Grand Junction Regional Airport Authority

Financial Report
with Supplemental Information
December 31, 2021

Contents

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Independent Auditor's Report

To the Board of Commissioners
Grand Junction Regional Airport Authority

Report on the Audits of the Financial Statements

Opinion

We have audited the financial statements of Grand Junction Regional Airport Authority (the "Authority") as of and for the years ended December 31, 2021 and 2020 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, 2021 and 2020 and the changes in its financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards,'* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audits 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 audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

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

Auditor’s Responsibilities for the Audits 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 audits 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.

To the Board of Commissioners
Grand Junction Regional Airport Authority

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

- Exercise professional judgment and maintain professional skepticism throughout the audits.
- 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 audits 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 audits, significant audit findings, and certain internal control-related matters that we identified during the audits.

Required Supplemental Information

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

Supplemental 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.

To the Board of Commissioners
Grand Junction Regional Airport Authority

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated July 19, 2022 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

July 19, 2022

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, 2021, GJT offered direct, year-round service to Dallas/Fort Worth, Denver, Las Vegas, Phoenix, and Salt Lake City, and seasonal direct service to Los Angeles, Mesa, AZ, Burbank, and Santa Ana. Air service was provided throughout the year by six different carriers, including: Allegiant, American Airlines, Avelo, Delta, Frontier, and United. As of December 31, 2020, GJT offered direct service to Dallas/Fort Worth, Denver, Las Vegas, Mesa, AZ, Phoenix, and Salt Lake City, and seasonal direct service to Los Angeles. Air service was provided in GJT by Allegiant, American Airlines, Delta, Denver Air Connection, 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 years ended December 31, 2021 and 2020. 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.

Commercial airline activity and passenger numbers recovered more quickly at GJT than the national average. In 2021, total enplaned passengers were within 97% of 2019 numbers compared to the national average of 69%. Two new airlines launched service at GJT in 2021. Frontier added a twice-weekly route to Denver and Avelo provided service three-times-weekly service to Burbank from May to August 2021. The Burbank service was discontinued and will not return in 2022, however, Frontier plans to run seasonal service from April to December annually. With the higher-than-expected passenger numbers, operating revenues exceeded budgeted expectations by approximately 40% ($1,971,000) in 2021.

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. The Authority received the following grants from these acts in 2020 and 2021:
    - The Authority received $5,679,740 from the CARES Act to help supplement lost revenues from the pandemic. During 2020, the Authority utilized $4,094,829 of CARES Act revenues, $890,579 for debt service, and $3,204,251 to cover operating expenses. During 2021, the Authority utilized $454,202 for debt service, and the remaining amount of $1,130,709 for operating expenses, primarily payroll.
    - The Airport Coronavirus Response Grant Program (ACRGP) authorized under CRRSA resulted in a grant of $2,165,378. This amount was fully utilized in 2021 for operating expenses and debt service.
    - The Authority was awarded $3,312,328 from ARPA and utilized $211,722 for operating expenses in 2021.
    - 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.
- Excluding grant revenues, total 2020 operating revenues declined 24% from 2019. The most significant decrease was in non-aeronautical revenue from rental cars, parking, and ground transportation which are highly dependent on passengers. With the faster-than-expected recovery in 2021, operating revenues were 31% higher in 2021 than 2020, and within 1% of 2019 operating revenue.
- Non-operating revenue from passenger facility charges and customer facility charges were also down 41% and 62%, respectively, in 2020 compared to 2019 due to the decrease in passengers. However, in 2021, these revenues rebounded with the return of commercial passenger traffic. PFC revenues were up 71% and CFC revenues were up 148% in 2021 compared to 2020.

- The Authority made multiple efforts to control operating costs during 2020 including not filling vacant positions, delaying maintenance projects, and cancelling all non-essential travel and training. Excluding depreciation expense, total operating expenses declined approximately $140,000 from 2019 and was $1,150,000 below budget, a decrease of 21%. Operating expenses in 2021 were up 10% from 2020. The majority of the increase was related to repair and maintenance projects in the terminal to improve the rental car counters and improve the layout of the Transportation Security Administration (TSA) checkpoint to improve passenger screening efficiency.

The Authority has an extensive Construction 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). Although the pandemic impacted operating revenues and expenses, the Authority decided to move forward with all planned AIP projects. The CARES Act and ARPA also included supplemental AIP allocations that covered the required match for airports on AIP grants awarded in 2020 and 2021. As a result of these programs, the Authority will save approximately $3,700,000 of matching funds related to AIP projects awarded during this time. The Airport spent over $19,200,000 on AIP projects in 2021 and $5,900,000 in 2020.

In addition to the airfield Construction Improvement Program, the Authority has made significant investments in the passenger terminal building, air traffic control tower, and other landside infrastructure over the past three years. In 2020, the Authority invested $887,000 to replace flooring in the public area of the first and second floor. 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.

The Authority began construction on an administration building in 2013 to house the Authority staff offices, however, construction was stopped in 2014. During 2019, after exhaustive efforts by the board to procure a public-private partnership to complete the build-out, or identify airport funds to complete construction, it was determined that the partially completed building would be demolished. Accumulated construction costs totaling $4,092,316 were considered impaired and a loss was recognized in the year ended December 31, 2019. An additional $563,161 of construction costs were incurred in 2020 to complete the demolition.

Capital assets increased over $15,300,000 from 2020 to 2021 and over $2,062,000 from 2019 to 2020 as a result of these projects.

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, 2021, 2020, and 2019.

	2021	2020	2019
Total operating revenues	$6,848,187	$5,223,644	$6,863,913
Total non-operating revenues	5,966,226	5,107,958	2,032,273
Total revenues	12,814,413	10,331,602	8,896,186
Total operating expenses	10,191,366	9,257,588	8,815,254
Net non-operating expenses	576,578	597,230	619,600
Total expenses	10,767,944	9,854,818	9,434,854
Income (Loss) before capital contributions	2,046,469	476,784	(538,668)
Capital contributions	19,299,321	5,573,707	6,004,320
Special item – Asset impairment	-	(563,161)	(4,092,316)
Increase in net position	$21,345,790	$5,487,330	$1,373,336

The following is a summary of operating revenues for the years ended December 31, 2021, 2020, and 2019.

	2021	2020	2019
Aeronautical revenue			
Passenger airline revenue			
Passenger airline landing fees	$636,617	$466,624	$632,143
Terminal rent	1,177,020	1,240,942	1,183,776
Other	24,699	23,035	128,216
Total passenger airline revenue	1,838,336	1,730,601	1,944,135
Non-passenger airline revenue			
Non-passenger landing fees	157,842	224,966	102,453
Cargo and hangar rentals	55,228	54,504	53,466
Fuel flowage fees and aviation fuel tax	713,814	586,236	752,110
Other	10,740	6,270	9,780
Total non-passenger airline revenue	937,624	871,975	917,809
Total aeronautical revenue	2,775,960	2,602,576	2,861,944
Non-aeronautical revenue			
Land and building leases	604,274	607,304	601,551
Terminal – restaurant and retail	173,030	91,907	170,591
Terminal - rent	183,795	182,884	180,686
Rental cars	1,528,349	898,476	1,306,055
Parking and ground transportation	1,502,102	790,594	1,663,556
Other	80,677	49,904	79,530
Total non-aeronautical revenue	4,072,227	2,621,068	4,001,969
Total operating revenue	$6,848,187	$5,223,644	$6,863,913

Passenger airline revenue is primarily from terminal rent which is currently based on a fixed rates and charges model. Rates and charges remained unchanged in 2021 and 2020. The last change to the terminal rent rate and the airline landing fee was implemented January 1, 2020. The decrease passenger airline terminal rent from 2020 to 2021 was due to the establishment of an Airline Incentive Program. This program offers discounted rents and landing fees to airlines for adding additional routes. Even with the increase in the landing fee rate in 2020, the decrease in overall activity resulted in a decrease in landing fee revenue in 2020.

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 all airports throughout the state and then remitted by the State of Colorado back to the airports proportionately based on sales. The variance in fuel tax revenues from 2019 to 2021 was directly related to the pandemic and the significant decline in commercial activity in 2020. Flowage fees are only collected on general aviation activity and because that activity was less impacted by the pandemic, there is less variance from 2019 to 2021. The variance in non-passenger landing fees was related to fire-fighting activities based out of GJT in 2020 to battle record setting fires in the state.

Non-aeronautical revenue consists of some fixed rent charges and other variable revenues that are directly correlated to passenger traffic. The decrease in passenger traffic in 2020 resulting from the pandemic caused a decrease in non-aeronautical revenues of $1,381,000, with 93% of the decline coming from rental car and parking revenue. With commercial airline activity nearly recovering to the pre-pandemic 2019 level, 2021 non-aeronautical revenue exceeded 2019 by approximately $72,000.

The following is a summary of operating expenses for the years ended December 31, 2021, 2020, and 2019.

	2021	2020	2019
Personnel compensation and benefits	$2,267,004	$2,277,753	$1,894,114
Communications and utilities	347,665	308,589	308,906
Supplies and materials	481,107	426,303	574,646
Contract services	662,618	580,374	601,889
Repairs & maintenance	905,426	326,306	584,486
Insurance	133,707	122,503	108,989
Depreciation	5,120,943	5,040,910	4,459,034
Other	272,896	174,850	283,190
Total operating expenses	$10,191,366	$9,257,588	$8,815,254

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 increased 10% from 2020 to 2021, driven by the $579,000 increase in 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 noted above. In 2020, following the declaration of emergency from the pandemic, the Authority limited spending on all non-grant funded projects, but non-essential, airport improvement projects, repairs and maintenance resumed in 2021 and created the larger-than-usual increase. Besides increases in repairs and maintenance, the Authority spent approximately $85,000 more on marketing expenses in 2021 (within other expense on summary of operating expenses) to promote the new air service from Frontier and Avelo, had an $80,000 increase in depreciation expense related to capital projects, and an $82,000 increase in contract services due to the replacement of a staff member with a professional services contract.

As noted above, the Authority implemented cost management measures in 2020 to minimize operating expenses incurred during the COVID-19 pandemic as much as possible. While total operating expenses increased 5% from 2019 to 2020, the increase was driven to a large degree by an increase in depreciation expense ($581,876) associated with a number of capital projects. Excluding depreciation, operating expenses decreased 3% from 2019 to 2020. Personnel costs increased $383,639 from 2019 to 2020, however, the increase in costs was due to the change in the net pension and other post-employment benefit adjustment from 2019 to 2020 which increased by $434,688 and was not from an increase 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, 2021, 2020, and 2019.

	2021	2020	2019
Passenger facility charges	$1,048,646	$614,796	$1,050,179
Interest income	33,132	67,958	225,138
Interest expense	(576,578)	(597,230)	(619,600)
Customer facility charges	689,784	278,624	741,144
Grant revenue	4,193,938	4,132,565	-
Capital contributions	19,299,321	5,573,707	6,004,320
Other	726	(563,161)	(4,076,504)
Total non-operating revenue (expense), net	$24,688,969	$9,521,274	$3,324,677

As commercial passenger traffic almost fully recovered to pre-pandemic levels in 2021 so did non-operating revenues from passenger facility charges and customer facility charges. Passenger facility charges increased by $434,000 from 2020 to 2021 and were within 1% of 2019 revenues. Customer facility charges increased by $411,000 from 2020 to 2021, a 148% increase, but are still down about 7% from 2019. The other major variance in non-operating activity is the amount of capital contributions recognized by the Authority in 2021. 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 2021, the Authority invested more than $19,200,000 in AIP projects, the majority of which was related to the replacement and rehabilitation of existing pavement. See Note 4 for a more comprehensive list of capital projects in process.

From 2019 to 2020, the most notable change in non-operating revenues is the $4,132,565 in grant revenue received in 2020 from CARES Act. This grant revenue was available to pay debt service and reimbursement operating expenses incurred during the year. Passenger and customer facility charges decreased significantly due to the decline in passenger traffic from the pandemic. Interest income decreased as the restricted bond funds were released from restriction.

The other significant fluctuation from 2019 – 2020 is the impairment loss that was recognized related to the Authority's partially completed administration building. In 2019, costs incurred to date were recognized as an impairment lost and additional construction costs to complete the demolition of the building were incurred and recognized in 2020.

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, 2021, 2020, and 2019:

	2021	2020	2019
Current assets	$24,425,153	$16,573,668	$10,642,105
Restricted assets	2,132,592	1,996,733	8,287,328
Capital assets, net	89,565,297	74,254,237	72,192,203
Total assets	116,123,042	92,824,639	91,121,636
Deferred outflows of resources	625,066	490,761	719,284
Total assets and deferred outflows of resources	$116,748,108	$93,315,400	$91,840,920

	2021	2020	2019
Current liabilities	$4,745,186	$1,748,424	$4,478,598
Non-current liabilities	18,068,038	19,621,746	21,621,750
Total liabilities	22,813,224	21,370,169	26,100,348
Deferred inflows of resources	1,425,215	781,350	64,023
Net position			
Total net position	92,509,669	71,163,881	65,676,549
Total liabilities, deferred inflows of resources and net position	$116,748,108	$93,315,400	$91,840,920

Current Assets

From 2020 to 2021, current assets increased by more than $7,851,000, almost 50%. The majority of the increase was in grants receivable which increased $5,137,000. The balance of grants receivable fluctuates based on the amount of work being completed and the timing of receiving reimbursements from the FAA. At the end of 2021, the Authority held retainage for two AIP projects that were almost complete at the end of the year. See Note 4 for additional details on the open AIP projects.

The increase in current assets of approximately $5,932,000 from 2019 to 2020 was primarily due to the release of restricted cash from the revenue bond reserve fund and restricted Passenger Facility Charges (PFC) fund. The Authority pays for capital projects out of operating funds and then later transfers funds out of restricted accounts.

Capital Assets

In 2021, the Authority invested over $19,200,000 in AIP grant funded projects which contributed to the $16,027,000 increase in assets not subject to depreciation as those projects were not completed during the year. The largest projects under construction in 2021 were the replacement of the East commercial airline ramp, rehabilitation of Runway 11/29, and the construction of a temporary run-up pad for use during the runway replacement program construction. In addition to AIP funded projects, the Authority invested over $1,000,000 for improvements to the terminal building, air traffic control tower, and rental car facilities.

Capital assets increased by $2,062,000 from 2019 to 2020. The majority of the increase was related to construction in progress on FAA funded AIP projects. During 2020, the Authority invested $4,855,000 on enabling projects for the runway replacement program including new perimeter roads, fencing, navigational aid relocation, and drainage; and spent another $1,077,000 to engineer and plan 2021 construction projects to rehabilitate and replace existing pavement on the airfield. In the terminal, the Authority completed a flooring replacement project totaling approximately $887,000. Depreciation expense in 2020 was higher than prior years due to the completion of the terminal remodel that was completed in 2019.

Current Liabilities

The fluctuations in current liabilities from 2019 to 2021 are almost entirely related to the change in accounts payable related to capital projects. At the end of 2019 and 2021, the Authority had major construction projects that were not completed and still had significant balances of retainage payable. In 2020, the FAA AIP grant awards came in late in the construction season and the Authority and the contractor agreed to wait to start work until Spring of 2021. Due to the timing of the grant awards, there was very little contractor activity completed at year end, resulting in a smaller outstanding payable balance.

Long-Term Debt

Capital acquisitions are funded using a variety of financing mechanisms, including federal and state grants, passenger facility charges, public debt issues, and airport operating revenues. During 2016 the Authority refunded the 2007 Revenue Bonds with the 2016 Revenue Bonds resulting in a $9,000,000 project fund. As of December 31, the balance due on the 2016 Bonds was $16,200,000 (2021) and $16,935,000 (2020) and $17,650,000 (2019).

Deferred Outflows and Deferred Inflows of Resources

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

10 for additional information on the calculation of these amounts.

Budgetary Highlights

The Authority establishes its annual operating budget using the modified cash basis, which is different than 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 liability that are recognized in personnel costs, or other non-cash expenses including depreciation, and amortization of the bond premium.

	2021 Actual	2021 Budget	Budget to Actual Variance
Operating Revenues			
Aeronautical revenue	$2,775,960	$2,403,700	$372,260
Non-aeronautical revenue	4,072,227	2,473,500	1,598,727
Total Operating Revenue	6,848,187	4,877,200	1,970,987
Operating Expenses Excluding Depreciation	5,070,423	4,870,700	199,723
Net Operating Revenues Over (Under) Operating Expense	$1,777,762	$6,500	$1,771,262

During the 2021 budgeting process, the Authority was planning for commercial airline activity to take three years to financially 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 accounting for the amount over budget.

	2020 Actual	2020 Budget	Budget to Actual Variance
Operating Revenues			
Aeronautical revenue	$2,602,576	$2,880,000	$(277,424)
Non-aeronautical revenue	2,621,068	4,053,000	(1,431,932)
Total Operating Revenue	5,223,644	6,933,000	(1,709,356)
Operating Expenses Excluding Depreciation	4,216,678	5,369,000	(1,152,322)
Net Operating Revenues Over (Under) Operating Expense	$1,006,966	$1,564,000	$(557,034)

The 46% decline in total passengers resulted in a variance of approximately $1,432,000 in budgeted non-aeronautical revenue, primarily from declines in food and beverage sales, rental car revenues, parking, and ground transportation.

Cost cutting efforts implemented by the Authority at the on-set of the pandemic also resulted in a favorable budget variance of $1,152,000 in operating expenses. The Authority implemented multiple strategies to minimize operating costs, but the most significant savings was in personnel compensation and benefit costs which were approximately $418,000 below budget.

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

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

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

Subsequent Events Impacting Current Operations

There were no material subsequent events up through and including July 19, 2022, 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 the accountability to all interested parties. If you have any questions concerning this report or need additional financial information, please contact the Grand Junction Regional Airport Authority, 2828 Walker Field Drive, Ste 301, Grand Junction, Colorado 81506 or at 970-244-9100.

Statement of Net Position

December 31, 2021 and 2020

	2021	2020
Assets		
Current assets:		
Cash and cash equivalents (Note 3)	$ 12,875,765	$ 10,041,100
Receivables:		
Accounts receivable - Net	703,173	824,505
Grants	10,770,864	5,633,949
Prepaid expenses and other assets	75,351	74,114
Total current assets	24,425,153	16,573,668
Noncurrent assets:		
Restricted assets - Cash and cash equivalents (Note 3)	2,132,592	1,996,733
Capital assets: (Note 4)		
Assets not subject to depreciation	31,780,572	15,753,237
Assets subject to depreciation - Net	57,784,725	58,501,000
Total noncurrent assets	91,697,889	76,250,970
Total assets	116,123,042	92,824,638
Deferred Outflows of Resources		
Deferred pension costs (Note 9)	591,950	452,508
Deferred OPEB costs (Note 10)	33,116	38,253
Total deferred outflows of resources	625,066	490,761
Liabilities		
Current liabilities:		
Accounts payable	218,765	176,825
Accounts payable - Capital assets	3,022,550	152,401
Accrued expenses (Note 5)	290,943	281,212
Lease deposits	154,140	158,288
Current portion of revenue received in advance	109,024	42,429
Current portion of revenue bonds payable (Note 6)	940,116	925,835
Current portion of capital leases (Note 6)	9,648	11,434
Total current liabilities	4,745,186	1,748,424
Noncurrent liabilities:		
Revenue received in advance - Net of current portion	369,733	394,800
Revenue bonds payable - Net of current portion (Note 6)	16,302,711	17,241,344
Net pension liability (Note 9)	1,225,007	1,767,875
Net OPEB liability (Note 10)	170,587	208,079
Capital leases - Net of current portion (Note 6)	-	9,648
Total noncurrent liabilities	18,068,038	19,621,746
Deferred Inflows of Resources		
Deferred pension cost reductions (Note 9)	1,361,691	737,335
Deferred OPEB cost reductions (Note 10)	63,524	44,015
Total deferred inflows of resources	1,425,215	781,350
Net Position		
Net investment in capital assets	72,312,822	56,065,976
Restricted for debt service and capital assets	2,132,592	1,996,733
Unrestricted	18,064,255	13,101,170
Total net position	**$ 92,509,669**	**$ 71,163,879**

See notes to financial statements.

Statement of Revenue, Expenses, and Changes in Net Position

Years Ended December 31, 2021 and 2020

	2021	2020
Operating Revenue		
Aeronautical revenue:		
Passenger airlines revenue:		
Passenger airlines landing fees	$ 636,617	$ 466,624
Terminal rent	1,177,020	1,240,942
Other aeronautical revenue	24,699	23,035
Total passenger airlines revenue	1,838,336	1,730,601
Nonpassenger airline revenue:		
Landing fees from cargo	157,842	224,966
Cargo and hangar rentals	55,228	54,504
Aviation fuel tax	214,606	162,808
Fuel flowage fees	499,208	423,427
Other nonpassenger airline revenue	10,740	6,270
Total nonpassenger airline revenue	937,624	871,975
Total aeronautical revenue	2,775,960	2,602,576
Nonaeronautical revenue:		
Land and building leases	604,274	607,304
Terminal - Food and beverage	139,643	74,555
Terminal - Retail	33,387	17,351
Terminal - Other	183,795	182,884
Rental cars	1,528,349	898,476
Parking and ground transportation	1,502,102	790,594
Other nonaeronautical revenue	80,677	49,904
Total nonaeronautical revenue	4,072,227	2,621,068
Total operating revenue	6,848,187	5,223,644
Operating Expenses		
Personnel compensation and benefits	2,267,004	2,277,753
Communications and utilities	347,665	308,589
Supplies and materials	481,107	426,305
Contract services	662,618	580,375
Repairs and maintenance	905,426	326,306
Insurance	133,707	122,503
Depreciation	5,120,943	5,040,910
Other	272,896	174,847
Total operating expenses	10,191,366	9,257,588
Operating Loss	(3,343,179)	(4,033,944)
Nonoperating Revenue (Expense)		
Passenger facility charges	1,048,646	614,796
Interest income	33,132	67,958
Customer facility charges	689,784	278,624
Grant revenue	4,193,938	4,132,565
Interest expense	(576,578)	(597,230)
Gain on sale of assets	726	14,015
Total nonoperating revenue - Net	5,389,648	4,510,728
Income - Before capital contributions	2,046,469	476,784
Capital Contributions	19,299,321	5,573,707
Special Item - Asset impairment (Note 2)	-	(563,161)
Change in Net Position	21,345,790	5,487,330
Net Position - Beginning of year	71,163,879	65,676,549
Net Position - End of year	**$ 92,509,669**	**$ 71,163,879**

See notes to financial statements.

Statement of Cash Flows

Years Ended December 31, 2021 and 2020

	2021	2020
Cash Flows from Operating Activities		
Cash received from customers and users	$ 7,024,301	$ 5,059,750
Cash paid to vendors for goods and services	(2,770,111)	(1,935,287)
Cash paid to and for employees	(2,318,228)	(2,438,577)
Net cash and cash equivalents provided by operating activities	1,935,962	685,886
Cash Flows Provided by Noncapital Financing Activities - Operating grants - Operating grants and subsidies	5,741,118	16,567
Cash Flows from Capital and Related Financing Activities		
Grants received	12,597,824	9,796,620
Customer facility charges received	689,784	278,624
Passenger facility charges received	1,048,646	614,796
Interest paid	(769,863)	(790,898)
Acquisition and construction of capital assets	(20,914,195)	(11,169,519)
Disposals and adjustments of capital assets	3,353,067	896,682
Principal payments on notes and bonds	(744,951)	(728,349)
Net cash and cash equivalents used in capital and related financing activities	(4,739,688)	(1,102,044)
Cash Flows Provided by Investing Activities - Interest received on cash equivalents	33,132	67,958
Net Increase (Decrease) in Cash and Cash Equivalents	2,970,524	(331,633)
Cash and Cash Equivalents - Beginning of year	12,037,833	12,369,466
Cash and Cash Equivalents - End of year	**$ 15,008,357**	**$ 12,037,833**
Classification of Cash and Cash Equivalents		
Operating cash	$ 12,875,765	$ 10,041,100
Restricted cash and cash equivalents	2,132,592	1,996,733
Total cash and cash equivalents	**$ 15,008,357**	**$ 12,037,833**

	2021	2020
Reconciliation of Operating Loss to Net Cash and Cash Equivalents from Operating Activities		
Operating loss	$ (3,343,179)	$ (4,033,944)
Adjustments to reconcile operating loss to net cash and cash equivalents from operating activities:		
Depreciation expense	5,120,943	5,040,910
Changes in assets and liabilities:		
Receivables	138,734	(91,720)
Prepaid expenses	(1,237)	12,205
Accounts payable	41,940	(16,159)
Accrued liabilities	12,181	(63,171)
Net pension and net OPEB liability and related deferred inflows and outflows of resources	(70,800)	(90,058)
Revenue received in advance	41,528	(66,056)
Lease deposits	(4,148)	(6,121)
Total adjustments	5,279,141	4,719,830
Net cash and cash equivalents provided by operating activities	**$ 1,935,962**	**$ 685,886**

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 ourchased 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, 2021 and 2020, 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, 2021 and 2020, the Authority had collected $13,809,272 and $12,795,423, 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 2021 and 2020, the CFC charge for on-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 position that applies to future periods and will not be recognized as an outflow of resources (expense) until then.

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

The Authority reports deferred outflows and inflows of resources related to the pension and OPEB plans as described in Notes 9 and 10.

Net Position

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

Operating Revenue and Expenses

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

Nonoperating Revenue and Expenses

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

Grants and Contributions

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

Note 2 - Significant Accounting Policies (Continued)

Pension

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

Other Postemployment Benefit Costs

In addition to the LGDTF described above, the Authority also participates in the Health Care Trust Fund (HCTF), a cost-sharing multiple-employer defined benefit fund administered by PERA that is considered an other postemployment benefit (OPEB). The HCTF provides a 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.

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 years ended December 31, 2021 and 2020 were $24,433,300 and $25,687,000, respectively.

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

Note 2 - Significant Accounting Policies (Continued)

Long-lived Assets

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

Special Item - Asset Impairment

As of December 31, 2019, the Authority had identified an impaired asset that was considered idle due to construction stoppage. In 2014, the Authority stopped construction on an administration building that was to be part of the long-term terminal expansion. After reviewing cost estimates to complete the building and considering possible public-private partnerships to fund and complete construction, the Authority made a decision in 2019 to demolish the partially completed structure; therefore, the impairment was considered permanent. As of December 31, 2019, the building was written off and is not included in capital assets not subject to depreciation in the statement of net position, and an impairment loss was recognized in the statement of revenue, expenses, and changes in net position as a special item. The Authority entered into contract on November 8, 2019 to demolish the uncompleted administration building. During the year ended December 31, 2020, the Authority completed the demolition of the building and incurred $563,161 of additional costs related to this asset. This amount is reflected as a special item - asset impairment in the statement of revenue, expenses, and changes in net position.

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, 2021 and 2020, the unamortized balance was $369,733 and $394,800, respectively.

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

Risk Management

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

Upcoming Accounting Pronouncements

In June 2017, the GASB issued Statement No. 87, *Leases*, which improves accounting and financial reporting for leases by governments. This statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. The Authority is currently evaluating the impact this standard will have on the financial statements when adopted. The provisions of this statement are effective for the Authority's financial statements for the year ending December 31, 2022.

Note 2 - Significant Accounting Policies (Continued)

In May 2019, the GASB issued Statement No. 91, *Conduit Debt Obligations*, which clarifies the existing definition of conduit debt, provides a single method of reporting conduit debt obligations by issuers, and eliminates diversity in practice associated with commitments extended by issuers, arrangements associated with conduit debt obligations, and related note disclosures. As a result, issuers should not recognize a liability for items meeting the definition of conduit debt; however, a liability should be recorded for additional or voluntary commitments to support debt service if certain recognition criteria are met. The standard also addresses the treatment of arrangements where capital assets are constructed or acquired with the proceeds of a conduit debt obligation and used by a third-party obligor. The requirements of the standard will be applied retrospectively and are effective for the Authority's financial statements for the December 31, 2022 fiscal year.

In January 2020, the GASB issued Statement No. 92, *Omnibus 2020*. This statement addresses eight unrelated practice issues and technical inconsistencies in authoritative literature. The standard addresses leases, intraentity transfers of assets, postemployment benefits, government acquisitions, risk financing and insurance-related activities of public entity risk pools, fair value measurements, and derivative instruments. 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 March 2020, the GASB issued Statement No. 93, *Replacement of Interbank Offered Rates*. With the London Interbank Offered Rate (LIBOR) expecting to cease existence in its current form at the end of 2021, this statement addresses accounting and financial reporting implications that result from the replacement of an interbank offered rate (IBOR) in hedging derivative instruments and leases. The removal of LIBOR as an appropriate benchmark interest rate for a hedging derivative instrument is effective for the Authority's financial statements for the December 31, 2022 fiscal year. All other requirements of the statement are effective for the Authority's financial statements for the December 31, 2021 fiscal year. Lease modification requirements are effective one year later.

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.

Note 2 - Significant Accounting Policies (Continued)

In June 2020, the Governmental Accounting Standards Board issued Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans.* While this standard had certain aspects impacting defined contribution pension and OPEB plans and other employee benefit plans that were effective immediately, it also clarifies when a 457 should be considered a pension plan or an other employee benefit plan to assist in the application of GASB Statement No. 84 to these types of plans. The Authority is currently evaluating the impact this standard will have on the financial statements when adopted. The provisions of this statement related to 457 plans are effective for the Authority's financial statements for the year ending December 31, 2022.

Subsequent Events

The financial statements and related disclosures include evaluation of events up through and including July 19, 2022, which is the date the financial statements were available to be issued.

Note 3 - Cash and Cash Equivalents

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

	2021	2020
Unrestricted cash and cash equivalents	$ 12,875,765	$ 10,041,100
Restricted cash - Rental car improvements	1,716,970	1,581,230
Restricted cash equivalents - Revenue bond reserve fund	415,622	415,503
Total deposits and investments	$ 15,008,357	$ 12,037,833

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, 2021 and 2020, the Authority had $14,160,729 and $11,157,038, respectively, of bank deposits that were in excess of Federal Deposit Insurance Corporation (FDIC) limits and are covered by PDPA collateral requirements at the financial institution.

Interest Rate Risk

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

Concentration of Credit Risk

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

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.

Note 3 - Cash and Cash Equivalents (Continued)

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.

The Authority did not have any investments valued with Level 1, 2, or 3 inputs at December 31, 2021 and 2020.

Note 4 - Capital Assets

Capital asset activity of the Authority as of December 31, 2021 is as follows:

	Balance January 1, 2021	Additions	Disposals and Adjustments	Balance December 31, 2021
Capital assets not being depreciated:				
Land	$ 2,416,058	$ -	$ -	$ 2,416,058
Construction in progress	13,337,179	19,378,765	(3,351,430)	29,364,514
Subtotal	15,753,237	19,378,765	(3,351,430)	31,780,572
Capital assets being depreciated:				
Buildings and improvements	25,485,347	1,006,789	-	26,492,136
Land improvements	99,742,951	3,372,570	-	103,115,521
Equipment	5,906,319	26,217	(4,189)	5,928,347
Subtotal	131,134,617	4,405,576	(4,189)	135,536,004
Accumulated depreciation:				
Buildings and improvements	13,099,744	1,038,297	-	14,138,041
Land improvements	55,263,721	3,813,997	-	59,077,718
Equipment	4,270,152	268,649	(3,281)	4,535,520
Subtotal	72,633,617	5,120,943	(3,281)	77,751,279
Net capital assets being depreciated	58,501,000	(715,367)	(908)	57,784,725
Net business-type activities capital assets	$ 74,254,237	$ 18,663,398	$ (3,352,338)	$ 89,565,297

Note 4 - Capital Assets (Continued)

Capital asset activity of the Authority as of December 31, 2020 is as follows:

	Balance January 1, 2020	Additions	Disposals and Adjustments	Balance December 31, 2020
Capital assets not being depreciated:				
Land	$ 2,416,058	$ -	$ -	$ 2,416,058
Construction in progress	7,348,723	6,885,138	(896,682)	13,337,179
Subtotal	9,764,781	6,885,138	(896,682)	15,753,237
Capital assets being depreciated:				
Buildings and improvements	24,588,665	896,682	-	25,485,347
Land improvements	99,735,642	7,309	-	99,742,951
Equipment	5,743,753	196,321	(33,755)	5,906,319
Subtotal	130,068,060	1,100,312	(33,755)	131,134,617
Accumulated depreciation:				
Buildings and improvements	12,109,746	989,998	-	13,099,744
Land improvements	51,537,718	3,726,003	-	55,263,721
Equipment	3,993,174	308,679	(31,701)	4,270,152
Subtotal	67,640,638	5,024,680	(31,701)	72,633,617
Net capital assets being depreciated	62,427,422	(3,924,368)	(2,054)	58,501,000
Net business-type activities capital assets	$ 72,192,203	$ 2,960,770	$ (898,736)	$ 74,254,237

Construction in progress activity of the Authority as of December 31, 2021 is as follows:

	Balance January 1, 2021	Additional Cost	Transfer to Capital Assets	Balance December 31, 2021
AIP 58 - 27 1/4 road relocation	$ 2,688,879	$ -	$ (2,688,879)	$ -
AIP 60 - RTR RA and Xcel	574,754	-	(574,754)	-
AIP 62 - Relocate perimeter road	5,247,418	4,077	-	5,251,495
AIP 63 - Phase 8	3,598,070	6,706	-	3,604,776
AIP 65 - Run-up pad and apron design	553,295	-	-	553,295
AIP 66 - Run-up pad and apron	491,759	12,380,543	-	12,872,302
AIP 67 - TWY A & RWY 11/29 Rehab Construction	-	5,388,989	4,163	5,393,152
AIP 68 - Grading and Drainage Design for RWY Replacement Program	-	1,159,358	91,043	1,250,401
AIP 69 - Airport Development Plan	-	256,069	-	256,069
AIP 72 - Grading and Drainage Construction Grant - Schedules 1-3	-	9,452	-	9,452
Various improvement projects	183,004	173,571	(183,003)	173,572
Total	$ 13,337,179	$ 19,378,765	$ (3,351,430)	$ 29,364,514

Note 4 - Capital Assets (Continued)

Construction in progress activity of the Authority as of December 31, 2020 is as follows:

	Balance January 1, 2020	Additional Cost	Transfer to Capital Assets	Balance December 31, 2020
AIP 58 - 27 1/4 road relocation	$ 2,612,990	$ 75,889	$ -	$ 2,688,879
AIP 60 - RTR RA and Xcel	678,203	(103,449)	-	574,754
AIP 62 - Relocate perimeter road	2,603,152	2,644,266	-	5,247,418
AIP 63 - Phase 8	1,359,871	2,238,199	-	3,598,070
AIP 65 - Run-up pad and apron design	-	553,295	-	553,295
AIP 66 - Run-up pad and apron	63,191	428,568	-	491,759
Various improvement projects	31,316	1,048,370	(896,682)	183,004
Total	$ 7,348,723	$ 6,885,138	$ (896,682)	$ 13,337,179

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 66 - Construct Run-up Pad & Rehab W Commercial Apron	12,855,257	20,035
AIP 67 - TWY A & RWY 11/29 Rehab Construction	5,435,540	68,987
AIP 68 - Grading and Drainage Design for RWY Replacement Program	1,311,185	92,206
AIP 69 - Airport Development Plan	250,569	779,345
AIP 72 - Grading and Drainage Construction Grant - Schedules 1-3	142	15,872,779
Total	$ 23,457,170	$ 16,858,690

Note 5 - Accrued Expenses

Accrued expenses as of December 31, 2021 and 2020 consist of the following:

	2021	2020
Accrued vacation	$ 181,560	$ 169,118
Compensation and related	34,481	27,347
Interest	61,538	63,988
Other	13,364	20,759
Total	$ 290,943	$ 281,212

Note 6 - Long-term Debt

Long-term debt activity for the years ended December 31, 2021 and 2020 can be summarized as follows:

	2021				
	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Bonds and contracts payable - Direct borrowings and direct placements:					
Revenue bonds, Series 2016A and 2016B	$ 16,935,000	$ -	$ (735,000)	$ 16,200,000	$ 765,000
Bond premium	1,232,179	-	(189,352)	1,042,827	175,116
Capital lease	21,082	-	(11,434)	9,648	9,648
Total direct borrowings and direct placements principal outstanding	$ 18,188,261	$ -	$ (935,786)	$ 17,252,475	$ 949,764

	2020				
	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Bonds and contracts payable - Direct borrowings and direct placements:					
Revenue bonds, Series 2016A and 2016B	$ 17,650,000	$ -	$ (715,000)	$ 16,935,000	$ 735,000
Bond premium	1,423,969	-	(191,790)	1,232,179	190,835
Capital lease	34,431	-	(13,349)	21,082	11,434
Total direct borrowings and direct placements principal outstanding	$ 19,108,400	$ -	$ (920,139)	$ 18,188,261	$ 937,269

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

	2021	2020
Revenue bonds, Series 2016A and 206B	$ 766,881	$ 788,208
Bond premium	(190,835)	(191,791)
Capital lease	532	813
Total	$ 576,578	$ 597,230

2016 Bonds

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

Note 6 - Long-term Debt (Continued)

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

Years Ending December 31	Principal	Interest	Total
2022	$ 765,000	$ 738,450	$ 1,503,450
2023	795,000	707,850	1,502,850
2024	835,000	668,100	1,503,100
2025	880,000	626,350	1,506,350
2026	920,000	582,350	1,502,350
2027-2031	5,320,000	2,195,000	7,515,000
2032-2035	6,685,000	839,825	7,524,825
Total	$ 16,200,000	$ 6,357,925	$ 22,557,925

Capital Lease

The Authority entered into a vehicle lease agreement with GM Financial on May 17, 2019. The finance agreement is secured by a vehicle with a net book value of $40,730 as of December 31, 2021 and 2020 and carries an interest rate of 2.5 percent. The lease payments are paid in annual installments of principal and interest of $11,965 through May 2022.

	Principal	Interest	Total
2021	$ 9,648	$ 244	$ 9,892

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 $22,557,925 and $24,060,775 as of December 31, 2021 and 2020, respectively. For the years ended December 31, 2021 and 2020, net revenue of the Authority pledged for debt service before CARES Act grant revenue was approximately $2,886,000 and $1,007,000, respectively. CARES Act revenue totaling $454,202 and $890,579 was used towards 2021 and 2020 debt service and as of December 31, 2021 and 2020, respectively. The Authority has $3,154,154 in remaining CARES Act funds available to pay future debt service or operating expenses as of December 31, 2021. For the years ended December 31, 2021 and 2020, net revenue of the Authority pledged for debt service was approximately $1,699,000 and $2,508,000, respectively, compared to the annual debt requirements of $1,502,850 and $1,505,183, respectively.

Note 7 - Future Rental Revenue

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

Note 7 - Future Rental Revenue (Continued)

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

Years Ending		Amount
2022	$	1,340,187
2023		1,073,079
2024		736,792
2025		358,932
2026		333,693
Thereafter		1,361,198
Total	$	5,203,881

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.

In May 2016, the Authority entered into a service agreement with a concession company. Under the agreement, the company is granted the right to operate a restaurant and retail space in the airport through April 30, 2023. In consideration of its operating rights, the company shall pay the Authority the guaranteed minimum annual fee of $60,000, prorated monthly, or a graduated percentage of gross revenue for each such period of the concession term, whichever is the greater amount.

In 2021, the minimum concession fees from rental car and restaurant concessionaires were $888,000 and $60,000, respectively. The minimum annual guarantee for Republic parking in 2021 and 2020 was $350,000.

Note 8 - Concession Agreements (Continued)

In 2020, the minimum concession fees for rental car and restaurant concessionaires were contractually suspended due to the decrease in passenger traffic. According to the rental car contracts and the concessionaire contract for restaurant and retail services, the minimum annual guarantee will be temporarily suspended if the number of revenue passengers for a period of two consecutive calendar months is less than 75 percent of the average number of passengers in the same two calendar months of the preceding calendar year. As a result of COVID-19, which has significantly reduced passenger traffic in 2020, the minimum annual guarantee was temporarily suspended in 2020, and the suspension was released in 2021.

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 supplemental information for the LGDTF that can be obtained at www.copera.org/investments/pera-financial-reports. The report can also be obtained by writing to Colorado PERA, 1301 Pennsylvania Street, Denver, CO 80203 or by calling PERA at 1-800-759-PERA (7372) or 303-832-9550.

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

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

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

Disability benefits are available for eligible employees once they reach 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.

Note 9 - Pension Plans (Continued)

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 years ended December 31, 2021 and 2020 are summarized in the table below:

	2021	2020
Employer contribution rate apportioned to the LGDTF	9.48 %	9.48 %
Amortization equalization disbursement (AED)	2.20	2.20
Supplemental amortization equalization disbursement (SAED)	1.50	1.50
Total employer contribution rate to the LGDTF	13.18 %	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 LGDTF for the years ended December 31, 2021 and 2020 were $210,946 and $211,066, respectively.

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

At December 31, 2021 and 2020, the Authority reported a liability of $1,225,007 and $1,767,875, respectively, for its proportionate share of the net pension liability. The net pension liability as of December 31, 2021 and 2020 was measured as of December 31, 2020 and 2019, respectively, and the total pension liability used to calculate the net pension liability was determined as of December 31, 2020 and 2019, respectively, using standard roll-forward techniques in actuarial valuations as of December 31, 2019 and 2018. The Authority's proportion of the net pension liability for the years ended December 31, 2021 and 2020 was based on the Authority's contributions to the LGDTF for the calendar years 2020 and 2019, respectively, relative to the total contributions of participating employers to the LGDTF. At December 31, 2020, the Authority's proportion was 0.2351 percent, which was a decrease of 0.0066 percent from its proportion measured as of December 31, 2019. At December 31, 2019, the Authority's proportion was 0.2417 percent, which is an increase of 0.0207 percent from its proportion measured as of December 31, 2018. For the years ended December 31, 2021 and 2020, the Authority recognized pension recovery of $(57,954) and $(88,685), respectively.

Note 9 - Pension Plans (Continued)

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

	2021		2020	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 59,228	$ -	$ 115,687	$ -
Changes in assumptions	296,036	-	-	-
Net difference between projected and actual earnings on pension plan investments	-	1,324,778	-	723,262
Changes in proportionate share or difference between amount contributed and proportionate share of contributions	25,740	36,913	122,158	14,073
Employer contributions to the plan subsequent to the measurement date	210,946	-	214,663	-
Total	$ 591,950	$ 1,361,691	$ 452,508	$ 737,335

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, 2021 and 2020 were $210,946 and $214,663, respectively, which will be recognized as a reduction of the net pension liability in the years ending December 31, 2022 and 2021, respectively. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Years Ending December 31	Net Amortization
2022	$ (113,645)
2023	(118,514)
2024	(218,616)
2025	(264,956)
2026	(264,956)
Total	$ (980,687)

Note 9 - Pension Plans (Continued)

Actuarial Assumptions

The total pension liability in the December 31, 2019 and 2018 actuarial valuations was determined using the following actuarial cost method, actuarial assumptions, and other inputs:

	December 31, 2018 Valuation
Actuarial cost method	Entry age
Price inflation	2.40 percent
Real wage growth	1.10 percent
Wage inflation	3.50 percent
Salary increases (including inflation)	3.50-10.45 percent
Long-term investment rate of return (net of plan investment expenses, including price inflation)	7.25 percent
Discount rate	7.25 percent
Mortality:	
Active members	RP-2014 White Collar Employee Table
Postretirement nondisabled	RP-2014 Healthy Annuitant Table with adjustments
Disabled retirees	90 Percent of the RP-2014 Disabled Retiree Table
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

	December 31, 2019 Valuation*
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, 2019, valuation were based on the results of the 2016 experience analysis for the period from January 1, 2012 through December 31, 2015, as well as the October 28, 2016 actuarial assumptions workshop, and were adopted by PERA's board during the November 18, 2016 board meeting. 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. The assumptions shown above were reflected in the rollforward calculation of the total pension liability from December 31, 2019 to December 31, 2020.

Note 9 - Pension Plans (Continued)

Discount Rate

The discount rate used to measure the total pension liability was 7.25 percent for the years ended December 31, 2021 and 2020. The projection of cash flows used to determine the discount rate applied the actuarial cost method and assumptions shown above. In addition, the following methods and assumptions were used in the projection of cash flows:

- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.50 percent.
- 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 1.50 percent to 1.25 percent, resulting from the 2018 AAP assessment, statutorily recognized July 1, 2019 and effective July 1, 2020.

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.

Note 9 - Pension Plans (Continued)

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.

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, 2021 and 2020 are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Global equity	54.00 %	4.30 %
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 to Changes in the Discount Rate

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

	1 Percentage Point Decrease	Current Discount Rate	1 Percentage Point Increase
Authority's proportionate share of the net pension liability (asset) as of December 31, 2021	$ 2,821,929	$ 1,225,007	$ (108,214)
Authority's proportionate share of the net pension liability as of December 31, 2020	3,247,455	1,767,875	523,562

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.

Note 9 - Pension Plans (Continued)

Changes between the Measurement Date of the Net Pension Liability

House Bill (HB) 20-1379, enacted on June 29, 2020, suspended the $25 million direct distribution payable on July 1, 2020 for the State's 2020-21 fiscal year.

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 supplemental information for the HCTF. That report may be obtained online at www.copera.org; by writing to Colorado PERA, 1301 Pennsylvania Street, Denver, CO 80203; or by calling PERA at 1-800-759-PERA (7372) or 303-832-9550.

Benefits Provided

The HCTF provides a 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.

Note 10 - Other Postemployment Benefit Plan (Continued)

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 years ended December 31, 2021 and 2020 were $16,894 and $16,978, respectively.

Net OPEB Liability

At December 31, 2021 and 2020, the Authority reported a liability of $170,587 and $208,079, respectively, for its proportionate share of the net OPEB liability. The net OPEB liability for the HCTF was measured as of December 31, 2020 and 2019, respectively, and the total OPEB liability used to calculate the net OPEB liability was determined by actuarial valuations as of December 31, 2019 and 2018, respectively. Standard update procedures were used to roll forward the total OPEB liability to December 31, 2020 and 2019.

The Authority's proportion of the net OPEB liability for the years ended December 31, 2021 and 2020 was based on the Authority's contributions to the HCTF for the calendar years 2020 and 2019, respectively, relative to the total contributions of participating employers to the HCTF. At December 31, 2020, the Authority’s proportion was 0.01795 percent, which was a decrease of 0.00056 percent from its proportion measured as of December 31, 2019. At December 31, 2019, the Authority’s proportion was 0.01851 percent, which was an increase of 0.00137 percent from its proportion measured as of December 31, 2018.

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

For the years ended December 31, 2021 and 2020, the Authority recognized OPEB expense of $12,846 and $15,705, respectively.

At December 31, 2021 and 2020, the Authority reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	2021		2020	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 453	$ 37,503	$ 691	$ 34,965
Changes in assumptions	1,275	10,460	-	3,473
Net difference between projected and actual earnings on OPEB plan investments	-	6,970	1,726	-
Changes in proportionate share or difference between amount contributed and proportionate share of contributions	14,494	8,591	18,568	5,577
Employer contributions to the plan subsequent to the measurement date	16,894	-	17,268	-
Total	$ 33,116	$ 63,524	$ 38,253	$ 44,015

Note 10 - Other Postemployment Benefit Plan (Continued)

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, 2021 and 2020 were $16,894 and $17,268, respectively, which will be recognized as a reduction of the net OPEB liability in the years ending December 31, 2022 and 2021, respectively. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Years Ending December 31	Net Amortization
2022	$ 6,291
2023	6,291
2024	7,236
2025	7,329
2026	10,183
Thereafter	9,972
Total	$ 47,302

Actuarial Assumptions

The total OPEB liability for the HCTF in the December 31, 2019 and 2018 actuarial valuations 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
2020	8.10 %	3.50 %
2021	6.40	3.75
2022	6.00	3.75
2023	5.70	3.75
2024	5.50	4.00
2025	5.30	4.00
2026	5.10	4.00
2027	4.90	4.25
2028	4.70	4.25
2029+	4.50	4.50

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 2020 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

Note 10 - Other Postemployment Benefit Plan (Continued)

The actuarial assumptions used in the December 31, 2019 valuation were based on the results of the 2016 experience analysis for the period from January 1, 2012 through December 31, 2015, as well as the October 28, 2016 actuarial assumptions workshop, and were adopted by PERA's board during the November 18, 2016 board meeting. Based on the 2020 experience analysis, dated October 28, 2020 and November 4, 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. Assumptions were in the rollforward calculation of the total OPEB liability from December 31, 2019 to December 31, 2020.

Discount Rate

The discount rate used to measure the total OPEB liability was 7.25 percent at December 31, 2021 and 2020. 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, 2020 and 2019 measurement dates
- 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	$ 195,410	$ 170,587	$ 149,377
Proportionate share of the net OPEB liability as of December 31, 2020	235,275	208,079	184,820

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, 2021	$ 166,178	$ 170,587	$ 175,720
Net OPEB liability as of December 31, 2020	203,136	208,079	213,791

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 years ended December 31, 2021 and 2020, the Authority made matching contributions of $48,246 and $46,227, respectively.

Note 12 - Commitments

Tax, Spending, and Debt Limitations

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

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 Supplemental Information

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

Last Eight Plan Years*

Measurement Periods Ended December 31

	2020	2019	2018	2017	2016	2015	2014	2013
Authority's proportion of the net pension liability	0.23507 %	0.24171 %	0.22102 %	0.22859 %	0.22504 %	0.25758 %	0.23838 %	0.26113 %
Authority's proportionate share of the net pension liability	$ 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	$ 1,674,993	$ 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 liability as a percentage of its covered payroll	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	90.88 %	86.26 %	75.96 %	79.37 %	73.65 %	76.87 %	80.72 %	77.66 %

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

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

Last Eight Fiscal Years*

Years Ended December 31

	2021	2020	2019	2018	2017	2016	2015	2014
Statutorily required contribution	$ 210,946	$ 214,762	$ 211,066	$ 183,815	$ 182,848	$ 172,959	$ 185,490	$ 165,627
Contributions in relation to the statutorily required contribution	210,946	214,762	211,066	183,815	182,848	172,959	185,490	165,627
Contribution Deficiency	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
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
Contributions as a Percentage of Covered Payroll	13.17 %	12.82 %	12.68 %	12.68 %	12.68 %	12.68 %	12.68 %	12.68 %

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

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

Last Five Plan Years*

Measurement Periods Ended December 31

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

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

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

Last Five Fiscal Years*

Years Ended December 31

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

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

See notes to required supplemental information.

Pension Information

<u>Benefit Changes</u>

There were no changes of benefit terms in 2021 and 2020.

<u>Changes in Assumptions</u>

There were no changes of benefit assumptions in 2020.

During 2021, the following assumption changes were reflected in the rollforward calculation of the total pension 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.

<u>Changes in Size or Composition of the Covered Population</u>

There were no significant changes in size or composition of the covered population in 2021 and 2020.

Other Supplemental 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, 2021 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 July 19, 2022.

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 entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Plante & Moran, PLLC

July 19, 2022

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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, 2021. 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, 2021.

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

July 19, 2022

Schedule of Expenditures of Federal Awards

Year Ended December 31, 2021

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	$ -	$ 19,299,323
Airport Coronavirus Relief Grant Program (ACRGP)- Airport Improvement Program	20.106	3-08-0027-070-2021 3-08-0027-071-2021	-	2,165,378
COVID-19- Airport Improvement Program	20.106	3-08-0027-064-2020	-	1,584,910
American Rescue Plan Act (ARPA) - Airport Improvement Program	20.106	3-08-0027-073-2022	-	211,722
Total			**$ -**	**$ 23,261,333**

See notes to schedule of expenditures of federal awards.

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, 2021. 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, 2021

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, 2021. 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, 2021.

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

July 19, 2022

Schedule of Passenger Facility Charge Collections and Expenditures

For the Year Ended December 31, 2021

Collections	Date Approved	Amount Approved for Use	Cumulative Total- December 31, 2020	Quarter 1- January- March	Quarter 2 April- June	Quarter 3 July- September	Quarter 4 October- December	Year Ended December 31, 2021	Cumulative Total- December 31, 2021
Passenger facility charge collections			12,568,008	92,801	247,427	308,626	303,123	951,978	13,519,986
Interest earned			227,505	623	157	282	173	1,235	228,739
	Total passenger facility charge collections received		12,795,513	93,424	247,584	308,909	303,296	953,213	13,748,725
Application 2006-07-C	March 22, 2006	15,857,760	11,427,932	-	-	-	765,000	765,000	12,192,932
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	13,044,272	-	-	-	765,000	765,000	13,809,272

See accompanying notes to schedule of expenditures of passenger facility charges

Notes to Schedule of Passenger Facility Charges

Year Ended December 31, 2021

Note 1 - Change in Accounting Principle

On December 31, 2021, Grand Junction Regional Airport Authority (the "Authority") elected to change its method of accounting to the cash basis, whereas in all prior years the method of accounting was on the accrual basis. The cash basis of accounting was adopted because the Authority believes the cash basis more closely aligns with PFC regulation 158.63, reporting actual revenue received and disbursed. Cumulative totals reported in the accompanying schedule of passenger facility charges as of December 31, 2020 are reported on the cash basis of accounting. Comparative financial statements of prior years will reflect the method of accounting on the accrual basis of accounting, as the change in method was made during 2021.

Note 2 - Basis of Presentation

The accompanying schedule of passenger facility charges 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 3 - 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.