internal Revenue Service, as established under Title 24, Article 51, Section 1402 of the CRS, as amended. In addition, the Authority has agreed to match employee contributions up to 4 percent of covered salary as determined by the Internal Revenue Service. Employees are immediately vested in their own contributions, employer contributions, and investment earnings. For the years ended December 31, 2019 and 2018, the Authority made matching contributions of $43,940 and $31,420, respectively.

Note 12 - Commitments

Tax, Spending, and Debt Limitations

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

Federally Assisted Grant Programs

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

Note 13 - Contingencies

The Authority is party to a dispute with an engineering services firm regarding billings in the amount of approximately $225,000 related to the idle building that is impaired due to construction stoppage. In conjunction with this dispute, the Authority previously counterclaimed for negligence. As of December 31, 2019 and 2018, nothing has been accrued in connection with this dispute, and the final payment amount is uncertain at this time; however, the Authority is currently in discussions with the engineering firm.

Required Supplemental Information

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

Last Six Plan Years*

Measurement Periods Ended December 31

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

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

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

Last Six Fiscal Years*

Years Ended December 31

	2019	2018	2017	2016	2015	2014
Statutorily required contribution	$ 213,447	$ 183,815	$ 182,848	$ 172,959	$ 185,490	$ 165,627
Contributions in relation to the statutorily required contribution	213,447	183,815	182,848	172,959	185,490	165,627
Contribution Deficiency	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Authority's Covered Payroll	$ 1,683,336	$ 1,449,631	$ 1,442,006	$ 1,363,996	$ 1,462,822	$ 1,306,200
Contributions as a Percentage of Covered Payroll	12.68 %	12.68 %	12.68 %	12.68 %	12.68 %	12.68 %

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

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

Last Three Plan Years*

Measurement Periods Ended December 31

	2018	2017	2016
Authority's proportion of the net OPEB liability	0.01714 %	0.01776 %	0.01727 %
Authority's proportionate share of the net OPEB liability	$ 233,195	$ 230,836	$ 223,970
Authority's covered payroll	$ 1,449,631	$ 1,442,006	$ 1,363,996
Authority's proportionate share of the net OPEB liability as a percentage of its covered payroll	16.09 %	16.01 %	16.42 %
Plan fiduciary net position as a percentage of total OPEB liability	79.37 %	79.37 %	16.72 %

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

See note to required supplemental information.

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

Last Three Fiscal Years*

Years Ended December 31

	2019	2018	2017
Contractually required contribution	$ 17,170	$ 14,786	$ 14,708
Contributions in relation to the contractually required contribution	17,170	14,786	14,708
Contribution Deficiency	**$ -**	**$ -**	**$ -**
Authority's Covered Payroll	$ 1,683,336	$ 1,449,631	$ 1,442,006
Contributions as a Percentage of Covered Payroll	1.02 %	1.02 %	1.02 %

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

See note to required supplemental information.

Pension Information

Benefit Changes

There were no changes of benefit terms in 2019 and 2018.

Changes in Assumptions

There were no changes of benefit assumptions in 2019 and 2018.

Changes in Size or Composition of the Covered Population

There were no significant changes in size or composition of the covered population in 2019 and 2018.

Other Supplemental Information

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

Independent Auditor's Report

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Grand Junction Regional Airport Authority (the "Authority") as of and for the year ended December 31, 2019 and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated June 16, 2020.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

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

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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 Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

June 16, 2020

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

Independent Auditor's Report

To the Board of Commissioners
Grand Junction Regional Airport Authority

Report on Compliance for Each Major Federal Program

We have audited Grand Junction Regional Airport Authority's (the "Authority") compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Compliance Supplement that could have a direct and material effect on the Authority's major federal program for the year ended December 31, 2019. The Authority's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

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

Opinion on Each Major Federal Program

In our opinion, the Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the major federal program for the year ended December 31, 2019.

Report on Internal Control Over Compliance

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

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

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

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

June 16, 2020

Schedule of Expenditures of Federal Awards

Year Ended December 31, 2019

Federal Agency/Pass-through Agency/Program Title	CFDA Number	Grant Number	Provided to Subrecipients	Federal Expenditures
U.S. Department of Transportation, Federal Aviation Administration - Airport Improvement Program	20.106	Various	**$ -**	**$ 5,847,202**

See notes to schedule of expenditures of federal awards.

Notes to Schedule of Expenditures of Federal Awards

Year Ended December 31, 2019

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of Grand Junction Regional Airport Authority (the "Authority") under programs of the federal government for the year ended December 31, 2019. The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the "Uniform Guidance"). Because the Schedule presents only a selected portion of the operations of the Authority, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Authority.

Note 2 - Summary of Significant Accounting Policies

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

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

Schedule of Findings and Questioned Costs

Year Ended December 31, 2019

Section I - Summary of Auditor's Results

Financial Statements

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

Federal Awards

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

Identification of major programs:

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

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

Section II - Financial Statement Audit Findings

Current Year None

Section III - Federal Program Audit Findings

Current Year None

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

Independent Auditor's Report

To the Board of Commissioners
Grand Junction Regional Airport Authority

Report on Compliance for the Passenger Facility Charge Program

We have audited Grand Junction Regional Airport Authority's (the "Authority") compliance with the types of compliance requirements described in the *Passenger Facility Charge Audit Guide for Public Agencies*, issued by the Federal Aviation Administration (the "Guide"), as of and for the year ended December 31, 2019. The passenger facility charge program is identified in the schedule of passenger facility charges.

Management's Responsibility

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

Auditor's Responsibility

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

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

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

Opinion on the Passenger Facility Charge Program

In our opinion, the Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its passenger facility charge program for the year ended December 31, 2019.

Report on Internal Control Over Compliance

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

To the Board of Commissioners
Grand Junction Regional Airport Authority

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

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

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

June 16, 2020

Schedule of Passenger Facility Charges

For the Year Ended December 31, 2019

Grantor/Program	Approved Application Numbers	Unliquidated Passenger Facility Charges at December 31, 2018	Passenger Facility Charge Revenue	Expenditures	Unliquidated Passenger Facility Charges at December 31, 2019
Passenger facility charges	06-07-C-02-GJT, 18-08-C-00-GJT	$ 1,901,305	$ 1,035,425	$ (764,522)	$ 2,172,208

See accompanying notes to schedule of expenditures of passenger facility charges

Note 1 - Basis of Presentation

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

Note 2 - Passenger Facility Charges

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

Grand Junction Regional Airport Authority

Agenda Item Summary

TOPIC:	Resolution No. 2020-006 Revised Resolution Concerning Execution of Documents Pertaining to Bank Accounts
PURPOSE:	Information ☐ Guidance ☐ Decision ☒
RECOMMENDATION:	Adopt resolution No. 2020-006: Revised Resolution Concerning Execution of Documents Pertaining to Bank Accounts.
SUMMARY:	The proposed resolution reflects two changes: an increase in the dollar amount that requires two signatures, and an exception to the requirement for two signatures for ACH transactions. Our current online banking system does not have the capability to require two individuals to approve an ACH transaction. Therefore, we are proposing a modification to the banking resolution that exempts payments over the dual signature requirement amount for ACH transactions so we can utilize these electronic payments. These transactions will instead require a single approval from the Board Chairman. All invoices will be processed utilizing the attached accounting policy and procedure for ACH transactions, and all invoices will still be approved by the Executive Director. Additionally, we have confirmed the online banking system can be programmed to limit approval authorization by user login and maintains an audit trail that tracks who authorizes the transaction. An example of the information captured is included in the attachment. During our evaluation of the ACH approval process we also considered if the current dollar amount threshold that requires dual signature ($10,000) is appropriate, or if it should be increased. We considered the number of checks and total dollar amount of checks processed over the past two years and based on discussion with the Board Chairman and the Vice Chairman, we identified that a $30,000 threshold would still require dual signatures on about 12% of the checks issued and would cover over 85% of the total dollars spent.
REVIEWED BY:	Executive Director and Legal Counsel
FISCAL IMPACT:	None
ATTACHMENTS:	Resolution No. 2020-006, Accounting Policy and Procedure for ACH Payments, and Check Register Summary 6/1/18 – 5/31/20
STAFF CONTACT:	Sarah Menge, Finance Director Email: smenge@gjairport.com Office: 970-248-8581

Resolution No. 2020-006

Of the
GRAND JUNCTION REGIONAL AIRPORT AUTHORITY
A Resolution Concerning
Execution of Documents Pertaining to Bank Accounts

WHEREAS, the Board of Grand Junction Regional Airport Authority ("the Board") desires to authorize the deposit of Authority funds, and funds due to the Authority, into Authority accounts in eligible financial institutions in Mesa County which have been designated by the Board as meeting the requirements for deposit of Authority monies under appropriate federal and Colorado laws; and

WHEREAS, the Board desires to authorize the Board Chairman, Vice Chairman, Executive Director, Director of Facilities, or Director of Finance to transfer funds between Authority accounts within the same Authority Board-designated financial institution; and

WHEREAS, the Board desires to authorize the Chairman, Vice Chairman, Executive Director or Director of Facilities as designated below, to **execute with only one (1) signature any and all (A) bank documents, checks and other instruments of withdrawal up to $30,000, and (B) any payroll and payroll related expenditures, including but is not limited to, payments for tax withholding, payments for retirement and 401(k) contributions and garnishments and sales tax:**

Tom Benton	Chairman
Chuck McDaniel	Vice Chairman
Angela Padalecki	Executive Director
Ben Peck	Director of Facilities

WHEREAS, the Board desires to authorize the Chairman as designated below to **execute with only one (1) signature any and all automated clearing house (ACH) payments:**

Tom Benton	Chairman

Provided, however, that checks or other instruments of withdrawal **(other than payroll and payroll related expenditures including but not limited to payments for tax withholding, payments for retirement and 401(k) contributions, garnishments and sales tax, and ACH payments)** in an amount greater than **$30,000 shall have two (2) such signatories, as follows:**

- Chairman; AND/OR
- Vice Chairman; AND
- Executive Director OR
- Director of Facilities

AND,

WHEREAS, the Board desires to require three (3) signatories, as follows, **to execute any promissory note or other evidence of indebtedness** at any financial institution:

- Chairman or Vice Chairman; AND
- Executive Director; AND
- One (1) additional Board Commissioner

NOW THEREFORE, IT IS RESOLVED that the Board authorizes the deposit of Authority funds, and funds due to the Authority, into an Authority account in a eligible financial institution in Mesa County which has been designated by the Board as meeting the requirements for deposit of public monies under appropriate federal and Colorado laws; and

IT IS FURTHER RESOLVED that the Board authorizes the Board Chairman, Vice Chairman, Executive Director, Director of Facilities, or Director of Finance to transfer funds between Authority accounts within the same Authority Board-designated financial institution; and

IT IS FURTHER RESOLVED that the Board authorizes the Chairman, Vice Chairman, Executive Director or Director of Facilities to execute with one (1) signature **any and all (A) bank documents, checks and other instruments of withdrawal up to $30,000, and (B) all payroll and payroll related expenditures, including but not limited to, payments for tax withholding, payments for retirement and 401(k) contributions, and garnishments and sales tax:**

Tom Benton	Chairman
Chuck McDaniel	Vice Chairman
Angela Padalecki	Executive Director
Ben Peck	Director of Facilities

IT IS FURTHER RESOLVED, that the Board authorizes the Chairman as designated below to **execute with only one (1) signature any and all ACH Payments:**

Tom Benton	Chairman

Provided, however**,** that checks or other instruments of withdrawal **(other than payroll and payroll related expenditures, including but not limited to payments for tax withholding, payments for retirement and 401(k) contributions, garnishments and sales tax, and ACH payments)** in an amount greater than **$30,000 shall require two (2) such signatures as follows:**

- Chairman; AND/OR
- Vice Chairman; AND
- Executive Director; OR
- Director of Facilities

AND,

IT IS FURTHER RESOLVED that the Board requires three (3) signatures, as follows, **to execute any promissory note or other evidence of indebtedness** at any financial institution:

- Chairman or Vice Chairman; AND
- Executive Director; AND
- One (1) additional Board Commissioner

PASSED AND ADOPTED this 16th day of June, 2020.

Board Members Voting Aye:	Those Voting Nay:

GRAND JUNCTION REGIONAL
AIRPORT AUTHORITY

____
Chairman

ATTEST:

____
Clerk

Automated Clearing House (ACH) Payment Approval Process

Origination date: June 16, 2020

Policies referenced: Procurement Policy

Author/Department responsible: Finance

Purpose
To provide a description of the actions, approvals, and method for processing ACH payments.

Scope
This policy applies to all ACH withdrawal transactions initiated by the Authority.

Responsibilities
The Authority's Purchasing and Procurement Policy outlines the requirements for individual purchase approvals and procedures. Once expenditures are approved according to the purchasing and procurement policy, the Accounting Coordinator will initiate the payment process.

The Executive Director is responsible for authorizing payments up to the threshold approved by the Board of Directors, and any amounts above that amount require approval from the Board Chairman as outlined in the Banking Resolution.

General ACH Payment Process/Procedures:

1. All individual invoices are approved according to the purchasing and procurement policy guidelines and signed by the appropriate Supervisor, Department Director, and/or the Executive Director.
2. A note will be included on invoices for any expenditure over $10,000 that indicates the date of the board meeting date at which the contract or expense was approved
3. Check runs are scheduled bi-monthly to correspond with the board workshop and regular board meeting. For each check run, the Accounting Coordinator will recommend payment for approved invoices and will be reviewed and approved by the Director of Finance
4. After receiving approval for payment from the Finance Director, the Accounting Coordinator or Finance Director will Create an ACH payment request in the on-line banking system and will notify the appropriate approver depending on the amount of the transaction.
    A. If the payment amount is less than or equal to $30,000, the Executive Director will be provided with the printed and approved invoice or an electronic scan of the approved invoice. The Executive Director will login to the online banking website using a unique login ID and password and will confirm the amount

posted for payment and the vendor information to the approved invoice and will Approve the transaction in the banking system.

B. If the payment is greater than $30,000, the Accounting Coordinator or Finance Director will send an electronic file via DocuSign with the approved invoice(s) to be paid via ACH to the Board Chairman. The Chairman will then login to the online banking website using a unique login ID and password and will confirm the amount posted for payment and the vendor information to the approved invoice and will Approve the transaction in the banking system.

5. If there are any questions on the proposed invoices for payment, or discrepancies in the amount or vendor entered into the banking system, the Executive Director or Chairman will notify the Accounting Coordinator and Director of Finance and the transactions will be deleted and re-posted as necessary.

m/HomeLoanStateBankOnline_40/uux.aspx#/transactions/activityCenter

Wims Portal — CDOT | SOAR Login - Airpo... | Home Loan State B... | GJT | UNUM Login | Delphi | 24 Hr Flex Login | Employers | Colora...

Home Loan State Bank OnlinEdge

Welcome back, Sarah Menge

- Activity Center
- Statements
- Check Reorder
- Add External Account
- Verify External Account ...
- Commercial
- Branches
- Services
- Help
- Settings
- Log Off

Search transactions

Created date	Status	Transaction Type	Account	Amount
6/9/2020	Processed	Funds Transfer - Tracking ID: 135787	MM Other XXXXXX8601	$1,000,000.00
5/21/2020	Processed	Funds Transfer - Tracking ID: 134492	MM Other XXXXXX8601	$400,000.00
5/20/2020	Processed	ACH Batch - Tracking ID: 134426	Operating Checking XXXXXX5601	$610.00

Tracking ID: 134426
Created: 05/20/2020 4:15 PM
Created By: Shelagh Flesch
Authorized: 05/21/2020 1:14 PM
Authorized By: Angela Padalecki
Will process On: 05/21/2020
Effective: 05/22/2020

Total Amount: $610.00
Total Payments: 1
Company Entry Description: ACH Paymen
From Account: Operating Checking XXXXXX5601
SEC Code: CCD
ACH Header: Grand Junction R

RECIPIENTS: 1 of 1

ACH Name: OSSI NA, LLC
Recipient ACH ID: V0161
Amount: $610.00
Account Number: XXXXX86197
Account Type: Checking
Routing Number: XXXXX1627

Created date	Status	Transaction Type	Account	Amount
5/19/2020	Processed	ACH Batch - Tracking ID: 134362	Operating Checking XXXXXX5601	$1,145,842.51

Credits: [0] **$0.00** | Debits: [0] **$0.00** m/HomeLoanStateBankOnline_40/uux.aspx#/transactions/activityCenter

Wims Portal — CDOT | SOAR Login - Airpo... | Home Loan State B... | GJT | UNUM Login | Delphi | 24 Hr Flex Login | Employers | Colora...

Home Loan State Bank OnlinEdge

Welcome back, Sarah Menge

- Verify External Account ...
- Commercial
- Branches
- Services
- Help
- Settings
- Log Off

5/21/2020	Processed	Funds Transfer - Tracking ID: 134492	MM Other XXXXXX8601	$400,000.00	
5/20/2020	Processed	ACH Batch - Tracking ID: 134426	Operating Checking XXXXXX5601	$610.00	
5/19/2020	Processed	ACH Batch - Tracking ID: 134362	Operating Checking XXXXXX5601	$1,145,842.51	
5/19/2020	Cancelled	ACH Batch - Tracking ID: 134361	Operating Checking XXXXXX5601	$610.00	
5/19/2020	Processed	ACH Batch - Tracking ID: 134360	Operating Checking XXXXXX5601	$196,479.65	

Tracking ID: 134360
Created: 05/19/2020 5:11 PM
Created By: Shelagh Flesch
Authorized: 05/20/2020 9:28 AM
Authorized By: Thomas Benton
Will process On: 05/20/2020
Effective: 05/21/2020

Total Amount: $196,479.65
Total Payments: 1
Company Entry Description: ACH Paymen
From Account: Operating Checking XXXXXX5601
SEC Code: CCD
ACH Header: Grand Junction R

RECIPIENTS: 1 of 1

ACH Name: FCI Constructors, Inc
Recipient ACH ID: V0110
Amount: $196,479.65
Account Number: XXXXX38051
Account Type: Checking
Routing Number: XXXXX0248

5/19/2020	Processed	ACH Batch - Tracking ID: 134359	Operating Checking XXXXXX5601	$17,935.91	

Credits: [0] **$0.00** | Debits: [0] **$0.00**

Historical check issuance - count and dollar amount from June 1, 2018 through May 31, 2020

Check Register 6.1.18 - 5.31.20

	Number of Checks Issued		Total Amount of Checks Issued	
Total	1,042		$ 33,664,376	
Checks > 10,000	258	25%	$ 32,357,944	96%
Checks > 20,000	182	17%	$ 31,224,032	93%
Checks > 30,000	126	12%	$ 29,886,017	89%
Checks > 40,000	115	11%	$ 29,513,428	88%
Checks > 50,000	102	10%	$ 28,940,078	86%

Grand Junction Regional Airport Authority

Agenda Item Summary

TOPIC:	GJRAA Employee Health Insurance
PURPOSE:	Information ☐ Guidance ☒ Decision ☐
RECOMMENDATION:	
SUMMARY:	Staff has reviewed the health insurance plan renewal options compiled by HUB, our broker, and are recommending a renewal of the existing health insurance plans with Rocky Mountain Health Plans, Delta Dental, VSP (vision), and Appleton Clinics with a minor increase in the employer paid portion for dependent coverage. Some objectives for the health insurance plan renewal were: 1. Maintain quality of coverage and current benefits offered (vision, dental health, etc.) to employees 2. Minimize changes in options/providers since we are also planning to change the plan year from September – August to January – December and this process will require two open enrollment and renewal periods 3. Manage overall cost increases to GJRAA and employees, targeting a total plan cost for 2021 that is lower than the 2020 budget (if possible) The Dental and Vision plans offered in 2019-2020 offered a "rate pass" which held rates and benefits flat from the prior plan year to the upcoming plan year. These plans are 100% employee paid, and we are recommending that we continue offering these plans to staff. The rates for the Appleton Clinic memberships stayed the same at $99/employee which is paid by GJRAA. We recommend that this membership continues to be offered as staff have continued to report positive experiences and utilization is increasing. For the health insurance plans with Monument Health, there were minimal changes in coverage and annual plan costs increased 11.5% for the HSA and 6.6% for the PPO plan. The statewide average increase for Silver plans for 2020 was 6.6%. In order to manage costs to employees and because we intend to hold wages flat in 2021, we are proposing a small increase in the Employer paid portion of the dependent coverage, and plan to continue offering the Deductible Reimbursement Program that was implemented for 2019-2020 which covers the last $1,000 of an individual deductible, and the last $2,000 of dependent deductible.

REVIEWED BY:	Executive Director & Legal Counsel
FISCAL IMPACT:	Based on the current number of employees and Plan enrollment, plus a 5% contingency for possible plan changes, and an estimated 30% utilization of the Deductible Reimbursement program, we are projecting an annual total health insurance cost of $315,000. This is a decrease of about $7,000 from the 2020 budgeted health insurance cost of $322,000. If the Deductible Reimbursement program were fully used, our maximum exposure is $36,000, however, based on the utilization in 2019 and 2020, we believe the 30% estimate is conservative for budget purposes.
ATTACHMENTS:	Budget and Employee Cost Comparisons and Plan Comparisons
STAFF CONTACT:	Sarah Menge 970-248-8581 smenge@gjairport.com

GJRAA Budget Impact	2020 Budget	2021 Renewal	$ Change	% Change
Monthly Health Insurance	$ 273,900	$ 272,100	$ (1,800)	-0.7%
HSA/Appleton	36,000	32,100	(3,900)	-10.8%
Deductible Reimb Plan	12,100	10,800	(1,300)	-10.7%
Total ER Cost	$ 322,000	$ 315,000	$ (7,000)	-2.2%
Estimated Employees Covered	30	26	(4)	-13.3%
GJRAA Cost per Employee	$ 10,700	$ 12,100	$ 1,400	13.1%

Employee Annual Cost Comparison	2019-2020 Plan Year	2020-2021 Plan Year	$ Change	% Change
Annual EE Cost - HSA Employee Only	$ 385	$ 429	$ 44	11.4%
Annual EE Cost - HSA Employee & Spouse	$ 4,851	$ 4,960	$ 109	2.2%
Annual EE Cost - HSA Employee & Children	$ 4,158	$ 4,251	$ 93	2.2%
Annual EE Cost - HSA Family Plan	$ 8,764	$ 8,975	$ 211	2.4%
Annual EE Cost - PPO Employee Only	$ 381	$ 407	$ 26	6.8%
Annual EE Cost - PPO Employee & Spouse	$ 4,803	$ 4,697	$ (106)	-2.2%
Annual EE Cost - PPO Employee & Children	$ 4,117	$ 4,026	$ (91)	-2.2%
Annual EE Cost - PPO Family Plan	$ 8,692	$ 8,499	$ (193)	-2.2%

	Current Plan 1	Renewal Plan 1	Current Plan 2	Renewal Plan 2
Carrier:	Rocky Mountain Health Plans	Rocky Mountain Health Plans	Rocky Mountain Health Plans	Rocky Mountain Health Plans
Plan Name:	Monument Health Silver HSA 4500/6500 Tiered Network	Monument Health Silver HSA 4500/6500	Monument Health Silver 3500/5000 Tiered Network	Monument Health Silver 3500/5000
Plan Type:	PPO	PPO	PPO	PPO
Effective Date:	9/1/2019	9/1/2020	9/1/2019	9/1/2020
DEDUCTIBLE & COINSURANCE	**Current Plan 1**	**Renewal Plan 1**	**Current Plan 2**	**Renewal Plan 2**
Individual	Tier 1: $4,500 Tier2: $6,500	Tier 1: $4,500 Tier2: $6,000	Tier 1: $3,500 Tier2: $5,000	Tier 1: $3,500 Tier2: $5,000
Family	Tier 1: $9,000 Tier 2: $13,000	Tier 1: $9,000 Tier 2: $12,000	Tier 1: $7,000 Tier 2: $10,000	Tier 1: $7,000 Tier 2: $10,000
OUT-OF-POCKET MAX				
Individual	Tier 1: $4,500 Tier2: $6,500	$6,500	$7,350	$8,150
Family	Tier 1: $9,000 Tier 2: $13,000	$13,000	$14,700	$16,300
PHYSICIAN SERVICES				
Office Visits	100% after deductible	100% after deductible	Tier 1: PCP-1st 3 visits 100% covered, then $35 copay / Specialist - $70 copay Tier 2: PCP $50 copay / Specialist- $80 copay after deductible	Tier 1: PCP-1st 3 visits $10 copay, then $35 copay / Specialist - $70 copay Tier 2: PCP $50 copay / Specialist- $80 copay after deductible
Preventive Care	No charge	No charge	No charge	No charge
Diagnostic Lab/X-Ray	100% after deductible	100% after deductible	Tier1: Lab-$40/X-Ray-$70 copay Tier2: 50% after deductible	Tier1: Lab-$40 copay/X-Ray-70% after deductible Tier2: 50% after deductible
Imaging (CT/PET scans, MRIs)	100% after deductible	100% after deductible	Tier1: 70%/ Tier 2: 50% after deductible	Tier1: 70%/ Tier 2: 50% after deductible
PRESCRIPTION DRUGS				
Rx	100% after deductible	90% after deductible	$15/$50/$80/$300/$450 copay	$15/$50/$80/$300 copay
HOSPITAL FACILITY SERVICES				
Inpatient Hospital Services	100% after deductible	100% after deductible	Tier1: $750/day up to 4 days Tier 2: 50% after deductible	Tier1: $750/day up to 4 days Tier 2: 50% after deductible
Outpatient Surgery in a Hospital	100% after deductible	100% after deductible	Tier1: 70%/ Tier 2: 50% after deductible	Tier1: 70%/ Tier 2: 50% after deductible
EMERGENCY SERVICES				
Emergency Room	100% after Tier 1 deductible	100% after Tier 1 deductible	$600 copay, then 70% after Tier 1 deductible	$600 copay, then 70% after Tier 1 deductible
Urgent Care	100% after deductible	100% after Tier 1 deductible	$60 copay	$60 copay

Employee Rate Data

Tier	Total Enrollment	Enrolled	Rate	Enrolled	Rate	Enrolled	Rate	Enrolled	Rate
EE	16	4	$642.05	4	$715.68	12	$635.72	12	$677.75
ES	5	1	$1,284.10	1	$1,431.36	4	$1,271.44	4	$1,355.50
EC	1		$1,187.79		$1,324.01	1	$1,176.08	1	$1,253.84
FAM	4	2	$1,829.84	2	$2,039.69	2	$1,811.80	2	$1,931.59

	Current Plan 1	Renewal Plan 1	Current Plan 2	Renewal Plan 2
Total Plan Cost:	$7,511.98	$8,373.46	$17,514.08	$18,672.02
Δ (%) to Current Plans	NA	11.5%	NA	6.6%
Δ ($) to Current Plans	NA	$861.48	NA	$1,157.94

Carrier:	Delta Dental
Plan Name:	PPO plus Premier Plan 4C Enhanced
Plan Type:	DPPO
Effective Date:	9/1/2020 - Rate Pass

DEDUCTIBLE		
Individual	PPO:	$50
Family	PPO:	$150
Waived for Preventive	PPO:	Yes
WAITING PERIODS		
Major	PPO:	None
Waived for major if there was prior group	PPO:	Not Applicable
Ortho	PPO:	Not Applicable
DENTAL SERVICES		
Preventive Care	PPO:	100%
Basic Services	PPO:	80%
Major Services	PPO:	50%
Periodontal Surgery	PPO:	Basic
Endodontic Surgery	PPO:	Basic
ORTHO		
Co-pay	PPO:	N/A
Orthodontics	PPO:	Not Covered
Takeover	PPO:	N/A
BENEFIT MAXIMUMS		
Annual Benefit Max	PPO:	$2,000 per person per calendar year
Lifetime - Ortho	PPO:	N/A

Employee Rate Data

Tier	Total Enrollment	Actual Enrollment	Total Rates
EE		11	$47.69
ES		3	$95.01
EC		0	$97.11
FAM		5	$145.89
Totals:	**0**	**19**	**$1,539.07**
% Difference to Current Base Plan:			NA
$ Difference to Current Base Plan:			NA
Comparison Total (assumes full enrollment):		$0.00	

Carrier:	VSP		
Plan Name:	VSP Choice Vision Plan		
Plan Type:	PPO		
Effective Date:	9/1/2020 - Rate Pass		
VISION EXAMS			
Exam	PPO:	Covered in full after $10 copay	
LENSES AND FRAMES			
Single Vision Lenses	PPO:	$25 copay	
Bifocals	PPO:	$25 copay	
Trifocals	PPO:	$25 copay	
Frames	PPO:	$130 allowance	
CONTACTS			
Necessary	PPO:	$130 allowance	
Elective	PPO:	$130 allowance	
BENEFIT FREQUENCY			
Examination	PPO:	One visit/12 months	
Lenses	PPO:	12 months	
Frames	PPO:	24 months	
Employee Rate Data			
Tier	Total Enrollment	Actual Enrollment	Total Rates
EE	13	13	$7.49
ES	1	1	$11.98
EC	0	0	$12.23
FAM	3	3	$19.72
Totals:	**17**	**17**	**$168.51**
% Difference to Current Base Plan:			NA
$ Difference to Current Base Plan:			NA
Comparison Total (assumes full enrollment):	$168.51		

GRAND JUNCTION REGIONAL AIRPORT ACTIVITY REPORT

Report Date: **4/30/2020**

PY Comparison Date: 4/30/2019

. April, 2020

PASSENGER ENPLANEMENTS:	CURRENT MONTH 2019	2020	PERCENT CHANGE	YEAR-TO-DATE 2019	2020	PERCENT CHANGE
AMERICAN	8,118	721	-91.12%	33,709	26,876	-20.27%
ALLEGIANT	2,041	-	-100.00%	5,423	5,267	-2.88%
UNITED	7,062	292	-95.87%	23,192	15,222	-34.37%
DELTA	3,858	158	-95.90%	13,957	8,479	-39.25%
DENVER AIR CONNECTION	565	-	-100.00%	2,730	1,703	-37.62%
Misc Charters	57	-	-100.00%	553	241	-56.42%
TOTAL ENPLANEMENTS	21,701	1,171	-94.60%	79,564	57,788	-27.37%
TOTAL SEAT CAPACITY	27,408	8,613	-68.57%	101,307	90,461	-10.71%

PASSENGER DEPLANEMENTS:	2018	2020	CHANGE	2019	2020	CHANGE
AMERICAN -	7,672	590	-92.31%	34,607	26,399	-23.72%
ALLEGIANT	2,039	-	-100.00%	5,287	5,189	-1.85%
UNITED	6,699	384	-94.27%	27,403	19,321	-29.49%
DELTA	3,770	214	-94.32%	15,094	9,447	-37.41%
DENVER AIR CONNECTION	548	-	-100.00%	2,648	1,596	-39.73%
Misc Charters	116	-	-100.00%	491	167	-65.99%
TOTAL DEPLANEMENTS	20,786	1,188	-94.28%	85,530	62,119	-27.37%
TOTAL PASSENGERS	42,487	2,359	-94.45%	165,094	119,907	-27.37%

LOAD FACTOR:(OUTBOUND ONLY)	CURRENT MONTH 2019	2020	Difference	YEAR-TO-DATE 2019	2020	Difference
AMERICAN	80.81%	14.96%	-65.85%	80.46%	65.88%	-14.58%
ALLEGIANT	66.31%	N/A	N/A	74.39%	69.15%	-5.24%
UNITED	84.24%	12.73%	-71.51%	82.07%	65.03%	-17.03%
DELTA	85.45%	10.53%	-74.92%	77.03%	55.59%	-21.44%
DENVER AIR CONNECTION	40.76%	N/A	N/A	50.17%	50.24%	0.07%
GJT TOTAL	79.18%	13.60%	-65.58%	78.54%	63.88%	-14.66%

Grand Junction Regional Airport Authority
Operating Revenue Summary
Unaudited - subject to change

As of Date: 04/30/2020

		Month			Forecast Variance		Prior Year Variance	
		04/30/2020	04/30/2020	04/30/2019				
		Forecast	Actual	PY Actual	Forecast $ Var	Forecast % Var	PY $ Var	PY % Var
	Operating revenue							
	Aeronautical revenue							
	Passenger airline revenue							
1	Passenger airline landing fees	11,688	17,957	46,155	6,269	53.64 %	(28,198)	(61.09) %
2	Terminal rent	105,005	102,956	98,488	(2,049)	(1.95) %	4,468	4.54 %
3	Other (boarding bridge)	707	1,046	9,083	339	47.95 %	(8,037)	(88.48) %
	Total Passenger airline revenue	117,400	121,959	153,726	4,559	3.88 %	(31,767)	(20.66) %
	Non-passenger airline revenue							
4	Non-passenger landing fees	7,445	8,494	7,069	1,049	14.09 %	1,425	20.16 %
5	Cargo and hangar rentals	4,488	4,561	4,483	73	1.63 %	78	1.74 %
6	Fuel tax & flowage fees	2,450	26,744	47,490	24,294	991.59 %	(20,746)	(43.68) %
7	Other (ramp parking, rapid refuel)	328	240	540	(88)	(26.83) %	(300)	(55.56) %
	Total Non-passenger airline revenue	14,711	40,039	59,582	25,328	172.17 %	(19,543)	(32.80) %
	Total Aeronautical revenue	132,111	161,998	213,308	29,887	22.62 %	(51,310)	(24.05) %
	Non-aeronautical revenue							
8	Land and building leases	49,343	51,971	51,831	2,628	5.33 %	140	0.27 %
9	Terminal - restaurant & retail	585	268	12,855	(317)	(54.19) %	(12,587)	(97.92) %
10	Terminal - other	15,041	15,294	15,041	253	1.68 %	253	1.68 %
11	Rental cars	14,471	24,652	101,040	10,181	70.35 %	(76,388)	(75.60) %
12	Parking	6,323	4,263	131,058	(2,060)	(32.58) %	(126,795)	(96.75) %
13	Ground Transportation	282	450	10,827	168	59.57 %	(10,377)	(95.84) %
14	Other (advertising, security fee, vending, etc	2,091	2,232	7,569	141	6.74 %	(5,337)	(70.51) %
	Total Non-aeronautical revenue	88,136	99,130	330,221	10,994	12.47 %	(231,091)	(69.98) %
	Total Operating revenues	220,247	261,128	543,529	40,881	18.56 %	(282,401)	(51.96) %

Variance Explanations - April 2020 compared to Forecast and April 2019 Preliminary Financial Statements

Note that expenses have not been presented and compared on a monthly basis, because almost all variance in expenses are timing related at this point. Variance explanations and account explanations have been provided for most revenue accounts below to help describe the revenue source and how the changes in assumptions and activity impacted April 2020.

Operating Revenues:

1 ***Passenger airline landing fees*** **–** The forecasted passenger landing revenue assumed that we would have 25% of the commercial landings in April 2020 compared to April 2019. Actual landings exceeded this estimate and were approximately 30% of the 2019 landings. As a result, our passenger airline landing revenues are ahead of the April Forecast. We received 306 fewer scheduled landings in April 2020 compared to April 2019 and 8 less diversions.

2 ***Terminal Rent*** **–** Terminal rent is a fixed charge to the airlines that covers their individual ticket counters and office space, as well as the ticket queuing area, baggage claim, and secure hold room. The increase from prior year was based on the calculated increase in rates from the formula based rates and charges model that was adopted in the December 2019 board meeting.

3 ***Other (Boarding Bridge)*** **–** Although the total dollar amount is small, I wanted to note that the decrease in Boarding bridge fees from 2019 is not tied directly to usage because the "per turn" fee charged for using the boarding bridge was decreased from $25/use to $8.50/use from 2019 to 2020 with the new rate model.

4 ***Non-passenger landing fees*** **–** Landing fees from non-passenger traffic (primarily cargo) was within $2,000 of the prior year amount and on-track with budget. We still have not seen a decrease in cargo landings from 2019 and received 68 cargo landings in April 2020 compared to 62 landings in April 2019. The increase is primarily related to the increase in landing fees that was enacted and effective January 1, 2020.

5 ***Cargo and hangar rentals*** **–** FedEx leases a hangar and "exclusive" space on the commercial apron. This fixed rent charge is based on their lease.

6 ***Fuel tax & flowage fees*** **–** Based on discussions with CDOT, fuel tax is typically collected by the State and remitted to the airports about two months after the activity occurred. The 2020 forecast did not include the lag in receipts, therefore the Actual April revenue exceeded forecast for state fuel tax disbursements. Additionally, fuel flowage fees from GA operations were down 73% compared to 2019, and our forecast had predicted a 95% decrease so our revenues exceeded expectations.

Non-aeronautical revenues **–** Aside from Land and building leases and terminal - other accounts that represent fixed rent charges, the non-aeronautical categories are tied directly to passenger traffic. In April 2020, the airport only had 1,171 enplanements compared to 21,701 enplanements in April 2019, fewer passengers than April 2019, a decline of almost 95%. With the decline in passengers, we also saw a sharp reduction in passenger related revenues.

9 ***Terminal - restaurant & retail*** **-** The decline in restaurant and retail revenue from 2019 of 98% was slightly higher than the decrease in passengers. This indicated that people that were still flying were not spending as much on food or gifts as was previously spent.

11 ***Rental Cars*** **-** Rental car revenue only declined 75% year over year. We believe that the decrease was less than the total decrease in passengers due to local rental car activity that was consolidated at the airport which was not anticipated in our forecast; therefore, actual revenues in April 2020 exceeded expectations.

12 ***Parking and Ground Transportation*** **-** Parking revenue and Ground Transportation revenue declined by almost 97% and 95% year over year from 2019 to 2020 in April. The decline in parking was slightly higher than the decline in passengers.

Grand Junction Regional Airport Authority
Statements of Changes in Net Position

Unaudited - subject to change

		Year to Date			Forecast Variance		Prior Year Variance	
		12/31/2020	04/30/2020	04/30/2019				
		** Annual Forecast	Actual	PY Actual	Forecast $ Remaining	Forecast % Remaining	PY $ Var	PY % Var
	Operating revenue							
	Aeronautical revenue							
	Passenger airline revenue							
1	Passenger airline landing fees	$ 445,600	$ 188,697	$ 192,059	$ (256,903)	(57.65) %	$ (3,362)	(1.75) %
2	Terminal rent	1,260,000	417,290	393,948	(842,710)	(66.88) %	23,342	5.93 %
3	Other (boarding bridge)	20,200	8,996	43,856	(11,204)	(55.47) %	(34,860)	(79.49) %
	Total Passenger airline revenue	1,725,800	614,983	629,863	(1,110,817)	(64.37) %	(14,880)	(2.36) %
	Non-passenger airline revenue							
4	Non-passenger landing fees	100,400	33,175	29,284	(67,225)	(66.96) %	3,891	13.29 %
5	Cargo and hangar rentals	53,800	18,011	17,601	(35,789)	(66.52) %	410	2.33 %
6	Fuel tax & flowage fees	356,000	175,255	216,155	(180,745)	(50.77) %	(40,900)	(18.92) %
7	Other (ramp parking, rapid refuel)	3,900	1,920	1,860	(1,980)	(50.77) %	60	3.23 %
	Total Non-passenger airline revenue	514,100	228,361	264,900	(285,739)	(55.58) %	(36,539)	(13.79) %
	Total Aeronautical revenue	2,239,900	843,344	894,763	(1,396,556)	(62.35) %	(51,419)	(5.75) %
	Non-aeronautical revenue							
8	Land and building leases	587,800	194,682	197,961	(393,118)	(66.88) %	(3,279)	(1.66) %
9	Terminal - restaurant & retail	80,000	46,596	57,078	(33,404)	(41.76) %	(10,482)	(18.36) %
10	Terminal - other	180,400	60,530	60,356	(119,870)	(66.45) %	174	0.29 %
11	Rental cars	637,600	308,371	382,571	(329,229)	(51.64) %	(74,200)	(19.40) %
12	Parking	747,800	390,014	499,069	(357,786)	(47.85) %	(109,055)	(21.85) %
13	Ground Transportation	29,400	13,443	27,502	(15,957)	(54.28) %	(14,059)	(51.12) %
14	Other (advertising, security fee, etc.)	40,000	10,884	27,917	(29,116)	(72.79) %	(17,033)	(61.01) %
	Total Non-aeronautical revenue	2,303,000	1,024,520	1,252,454	(1,278,480)	(55.51) %	(227,934)	(18.20) %
	Total Operating Revenues	$ 4,542,900	$ 1,867,864	$ 2,147,217	$ (2,675,036)	(58.88) %	$ (279,353)	(13.01) %

** Reminder - The Year to Date Forecast reflects the Full Annual Budget

Grand Junction Regional Airport Authority
Statements of Changes in Net Position
Unaudited - subject to change

		Year to Date			Forecast Variance		Prior Year Variance	
		12/31/2020	04/30/2020	04/30/2019				
		** Annual Forecast	Actual	PY Actual	Forecast $ Remaining	Forecast % Remaining	PY $ Var	PY % Var
	Operating expenses							
14	Personnel compensation and benefits	$ 2,554,400	$ 805,447	$ 784,578	$ (1,748,953)	(68.47) %	$ 20,869	2.66 %
15	Communications and utilities	322,500	104,283	107,422	(218,217)	(67.66) %	(3,139)	(2.92) %
16	Supplies and materials	417,200	140,637	172,461	(276,563)	(66.29) %	(31,824)	(18.45) %
17	Contract services	663,300	196,274	181,481	(467,026)	(70.41) %	14,793	8.15 %
18	Repairs & maintenance	382,900	78,788	94,701	(304,112)	(79.42) %	(15,913)	(16.80) %
19	Insurance	120,700	34,711	30,414	(85,989)	(71.24) %	4,297	14.13 %
20	Training, Travel, & Air Service Development	86,800	25,986	77,378	(60,814)	(70.06) %	(51,392)	(66.42) %
21	Other Expense (marketing, professional dues, e	186,700	22,327	14,339	(164,373)	(88.04) %	7,988	55.71 %
22	Contingency Expense	25,000	-	1,101	(25,000)	(100.00) %	(1,101)	(100.00) %
	Total Operating expenses	4,759,500	1,408,453	1,463,875	(3,351,047)	(70.41) %	(55,422)	(3.79) %
	Non-operating revenue (expenses)							
23	Passenger facility charges	518,400	276,217	353,461	242,183	46.72 %	(77,244)	(21.85) %
24	Interest income	34,200	37,767	86,214	(3,567)	(10.43) %	(48,447)	(56.19) %
25	Interest expense	(791,000)	(263,459)	(271,774)	(527,541)	66.69 %	8,315	(3.06) %
26	Customer facility charges	216,800	138,104	196,432	78,696	36.30 %	(58,328)	(29.69) %
27	Capital contributions	14,163,500	3,676,935	1,209,334	10,486,565	74.04 %	2,467,601	204.05 %
27	Capital expenditures	(17,167,200)	(4,305,143)	(3,557,286)	(12,862,057)	74.92 %	(747,857)	21.02 %
28	Debt principal payments	(715,000)	-	-	(715,000)	100.00 %	-	#DIV/0!
29	Other	1,505,400	-	-	1,505,400	100.00 %	-	0.00 %
	Total Non-operating revenue (expenses)	(2,234,900)	(439,579)	(1,983,619)	(3,300,721)	147.69 %	1,544,040	(77.84) %
	Excess of revenue over (under) expense	**$ (2,451,500)**	**$ 19,832**	**$ (1,300,277)**	**$ (2,624,710)**	**107.07 %**	**$ 1,320,109**	**(101.53) %**

** Reminder - The Year to Date Forecast reflects the Full Annual Budget

Variance Explanations - April 30, 2020 Year to Date Preliminary Financial Statements

Please note that the Forecast column that replaced the budget column represents the forecast for the entire year, not just YTD through April. By presenting the full year forecast, the Forecast Variance columns now represent what we have remaining to earn or spend for the remainder of the year, and what percentage of revenue or expense remains. Since many variances in expenses are due to timing, we thought this presentation would be more meaningful than estimating a monthly spend amount.

With the 95% reduction in passenger traffic in April 2020 compared to April 2019, all year-to-date variances for variable revenues that are driven by passengers have a negative variance to the 2019 year to date amounts. The explanations below are intended to provide additional explanations about forecasted revenues and expenses.

Operating Revenues:

1 **<u>Passenger Landing Fees</u> -** Passenger landing fees exceeded expectations in April 2020 compared to the forecast and are still within 2% of the prior year landing fees. With the strong performance in April, we estimate that we have collected about 57% of our annual revenue forecast through April compared to a 40% collection as of March 2020.

2 **<u>Terminal Rent</u> -** The increase in terminal rent revenue from prior year is a reflection of the increased rates calculated using the new formula based rate setting methodology and adopted in December by resolution in anticipation of adopting the new lease and use agreements in 2020. We have not made any changes in our assumptions for terminal rent at this time.

3 **<u>Boarding Bridge Revenue</u> -** The decrease in boarding bridge revenue was budgeted for and expected. With the change in rates mentioned in the terminal rent explanation above, we also adjusted the boarding bridge per turn charge which decreased from the 2019 rates.

4 **<u>Non-Passenger Landing Fee</u>s -** Non-passenger landing fees year to date are approximately $4,000 higher than 2019. The total number of landings has been consistent year over year, and the majority of the increase is a result of the increase in landing fees.

5 **<u>Cargo and hangar rental</u>s -** The cargo hangar rental is a fixed rent charge and is on budget and consistent with prior year.

6 **<u>Fuel Tax and Flowage Fee</u>s -** As noted in the monthly revenue variance explanation, state fuel tax disbursements have a 2 month lag, but this was not built into the forecast, therefore our year to date revenues exceeded the forecast. Additionally, GA activity did not decrease as much as we originally forecasted so we have collected more revenues year to date than was anticipated.

8 **<u>Non-aeronautical revenues</u> -** Year-to-date through April 2020, total enplaned passengers are approximately 27% lower than the same time period in 2019. Aside from
\- land and building leases and the terminal - other revenue which are fixed rents, the other non-aeronautical revenues are almost entirely tied to enplaned passengers at
1 the airport and therefore would be expected to reflect a comparable decline in year-to-date revenues from 2019. Declines through April 2020 for restaurant, rental cars,
4 and parking are below the 27% decrease at this time, due to local rental traffic for rental cars, and higher per passenger spending in restaurant and parking in January and February.

Operating Expenses:

14 ***<u>Personnel Compensation & Benefits</u>* –** The variance from 2019 is primarily related to the timing of vacant positions.

16 ***<u>Supplies & Materials</u>* –** Supplies & Materials costs are approximately $32,000 below prior year spending to date through April.

17 ***<u>Contract Services</u>* –** Contract services are $15,000 higher year-to-date through April 2020 compared to April 2019. The year over year increase is due to the timing of the audit invoices. In 2020 we received a partial invoice in April for $20,000 that was not received in 2019.

20 ***<u>Training, Travel, & Air Service Development</u>* –** Costs for training, travel and air service development are $52,000 below the prior year actual year-to-date expenses through April. We have implemented a "freeze" on travel and are looking to take advantage of on-line and local training opportunities**.**

Non-Operating Revenues and Expenses:

22 ***PFC Revenue*** **–** PFC revenue is below prior year actual due to the decrease in passenger activity. Year to date, total passenger traffic is down 27% which is consistent with the decline in PFC revenue.

23 ***Interest Income -*** Interest income is less than half of the amount received in 2019 YTD through April. The second half of the bond funds were drawn down in March 2020 and therefore we expect the monthly and year-to-date income to reduce substantially from the prior year.

25 ***CFC Revenue*** **–** CFC revenues were temporarily waived starting in April 2020 and with the decrease in passenger traffic, revenue is down almost 30% from April 2019.

27 ***Capital Contributions & Expenditures*** **–** The timing of capital contributions (grant revenue) and capital expenditures is somewhat unpredictable. In 2020 we have performed more AIP and Non-AIP work year to date through April 2020 compared to April 2019.

Grand Junction Regional Airport Authority
Statement of Financial Position - Unaudited, subject to change

		Month Ending 04/30/2020	Month Ending 03/31/2020	Variance
	Assets			
	Current Assets			
	Cash and Cash Equivalents - Unrestricted	$ 9,054,229	$ 9,380,894	$ (326,665)
	Cash and Cash Equivalents - Restricted	4,067,665	3,924,543	143,123
1	*Total Cash and Cash Equivalents*	13,121,895	13,305,437	(183,542)
	Accounts Receivable			
	Accounts Receivable - Ops, net of allowance of $24,000	566,233	606,832	(40,598)
	Accounts Receivable - Capital	3,058,404	4,387,032	(1,328,628)
2	*Total Accounts Receivable, Net*	3,624,637	4,993,864	(1,369,227)
3	Prepaid Expenses	33,206	34,951	(1,745)
	Total Current Assets	16,779,738	18,334,252	(1,554,514)
	Non-Current Assets			
	Capital Assets			
	Capital Assets not subject to depreciation	9,764,782	9,764,782	-
	Capital Assets subject to depreciation, net	60,756,576	61,174,450	(417,875)
4	*Total Capital Assets, Net*	70,521,358	70,939,232	(417,875)
5	Bond Project Fund	415,467	412,715	2,752
	Total Non-Current Assets	70,936,824	71,351,947	(415,123)
	Total Assets	**87,716,563**	**89,686,199**	**(1,969,636)**
6	**Deferred Outflows of Resources - Pension Plan**	**719,284**	**719,284**	**-**
	Liabilities			
	Current Liabilities			
7	Accounts Payable - Ops	142,577	99,817	42,760
7	Accounts Payable - Capital	926,376	3,427,430	(2,501,054)
8	Accrued Expenses	227,194	244,907	(17,713)
9	Lease Deposits	164,469	164,469	-
10	Deferred Revenue	25,067	25,067	-
11	Current portion of capital lease and bonds payable	1,247,701	1,181,836	65,865
	Total Current Liabilities	2,733,383	5,143,526	(2,410,142)
	Long Term Liabilities			
	Bond and capital lease payable	18,190,023	18,190,023	-
	Deferred Revenue	411,021	413,110	(2,089)
	Net Pension and OPEB Liability	3,011,861	3,011,861	-
12	*Total Long Term Liabilities*	21,612,905	21,614,994	(2,089)
	Total Liabilities	24,346,288	26,758,520	(2,412,231)
13	**Deferred Inflows of Resources - Pension Plan**	**64,024**	**64,024**	**-**
	Total Net Position	**$ 64,025,535**	**$ 63,582,940**	**$ 442,595**

Variance Explanations - April 30, 2020 Statement of Financial Position

Assets: Total Assets decreased by $1.97M from March 2020 to April 2020. $1.3M of payments were received on grant receivables, and that cash was used to pay down over $2.5M of capital project invoices.

1 ***Cash*** **–** Cash decreased by $327k. The decrease was primarily related to the fact that we paid out over $2.5M in capital project invoices and only collected $1.3M in grants.

2 ***Accounts Receivable*** **–** Accounts receivable includes both operating receivables and capital receivables from grants. Operating receivables decreased approximately $40k. This decrease is a reflection of the lower billings in April. April was the first month of the temporary 3-month deferral that was offered to customers and many of our tenants still paid bills in April. The receivable balance will begin to increase as activity begins to increase again and we defer collection of payment for two more months. Capital receivables decreased $1.33M as we received grant reimbursements from March contractor activity.

3 ***Prepaid Expenses*** **–** Prepaid expenses are primarily related to insurance contracts and software subscriptions that we pay annually, or in advance, that we will receive benefit for over a period of time. As we use these services over the policy or contract period, the amount is recognized as an expense, rather than expensing the entire annual cost in the month that it is paid. The decrease in this balance represents the portion of the expenses used in April.

4 ***Capital Assets, Net*** **–** Historically, the airport has not capitalized equipment throughout the year as it is purchased, but instead, expenses all purchases as part of capital expenditures and then capitalizes assets at year end. This allows us to track spending for budget purposes. Therefore, the only change in the fixed assets accounts that will be seen on a monthly basis is the regular monthly depreciation based on assets placed in service as of December 31, 2019.

5 ***Bond Project Fund*** **–** The remaining bond project fund balance represents interest earnings that were accumulated on the project funds. The accumulated interest is still restricted in purpose, but is available to cover debt service. The change in balance from March to April represents interest income received.

Deferred Outflows of Resources:

6 ***Deferred Outflows of Resources - Pension Plan*** **–** The deferred outflows of resources represent a timing difference for recognizing changes in the estimated pension liability for our PERA pension and health plans offered to employees. The pension liability is only re-valued annually so there is no change from month to month. The change in these accounts all represent accounting estimates and non-cash transactions. These amounts will only change once per year when the calculation is updated.

Liabilities: Total Liabilities decreased $2.4M from March 2020 to April 2020 due to payments made to contractors for capital projects.

7 ***Accounts Payable*** – Similar to accounts receivable, the majority of the balance and the variance from month to month is caused by the capital expenses payable to contractors and engineers associated with our capital projects. Capital accounts payable and receivable should have a positive correlation in periods when we are working primarily on AIP projects where the majority of the cost is funded by the FAA which was the case in April.

8 ***Accrued Expenses*** – This category is primarily made up of liabilities for un-used PTO (approximately 154,000) and payroll accruals to properly recognize payroll expenses in the periods that the employees have worked. Changes in this account month to month are almost entirely related to changes in the payroll accruals.

9 ***Lease Deposits*** – Lease deposits are primarily made up of General Aviation Lease deposits that were required in the standard ground lease based on a number of month's rent. We also hold deposits for parking passes held by airport tenant employees. These amounts are payable back to tenants at the end of the lease, or as parking passes are returned. The balance of deposits typically does not change materially from period to period as activity is limited.

10 ***Deferred Revenue*** – This liability represents rent received in advance and is primarily made up of a pre-payment received by the BLM in 2017. Prepaid rent is a liability because we have not provided our tenant with the space for the period of time that they paid us for.

11 ***Current Portion of capital lease and bonds payable*** – This balance represents principal and interest due on the outstanding revenue bond and Yukon capital lease in the current calendar year. We have semi-annual payments due June 1 and December 1 for the bond and one annual payment on the vehicle lease in June. The increase this month represents the accrual for interest expense incurred this period for the bond.

12 ***Long-Term Liabilities*** – The long-term bond payable and capital payable balance is updated annually in December to reflect the remaining portion due beyond one year, therefore there is no change from the prior month. The net Pension liability is also only calculated annually, so there will be no change in this amount. This is the actuarial estimate of the airports portion of the unfunded Pension liability for PERA. Long-term deferred revenue represents pre-paid revenues for years after 2020.

Deferred Inflows of Resources:

13 ***Deferred Inflows of Resources - Pension Plan*** – Similar to deferred outflows described above, the deferred inflows of resources represent a timing difference for recognizing changes in the estimated pension liability for our PERA pension and health plans offered to employees. Deferred Inflows of resources actually represent increases to the pension liability that will be recognized in future years, primarily related to changes in actuarial assumptions. These will only be calculated annually, and therefore no changes will be seen month to month.