

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

FINANCIAL STATEMENTS
AND SUPPLEMENTAL INFORMATION

YEAR ENDED DECEMBER 31, 2023

(See Independent Auditors' Report)

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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 accompanying financial statements of the business-type activities of Bucks County Airport Authority, as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the Bucks County Airport Authority's basic financial statements as listed in the table of contents.

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 the Bucks County Airport Authority, as of December 31, 2023, 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. 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 Bucks County Airport 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 Bucks County Airport 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 generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bucks County Airport 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 Bucks County Airport 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

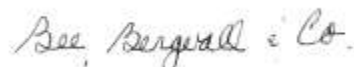
Accounting principles generally accepted in the United States of America require that the management's discussion and analysis be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is 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 Bucks County Airport 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 2022 financial statements, and in our report dated May 10, 2023, 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, 2022, is consistent, in all material respects, with the audited financial statements from which they have been derived.



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

Warrington, PA
April 17, 2024

BUCKS COUNTY AIRPORT AUTHORITY

MANAGEMENT'S DISCUSSION AND ANALYSIS

DECEMBER 31, 2023

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, 2023.

Financial Highlights

Total assets at year-end were \$31.4 million and exceeded net position in the amount of \$29 million. Total assets increased and total net position increased by \$655,210 and \$813,884 respectively. Unrestricted net position increased by \$501,075 from 2022 to 2023.

Operating revenues were \$1,425,360 an increase from calendar year 2022 of 1.65%. Total operating revenues were under budget projections by 5.48%.

Operating expenses before depreciation were \$827,996 and were less than budget projection by \$75,772 or 8.38%. Operating expenses including depreciation and amortization, decreased \$43,387 or 2.69%.

The operating income before depreciation and operating expenses for the year netted to \$597,364 and was under budget by \$6,799. 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 auditors' 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, 2023

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, 2023

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>2023</u>	<u>2022</u>
Current and Other Assets	\$ 4,473,288	\$ 4,417,131
Capital Assets, Net	<u>26,914,226</u>	<u>26,315,173</u>
Total Assets	<u>31,387,514</u>	<u>30,732,304</u>
Current and Other Liabilities	544,551	665,761
Long-Term Liabilities	<u>797,000</u>	<u>853,000</u>
Total Liabilities	<u>1,341,551</u>	<u>1,518,761</u>
Deferred Outflows	<u>1,007,101</u>	<u>988,565</u>
Net Investment in Capital Assets	26,061,226	25,407,173
Restricted	9,154	350,398
Unrestricted	<u>2,968,482</u>	<u>2,467,407</u>
Total Net Position	<u>\$ 29,038,862</u>	<u>\$ 28,224,978</u>

BUCKS COUNTY AIRPORT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS

DECEMBER 31, 2023

Financial Analysis (Continued)

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

	<u>2023</u>	<u>2022</u>
Operating Revenues	\$ 1,425,360	\$ 1,402,332
Operating Expenses	<u>(827,996)</u>	<u>(831,775)</u>
Excess Before Depreciation and Other Non-Operating Revenues and Expenses	597,364	570,557
Depreciation and Amortization	<u>(743,060)</u>	<u>(782,668)</u>
Income (Loss) Before Non-Operating Revenues and Expenses	(145,696)	(212,111)
Non-Operating Revenues and (Expenses), Net	<u>85,582</u>	<u>33,303</u>
Income (Loss) Before Capital Contributions	(60,114)	(178,808)
Capital Contributions	<u>873,998</u>	<u>2,437,651</u>
Increase (Decrease) in Net Position	813,884	2,258,843
Total Net Position - Beginning	<u>28,224,978</u>	<u>25,966,135</u>
Total Net Position - Ending	<u>\$ 29,038,862</u>	<u>\$ 28,224,978</u>

Financial Condition

Total assets increased \$655,210 or 2.13%, with an increase of \$813,884 to net position. Net investment in capital assets increased \$654,053, restricted net position decreased \$341,244 and unrestricted net position increased \$501,075.

There were accounts receivable of \$41,094, grants receivable of \$108,791, and leases receivable of \$1,176,266 at December 31, 2023. Capital contributions decreased \$1,563,653 from 2022. The current and long-term debt decreased by \$177,210. Deferred inflows of resources for leases increased by \$18,536 from 2022. Working capital was \$3,928,737 at December 31, 2023, a \$177,367 increase from the prior year. This increase was due to an increase of \$56,157 in current assets, and a decrease in current liabilities of \$122,210.

BUCKS COUNTY AIRPORT AUTHORITY

MANAGEMENT'S DISCUSSION AND ANALYSIS

DECEMBER 31, 2023

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 3.5% increase in rents during the calendar year 2023. Total revenue increased \$41,303 or 2.8% from 2022.

	REVENUES			
	<u>2023</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	\$ 1,226,197	79.8 %	\$ 43,863	3.7 %
Gasoline Revenues - Net	7,227	0.5	36	0.5
Rental Properties	189,418	12.3	(13,839)	(6.8)
Miscellaneous	<u>2,518</u>	<u>0.2</u>	<u>(7,032)</u>	<u>(73.6)</u>
Total Operating Revenues	<u>1,425,360</u>	<u>92.8</u>	<u>23,028</u>	<u>1.6</u>
Non-Operating Income:				
Interest Income	<u>110,637</u>	<u>7.2</u>	<u>18,275</u>	<u>19.8</u>
Total Non-Operating Revenues	<u>110,637</u>	<u>7.2</u>	<u>18,275</u>	<u>19.8</u>
TOTAL REVENUES	<u><u>\$ 1,535,997</u></u>	<u><u>100.0 %</u></u>	<u><u>\$ 41,303</u></u>	<u><u>2.8 %</u></u>

Expenses: Total operating expenses of the Authority, before depreciation, decreased by \$3,779 from calendar year 2022 and were less than budget by \$75,772 or 8.38%. The net operating income, before depreciation, is \$597,364 for 2023 compared to \$570,557 for 2022.

The plant operating expense increased 2.2% and administrative expenses decreased 4.4% from 2022 to 2023. The increase in plant operating expenses was due to higher maintenance costs. And the decrease in administrative expenses was due to timing phases of non-capitalized project expenses.

Depreciation expense decreased \$39,608 or 5.1% due to capital assets deletions in 2023. The sale of land resulted in a loss of \$32,449. Interest expense decreased \$1,555 or 5.8%.

BUCKS COUNTY AIRPORT AUTHORITY

MANAGEMENT'S DISCUSSION AND ANALYSIS

DECEMBER 31, 2023

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

	EXPENSES			
	<u>2023</u>	<u>Percent</u>	<u>Increase</u>	<u>Percent</u>
	<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:				
Operations Manager	\$ 54,000	3.4 %	\$ 4,067	8.1 %
Maintenance	318,200	19.9	(10,397)	(3.2)
Insurance	93,816	5.9	10,655	12.8
Utilities	39,648	2.5	5,951	17.7
Other Plant Expenses	<u>1,667</u>	<u>0.1</u>	<u>633</u>	<u>61.2</u>
Total Plant Expenses	<u>507,331</u>	<u>31.8</u>	<u>10,909</u>	<u>2.2</u>
Administrative Expenses:				
Administrative Services	57,975	3.6	(14,020)	(19.5)
Legal	21,337	1.3	(1,356)	(6.0)
Accounting	21,200	1.3	10,200	92.7
Engineering	17,038	1.1	(42,019)	(71.1)
Expenses-Obstruction Removal	-	-	(12,112)	(100.0)
Appraisal and Review Fees	43,872	2.7	43,124	5,765.2
Other Service Fees	11,912	0.7	1,801	17.8
Rental Properties	75,991	4.8	(22,105)	(22.5)
Other Administrative Expenses	<u>71,340</u>	<u>4.5</u>	<u>21,799</u>	<u>44.0</u>
Total Administrative Expenses	<u>320,665</u>	<u>20.1</u>	<u>(14,688)</u>	<u>(4.4)</u>
Total Operating Expenses	<u>827,996</u>	<u>51.9</u>	<u>(3,779)</u>	<u>(0.5)</u>
Depreciation and Amortization	<u>743,060</u>	<u>46.6</u>	<u>(39,608)</u>	<u>(5.1)</u>
Non-Operating Expenses:				
Loss on Sale of Land	-	-	(32,449)	(100.0)
Interest Expense	<u>25,055</u>	<u>1.6</u>	<u>(1,555)</u>	<u>(5.8)</u>
Total Non-Operating Expenses	<u>25,055</u>	<u>1.6</u>	<u>(34,004)</u>	<u>(57.6)</u>
TOTAL EXPENSES	<u>\$ 1,596,111</u>	<u>100.1 %</u>	<u>\$ (77,391)</u>	<u>(4.6) %</u>

BUCKS COUNTY AIRPORT AUTHORITY
MANAGEMENT’S DISCUSSION AND ANALYSIS

DECEMBER 31, 2023

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>2023</u>	<u>2022</u>
Cash Flows From:		
Operating Activities	\$ 424,155	\$ 408,511
Capital and Related Financing Activities	(284,436)	606,591
Investing Activities	110,637	92,362
Net Increase (Decrease) in Cash & Cash Equivalents	250,356	1,107,464
Cash and Cash Equivalents:		
Beginning of Year	2,824,872	1,717,408
End of Year	\$ 3,075,228	\$ 2,824,872

Capital Assets and Long-Term Debt

Net capital assets increased \$599,053 from calendar year 2022 or 2.28%.

At the end of 2023, the Authority’s current and long-term debt decreased from 2022 by \$177,210. 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 \$1,675,117 in grants for 2024 for the following projects: Doylestown Rehabilitate Pavement Ph3, Doylestown Taxiway Lighting Rehab, Doylestown Apron Ph1 Design, Doylestown Fuel Farm Design, Quakertown Expand/Rehabilitate Terminal Apron Phase II and Quakertown Miscellaneous Pavement Rehab.

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, 2023 and 2022

	ASSETS	
	<u>2023</u>	<u>2022</u>
Assets		
Cash	\$ 2,967,587	\$ 2,378,994
Accounts receivable	41,094	13,429
Grant receivable	108,791	372,525
Leases receivable	1,176,266	1,143,809
Prepaid expenses	40,129	30,716
Land and easements	15,104,687	15,101,487
Construction in progress	610,989	1,967,826
Depreciable capital assets, net	11,198,550	9,245,860
Restricted Assets		
Cash-projects	9,154	350,398
Cash-security deposits	98,487	95,480
Escrow deposits held by third party	31,780	31,780
TOTAL ASSETS	\$ 31,387,514	\$ 30,732,304
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION		
Liabilities		
Accounts payable and accrued expenses	\$ 276,320	\$ 402,711
Security deposits	102,087	95,480
Unearned rent	110,144	112,570
Non-current liabilities		
Due within one year	56,000	55,000
Due after one year	797,000	853,000
Total Liabilities	1,341,551	1,518,761
Deferred Inflows of Resources		
Leases	1,007,101	988,565
Net Position		
Net investment in capital assets	26,061,226	25,407,173
Restricted	9,154	350,398
Unrestricted		
Board designated	20,000	20,000
Undesignated	2,948,482	2,447,407
Total Unrestricted	2,968,482	2,467,407
Total Net Position	29,038,862	28,224,978
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	\$ 31,387,514	\$ 30,732,304

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, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Operating Revenues		
Rents - Hangars	\$ 849,153	\$ 808,530
- FBO and other	377,044	373,804
Gasoline revenues - net	7,227	7,191
2000 Portzer Road	20,570	18,060
2010 Portzer Road	23,035	22,375
2255 Milford Square Pike	-	18,025
2261 Milford Square Pike	18,600	18,560
2271 Milford Square Pike	18,225	17,730
2560 Mill Road	13,320	13,545
2564 Mill Road - Howie	19,180	18,675
3679 Easton Road	39,128	40,072
3901 Old Easton Road	37,360	36,215
Miscellaneous	2,518	9,550
Total Operating Revenues	<u>1,425,360</u>	<u>1,402,332</u>
Operating Expenses		
Plant expenses	507,331	496,422
Administrative expenses	320,665	335,353
Total Operating Expenses	<u>827,996</u>	<u>831,775</u>
Net Operating Income Before Depreciation	597,364	570,557
Depreciation	<u>(743,060)</u>	<u>(782,668)</u>
Net Operating Income (Loss)	<u>(145,696)</u>	<u>(212,111)</u>
Non-Operating Revenues (Expenses)		
Loss on sale of land	-	(32,449)
Interest income	110,637	92,362
Interest expense	(25,055)	(26,610)
Total Non-Operating Revenues (Expenses)	<u>85,582</u>	<u>33,303</u>
Loss Before Capital Contributions	(60,114)	(178,808)
Capital Contributions	<u>873,998</u>	<u>2,437,651</u>
Change in Net Position	813,884	2,258,843
Total Net Position - Beginning	<u>28,224,978</u>	<u>25,966,135</u>
Total Net Position - Ending	<u>\$ 29,038,862</u>	<u>\$ 28,224,978</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, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Cash flows from operating activities:		
Cash received from customers	\$ 1,381,348	\$ 1,404,300
Cash paid to suppliers	(845,218)	(873,861)
Cash paid to employees	<u>(111,975)</u>	<u>(121,928)</u>
Net cash provided by (used in) operating activities	<u>424,155</u>	<u>408,511</u>
Cash flows from capital and related financing activities:		
Grants received	1,137,732	2,526,417
Interest paid on long-term debt	(25,055)	(26,610)
Principal paid on long-term debt	(55,000)	(54,000)
Proceeds from sale of land	-	577,439
Acquisition of property, plant and equipment	<u>(1,342,113)</u>	<u>(2,416,655)</u>
Net cash provided by (used in) capital and related financing activities	<u>(284,436)</u>	<u>606,591</u>
Cash flows from investing activities:		
Interest income	<u>110,637</u>	<u>92,362</u>
Net cash provided by (used in) investing activities	<u>110,637</u>	<u>92,362</u>
Net increase (decrease) in cash	250,356	1,107,464
Cash at beginning of year	<u>2,824,872</u>	<u>1,717,408</u>
Cash at end of year	<u>\$ 3,075,228</u>	<u>\$ 2,824,872</u>
Unrestricted Cash	\$ 2,967,587	\$ 2,378,994
Restricted Cash-Projects	9,154	350,398
Restricted Cash-Security Deposits	<u>98,487</u>	<u>95,480</u>
Total Cash at End of Year	<u>\$ 3,075,228</u>	<u>\$ 2,824,872</u>

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

Net operating income (loss)	\$ (145,696)	\$ (212,111)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities		
Depreciation	743,060	782,668
(Increase) decrease in accounts receivable	(27,665)	14,501
(Increase) decrease in leases receivable	(32,457)	164,668
(Increase) decrease in prepaid expense	(9,413)	4,416
(Increase) decrease in escrow held	-	(6,000)
Increase (decrease) in security deposits	6,607	4,047
Increase (decrease) in accounts payable	(126,391)	(166,477)
Increase (decrease) in unearned revenue	(2,426)	15,619
Increase (decrease) in deferred leases	<u>18,536</u>	<u>(192,820)</u>
Total adjustments	<u>569,851</u>	<u>620,622</u>
Net cash provided by (used in) operating activities	<u>\$ 424,155</u>	<u>\$ 408,511</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, 2023

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, 2023

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.

The lease receivable is measured as the present value of the future fixed minimum rent payments expected to be received under the terms of the noncancellable lease at a discount rate. Variable payments are based on direct monthly usage and are recognized as received.

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 2023.

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

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023

NOTE 1. Summary of Significant Accounting Policies (Continued)

Deposits - Deposits represent escrow deposits sent to Buckingham Township for land development and Stormwater project, Phase 1 and 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, 2022, from which the summarized information was derived. In addition, the summarized information has been restated as described in this statement.

Net Position - In the Statement of Net Position, net position is classified as:

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	\$ 26,914,226
Less: Long-term Debt Outstanding	<u>(853,000)</u>
Net Investment in Capital Assets	<u>\$ 26,061,226</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.

Deferred Outflows/Inflows of Resources - In addition to liabilities, the statement of financial position will sometimes report a separate section for *deferred inflows of resources*. This separate financial statement element represents an acquisition of net position that applies to future periods and so will *not* be recognized as an inflow of resources (revenue) until that time. The Authority has the following item that qualifies for reporting in this category: Leases. A deferred balance for leases results at the initiation of the lease in an amount equal to the initial recording of the lease receivable. A deferred inflow of resources is amortized on a straight-line basis over the term of the lease.

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

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023

NOTE 1. Summary of Significant Accounting Policies (Continued)

New Accounting Pronouncement - Governmental Accounting Standards Board has issued statements that will become effective in future years. Management has not yet determined the impact of these statements on the financial statements.

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.

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 \$107,641.

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, 2023

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 \$3,349,909. 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.

NOTE 3. Capital Assets

Details of changes in capital assets during 2023 are as follows:

	January 1, <u>2023</u>	<u>Additions</u>	<u>Deletions</u>	December 31, <u>2023</u>
Capital assets, not being depreciated:				
Land	\$ 14,863,438	\$ -	\$ -	\$ 14,863,438
Easements	238,049	3,200	-	241,249
Construction in Progress	<u>1,967,827</u>	<u>1,348,109</u>	<u>(2,704,947)</u>	<u>610,989</u>
Total capital assets, not being depreciated	<u>17,069,314</u>	<u>1,351,309</u>	<u>(2,704,947)</u>	<u>15,715,676</u>
Capital assets, being depreciated:				
Equipment	600,958	516,467	-	1,117,425
Buildings/Improvements	<u>25,831,912</u>	<u>2,179,284</u>	<u>(297,910)</u>	<u>27,713,286</u>
Total capital assets, being depreciated	<u>26,432,870</u>	<u>2,695,751</u>	<u>(297,910)</u>	<u>28,830,711</u>
Less accumulated depreciation for:				
Equipment	600,958	34,431	-	635,389
Buildings/Improvements	<u>16,586,053</u>	<u>708,629</u>	<u>(297,910)</u>	<u>16,996,772</u>
Total accumulated depreciation	<u>17,187,011</u>	<u>743,060</u>	<u>(297,910)</u>	<u>17,632,161</u>
Total capital assets, being depreciated, net	<u>9,245,859</u>	<u>1,952,691</u>	<u>-</u>	<u>11,198,550</u>
All capital assets, net	<u>\$ 26,315,173</u>	<u>\$ 3,304,000</u>	<u>\$ (2,704,947)</u>	<u>\$ 26,914,226</u>

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

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023

NOTE 4. Leases Receivable

The Authority has entered into various lease agreements with individuals for the use of building space, hangars, tie-downs, and storage units. Leases receivable represents amount due under any noncancellable lease agreements. Short-term or cancellable leases are not valued but instead are recorded as revenue when received.

The lease receivable is measured as the present value of the future fixed minimum rent payments expected to be received under the terms of the noncancellable lease at a discount rate of 5%. Variable payments are based on direct monthly usage and are not included in the calculation.

Future principal and interest payments on the receivable is as follows:

	<u>Principal</u>		<u>Interest</u>
2024	\$ 215,133	\$	73,773
2025	235,537		58,200
2026	254,158		40,834
2027	245,840		23,683
2028	184,241		7,413
2029	41,357		810
	<u>\$ 1,176,266</u>	<u>\$</u>	<u>204,713</u>

NOTE 5. Notes Payable

Notes payable consisted of the following:

	<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%	\$ 358,000	\$ 26,000	\$ 332,000
Final payment due 9/25/37			
Variable interest, currently averaging 1.49353%	<u>495,000</u>	<u>30,000</u>	<u>465,000</u>
	<u>\$ 853,000</u>	<u>\$ 56,000</u>	<u>\$ 797,000</u>

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

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023

NOTE 5. Notes Payable (Continued)

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

Year of <u>Issue</u>	Balance, January 1, <u>2023</u>	<u>Additions</u>	<u>Deletions</u>	Balance, December 31, <u>2023</u>
2015	\$ 384,000	\$ -	\$ 26,000	\$ 358,000
2017	<u>524,000</u>	<u>-</u>	<u>29,000</u>	<u>495,000</u>
	<u>\$ 908,000</u>	<u>\$ -</u>	<u>\$ 55,000</u>	<u>\$ 853,000</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, 2023 was 8.5%, and the outstanding balance was zero.

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

	<u>Principal</u>	<u>Interest</u>
2024	\$ 56,000	\$ 24,249
2025	58,000	22,659
2026	59,000	21,011
2027	60,000	19,336
2028	62,000	17,632
2029-2033	332,000	60,927
2034-2036	<u>226,000</u>	<u>14,427</u>
	<u>\$ 853,000</u>	<u>\$ 180,241</u>

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

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023

NOTE 6. 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 7. 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, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Plant Expenses		
Operations manager	\$ 54,000	\$ 49,933
Maintenance	318,200	328,597
Insurance	93,816	83,161
Utilities	39,648	33,697
Miscellaneous	1,667	1,034
TOTAL PLANT EXPENSES	<u>\$ 507,331</u>	<u>\$ 496,422</u>
Administrative Expenses		
Administrative services	\$ 57,975	\$ 71,995
Legal fees	21,337	22,693
Accounting fees	21,200	11,000
Office expense	5,822	5,808
Telephone	4,915	4,881
Engineering	17,038	59,057
Expenses-obstruction removal	-	12,112
Appraisal, permit, and review fees	43,872	748
Payroll taxes	5,360	6,526
Advertising	4,664	4,829
Equipment purchase	24,698	1,819
Other service fees	11,912	10,111
Members expense	2,700	2,900
2000 Portzer Road	6,637	7,296
2010 Portzer Road	5,481	6,942
2255 Milford Square Pike	-	3,465
2261 Milford Square Pike	6,831	12,160
2271 Milford Square Pike	5,794	6,591
2560 Mill Road	4,499	3,533
2564 Mill Road	7,534	5,928
3679 Old Easton Rd	7,666	10,879
3901 Old Easton Road	22,549	29,408
Van Sant expense	9,000	11,894
Real estate taxes	23,181	22,778
TOTAL ADMINISTRATIVE EXPENSES	<u>\$ 320,665</u>	<u>\$ 335,353</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, 2023

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Operating Revenues			
Rent - Hangars	\$ 871,796	\$ 849,153	\$ (22,643)
- FBO and other	432,345	377,044	(55,301)
Gasoline revenues - net	7,000	7,227	227
2000 Portzer Road	20,700	20,570	(130)
2010 Portzer Road	22,620	23,035	415
2261 Milford Square Pike - Sharp	18,600	18,600	-
2271 Milford Square Pike - Fulmer	17,820	18,225	405
2560 Mill Road	13,320	13,320	-
2564 Mill Road - Howie	19,080	19,180	100
3679 Easton Rd - Swayze	45,060	39,128	(5,932)
3901 Old Easton Road	36,840	37,360	520
Miscellaneous	<u>2,750</u>	<u>2,518</u>	<u>(232)</u>
Total Operating Revenues	<u>1,507,931</u>	<u>1,425,360</u>	<u>(82,571)</u>
Operating Expenses Before Depreciation			
Operating Expenses			
Plant Expenses:			
Operations manager	54,000	54,000	-
Maintenance	389,300	318,200	71,100
Insurance	68,500	93,816	(25,316)
Utilities	44,400	39,648	4,752
Miscellaneous	<u>-</u>	<u>1,667</u>	<u>(1,667)</u>
Total	<u>556,200</u>	<u>507,331</u>	<u>48,869</u>
Administrative Expenses:			
Administrative services	64,872	57,975	6,897
Legal fees	25,000	21,337	3,663
Auditing fees	15,000	21,200	(6,200)
Office expense	8,850	5,822	3,028
Telephone	5,300	4,915	385
Engineering	50,000	17,038	32,962
Appraisal and review fees	-	43,872	(43,872)
Payroll taxes expense	6,950	5,360	1,590
Advertising	7,000	4,664	2,336
Equipment purchase	23,000	24,698	(1,698)
Other service fees	10,396	11,912	(1,516)
Members expense	3,000	2,700	300

(Continued)

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
2000 Portzer Road	8,500	6,637	1,863
2010 Portzer Road	8,000	5,481	2,519
2261 Milford Square Pike	10,000	6,831	3,169
2271 Milford Square Pike	8,000	5,794	2,206
2560 Mill Road	6,000	4,499	1,501
2564 Mill Road - Howie	7,500	7,534	(34)
3679 Easton Rd-Swayze	16,500	7,666	8,834
3901 Old Easton Road	30,000	22,549	7,451
Van Sant expense	9,000	9,000	-
Real estate taxes	<u>24,700</u>	<u>23,181</u>	<u>1,519</u>
Total	<u>347,568</u>	<u>320,665</u>	<u>26,903</u>
Operating Income Before Depreciation	604,163	597,364	(6,799)
Depreciation	<u>-</u>	<u>(743,060)</u>	<u>(743,060)</u>
Operating Income (Loss)	604,163	(145,696)	(749,859)
Non-Operating Revenues (Expenses)			
Interest Income	8,500	110,637	102,137
Interest Expense	<u>(25,800)</u>	<u>(25,055)</u>	<u>745</u>
Total Non-Operating Revenues (Expenses)	<u>(17,300)</u>	<u>85,582</u>	<u>102,882</u>
Income (Loss) Before Capital Contributions	586,863	(60,114)	(646,977)
Grants in Aid of Capital Contributions	<u>-</u>	<u>873,998</u>	<u>873,998</u>
Increase (Decrease) in Net Position	586,863	813,884	227,021
Total Net Position - Beginning		<u>28,224,978</u>	
Total Net Position - Ending		<u>\$ 29,038,862</u>	