Grand Junction Regional Airport Authority

Financial Report
with Supplementary Information
December 31, 2022

Contents

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Independent Auditor's Report

To the Board of Commissioners
Grand Junction Regional Airport Authority

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Grand Junction Regional Airport Authority (the "Authority") as of and for the year ended December 31, 2022 and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Grand Junction Regional Airport Authority as of December 31, 2022 and the changes in its financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Emphasis of Matter

As discussed in Note 2 to the financial statements, the Authority implemented the provisions of GASB Statement No. 87, *Leases*, for the year ended December 31, 2022. This statement requires recognition of lease receivables and deferred inflows for leases that meet certain criteria based on the provisions of the contract. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

To the Board of Commissioners
Grand Junction Regional Airport Authority

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

To the Board of Commissioners
Grand Junction Regional Airport Authority

Other Supplementary 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* (the "Uniform Guidance"), and the schedule of passenger facility charge collections and expenditures, 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. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedules of expenditures of federal awards and passenger facility charge collections and expenditures are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 19, 2023 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Grand Junction Regional Airport Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Grand Junction Regional Airport Authority's internal control over financial reporting and compliance.

Plante & Moran, PLLC

September 19, 2023

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" or "GJT") 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 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 Airport, and the Montrose County Regional Airport.

Air Traffic

As of December 31, 2022, GJT offered direct, year-round service to Dallas/Fort Worth, TX, Denver, CO, Las Vegas, NV, and Phoenix, AZ, and seasonal nonstop service to Los Angeles, CA, and Mesa, AZ. Air service was provided throughout the year by four different carriers, including: Allegiant, American Airlines, Frontier (seasonally), and United.

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 year ended December 31, 2022. 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

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 were limited throughout 2020 and air traffic declined sharply following the declarations from the President and the WHO. GJT had a 36% decline in commercial airline landings and a 47% decline in total passengers because of the pandemic in 2020.

In 2021 commercial airline activity and passenger numbers quickly rebounded at GJT compared to the national average as tourists flocked to the mountain west. Unfortunately, during the pandemic there was a surge in commercial airline pilot retirements and separations while travel demand was suppressed. As air travel demand rebounded in 2021 it became clear there was an industry wide pilot shortage. This led to Delta Airlines abruptly discontinuing service at GJT on January 9, 2022. While Delta made up 18% of the budgeted landed weight and 21% of budgeted enplanements in 2022, enplanements were only down 7% from budget for 2022. Delta's unexpected market exit was the main driver for passenger airline revenues finishing more than 10% below budget.

The pandemic had multiple impacts on the Authority's Statement of Revenue, Expenses, and Changes in Net Position, including the following:

- 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 Coronavirus Response and Relief Supplemental Appropriation Act (CRRSA) on December 27, 2020, and the American Rescue Plan Act (ARPA) of 2021 on March 11, 2021. Each of these relief bills included funding specifically allocated for U.S. airports. Applicable grants awarded to the Authority from these acts are summarized below:
    - The Authority was awarded $3,312,328 from ARPA and utilized $211,722 in 2021 and the remaining $3,100,606 in 2022 to offset operational expenses.
    - In addition to the relief grants available to the Authority for operating expenses and debt service, the CRRSA and ARPA programs also included grants awarded to airports for concession rent relief. The Authority was awarded concession relief under the ACRGP of $53,547 and $214,188 from ARPA in 2021. These amounts have not yet been distributed to concessionaries.
- In 2022, operating revenues surpassed 2021 revenues by about $95,000 (1.2%) even though there was a 13% decrease in total enplaned passengers from 2021 to 2022.
- In 2022, PFC revenues and CFC revenues were below 2021 levels driven by the reduction of enplaned passengers; 2022 PFC revenues were 16% below and CFC revenues were 5% below 2021 revenues.
- In 2022, operating expenses before depreciation decreased by 10% ($1.0 million) when compared to 2021. This decrease was due to reduced expenditures in repairs and maintenance and personnel compensation and benefits.

The Authority has an extensive Capital Improvement Program that includes a runway replacement and ongoing airfield maintenance on existing pavements. The majority of the funding for these projects comes from the Federal Aviation Administration (FAA) as part of the Airport Improvement Program (AIP). The Airport spent over $8.0 million in 2022 and $19.2 million in 2021 on AIP projects.

In addition to the airfield Capital Improvement Program, the Authority has made significant investments in the passenger terminal building, air traffic control tower, general aviation area, and other landside infrastructure in recent years. In 2021, the authority invested approximately $550,000 in repairs and improvements to rental car facilities including a new fuel canopy, new customer counters, and repairs and improvements to office space. Additionally, the Authority spent approximately $245,000 in improvements to the HVAC and fire alarm system in the air traffic control tower and $555,000 in repairs and improvements to the terminal building to re-design the layout of the TSA checkpoint screening area, replace an HVAC unit and make other needed repairs. In 2022, the Authority spent about $500,000 on design work to expand the public parking lot and rehabilitate taxi lanes in the general aviation area and Runway 4/22.

Capital assets increased over $8,500,000 before depreciation from 2021 to 2022 as a result of these projects.

In 2022, the Authority adopted Governmental Accounting Standards Board ("GASB") No. 87, Leases, which changes the accounting and presentation for the Authority's lease revenue. Additional information related to the recognition of lease revenue can be found in Note 7.

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, 2022, and 2021..

	2022	2021
Total operating revenues	$ 6,943,113	$ 6,848,188
Total non-operating revenues	4,794,090	5,966,225
Total revenues	11,737,203	12,814,413
Total operating expenses	9,161,882	10,191,368
Net non-operating expenses	562,673	576,578
Total expenses	9,724,555	10,767,946
Income (Loss) before capital contributions	2,012,648	2,046,467
Capital contributions	7,419,612	19,299,321
Increase in net position	$ 9,432,260	$ 21,345,788

The following is a summary of operating revenues for the years ended December 31, 2022, and 2021.

	2022	2021
Aeronautical revenue		
Passenger airline revenue		
Passenger airline landing fees	$ 540,073	$ 636,617
Terminal rent	1,174,076	1,177,019
Other	30,030	24,699
Total passenger airline revenue	1,744,179	1,838,335
Non-passenger airline revenue		
Non-passenger landing fees	119,439	157,841
Cargo and hangar rentals	57,979	55,228
Fuel flowage fees and aviation fuel tax	844,570	713,815
Other	13,920	10,740
Total non-passenger airline revenue	1,035,908	937,624
Total aeronautical revenue	2,780,087	2,775,960
Non-aeronautical revenue		
Land and building leases	631,532	604,274
Terminal – restaurant and retail	172,499	173,031
Terminal - rent	184,428	183,795
Rental cars	1,538,529	1,528,349
Parking and ground transportation	1,571,346	1,502,103
Other	64,692	80,676
Total non-aeronautical revenue	4,163,026	4,072,228
Total operating revenue	$ 6,943,113	$ 6,848,188

Passenger airline revenue is primarily from terminal rent which is currently based on a fixed rates and charges model. Terminal rental rate decreased 5% in 2022 from 2021 because the airport received CARES funds that tenants did not. This caused a minor decrease in passenger airline terminal rent in 2022 from 2021.

Non-passenger airline revenue consists primarily of landing fees from non-passenger airline activity like cargo, and fuel flowage fees and taxes. Fuel taxes are collected on all fuel sold at airports throughout the state and a portion is remitted by the State of Colorado back to the airports proportionately based on sales. The increase in fuel tax revenue in 2022 was driven by higher fuel prices when compared to 2021. The dip in non-passenger landing fees in 2022 was the result of having a mild wildland fire fighting year in the area when compared to 2021.

Non-aeronautical revenue consists of some fixed rent charges and other variable revenues that are directly correlated to passenger traffic. The increase in non-aeronautical revenue in 2022 was driven by an increase in parking rates effective November 1, 2022.

The following is a summary of operating expenses for the years ended December 31, 2022 and 2021.

	2022	2021
Personnel compensation and benefits	$ 1,691,363	$ 2,267,004
Communications and utilities	386,793	347,665
Supplies and materials	578,386	481,107
Contract services	641,993	662,618
Repairs & maintenance	436,502	905,426
Insurance	137,507	133,707
Depreciation	5,115,817	5,120,943
Other	173,524	272,896
Total operating expenses	$ 9,161,885	$ 10,191,366

The majority of the Airport's operating expenses are fixed in nature, and do not fluctuate with increases and decreases in passenger traffic. Total operating expenses decreased 10% from 2021 to 2022, driven by the repairs and maintenance expenses in 2021 associated with the maintenance and improvement projects to the terminal building, air traffic control tower, and rental car facilities that did not recur in 2022. In 2022, personnel compensation and benefits were 25% less than 2021 due to the change in the net pension and other post-employment benefit adjustment from 2021 to 2022 which decreased by $775,681. This decrease was not from a decrease in personnel or wages. The pension and other post-employment benefit expenses and adjustments are described further in Notes 9 and 10.

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, 2022, 2021, and 2020.

	2022	2021
Passenger facility charges	$ 886,002	$ 1,048,646
Interest income	63,171	33,132
Interest expense	(562,673)	(576,578)
Customer facility charges	652,924	689,784
Grant revenue	3,168,834	4,193,938
Capital contributions	7,419,613	19,299,321
Other	23,159	726
Total non-operating revenue (expense), net	$ 11,651,029	$ 24,688,969

Passenger facility charges decreased by $163k (16%) from 2021 to 2022. Customer facility charges decreased by $36,860 (5%) from 2021 to 2022. Both of these decreases in non-operating revenue correlate with a 13% decrease in enplaned passengers in the same timeframe. The other major variance in non-operating activity is the amount of capital contributions recognized by the Authority. The capital contributions represent grant revenue towards the Authority's CIP program. Capital contributions will fluctuate year to year depending on the projects awarded and the amount of construction completed. In 2022, the Authority invested more than $7.4 million in AIP projects, the majority of which was related to the replacement of runway 11/29. See Note 4 for a more comprehensive list of capital projects in process.

In 2022, non-operating revenue included $3,100,606 in CARES Act grant revenue. This grant revenue was available to reimburse operating expenses incurred during the year. Passenger and customer facility charges decreased due to the decline in passenger traffic.

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, 2022 and 2021:

	2022	2021
Current assets	$ 28,103,790	$ 24,425,153
Restricted assets	2,622,514	2,132,592
Net pension asset	183,991	
Capital assets, net	92,575,825	89,565,297
Leases Receivable, net of current	4,020,354	-
Total assets	127,506,474	116,123,042
Deferred outflows of resources	337,827	625,066
Total assets and deferred outflows of resources	127,844,301	116,748,108
Current liabilities	3,953,197	4,745,186
Non-current liabilities	15,834,743	18,068,038
Total liabilities	19,787,940	22,813,224
Deferred inflows of resources	6,114,432	1,425,215
Net position		
Total net position	101,941,929	92,509,6690
Total liabilities, deferred inflows of resources and net position	$ 127,844,301	$ 116,748,108

<u>Current Assets</u>

From 2021 to 2022, current assets increased by more than $3.6 million, about 15.1%. The majority of the increase was attributable to an increase in cash on hand from the receipt of CARES Act funds for the reimbursement of operation expenses and from the recognition of a lease receivable balance to comply with GASB 87 requirements. The balance of grants receivable fluctuates based on the amount of work being completed and the timing of receiving reimbursements from the FAA. See Note 4 for additional details on the open AIP projects.

<u>Capital Assets</u>

In 2022, the Authority invested over $7.4 million in AIP grant funded projects which contributed to the $8.0 million increase in assets not subject to depreciation as those projects were not completed during the year. The largest project under construction in 2022 was earthwork for the construction of Runway 11/29.

<u>Current Liabilities</u>

The fluctuations in current liabilities from 2021 to 2022 were almost entirely related to the change in accounts payable related to capital projects. At the end of 2021 and 2022, the Authority had major construction projects that were not completed and still had significant balances of retainage payable.

<u>Long-Term Debt</u>

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 $15,435,000 (2022) and $16,200,000 (2021).

Deferred Outflows and Deferred Inflows of Resources
Changes in deferred outflows and deferred inflows were related to the changes in the Authority's proportionate share of the pension and other post-employment benefits (OPEB) liabilities for the cost-sharing plan in which the Authority participates. 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 principal payments and capital asset purchases that are recorded as changes in the statement of net position are included as non-operating expenses in the annual budget for the Authority, and no amount is budgeted for non-cash adjustments to the pension and OPEB liabilities, which are recognized in personnel costs, or other non-cash expenses including depreciation and amortization of the bond premium.

	2022 Actual	2022 Budget	Budget to Actual Variance
Operating Revenues			
Aeronautical revenue	$2,780,087	$2,639,000	$ 141,087
Non-aeronautical revenue	4,163,026	3,629,000	534,026
Total Operating Revenue	6,943,113	6,268,000	675,113
Operating Expenses Excluding Depreciation	4,047,067	5,268,000	(1,220,933)
Net Operating Revenues Over (Under) Operating Expense	$2,896,046	$1,000,000	$1,896,046

During the 2022 budgeting process the Authority was planning for commercial airline activity to look similar to levels experienced in 2019, and therefore the operational activity in 2019 was used as a baseline in creating the 2022 budget. Actual activity levels were below the budget assumptions due to Delta's unexpected market exit on January 9, 2022. The lower-than-expected airline revenues were more than offset by higher fuel tax revenues, resulting in aeronautical revenues slightly above budget. Non-aeronautical revenue also exceeded budgeted expectations due to higher public parking and rental car revenue.

Operating expenses were $1.23 million below budget driven by an unexpected pension liability adjustment that reduced the Authority's personnel compensation and benefits expense by $776,000. An additional $226,000 in personnel compensation and benefits expense reduction came from vacant positions.

	2021 Actual	2021 Budget	Budget to Actual Variance
Operating Revenues			
Aeronautical revenue	$2,775,960	$2,403,700	$372,260
Non-aeronautical revenue	4,072,228	2,473,500	1,598,728
Total Operating Revenue	6,848,188	4,877,200	1,970,988
Operating Expenses Excluding Depreciation	5,070,425	4,870,700	199,725
Net Operating Revenues Over (Under) Operating Expense	$1,777,763	$6,500	$1,771,263

During the 2021 budgeting process, the Authority was planning financially for commercial airline activity to take three years to recover from the pandemic. The activity levels used to budget variable revenues from passengers and airline activity assumed that passenger numbers would still be down approximately 42% from 2019 and that commercial landed weight would be down about 35%. Actual activity levels far exceeded the budget assumptions with enplaned passengers coming in at approximately 97% of 2019 and commercial landed weight exceeding 2019 by approximately 12%. The higher-than-expected activity levels resulted in operating revenues that were 31% higher than budget.

Operating expenses exceeded the budget in 2021 due to the improvement and maintenance projects completed in the terminal, air traffic control tower, and rental car areas. For budget purposes, these amounts are included in the capital expenditures budget since they are non-recurring expenditures specific to a project. However, the majority of the projects do not qualify as capital expenditures and are expensed. The non-recurring repair and maintenance projects in 2021 totaled $503,000.

Subsequent Events Impacting Current Operations

There were no material subsequent events up through and including September 19, 2023, which is the date the financial statements were available to be issued.

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 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, 2022
Assets	
Current assets:	
Cash and cash equivalents (Note 3)	$ 16,322,406
Receivables:	
Accounts receivable - Net	3,910,729
Leases receivable (Note 7)	320,975
Grants	7,021,919
Prepaid expenses and other assets	527,761
Total current assets	28,103,790
Noncurrent assets:	
Restricted assets - Cash and cash equivalents (Note 3)	2,622,514
Net pension asset (Note 9)	183,991
Capital assets: (Note 4)	
Assets not subject to depreciation	39,829,635
Assets subject to depreciation - Net	52,746,190
Leases receivable - Net of current portion	4,020,354
Total noncurrent assets	99,402,684
Total assets	127,506,474
Deferred Outflows of Resources	
Deferred pension costs (Note 9)	305,878
Deferred OPEB costs (Note 10)	31,949
Total deferred outflows of resources	337,827
Liabilities	
Current liabilities:	
Accounts payable	261,126
Accounts payable - Capital assets	2,175,810
Accrued expenses (Note 5)	300,164
Lease deposits	151,054
Current portion of revenue received in advance	108,976
Current portion of revenue bonds payable (Note 6)	956,067
Total current liabilities	3,953,197
Noncurrent liabilities:	
Revenue received in advance - Net of current portion	344,667
Revenue bonds payable - Net of current portion (Note 6)	15,346,224
Net OPEB liability (Note 10)	143,852
Total noncurrent liabilities	15,834,743
Deferred Inflows of Resources	
Deferred pension cost reductions (Note 9)	1,708,936
Leases (Note 7)	4,341,329
Deferred OPEB cost reductions (Note 10)	64,167
Total deferred inflows of resources	6,114,432
Net Position	
Net investment in capital assets	76,273,534
Restricted for debt service and capital assets	2,622,514
Unrestricted	23,045,881
Total net position	**$ 101,941,929**

See notes to financial statements.

Grand Junction Regional Airport Authority

Statement of Revenue, Expenses, and Changes in Net Position

	Year Ended December 31, 2022
Operating Revenue	
Aeronautical revenue:	
Passenger airlines revenue:	
Passenger airlines landing fees	$ 540,073
Terminal rent	1,174,076
Other aeronautical revenue	30,030
Total passenger airlines revenue	1,744,179
Nonpassenger airline revenue:	
Landing fees from cargo	119,439
Cargo and hangar rentals	57,979
Aviation fuel tax	386,437
Fuel flowage fees	458,133
Other nonpassenger airline revenue	13,920
Total nonpassenger airline revenue	1,035,908
Total aeronautical revenue	2,780,087
Nonaeronautical revenue:	
Land and building leases	631,532
Terminal - Food and beverage	141,405
Terminal - Retail	31,094
Terminal - Other	184,428
Rental cars	1,538,529
Parking and ground transportation	1,571,346
Other nonaeronautical revenue	64,692
Total nonaeronautical revenue	4,163,026
Total operating revenue	6,943,113
Operating Expenses	
Personnel compensation and benefits	1,691,365
Communications and utilities	386,793
Supplies and materials	578,388
Contract services	641,994
Repairs and maintenance	436,505
Insurance	137,507
Depreciation	5,115,815
Other	173,515
Total operating expenses	9,161,882
Operating Loss	(2,218,769)
Nonoperating Revenue (Expense)	
Passenger facility charges	886,002
Interest income	63,171
Customer facility charges	652,924
Grant revenue	3,168,834
Interest expense	(562,673)
Other nonoperating revenue	23,159
Total nonoperating revenue - Net	4,231,417
Income - Before capital contributions	2,012,648
Capital Contributions	7,419,612
Change in Net Position	9,432,260
Net Position - Beginning of year	92,509,669
Net Position - End of year	**$ 101,941,929**

See notes to financial statements.

	Year Ended December 31, 2022
Cash Flows from Operating Activities	
Cash received from customers and users	$ 6,825,069
Cash paid to vendors for goods and services	(2,775,554)
Cash paid to and for employees	(2,469,397)
Net cash and cash equivalents provided by operating activities	1,580,118
Cash Flows Provided by Noncapital Financing Activities - Operating grants and subsidies	2,359,994
Cash Flows from Capital and Related Financing Activities	
Grants received	8,846,527
Customer facility charges received	652,924
Passenger facility charges received	899,160
Interest paid	(740,417)
Acquisition and construction of capital assets	(8,969,924)
Disposals and adjustments of capital assets	20,000
Principal payments on notes and bonds	(774,990)
Net cash and cash equivalents used in capital and related financing activities	(66,720)
Cash Flows Provided by Investing Activities - Interest received on cash equivalents	63,171
Net Increase in Cash and Cash Equivalents	3,936,563
Cash and Cash Equivalents - Beginning of year	15,008,357
Cash and Cash Equivalents - End of year	**$ 18,944,920**
Classification of Cash and Cash Equivalents	
Operating cash	$ 16,322,406
Restricted cash and cash equivalents	2,622,514
Total cash and cash equivalents	**$ 18,944,920**
Reconciliation of Operating Loss to Net Cash and Cash Equivalents from Operating Activities	
Operating loss	$ (2,218,769)
Adjustments to reconcile operating loss to net cash and cash equivalents from operating activities:	
Depreciation expense	5,115,815
Net pension and OPEB expense	(800,606)
Changes in assets and liabilities:	
Receivables	(89,844)
Prepaid expenses	(452,410)
Accounts payable	42,361
Accrued liabilities	11,771
Revenue received in advance	(25,114)
Lease deposits	(3,086)
Total adjustments	3,798,887
Net cash and cash equivalents provided by operating activities	**$ 1,580,118**

See notes to financial statements.

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 appoints 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), as 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 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.

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 with an original maturity of three months or less when purchased 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, 2022 the allowance for doubtful accounts was $24,000.

Grants receivable primarily 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, 2022, the Authority had collected $12,957,932 and $1,616,341, 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. PFC revenue is classified as nonoperating in the statement of revenue, expenses, and changes in net position. 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* - In 2008, the Authority began assessing a daily use fee, or customer facility charge (CFC), on airport rental cars. In 2022, the CFC charge for airport rental cars was $4 per day. These funds are being used to make payments on debt and fund capital projects in 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 assets 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 assets that applies to future periods and will not be recognized as an inflow of resources (revenue) until that time.

The Authority reports deferred outflows and inflows of resources related to the pension and OPEB plans as described in Notes 9 and 10. The Authority reports deferred inflows of resources related to leases receivable that are described in Note 7.

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 Colorado Public Employees' Retirement Association (PERA). The LGDTF provides retirement and disability, postretirement annual increases, and death benefits for members or their beneficiaries. The net pension liability (asset), 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 health care premium subsidy to eligible participating PERA benefit recipients and retirees who choose to enroll in one of the PERA health care 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 health care 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.

Leases

The Authority is a lessor for noncancelable leases of certain building spaces to various third parties. The assets leased include specific areas in the terminal, airport facilities, and surrounding property. The Authority recognizes a lease receivable and a deferred inflow of resources, where applicable, in the financial statements.

At the commencement of a lease, the Authority initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Key estimates and judgments include how the Authority determines the discount rate it uses to discount the expected lease receipts to present value, lease term, and lease receipts.

- The Authority uses the applicable federal rate corresponding to the lease term and applicable on the commencement date of the lease as the discount rate for leases.

Note 2 - Significant Accounting Policies (Continued)

- The lease term includes the noncancelable period of the lease. Lease receipts included in the measurement of the lease receivable are composed of fixed payments from the lessee.

The Authority monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

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. Budgeted appropriations for the year ended December 31, 2022 were $37,059,000.

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.

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 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.

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, 2022, the unamortized balance was $369,734.

Terminal space rentals and land and building lease payments collected in advance are recorded as a liability or deferred inflows of resources 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.

Note 2 - Significant Accounting Policies (Continued)

Upcoming Accounting Pronouncements

In March 2020, the GASB issued Statement No. 94*, Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, to bring a uniform guidance on how to report public-private and public-public partnership arrangements. As a result, transferors in public-private or public-public arrangements will recognize receivables for installment payments; deferred inflows of resources; and, when applicable, capital assets. Operators will recognize liabilities for installment payments and intangible right-to-use assets and, when applicable, deferred outflows of resources and liabilities for assets being transferred. This statement also provides guidance for accounting and financial reporting for availability payment arrangements in which a government compensates an operator for services such as designing, constructing, financing, maintaining, or operating an underlying asset for a period of time in an exchange or exchange-like transaction. The provisions of this statement are effective for the Authority’s financial statements for the year ending December 31, 2023.

In May 2020, the Governmental Accounting Standards Board issued Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITAs)*, which defines SBITAs and provides accounting and financial reporting for SBITAs by governments. This statement requires a government to recognize a subscription liability and an intangible right-to-use subscription asset for SBITAs. 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 April 2022, the Governmental Accounting Standards Board issued Statement No. 99, *Omnibus 2022*, which establishes or amends accounting and financial reporting requirements for specific issues related to financial guarantees, derivative instruments, leases, public-public and public-private partnerships (PPPs), subscription-based information technology arrangements (SBITAs), the transition from the London Interbank Offered Rate (LIBOR), the Supplemental Nutrition Assistance Program (SNAP), nonmonetary transactions, pledges of future revenue, the focus of government-wide financial statements, and terminology. The standard has various effective dates. The Authority does not believe this pronouncement will have a significant impact on its financial statements but is still making a full evaluation.

In June 2022, the Governmental Accounting Standards Board issued Statement No. 100, *Accounting Changes and Error Corrections*, which enhances the accounting and financial reporting requirements for accounting changes and error corrections. The provisions of this statement are effective for the Authority's financial statements for the year ending December 31, 2024.

In June 2022, the Governmental Accounting Standards Board issued Statement No. 101, *Compensated Absences*, which updates the recognition and measurement guidance for compensated absences under a unified model. This statement requires that liabilities for compensated absences be recognized for leave that has not been used and leave that has been used but not yet paid in cash or settled through noncash means and establishes guidance for measuring a liability for leave that has not been used. It also updates disclosure requirements for compensated absences. The provisions of this statement are effective for the Authority's financial statements for the year ending December 31, 2024.

Adoption of New Accounting Pronouncement

During the current year, the Authority adopted GASB Statement No. 87, *Leases*. As a result, the Authority now includes receivables for the present value of payments expected to be received and deferred inflows of resources that will be recognized as revenue over the term of the lease. Lease activity is further described in Note 7.

Note 2 - Significant Accounting Policies (Continued)

Subsequent Events

Subsequent to December 31, 2022, the Authority entered into a loan agreement with the State of Colorado to borrow $3,737,580 through the State Infrastructure Bank (SIB Loan Program) to finance certain eligible projects, including expansion of and improvement to airport parking lots and the rehabilitation and repair of airport property.

Note 3 - Cash and Cash Equivalents

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

Unrestricted cash and cash equivalents	$ 16,322,406
Restricted cash - Rental car improvements	2,201,346
Restricted cash equivalents - Revenue bond reserve fund	421,168
Total deposits and investments	$ 18,944,920

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, 2022, the Authority had bank deposits of $17,939,339 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.

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

Fair value measurements are categorized 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, and 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 where 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.

Note 3 - Cash and Cash Equivalents (Continued)

The Authority did not have any investments valued with Level 1, 2, or 3 inputs at December 31, 2022.

Note 4 - Capital Assets

Capital asset activity of the Authority as of December 31, 2022 is as follows:

	Balance January 1, 2022	Additions	Disposals and Adjustments	Balance December 31, 2022
Capital assets not being depreciated:				
Land	$ 2,416,059	$ -	$ -	$ 2,416,059
Construction in progress	29,364,513	8,049,063	-	37,413,576
Subtotal	31,780,572	8,049,063	-	39,829,635
Capital assets being depreciated:				
Buildings and improvements	26,492,136	8,700	-	26,500,836
Land improvements	103,115,520	-	-	103,115,520
Equipment	5,944,579	70,921	(35,458)	5,980,042
Subtotal	135,552,235	79,621	(35,458)	135,596,398
Accumulated depreciation:				
Buildings and improvements	14,151,051	1,055,217	-	15,206,268
Land improvements	59,077,790	3,840,670	-	62,918,460
Equipment	4,538,669	219,928	(33,117)	4,725,480
Subtotal	77,767,510	5,115,815	(33,117)	82,850,208
Net capital assets being depreciated	57,784,725	(5,036,194)	(2,341)	52,746,190
Net business-type activities capital assets	$ 89,565,297	$ 3,012,869	$ (2,341)	$ 92,575,825

Construction Commitments

The Authority has active construction projects at year end. The projects include the bond issue and the project. At year end, the Authority's commitments with contractors are as follows:

	Spent to Date	Remaining Commitment
AIP 63 - Phase 8 - Runway object free area road, fencing, drainage pond, storm drainage, and earthwork	$ 3,604,477	$ 25,338
AIP 68 - Grading and Drainage Design for RWY Replacement Program	1,287,300	119,792
AIP 69 - Airport Development Plan	962,614	82,600
AIP 72 - Grading and Drainage Construction Grant - Schedules 1-3	3,265,087	12,617,134
AIP 75 - Grading and Drainage Construction Grant - Schedules 4-7	1,452,745	138,214
AIP 76 - Grading and Drainage Construction Grant - Schedule 4	1,571,047	7,548,843
Total	$ 12,143,270	$ 20,531,921

Note 5 - Accrued Expenses

Accrued expenses as of December 31, 2022 consist of the following:

Vacation	$ 191,927
Compensation and related	34,582
Interest	58,988
Other	14,667
Total	$ 300,164

Note 6 - Long-term Debt

Long-term debt activity for the year ended December 31, 2022 can be summarized as follows:

	Beginning Balance	Reductions	Ending Balance	Due within One Year
Bonds and contracts payable:				
Direct borrowings and direct placements				
Revenue bonds, Series 2016A and 2016B	$ 16,200,000	$ (765,000)	$ 15,435,000	$ 795,000
Bond premium	1,042,827	(175,536)	867,291	161,067
Capital lease	9,648	(9,648)	-	-
Total direct borrowings and direct placements principal outstanding	$ 17,252,475	$ (950,184)	$ 16,302,291	$ 956,067

	Interest Expense
Revenue bonds, Series 2016A and 2016B	$ 735,892
Bond premium	(175,536)
Capital lease	2,317
Total	$ 562,673

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 at rates ranging from 2.3 percent to 5.0 percent, with interest payable semiannually on June 1 and December 1 and principal payable annually on December 1 and maturing on December 1, 2036. The bonds are subject to certain restrictive covenants.

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

Years Ending December 31	Principal	Interest	Total
2023	$ 795,000	$ 707,850	$ 1,502,850
2024	835,000	668,100	1,503,100
2025	880,000	626,350	1,506,350
2026	920,000	582,350	1,502,350
2027	965,000	536,350	1,501,350
2028-2032	5,570,000	1,950,000	7,520,000
2033-2035	5,470,000	548,475	6,018,475
Total	$ 15,435,000	$ 5,619,475	$ 21,054,475

Note 6 - Long-term Debt (Continued)

Capital Lease

The Authority entered into a vehicle lease agreement with GM Financial on May 17, 2019. The finance agreement was secured by a vehicle with an original net book value of $40,730 and carried an interest rate of 2.50 percent. The lease was paid in full in May 2022.

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. A portion of the proceeds were used to refund the 2007 Series bonds used to finance the construction of Walker Field Drive improvements and new project funds of approximately $9,000,000 included in the issuance was used to help finance terminal improvements and runway replacement project costs. The bonds are payable solely from the net revenue of the Authority. The remaining principal and interest to be paid on the bonds is $21,054,475 as of December 31, 2022. For the year ended December 31, 2022, net revenue of the Authority pledged for debt service was approximately $2,937,000, compared to the annual debt requirements of $1,503,450.

Note 7 - Leases

For the year ended December 31, 2022, the Authority's financial statements include the adoption of GASB Statement No. 87, *Leases* (GASB 87). The primary objective of GASB 87 is to enhance the relevance and consistency of information about the Authority's leasing activities. GASB 87 establishes a single model for lease accounting based on the principle that leases are financings of the right to use an underlying asset. Under GASB 87, a lessor is required to recognize a lease receivable and a deferred inflow of resources, and a lessee is required to recognize a lease liability and an intangible right-to-use lease asset. The Authority's operations as a lessee are immaterial to the financial statements as a whole and, therefore, not disclosed in the footnote, whereas the Authority's operations as a lessor are material and disclosures are shown below.

Lease payments received in exchange for the contracted use of leased assets are paid to the Authority monthly and are based on fixed rental amounts, rental amounts are variable during the lease term based on changes in the Consumer Price Index (CPI), variable amounts directly related to the gross revenue generated by the tenant/operator from the leased assets, or a combination of both fixed and variable amounts. The discount rates applicable to these leasing arrangements range from 1.82 percent to 2.66 percent.

During the year ended December 31, 2022, the Authority recognized the following related to its lessor agreements:

Lease revenue	$ 327,384
Interest income related to its leases	1,084
Revenue from variable payments not previously included in the measurement of the lease receivable - Amounts related to gross revenue generated by the tenant	25,423

Note 7 - Leases (Continued)

Regulated Leases

Regulated leases are leases that are subject to external laws, regulations, or legal rulings. For example, the U.S. Department of Transportation (DOT) and the Federal Aviation Administration regulate aviation leases between airports and air carriers and other aeronautical users through various policies and guidance, including the FAA's Rates and Charges Policy and Federal Grant Assurances. In accordance with GASB 87, the Authority does not recognize a lease receivable and a deferred inflow of resources for regulated leases. Regulated lease assets include specific areas in the air traffic control tower and land. These assets are subject to preferential or exclusive use by counterparties to these agreements, as follows:

Land: 2.7 percent
Air Traffic Control Tower: 51.4 percent

During the year ended December 31, 2022, the Authority recognized revenue from regulated leases in the amount of $616,584. The Authority did not recognize any revenue from variable payments not included in the schedule of expected future minimum payments.

Future expected minimum payments related to the Authority's regulated leases at December 31, 2022 are as follows:

Years Ending	Expected Future Minimum Payments	Interest	Total
2023	$ 600,037	$ -	$ 600,037
2024	598,683	-	598,683
2025	598,683	-	598,683
2026	598,683	-	598,683
2027	598,683	-	598,683
2028-2032	2,967,365	-	2,967,365
2033-2037	2,624,113	-	2,624,113
2038-2042	2,581,779	-	2,581,779
2043-2047	2,567,624	-	2,567,624
2048-2052	2,095,401	-	2,095,401
2053-2057	1,648,442	-	1,648,442
2058-2062	1,480,055	-	1,480,055
2063-2067	521,875	-	521,875
2068-2072	774	-	774
Total	$ 19,482,197	$ -	$ 19,482,197

In addition to those leases included within the lease receivable and regulated leases disclosed above, the Authority has certain short-term leases that are excluded from the guidance in GASB 87. Payments on short-term leases are recognized as inflows of resources when due. Revenue recognized on short-term leases during the year ended December 31, 2022 totaled $2,512,817.

Note 8 - Concession Agreements

In April 2011, the Authority renewed an agreement with Republic Parking System Inc. (Republic), a privately held corporation part of the Reef network, 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. In April 2021, the agreement was extended for additional three-year term, terminating on March 31, 2024. 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, 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. The agreements with the rental cars are currently reported as month-to-month short-term leases in Note 7.

In May 2016, the Authority entered into a service agreement with a concession company. Under the agreement and subsequent amendments, including an amendment dated May 5, 2022, the company is granted the right to operate a restaurant and retail space in the airport through April 30, 2027 with an option to extend for an additional five years. In consideration of its operating rights, the company shall pay the Authority the guaranteed minimum annual fee of $120,000, prorated monthly, or a graduated percentage of gross revenue for each such period of the concession term, whichever is the greater amount. The agreement is currently reported as a lease in Note 7.

In 2022, the minimum concession fees from rental car and restaurant concessionaires were $767,000 and $100,000, respectively. The minimum annual guarantee for Republic parking in 2022 was $350,000.

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 (C.R.S.) 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 Annual Comprehensive Financial Report that includes financial statements and required supplementary 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.

Note 9 - Pension Plans (Continued)

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 5 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 5 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.

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 C.R.S., as amended. The contribution rate was 8.00 percent of covered salary through June 30, 2020, and 8.50 percent thereafter for eligible employees. The Authority's contribution requirements as a percentage of employee salaries for the year ended December 31, 2022 are summarized in the table below:

Employer contribution rate apportioned to the LGDTF	9.48 %
Amortization equalization disbursement (AED)	2.20
Supplemental amortization equalization disbursement (SAED)	1.50
Total employer contribution rate to the LGDTF	13.18 %

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 the LGDTF for the year ended December 31, 2022 was $232,334.

Note 9 - Pension Plans (Continued)

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

At December 31, 2022, the Authority reported a net pension asset of $183,991 for its proportionate share of the net pension asset. The net pension asset as of December 31, 2022 was measured as of December 31, 2021 and the total pension liability used to calculate the net pension asset was determined as of December 31, 2021 using standard roll-forward techniques in actuarial valuations as of December 31, 2020. The Authority's proportion of the net pension asset for the year ended December 31, 2022 was based on the Authority's contributions to the LGDTF for the calendar year 2021 relative to the total contributions of participating employers to the LGDTF. At December 31, 2022, the Authority's proportion was 0.2146 percent, which was a decrease of 0.0205 percent from its proportion measured as of December 31, 2021. For the year ended December 31, 2022, the Authority recognized pension recovery of $775,681.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 8,992	$ 3,073
Changes in assumptions	62,369	-
Net difference between projected and actual earnings on pension plan investments	-	1,591,561
Changes in proportionate share or difference between amount contributed and proportionate share of contributions	2,562	114,302
Employer contributions to the plan subsequent to the measurement date	231,955	-
Total	$ 305,878	$ 1,708,936

The Authority reports deferred outflows of resources related to pensions resulting from the Authority's contributions to the plan subsequent to the measurement date. Amounts reported as deferred outflows as of December 31, 2022 were $231,955, which will be recognized as a reduction of the net pension liability (asset) in the year ended December 31, 2022. 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	Net Amortization
2023	$ (379,490)
2024	(307,902)
2025	(310,996)
2026	(318,312)
2027	(318,312)
Total	$ (1,635,012)

Note 9 - Pension Plans (Continued)

Actuarial Assumptions

The total pension liability in the December 31, 2020 actuarial valuation was determined using the following actuarial cost method, actuarial assumptions, and other inputs:

- Actuarial cost method: Entry age
- Price inflation: 2.30 percent
- Real wage growth: 0.70 percent
- Wage inflation: 3.00 percent
- Salary increases (including inflation): 3.20-11.30 percent
- Long-term investment rate of return (net of plan investment expenses, including price inflation): 7.25 percent
- Discount rate: 7.25 percent
- Mortality:

  Active members - PubG-2010 Employee Table with generational projection using scale MP-2019

  Postretirement nondisabled - PubG-2010 Healthy Retiree Table with adjustments

  Disabled retirees - PubNS-2010 Disabled Retiree Table using 99 percent of the rates for all ages with generational projection using scale MP-2019
- Postretirement benefit increases:

  PERA benefit structure hired prior to January 1, 2007 and DPS benefit structure (automatic) - 1.25-1.50 percent compounded annually

  PERA benefit structure hired after December 31, 2006 (ad hoc, substantively automatic) - Financed by the Annual Increase Reserve
- The actuarial assumptions used in the December 31, 2020 valuation were based on the 2020 experience analysis, dated October 28, 2020, for the period from January 1, 2016 through December 31, 2019. Revised economic and demographic assumptions were adopted by PERA's board on November 20, 2020 and were effective as of December 31, 2020.

Discount Rate

The discount rate used to measure the total pension liability was 7.25 percent for the year ended December 31, 2022. 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 3.00 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 health care 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. 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 middle of the year.
- The projected benefit payments reflect the lowered annual increase cap, from 1.25 percent to 1.00 percent, resulting from the 2020 AAP assessment, statutorily recognized July 1, 2021 and effective July 1, 2022.

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 the Experience Study report dated October 28, 2020. As a result of the November 20, 2020 PERA board meeting, the following economic assumptions were changed, effective December 31, 2020:

- Price inflation assumption decreased from 2.40 percent per year to 2.30 percent per year.
- Real rate of investment return assumption increased from 4.85 percent per year, net of investment expenses to 4.95 percent per year, net of investment expenses.
- Wage inflation assumption decreased from 3.50 percent per year to 3.00 percent per year.

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, 2022 are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Global equity	54.00 %	5.60 %
Fixed income	23.00	1.30
Private equity	8.50	7.10
Real estate	8.50	4.40
Alternatives	6.00	4.70

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 (Asset) to Changes in the Discount Rate

The following presents the Authority's proportionate share of the net pension liability (asset) calculated using the discount rate of 7.25 percent, as well as what the Authority's proportionate share of the net pension liability (asset) 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 (asset) as of December 31, 2022	$ 1,261,552	$ (183,991)	$ (1,393,125)

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

Changes between the Measurement Date of the Net Pension Liability (Asset)

House Bill (HB) 22-1029, enacted on June 7, 2022, is intended to recompense PERA for the $225 million (actual dollars) direct distribution originally scheduled for receipt July 1, 2020 but suspended due to the enactment of HB 20-1379.

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 health care trust administered by PERA. The HCTF provides a health care premium subsidy to eligible PERA participating benefit recipients and their eligible beneficiaries. Title 24, Article 51, Part 12 of the C.R.S., 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 Annual Comprehensive Financial Report that includes financial statements and required supplementary 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.

Note 10 - Other Postemployment Benefit Plan (Continued)

Benefits Provided

The HCTF provides a health care premium subsidy to eligible participating PERA benefit recipients and retirees who choose to enroll in one of the PERA health care plans; however, the subsidy is not available if only enrolled in the dental and/or vision plan(s). The health care 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) (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.

Contributions

In accordance with the C.R.S., 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 year ended December 31, 2022 were $18,332.

Net OPEB Liability

At December 31, 2022, the Authority reported a liability of $143,852 for its proportionate share of the net OPEB liability. The net OPEB liability for the HCTF was measured as of December 31, 2021 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2020. Standard update procedures were used to roll forward the total OPEB liability to December 31, 2021.

The Authority's proportion of the net OPEB liability for the year ended December 31, 2022 was based on the Authority's contributions to the HCTF for the calendar year 2021 relative to the total contributions of participating employers to the HCTF. At December 31, 2021, the Authority's proportion was 0.01668 percent, which was a decrease of 0.00127 percent from its proportion measured as of December 31, 2020.

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

For the year ended December 31, 2022, the Authority recognized OPEB expense recovery of $24,925.

Note 10 - Other Postemployment Benefit Plan (Continued)

At December 31, 2022, the Authority reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 219	$ 34,109
Changes in assumptions	2,978	7,803
Net difference between projected and actual earnings on OPEB plan investments	-	8,904
Changes in proportionate share or difference between amount contributed and proportionate share of contributions	10,420	13,351
Employer contributions to the plan subsequent to the measurement date	18,332	-
Total	$ 31,949	$ 64,167

The Authority reports deferred outflows of resources related to OPEB resulting from the Authority's contributions to the plan subsequent to the measurement date. Amounts reported as deferred outflows as of December 31, 2022 were $18,332, which will be recognized as a reduction of the net OPEB liability in the year ended December 31, 2022. 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	Net Amortization
2023	$ (5,416)
2024	(6,361)
2025	(6,454)
2026	(9,309)
2027	(16,068)
Thereafter	(6,942)
Total	$ (50,550)

Actuarial Assumptions

The total OPEB liability for the HCTF in the December 31, 2020 actuarial valuation was determined using the same assumptions as the LGDTF for the following assumptions: mortality tables, actuarial cost method, price inflation, real wage growth, wage inflation, and salary increases.

The health care cost trend rates used to measure the total OPEB liability are summarized in the table below:

Year	PERACare Medicare Plans	Medicare Part A Premiums
2021	4.50%	3.75%
2022	6.00%	3.75%
2023	5.80%	4.00%
2024	5.60%	4.00%
2025	5.40%	4.00%
2026	5.10%	4.25%
2027	4.90%	4.25%
2028	4.70%	4.25%
2029+	4.50%	4.50%

Note 10 - Other Postemployment Benefit Plan (Continued)

The following health care costs assumptions were updated and used in the rollforward calculation for the trust fund:

- Initial per capita health care 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 2021 plan year.
- The health care 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 actuarial assumptions used in the December 31, 2020 valuation were based on the results of the 2020 experience analysis for the period from January 1, 2016 through December 31, 2019 and were adopted by PERA's board during the November 20, 2020 board meeting.

Discount Rate

The discount rate used to measure the total OPEB liability was 7.25 percent at December 31, 2022. 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 health care cost trend rates for Medicare Part A premiums as of the December 31, 2021 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 3.00 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.
- 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.
- Estimated transfers of dollars into the trust fund representing a portion of purchase service agreements intended to cover the costs associated with OPEB benefits.
- Benefit payments and contributions were assumed to be made at the middle of the year.

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.

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.

Note 10 - Other Postemployment Benefit Plan (Continued)

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, 2021	$ 167,069	$ 143,852	$ 124,020

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

The following presents the proportionate share of the net OPEB liability of the Authority, calculated using the current health care 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 health care 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 Health Care Cost Trend Rates	1 Percentage Point Increase in Trend Rates
Net OPEB liability as of December 31, 2022	$ 139,721	$ 143,852	$ 148,637

Note 11 - Defined Contribution Pension Plan

Employees of the Authority who 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 C.R.S., as amended, assigns the authority to establish the plan provisions to the PERA board of trustees. PERA issues a publicly available ACFR, 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 year ended December 31, 2022, the Authority made matching contributions of $52,245.

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.

Note 12 - Commitments (Continued)

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.

Required Supplementary Information

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

Last Nine Plan Years*

Measurement Periods Ended December 31

	2021	2020	2019	2018	2017	2016	2015	2014	2013
Authority's proportion of the net pension (asset) liability	0.21460 %	0.23507 %	0.24171 %	0.22102 %	0.22859 %	0.22504 %	0.25758 %	0.23838 %	0.26113 %
Authority's proportionate share of the net pension (asset) liability	$ (183,991)	$ 1,225,007	$ 1,767,875	$ 2,778,666	$ 2,545,148	$ 3,038,815	$ 2,837,459	$ 2,136,600	$ 2,148,912
Authority's covered payroll	$ 1,601,532	$ 1,674,993	$ 1,683,336	$ 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 (asset) liability as a percentage of its covered payroll	(11.49)%	73.14 %	105.02 %	191.68 %	176.50 %	222.79 %	193.97 %	163.57 %	154.25 %
Plan fiduciary net position as a percentage of the total pension liability	101.49 %	90.88 %	86.26 %	75.96 %	79.37 %	73.65 %	76.87 %	80.72 %	77.66 %

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

See notes to required supplementary information.

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

Last Nine Fiscal Years*

Years Ended December 31

	2022	2021	2020	2019	2018	2017	2016	2015	2014
Statutorily required contribution	$ 232,334	$ 210,946	$ 214,762	$ 211,066	$ 183,815	$ 182,848	$ 172,959	$ 185,490	$ 165,627
Contributions in relation to the statutorily required contribution	232,334	210,946	214,762	211,066	183,815	182,848	172,959	185,490	165,627
Contribution Deficiency	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Authority's Covered Payroll	$ 1,695,708	$ 1,601,532	$ 1,674,993	$ 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	13.70 %	13.17 %	12.82 %	12.54 %	12.68 %	12.68 %	12.68 %	12.68 %	12.68 %

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

See notes to required supplementary information.

Required Supplementary 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 Six Plan Years*

Measurement Periods Ended December 31

	2021	2020	2019	2018	2017	2016
Authority's proportion of the net OPEB liability	0.01668 %	0.01795 %	0.01851 %	0.01714 %	0.01776 %	0.01727 %
Authority's proportionate share of the net OPEB liability	$ 143,852	$ 170,587	$ 208,079	$ 233,195	$ 230,836	$ 223,970
Authority's covered payroll	$ 1,601,532	$ 1,674,993	$ 1,683,336	$ 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	8.98 %	10.18 %	12.36 %	16.09 %	16.01 %	16.42 %
Plan fiduciary net position as a percentage of total OPEB liability	39.40 %	32.78 %	24.49 %	17.03 %	17.53 %	16.72 %

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

See notes to required supplementary information.

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

Last Six Fiscal Years*

Years Ended December 31

	2022	2021	2020	2019	2018	2017
Contractually required contribution	$ 17,953	$ 16,647	$ 17,276	$ 16,978	$ 14,786	$ 14,708
Contributions in relation to the contractually required contribution	17,953	16,647	17,276	16,978	14,786	14,708
Contribution Deficiency	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Authority's Covered Payroll	$ 1,695,708	$ 1,601,532	$ 1,674,993	$ 1,683,336	$ 1,449,631	$ 1,442,006
Contributions as a Percentage of Covered Payroll	1.06 %	1.04 %	1.03 %	1.01 %	1.02 %	1.02 %

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

See notes to required supplementary information.

Pension and OPEB Information

Benefit Changes

There were no changes of pension or OPEB benefit terms in 2022.

Changes in Assumptions

During 2022, the assumption used to value the AI cap benefit provision for pension was changed from 1.25 percent to 1.00 percent.

During 2021, the following assumption changes were reflected in the rollforward calculation of the total pension liability and total OPEB liability from December 31, 2019 to December 31, 2020:

- Salary scale assumptions and rates of termination/withdrawal, retirement, and disability were revised to align with revised economic assumptions and to more closely reflect actual experience.
- Updates were made to the mortality tables used.
- Price inflation assumption decrease from 2.40 percent per year to 2.30 percent per year
- Real rate of investment return assumption increase from 4.85 percent per year, net of investment expenses to 4.95 percent per year, net of investment expenses
- Wage inflation assumption decreased from 3.50 percent per year to 3.00 percent per year.

Changes in Size or Composition of the Covered Population

There were no significant changes in size or composition of the covered population in 2022.

Other Supplementary Information

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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, 2022 and the related notes to the basic financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated September 19, 2023.

Report on 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) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

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

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.

Report on 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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 Authority'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.

Plante & Moran, PLLC

September 19, 2023

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Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance 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

Opinion on Each Major Federal Program

We have audited Grand Junction Regional Airport Authority's (the "Authority") compliance with the types of compliance requirements identified as subject to audit in the 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, 2022. 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.

In our opinion, the Authority complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on the major federal program for the year ended December 31, 2022.

Basis for Opinion on Each Major Federal Program

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

We are required to be independent of the Authority and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Authority's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

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

To the Board of Commissioners
Grand Junction Regional Airport Authority

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control Over Compliance

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

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

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

To the Board of Commissioners
Grand Junction Regional Airport Authority

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.

Plante & Moran, PLLC

September 19, 2023

Schedule of Expenditures of Federal Awards

Year Ended December 31, 2022

Federal Agency/Pass-through Agency/Program Title	Assistance Listing Number	Grant Number	Provided to Subrecipients	Federal Expenditures
U.S. Department of Transportation, Federal Aviation Administration:				
Airport Improvement Program	20.106	Various	$ -	$ 7,225,631
COVID-19 - American Rescue Plan Act (ARPA) - Airport Improvement Program	20.106	3-08-0027-073-2022	-	3,100,606
Total			**$ -**	**$ 10,326,237**

See notes to schedule of expenditures of federal awards.

Notes to Schedule of Expenditures of Federal Awards

Year Ended December 31, 2022

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, 2022. 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 same basis of accounting as the basic financial statements. 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

Schedule of Findings and Questioned Costs

Year Ended December 31, 2022

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:

Assistance Listing 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

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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 Directors
Grand Junction Regional Airport Authority

Report on Compliance for the Passenger Facility Charge Program

Opinion on the Passenger Facility Charge Program

We have audited Grand Junction Regional Airport Authority's (the "Organization") compliance with the types of compliance requirements identified as subject to audit in the *Passenger Facility Charge Audit Guide for Public Agencies*, issued by the Federal Aviation Administration, and the requirements in 14 CFR 158.63 (collectively, the "Guide") that could have a direct and material effect on the Organization's passenger facility charge program for the year ended December 31, 2022. The Organization's passenger facility charge program is identified in the schedule of passenger facility charge collections and expenditures.

In our opinion, the Organization complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on the passenger facility charge program for the year ended December 31, 2022.

Basis for Opinion on the Passenger Facility Charge Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the applicable requirements described in the *Passenger Facility Charge Audit Guide for Public Agencies*, issued by the Federal Aviation Administration, and the requirements in 14 CFR 158.63. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of Compliance* section of our report.

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

Responsibilities of Management for Compliance

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

To the Board of Directors
Grand Junction Regional Airport Authority

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control Over Compliance

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

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

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

To the Board of Directors
Grand Junction Regional Airport Authority

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

Plante & Moran, PLLC

September 19, 2023

Schedule of Passenger Facility Charge Collections and Expenditures

For the Year Ended December 31, 2022

Collections	Date Approved		Amount Approved for Use	Cumulative Total- December 31, 2021	Quarter 1- January-March	Quarter 2 April- June	Quarter 3 July-September	Quarter 4 October-December	Year Ended December 31, 2022	Cumulative Total- December 31, 2022
Passenger facility charge collections				$ 13,519,986	285,021	230,794	149,087	234,258	899,160	$ 14,419,146
Interest earned				228,739	149	197	554	528	1,428	230,167
		Total passenger facility charge collections received		$ 13,748,725	285,170	230,991	149,642	234,785	900,588	$ 14,649,313
Application 2006-07-C	March 22, 2006		$ 15,857,760	11,944,171	-	188,213	-	765,000	953,213	$ 12,897,384
Application 2018-08-C	February 1, 2018		11,530,025	1,616,341	-	-	-	-	-	1,616,341
		Total passenger facility charge collections expended	$ 27,387,785	$ 13,560,512	-	188,213	-	765,000	953,213	$ 14,513,724

See accompanying Notes to Schedule of Passenger Facility Charge Collections and Expenditures

Notes to Schedule of Passenger Facility Charge Collections and Expenditures

Year Ended December 31, 2022

Note 1 - Basis of Presentation

The accompanying schedule of passenger facility charge and collections expenditures includes agreements entered into directly between Grand Junction Regional Airport Authority and the Federal Aviation Administration (FAA). The information in this schedule is prepared on the cash 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 as of year end.