

BUCKS COUNTY AIRPORT AUTHORITY
(A COMPONENT UNIT OF BUCKS COUNTY)

FINANCIAL STATEMENTS
AND SUPPLEMENTAL INFORMATION

YEAR ENDED DECEMBER 31, 2021

(See Independent Auditors' Report)

TABLE OF CONTENTS

Independent Auditors' Report	1-3
Management's Discussion and Analysis	4-10
Basic Financial Statements	
Statements of Net Position	11
Statements of Revenues, Expenses and Changes in Net Position	12
Statements of Cash Flows	13
Notes to Financial Statements	14-20
SUPPLEMENTAL INFORMATION	
Schedule of Expenses	22
Schedule of Revenues and Expenses Compared to Budget	23-24



936 Easton Rd., PO Box 754, Warrington, PA 18976
70 W. Oakland Ave., Ste. 203, Doylestown, PA 18901 | 130 Almshouse Rd., Suite 201A, Richboro, PA 18954
215-343-2727 | www.bbco-cpa.com

Independent Auditors' Report

To the Board Members
Bucks County Airport Authority
Doylestown, Pennsylvania

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of Bucks County Airport Authority (Authority), as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the Authority, as of December 31, 2021, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Authority and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditors' 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 auditors' 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 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 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 the Authority's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis 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 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. 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 opinions on the financial statements that collectively comprise the Authority's basic financial statements. The Schedule of Expenses and Schedule of Revenues and Expenses Compared to Budget are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenses and Schedule of Revenues and Expenses Compared to Budget are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Report on Summarized Comparative Information

We have previously audited Bucks County Airport Authority's 2020 financial statements, and in our report dated April 12, 2021, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2020, is consistent, in all material respects, with the audited financial statements from which they have been derived.

Bee, Bergvall & Co.

Bee, Bergvall and Company, P.C.
Certified Public Accountants

Warrington, PA
April 11, 2022

BUCKS COUNTY AIRPORT AUTHORITY

MANAGEMENT'S DISCUSSION AND ANALYSIS

DECEMBER 31, 2021

This section of Bucks County Airport Authority's, hereafter referred to as "Authority", annual financial report presents management's analysis of the Authority's financial condition for the year ended December 31, 2021.

Financial Highlights

Total assets at year-end were \$27.6 million and exceeded net position in the amount of \$25.8 million. Total assets increased and total net position increased by \$322,917 and \$103,247 respectively. Unrestricted net position increased by \$285,751 from 2020 to 2021.

Operating revenues were \$1,426,899 a decrease from calendar year 2020 of .10%. Total operating revenues were under budget projections by .21%.

Operating expenses before depreciation were \$1,059,823 and were more than budget projection by \$225,858 or 27.08%. Operating expenses including depreciation and amortization, increased \$179,594 or 11.15%.

The operating income before depreciation and operating expenses for the year netted to \$367,076 and was under budget by \$228,843. This difference results primarily from decreased project costs.

Overview of Annual Financial Statements

Management's Discussion and Analysis (MD&A) serves as an introduction to, and should be read in conjunction with the independent auditor's report at the front of this report and the Authority's audited financial statements and supplementary information, which follow this section.

This annual report consists of four parts – management's discussion and analysis, the basic financial statements, notes explaining some of the information in the financial statements and supplementary information.

The financial statements report information about the Authority using full accrual accounting methods similar to those used by private sector. However, rate-regulated accounting principles applicable to private sector utilities are not used by government utilities.

The financial statements include a statement of net position; a statement of revenues, expenses and changes in net position; a statement of cash flows; notes to the financial statements; and supplementary information.

BUCKS COUNTY AIRPORT AUTHORITY

MANAGEMENT'S DISCUSSION AND ANALYSIS

DECEMBER 31, 2021

The **statement of net position** presents the financial position of the Authority on a full accrual historical cost basis. The balance sheet presents information on all the Authority's assets and liabilities, with the difference reported as net position.

While the statement of net position provides information about the nature and amount of resources and obligations at year-end, the **statement of revenues, expenses and changes in net position** presents the results of the business activities over the course of the fiscal year and the amount by which the net position changed during the year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. This statement also provides certain information about the Authority's recovery of its costs. Rate setting policies use different methods of cost recovery not fully provided for by generally accepted accounting principles. The primary objective of a rate model is to improve equity among customer classes and to ensure that capital costs are allocated on the basis of long-term capacity needs, ensuring that growth pays for growth.

The **statement of cash flows** reports changes in cash and cash equivalents resulting from operating, capital, financing, and investing activities. This statement presents cash receipts and cash disbursement information, without consideration of the earnings event, when an obligation arises, or depreciation of capital assets.

The **notes to the financial statements** provide required disclosures and other information that are essential to a full understanding of the financial data provided in the statements. The notes present information about the Authority's accounting policies, significant account balances and activities, material risks, obligations, commitments, contingencies and subsequent events, if any.

Supplementary information compares the actual expenses to previous year expenses, a statement of revenue and expenses compared to budget and a breakdown of project costs.

Summary of Organization and Business

The Authority is a body created under an Act of the General Assembly of the State, approved May 2, 1945, P.L. 382, as amended and supplemented, known as the Municipal Authorities Act of 1945, as amended. The Secretary of the Commonwealth of Pennsylvania issued the certificate of incorporation of the Authority on May 1, 1961.

The governing body of the Authority is a Board consisting of five members appointed by the County Commissioners of Bucks County. The terms of the members of the Board are five years and have been staggered so that the term of one member expires annually. The Authority has broad powers under the Act, including among others, the following: to acquire, hold, construct, improve, maintain and operate, own, lease, either in the capacity of lessor or lessee, airports and all facilities necessary and incidental thereto.

BUCKS COUNTY AIRPORT AUTHORITY

MANAGEMENT'S DISCUSSION AND ANALYSIS

DECEMBER 31, 2021

The Authority owns and operates Doylestown Airport and Quakertown Airport and provides administrative services with respect to Van Sant Airport, which is owned by the Bucks County Department of Parks and Recreation.

The Authority's ongoing operations are funded from customer revenues. The Authority receives rental income from 268 hangars and tie-down spaces at Doylestown Airport and Quakertown Airport. Capital improvement projects at the Authority's airports are funded in large part by aviation-restricted grants from the federal and state governments.

The Authority provides a safe air transportation infrastructure for the public, and the self-supporting airports have a substantial positive impact on the local economy, offer educational and vocational opportunities and preserve valuable open space.

Financial Analysis

The following comparative condensed financial statement and other selected information serve as the key financial data and indicators for management, monitoring and planning. Comments regarding year-to-year variances are included in each section.

CONDENSED STATEMENT OF NET POSITION

	<u>2021</u>	<u>2020</u>
ASSETS:		
Current and Other Assets	\$ 2,267,541	\$ 1,545,633
Capital Assets, Net	<u>25,291,074</u>	<u>25,690,065</u>
Total Assets	<u>27,558,615</u>	<u>27,235,698</u>
LIABILITIES:		
Long-term Debt Outstanding	908,000	962,000
Other Liabilities	<u>811,572</u>	<u>537,902</u>
Total Liabilities	<u>1,719,572</u>	<u>1,499,902</u>
NET POSITION:		
Net Investment in Capital Assets	24,329,074	24,477,065
Restricted	412,546	447,059
Unrestricted		
Board Designated	20,000	20,000
Undesignated	<u>1,077,423</u>	<u>791,672</u>
Total Unrestricted	<u>1,097,423</u>	<u>811,672</u>
Total Net Position	<u>\$ 25,839,043</u>	<u>\$ 25,735,796</u>

BUCKS COUNTY AIRPORT AUTHORITY

MANAGEMENT'S DISCUSSION AND ANALYSIS

DECEMBER 31, 2021

Financial Analysis (Continued)

CONDENSED STATEMENT OF REVENUES, EXPENSES, AND CHANGE IN NET POSITION

	<u>2021</u>	<u>2020</u>
Operating Revenues	\$ 1,426,899	\$ 1,428,359
Operating Expenses	<u>(1,059,823)</u>	<u>(862,515)</u>
Excess Before Depreciation and Other Non-Operating Revenues and Expenses	367,076	565,844
Depreciation and Amortization	<u>(730,283)</u>	<u>(747,997)</u>
Income (Loss) Before Non-Operating Revenues and Expenses	(363,207)	(182,153)
Non-Operating Revenues and (Expenses), Net	<u>(26,014)</u>	<u>(35,188)</u>
Income (Loss) Before Capital Contributions	(389,221)	(217,341)
Capital Contributions	<u>492,468</u>	<u>856,571</u>
Increase (Decrease) in Net Position	103,247	639,230
Total Net Position - Beginning	<u>25,735,796</u>	<u>25,096,566</u>
Total Net Position - Ending	<u>\$ 25,839,043</u>	<u>\$ 25,735,796</u>

Financial Condition

Total assets increased \$322,917 or 1.19%, with an increase of \$103,247 to net position. Net investment in capital assets decreased \$147,991, restricted net position decreased \$34,513 and unrestricted net position increased \$285,751.

There were accounts receivable of \$27,930 and grants receivable of \$461,291 at December 31, 2021. Capital contributions decreased \$364,103 from 2020. The current and long-term debt decreased by \$251,000. Working capital was \$1,455,969 at December 31, 2021, a \$448,238 increase from the prior year. This increase was due to an increase of \$721,908 in current assets, and an increase in current liabilities of \$273,670.

BUCKS COUNTY AIRPORT AUTHORITY

MANAGEMENT'S DISCUSSION AND ANALYSIS

DECEMBER 31, 2021

Results of Operations

Operating Revenue: Revenues from operations are comprised of primarily hangar and tie-down rents. The Authority has three classes of rental customers: hangars, hard surface tie-downs and grass tie-downs.

There was a 1.1% increase in rents during the calendar year 2021. Total revenue decreased \$3,916, or .3% from 2020.

	REVENUES			
	<u>2021</u> <u>Amount</u>	<u>Percent</u> <u>of Total</u>	<u>Increase</u> <u>(Decrease)</u> <u>From Prior Year</u>	<u>Percent</u> <u>Increase</u> <u>(Decrease)</u>
Operating Revenues:				
Rents - Hangars, FBO and Other	\$ 1,207,652	84.3 %	\$ 1,325	0.1 %
Gasoline Revenues - Net	6,945	0.5	2	-
Rental Properties	209,962	14.7	(945)	(0.4)
Miscellaneous	2,340	0.2	(1,842)	(44.0)
Total Operating Revenues	<u>1,426,899</u>	<u>99.7</u>	<u>(1,460)</u>	<u>(0.1)</u>
Non-Operating Income:				
Interest Income	4,987	0.3	(2,456)	(33.0)
Total Non-Operating Revenues	<u>4,987</u>	<u>0.3</u>	<u>(2,456)</u>	<u>(33.0)</u>
TOTAL REVENUES	<u>\$ 1,431,886</u>	<u>100.0 %</u>	<u>\$ (3,916)</u>	<u>(0.3) %</u>

Expenses: Total operating expenses of the Authority, before depreciation, increased by \$197,308 from calendar year 2020 and were more than budget by \$225,858 or 27.08%. The net operating income, before depreciation, is \$367,076 for 2021 compared to \$565,844 for 2020.

The plant operating expense decreased 11.52% and administrative expenses increased 62.10% from 2020 to 2021. The decrease in plant operating expenses was due to lower maintenance costs. And the increase in administrative expenses was due to timing phases of non-capitalized project expenses.

Depreciation expense decreased \$17,714 or 2.37% due to capital assets depletions in 2021. Interest expense decreased \$11,630 or 27.28%.

The following table shows the composition of plant and administrative operating expenses by major classification of expenses for the last two fiscal years:

BUCKS COUNTY AIRPORT AUTHORITY

MANAGEMENT'S DISCUSSION AND ANALYSIS

DECEMBER 31, 2021

	EXPENSES			
	2021	Percent	Increase	Percent
	<u>Amount</u>	<u>of Total</u>	<u>(Decrease)</u>	<u>Increase</u>
			<u>From Prior Year</u>	<u>(Decrease)</u>
Operating Expenses:				
Plant Expenses:				
Maintenance	\$ 283,458	15.6 %	\$ (54,959)	(16.2) %
Insurance	91,862	5.0	26,845	41.3
Utilities	31,281	1.7	1,007	3.3
Other Plant Expenses	<u>-</u>	<u>-</u>	<u>(25,836)</u>	<u>100.0</u>
Total Plant Expenses	<u>406,601</u>	<u>22.3</u>	<u>(52,943)</u>	<u>(11.5)</u>
Administrative Expenses:				
Administrative Services	98,573	5.4	3,785	4.0
Legal	13,981	0.8	(16,138)	(53.6)
Accounting	10,000	0.5	250	2.6
Engineering	45,334	2.5	5,682	14.3
Expenses-Obstruction Removal	287,287	15.8	230,955	410.0
Appraisal and Review Fees	500	-	(1,538)	(75.5)
Other Service Fees	11,133	0.6	1,421	14.6
Rental Properties	140,841	7.8	37,745	36.6
Other Administrative Expenses	<u>45,573</u>	<u>2.5</u>	<u>(11,911)</u>	<u>(20.7)</u>
Total Administrative Expenses	<u>653,222</u>	<u>35.9</u>	<u>250,251</u>	<u>62.1</u>
Total Operating Expenses	<u>1,059,823</u>	<u>58.2</u>	<u>197,308</u>	<u>22.9</u>
Depreciation and Amortization	<u>730,283</u>	<u>40.1</u>	<u>(17,714)</u>	<u>(2.4)</u>
Non-Operating Expenses:				
Interest Expense	<u>31,001</u>	<u>1.7</u>	<u>(11,630)</u>	<u>(27.3)</u>
Total Non-Operating Expenses	<u>31,001</u>	<u>1.7</u>	<u>(11,630)</u>	<u>(27.3)</u>
TOTAL EXPENSES	<u>\$ 1,821,107</u>	<u>100.0 %</u>	<u>\$ 167,964</u>	<u>10.2 %</u>

BUCKS COUNTY AIRPORT AUTHORITY

MANAGEMENT'S DISCUSSION AND ANALYSIS

DECEMBER 31, 2021

Cash Flow Activity

The following table shows a summary of the major sources and uses of cash for the past two years.

SUMMARY OF CASH FLOW ACTIVITIES

	<u>2021</u>	<u>2020</u>
Cash Flows From:		
Operating Activities	\$ 856,558	\$ 525,762
Capital and Related Financing Activities	(499,729)	(326,836)
Investing Activities	<u>4,987</u>	<u>7,443</u>
Net Increase (Decrease) in Cash and Cash Equivalents	361,816	206,369
Cash and Cash Equivalents:		
Beginning of Year	<u>1,355,592</u>	<u>1,149,223</u>
End of Year	<u>\$ 1,717,408</u>	<u>\$ 1,355,592</u>

Capital Assets and Long-Term Debt

Net capital assets decreased \$398,991 from calendar year 2020 or 1.55%.

At the end of 2021, the Authority's current and long-term debt decreased from 2020 by \$251,000. This decrease is due to making principal payments on the DVRFA loans & repayment of principal.

For more detailed information on debt and capital assets see Financial Statement Notes 3 and 4.

Future Economic Outlook

The Authority anticipates receipt of approximately \$2,086,489 in grants for 2022 for the following projects: Doylestown Rehabilitate Runway Pavement and Quakertown Expand/Rehabilitate Terminal Apron Phase II.

Requests for Information

This fiscal report is designed to give a general overview of the Authority's finances and to show the Authority's accountability for the money it receives. Questions concerning any of the information should be addressed to the Bucks County Airport Authority, Financial Administrator, 3879 Old Easton Road, Post Office Box 1185, Doylestown, PA 18901.

BUCKS COUNTY AIRPORT AUTHORITY
(A COMPONENT UNIT OF BUCKS COUNTY)

STATEMENTS OF NET POSITION

December 31, 2021 and 2020

	ASSETS	
	<u>2021</u>	Restated <u>2020</u>
Current Assets		
Cash	\$ 1,213,429	\$ 817,113
Accounts Receivable	27,930	40,685
Grant Receivable	461,291	82,387
Prepaid Expenses	35,132	41,189
Restricted Assets		
Cash-Projects	412,546	447,059
Cash-Security Deposits	91,433	91,420
Escrows Held by Third Party	<u>25,780</u>	<u>25,780</u>
Total Current Assets	<u>2,267,541</u>	<u>1,545,633</u>
Non-Current Assets		
Capital Assets, Net	<u>25,291,074</u>	<u>25,690,065</u>
Total Non-Current Assets	<u>25,291,074</u>	<u>25,690,065</u>
TOTAL ASSETS	<u>\$ 27,558,615</u>	<u>\$ 27,235,698</u>

LIABILITIES AND NET POSITION

Current Liabilities		
Current Maturities	\$ 54,000	\$ 251,000
Accounts Payable and Accrued Expenses	569,188	104,828
Security Deposits	91,433	91,420
Unearned Rent	<u>96,951</u>	<u>90,654</u>
Total Current Liabilities	<u>811,572</u>	<u>537,902</u>
Long-Term Debt		
Notes Payable, Net of Current Maturities	<u>908,000</u>	<u>962,000</u>
Total Liabilities	<u>1,719,572</u>	<u>1,499,902</u>
Net Position		
Net Investment in Capital Assets	24,329,074	24,477,065
Restricted	412,546	447,059
Unrestricted		
Board Designated	20,000	20,000
Undesignated	<u>1,077,423</u>	<u>791,672</u>
Total Unrestricted	<u>1,097,423</u>	<u>811,672</u>
Total Net Position	<u>25,839,043</u>	<u>25,735,796</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 27,558,615</u>	<u>\$ 27,235,698</u>

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

BUCKS COUNTY AIRPORT AUTHORITY
(A COMPONENT UNIT OF BUCKS COUNTY)

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

For the Years Ended December 31, 2021 and 2020

	<u>2021</u>	Restated <u>2020</u>
Operating Revenues		
Rents - Hangars	\$ 782,132	\$ 787,708
- FBO and Other	425,520	418,619
Gasoline Revenues - Net	6,945	6,943
2000 Portzer Road	19,225	20,550
2010 Portzer Road	22,500	22,085
2255 Milford Square Pike	30,425	30,030
2261 Milford Square Pike	18,095	17,795
2271 Milford Square Pike	17,370	17,025
2560 Mill Road	12,700	11,970
2564 Mill Road - Howie	18,240	17,960
3679 Easton Road	44,653	42,352
3901 Old Easton Road	26,754	31,140
Miscellaneous	2,340	4,182
Total Operating Revenues	<u>1,426,899</u>	<u>1,428,359</u>
Operating Expenses		
Plant Expenses	406,601	459,544
Administrative Expenses	653,222	402,971
Total Operating Expenses	<u>1,059,823</u>	<u>862,515</u>
Net Operating Income Before Depreciation	367,076	565,844
Depreciation	(730,283)	(747,997)
Net Operating Income (Loss)	<u>(363,207)</u>	<u>(182,153)</u>
Non-Operating Revenues (Expenses)		
Interest Income	4,987	7,443
Interest Expense	(31,001)	(42,631)
Total Non-Operating Revenues (Expenses)	<u>(26,014)</u>	<u>(35,188)</u>
Loss Before Capital Contributions	(389,221)	(217,341)
Capital Contributions	492,468	856,571
Change in Net Position	103,247	639,230
Total Net Position - Beginning	25,735,796	25,096,566
Total Net Position - Ending	<u>\$ 25,839,043</u>	<u>\$ 25,735,796</u>

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

BUCKS COUNTY AIRPORT AUTHORITY
(A COMPONENT UNIT OF BUCKS COUNTY)

STATEMENTS OF CASH FLOWS

For the Years Ended December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Cash flows from operating activities:		
Cash received from customers	\$ 1,445,951	\$ 1,431,992
Cash paid to suppliers	(490,820)	(808,579)
Cash paid to employees	<u>(98,573)</u>	<u>(97,651)</u>
Net cash provided by (used in) operating activities	<u>856,558</u>	<u>525,762</u>
Cash flows from capital and related financing activities:		
Grants received	113,564	809,220
Interest paid on long-term debt	(31,001)	(42,631)
Principal paid on long-term debt	(251,000)	(496,101)
Acquisition of property, plant and equipment	<u>(331,292)</u>	<u>(597,324)</u>
Net cash provided by (used in) capital and related financing activities	<u>(499,729)</u>	<u>(326,836)</u>
Cash flows from investing activities:		
Interest income	<u>4,987</u>	<u>7,443</u>
Net cash provided by (used in) investing activities	<u>4,987</u>	<u>7,443</u>
Net increase (decrease) in cash	361,816	206,369
Cash at beginning of year	<u>1,355,592</u>	<u>1,149,223</u>
Cash at end of year	<u>\$ 1,717,408</u>	<u>\$ 1,355,592</u>
Unrestricted Cash	\$ 1,213,429	\$ 817,113
Restricted Cash-Projects	412,546	447,059
Restricted Cash-Security Deposits	<u>91,433</u>	<u>91,420</u>
Total Cash at End of Year	<u>\$ 1,717,408</u>	<u>\$ 1,355,592</u>

**Reconciliation of Operating Income (Loss) to
Net Cash Provided by (Used in) Operating Activities**

Net operating income (loss)	\$ (363,207)	\$ (182,153)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities		
Depreciation	730,283	747,997
(Increase) decrease in accounts receivable	12,755	3,149
(Increase) decrease in prepaid expense	6,057	(9,037)
Increase (decrease) in escrows	13	1,916
Increase (decrease) in accounts payable	464,360	(36,594)
Increase (decrease) in unearned revenue	<u>6,297</u>	<u>484</u>
Total adjustments	<u>1,219,765</u>	<u>707,915</u>
Net cash provided by (used in) operating activities	<u>\$ 856,558</u>	<u>\$ 525,762</u>

The accompanying notes are an integral part of the financial statements

BUCKS COUNTY AIRPORT AUTHORITY
(A COMPONENT UNIT OF BUCKS COUNTY)

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021

NOTE 1. Summary of Significant Accounting Policies

Entity - The Bucks County Airport Authority was formed under the provisions of the Municipality Authorities Act of 1945 by the County of Bucks, Pennsylvania, for the purpose of acquiring, holding, constructing, improving, maintaining and operating airports and all facilities necessary in such function within the County. The Authority maintains all activity for the operation and maintenance of the airports owned. The County appoints the Board Members. The Authority is a component unit of the County.

Basis of Accounting - The Authority keeps its books on the accrual basis of accounting. The accrual basis of accounting is that revenues are recognized when earned and expenditures are recognized when incurred.

Cash and Cash Equivalents - The Authority's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Prepaid Expenses - Consist of prepaid insurance.

Fixed Assets and Depreciation - Property, plant and equipment are stated at cost. Expenditures for maintenance and repairs are charged to operating expenses. Additions to property, plant and equipment are expenditures, which increase the useful lives of the assets, which are capitalized. The Authority includes infrastructure, such as runways and improvements to land as part of their fixed assets. Capital assets are defined by the Authority as assets with an initial, individual cost of more than \$2,500 (amount not rounded) and an estimated useful life in excess of two years.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects when constructed.

Depreciation is being provided principally by the straight-line method over the estimated useful lives of the assets as follows:

Building and Improvements	20 to 30 Years
Equipment	10 Years

Estimates - The preparation of financial statements in conformity with generally accepted accounting principles require management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

BUCKS COUNTY AIRPORT AUTHORITY
(A COMPONENT UNIT OF BUCKS COUNTY)

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021

NOTE 1. Summary of Significant Accounting Policies (Continued)

Grants in Aid of Construction - The Authority receives funds from FAA and PennDOT. When the funds are received they are posted to Capital Contributions. When project monies are spent they are charged to building and improvements. For some projects, FAA reimburses 90% of federal projects, PennDOT reimburses 5% of federal projects and the Authority bears 5% of the project expenses. There are some projects where PennDOT reimburses 75% and the Authority bears 25% and other projects where PennDOT reimburses 50% and the Authority bears 50%. These percentages could change with respect to future grants.

Revenue Recognition - The Authority distinguishes between operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services in connection with the Authority's ongoing operation. All revenue and expenses not meeting this definition are reported as nonoperating revenues and expenses. When both restricted and unrestricted resources are available for use, it is the Authority's policy to use restricted resources first, then unrestricted resources as they are needed.

Receivables - Accounts receivable are stated at their net realizable value. The Authority recognizes uncollectible accounts as a direct charge to bad debt expense at the time the Board deems the accounts to be uncollectible. At year end, all amounts were considered collectible and no allowance for uncollectible accounts has been calculated. Receivables are considered past due after 90 days.

Budgets and Budgetary Accounting - The Authority follows these procedures in establishing the budgetary data reflected in the financial statements:

1. During December, the Authority's administrative staff prepares a proposed budget for the following year.
2. The budget is discussed and approved in a public meeting.
3. Formal budgetary integration is employed as a management control device during the year.
4. The budget is adopted on the modified accrual basis of accounting. All appropriations lapse at year end.
5. There were no budget amendments in 2021.

BUCKS COUNTY AIRPORT AUTHORITY
(A COMPONENT UNIT OF BUCKS COUNTY)

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021

NOTE 1. Summary of Significant Accounting Policies (Continued)

Deposits - Deposits represent escrow money sent to Buckingham Township for land development for \$4,780 for Stormwater project, Phase 1 and \$21,000 for Phase 2.

Comparative Information - The management discussion and analysis in the financial statement includes prior year summarized comparative information. Such information does not include sufficient detail to constitute a presentation in conformity with accounting policies generally accepted in the United States of America, because the management discussion and analysis is presented for two years only. Accordingly, such information should be read in conjunction with the Authority's financial statements for the year ended December 31, 2020, from which the summarized information was derived.

Net Position - In the Statement of Net Position, net position is classified in the following categories:

Net Investment in Capital Assets - This category groups all capital assets, including infrastructure, into one component of net position. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets reduce the balance of this category.

Total Property, Plant & Equipment, net of AD	\$ 25,291,074
Less: Long-term Debt Outstanding	<u>(962,000)</u>
Net Investment in Capital Assets	<u>\$ 24,329,074</u>

Restricted Net Position - This category presents external restrictions imposed by creditors, grantors, contributors or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.

Unrestricted Net Position - This category represents the net position of the entity, not restricted for any project or other purpose.

Subsequent Events - The Authority has evaluated events and transactions for potential recognition or disclosure in the financial statements through the date of this report, which is the date the financial statements were available for release. No subsequent events have been recorded or disclosed.

Restated Prior Year - The 2020 balances have been restated to properly reflect the grant receivable balance. Grants receivable and revenue were corrected by \$82,387.

BUCKS COUNTY AIRPORT AUTHORITY
(A COMPONENT UNIT OF BUCKS COUNTY)

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021

NOTE 1. Summary of Significant Accounting Policies (Continued)

New Accounting Pronouncement - GASB Codification Section L20, Leases (GASB 87): GASB 87 substantially changes current accounting procedures regarding lease accounting and offers specific accounting guidance for lessees, lessors and sale-leaseback transactions. GASB 87 establishes a right-of-use (“ROU”) model that requires lessees to record a ROU asset and lease liability in the statement of financial position for all leases with terms longer than 12 months (the standard may optionally be applied to leases with term of 12 months or less). Leases will be classified as either finance leases or operating leases depending on the characteristics of the lease; consistent with current accounting procedures, the recognition, measurement and presentation of expenses and cash flows arising from the lease will depend on the lease classification. This Statement is expected to have an implementation date for the fiscal year December 31, 2022.

NOTE 2. Cash and Restricted Cash

State law allows the Authority to invest in obligations of the United States of America, the Commonwealth of Pennsylvania, or any agency or instrumentality of either, which are secured by the full faith and credit of such entity. The law also allows for the Authority to invest in certificates of deposit of banks, savings and loans, and savings banks both within and outside the Commonwealth of Pennsylvania, provided such amounts are insured by the Federal Deposit Insurance Corporation (FDIC) or other like insurance, and that deposits in excess of such insurance are collateralized by the depository. The state also imposes limitations with respect to the amount of investment in certificates of deposit to the extent that such deposits may not exceed 20% of a bank's total capital surplus or 20% of a savings and loan's or savings bank's assets, net of its liabilities. The Authority may also invest in shares of registered investment companies, provided that investments of the Company are authorized investments, as noted above. Investments for the Authority are reported at fair value.

Restricted Cash - Restricted cash includes the restricted projects cash account balance and escrows held by others of \$529,759.

Cash Security Deposit - As part of the lease agreement, the Authority holds the equivalent of one month's rent as security deposit. When the lease term is completed, the lessee will receive their deposit back.

BUCKS COUNTY AIRPORT AUTHORITY
(A COMPONENT UNIT OF BUCKS COUNTY)

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021

NOTE 2. Cash and Restricted Cash (Continued)

Custodial Credit Risk – Deposits - In the case of deposits, this is the risk that in the event of a bank failure, the Authority’s deposits may not be returned to it. The Authority’s policy is to require their banking institution to provide a letter stating that they follow the Commonwealth of Pennsylvania Act 72, where all funds in excess of federal depository insurance limits held by the bank are collateralized in public funds secured on a pooled basis. At year-end, the bank balances were \$1,762,763. Of the bank balance, \$250,000 was covered per bank by depository insurance. Any balances exceeding depository insurance are exposed to custodial credit risk because it is uninsured and collateralized with securities held by the pledging institution’s trust department or agent, but not in the Authority’s name. At December 31, 2021, the amount in excess of this insurance was \$1,467,308.

NOTE 3. Capital Assets

Details of changes in capital assets during 2021 are as follows:

	January 1, <u>2021</u>	<u>Additions</u>	<u>Deletions</u>	December 31, <u>2021</u>
Capital assets, not being depreciated:				
Land	\$ 15,473,326	\$ -	\$ -	\$ 15,473,326
Easements	235,109	-	-	235,109
Construction in Progress	<u>156,708</u>	<u>331,292</u>	<u>(158,945)</u>	<u>329,055</u>
Total capital assets, not being depreciated	<u>15,865,143</u>	<u>331,292</u>	<u>(158,945)</u>	<u>16,037,490</u>
Capital assets, being depreciated:				
Equipment	694,197	-	-	694,197
Buildings/Improvements	<u>24,901,869</u>	<u>158,945</u>	<u>-</u>	<u>25,060,814</u>
Total capital assets, being depreciated	<u>25,596,066</u>	<u>158,945</u>	<u>-</u>	<u>25,755,011</u>
Less accumulated depreciation for:				
Equipment	694,197	-	-	694,197
Buildings/Improvements	<u>15,076,947</u>	<u>730,283</u>	<u>-</u>	<u>15,807,230</u>
Total accumulated depreciation	<u>15,771,144</u>	<u>730,283</u>	<u>-</u>	<u>16,501,427</u>
Total capital assets, being depreciated, net	<u>9,824,922</u>	<u>(571,338)</u>	<u>-</u>	<u>9,253,584</u>
All capital assets, net	<u>\$ 25,690,065</u>	<u>\$ (240,046)</u>	<u>\$ (158,945)</u>	<u>\$ 25,291,074</u>

BUCKS COUNTY AIRPORT AUTHORITY
(A COMPONENT UNIT OF BUCKS COUNTY)

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021

NOTE 4. Notes Payable

Schedule of changes in long term debt are as follows:

	<u>Total</u>	<u>Current</u>	<u>Long-Term</u>
Note payable to the Financing Authority			
Final payment due 3/25/35			
Variable interest, currently averaging 1.49353%	\$ 409,000	\$ 25,000	\$ 384,000
Final payment due 9/25/37			
Variable interest, currently averaging 1.49353%	<u>553,000</u>	<u>29,000</u>	<u>524,000</u>
	<u>\$ 962,000</u>	<u>\$ 54,000</u>	<u>\$ 908,000</u>

Schedule of changes in long-term debt are as follows:

	Balance, January 1, <u>2021</u>	<u>Additions</u>	<u>Deletions</u>	Balance, December 31, <u>2021</u>
2002	\$ 77,000	\$ -	\$ 77,000	\$ -
2004	121,000	-	121,000	-
2015	434,000	-	25,000	409,000
2017	<u>581,000</u>	<u>-</u>	<u>28,000</u>	<u>553,000</u>
	<u>\$ 1,213,000</u>	<u>\$ -</u>	<u>\$ 251,000</u>	<u>\$ 962,000</u>

The notes had current interest rate ranging from 1.454% to 2.870%. Every 5 years, the interest rate shall be reset to a rate equivalent to 60% of prime, not to exceed 9%. The interest rate on the note to the Financing Authority varies based on the Municipal Swap Index for that week.

The Authority has a line of credit in the amount of \$500,000. The interest rate at December 31, 2021 was 3.25%, and the outstanding balance was zero.

BUCKS COUNTY AIRPORT AUTHORITY
(A COMPONENT UNIT OF BUCKS COUNTY)

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021

NOTE 4. Notes Payable (Continued)

Future principal and interest payments on the notes are as follows:

	<u>Principal</u>	<u>Interest</u>
2022	\$ 54,000	\$ 27,343
2023	55,000	25,810
2024	56,000	24,249
2025	58,000	22,659
2026	59,000	21,011
2027-2031	317,000	79,159
2032-2036	321,000	31,958
2037	42,000	234,599
	<u>\$ 962,000</u>	<u>\$ 466,788</u>

NOTE 5. Commitments and Contingencies

The Authority has filed a declaratory judgment action against Buckingham Township in an effort to seek enforcement of a certain agreement that was entered into between the Township and the Authority for the purpose of preservation of open space and airport improvements. The suit is not for money damages, nor is it anticipated that there will be a counter claim for money damages by the Township. The only caveat to this last statement is that there is the possibility of an award of attorney's fees to the prevailing party.

The use of grant monies is subject to compliance audits by governmental agencies. The Authority believes they are in compliance with substantially all the significant requirements of such grants.

NOTE 6. Board Designated Funds

Board designated funds represents \$20,000 designated for obstruction removal.

SUPPLEMENTAL INFORMATION

BUCKS COUNTY AIRPORT AUTHORITY
(A COMPONENT UNIT OF BUCKS COUNTY)

SCHEDULE OF EXPENSES

For the Years Ended December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Plant Expenses		
Maintenance	\$ 283,458	\$ 338,417
Insurance	91,862	65,017
Utilities	31,281	30,274
Miscellaneous	-	25,836
TOTAL PLANT EXPENSES	<u>\$ 406,601</u>	<u>\$ 459,544</u>
Administrative Expenses		
Administrative services	\$ 98,573	\$ 94,788
Legal fees	13,981	30,119
Accounting fees	10,000	9,750
Office expense	3,152	13,044
Telephone	4,889	4,790
Engineering	45,334	39,652
Expenses-Obstruction removal	287,287	56,332
Appraisal, permit, and review fees	500	2,038
Payroll taxes	8,534	8,194
Advertising	3,711	4,652
Equipment purchase	105	797
Other service fees	11,133	9,712
Members expense	2,700	3,000
2000 Portzer Road	5,440	15,510
2010 Portzer Road	10,183	7,137
2255 Milford Square Pike	18,709	18,087
2261 Milford Square Pike	6,869	8,086
2271 Milford Square Pike	7,022	6,341
2560 Mill Road	5,011	9,064
2564 Mill Road	5,477	5,481
3679 Old Easton Rd	8,734	8,836
3901 Old Easton Road	56,406	15,554
Van Sant Expense	16,990	9,000
Real estate taxes	22,482	23,007
TOTAL ADMINISTRATIVE EXPENSES	<u>\$ 653,222</u>	<u>\$ 402,971</u>

BUCKS COUNTY AIRPORT AUTHORITY
(A COMPONENT UNIT OF BUCKS COUNTY)

SCHEDULE OF REVENUES AND EXPENSES COMPARED TO BUDGET

For the Year Ended December 31, 2021

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Operating Revenues			
Rent - Hangars	\$ 804,164	\$ 782,132	\$ (22,032)
- FBO and other	422,395	425,520	3,125
Gasoline revenues - net	6,800	6,945	145
2000 Portzer Road	19,140	19,225	85
2010 Portzer Road	22,200	22,500	300
2255 Milford Square Pike	30,300	30,425	125
2261 Milford Square Pike - Sharp	17,820	18,095	275
2271 Milford Square Pike - Fulmer	17,100	17,370	270
2560 Mill Road	12,600	12,700	100
2564 Mill Road - Howie	18,180	18,240	60
3679 Easton Rd - Swayze	42,660	44,653	1,993
3901 Old Easton Road	12,975	26,754	13,779
Miscellaneous	3,550	2,340	(1,210)
Total Operating Revenues	<u>1,429,884</u>	<u>1,426,899</u>	<u>(2,985)</u>
Operating Expenses Before Depreciation			
Operating Expenses			
Plant Expenses:			
Maintenance	367,300	283,458	83,842
Insurance	68,300	91,862	(23,562)
Utilities	39,110	31,281	7,829
Miscellaneous	-	-	-
Total	<u>474,710</u>	<u>406,601</u>	<u>68,109</u>
Administrative Expenses:			
Administrative services	98,904	98,573	331
Legal fees	30,000	13,981	16,019
Auditing fees	10,000	10,000	-
Office expense	4,900	3,152	1,748
Telephone	4,900	4,889	11
Engineering	20,000	45,334	(25,334)
Expenses-obstruction removal	-	287,287	(287,287)
Appraisal and review fees	-	500	(500)
Payroll taxes expense	9,400	8,534	866
Advertising	5,100	3,711	1,389
Equipment purchase	22,000	105	21,895
Other service fees	10,051	11,133	(1,082)
Members expense	3,000	2,700	300

(Continued)

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
2000 Portzer Road	10,000	5,440	4,560
2010 Portzer Road	9,000	10,183	(1,183)
2255 Milford Square Pike	18,000	18,709	(709)
2261 Milford Square Pike	9,000	6,869	2,131
2271 Milford Square Pike	8,000	7,022	978
2560 Mill Road	10,000	5,011	4,989
2564 Mill Road - Howie	7,000	5,477	1,523
3679 Easton Rd-Swayze	10,000	8,734	1,266
3901 Old Easton Road	25,000	56,406	(31,406)
Van Sant expense	9,000	16,990	(7,990)
Real estate taxes	26,000	22,482	3,518
Total	<u>359,255</u>	<u>653,222</u>	<u>(293,967)</u>
Operating Income Before Depreciation	595,919	367,076	(228,843)
Depreciation	<u>-</u>	<u>(730,283)</u>	<u>(730,283)</u>
Operating Income (Loss)	595,919	(363,207)	(959,126)
Non-Operating Revenues (Expenses)			
Interest Income	7,000	4,987	(2,013)
Interest Expense	<u>(34,565)</u>	<u>(31,001)</u>	<u>3,564</u>
Total Non-Operating Revenues (Expenses)	<u>(27,565)</u>	<u>(26,014)</u>	<u>1,551</u>
Income (Loss) Before Capital Contributions	568,354	(389,221)	(957,575)
Grants in Aid of Capital Contributions	<u>-</u>	<u>492,468</u>	<u>492,468</u>
Increase (Decrease) in Net Position	568,354	103,247	(465,107)
Total Net Position - Beginning		<u>25,735,796</u>	
Total Net Position - Ending		<u>\$ 25,839,043</u>	