Eagle County Air Terminal Corporation
(A Colorado Non-Profit Corporation and A Component Unit of Eagle County, Colorado)

Financial Statements

December 31, 2021 and 2020

Eagle County Air Terminal Corporation
(A Colorado Non-Profit Corporation and
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December 31, 2021 and 2020

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Eagle County Air Terminal Corporation
Eagle, Colorado

Opinions

We have audited the accompanying financial statements of Eagle County Air Terminal Corporation, a Colorado non-profit corporation and a component unit of Eagle County, Colorado, which comprise the statement of net position as of December 31, 2021 and 2020, and the related statements of revenues, expenses and changes in net position, and cash flows for the years then ended, and related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the net position of Eagle County Air Terminal Corporation as of December 31, 2021 and 2020, and the changes in its net position and its cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP").

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America ("U.S. 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 Eagle County Air Terminal Corporation 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 opinions.

Responsibilities of Management for the Financial Statements

Eagle County Air Terminal Corporation's management is responsible for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP, 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 Eagle County Air Terminal Corporation's ability to continue as a going concern for one year after the date that the financial statements are issued.

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 opinions. 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 U.S. GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with U.S. GAAS, 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 Eagle County Air Terminal Corporation'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 Eagle County Air Terminal Corporation'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

Eagle County Air Terminal Corporation has omitted Management's Discussion and Analysis that U.S. GAAP require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinions on the basic financial statements are not affected by this missing information.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Eagle County Air Terminal Corporation's financial statements taken as a whole. The budgetary comparison schedule on page 21 is not a required part of the basic financial statements but is supplementary information required by U.S. GAAP. The Schedule of Passenger Facility Charges Collected and Expended on page 22 is presented for the purpose of additional analysis, as specified in the *Passenger Facility Charge Audit Guide for Public Agencies*, issued by the Federal Aviation Administration, and is not a required part of Eagle County Air Terminal Corporation's basic financial statements. This 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.

Supplementary Information (continued)

These supplementary schedules have 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 U.S. GAAS. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 26, 2022 on our consideration of Eagle County Air Terminal Corporation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Eagle County Air Terminal Corporation's internal control over financial reporting and on compliance.

McMahan and Associates, L.L.C.

McMahan and Associates, L.L.C.
Avon, Colorado
April 26, 2022

Eagle County Air Terminal Corporation
(A Colorado Non-Profit Corporation and
A Component Unit of Eagle County, Colorado)
Statement of Net Position
December 31, 2021 and 2020

	2021	2020
Assets:		
Current Assets:		
Cash and cash equivalents - Unrestricted	956,934	765,529
Accounts receivable, net of allowance for doubtful accounts	364,473	635,911
Prepaid items and deposits	33,236	54,935
Total - Current Assets	1,354,643	1,456,375
Noncurrent Assets:		
Restricted assets:		
Cash and cash equivalents - Restricted	15,122,147	12,392,200
Accounts receivable - Restricted	176,689	135,062
Total - Restricted Assets	15,298,836	12,527,262
Capital assets:		
Non-depreciable capital assets	1,371,898	1,268,202
Depreciable capital assets, net of accumulated depreciation	44,524,694	46,606,883
Total - Capital Assets	45,896,592	47,875,085
Total - Noncurrent Assets	61,195,428	60,402,347
Total Assets	62,550,071	61,858,722
Deferred Outflows of Resources:		
Deferred charge on refunding	91,348	125,521
Liabilities:		
Current Liabilities:		
Accounts payable	539,162	344,905
Due to Eagle County	114,351	67,034
Accrued interest payable on long-term debt	261,038	267,975
Bonds payable - Current portion	925,000	880,000
Total Current Liabilities	1,839,551	1,559,914
Long-term Liabilities:		
Bonds payable, net of current portion	33,165,603	34,238,491
Total Liabilities	35,005,154	35,798,405
Net Position:		
Net investment in capital assets	11,897,337	12,882,115
Restricted	15,298,836	12,527,262
Unrestricted	440,092	776,461
Total Net Position	27,636,265	26,185,838

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

Eagle County Air Terminal Corporation
(A Colorado Non-Profit Corporation and
A Component Unit of Eagle County, Colorado)
Statement of Revenues, Expenses and Changes in Net Position
For the Years Ended December 31, 2021 and 2020

	2021	2020
Revenues:		
Rentals	5,158,362	4,782,622
Concessions	234,042	281,662
Advertising	78,750	143,750
Miscellaneous	2,018	19,740
Total Revenues	5,473,172	5,227,774
Expenses:		
General and Administrative:		
Bank charges	265	889
Insurance	61,937	46,195
Professional services	12,944	69,441
Other	57,220	1,234
Total - General and Administrative	132,366	117,759
Operations:		
Maintenance - Building	653,003	494,467
Maintenance - Grounds	89,345	8,722
Management fees	458,960	447,506
Other purchased services	135,030	121,762
Rent	239,497	233,090
Utilities	343,299	261,728
Total - Operations	1,919,134	1,567,275
Rebate and Rent Relief	639,215	300,000
Depreciation and Amortization:		
Depreciation	2,535,444	2,497,012
Amortization	22,800	43,349
Total - Depreciation and Amortization	2,558,244	2,540,361
Total Operating Expenses	5,248,959	4,525,395
Income from Operations	224,213	702,379
Other Income (Expenses):		
Passenger facility charges	845,628	488,653
Grant awards	1,840,450	-
Investment income	6,285	92,114
Loss on asset disposal	-	(34,769)
Interest expense	(1,466,149)	(1,511,994)
Total Non-Operating Revenues (Expenses)	1,226,214	(965,996)
Change in Net Position	1,450,427	(263,617)
Net Position - Beginning	26,185,838	26,449,455
Net Position - Ending	27,636,265	26,185,838

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

Eagle County Air Terminal Corporation
(A Colorado Non-Profit Corporation and
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Statement of Cash Flows
For the Years Ended December 31, 2021 and 2020

	2021	2020
Cash Flows From Operating Activities:		
Rents and concessions received	5,742,586	4,929,539
Other cash receipts	2,018	19,740
Cash paid for goods and services	(2,427,436)	(2,095,614)
Net Cash Provided (Used) by Operating Activities	3,317,168	2,853,665
Cash Flows From Capital and Related Financing Activities:		
Facility charges received	804,001	542,847
Capital grants received	1,840,450	-
Interest paid	(1,586,800)	(1,627,951)
Principal repaid on long-term debt	(880,000)	(840,000)
Cash paid to purchase capital assets	(579,752)	(1,093,427)
Proceeds from sale of capital assets	-	25,500
Net Cash Provided (Used) by Capital and Related Financing Activities	(402,101)	(2,993,031)
Cash Flows From Investing Activities:		
Proceeds on sale/redemption of investments	-	266,296
Interest received	6,285	92,114
Net Cash Provided (Used) By Investing Activities	6,285	358,410
Net Increase (Decrease) in Cash and Cash Equivalents	2,921,352	219,044
Cash and Cash Equivalents - Beginning	13,157,729	12,938,685
Cash and Cash Equivalents - Ending	16,079,081	13,157,729
Cash and Cash Equivalents - Ending is comprised of:		
Cash and cash equivalents - Unrestricted	956,934	765,529
Cash and cash equivalents - Restricted	15,122,147	12,392,200
	16,079,081	13,157,729
Reconciliation of Income (Loss) from Operations to Net Cash Provided (Used) by Operating Activities:		
Income from operations	224,213	702,379
Adjustments to reconcile:		
Depreciation and amortization expense	2,558,244	2,540,361
(Increase) decrease in unrestricted accounts receivable	271,433	(186,414)
(Increase) decrease in prepaid items and deposits	21,699	(25,597)
Increase (decrease) in accounts payable and accrued liabilities	194,262	(111,517)
Increase (decrease) in due to Eagle County	47,317	26,534
Increase (decrease) in deferred revenue	-	(92,081)
Total Adjustments	3,092,955	2,151,286
Net Cash Provided (Used) by Operating Activities	3,317,168	2,853,665

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

I. Summary of Significant Accounting Policies

Eagle County Air Terminal Corporation (the “Corporation”) was incorporated on April 23, 1996 as a Colorado non-profit corporation to acquire, construct, operate, and maintain certain airport facilities (“Project”). The Corporation owns and operates the airport terminal at the Eagle County Regional Airport for the exclusive benefit of and on behalf of Eagle County, Colorado (“County”) and its inhabitants.

The formation of the Corporation was approved by the County, and its operations are governed by a Board of Directors (“Board”) appointed by the County’s Board of County Commissioners (“County Commissioners”). The Corporation is considered to be a component unit of the County, and the Corporation’s net position, changes in net position, and cash flows are included in the County’s 2021 and 2020 Annual Comprehensive Financial Report.

The Corporation began operations in 1996. Acquisition and improvement of certain elements of the Project have been financed by the issuance of revenue bonds that are secured by a pledge of revenues from the Project and by a trust indenture between the Corporation and Wells Fargo Bank, National Association, as successor trustee. In September 2017, the trust indenture was restated and amended (collectively, the “Trust Indenture”) between the Corporation and UMB Bank, National Association (“UMB Bank”) as successor to Wells Fargo Bank, National Association (collectively the “Trustee”). The County has no financial obligation for the debt or operations of the Corporation.

Because the Board is appointed by the County Commissioners, the Corporation is considered a governmental organization and its financial statements are prepared in accordance with accounting principles generally accepted in the United States of America (“GAAP”) as applied to government units. The Governmental Accounting Standards Board (“GASB”) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The more significant accounting policies established by GAAP and used by the Corporation are discussed below.

A. Reporting Entity

The reporting entity consists of (a) the primary government; i.e., the Corporation, and (b) organizations for which the Corporation is financially accountable. The Corporation is considered to be financially accountable for a legally separate organization if it is able to appoint a voting majority of the organization's governing body and is either able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the Corporation. In addition, consideration is also given to other organizations, which are fiscally dependent; i.e., unable to adopt a budget, levy taxes, or issue debt without approval by the Corporation. Organizations for which the nature and significance of their relationship with the Corporation are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete are also included in the reporting entity.

Based on these criteria, the Corporation is not financially accountable for any other entity; however, the Corporation is a component unit of the County.

I. Summary of Significant Accounting Policies (continued)

B. Financial Reporting

The Corporation uses funds to report its net position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions and activities. A fund is a separate accounting entity with a self-balancing set of accounts.

The Corporation uses a proprietary fund-type, an enterprise fund, to account for its sole activity, operating the airport terminal at the Eagle County Regional Airport. Enterprise funds are used to account for operations (a) which are financed and operated in a manner similar to private business enterprises – where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Measurement focus refers to whether financial statements measure changes in current resources only (current financial focus) or changes in both current and long-term resources (long-term economic focus). Basis of accounting refers to the point at which revenues, expenditures, or expenses are recognized in the accounts and reported in the financial statements. Financial statement presentation refers to classification of revenues by source and expenses by function.

Proprietary funds use the long-term economic focus and are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred, regardless of the timing of the related cash flows.

Proprietary funds distinguish operating revenues and expenses from non-operating items, in that operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Corporation's enterprise fund are charges to lessees to tenants in the airport terminal. Operating expenses for the enterprise funds 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.

D. Financial Statement Accounts

1. Cash and Cash Equivalents

For the purposes of the Statement of Cash Flows, the Corporation defines cash equivalents as all cash, money market, and savings accounts, plus all investments with original maturities of three months or less.

As previously mentioned in Note I, the Corporation follows GAAP; however, the Corporation is not required to comply with State Statutes which specify investment instruments.

I. Summary of Significant Accounting Policies (continued)

D. Financial Statement Accounts (continued)

2. Restricted Assets

Certain of the Corporation's assets are classified as restricted because their use is restricted to specific purposes by bond indentures or other binding commitments. Cash held by the Trustee and Passenger Facility Charges receivable are restricted as a condition of issuing the Corporation's debt and an irrevocably-committed escrow agreement.

3. Allowance for Uncollectible Accounts

The Corporation uses the allowance method to recognize the potential uncollectibility of receivables. An allowance in the amount of $0 was recorded at December 31, 2021 (2020 - $0).

4. Capital Assets

Capital assets; which comprise property and equipment with an initial cost in excess of $10,000 and an estimated useful life exceeding one year; are recorded at historical cost. Donated or contributed capital assets are recorded at estimated fair value at the date of donation.

The Corporation's depreciable capital assets are depreciated using the straight-line method over the following estimated useful lives of the underlying assets:

	Years
Land improvements	5 - 20
Buildings / improvements	5 - 40
Equipment	5 - 20

Certain interest costs incurred during construction of capital projects have been capitalized rather than reported as an expense of those periods. Capitalized interest related to Project expansions are amortized over 24 years using the straight-line method.

Land, water rights, and construction in progress are reported at cost, and not subject to depreciation.

The costs of normal maintenance and repair that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable.

I. Summary of Significant Accounting Policies (continued)

D. Financial Statement Accounts (continued)

5. Deferred Outflows and Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate financial statement element – deferred outflows of resources – that represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense) until then. The Corporation has one item – deferred charge on refunding – that qualifies for reporting in this category at December 31, 2021 and 2020. A deferred charge on refunding represents the difference between the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the term of the refunded debt or the refunding debt.

In addition to liabilities, the statement of net position will sometimes report a separate financial statement element – deferred inflows of resources – that represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The Corporation has no deferred inflows of resources at December 31, 2021 and 2020.

6. Revenue and Expense Classification

Operating revenues and expenses primarily result from leasing space and providing concession rights within and outside the Project. Operating revenues include rentals under agreements with airlines, car rental agencies and other concessionaires. Operating expenses include facilities upkeep, administrative and other expenses, and depreciation of capital assets. Revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

7. Federal and State Income Tax

The Corporation was formed in accordance with Internal Revenue Service Revenue Ruling 63-20, which provides that a non-profit corporation may issue tax-exempt bonds if it does so "*on behalf of a governmental entity*". The Corporation has complied with the provisions of Revenue Ruling 63-20 and is thus exempt from federal and state income taxes.

8. Use of Estimates

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

I. Summary of Significant Accounting Policies (continued)

D. Financial Statement Accounts (continued)

9. Net Position

The Corporation reports restrictions of net position for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. At December 31, 2021, the Corporation reported $15,298,836 (2020 – $12,527,262) of restricted net position, which was comprised of reserves required by debt covenants and an escrow agreement (as discussed in Note III.A) plus restricted accounts receivable of $176,689 (2020 –$135,062) for Passenger Facility Charges.

10. Restricted and Unrestricted Resources

When both restricted and unrestricted resources are available for use, it is the Corporation’s policy to use restricted resources first, then unrestricted resources as they are needed.

II. Stewardship, Compliance, and Accountability

A. Budgetary Information

The budget for the Corporation's sole proprietary fund is adopted on a non-GAAP basis. The supplementary budgetary comparison schedule for the funds includes a reconciliation between the budget-basis change in net position and the GAAP-basis change in net position.

In the fall of each year, the Board adopts a proposed budget and an appropriating resolution that legally appropriated expenditures for the upcoming year. After adoption of the budget resolution, the Corporation may approve supplemental appropriations to the extent of revenues in excess of estimated revenues in the budget; approve emergency appropriations; and reduce appropriations for which originally estimated revenues are insufficient.

III. Detailed Notes on All Funds

A. Cash and Cash Equivalents

The Corporation's cash and cash equivalents at December 31, 2021 and 2020 were as follows:

	2021	2020
Cash and Cash Equivalents - Unrestricted:		
Cash in bank - Checking	$ 956,934	765,529
Cash and Cash Equivalents - Restricted:		
Restricted - Held by Trustee		
Reserves for principal and interest	$ 878,490	817,474
Debt service reserves	2,469,023	2,469,871
Operating and maintenance reserves	252,105	252,075
Capital and construction reserves	7,835,023	7,941,944
Remaining bond retirement funds	1,847,056	910,836
Irrevocably-committed escrow	1,840,450	-
Total - Cash and Cash Equivalents - Restricted	$ 15,122,147	12,392,200

The Colorado Public Deposit Protection Act ("PDPA") requires that all units of local government deposit cash in eligible depositories. The PDPA specifies eligible depositories for public cash deposits, which must be Colorado institutions and must maintain federal insurance ("FDIC") on deposits held. Each eligible depository with deposits in excess of the insured levels must pledge a collateral pool of defined eligible assets maintained by another institution or held in trust for all of its local government depositors as a group with a market value equal to at least 102 percent of the uninsured deposits

The State Regulatory Commission for banks and savings and loan associations is required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools. At December 31, 2021, the Corporation had bank deposits of $1,071,384 (2020 - $770,302); of which $250,000 is covered by depositor's insurance; remaining amounts are collateralized with securities held by the pledging financial institution's trust department or agent in the Corporation's name, or in a pledged collateral pool.

Accounts held by the Trustee and in the irrevocably-committed escrow at December 31, 2021 and 2020 represent investments in COLOTRUST. The fair value of COLOTRUST is determined by the pool's share price and is measured at net asset value. The Corporation has no regulatory oversight for the pool.

Interest rate risk is the risk that market interest rate changes will adversely affect the fair value of an investment, where, generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. To limit such exposure, the Corporation limits its investment to those that provide for sufficient liquidity to meet operating requirements, annual debt service, and a reasonable rate of return, while complying with the Trust Indenture. The Corporation's deposits, including money market accounts held by the Trustee pursuant to the Trust Indenture and the irrevocably-committed escrow, have maturities of less than one year.

III. Detailed Notes on All Funds (continued)

A. Cash and Cash Equivalents (continued)

Credit risk is the risk that an issuer of a debt type investment will not fulfill its obligation to the holder of the investment, and is measured by assignment of a rating by a nationally recognized rating organization. United States government securities or obligations explicitly guaranteed by the United States government are not considered to have credit risk exposure. At December 31, 2021, the Corporation's COLOTRUST accounts held by the Trustee pursuant to the Trust Indenture and in the irrevocably committed escrow were rated AAAm by Standard & Poor's.

In October 2021, the Corporation entered into an irrevocably-committed escrow agreement with UMB Bank to commit and deposit $1,840,450 of Corporation funds with UMB Bank to be used for the Corporation's debt service payments required by the Indenture discussed at Note III.C.1. Funding for the escrow was provided by an allocation of a Federal grant received by the County.

B. Capital Assets

Capital asset activity for 2021 was as follows:

	Balance Jan. 1/21	Additions & Transfers	Disposals & Transfers	Balance - Dec. 31/21
Capital assets not being depreciated:				
Land	$ 809,652	-	-	809,652
Water rights	458,550	-	-	458,550
Construction in progress	-	103,696	-	103,696
Total capital assets not being depreciated	1,268,202	103,696	-	1,371,898
Capital assets being depreciated:				
Land improvements	531,889	-	-	531,889
Buildings / improvements	54,514,237	476,055	-	54,990,292
Equipment	10,569,267	-	-	10,569,267
Capitalized interest	644,246	-	-	644,246
Total capital assets being depreciated	66,259,639	476,055	-	66,735,694
Less: Accumulated depreciation for:				
Land improvements	451,497	12,720	-	464,217
Buildings / improvements	14,867,305	1,901,712	-	16,769,017
Equipment	3,850,062	621,012	-	4,471,074
Capitalized interest	483,892	22,800	-	506,692
Total accumulated depreciation	19,652,756	2,558,244	-	22,211,000
Total capital assets being depreciated, net	46,606,883	(2,082,189)	-	44,524,694
Capital assets, net	$ 47,875,085	(1,978,493)	-	45,896,592

III. Detailed Notes on All Funds (continued)

B. Capital Assets (continued)

Capital asset activity for 2020 was as follows:

	Balance Jan. 1/20	Additions & Transfers	Disposals & Transfers	Balance - Dec. 31/20
Capital assets not being depreciated:				
Land	$ 809,652	-	-	809,652
Water rights	458,550	-	-	458,550
Total capital assets not being depreciated	1,268,202	-	-	1,268,202
Capital assets being depreciated:				
Land improvements	211,666	320,223	-	531,889
Buildings / improvements	60,807,578	105,227	(6,398,568)	54,514,237
Equipment	4,665,486	5,903,781	-	10,569,267
Capitalized interest	644,246	-	-	644,246
Total capital assets being depreciated	66,328,976	6,329,231	(6,398,568)	66,259,639
Less: Accumulated depreciation for:				
Land improvements	118,554	332,943	-	451,497
Buildings / improvements	15,668,961	1,856,281	(2,657,937)	14,867,305
Equipment	887,114	2,962,948	-	3,850,062
Capitalized interest	461,092	22,800	-	483,892
Total accumulated depreciation	17,135,721	5,174,972	(2,657,937)	19,652,756
Total capital assets being depreciated, net	49,193,255	1,154,259	(3,740,631)	46,606,883
Capital assets, net	$ 50,461,457	1,154,259	(3,740,631)	47,875,085

During 2020, depreciable capital assets with an aggregate cost of $6,158,017 and accumulated depreciation of $2,655,160 were transferred between capital asset categories, with no impact on past or current depreciation expense.

III. Detailed Notes on All Funds (continued)

C. Long-term Debt

1. Revenue Bonds

On June 22, 2011, pursuant to the provisions of the Trust Indenture for the Series 1996 Bonds and a Third Supplemental Trust Indenture dated June 1, 2011, the Corporation issued Airport Terminal Project Revenue Refunding Bonds, Series 2011A and Series 2011B (collectively, the “Series 2011 Bonds”) in aggregate principal amounts of $7,190,000 and $2,880,000, respectively. The Series 2011A bonds bear interest from 3% to 6% per annum, and mature through May 1, 2027. The Series 2011B bonds bear interest from 2.05% to 4.4% per annum, and matured through May 1, 2016. Proceeds from the Series 2011 Bonds were used to refund all outstanding Series 2001 Bonds.

On September 28, 2017, pursuant to the provisions of the Amended and Restated Trust Indenture dated June 1, 2017, the Corporation issued Airport Terminal Project Revenue Refunding Bonds, Series 2017A, and Airport Terminal Project Revenue Improvement Bonds, Series 2017B, (collectively, the “Series 2017 Bonds”) in aggregate principal amounts of $835,000 and $29,145,000, respectively. The Series 2017A bonds bear interest from 2% to 4% per annum, and matured on May 1, 2019. The Series 2017B bonds bear interest from 2% to 5% per annum, and mature through May 1, 2041. Proceeds from the Series 2017A Bonds were used to refund all outstanding Series 2006B Bonds and proceeds of the Series 2017B bonds were deposited with the Trustee to fund Project improvements.

The Series 2011 Bonds and the Series 2017 Bonds are subject to early redemption at the Corporation’s option as follows:

Issue	Redemption Dates	Redemption Price
Series 2011 Bonds	After May 1, 2021	100%
Series 2017 Bonds	After May 1, 2028	100%

The Series 2011 Bonds and Series 2017 Bonds are revenue bonds, which constitute special obligations of the Corporation secured solely by a Trust Estate.

The Trust Estate includes all right, title and interest of the Corporation in the Project Revenues, all funds held by the Trustee, the Ground Lease, the Project Agreement and the Terminal Agreements (as described in the Trust Indenture) and other tangible and intangible assets. The Indenture and related Bond Resolution require that the revenue of the Project is to be used first to pay operating and maintenance expenses of the Air Terminal Project, and then to establish and maintain revenue bond funds.

III. Detailed Notes on All Funds (continued)

C. Long-term Debt (continued)

1. Revenue Bonds (continued)

The following schedule summarizes the required aggregate future debt service payments at December 31, 2021 on the Series 2011 Bonds and Series 2017 Bonds to maturity:

	Total Debt Service - All Revenue Bonds		
	Principal	**Interest**	**Total**
2022	$ 925,000	1,543,575	2,468,575
2023	970,000	1,496,800	2,466,800
2024	1,020,000	1,446,300	2,466,300
2025	1,075,000	1,393,050	2,468,050
2026	1,130,000	1,336,900	2,466,900
2027 - 2031	6,615,000	5,717,675	12,332,675
2032 - 2036	8,505,000	3,833,125	12,338,125
2037 - 2041	10,910,000	1,418,250	12,328,250
Total	$ 31,150,000	18,185,675	49,335,675

The aggregate outstanding principal balance of the Series 2011 Bonds and the Series 2017 Bonds differs from the aggregate bonds payable balance disclosed on these financial statements due to deferred items related to bond financing as follows:

	2021	**2020**
Outstanding bond principal	$ 31,150,000	32,030,000
Unamortized bond premium	2,940,603	3,088,491
Bonds payable	$ 34,090,603	35,118,491

2. Summary

Changes in the Corporation's long-term debt in 2021 were as follows:

	Balance Jan. 1/21	**2021 Additions**	**2021 Reductions**	**Balances - Dec. 31/21**
Series 2011A bonds	$ 3,885,000	-	(460,000)	3,425,000
Series 2017B bonds	28,145,000	-	(420,000)	27,725,000
Totals	$ 32,030,000	-	(880,000)	31,150,000

III. Detailed Notes on All Funds (continued)

C. Long-term Debt (continued)

2. Summary (continued)

Changes in the Corporation's long-term debt during 2020 were as follows:

	Balance Jan. 1/20	2020 Additions	2020 Reductions	Balances - Dec. 31/20
Series 2011A bonds	$ 4,325,000	-	(440,000)	3,885,000
Series 2017B bonds	28,545,000	-	(400,000)	28,145,000
Totals	$ 32,870,000	-	(840,000)	32,030,000

Current portions of the Corporation's outstanding principal balances on bonds and notes payable at December 31, 2021 and 2020 are as follows:

	2021	2020
Series 2011A bonds	$ 490,000	460,000
Series 2017B bonds	435,000	420,000
Totals	$ 925,000	880,000

D. Rental and Concession Revenues

The Corporation leases space within the Project to airlines, car rental agencies, and other concessionaires, pursuant to operating leases with tenants. Future minimum rentals on non-cancelable leases for the years following December 31, 2021 are as follows:

2022	$ 587,809
2023	81,931
2024	75,104
Total	$ 744,844

The terms of the Corporation's lease agreements with the airlines require the Corporation to refund 50% of Net Concession Revenues, as defined, up to a maximum refund of $300,000, to the airlines. The amount rebated for 2021 was $300,000. (2020 – $300,000).

For 2021, the Corporation provided tenants with $339,215 of rent relief (2020 – $0).

During 2021, the Corporation received approximately 45% of its operating revenue from its two largest tenants (2020 – 45%).

III. Detailed Notes on All Funds (continued)

E. Related Party Transactions

Effective June 1, 1996, the Corporation entered into an operating lease agreement (the "Ground Lease") pursuant to which the Corporation leases land from the County for use as terminal space and parking facilities. Subsequently, the parties have executed three supplemental agreements (the "Supplemental Ground Leases") with respect to the Corporation's use of additional terminal space and parking facilities and extending the terms of the leases. The Ground and the Supplemental Ground Leases expire on the earlier of December 31, 2045 or the defeasance of the Series 2017B Bonds or other revenue bonds issued to finance the construction of the Project and related improvements. Under the terms of the Ground Lease and the Supplemental Ground Leases, the Corporation is to monthly pay a base rental and license fee per square foot of leased space, subject to annual cost-of-living adjustments.

The Corporation has also entered into an operating lease agreement (the "De-icing Facility Ground Lease"), effective June 1, 2006, under which the Corporation leases land from the County for use as an airplane de-icing facility. During 2017, the De-icing Facility Ground Lease period term was amended. The De-icing Facility Ground Lease expires on the earlier of December 31, 2031 or the defeasance of the Series 2017A Bonds or other revenue bonds issued to finance the construction of the Project and related improvements. Under the terms of the De-Icing Ground Leases, the Corporation is to pay a monthly base rental per square foot of leased space, subject to annual cost-of-living adjustments. On June 23, 2020, the Corporation and the County agreed to terminate the De-icing Facility Ground Lease effective on May 1, 2019, the date when the 2017A Bonds defeased.

Total rental and licenses fees expense incurred by the Corporation in respect of the Ground Lease, the Supplemental Ground Leases, and the De-Icing Facility Ground Lease was $239,497 for 2021 (2020 – $233,090).

The following is a schedule of aggregate future minimum rental and license fees due under the terms of the Ground Lease, the Supplemental Ground Leases, and the De-Icing Facility Ground Lease, absent future adjustments for inflation, at December 31, 2021:

2022	$ 239,497
2023	239,497
2024	239,497
2025	239,497
2026	239,497
2027 - 2031	1,197,483
2032 - 2036	1,197,483
2037 - 2041	1,197,483
2042 - 2045	957,986
Total	$ 5,747,920

III. Detailed Notes on All Funds (continued)

E. Related Party Transactions (continued)

Effective June 1, 2001, the Corporation entered into a Parking Facilities Sublease, pursuant to which the Corporation leases certain parking lots to the County, in return for an annual lease payment of $300,000. However, the County's lease payment otherwise due is reduced by $300,000, less any amounts required to comply with the Corporation's obligations under the Trust Indenture for the 2001 Bonds. The initial term of the Parking Facilities Sublease expired December 31, 2001, but renews annually through May 31, 2036 upon the County's annual appropriation of any required payments, unless earlier terminated by the defeasance of the Series 2001 Bonds or other revenue bonds issued to finance the construction of the Project and related improvements. During 2011, the parties executed the First Amendment to the Parking Facilities Sublease to incorporate reference to provisions of the supplemental bond indentures issued by the Corporation. During 2017, the parties executed the Second Amendment to the Parking Facilities Sublease to incorporate reference to provisions of the Amended and Restated Trust Indenture issued by the Corporation; to set the annual lease payment to $10, which increases annually in any year, up to $411,000, subject to annual cost-of-living adjustments, and otherwise reduced by certain amounts to be in compliance with the Corporation's obligations under the Amended & Restated Trust Indenture; and extends the annual renewal term through December 31, 2045. The Corporation recognized no revenue from the Parking Facilities Sublease in 2021 and 2020.

The Corporation has also entered into a De-Icing Facility Sublease, effective June 1, 2001, under which the Corporation leases an airplane de-icing facility to the County, in return for annual lease payments equal to the Corporation's required debt service on the 2006B Bonds, less the amount of the Corporation's funds available for such debt service. The initial term of the De-Icing Facility Sublease expired December 31, 2006, but renews annually through May 31, 2020 upon the County's annual appropriation of any required payments, unless earlier terminated by the defeasance of the Series 2006B Bonds or other revenue bonds issued to finance the construction of the Project and related improvements. During 2017, the parties executed the First Amendment to the De-Icing Facility Sub-Lease to incorporate reference to provisions of the Amended and Restated Trust Indenture issued by the Corporation. The Corporation recognized no revenue from the De-Icing Facility Sublease in 2021 and 2020.

In 2017, the Corporation and the County executed a Project Construction and Management Agreement (effective September 1, 2017), under which the County provides management of the day-to-day operations of the Project, in return for a flat annual fee, subject to annual cost-of-living adjustments. The County's management fee for 2021 was $458,960 (2020 – $447,506).

Amounts payable to the County at December 31, 2021 with respect to the Ground Lease, the Supplemental Ground Leases, the De-Icing Facility Ground Lease, the Project Construction and Management Agreement, and fees collected by the Corporation on behalf of the County totaled $114,351 (2020 – $67,034). Amounts receivable from the County at the end of 2021 totaled $0 (2020 – $0) and represents amounts collected by the County on behalf of the Corporation from airlines, car rental agencies, and other customers.

III. Detailed Notes on All Funds (continued)

F. Risk Management

The Corporation is exposed to various risks of loss related to general liability; torts; theft of, damage to, and destruction of assets; and errors and omissions. The Corporation has acquired commercial coverage for these risks and any settled claims are not expected to exceed the commercial insurance coverage.

During the normal course of business, the Corporation may incur claims and other assertions against it from various agencies and individuals. Management and legal counsel feel none of these claims or assertions are significant enough that they would materially affect the fairness of the presentation of the financial statements at December 31, 2021 and 2020.

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the Corporation. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although management expects such amounts, if any, to be immaterial.

Eagle County Air Terminal Corporation
(A Colorado Non-Profit Corporation and
A Component Unit of Eagle County, Colorado)
Schedule of Revenues, Expenses and Changes in Net Position
Budget (Non-GAAP Basis) and Actual With Reconciliation to GAAP Basis
For the Year Ended December 31, 2021

	Original Budget	Final Budget	Actual	Final Budget Variance: Positive / (Negative)
Revenues:				
Rentals	4,720,640	4,720,640	5,158,362	437,722
Concessions	231,737	231,737	234,042	2,305
Advertising	75,000	75,000	78,750	3,750
Miscellaneous	-	-	2,018	2,018
Total Revenues	5,027,377	5,027,377	5,473,172	445,795
Expenses:				
General and Administrative:				
Bank charges	800	800	265	535
Insurance	57,291	57,291	61,937	(4,646)
Professional services	86,135	86,135	12,944	73,191
Other	3,000	3,000	57,220	(54,220)
Total - General and Administrative	147,226	147,226	132,366	14,860
Operations:				
Maintenance - Building	662,485	662,485	653,003	9,482
Maintenance - Grounds	57,827	57,827	89,345	(31,518)
Management fees	458,960	458,960	458,960	-
Other purchased services	209,081	229,081	135,030	94,051
Rent	233,090	233,090	239,497	(6,407)
Utilities	397,829	397,829	343,299	54,530
Total - Operations	2,019,272	2,039,272	1,919,134	120,138
Rebate	300,000	739,845	639,215	100,630
Depreciation and Amortization:				
Depreciation	-	-	2,535,444	(2,535,444)
Amortization	-	-	22,800	(22,800)
Total - Depreciation and Amortization	-	-	2,558,244	(2,558,244)
Total Operating Expenses	2,466,498	2,926,343	5,248,959	(2,322,616)
Income from Operations	2,560,879	2,101,034	224,213	(1,876,821)
Other Income (Expenses):				
Passenger facility charges	425,000	425,000	845,628	420,628
Grant awards	-	1,840,450	1,840,450	-
Investment income	36,000	36,000	6,285	(29,715)
Interest expense	(1,579,884)	(1,579,884)	(1,466,149)	113,735
Capital outlay	(355,000)	(785,000)	(579,751)	205,249
Bond principal payment	(880,000)	(880,000)	(880,000)	-
Total Non-operating Revenues (Expenses)	(2,353,884)	(943,434)	(233,537)	709,897
Change in Net Position - Budget Basis	206,995	1,157,600	(9,324)	(1,166,924)
Reconciliation to GAAP Basis:				
Bond principal payment			880,000	
Capitalized assets			579,751	
Change in Net Position - GAAP Basis			1,450,427	

Eagle County Air Terminal Corporation
(A Colorado Non-Profit Corporation and
A Component Unit of Eagle County, Colorado)
Schedule of Passenger Facility Charges Collected and Expended
For the Year Ended December 31, 2021

	Amounts for Current Year	Unliquidated Balance
Unliquidated Passenger Facility Charges - Beginning		558,942
add:		
Collections:		
Passenger Facility Charge receipts from air carriers	763,245	
Interest earned	309	
Total - Passenger Facility Charges collected		763,554
less:		
Expenditures:		
Debt service	517,728	
Investment fee	59	
Total - Passenger Facility Charges expended		517,787
Unliquidated Passenger Facility Charges - Ending		804,709

Notes to Schedule of Passenger Facility Charges Collected and Expended:

Note 1. - Basis of Presentation:

The accompanying schedule of Passenger Facility Charges ("PFCs") collected and expended includes the PFC activity of Eagle County Air Terminal Corporation, and is presented on the cash basis of accounting. The information in this schedule is presented for purposes of additional analysis as specified in the *Passenger Facility Charge Audit Guide for Public Agencies*, issued by the Federal Aviation Administration. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in preparation of, the basic financial statements.

PFC expenditures may consist of direct project costs, administrative costs, debt service costs and bond financing costs, if requested in the application. Eligible expenditures not requested or approved in the application are not applied against PFCs collected. The accompanying schedule of PFCs collected and expended includes eligible expenditures that have been applied against PFCs collected as of December 31, 2021.

M & A

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INDEPENDENT AUDITOR'S 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*

To the Board of Directors
Eagle County Air Terminal Corporation
Eagle, Colorado

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Eagle County Air Terminal Corporation, a Colorado non-profit corporation and a component unit of Eagle County Colorado, which comprise the statement of net position as of December 31, 2021, and the related statements of revenues, expenses and changes in net position, and cash flows for the year then ended and the related notes to the financial statements, and have issued our report thereon dated April 26, 2022.

which comprise the statement of net position as of December 31, 2021, and the related statements of revenues, expenses and changes in net position, and cash flows for the year then ended and the related notes to the financial statements, and have issued our report thereon dated

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Eagle County Air Terminal Corporation's internal control over financial reporting ("internal control") to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on financial statements, but not for the purpose of expressing an opinion on the effectiveness of Eagle County Air Terminal Corporation's internal control. Accordingly, we do not express an opinion on the effectiveness of Eagle County Air Terminal Corporation'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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Member: American Institute of Certified Public Accountants

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Compliance and Other Matters

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

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

McMahan and Associates, L.L.C.

McMahan and Associates, L.L.C.
Avon, Colorado
April 26, 2022

M & A

McMahan and Associates, L.L.C.
Certified Public Accountants and Consultants

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO THE PASSENGER FACILITY CHARGE PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH THE *PASSENGER FACILITY CHARGE AUDIT GUIDE FOR PUBLIC AGENCIES*

To the Board of Directors
Eagle County Air Terminal Corporation
Eagle, Colorado

Report on Compliance for the Passenger Facility Charge Program

Opinion on Compliance

We have audited the compliance of Eagle County Air Terminal Corporation, a Colorado non-profit corporation, with the types of compliance requirements described in the *Passenger Facility Charge Audit Guide for Public Agencies* (the "Guide") issued by the Federal Aviation Administration, for its Passenger Facility Charge Program for the year ended December 31, 2021.

In our opinion, Eagle County Air Terminal Corporation complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on the Passenger Facility Charge program for the year ended December 31, 2021.

Basis for Opinion

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

We are required to be independent of Eagle County Air Terminal Corporation 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 opinion. Our audit does not provide a legal determination of Eagle County Air Terminal Corporation's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Eagle County Air Terminal Corporation's Federal programs.

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Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control over Compliance

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

Report on Internal Control over Compliance (continued)

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

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of Eagle County Air Terminal Corporation's internal control over compliance. Accordingly, no such opinion is expressed.

Purpose of This Report

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

McMahan and Associates, L.L.C.

McMahan and Associates, L.L.C.
Avon, Colorado
April 26, 2022

Eagle County Air Terminal Corporation
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
PASSENGER FACILITY CHARGE PROGRAM
For the Year Ended December 31, 2021

Current Year Findings

None noted

Schedule of Prior Findings

None noted