

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

FINANCIAL STATEMENTS
AND SUPPLEMENTAL INFORMATION

YEAR ENDED DECEMBER 31, 2020

(See Independent Auditors' Report)

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Independent Auditors' Report

To the Board Members
Bucks County Airport Authority
Doylestown, Pennsylvania

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities of Bucks County Airport Authority, Pennsylvania, a component unit of the County of Bucks, as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of Bucks County Airport Authority, Pennsylvania, as of December 31, 2020, 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 10 be presented to supplement the basic financial statements. Such 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. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Bucks County Airport Authority, Pennsylvania'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.

The Schedule of Expenses and Schedule of Revenues and Expenses Compared to Budget are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such 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 2019 financial statements, and in our report dated May 8, 2020, 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, 2019, 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 12, 2021

BUCKS COUNTY AIRPORT AUTHORITY

MANAGEMENT'S DISCUSSION AND ANALYSIS

DECEMBER 31, 2020

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, 2020.

Financial Highlights

Total assets at year-end were \$27.1 million and exceeded liabilities in the amount of \$25.6 million (i.e. net position). Total assets increased and total net position increased by \$26,548 and \$556,843, respectively. Unrestricted net position increased by \$336,576 from 2019 to 2020.

Operating revenues were \$1,428,359, an increase from calendar year 2019 of 5.4%. Total operating revenues were over budget projections by 1.38%.

Operating expenses before depreciation were \$862,515 and were more than budget projection by \$85,289 or 10.97%. Operating expenses including depreciation and amortization, increased \$12,802 or .8%.

The operating income before depreciation and operating expenses for the year netted to \$565,844 and was under budget by \$65,824. 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, 2020

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 is 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.

The financial statements were prepared by the Authority's staff from detailed books and records of the Authority. The financial statements were audited and adjusted, if material, during the independent external audit.

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, 2020

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 REVENUES, EXPENSES, AND CHANGE IN NET POSITI

	<u>2020</u>	<u>2019</u>
Operating Revenues	\$ 1,428,359	\$ 1,355,450
Operating Expenses	<u>(862,515)</u>	<u>(867,459)</u>
Excess Before Depreciation and Other Non-Operating Revenues and Expenses	565,844	487,991
Depreciation and Amortization	<u>(747,997)</u>	<u>(730,251)</u>
Income (Loss) Before Non-Operating Revenues and Expenses	(182,153)	(242,260)
Non-Operating Revenues and (Expenses), Net	<u>(35,188)</u>	<u>(48,935)</u>
Income (Loss) Before Capital Contributions	(217,341)	(291,195)
Capital Contributions	<u>774,184</u>	<u>206,219</u>
Increase (Decrease) in Net Position	556,843	(84,976)
Total Net Position - Beginning	<u>25,096,566</u>	<u>25,181,542</u>
Total Net Position - Ending	<u>\$ 25,653,409</u>	<u>\$ 25,096,566</u>

BUCKS COUNTY AIRPORT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS

DECEMBER 31, 2020

Financial Analysis (Continued)

CONDENSED STATEMENT OF NET POSITION

	<u>2020</u>	<u>2019</u>
ASSETS:		
Current and Other Assets	\$ 1,463,246	\$ 1,286,025
Capital Assets, Net	<u>25,690,065</u>	<u>25,840,738</u>
Total Assets	<u>27,153,311</u>	<u>27,126,763</u>
LIABILITIES:		
Long-term Debt Outstanding	962,000	1,453,682
Other Liabilities	<u>537,902</u>	<u>576,515</u>
Total Liabilities	<u>1,499,902</u>	<u>2,030,197</u>
NET POSITION:		
Net Investment in Capital Assets	24,477,065	24,387,056
Restricted	447,059	316,801
Unrestricted		
Board Designated	20,000	20,000
Undesignated	<u>709,285</u>	<u>372,709</u>
Total Unrestricted	<u>729,285</u>	<u>392,709</u>
Total Net Position	<u>\$ 25,653,409</u>	<u>\$ 25,096,566</u>

Financial Condition

Total assets increased \$26,548 or .10%, with an increase of \$556,843 to net position. Net investment in capital assets increased \$90,009, restricted net position increased \$130,258 and unrestricted net position increased \$336,576.

There were accounts receivable of \$40,685 at December 31, 2020. Capital contributions increased \$567,965 from 2019. Total long-term debt decreased by \$491,682. Working capital was \$925,344 at December 31, 2020, a \$215,834 increase from the prior year. This increase was due to an increase of \$177,221 in current assets, and a decrease in current liabilities of \$38,613.

BUCKS COUNTY AIRPORT AUTHORITY

MANAGEMENT'S DISCUSSION AND ANALYSIS

DECEMBER 31, 2020

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 1.9% increase in rents during the calendar year 2020. Total rental revenue increased \$121,948 or 9.3% from 2019.

	REVENUES			
	2020 <u>Amount</u>	Percent <u>of Total</u>	Increase (Decrease) <u>From Prior Year</u>	Percent Increase <u>(Decrease)</u>
Operating Revenues:				
Rents - Hangars, FBO and Other	\$ 1,206,327	84.0 %	\$ 15,201	1.3 %
Gasoline Revenues - Net	6,943	0.5	(191)	(2.7)
Rental Properties	210,907	14.7	99,154	88.7
Miscellaneous	<u>4,182</u>	<u>0.3</u>	<u>1,806</u>	<u>76.0</u>
Total Operating Revenues	<u>1,428,359</u>	<u>99.5</u>	<u>115,970</u>	<u>8.8</u>
Non-Operating Income:				
Interest Income	<u>7,443</u>	<u>0.5</u>	<u>5,978</u>	<u>408.1</u>
Total Non-Operating Revenues	<u>7,443</u>	<u>0.5</u>	<u>5,978</u>	<u>408.1</u>
TOTAL REVENUES	<u>\$ 1,435,802</u>	<u>100.0 %</u>	<u>\$ 121,948</u>	<u>9.3 %</u>

Expenses: Total operating expenses of the Authority, before depreciation, decreased by \$4,944 from calendar year 2020 and were more than budget by \$85,289 or 10.97%. The net operating income, before depreciation, is \$565,884 for 2020 compared to net operating income of \$182,153 for 2020.

The plant operating expense increased 22.5% and administrative expenses decreased 18.15% from 2019 to 2020. The increase in plant operating expenses was due to additional maintenance costs. And the decrease in administrative expenses was due to timing phases of non-capitalized project expenses and decreased rental property expenses.

Depreciation expense increased \$17,746 or 2.4% due to capital assets additions in 2020. Interest expense decreased \$7,769 or 15.4%.

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, 2020

	EXPENSES			
	2020	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	\$ 338,417	20.5 %	\$ 72,531	27.3 %
Insurance	65,017	3.9	(13,269)	(16.9)
Utilities	30,274	1.8	(680)	(2.2)
Other Plant Expenses	<u>25,836</u>	<u>1.6</u>	<u>25,836</u>	<u>100.0</u>
Total Plant Expenses	<u>459,544</u>	<u>27.8</u>	<u>84,418</u>	<u>22.5</u>
Administrative Expenses:				
Administrative Services	94,788	5.7	(4,363)	(4.4)
Legal	30,119	1.8	9,714	47.6
Accounting	9,750	0.6	250	2.6
Engineering	39,652	2.4	20,266	104.5
Expenses-Obstruction Removal	56,332	3.4	(63,206)	(52.9)
Appraisal and Review Fees	2,038	0.1	894	78.1
Other Service Fees	9,712	0.6	(733)	(7.0)
Rental Properties	103,096	6.3	(14,702)	(12.5)
Other Administrative Expenses	<u>57,484</u>	<u>3.5</u>	<u>(37,482)</u>	<u>(39.5)</u>
Total Administrative Expenses	<u>402,971</u>	<u>24.4</u>	<u>(89,362)</u>	<u>(18.2)</u>
Total Operating Expenses	<u>862,515</u>	<u>52.2</u>	<u>(4,944)</u>	<u>(0.6)</u>
Depreciation and Amortization	<u>747,997</u>	<u>45.2</u>	<u>17,746</u>	<u>2.4</u>
Non-Operating Expenses:				
Interest Expense	<u>42,631</u>	<u>2.6</u>	<u>(7,769)</u>	<u>(15.4)</u>
Total Non-Operating Expenses	<u>42,631</u>	<u>2.6</u>	<u>(7,769)</u>	<u>(15.4)</u>
TOTAL EXPENSES	<u>\$ 1,653,143</u>	<u>100.0 %</u>	<u>\$ 5,033</u>	<u>0.3 %</u>

BUCKS COUNTY AIRPORT AUTHORITY

MANAGEMENT'S DISCUSSION AND ANALYSIS

DECEMBER 31, 2020

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>2020</u>	<u>2019</u>
Cash Flows From:		
Operating Activities	\$ 525,762	\$ 497,411
Capital and Related Financing Activities	(326,836)	(792,821)
Investing Activities	<u>7,443</u>	<u>1,465</u>
Net Increase (Decrease) in Cash and Cash Equivalents	206,369	(293,945)
Cash and Cash Equivalents:		
Beginning of Year	<u>1,149,223</u>	<u>1,443,168</u>
End of Year	<u>\$ 1,355,592</u>	<u>\$ 1,149,223</u>

Capital Assets and Long-Term Debt

Net capital assets decreased \$150,673 from calendar year 2019 or .58%.

At the end of 2020, the Authority's long-term debt decreased from 2019 by \$491,682. This decrease is due to making principal payments on the DVRFA loans & repayment of principal. Also, the Airport Authority paid off the loan balance for Quakertown National Bank.

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 \$500,000 in grants for 2021 for the following projects: Quakertown RW 11/29 Obstruction Project, Doylestown Rehab Runway and property acquisitions.

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, 2020 and 2019

	ASSETS	
	<u>2020</u>	<u>2019</u>
Current Assets		
Cash	\$ 817,113	\$ 742,442
Accounts Receivable	40,685	43,834
Grant Receivable	-	35,036
Prepaid Expenses	41,189	32,152
Restricted Assets		
Cash-Projects	447,059	316,801
Cash-Security Deposits	91,420	89,980
Escrows Held by Third Party	25,780	25,780
Total Current Assets	1,463,246	1,286,025
Non-Current Assets		
Capital Assets, Net	25,690,065	25,840,738
TOTAL ASSETS	\$ 27,153,311	\$ 27,126,763
LIABILITIES AND NET POSITION		
Current Liabilities		
Current Maturities	\$ 251,000	\$ 255,419
Accounts Payable and Accrued Expenses	104,828	141,422
Security Deposits	91,420	89,504
Unearned Rent	90,654	90,170
Total Current Liabilities	537,902	576,515
Long-Term Debt		
Notes Payable, Net of Current Maturities	962,000	1,453,682
Total Liabilities	1,499,902	2,030,197
Net Position		
Net Investment in Capital Assets	24,477,065	24,387,056
Restricted	447,059	316,801
Unrestricted		
Board Designated	20,000	20,000
Undesignated	709,285	372,709
Total Unrestricted	729,285	392,709
Total Net Position	25,653,409	25,096,566
TOTAL LIABILITIES AND NET POSITION	\$ 27,153,311	\$ 27,126,763

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, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Operating Revenues		
Rents - Hangars	\$ 787,708	\$ 783,580
- FBO and Other	418,619	407,546
Gasoline Revenues - Net	6,943	7,134
2000 Portzer Road	20,550	15,300
2010 Portzer Road	22,085	21,000
2255 Milford Square Pike	30,030	6,761
2261 Milford Square Pike	17,795	17,490
2271 Milford Square Pike	17,025	16,725
2560 Mill Road	11,970	8,930
2564 Mill Road - Howie	17,960	17,530
3679 Easton Road	42,352	41,098
3901 Old Easton Road	31,140	9,980
Miscellaneous	4,182	2,376
Total Operating Revenues	<u>1,428,359</u>	<u>1,355,450</u>
Operating Expenses		
Plant Expenses	459,544	375,126
Administrative Expenses	<u>402,971</u>	<u>492,333</u>
Total Operating Expenses	<u>862,515</u>	<u>867,459</u>
Net Operating Income Before Depreciation	565,844	487,991
Depreciation	<u>(747,997)</u>	<u>(730,251)</u>
Net Operating Income (Loss)	<u>(182,153)</u>	<u>(242,260)</u>
Non-Operating Revenues (Expenses)		
Interest Income	7,443	1,465
Interest Expense	<u>(42,631)</u>	<u>(50,400)</u>
Total Non-Operating Revenues (Expenses)	<u>(35,188)</u>	<u>(48,935)</u>
Loss Before Capital Contributions	(217,341)	(291,195)
Capital Contributions	<u>774,184</u>	<u>206,219</u>
Change in Net Position	556,843	(84,976)
Total Net Position - Beginning	<u>25,096,566</u>	<u>25,181,542</u>
Total Net Position - Ending	<u>\$ 25,653,409</u>	<u>\$ 25,096,566</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, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Cash flows from operating activities:		
Cash received from customers	\$ 1,431,992	\$ 1,480,204
Cash paid to suppliers	(808,579)	(883,642)
Cash paid to employees	<u>(97,651)</u>	<u>(99,151)</u>
Net cash provided by (used in) operating activities	<u>525,762</u>	<u>497,411</u>
Cash flows from capital and related financing activities:		
Grants received	809,220	206,219
Interest paid on long-term debt	(42,631)	(50,400)
Principal paid on long-term debt	(496,101)	(251,194)
Acquisition of property, plant and equipment	<u>(597,324)</u>	<u>(697,446)</u>
Net cash provided by (used in) capital and related financing activities	<u>(326,836)</u>	<u>(792,821)</u>
Cash flows from investing activities:		
Interest income	<u>7,443</u>	<u>1,465</u>
Net cash provided by (used in) investing activities	<u>7,443</u>	<u>1,465</u>
Net increase (decrease) in cash	206,369	(293,945)
Cash at beginning of year	<u>1,149,223</u>	<u>1,443,168</u>
Cash at end of year	<u>\$ 1,355,592</u>	<u>\$ 1,149,223</u>
Unrestricted Cash	\$ 817,113	\$ 742,442
Restricted Cash-Projects	447,059	316,801
Restricted Cash-Security Deposits	<u>91,420</u>	<u>89,980</u>
Total Cash at End of Year	<u>\$ 1,355,592</u>	<u>\$ 1,149,223</u>
Reconciliation of Operating Income (Loss) to		
Net Cash Provided by (Used in) Operating Activities		
Net operating income (loss)	\$ (182,153)	\$ (242,260)
Adjustments to reconcile net income (loss)		
to net cash provided by (used in) operating activities		
Depreciation	747,997	730,251
(Increase) decrease in accounts receivable	3,149	127,773
(Increase) decrease in prepaid expense	(9,037)	(2,499)
Increase (decrease) in escrows	1,916	(441)
Increase (decrease) in accounts payable	(36,594)	(112,394)
Increase (decrease) in unearned revenue	<u>484</u>	<u>(3,019)</u>
Total adjustments	<u>707,915</u>	<u>739,671</u>
Net cash provided by (used in) operating activities	<u>\$ 525,762</u>	<u>\$ 497,411</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, 2020

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, 2020

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 2020.

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

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020

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, 2019, from which the summarized information was derived. The prior year information was restated in this report.

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	\$ 25,690,065
Less: Long-term Debt Outstanding	<u>(1,213,000)</u>
Net Investment in Capital Assets	<u>\$ 24,477,065</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.

Reclassifications - Certain prior year balances have been reclassified to conform to the current year presentation.

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

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020

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 \$564,259.

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, 2020

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 carrying amount of bank balances was \$1,348,330. Of the bank balance, \$500,000 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, 2020, the amount in excess of this insurance was \$855,492.

NOTE 3. Capital Assets

Details of changes in capital assets during 2020 are as follows:

	January 1, <u>2020</u>	<u>Additions</u>	<u>Deletions</u>	December 31, <u>2020</u>
Capital assets, not being depreciated:				
Land	\$ 15,473,326	\$ -	\$ -	\$ 15,473,326
Easements	235,109	-	-	235,109
Construction in Progress	447,467	597,324	(888,083)	156,708
Total capital assets, not being depreciated	<u>16,155,902</u>	<u>597,324</u>	<u>(888,083)</u>	<u>15,865,143</u>
Capital assets, being depreciated:				
Equipment	694,197	-	-	694,197
Buildings/Improvements	24,013,786	888,083	-	24,901,869
Total capital assets, being depreciated	<u>24,707,983</u>	<u>888,083</u>	<u>-</u>	<u>25,596,066</u>
Less accumulated depreciation for:				
Equipment	693,992	205	-	694,197
Buildings/Improvements	14,329,155	747,792	-	15,076,947
Total accumulated depreciation	<u>15,023,147</u>	<u>747,997</u>	<u>-</u>	<u>15,771,144</u>
Total capital assets, being depreciated, net	<u>9,684,836</u>	<u>140,086</u>	<u>-</u>	<u>9,824,922</u>
All capital assets, net	<u>\$ 25,840,738</u>	<u>\$ 737,410</u>	<u>\$ (888,083)</u>	<u>\$ 25,690,065</u>

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

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020

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 12/25/21			
Fixed rate 1.454%	\$ 77,000	\$ 77,000	\$ -
Final payment due 12/25/21			
Fixed rate 1.454%	121,000	121,000	-
Final payment due 3/25/35			
Variable interest, currently averaging 1.49353%	434,000	25,000	409,000
Final payment due 9/25/37			
Variable interest, currently averaging 1.49353%	<u>581,000</u>	<u>28,000</u>	<u>553,000</u>
	<u>\$ 1,213,000</u>	<u>\$ 251,000</u>	<u>\$ 962,000</u>

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

	Balance, January 1, <u>Issue</u> <u>2020</u>	<u>Additions</u>	<u>Deletions</u>	Balance, December 31, <u>2020</u>
2002	\$ 153,000	\$ -	\$ 76,000	\$ 77,000
2004	240,000	-	119,000	121,000
2015	458,000	-	24,000	434,000
2017	608,000	-	27,000	581,000
2017	<u>250,101</u>	<u>-</u>	<u>250,101</u>	<u>-</u>
	<u>\$ 1,709,101</u>	<u>\$ -</u>	<u>\$ 496,101</u>	<u>\$ 1,213,000</u>

The note with the bank has a current interest rate of 1.95%. 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, 2020 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, 2020

NOTE 4. Notes Payable (Continued)

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

	<u>Principal</u>	<u>Interest</u>
2021	\$ 251,000	\$ 31,728
2022	54,000	27,343
2023	55,000	25,810
2024	56,000	24,249
2025	58,000	22,659
2026-2030	309,000	87,934
2031-2035	348,000	41,841
2036-2037	<u>82,000</u>	<u>3,558</u>
	<u>\$ 1,213,000</u>	<u>\$ 265,122</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.

Uncertainties: In December 2019, a novel strain of coronavirus (COVID-19) surfaced. The spread of COVID-19 around the world in 2020 has caused significant volatility in U.S. and international markets. There is significant uncertainty around the breadth and duration of business disruptions related to COVID-19, as well as its impact on the U.S. and international economies and, as such, the Organization is unable to determine if it will have a material impact to its operations.

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, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Plant Expenses		
Maintenance	\$ 338,417	\$ 265,886
Insurance	65,017	78,286
Utilities	30,274	30,954
Miscellaneous	25,836	-
TOTAL PLANT EXPENSES	<u>\$ 459,544</u>	<u>\$ 375,126</u>
Administrative Expenses		
Administrative services	\$ 94,788	\$ 99,151
Legal fees	30,119	20,405
Accounting fees	9,750	9,500
Office expense	13,044	3,909
Telephone	4,790	4,788
Engineering	39,652	19,386
Expenses-Obstruction removal	56,332	119,538
Appraisal and review fees	2,038	1,144
Payroll taxes	8,194	9,077
Advertising	4,652	10,948
Equipment purchase	797	41,563
Other service fees	9,712	10,445
Members expense	3,000	2,550
2000 Portzer Road	15,510	8,839
2010 Portzer Road	7,137	7,000
2255 Milford Square Pike	18,087	15,753
2261 Milford Square Pike	8,086	6,698
2271 Milford Square Pike	6,341	6,306
2560 Mill Road	9,064	13,835
2564 Mill Road	5,481	5,907
3679 Old Easton Rd	8,836	7,909
3901 Old Easton Road	15,554	30,555
Van Sant Expense	9,000	14,996
Real estate taxes	23,007	22,131
TOTAL ADMINISTRATIVE EXPENSES	<u>\$ 402,971</u>	<u>\$ 492,333</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, 2020

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Operating Revenues			
Rent - Hangars	\$ 776,104	\$ 787,708	\$ 11,604
- FBO and other	416,250	418,619	2,369
Gasoline revenues - net	6,800	6,943	143
2000 Portzer Road	18,360	20,550	2,190
2010 Portzer Road	21,060	22,085	1,025
2255 Milford Square Pike	29,940	30,030	90
2261 Milford Square Pike - Sharp	17,520	17,795	275
2271 Milford Square Pike - Fulmer	17,640	17,025	(615)
2560 Mill Road	11,940	11,970	30
2564 Mill Road - Howie	17,880	17,960	80
3679 Easton Rd - Swayze	41,760	42,352	592
3901 Old Easton Road	31,140	31,140	-
Miscellaneous	<u>2,500</u>	<u>4,182</u>	<u>1,682</u>
Total Operating Revenues	<u>1,408,894</u>	<u>1,428,359</u>	<u>19,465</u>
Operating Expenses Before Depreciation			
Operating Expenses:			
Plant Expenses:			
Maintenance	340,800	338,417	2,383
Insurance	70,300	65,017	5,283
Utilities	45,735	30,274	15,461
Miscellaneous	<u>1,000</u>	<u>25,836</u>	<u>(24,836)</u>
Total	<u>457,835</u>	<u>459,544</u>	<u>(1,709)</u>
Administrative Expenses:			
Administrative services	101,691	94,788	6,903
Legal fees	25,000	30,119	(5,119)
Auditing fees	9,750	9,750	-
Office expense	3,150	13,044	(9,894)
Telephone	5,050	4,790	260
Engineering	15,000	39,652	(24,652)
Expenses-obstruction removal	-	56,332	(56,332)
Appraisal and review fees	-	2,038	(2,038)
Payroll taxes expense	9,300	8,194	1,106
Advertising	12,300	4,652	7,648
Equipment purchase	27,000	797	26,203
Other service fees	9,967	9,712	255
Members expense	3,000	3,000	-
2000 Portzer Road	6,450	15,510	(9,060)
2010 Portzer Road	4,500	7,137	(2,637)
2255 Milford Square Pike	9,450	18,087	(8,637)
2261 Milford Square Pike	5,383	8,086	(2,703)
2271 Milford Square Pike	4,700	6,341	(1,641)
2560 Mill Road	3,000	9,064	(6,064)
2564 Mill Road - Howie	4,700	5,481	(781)
3679 Easton Rd-Swayze	10,000	8,836	1,164
3901 Old Easton Road	25,000	15,554	9,446
Van Sant expense	-	9,000	(9,000)
Real estate taxes	<u>25,000</u>	<u>23,007</u>	<u>1,993</u>
Total	<u>319,391</u>	<u>402,971</u>	<u>(83,580)</u>

(Continued)

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Operating Income Before Depreciation	631,668	565,844	(65,824)
Depreciation	<u>-</u>	<u>(747,997)</u>	<u>(747,997)</u>
Operating Income (Loss)	631,668	(182,153)	(813,821)
Non-Operating Revenues (Expenses)			
Interest Income	14,000	7,443	(6,557)
Interest Expense	<u>(48,000)</u>	<u>(42,631)</u>	<u>5,369</u>
Total Non-Operating Revenues (Expenses)	<u>(34,000)</u>	<u>(35,188)</u>	<u>(1,188)</u>
Income (Loss) Before Capital Contributions	597,668	(217,341)	(815,009)
Grants in Aid of Capital Contributions	<u>-</u>	<u>774,184</u>	<u>774,184</u>
Increase (Decrease) in Net Position	597,668	556,843	(40,825)
Total Net Position - Beginning		<u>25,096,566</u>	
Total Net Position - Ending		<u>\$ 25,653,409</u>	