



NORTHERN COLORADO

REGIONAL AIRPORT COMMISSION

4900 EARHART ROAD • LOVELAND, CO 80538

REGULAR MEETING AGENDA

THURSDAY, JULY 17, 2025

3:00PM – 5:00PM

ALL MEMBERS OF THE PUBLIC ARE INVITED TO ATTEND THIS MEETING IN-PERSON AT:

4867 VENTURE DR, JOHNSTOWN CO 80534 – BOARD ROOM

OR PARTICIPATE VIRTUALLY USING THE INFORMATION BELOW:

Join Zoom meeting:

<https://us06web.zoom.us/j/81745121465?pwd=5ppt3wqwwanti9jljsxjapkmwnncin.1>

Meeting ID: 817 4512 1465

Passcode: 259087

Dial by your location: +1 719 359 4580 us

Find your local number: <https://us06web.zoom.us/j/81745121465?pwd=5ppt3wqwwanti9jljsxjapkmwnncin.1>

CALL TO ORDER

ROLL CALL

PUBLIC COMMENT

10 MINUTES

CONSENT AGENDA

1. JUNE 16, 2025, SPECIAL MEETING MINUTES

PAGE 3

APPROVAL OF CONSENT AGENDA

PULLED CONSENT AGENDA ITEMS

AIRPORT DIRECTOR'S REPORT

10 MINUTES

A. INFORMATIONAL ITEMS

- PRECISION APPROACH PATH INDICATOR (PAPI)
RECOMMISSIONING

REGULAR AGENDA

2. 2024 FINANCIAL AUDIT

PAGE 8

15 MINUTES

INFORMATIONAL

PRESENTER: RICH BERETTA, SENIOR MANAGER, PLANTE MORAN

3. CDOT AERONAUTICS DIGITAL TOWER UPDATE

20 MINUTES

INFORMATIONAL

PRESENTER: DAVID ULANE, CDOT AERONAUTICS DIRECTOR

4. RUNWAY 15-33 WIDENING PROJECT FINANCIAL UPDATE

PAGE 42

10 MINUTES

INFORMATIONAL

PRESENTER: JOHN KINNEY, AIRPORT DIRECTOR

5. GROUND TRANSPORTATION OPERATOR NEGOTIATIONS UPDATE WITH
POSSIBLE EXECUTIVE SESSION AS AUTHORIZED BY COLORADO REVISED
STATUTE §§ 24-6-402 (4)(a), (b), AND (e)(I)

PAGE 44

20 MINUTES

INFORMATIONAL

PRESENTER: JOHN KINNEY, AIRPORT DIRECTOR

6. ADDITIONAL BUSINESS FROM AIRPORT COMMISSIONERS

5 MINUTES



NORTHERN COLORADO REGIONAL AIRPORT COMMISSION

FUTURE MEETING TOPICS

SEPTEMBER 30 - 3:00-5:00

- Air Service Development Presentation 301
 - Sally Covington
- Parcel C Hangar Development Update

OCTOBER 16 - 3:00-5:00

- Air Traffic Control Tower Preferred Alternative

June 16, 2025 REGULAR COMMISSION MEETING SIGN-IN SHEET

PLEASE PRINT:

NAME

ORGANIZATION

[illegible]



Regular Meeting Minutes for June 16, 2025

- CALL TO ORDER** Chari Arndt called the meeting to order at 3:05 p.m.
- ROLL CALL** Commissioners Arndt, Marsh, Williams, and Miller were present.
Commissioners DiMartino, Stooksbury, and Thompson were absent
- PUBLIC COMMENT** Chair Arndt opened the floor for public comment:
- Ryan Carlson, Chief Pilot at Nutrien, expressed opposition to the proposed \$250 badge deposit, describing it as an administrative burden and a potential misuse of funds. He also criticized airport staff for being unaware of the FAA's activity on the airfield related to the decommissioning of the PAPI lights. In addition, he voiced concern over the continued closure of Runway 6/24.
 - Kelly Freeland, owner of The Flying School, shared concerns about the proposed badge deposit, highlighting the financial impact on small businesses. She questioned the fairness of penalizing tenants for what she perceives as administrative shortcomings in badge management. Ms. Freeland also emphasized the importance of maintaining Runway 6/24 as a runway rather than converting it to a taxiway, and she called for improved communication regarding closures to movement surfaces.
 - Chuck Davis emphasized the importance of Runway 6/24 for small aircraft operations during high wind conditions and expressed support for developing a parallel runway on the west side of the airport. He also raised concerns about increasing costs associated with commercial service, cautioning that they could place an undue burden on general aviation users.
 - Curt Richardson questioned the Airport's long-term vision, expressing concern about investments being made without a clear strategic direction. He also noted a lack of attention to the needs of the general aviation community.
 - Jim Sampson, owner of Scion Aviation, voiced opposition to efforts aimed at attracting commercial air service. He advocated for prioritizing general aviation and suggested repurposing the new terminal building as a fixed-base operator (FBO) facility.
 - Rick Turley expressed concern about the proposed reclassification of Runway 6/24 as a taxiway, describing it as a critical asset for safety and pilot training. He urged the Commission to actively engage with stakeholders and take a more direct role, rather than deferring the decision to staff.
- PUBLIC COMMENT FOLLOW-UP**
- Commissioners acknowledged the concerns raised, particularly around the badge deposit, Runway 6/24, and the Airport's strategic vision. These were further discussed during regular agenda items.



CONSENT AGENDA

Commissioner Marsh moved to approve the consent agenda. The motion, seconded by Commissioner Miller, carried with all present Commissioners voting in favor thereof.

Pulled Items: None

Consent Follow up: None

Public Comment: None

REGULAR AGENDA

4. AIRPORT DIRECTOR'S REPORT

- Director Kinney acknowledged recent staffing challenges and expressed appreciation for the dedication and hard work demonstrated by airport staff during this period.
- Runway 6/24 Overview: Director Kinney reiterated the FAA's position against the continued use of Runway 6/24 as an active runway, citing concerns about line-of-sight limitations, its dual use as both a runway and taxiway, and noncompliance with FAA design standards. He also noted the deteriorating pavement condition and emphasized that the runway is ineligible for FAA funding, with near-term reconstruction costs estimated at over \$3.25 million.
 - Commissioners discussed the lack of maintenance on Runway 6/24 along with concerns about the loss of training opportunities and diminished crosswind capability. They also discussed the possibility of developing a grass runway as an alternative landing surface.
 - Unless otherwise directed by the Airport Commission, Airport staff will proceed with the recommended course of action and coordinate with the FAA's Airports District Office to reclassify the surface as a taxiway.
- Air Traffic Control Tower Update: Staff explored the use of modular shipping containers for an air traffic control tower but determined that this approach would duplicate existing temporary facilities and fail to meet long-term operational needs. Efforts will continue to focus on acquiring radar capabilities and developing a permanent traditional or digital tower.

5. QUARTERLY AIRPORT FINANCIAL UPDATE

City of Loveland Deputy CFO Molly Elder presented the Q1 financial summary.

- The Airport is performing ahead of budget projections, reporting an operating gain of \$104,000 and a net position increase of \$53,000.
- Commissioners expressed support for the new format of the financial update but noted that comparisons with the 2024 budget are challenging due to differences in how the budgets were developed.

6. RUNWAY 15-33 WIDENING CONSTRUCTION

Operations Manager Dylan Swanson presented the item, requesting a recommendation from the Commission for the City Councils to approve the contract.



**MANAGEMENT
CONTRACT AWARD**

- The \$1,287,785 contract will engage Dibble Engineering to manage construction of the runway widening project, which will be carried out by Holcim-WCR.
- Dibble has completed the project design.
- Earlier this year, Dibble was selected as the Airport's on-call engineering firm through a competitive selection process.

Commissioner Marsh moved to approve resolution #R-7-2025, recommending approval of the contract with Dibble Engineering to the City Councils. The motion was seconded by Commissioner Miller and passed unanimously.

**7. CAPITAL
IMPROVEMENT
PLAN 2026-2030**

Director Kinney pulled the item, which will be brought back at the next meeting with updated numbers.

**8. REVISED 2026
BUDGET
RECOMMENDATION**

Director Kinney presented the revised 2026 Airport budget as a follow-up to the May meeting, at which the Commission voted unanimously to approve spending authority associated with the budget and requested additional information.

- An updated comparison chart with other commercial service airports in the region was presented.
- A deficit of approximately \$258,000 is projected for 2025. This includes some unanticipated carryover items from 2024.
- A list of proposed line-item reductions totaling \$286,835 was presented.
- The airport fund balance is currently projected to be negative by approximately \$31,700 going into 2026. This includes the assumption of \$330,000 in annual support services to be paid to Loveland, which is approximately 10 times what is required by the IGA.
- Commissioner Arndt requested information on property and sales tax generated by Loveland to be presented at a future meeting.
- The delay in implementing a daily fee for vehicle parking is having a negative impact on 2025 revenue.
 - A proposal to start charging \$2 per day for vehicle parking will be presented at the July meeting.
- Key changes 2026 budget include updated revenue assumptions and reduced operational costs.
- The Commission directed staff to reduce the 2025 expenditures on consulting services and purchase carbon credits instead of installing a solar photovoltaic system on the terminal to help balance the budget.

Commissioner Marsh moved to approve Resolution #R-8-2025, adopting the revised 2026 Airport Budget, with a reduction of \$99,000 in consulting expenditures and the replacement of the \$170,000 terminal solar project with \$7,000 of carbon offsets and recommending approval by the City Councils. The motion was seconded by Commissioner Miller and carried unanimously, with all Commissioners present voting in favor.



**9. EXECUTIVE
SESSION ON
AIRPORT
SECURITY**

The Commission entered executive session pursuant to C.R.S. § 24-6-402(4)(d) to discuss specialized details of security arrangements or investigations regarding airport access control.

**10. AIRPORT
BADGING FEE
UPDATE**

Operations Manager Dylan Swanson presented the revised badging fee and security modernization proposal.

- FNL operates under FAA Part 139 and TSA TSR 1542, which enforce stringent access-control and security measures similar to those at Grand Junction and Colorado Springs and significantly more rigorous than at general aviation airports like Rocky Mountain Metropolitan and Centennial.
- Staff is proposing to update the system used for badging and access control to streamline the application process, improve record keeping and automation, and increase security.
- The current annual cost associated with badging are approximately \$113,000. The badging fees do not recoup the full cost.
- Staff is proposing to phase the rate escalation over two years, with the AOA badge fee increasing to \$50 next year and \$75 in 2027.
- Rick Turley, Ryan Carlson, and others expressed opposition to the increased badge fees as well as the proposed deposit/unreturned badge fee.
- Stakeholders and Commissioners preferred imposing a \$250 penalty for failure to return badges when they are lost or no longer needed instead of collecting a \$250 deposit when the badge is issued. Companies with employees or students will be responsible for paying the fee for unreturned badges. Failure to pay the unreturned badge penalty will result in the loss of airfield privileges for the individual or signatory company.

Commissioner Marsh moved to approve the proposed badging fees with an unreturned badge penalty as opposed to a deposit. The motion, seconded by Commissioner Miller, carried with a vote of 3-1. Commissioner Williams voted no on the motion.

**11. BUSINESS
FROM MEMBERS**

Commissioners confirmed the next regular meeting will be held on July 17, 2025, at 3:00 p.m.

ADJOURNMENT

Chair Arndt adjourned the meeting at 5:17 p.m.

Respectfully Submitted,

Airport Commission Chair, Jeni Arndt



NORTHERN COLORADO REGIONAL AIRPORT

4900 Earhart Rd • Loveland, Colorado 80538

(970) 962-2850 • FAX (970) 962-2855 • TDD (970) 962-2620

ITEM NUMBER: 2

MEETING DATE: July 17, 2024

PREPARED BY: Aaron Ehle, Planning & Business Development Specialist
Jeff Miller, Senior Accountant

TITLE

2024 Financial Audit Presentation

RECOMMENDED AIRPORT COMMISSION ACTION

Make a motion to accept the 2024 audit as presented

BUDGET IMPACT

Neutral

SUMMARY

The City of Loveland's Finance Department, in consultation with Airport staff, engaged the external auditing firm Plante Moran to conduct the Airport's annual financial audit. These audits are required as part of the Airport's obligations as a public entity. Consultants from Plante Moran will attend remotely to present the 2024 Consolidated Audited Financial Statement to the Airport Commission and will be available to answer any questions.

ATTACHMENTS

Airport Financial Audit for 2024
Audit Presentation



Northern Colorado
Regional Airport
Year Ended December 31, 2024



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
Basic Financial Statements	
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
Supplementary Information	
Budgetary Comparison Schedule (Non-GAAP Budgetary Basis) and Notes	23
Other Reporting Required By <i>Governmental Auditing Standards</i>	
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>	25

NORTHERN COLORADO REGIONAL AIRPORT



May 13, 2025

The Northern Colorado Regional Airport annual financial statements for the year ended December 31, 2024, 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 3,000 passengers (enplanements) traveled from the Airport on chartered flight services operated by Allegiant Airlines and Sun Country Airlines, and sports charters for Colorado State University and University of Northern Colorado.



Airport Area	1, 073 Acres
Runway (Primary)	8,500' x 100'
Runway (Crosswind)	2,273' x 40'
Based Aircraft	308
Hangars	230
Passengers	3,000

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.

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 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 2024 include the following:

- Continuation of the ground-based services in partnership with Landline, United Airlines, and Groome Transportation which all contribute lease and/ or per passenger fees to the airport’s revenue budget.
- The Airport maintained a “National” classification within the FAA’s National Plan of Integrated Airport Systems, leading to additional federal funding through appropriations from the Bipartisan Infrastructure Law.
- The new 20,000 square foot passenger terminal was completed in October 2024. This new multimodal facility features mountain views and modern amenities and will provide residents of the region with new travel options.
- Planning advanced for new aeronautical and non-aeronautical developments that will add to the economic bottom line of the Airport and continue to contribute toward self-generated revenues.
- The Airport continued its partnership with the FAA and the Colorado Department of Transportation Division of Aeronautics on the Digital Air Traffic Control Tower program. Although the original vendor withdrew from the project, the FAA is now testing a new system developed by RTX and Frequentis at the William J. Hughes Technical Center in New Jersey. If testing is successful, FNL is expected to be the first airport to deploy the new system.
- 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.

Respectfully,

John Kinney
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, 2024 and the related notes to the financial statements, which collectively comprise the Airport's basic financial statements, as listed in the table of contents.

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

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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.

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 accompanying letter of transmittal which is presented for the purpose of additional analysis and is not a required part of the basic financial statements. 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 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 2023 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated June 3, 2024. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2023 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 13, 2025 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 13, 2025

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, 2024. Please read it in conjunction with the financial statements, which begin on page 10.

Financial Highlights

- In 2024, net position increased by \$8,617,150 (30.48%) primarily due to capital contributions.
- Total operating revenues increased to \$2,137,738, an increase of \$24,736 (1.17%) compared to 2023.
- Total operating expenses increased to \$4,110,985, an increase of \$1,081,331 (35.69%) compared to 2023.

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 on 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, 2024, assets exceeded liabilities by \$36,891,348.

Net Position		
	2024	2023
Current Assets	\$ 3,719,137	\$ 9,562,715
Capital Assets	34,654,453	19,843,609
Total Assets	38,373,590	29,406,324
Current Liabilities	1,482,242	1,132,126
Net Position:		
Investment in Capital Assets	34,654,453	19,843,609
Unrestricted	2,236,895	8,430,589
Total Net Position	\$ 36,891,348	\$ 28,274,198

Net Position

Net position of the Airport at December 31, 2024 is shown to the left. The largest portion (93.9%) 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			
	2024		2023
Program Revenues	\$ 2,137,738	\$	2,113,002
Program Expenses	4,110,985	\$	3,029,654
Operating Loss	(1,973,247)		(916,652)
Non-operating Revenues			
Interest Income	217,700		90,148
Federal/State Grants	78,536		63,851
Total Non-operating Revenues	296,236		153,999
Net Loss before Capital Contributions	(1,677,011)		(762,653)
Contributed Asset	-		350,000
Intergovernmental - Aid to Construction	-		2,000,000
Capital Contributions	10,294,161		5,449,371
Change in Net Position	8,617,150		7,036,718
Net Position - Beginning	28,274,198		21,237,480
Net Position - Ending	\$ 36,891,348	\$	28,274,198

Change In Net Position

The Airport's total revenues of \$12,728,134 were higher than total expenses of \$4,110,985 for an increase in net position of \$8,617,150 for 2024.

Debt Administration And Capital Assets

Debt Administration

The Airport currently has no long-term debt.

Capital Assets

At the end of December 31, 2024, the Airport had \$34,654,453 invested in capital assets. This represents a net increase of \$14,810,844, or 74.6%, from 2023. This increase is due primarily to expenditures for the new terminal project. More detailed information about the Airport's capital assets is presented in the Notes to Financial Statements.

Budgetary Highlights

The 2024 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 2025 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 has been completed and is poised to receive scheduled commercial airline service targeted for early 2027. Many opportunities for growth in commerce and additional jobs for the community are anticipated with this new market and operators.
- The Digital Air Traffic Control Tower continues development into 2025. The Airport has been accepted into the Federal Contract Tower (FCT) program allowing for funding of Air Traffic Controllers. The Airport is now responsible for leasing the Mobile Air Traffic Control Tower (MATCT) and maintains a Tower Operating Agreement with the FAA for Air Traffic Control Services.

- The Airport’s classification within the FAA’s National Plan of Integrated Airport Systems changed from a commercial service airport. Additionally, recent changes in the FAA’s Bipartisan Infrastructure Law (BIL) appropriations, through airport grant criteria, allows an additional 5 years for funding opportunities for a new control tower staffed by FAA certified controllers.
- 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 revenue collected from percentage-based fuel flowage and tax reimbursements.
- New revenue generations will be a primary focus for 2025 through the engagement of consultants specializing in these unique markets. Fees will be reviewed and adjusted to reflect market rates and the unique opportunities presented in conducting business at Northern Colorado Regional Airport. The following revenue opportunities will be reviewed in a holistic approach in the fourth quarter of 2025:

Rental Cars	Daily parking fees	TNC
Off Airport fees	Ground Transportation Operations	
Development fees for aeronautical and non-aeronautical uses		

In 2025, the core services continue to embrace the airport industry’s best practices:

Safety, Equitable Rates and Charges, Affordable Capital Improvement Plan, and Developing a Vision by the Airport Commission.

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, 2024

	<u>2024</u>
ASSETS	
Current Assets	
Equity in Pooled Cash	\$ 82,264
Equity in Pooled Investments	2,652,023
Accounts Receivable	166,440
Grants Receivable	<u>818,410</u>
Total Current Assets	<u>3,719,137</u>
Noncurrent Assets	
Land	563,614
Construction in Progress	922,598
Runways	16,306,466
Improvements Other than Buildings	12,369,085
Equipment	3,589,139
Buildings	<u>23,292,197</u>
Total Capital Assets	57,043,099
Accumulated Depreciation	<u>(22,388,646)</u>
Capital Assets, Net	<u>34,654,453</u>
TOTAL ASSETS	<u>38,373,590</u>
LIABILITIES	
Current Liabilities	
Accounts Payable	1,364,206
Rental deposits	41,794
Accrued Liabilities	<u>76,242</u>
Total Current Liabilities	<u>1,482,242</u>
NET POSITION	
Investment in Capital Assets	34,654,453
Unrestricted	<u>2,236,895</u>
TOTAL NET POSITION	<u>\$ 36,891,348</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, 2024

(With Summarized Comparative Totals for the year ended December 31, 2023)

	<u>2024</u>	<u>2023</u>
OPERATING REVENUES		
Hangar Rental	\$ 192,650	\$ 207,083
FBO Rent	106,650	94,172
Gas and Oil Commissions	271,314	318,433
State Aircraft Fuel Tax	154,198	192,614
Land Lease	695,770	628,609
Land Lease - Police Training Center	433,666	412,171
Terminal Lease and Landing Fees	10,884	11,547
Miscellaneous	<u>272,607</u>	<u>248,373</u>
 TOTAL OPERATING REVENUES	 <u>2,137,738</u>	 <u>2,113,002</u>
OPERATING EXPENSES		
Personal Services	807,583	753,881
Purchased Services	1,403,714	708,333
Supplies	111,783	107,263
Depreciation	<u>1,787,905</u>	<u>1,460,176</u>
 TOTAL OPERATING EXPENSES	 <u>4,110,985</u>	 <u>3,029,654</u>
 OPERATING LOSS	 <u>(1,973,247)</u>	 <u>(916,652)</u>
NONOPERATING REVENUES		
Interest/Investment Income	217,700	90,148
Federal/State Grants	<u>78,536</u>	<u>63,851</u>
 TOTAL NONOPERATING REVENUES	 <u>296,236</u>	 <u>153,999</u>
 NET INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS	 (1,677,011)	 (762,653)
Contributed Asset	-	350,000
Intergovernmental - Aid to Construction	-	2,000,000
Capital Contributions	<u>10,294,161</u>	<u>5,449,371</u>
 CHANGE IN NET POSITION	 8,617,150	 7,036,718
NET POSITION, Beginning	<u>28,274,198</u>	<u>21,237,480</u>
 NET POSITION, Ending	 <u>\$ 36,891,348</u>	 <u>\$ 28,274,198</u>

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

NORTHERN COLORADO REGIONAL AIRPORT

STATEMENT OF CASH FLOWS

Year Ended December 31, 2024

(With Summarized Comparative Totals for the year ended December 31, 2023)

	<u>2024</u>	<u>2023</u>
Cash Flows from Operating Activities		
Cash Received from Customers	\$ 2,188,294	\$ 2,196,451
Cash Payments for Goods and Services	(2,214,202)	(825,027)
Cash Payments to Employees	<u>(784,557)</u>	<u>(798,556)</u>
Net Cash Provided by (Used in) Operating Activities	<u>(810,466)</u>	<u>572,868</u>
Cash Flows from Capital and Related Financing Activities		
Proceeds from Intergovernmental - Aid to Construction		2,000,000
Proceeds from Federal and State Grants	12,323,063	3,955,339
Payments for Capital Acquisition	<u>(15,572,955)</u>	<u>(4,792,540)</u>
Net Cash Provided by (Used in) Capital and Related Financing Activities	<u>(3,249,892)</u>	<u>1,162,799</u>
Cash Flows from Noncapital Financing Activities		
Proceeds from Federal and State Grants	<u>78,536</u>	<u>63,851</u>
Net Cash Provided by Noncapital Financing Activities	<u>78,536</u>	<u>63,851</u>
Cash Flows from Investing Activities		
Purchase of Investments	(1,338,876)	(2,662,990)
Proceeds from Sale of Investments	3,010,260	813,190
Investment Earnings	<u>118,851</u>	<u>79,072</u>
Net Cash Provided by (Used in) Investing Activities	<u>1,790,235</u>	<u>(1,770,728)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(2,191,587)	28,790
CASH AND CASH EQUIVALENTS, Beginning	<u>2,273,851</u>	<u>2,245,061</u>
CASH AND CASH EQUIVALENTS, Ending	\$ <u><u>82,264</u></u>	\$ <u><u>2,273,851</u></u>
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES		
Operating Loss	\$ (1,973,247)	\$ (916,652)
Adjustments to Reconcile Operating Loss to Net Cash		
Provided by (Used in) Operating Activities		
Depreciation	1,787,905	1,460,176
Changes in Assets and Liabilities		
Decrease in Accounts Receivable	50,556	83,450
Increase(decrease) in Accounts Payable	(698,263)	(8,981)
Increase(decrease) in Accrued Liabilities	<u>22,584</u>	<u>(45,124)</u>
Total Adjustments	<u>1,162,781</u>	<u>1,489,521</u>
Net Cash Provided by (Used in) Operating Activities	\$ <u><u>(810,466)</u></u>	\$ <u><u>572,868</u></u>
Noncash Investing, Capital and Financing Activities:		
Contributed Asset	\$	\$ 350,000
Unrealized Gain(Loss) on Investments	98,850	11,077
Capital outlays in Accounts Payable	1,025,795	721,219

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

NOTES TO FINANCIAL STATEMENTS

December 31, 2024

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 an insignificant risk of change in value due to interest rate changes. The Airport's cash is approximately 0.07% 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, 2024, the grants receivable balance was \$818,410.

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, 2024.

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, 2024, the Accrued Compensated Absence balance was \$33,988.

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 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, 2023.

Upcoming Accounting Pronouncements

In December 2023, the Government Accounting Standards Board issued Statement No. 102, Certain Risk Disclosures, which requires governments to assess whether a concentration or constraint makes the primary government or other reporting units that report a liability for revenue debt vulnerable to the risk of a substantial impact. It also requires governments to assess whether an event or events associated with a concentration or constraint that could cause the substantial impact have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date that the financial statements are issued. If certain criteria are met for a concentration or constraint, disclosures are required in the notes to the financial statements. The provisions of this statement are effective for the Airport's financial statements for the year ending December 31, 2025.

In April 2024, the Government Accounting Standards Board issued Statement No. 103, Financial Reporting Model Improvements. The requirements of this Statement are effective for fiscal years beginning after September 15, 2025. The objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government’s accountability. The provisions of this statement are effective for the Airport’s financial statements for the year ending December 31, 2026.

In September 2024, the Government Accounting Standards Board issued Statement No. 104, Disclosure of Certain Capital Assets. The Statement requires certain types of capital assets, such as lease assets, intangible right-to-use assets, subscription assets, and other intangible assets to be disclosed separately by major class of underlying asset in the capital assets note. The Statement also requires additional disclosures for capital assets held for sale. The provisions of this statement are effective for the Airport’s financial statements for the year ending December 31, 2026.

NOTE 2: CASH AND INVESTMENTS

Cash and investments at December 31, 2024, consisted of the following:

Deposits	\$ 82,264
Investments	<u>2,652,023</u>
Total	\$ 2,734,287

Deposits and investments are displayed within this report as follows:

Equity in Pooled Cash	\$ 82,264
Equity in Pooled Investments	<u>2,652,023</u>
Total	\$ 2,734,287

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, 2024, the Airport had \$76,434 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

NOTE 2: CASH AND INVESTMENTS (continued)

- 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 1.12% of the City's investments and the numbers below are the Airport's percentage:

The Airport has the following recurring fair value measurements as of December 31, 2024:

- U.S. Treasury securities of \$859,673 are valued using quoted market prices (Level 1 inputs)
- U.S. Agency securities of \$1,215,581 are valued using matrix pricing techniques (Level 2 inputs)
- Corporate Bonds of \$378,087 are valued using matrix pricing techniques (Level 2 inputs)
- Municipal Bonds of \$32,953 are valued using matrix pricing techniques (Level 2 inputs)
- Commercial Paper of \$165,729 are valued using matrix pricing techniques (Level 2 inputs)

Investments Held in Investment Pools

The Airport invested \$4,985 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.

The Airport invested \$242,131 in Colorado Local Government Liquid Asset Trust (ColoTrust). ColoTrust 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 ColoTrust can be found at their website.

At December 31, 2024, 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	\$ 350,550	\$ 509,123	\$ -	-	\$ 859,673
U.S. Agency Securities	AA+	327,426	433,004	455,151	-	1,215,581
Corporate Bonds	AA-/A/A-/AA/AA+	216,565	161,522	-	-	378,087
Municipal Bonds	AA/AA+	32,953	-	-	-	32,953
Commercial Paper	AA	165,729				165,729
Total		\$1,093,223	\$1,103,648	\$455,151	-	\$ 2,652,023

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:

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

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, 2024, 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-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 percentage is 1.12% of the City's total investments:
 - a. US Treasury Notes (32.42%)
 - b. Federal Home Loan Bank (19.41%)
 - c. Federal Farm Credit Bank (10.15%)
 - d. Federal Home Loan Mortgage Corporation (10.00%).
 - e. Federal National Mortgage Association (6.27%)

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, 2024, is below:

	Balances 12/31/23	Additions	Transfers	Balances 12/31/24
Capital Assets, Not Being Depreciated				
Land	\$ 563,614	\$ -	\$ -	\$ 563,614
Construction in Progress	7,360,350	588,941	(7,026,693)	922,598
Total Capital Assets, Not Being Depreciated	7,923,964	588,941	(7,026,693)	1,486,212
Capital Assets, Being Depreciated				
Runways	15,145,710	1,160,756	-	16,306,466
Improvements	10,807,424		-	10,807,424
Equipment	3,113,946	475,193		3,589,139
Buildings	1,891,645	14,373,859	7,026,693	23,292,197
Leasehold Improvements	1,561,661	-	-	1,561,661
Total Capital Assets, Being Depreciated	32,520,386	16,009,808	7,026,693	55,556,887
Less Accumulated Depreciation				
Runways	(9,315,665)	(758,384)	-	(10,074,049)
Improvements	(7,089,390)	(474,760)	-	(7,564,150)
Equipment	(2,298,371)	(175,516)		(2,473,887)
Buildings	(655,823)	(361,390)	-	(1,017,213)
Leasehold Improvements	(1,241,492)	(17,855)	-	(1,259,347)
Total Accumulated Depreciation	(20,600,741)	(1,787,905)	-	(22,388,646)
Total Capital Assets, Being Depreciated, Net	11,919,645	14,221,903	7,026,693	33,168,241
Total Capital Assets, Net	\$ 19,843,609	\$ 14,810,844	\$ -	\$ 34,654,453

Construction Commitments

At December 31, 2024, the Airport had construction projects in progress as follows:

Project	Budget	Cost to Date
Runway Widening	914,723	840,890
Fuel Farm Siting Analysis	72,629	72,535
Site C Planning	73,940	9,173

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 one-half of its 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 \$216,833 in rental payments in 2024.

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 2024, the City of Loveland was paid \$23,450 for these services. The City also provided the Airport Fleet maintenance services in the amount of \$52,282 and utilities in the amount of \$179,201.

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 \$26,900 to the Plan in 2024, 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 include 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 for 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 \$110,810, which is set to increase based on CPI on May 1, 2027. After the initial term expires 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, lease 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 2024 was \$32,992. The lease was not renewed.

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 \$2,863.90, plus escalation, and is set to expire in May of 2028. Lease revenue for 2024 was \$33,799.

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

NOTE 8: **LEASES (continued)**

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 \$385,248 in 2024.

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 Bureau of Labor Statistics. Each City paid \$216,833 in rental payments in 2024. See Note 6 for additional information.

Hangar Leases

The Cities of Loveland and Fort Collins, on behalf of the airport, lease four hangar buildings, two consisting of 40 individual T-hangars and two separate box hangars. These leases are short-term in nature and have monthly rents ranging from \$332 per month for the T-hangars and \$940 to \$4,997, per box hangar. The lease revenue from hangar leases was \$192,650 in 2024.

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

2025	\$ 964,091
2026	964,091
2027	964,091
2028	964,091
2029	964,091
2030 - 2034	4,735,756
2035 - 2039	4,064,506
Thereafter	13,968,174

NORTHERN COLORADO REGIONAL AIRPORT

BUDGETARY COMPARISON SCHEDULE
(NON-GAAP BUDGETARY BASIS)

Year Ended December 31, 2024

(With Summarized Comparative Totals for the year ended December 31, 2023)

	2024			DIFFERENCE WITH FINAL BUDGET	2023 ACTUAL
	BUDGET ORIGINAL	BUDGET FINAL	ACTUAL		
REVENUES					
Hangar Rental	\$ 215,000	\$ 215,000	\$ 192,650	\$ (22,350)	\$ 207,083
FBO Rent	105,008	105,008	106,650	1,642	94,172
Gas and Oil Commissions	300,000	300,000	271,314	(28,686)	318,433
State Aircraft Fuel Tax	-	-	154,198	154,198	192,614
Land Lease	1,099,000	1,099,000	695,770	(403,230)	628,609
Land Lease - Police Training Center	-	-	433,666	433,666	412,171
Terminal Lease and Landing Fees	75,300	75,300	10,884	(64,416)	11,547
Interest/Investment Income (Losses)	49,000	49,000	217,700	168,700	90,148
Federal and State Grants	21,958,000	21,958,000	10,372,697	(11,585,303)	5,513,222
Miscellaneous	202,600	202,600	272,607	70,007	2,598,373
TOTAL REVENUES	24,003,908	24,003,908	12,728,134	(11,275,774)	10,066,372
EXPENDITURES					
Personal Services	1,147,418	1,147,418	807,583	339,835	753,881
Purchased Services	1,741,114	2,084,222	1,403,714	680,508	708,333
Supplies	123,550	123,550	111,783	11,767	107,263
Capital Outlay	21,953,364	39,412,604	16,598,750	22,813,854	5,863,759
TOTAL EXPENDITURES	24,965,446	42,767,794	18,921,830	23,845,964	7,433,236
CHANGE IN NET POSITION, Budgetary Basis	\$ (961,538)	\$ (18,763,886)	(6,193,696)	\$ 12,570,190	2,633,136
RECONCILIATION TO GAAP BASIS					
Capital Outlay			16,598,750		5,863,759
Depreciation			(1,787,905)		(1,460,176)
CHANGE IN NET POSITION, GAAP Basis			\$ 8,617,150		\$ 7,036,718

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, 2024 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 13, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Airport's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our 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.

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.

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.

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

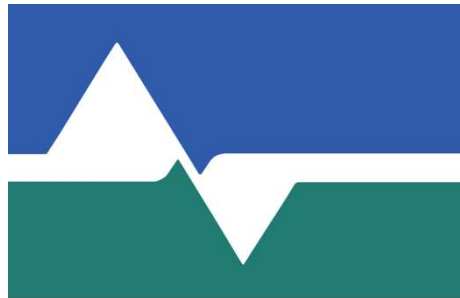
Purpose of this Report

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 13, 2025

Prepared by:
Finance Department
Accounting Division



City of Loveland
COLORADO



1



Key Deliverables

- Opinion on the Northern Colorado Regional Airport financial statements
- 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*
- Communication between auditors and those charged with governance.

2



Opinion on Airport financial statements

- Plante Moran has completed our audit of the financial statements of Northern Colorado Regional Airport (the "Airport") for the year ended December 31, 2024. Our audit was conducted 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.
- We issued an unmodified opinion on the financial statements.
- The objective of our audit was to obtain reasonable—not absolute—assurance about whether the financial statements are free from material misstatement.
- All records and information requested by us were available for our inspection.
- Management provided support for all items requested and full cooperation and we did not experience any difficulties in performing our audit.

3



Single Audit

- Federal expenditures for the FAA Airport Improvement Grant (AIP) are reported on the City of Loveland SEFA
- The AIP program was not a major program for the 2024 audit of the SEFA.

4



Report on Internal Controls and Compliance

Internal Control Over Financial Reporting

In conjunction with our audit of the financial statements of the Airport, we considered the Airport's internal control over financial reporting ("ICFR") as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Airport's ICFR. In addition, our consideration of ICFR was not designed to identify all deficiencies in ICFR that might be significant deficiencies or material weaknesses. Accordingly, we do not express an opinion on the effectiveness of the Airport's ICFR. However, we are required to communicate, in writing, to management and those charged with governance all material weaknesses and significant deficiencies that have been identified during our audit.

Category	Definition
Material Weakness	A deficiency, or a combination of deficiencies in ICFR, such that there is a reasonable possibility that a material misstatement of the Company's annual or interim financial statements will not be prevented, or detected and corrected, on a timely basis.
Significant Deficiency	A deficiency, or a combination of deficiencies, in ICFR that is less severe than a material weakness, yet important enough to merit attention by those responsible for oversight of the Airport's financial reporting.
Control Deficiency	A deficiency in ICFR 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.

In conjunction with our audit, we did not identify any deficiencies in ICFR that we consider to be material weaknesses.



Required Communications

Professional guidance requires independent auditors to communicate with those charged with governance certain matters in relation to an audit. Following is a summary of those required items along with specific discussion points as they pertain to the Airport:

Requirement	Discussion Points
Auditors' judgment about the quality of the Airport's accounting policies, estimates, and financial statement disclosures	In accordance with applicable accounting standards, we reviewed the quality of the Airport's financial reporting, which includes the Airport's significant accounting practices, estimates, and financial statement disclosures.
Critical accounting policies and practices	The significant accounting policies used by the Airport are described in Note 1 to the financial statements. No new accounting pronouncements adopted in the current year.
Adoption of a change in accounting principle	There were no changes in accounting during the current year.
Material corrected misstatements brought to the attention of management by the auditors	There were no material corrected misstatements brought to the attention of management by the auditors.



Required Communications

Professional guidance requires independent auditors to communicate with those charged with governance certain matters in relation to an audit. Following is a summary of those required items along with specific discussion points as they pertain to the Airport:

Requirement	Discussion Points
Unrecorded misstatements, other than those the auditors believe to be trivial	There were no uncorrected misstatements outside of those the auditors believe to be trivial.
Disagreements with management	There were no disagreements with management on financial accounting and/or reporting matters and auditing procedures that, if not satisfactorily resolved, would cause a modification of our auditors' reports.
Consultations with other accountants	We are not aware of any consultations about accounting or auditing matters between management and other independent public accountants. Nor are we aware of opinions obtained by management from other independent public accountants on the application of generally accepted accounting principles.
Major issues discussed with management prior to retention	We generally discuss a variety of matters, including the application of accounting principles and accounting standards, with management prior to acceptance as the Airport's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.



Required Communications

Professional guidance requires independent auditors to communicate with those charged with governance certain matters in relation to an audit. Following is a summary of those required items along with specific discussion points as they pertain to the Airport:

Requirement	Discussion Points
Significant difficulties encountered during the audit	There were no significant difficulties encountered during the audit.
Fraud and potential illegal acts involving senior management and those that cause a material misstatement of the financial statements	During the course of our audit, we did not become aware of any illegal acts or fraud committed by the Airport's management or its employees.
Representations requested from management	We request certain representations from management, which are included in the management representation letter.
Other issues arising from the audit the auditors consider significant and relevant to those charged with governance	There were no other issues arising from the audit that we consider significant and relevant to those charged with governance.
Material alternative accounting treatments discussed with management	There was no discussion with management concerning alternative accounting treatments.



Questions?

Thank you for the opportunity
to serve as auditors for the
Northern Colorado Regional Airport

Timothy StAndrew, Audit Partner
313-496-8542
Timothy.StAndrew@plantemoran.com

William Brickey, Audit Partner
313.496.7231
William.Brickey@plantemoran.com

Rich Berretta, Audit Senior Manager
303-796-4312
Rich.Berretta@plantemoran.com



NORTHERN COLORADO REGIONAL AIRPORT

4900 Earhart Rd • Loveland, Colorado 80538
(970) 962-2850 • FAX (970) 962-2855 • TDD (970) 962-2620

ITEM NUMBER: 4
MEETING DATE: July 17, 2025
PREPARED BY: John S. Kinney – Airport Director

TITLE

Runway 15-33 Widening Project Financial Update

RECOMMENDED AIRPORT COMMISSION ACTION

Informational

SUMMARY

The widening of Runway 15-33 from 100 feet to 150 feet is a priority project identified in the Airport's Master Plan and has been coordinated with the FAA over many years. This project will enhance operational safety and improve the Airport's attractiveness to commercial air service providers.

FAA runway design standards are based on the Aircraft Design Group (ADG) classification and the weight of the critical design aircraft. FNL's runway is classified as ADG III, with the Airbus A319/A320 identified as the critical design aircraft. To meet current FAA design standards, the project will not only widen the runway but also include upgrades to taxiway geometry, pavement markings, lighting, signage, and blast pads.

At its May meeting, the Airport Commission unanimously recommended City Council approval of a \$19,385,103 construction contract with Holcim-WCR, Inc. for the project.

The Commission also unanimously recommended that the City Councils authorize acceptance of all FAA and CDOT grants related to the project, provided that the local match does not exceed \$750,000.

In June, the Commission voted unanimously to recommend approval of a \$1,287,785 contract with Dibble Engineering for construction management services.

The FAA and CDOT are currently finalizing the grant amounts and disbursement timeline. The FAA is working to secure as much discretionary funding as possible. However, final details are unlikely to be available until mid-September. Once finalized, the FAA will issue the grant offer, which must be accepted within a narrow timeframe before the end of the federal fiscal year on September 30. This short window will make it impractical to follow the standard Airport Commission and City Council grant acceptance process.

To address this, Airport staff are working with Finance and Legal teams from both Cities to obtain advance approvals to accept the grants, with a local match limit capped at \$750,000. Staff expect the final local share to fall below this threshold.

Airport staff will present project details and request approvals at the following City Council meetings:

Loveland City Council – August 19

Fort Collins City Council – August 19 and September 2



NORTHERN COLORADO REGIONAL AIRPORT

4900 Earhart Rd • Loveland, Colorado 80538

(970) 962-2850 • FAX (970) 962-2855 • TDD (970) 962-2620

ITEM NUMBER: 5

MEETING DATE: July 17, 2025

PREPARED BY: John S. Kinney – Airport Director

TITLE

Ground Transportation Operator Negotiations Update With Possible Executive Session As Authorized By Colorado Revised Statute §§ 24-6-402 (4)(a), (b), and (e)(I)

RECOMMENDED AIRPORT COMMISSION ACTION

Move to recess into executive session to discuss the status of lease/operating agreement negotiations with Landline and Groome pursuant to C.R.S. §§ 24-6-402 (4)(a), (b), and (e)(I)

BUDGET IMPACT

Unknown

SUMMARY

The Airport Commission may recess into executive session to receive legal advice and discuss ongoing negotiations with ground transportation operators Groome and Landline, as permitted under Colorado Open Meetings Law. The purpose of this item is to provide the Commission with a status update on these negotiations.

ATTACHMENTS

None