



***Northern Colorado***  
***Regional Airport***  
**Year Ended December 31, 2022**



**COLORADO**

# NORTHERN COLORADO REGIONAL AIRPORT

## TABLE OF CONTENTS

	<u>PAGE</u>
Letter of Transmittal .....	2
Independent Auditors' Report .....	4
Management's Discussion and Analysis .....	7
 <b>Basic Financial Statements</b>	
Statement of Net Position.....	10
Statement of Revenues, Expenses and Changes in Net Position .....	11
Statement of Cash Flows .....	12
Notes to Financial Statements.....	13
 <b>Supplementary Information</b>	
Budgetary Comparison Schedule (Non-GAAP Budgetary Basis) and Notes .....	24
 <b>Other Reporting Required By <i>Governmental Auditing Standards</i></b>	
Report on Internal Control over Financial Reporting and on Compliance And Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> .....	26

# NORTHERN COLORADO REGIONAL AIRPORT



May 26, 2023

The Northern Colorado Regional Airport annual financial statements for the year ended December 31, 2022, are respectfully submitted. This report was prepared by the City of Loveland’s Finance Department. The responsibility for both the accuracy of the presented data and fairness of the presentation, including all the disclosures, rests with the City of Loveland. The City believes the data, as presented, is accurate in all material respects; that it is presented in a manner designed to fairly portray the financial position and results of Airport operations as measured by the Airport’s financial activity; and all disclosures necessary to enable the reader to gain an understanding of the Airport’s financial affairs have been included.

Generally Accepted Accounting Principles (GAAP) requires management to provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the Management’s Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The Airport’s MD&A can be found immediately following the external auditor letter.

## Airport Overview

The Northern Colorado Regional Airport (FNL) has served as a public regional air transportation center since 1964. The Airport is certified by the Federal Aviation Administration as a commercial service airport and is administered and operated jointly by the Cities of Fort Collins and Loveland in Northern Colorado. The Airport supports approximately 125,000 aircraft flight operations annually. These operations range from commercial air carrier, air taxi and charter, business aviation, air ambulance transport, aerial fire suppression, pilot training, and private transportation flights. An estimated 11,619 outbound passengers (enplanements) traveled from the Airport on commercial air carriers and chartered casino flight services operated by Avelo Airlines, Swift Air, and Sun Country Airlines, and sports charters for Colorado State University and University of Northern Colorado.



The Airport is home to many aviation-based businesses including one full service fixed base operator that provides aircraft fueling and storage, four flight training schools, two aircraft maintenance and repair stations, and an avionics and aircraft modification center. The Airport is also host to a variety of private and corporate aviation businesses that provide air transportation services to companies in order to remain competitive in today’s global economy. According to the Economic Impact Study conducted in 2020 by the Colorado Department of Transportation Division of Aeronautics, the Airport contributes approximately \$296 million annually to the regional economy. This impact is derived through airport associated activities and area spending from visitors. The study also identified 1,072 jobs that were directly associated with the Airport through administrative and operational support, airport businesses, capital improvement investments, and visitor spending.

Airport Area	1, 073 Acres
Runway (Primary)	8,500’ x 100’
Runway (Crosswind)	2,273’ x 40’
Based Aircraft	308
Hangars	222
Passengers	11,000

The Northern Colorado Regional Airport Commission is comprised of elected officials, staff, and appointed citizen members from both Fort Collins and Loveland. The Commission has been delegated powers and authority from both City Councils in order to continue to make progress towards the strategic plan and the associated Vision and Mission:

**Vision Statement**

*“Northern Colorado Regional Airport...sparkling innovative transportation and leading edge economic development, training, research and education throughout the region.”*

**Mission Statement**

*“Serving the region, we are a catalyst for innovation in all modes of transportation, a driving force for business and training, and a global gateway to a magnificent Colorado.”*

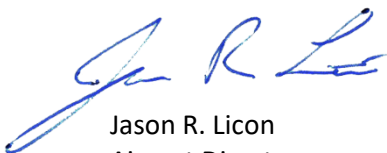
The Northern Colorado Regional Airport Commission is charged by the Cities to set policy and direction for the Airport to achieve the goals and objectives outlined in the various plans including the Airport Master Plan, and Strategic Plan. The Airport’s Strategic Plan Focus Areas are:

- Safe, Secure, & Financially Sustainable Operations
- Multi-modal Transportation
- Economic Development & Impact
- Education, Training, and Innovation

The financial highlights for 2023 include the following:

- Continuation of the ground-based services in partnership with Landline, Groome, & United Airlines, which all contribute lease and/ or per passenger fees to the airport’s revenue budget.
- Regularly scheduled flights provided by Avelo Airlines discontinued in 2022 but is expected to impact funding for 2024 due to the achievement of over 10,000 enplanements that will provide additional federal funding guarantees of \$1.5 million.
- The Airport’s classification within the FAA’s National Plan of Integrated Airport Systems changed from a regional to a national airport. This change will provide additional federal funding through allocations with the Bipartisan Infrastructure Law appropriations.
- The new airline terminal design is scheduled to have design work complete 2Q 2023 with construction to begin in mid to late 2023. Many opportunities for growth in commerce and additional jobs for the community are anticipated with this project.
- New development for both aeronautical use and non-aeronautical use and associated land lease agreements will add to the economic bottom line of the Airport and continue to contribute toward self-generated revenues.
- The Remote Air Traffic Control Tower continues testing during the first quarter of 2023. Capital and operational costs continue to be funded by the FAA and the State through the Colorado Aeronautics Division.
- Fuel flowage and aviation fuel tax reimbursements are tied to a percentage, relying upon the price of fuel in addition to the volume of sales. The price of fuel in the coming year will impact the amount of revenues collected from percentage-based fuel flowage and tax reimbursements.
- Early in 2023 the Airport Commission made the decision to decommission the Cities’ owned T-hangars, so those revenues will be reduced by approximately \$130,000 lower than what was budgeted.

**Respectfully,**



Jason R. Licon  
Airport Director

## **Independent Auditor's Report**

To the Northern Colorado Regional  
Airport Commission  
Northern Colorado Regional Airport

### **Report on the Audit of the Financial Statements**

#### ***Opinion***

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

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

#### ***Basis for Opinion***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the Airport and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit 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 Airport's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

#### ***Auditor's Responsibilities for the Audit of the Financial Statements***

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

To the Northern Colorado Regional  
Airport Commission  
Northern Colorado Regional Airport

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

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

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

#### ***Required Supplementary Information***

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

#### ***Other Supplementary Information***

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Northern Colorado Regional Airport's basic financial statements. The budgetary comparison schedule is presented for the purpose of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the budgetary comparison schedule is fairly stated in all material respects in relation to the basic financial statements as a whole.

#### ***Other Information***

Management is responsible for the other information included in the annual financial report. The other information comprises the letter of transmittal but does not include the basic financial statements and our auditor's report thereon. Our opinion on the basic financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

To the Northern Colorado Regional  
Airport Commission  
Northern Colorado Regional Airport

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements or whether the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

***Report on Summarized Comparative Information***

We have previously audited Northern Colorado Regional Airport's 2021 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated June 1, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2021 is consistent, in all material respects, with the audited financial statements from which it has been derived.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated May 26, 2023 on our consideration of Northern Colorado Regional Airport's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Northern Colorado Regional Airport's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Northern Colorado Regional Airport's internal control over financial reporting and compliance.

*Plante & Moran, PLLC*

May 26, 2023

## MANAGEMENT’S DISCUSSION & ANALYSIS

Our discussion and analysis of the Northern Colorado Regional Airport’s financial performance provides an overview of the Airport’s financial activities as of and for the year ended December 31, 2022. Please read it in conjunction with the financial statements, which begin on page 9.

### Financial Highlights

- In 2022, net position increased by \$1,373,056 (6.91%) primarily due to capital contributions.
- Total operating revenues increased to \$1,994,651, an increase of \$309,986 (18.40%) compared to 2021, due to increased Gas and Oil Commissions and Land Lease Revenue.
- Total operating expenses increased to \$2,991,590, an increase of \$367,002 (13.98%) primarily due to increased Personal services and Runway/Taxiway repairs.

### Overview of the Financial Statements

The Statement of Net Position presents information on all the Airport’s assets and liabilities. Over time, increases or decreases in the net position may serve as a useful indicator of whether the financial position of the Airport is improving or deteriorating.

The Statement of Revenues, Expenses and Changes in Net Position presents information that reflects how the Airport’s net position changed during the year. All changes in the net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows.

The Statement of Cash Flows reports the Airport’s cash flows from operating, capital and non-capital financing and investing activities. The financial statement demonstrates how the various activities of the Airport impact its cash balances.

The Notes to Financial Statements provide additional information that is essential for a full understanding of the data provided in the financial statements.

### Entity-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of the Airport’s financial position. As of December 31, 2022, assets exceeded liabilities by \$21,237,480.

<b>Net Position</b>		
	2022	2021
Current Assets	\$ 6,262,466	\$ 4,524,806
Capital Assets	15,440,026	15,805,175
<b>Total Assets</b>	<b>21,702,492</b>	<b>20,329,981</b>
<b>Current Liabilities</b>	<b>465,012</b>	<b>465,557</b>
Net Position:		
Investment in Capital Assets	15,440,026	15,805,175
Unrestricted	5,797,454	4,059,249
<b>Total Net Position</b>	<b>\$ 21,237,480</b>	<b>\$ 19,864,424</b>

### **Net Position**

Net position of the Airport at December 31, 2022 is shown to the left. The largest portion (72.7%) of the Airport’s net position is the net investment in capital assets (land, buildings, improvements, runways, leasehold improvements, and equipment). The Airport uses these capital assets to provide aviation services to the surrounding communities. Consequently, these assets are not available for future spending. Unrestricted net position may be used to meet the Airport’s ongoing obligations.



Changes in Net Position		
	2022	2021
Program Revenues	\$ 1,994,651	\$ 1,684,665
Program Expenses	2,991,590	\$ 2,624,588
<b>Operating Loss</b>	<b>(996,939)</b>	<b>(939,923)</b>
<b>Non-operating Revenues</b>		
Interest Income	(112,374)	(61,294)
Federal/State Grants	1,399,819	631,385
<b>Total Non-operating Revenues</b>	<b>1,287,445</b>	<b>570,091</b>
<b>Net Loss before Capital Contributions</b>	<b>290,506</b>	<b>(369,831)</b>
Capital Contributions	1,082,549	3,642,656
<b>Change in Net Position</b>	<b>1,373,056</b>	<b>3,272,824</b>
Net Position - Beginning	19,864,424	16,591,600
<b>Net Position - Ending</b>	<b>\$ 21,237,480</b>	<b>\$ 19,864,424</b>

### Change In Net Position

The Airport's total revenues of \$4,364,645 were higher than total expenses of \$2,991,590 for an increase in net position of \$1,373,056 for 2022.

### Debt Administration And Capital Assets

#### Debt Administration

The Airport currently has no long-term debt.

#### Capital Assets

At the end of December 31, 2022, the Airport had \$15,440,026 invested in capital assets. This represents a net decrease of \$365,149, or -2.3%, from 2021. This decrease is due primarily to depreciation expense in excess of current year additions. More detailed information about the Airport's capital assets is presented in the Notes to Financial Statements.

### Budgetary Highlights

The 2022 Airport budget was very much on target with both projected revenues and expenses, other than Capital outlay and its related reimbursement of Federal grant monies, due to delays in capital projects.

### Economic Factors and the 2023 Budget

The Airport plays an important supportive role in the region and its financial health is impacted by economic trends and regional growth. Northern Colorado has a healthy and diverse economy that continues to experience increasing demands for all modes of transportation.

- The new airline terminal design is scheduled to have design work completed by 2<sup>nd</sup> quarter 2023, with construction to begin in mid to late 2023. Many opportunities for growth in commerce and additional jobs for the community are anticipated with this project.
- The Airport's air traffic control system, known as the Remote Tower Project, is rescheduled for testing during the first quarter of 2023. Airport staff and project managers anticipate this project will elevate the airport to potential aeronautical operators who have expressed an interest in this project's success. Capital costs will be completely funded by CDOT and the FAA and the FAA has agreed to fund all air traffic control operating costs to maintain consistent levels of safety.

- The Airport's classification within the FAA's National Plan of Integrated Airport Systems changed from a regional to a national airport. This change will provide additional federal funding through allocations with the Bipartisan Infrastructure Law appropriations.
- Fuel flowage and aviation fuel tax reimbursements are tied to a percentage, relying upon the price of fuel in addition to the volume of sales. The price of fuel in the coming year will impact the amount of revenues collected from percentage-based fuel flowage and tax reimbursements.

### **Requests For Information**

This financial report is designed to provide a general overview of the Airport's finances. If you have questions about this report or need additional financial information, contact the City of Loveland Finance Department at 500 East Third Street, Loveland, Colorado, 80537.

NORTHERN COLORADO REGIONAL AIRPORT

STATEMENT OF NET POSITION

December 31, 2022

	<u>2022</u>
<b>ASSETS</b>	
Current Assets	
Equity in Pooled Cash	\$ 2,245,061
Equity in Pooled Investments	2,363,679
Accounts Receivable	300,446
Grants Receivable	<u>1,353,280</u>
Total Current Assets	<u>6,262,466</u>
Noncurrent Assets	
Land	563,614
Construction in Progress	1,913,272
Runways	15,145,710
Improvements Other than Buildings	12,369,085
Equipment	2,697,265
Buildings	<u>1,891,645</u>
Total Capital Assets	34,580,591
Accumulated Depreciation	<u>(19,140,565)</u>
Capital Assets, Net	<u>15,440,026</u>
TOTAL ASSETS	<u>21,702,492</u>
<b>LIABILITIES</b>	
Current Liabilities	
Accounts Payable	324,436
Rental deposits	42,685
Accrued Liabilities	<u>97,891</u>
Total Current Liabilities	<u>465,012</u>
<b>NET POSITION</b>	
Investment in Capital Assets	15,440,026
Unrestricted	<u>5,797,454</u>
TOTAL NET POSITION	<u>\$ 21,237,480</u>

The accompanying notes are an integral part of the financial statements.

NORTHERN COLORADO REGIONAL AIRPORT

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

Year Ended December 31, 2022

(With Summarized Comparative Totals for the year ended December 31, 2021)

	<u>2022</u>	<u>2021</u>
OPERATING REVENUES		
Hangar Rental	\$ 240,022	\$ 247,095
FBO Rent	94,172	92,713
Gas and Oil Commissions	405,588	265,576
State Aircraft Fuel Tax	193,644	110,050
Land Lease	538,893	371,770
Land Lease - Police Training Center	381,601	366,791
Terminal Lease and Landing Fees	8,024	7,160
Parking	-	330
Miscellaneous	<u>132,708</u>	<u>223,180</u>
 TOTAL OPERATING REVENUES	 <u>1,994,651</u>	 <u>1,684,665</u>
OPERATING EXPENSES		
Personal Services	776,765	668,422
Purchased Services	620,144	435,275
Supplies	99,694	74,945
Depreciation	<u>1,494,987</u>	<u>1,445,945</u>
 TOTAL OPERATING EXPENSES	 <u>2,991,590</u>	 <u>2,624,588</u>
 OPERATING LOSS	 <u>(996,939)</u>	 <u>(939,923)</u>
NONOPERATING REVENUES		
Interest/Investment Income(loss)	(112,373)	(61,294)
Federal/State Grants	<u>1,399,819</u>	<u>631,385</u>
 TOTAL NONOPERATING REVENUES	 <u>1,287,446</u>	 <u>570,091</u>
 NET INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS	 290,507	 (369,832)
 Capital Contributions	 <u>1,082,549</u>	 <u>3,642,656</u>
 CHANGE IN NET POSITION	 1,373,056	 3,272,824
NET POSITION, Beginning	<u>19,864,424</u>	<u>16,591,600</u>
 NET POSITION, Ending	 <u>\$ 21,237,480</u>	 <u>\$ 19,864,424</u>

The accompanying notes are an integral part of the financial statements.

NORTHERN COLORADO REGIONAL AIRPORT

STATEMENT OF CASH FLOWS

Year Ended December 31, 2022

(With Summarized Comparative Totals for the year ended December 31, 2021)

	<u>2022</u>	<u>2021</u>
Cash Flows from Operating Activities		
Cash Received from Customers	\$ 1,952,691	\$ 1,639,767
Cash Payments for Goods and Services	(736,383)	(190,913)
Cash Payments to Employees	<u>(760,765)</u>	<u>(658,266)</u>
Net Cash Provided by Operating Activities	<u>455,544</u>	<u>790,588</u>
Cash Flows from Capital and Related Financing Activities		
Proceeds from Federal and State Grants	3,908,704	(284,595)
Payments for Capital Acquisition	<u>(1,129,838)</u>	<u>(3,623,375)</u>
Net Cash Provided by (Used in) Capital and Related Financing Activities	<u>2,778,867</u>	<u>(3,907,971)</u>
Cash Flows from Noncapital Financing Activities		
Proceeds from Federal and State Grants	<u>1,399,819</u>	<u>631,385</u>
Net Cash Provided by Noncapital Financing Activities	<u>1,399,819</u>	<u>631,385</u>
Cash Flows from Investing Activities		
Purchase of Investments	(2,635,473)	(1,241,776)
Proceeds from Sale of Investments	203,121	3,697,067
Investment Earnings	<u>33,773</u>	<u>9,722</u>
Net Cash Provided by (Used in) Investing Activities	<u>(2,398,579)</u>	<u>2,465,013</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	2,235,650	(20,985)
CASH AND CASH EQUIVALENTS, Beginning	<u>9,411</u>	<u>30,396</u>
CASH AND CASH EQUIVALENTS, Ending	<u>\$ 2,245,061</u>	<u>\$ 9,411</u>
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES		
Operating Loss	\$ (996,939)	\$ (939,923)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities		
Depreciation	1,494,987	1,445,945
Changes in Assets and Liabilities		
(Increase)decrease in Accounts Receivable	(41,962)	(44,900)
Increase(decrease) in Accounts Payable	(40,312)	316,864
Increase(decrease) in Accrued Liabilities	<u>39,769</u>	<u>12,602</u>
Total Adjustments	<u>1,452,482</u>	<u>1,730,511</u>
Net Cash Used by Operating Activities	<u>\$ 455,544</u>	<u>\$ 790,588</u>

The accompanying notes are an integral part of the financial statements.

## NOTES TO FINANCIAL STATEMENTS

December 31, 2022

### **NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the Northern Colorado Regional Airport (the Airport) have been prepared in conformity with Generally Accepted Accounting Principles (GAAP) as applied to governmental units. The more significant accounting policies of the Airport are described below.

#### **Reporting Entity**

In accordance with governmental accounting standards, the Airport has considered the possibility of inclusion of additional entities in its financial statements. The definition of the reporting entity is based primarily on financial accountability. The Airport is financially accountable for organizations that make up its legal entity. It is also financially accountable for legally separate organizations if Airport officials appoint a voting majority of the organization's governing body and either it is able to impose its will on that organization or there is a potential for benefits to, or to impose specific financial burdens on, the Airport. The Airport may also be financially accountable for other organizations that are fiscally dependent upon it.

Based upon the application of these criteria, no additional organizations are includable within the Airport's reporting entity.

The Airport is jointly operated under an Intergovernmental Agreement between the Cities of Fort Collins and Loveland, Colorado. Only the financial transactions of this joint venture are included in this report, and the Airport is not included as a component unit of any other government.

#### **Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

The Airport uses an enterprise fund to account for its operations. Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

The financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned, and expenses are recorded when the liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Enterprise funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the Airport's principal ongoing operations. Operating expenses include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the Airport's practice to use restricted resources first, then unrestricted resources as they are needed.

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Cash and Investments**

The Airport's cash and investments are pooled with those of the City of Loveland. The City of Loveland's Investment Policy authorizes investments in accordance with State statutes for the investing of public funds. Current investment holdings may include Certificates of Deposit, U.S. Treasury Notes, U.S. Agency Securities, Municipal Bonds and Corporate Bonds that mature within seven years. Investments are stated at fair value. Because the investments are part of a pool, the underlying securities cannot be determined. For the purposes of the statement of cash flows, management defines cash and cash equivalents as amounts in demand deposits as well as short-term, highly liquid investments with original maturities of three months or less. Cash equivalents are both readily convertible to cash and are so near their maturity that they present insignificant risk of change in value due to interest rate changes. The Airport's cash is approximately 2.52% of the City's cash balance.

**Receivables**

Receivables consist primarily of federal and state grants, land, and hangar leases, as well as other miscellaneous receivables. At December 31, 2022, the grants receivable balance was \$1,353,280.

**Leases**

The Airport is a lessor for noncancelable leases of certain assets, including airport facilities, surrounding property, and locations within the airport. In accordance with GASB 87, the Airport recognizes a lease receivable and a deferred inflow of resources in the financial statements, where applicable. The Airport did not have any applicable leases at December 31, 2022.

Under GASB 87, for applicable leases, at the commencement of a lease, the Airport initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

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

The Airport uses the market rate of interest at lease inception as the discount rate for leases.

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

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

Lease activity is further described in Notes 6 and 8.

**Capital Assets**

Capital assets include land, improvements, buildings, runways, leasehold improvements, and equipment. Capital assets are defined by the Airport as assets with an initial, individual cost of more

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

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. Donated capital assets are recorded at estimated acquisition value at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Depreciation is computed using the 6-month convention method over the estimated useful lives of the assets. Buildings are depreciated over a period from 10 to 25 years; improvements from 10 to 20 years, runways are 20 to 25 years, leasehold improvements from 7 to 50 years and equipment from 3 to 30 years. When assets are retired or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts, and any resulting gain or loss is reflected in income for the period.

**Accrued Liabilities**

Accrued liabilities consist primarily of Accrued Compensated Absences and miscellaneous payments to vendors due in the current year but not actually paid until the following year.

**Compensated Absences**

Airport employees are allowed to accumulate vacation and sick time as stipulated in the administrative regulations of the City of Loveland. A liability is recorded on the Airport financial statements for these accrued compensated absences. At December 31, 2022, the Accrued Compensated Absence balance was \$61,650.

**Net Position**

Net position is restricted when constraints placed on the assets are externally imposed.

**Comparative Data**

Comparative total data for the prior year has been presented in the financial statements in order to provide an understanding of changes in financial position and operations. However, complete comparative data in accordance with generally accepted accounting principles has not been presented since its inclusion would make the financial statements unduly complex and difficult to read. Accordingly, such information should be read in conjunction with the Airport's financial statements as of and for the year ended December 31, 2021.

**Adoption of New Accounting Pronouncements**

The GASB has issued several statements implemented by the Airport. The Standard which will impact the Airport are as follows:

GASB Statement No. 87, *Leases*, issued June 2017, originally effective December 31, 2020, though GASB has extended the implementation date and now will be effective for the Airport beginning with its fiscal year ending December 31, 2022. Statement No. 87 establishes a single approach to accounting for and reporting leases by state and local governments. Under this statement, a government entity that is a lessor must recognize (1) a lease receivable and (2) a deferred inflow of resources. In addition, the Airport must recognize interest revenue on the lease receivable and an inflow of resources from the deferred inflows of resources in a systematic and rational manner over the term of the lease. The notes to financial statements should include a description of leasing arrangements and the total amount of inflows of resources recognize from leases. The Statement



**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

provides exceptions from the single-approach for short-term leases, financial purchases, leases of assets that are investments and certain regulated leases.

**NOTE 2: CASH AND INVESTMENTS**

Cash and investments at December 31, 2022, consisted of the following:

Deposits	\$ 2,245,061
Investments	<u>2,363,679</u>
Total	\$ 4,608,740

Deposits and investments are displayed within this report as follows:

Equity in Pooled Cash	\$ 2,245,061
Equity in Pooled Investments	<u>2,363,679</u>
Total	\$ 4,608,740

**Deposits**

The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulations. The State banking commissioner regulates the eligible public depositories. Amounts on deposit in excess of federal insurance levels must be collateralized by eligible collateral as determined by the PDPA. PDPA allows the financial institution to create a single collateral pool for all public funds held. The pool is to be maintained by another institution or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the uninsured deposits. At December 31, 2022 the Airport had \$15,494 collateralized with securities held by the financial institution's agent but not in the Airport's or City of Loveland's name.

**Investments**

The City of Loveland of which the Airport is a joint venture has an investment policy which specifies the investment instruments including rating, maturity and concentration risk criteria in which the City may invest. These investment instruments may include:

- Obligations of the United States and certain US Agency securities
- Certain international agency securities
- General obligation and revenue bonds of US local government entities
- Commercial paper
- Corporate or bank issue debt
- Written repurchase agreements collateralized by certain authorized securities
- Certain money market accounts
- Guaranteed investment contracts
- Local government investment pools

**Fair Value**

The Airport categorized its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The Airport's investments are approximately 0.93% of the City's investments and the numbers below are the Airport's percentage:

**NOTE 2: CASH AND INVESTMENTS (continued)**

The Airport has the following recurring fair value measurements as of December 31, 2022:

- U.S. Treasury securities of \$1,367,170 are valued using quoted market prices (Level 1 inputs)
- U.S. Agency securities of \$643,515 are valued using matrix pricing techniques (Level 2 inputs)
- Corporate Bonds of \$84,459 are valued using matrix pricing techniques (Level 2 inputs)
- Municipal Bonds of \$107,115 are valued using matrix pricing techniques (Level 2 inputs)
- Commercial Paper of \$149,155 are valued using matrix pricing techniques (Level 2 inputs)
- Foreign Securities of \$12,266 are valued using matrix pricing techniques (Level 2 inputs)

**Investments Held in our Colorado Surplus Asset Fund Trust**

The Airport invested \$169,892 in the Colorado Surplus Asset Fund Trust (CSAFE). CSAFE is valued at amortized cost. The investments conform to its permitted investments and will meet Standard & Poor’s investment guidelines to achieve an AAAM rating, the highest attainable rating for a Local Government Investment Pool. Information related to CSAFE can be found at their website, [www.csafe.org](http://www.csafe.org).

At December 31, 2022, the Airport had the following investments:

Investment type	STANDARD AND POOR’S RATING	LESS THAN 1	1 TO 3 YEARS	4 TO 5 YEARS	MORE THAN 5	TOTAL
U.S. Treasury Notes	N/A	\$ 235,326	\$ 1,131,844	\$ -	-	\$ 1,367,170
U.S. Agency Securities	AA+	46,322	553,295	43,897	-	643,514
Corporate Bonds	AA-/A/A-/AA/AA+	56,940	27,519	-	-	84,459
Municipal Bonds	AA/AA+	63,447	43,668	-	-	107,115
Foreign Securities	AA-	-	12,266	-	-	12,266
Commercial Paper	AA	149,155				149,155
<b>Total</b>		<b>\$ 551,190</b>	<b>\$ 1,768,592</b>	<b>\$ 43,897</b>	<b>-</b>	<b>\$ 2,363,679</b>

The Airport participates in the City of Loveland’s pooled cash and investments; therefore, the following applies to the Airport’s cash and investment balances:

1. Interest Rate Risk: State statutes and the City of Loveland’s Investment Policy limit investments in US Treasury and Agency securities to an original maturity up to five years with a minimum credit rating of A+/A1. State Statutes and the City’s Investment Policy require all repurchase agreements with a maturity of less than 1 year and collateralized with securities allowed by statute at no less than 102% of fair value. State statutes and the City’s Investment Policy limit investments in corporate bonds to an original maturity of three years or less.
2. Credit Risk: State statutes and the City of Loveland’s Investment Policy limit investments in US Agency securities to the highest rating issued by two or more nationally recognized statistical rating organizations (NRSROs). State statutes and the City’s Investment Policy limit investments in money market funds to those that maintain a constant share price, with a maximum remaining maturity in accordance with rules governing government investment pools, and either have assets of one billion dollars or the highest rating issued by a NRSRO. State statutes and the City’s Investment Policy limit investments in corporate bonds and Foreign Issues to a minimum credit rating of “AA- or Aa3” by two or more NRSROs. At December 31, 2022, the City held no corporate bonds with a rating lower than the minimum rating.
3. Custodial Credit Risk: The City of Loveland’s Investment Policy requires that securities purchased from any bank or dealer, including appropriate collateral, be placed with an independent third party for custodial safekeeping. The City has entered into an agency agreement with US Bank-

**NOTE 2:**      CASH AND INVESTMENTS (continued)

Denver to establish an Investment Management Account pursuant to Colorado Revised Statutes. The City's pooled cash is invested in this account. The Bank purchases investments for the City and maintains an internal accounting record of all investments of the City. All investment transactions are approved by City management. All investments, held and maintained by the Trust Department of the Bank, are specifically separate from the investments of the bank and are identified as being investments of the City of Loveland. Investments of Loveland Special Improvement District #1 are held by other banks in their Trust Departments and are also specifically identified as being investments of the City of Loveland.

4. Concentration of Credit Risk: The City of Loveland's Investment Policy does not limit the amount the City may invest in one issuer. The City had investments in US agency securities greater than 5% of its total portfolio as follows, the Airport's percent is 0.93% of the City's total investments:
  - a. US Treasury Notes (57.84%)
  - b. Federal Home Loan Bank (9.17%)
  - c. Federal National Mortgage Association (3.66%)
  - d. Federal Home Loan Mortgage Corporation (5.53%)
  - e. Federal Farm Credit Bank (8.86%).

**NOTE 3:**      STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

**Budgets and Budgetary Accounting**

The budget is developed by the City of Loveland's staff on a non-GAAP budgetary basis, which includes budgeting for capital outlay and excludes depreciation. The budget is then submitted to the Northern Colorado Regional Airport Commission. Upon approval by the Northern Colorado Regional Airport Commission, the City of Loveland legally adopts the budget before commencement of the following fiscal year as part of the support role for the City in the Airport Management IGA between the City of Loveland and City of Fort Collins. The budget includes proposed expenditures and the means of financing them. Expenditures may not legally exceed budgeted appropriations at the fund level. Revisions that alter total expenditures of the fund must be approved by the City Councils. Appropriations lapse at year end.

**NOTE 4: CAPITAL ASSETS**

Capital assets activity for the year ended December 31, 2022, is below:

	Balances 12/31/21	Additions	Deletions	Balances 12/31/22
Capital Assets, Not Being Depreciated				
Land	\$ 563,614	\$ -	\$ -	\$ 563,614
Construction in Progress	807,432	1,105,840		1,913,272
Total Capital Assets, Not Being Depreciated	<u>1,371,046</u>	<u>1,105,840</u>	<u>-</u>	<u>2,476,886</u>
Capital Assets, Being Depreciated				
Runways	15,133,712	11,998	-	15,145,710
Improvements	10,807,424		-	10,807,424
Equipment	2,700,265	12,000	(15,000)	2,697,265
Buildings	1,891,645		-	1,891,645
Leasehold Improvements	1,561,661	-	-	1,561,661
Total Capital Assets, Being Depreciated	<u>32,094,707</u>	<u>23,998</u>	<u>(15,000)</u>	<u>32,103,705</u>
Less Accumulated Depreciation				
Runways	(7,857,233)	(729,066)	-	(8,586,299)
Improvements	(6,088,964)	(504,290)	-	(6,593,254)
Equipment	(2,003,091)	(158,715)	15,000	(2,146,806)
Buildings	(525,316)	(65,253)	-	(590,569)
Leasehold Improvements	(1,185,974)	(37,663)	-	(1,223,637)
Total Accumulated Depreciation	<u>(17,660,578)</u>	<u>(1,494,987)</u>	<u>15,000</u>	<u>(19,140,565)</u>
Total Capital Assets, Being Depreciated, Net	<u>14,434,129</u>	<u>(1,470,989)</u>	<u>-</u>	<u>12,963,140</u>
Total Capital Assets, Net	<u>\$ 15,805,175</u>	<u>\$ (365,149)</u>	<u>\$ -</u>	<u>\$ 15,440,026</u>

**Construction Commitments**

At December 31, 2022, the Airport had construction projects in progress as follows:

<u>Project</u>	<u>Budget</u>	<u>Cost to Date</u>
New Terminal Building	\$2,256,852	\$1,105,840

**NOTE 5: RISK MANAGEMENT**

The Airport is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Cities of Fort Collins and Loveland carry commercial insurance for these risks of loss. During the last three years, there have not been any claims that exceeded coverage.

**NOTE 6:** [CONTRACTUAL AGREEMENTS](#)

**Intergovernmental Agreements**

The Airport is jointly operated under an Intergovernmental Agreement between the City of Fort Collins, Colorado and the City of Loveland, Colorado. This Agreement was approved by the City of Loveland City Council on May 17, 2016 to reflect the changed airport name and to expand the Airport Commission's authority.

Since July 3, 1979, ownership of assets vests equally with each city. Assets acquired prior to July 3, 1979 vested one-third with the City of Loveland and two-thirds with the City of Fort Collins.

Pursuant to the agreement, any needed contributions for annual operating budgets or capital improvements are shared equally by both cities. Also, either city may invest additional funds in the Airport as it sees fit. The agreement provides that if either city does not pay its one-half of agreed expenses in a given year, it will convey to the other city 10% of its total Airport ownership.

A second Intergovernmental Agreement between the City of Fort Collins, Colorado and the City of Loveland, Colorado was entered into March 19, 2019, for the lease of certain real property at the Airport for a Police Training Center. The Intergovernmental Agreement calls for each City to pay fair value rent to the Airport in equal payments on a quarterly basis. The rental rate will be adjusted annually by using the CPI as published by the Bureau of Labor Statistics. The term of the rental period is 50 years. Each City paid \$190,800 in rental payments in 2022.

Certain administrative services are provided by the City of Loveland. These include legal services, accounting and purchasing, audit costs, personnel and benefits administration, engineering, facilities maintenance, general administration, environment services and risk and insurance management. In 2022, the City of Loveland was paid \$23,450 for these services. The City also provided the Airport Fleet maintenance services in the amount of \$48,790 and utilities in the amount of \$137,142.

As part of personnel administration, the employees of the Airport also participate in the City of Loveland's 401(a) money purchase plan that was established (and may be amended) by City Council of the City of Loveland. This Plan requires contributions of 5% from the employer and 3% from the employee. The Airport contributed \$28,965 to the Plan in 2022, representing the required contributions.

**NOTE 7:** [COMMITMENTS AND CONTINGENCIES](#)

**TABOR Amendment**

In November 1992, Colorado voters passed an amendment to the State Constitution, Article X, Section 20, which has several limitations, including raising revenue, spending abilities, and other specific requirements of state and local governments. The Amendment is complex and subject to judicial interpretation. The Airport believes it is in compliance with the requirements of the Amendment.

The Airport is operated as a unit of each City through the Intergovernmental Agreement; therefore both the City of Loveland and the City of Fort Collins includes the Airport's emergency reserves in its city-wide financial statements.

**NOTE 7:** [COMMITMENTS AND CONTINGENCIES \(continued\)](#)

**Claims and Judgments**

The City of Loveland receives Federal and State grants for use by the Airport. These grants are reported as grant revenues in the Airport's financial statements. However, certain Federal compliance and reporting requirements remain the responsibility of the City of Loveland. Expenses financed by grants are subject to audit by the appropriate grantor government. If expenses are disallowed due to noncompliance with grant program regulations, the Airport may be required to reimburse the grantor government.

**Lease Commitments**

The Airport is obligated to pay the Fixed Base Operator for modification, upgrade, or replacement of the Fuel Farm equipment to the extent the cost of such modification, upgrade or replacement, exceeds \$50,000 in any calendar year. Lessee shall consult with the Cities and the Cities' approval shall be required prior to incurring any expenditure to be borne by the Cities.

**NOTE 8:** [LEASES](#)

**Regulated Leases:**

The Airport is party to certain regulated leases, as defined by GASB Statement No. 87. In accordance with GASB 87, the Airport does not recognize a lease receivable and a deferred inflow of resources for regulated leases.

**Facilities Leased to Fixed Base Operator**

The Cities of Loveland and Fort Collins, on behalf of the Airport, leases certain facilities to the Fixed Base Operator (FBO). The 24-year lease agreement includes monthly rent of land and improvements for the first four years at \$4,766 a month. The base monthly rent payment was set at \$6,824 beginning May 1, 2015. However, the annual base rent was increased on May 1, 2018 and will increase on each third anniversary in an amount equal to the increase, if any, in the "Consumer Price Index". The current rate is \$94,172, which is set to increase based on CPI on May 1, 2024. After the initial term expiration on April 30, 2035, the Lessee shall have the option to extend the term of the agreement for two additional periods of five years each. The agreement also provides for a fuel flowage fee of 6% of delivered fuel cost or \$.08 per gallon, whichever is higher.

**Ground Lease**

The Cities of Loveland and Fort Collins, on behalf of the Airport, leases a parcel of land to a third party. The 20-month lease agreement (December 2022 to August 2024) includes monthly rent of \$4,356. Lease revenue for 2022 was \$2,248.

**Access Area Agreement**

The Cities of Loveland and Fort Collins, on behalf of the Airport, provides an Access Agreement to certain areas of the airport to Aims Community College for their academic degree program for professional flight training. The five-year agreement includes monthly rent of \$2,520.07 and is set to expire in May of 2023. The Airport is confident that the College will enter into a new agreement prior to the expiration of the current agreement. Lease revenue for 2022 was \$29,896.

**NOTE 8: LEASES (continued)**

**Regulated Leases (continued):**

**Land Leases**

The Cities of Loveland and Fort Collins, on behalf of the Airport, lease numerous parcels of land to third parties for construction of hangars at the owner’s expense. At the end of the lease the ownership of the hangar reverts to the Airport. The leases are for a 25-year term with (three) five-year extensions. The lease revenue from these land leases was \$342,849 in 2022.

The Airport also leases land to the Loveland/Fort Collins Police Training Center. The lease is for 50 years and requires each city to pay fair value rent to the Airport in equal payments on a quarterly basis. The initial rental rate of \$177,500 paid annually by each city for a total of \$355,000, will be adjusted annually by using the CPI as published by the Bureaus for Labor Statistics. Each City paid \$190,800 in rental payments in 2022. See Note 6 for additional information.

**Hangar Leases**

The Cities of Loveland and Fort Collins, on behalf of the airport, lease six hangar buildings, four consisting of 57 individual T-hangars of which 47 are leased, to third parties. Two separate box hangars are leased to third parties. These leases are short-term in nature and have monthly rents ranging from \$249 to \$308 per month for the T-hangars and \$940 to \$5,000, per box hangar. The lease revenue from hangar leases was \$240,022 in 2022.

Future expected annual minimum payments related to the Airport’s regulated leases are as follows:

2023	\$ 854,916
2024	844,836
2025	844,836
2026	844,836
2027	844,836
2028 - 2032	4,224,181
2033 - 2037	3,930,474
Thereafter	14,330,648

**NOTE 9: SUBSEQUENT EVENT**

**Decommission of Leased Hangars**

At the March 2<sup>nd</sup> special meeting of the Northern Colorado Regional Airport Commission, a decision was made that directed airport staff to begin the process of decommissioning four hangar buildings. The hangars were transferred to the Cities ownership after their long-term land leases had expired, with one third of the units reverting to the Cities’ ownership in early 2020. Since this time these hangars have been rented to private aircraft owners on a month-to-month basis. Originally constructed between 1965 and 1977, the four buildings contain 47 individual hangar tenants that utilize them for small aircraft storage.

At the April 20, 2023, meeting, the Commission decided to extend the leases for these hangars through October 2023. The decommissioning of the hangars will negatively affect the Airport’s Hangar Revenue by \$175,000 annually.

**NOTE 9:** [SUBSEQUENT EVENT \(continued\)](#)

**Management Change**

On May 22, 2023, the Airport's director announced that he will be resigning effective June 2, 2023. A nationwide search is underway for his replacement.



NORTHERN COLORADO REGIONAL AIRPORT

BUDGETARY COMPARISON SCHEDULE  
(NON-GAAP BUDGETARY BASIS)

Year Ended December 31, 2022

(With Summarized Comparative Totals for the year ended December 31, 2021)

	2022					
	BUDGET		ACTUAL	DIFFERENCE		2021 ACTUAL
	ORIGINAL	FINAL		WITH FINAL BUDGET		
<b>REVENUES</b>						
Hangar Rental	\$ 225,000	\$ 225,000	\$ 240,022	\$ 15,022	\$ 247,095	
FBO Rent	96,287	96,287	94,172	(2,115)	92,713	
Gas and Oil Commissions	180,000	180,000	405,588	225,588	265,576	
State Aircraft Fuel Tax	140,000	140,000	193,644	53,644	110,050	
Land Lease	370,000	370,000	538,893	168,893	371,770	
Land Lease - Police Training Center	379,900	379,900	381,601	1,701	366,791	
Terminal Lease and Landing Fees	12,000	12,000	8,024	(3,976)	7,160	
Parking	75,000	75,000	-	(75,000)	330	
Interest/Investment Income (Losses)	51,000	51,000	(112,373)	(163,373)	(61,294)	
Federal and State Grants	16,581,373	16,581,373	2,482,368	(14,099,005)	4,274,041	
Miscellaneous	23,000	23,000	132,707	109,707	223,179	
<b>TOTAL REVENUES</b>	<b>18,133,560</b>	<b>18,133,560</b>	<b>4,364,645</b>	<b>(13,768,915)</b>	<b>5,897,411</b>	
<b>EXPENDITURES</b>						
Personal Services	827,312	827,312	776,764	50,548	668,421	
Purchased Services	647,114	656,419	620,144	36,275	435,275	
Supplies	100,000	100,000	99,694	306	74,945	
Capital Outlay	17,500,000	20,369,053	1,129,838	19,239,215	3,623,375	
<b>TOTAL EXPENDITURES</b>	<b>19,074,426</b>	<b>21,952,784</b>	<b>2,626,439</b>	<b>19,326,345</b>	<b>4,802,016</b>	
<b>CHANGE IN NET POSITION, Budgetary Basis</b>	<b>\$ (940,866)</b>	<b>\$ (3,819,224)</b>	<b>1,738,206</b>	<b>\$ 5,557,430</b>	<b>1,095,394</b>	
<b>RECONCILIATION TO GAAP BASIS</b>						
Capital Outlay			1,129,838		3,623,375	
Depreciation			(1,494,987)		(1,445,945)	
<b>CHANGE IN NET POSITION, GAAP Basis</b>			<b>\$ 1,373,056</b>		<b>\$ 3,272,824</b>	

See the accompanying Independent Auditors' Report.

**Notes to Budgetary Comparison Schedule:**

The Airport follows the City of Loveland's procedures in establishing the budget as reflected in the financial statements:

1. Prior to September 20, the City Manager submits to the City Council, a proposed operating budget for the fiscal year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted to obtain taxpayer comments.
3. Prior to December 15, the budget is legally enacted through passage of an ordinance. This ordinance authorizes a lump-sum expenditure budget for the City taken as a whole. An appropriation ordinance is also adopted which allocates the total budget to each individual fund. This allocation of the appropriation may not be legally exceeded by an individual fund.
4. Supplemental appropriations are approved on an individual fund level basis.
5. All appropriations lapse at year-end per State statutes.

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 Northern Colorado Regional  
Airport Commission  
Northern Colorado Regional Airport

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 basic financial statements of Northern Colorado Regional Airport (the "Airport") as of and for the year ended December 31, 2022 and the related notes to the basic financial statements, which collectively comprise the Airport's basic financial statements and have issued our report thereon dated May 26, 2023.

**Report on Internal Control Over Financial Reporting**

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

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

To Management and the Northern Colorado Regional  
Airport Commission  
Northern Colorado Regional Airport

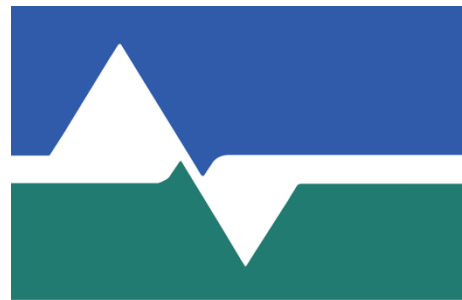
**Purpose of This Report**

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 Airport'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 Airport's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Plante & Moran, PLLC*

May 26, 2023

Prepared by:  
Finance Department  
Accounting Division



**City of Loveland**  
**COLORADO**