

**SEDONA-OAK CREEK AIRPORT
AUTHORITY**

**FINANCIAL STATEMENTS
DECEMBER 31, 2020 and 2019**

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors and Management of
Sedona-Oak Creek Airport Authority

Opinion

We have audited the accompanying financial statements of Sedona-Oak Creek Airport Authority (a nonprofit organization), which comprise the statement of financial position as of December 31, 2020 and 2019, and the related statements of activities and changes in net assets and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Sedona-Oak Creek Airport Authority as of December 31, 2020 and 2019, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits 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 Sedona-Oak Creek Airport Authority and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Sedona-Oak Creek Airport Authority's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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 auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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, including omissions, 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.

- 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 Sedona-Oak Creek 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 Sedona-Oak Creek 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.

Haynie & Company
Flagstaff, Arizona

April 19, 2021

SEDONA-OAK CREEK AIRPORT AUTHORITY
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2020 AND 2019

ASSETS

| | 2020 | 2019 |
|---|---------------------|---------------------|
| CURRENT ASSETS | | |
| Cash and cash equivalents | \$ 555,796 | \$ 410,143 |
| Accounts receivable | 86,412 | 57,752 |
| Inventories | 41,359 | 59,653 |
| Prepaid expenses | 59,087 | 46,536 |
| Certificate of deposit | 543,009 | 255,768 |
| TOTAL CURRENT ASSETS | 1,285,663 | 829,852 |
| NON-CURRENT ASSETS | | |
| Certificate of deposit | - | 532,358 |
| Property and equipment net of accumulated depreciation | 8,698,517 | 6,423,344 |
| TOTAL NON-CURRENT ASSETS | 8,698,517 | 6,955,702 |
| TOTAL ASSETS | \$ 9,984,180 | \$ 7,785,554 |

LIABILITIES AND NET ASSETS

| | | |
|--|---------------------|---------------------|
| CURRENT LIABILITIES | | |
| Accounts payable - trade | \$ 191,928 | \$ 210,118 |
| Accrued compensated absences | 32,290 | 19,631 |
| Accrued payroll liabilities | 19,828 | 38,665 |
| Deferred rental income | 19,379 | 5,926 |
| Sales taxes payable | 1,102 | 291 |
| Current portion - Payroll Protection Plan loan | 60,136 | - |
| TOTAL CURRENT LIABILITIES | 324,663 | 274,631 |
| LONG-TERM LIABILITIES | | |
| Rental security deposits | 26,172 | 26,537 |
| Deferred revenue | 699,390 | 726,997 |
| Other liabilities | 5,301 | 5,301 |
| Payroll Protection Plan loan, less current portion | 63,216 | - |
| TOTAL LONG-TERM LIABILITIES | 794,079 | 758,835 |
| TOTAL LIABILITIES | 1,118,742 | 1,033,466 |
| NET ASSETS | | |
| Without donor restrictions | 8,865,438 | 6,752,088 |
| TOTAL NET ASSETS | 8,865,438 | 6,752,088 |
| TOTAL LIABILITIES AND NET ASSETS | \$ 9,984,180 | \$ 7,785,554 |

SEDONA-OAK CREEK AIRPORT AUTHORITY
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

| | 2020 | 2019 |
|---|--------------|--------------|
| OPERATING REVENUES | | |
| Rents | \$ 744,842 | \$ 805,047 |
| Fuel and oil sales | 1,740,744 | 1,606,261 |
| Fees, catering and miscellaneous income | 214,040 | 152,415 |
| Total revenues | 2,699,626 | 2,563,723 |
| COST OF SALES | | |
| Fuel and oil | 753,524 | 830,012 |
| Catering and miscellaneous | 4,352 | 5,640 |
| Total cost of sales | 757,876 | 835,652 |
| GROSS PROFIT | 1,941,750 | 1,728,071 |
| GENERAL AND ADMINISTRATIVE EXPENSES | 2,564,010 | 2,342,684 |
| DEFICIENCY OF REVENUES OVER EXPENDITURES FROM OPERATIONS | (622,260) | (614,613) |
| NON-OPERATING REVENUES | | |
| Contributions in kind | 2,422,304 | 171,874 |
| Contributions - FAA and EIDL Grants | 79,000 | - |
| Donations and fees - Scenic Overlook | 218,493 | 330,926 |
| Interest income | 16,270 | 11,900 |
| Special events | - | 614 |
| (Loss) gain on disposal of equipment | (457) | 3,430 |
| Total non-operating revenues | 2,735,610 | 518,744 |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | 2,113,350 | (95,869) |
| TOTAL NET ASSETS, beginning of year | 6,752,088 | 6,847,957 |
| TOTAL NET ASSETS, end of year | \$ 8,865,438 | \$ 6,752,088 |

SEDONA-OAK CREEK AIRPORT AUTHORITY
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

| | <u>2020</u> | <u>2019</u> |
|--|--------------------------|--------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Excess (deficiency) of revenues over expenditures | \$ 2,113,350 | \$ (95,869) |
| Adjustments to reconcile excess (deficiency) of revenues over expenditures to net cash (used in) provided by operating activities: | | |
| Depreciation | 380,018 | 373,354 |
| Contributions in kind | (2,422,304) | (171,874) |
| Loss (gain) on disposal of equipment | 457 | (3,430) |
| (Increase) decrease in: | | |
| Accounts receivable | (28,660) | 1,056 |
| Inventories | 18,294 | (6,574) |
| Prepaid expenses | (12,551) | (6,614) |
| Increase (decrease) in: | | |
| Accounts payable - trade | (18,190) | 114,830 |
| Accrued compensated absences | 12,659 | 4,570 |
| Accrued payroll liabilities | (18,837) | (423) |
| Deferred rental income | 13,453 | (1,567) |
| Sales taxes payable | 811 | (216) |
| Rental security deposits | (365) | (2,002) |
| Deferred revenue | (27,607) | (27,607) |
| NET CASH PROVIDED BY OPERATING ACTIVITIES | <u>10,528</u> | <u>177,634</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Purchase of property and equipment | (233,344) | (104,589) |
| Maturity of certificate of deposit | 255,768 | - |
| Earnings on certificates of deposit reinvested | (10,651) | (11,747) |
| NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES | <u>11,773</u> | <u>(116,336)</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Borrowings - Payroll Protection Plan loan | 123,352 | - |
| NET CASH PROVIDED BY FINANCING ACTIVITIES | <u>123,352</u> | <u>-</u> |
| Increase in cash and cash equivalents | 145,653 | 61,298 |
| Cash and cash equivalents, beginning of year | <u>410,143</u> | <u>348,845</u> |
| Cash and cash equivalents, end of year | <u>\$ 555,796</u> | <u>\$ 410,143</u> |

SEDONA-OAK CREEK AIRPORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 and 2019

NOTE 1 - NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of the nature of operations of Sedona-Oak Creek Airport Authority and its significant accounting policies applied in the preparation of the accompanying financial statements follows:

Nature of Operations

Sedona-Oak Creek Airport Authority is a non-profit Authority incorporated in the State of Arizona. The Sedona-Oak Creek Airport Authority (the "Authority") was formed in 1978 under Title 10, Chapter 1, Article 16 of the Arizona Revised Statutes (A.R.S.) to operate the Sedona Airport located in Sedona, Arizona.

The Sedona Airport began on February 6, 1957 when the United States of America, through the Secretary of Agriculture, and approved by the U.S. Attorney General, issued a patent (land easement) to Yavapai County and/or its successors in function or interest. This patent deeded those certain lands for public airport purposes in perpetuity. The land can only be used for public airport purposes. The Authority has a lease with Yavapai County to manage operations of the land, buildings, and improvements until June 30, 2050.

During 2005, the Internal Revenue Service recognized the Authority as a tax-exempt entity pursuant to Internal Revenue Code Section 501 (c) (3). A.R.S. Article 28-8423 provides for the tax-exempt status of the Authority from state property taxes.

Reporting Activities

The Authority's reporting activities consist of two divisions, which are Airport Operations and Red Rock Aviation.

The Airport Operations division consists of the activities related to the airport administration and management, including the administration of all sub-leasing activity. The Red Rock Aviation division consists of the operation of a fuel farm and normal line service activities.

Basis of Accounting

The Authority records financial transactions using the accrual method. Revenues and other increases in net assets are recognized when they are earned, and expenses and other decreases in net assets are recognized when they are incurred.

Basis of Presentation

Financial statement presentation is in accordance with the Financial Accounting Standards Board Accounting Standards Codification *Not-for-Profit Entities, Presentation of Financial Statements*. Accordingly, the Authority is required to report information regarding its financial position and activities according to two classes of net assets: net assets with donor restrictions and net assets without donor restrictions.

Cash and Cash Equivalents

The Authority considers cash to be cash on hand, demand bank accounts, money markets, mutual funds, and certificates of deposit with an original maturity of six months or less. Cash accounts at December 31, 2020 and 2019 consisted of cash on hand and cash deposits in bank accounts.

SEDONA-OAK CREEK AIRPORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 and 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Certificates of Deposit

The Authority maintains a certificate of deposit in the amount of \$500,000, plus accrued interest at 2.0%, which matures July 22, 2021. Any early withdrawal is subject to bank approval and a penalty in the amount of 180 days of interest income.

The Authority maintained a certificate of deposit in the amount of \$250,000, plus accrued interest at 2.23%, which matured May 10, 2020.

Accounts Receivable

Accounts receivable consists of amounts owed the Authority for both rents and fuel sales on short-term credit. Accounts are considered past due when payment is not received within 30 days of origination. Any allowance for doubtful accounts is based upon management's estimates of uncollectible accounts and the Authority's historical collection experience. Receivables are written off and the allowance account is adjusted when collection efforts have been exhausted.

Inventories

Inventories, consisting mainly of aviation fuel, are valued at the lower of cost (first-in, first-out) or market value.

Prepaid Expenses

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid expenses in the financial statements.

Property and Equipment

Fixed assets are recorded at cost and depreciated over their estimated useful lives, using the straight-line method. Assets funded by pass-through grants or other contributions are recorded at their fair values on the date of gift. Assets purchased with a useful life of greater than one year and a cost in excess of \$1,500 are capitalized. Costs incurred for maintenance and repairs are charged against operations. Upon sale or retirement of fixed assets, the cost and related accumulated depreciation are eliminated from the respective accounts and the resulting gain or loss is included in current non-operating revenues. The estimated useful lives, by major capital asset classifications are as follows:

| | |
|----------------------------------|--------------|
| Building and ground improvements | 6 - 50 years |
| Equipment | 3 - 7 years |
| Fuel farm | 20 years |
| Furniture and fixtures | 5 - 20 years |
| Hangars | 7 - 20 years |
| Taxi, runway and heliport | 20 years |
| Vehicles | 5 years |

SEDONA-OAK CREEK AIRPORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 and 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenues from Contracts with Customers

The Authority recognizes revenues for fuel sales and other services at the time the fuel or other performance obligation is delivered to the customer. Customers pay by credit card at the time of service and generally payments are collected from the merchant processor within three business days.

Contributions

In accordance with the Financial Accounting Standards Board Accounting Standards Codification *Not-for-Profit Entities, Presentation of Financial Statements*, contributions received are recorded depending on the existence or absence of any donor-imposed restrictions.

Advertising Costs

Advertising costs are charged to operations as incurred.

Income Taxes

The Authority has been granted tax exempt status under Section 501 (c)(3) of the Internal Revenue Code. Accordingly, no provision or liability for income tax has been included in the financial statements.

The Authority files information tax returns with the U.S. federal and Arizona state governments. With few exceptions, the organization is no longer subject to U.S. federal and state income tax examinations by tax authorities for years before 2017 (federal) and 2016 (Arizona) as of December 31, 2020. Federal tax year 2016 and Arizona tax year 2015 was open as of December 31, 2019.

Sales Taxes

The Authority collects sales taxes on jet fuel and remits them to the state of Arizona. Fuel sales are presented gross, including related sales taxes of \$9,196 and \$7,072 at for the years ended December 31, 2020 and 2019, respectively.

Functional Allocation of Expenses

The costs of supporting the Authority's programs and other activities have been summarized on a functional basis in the notes to the financial statements. Certain costs have been allocated among the program and supporting management and general categories. Such allocations are determined by management on an equitable basis. Wages, payroll taxes and benefits are allocated based upon time and effort. Administrative expenses and supplies are allocated based upon estimated usage. Utilities are based upon an allocation of square footage and estimated usage. Telephone is allocated based upon estimated usage.

Date of Management's Review

Management has reviewed events subsequent to December 31, 2020 up through April 19, 2021, the date the financial statements were available to be issued, to evaluate their effect on the fair presentation of the financial statements. As of the date the financial statements were available to be issued, there have been no events subsequent to December 31, 2020 that are required to be disclosed in order to present fairly the financial position and changes in net assets of the Authority as of December 31, 2020. However, Note 25 describes a change in overall economic conditions affecting the Authority's business operations in 2020 and 2021.

SEDONA-OAK CREEK AIRPORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 and 2019

NOTE 2 - USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles in the United States requires management to make estimates and assumptions that affect certain reported amounts of assets, liabilities, disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Accordingly, actual results could differ from those estimates.

NOTE 3 - CONCENTRATION OF CREDIT RISK

The Authority has bank accounts with balances that sometimes exceed the \$250,000 federally insured limit, which exposes the company to risk in the event of a bank failure. Management monitors this regularly to keep this potential risk to a minimum.

NOTE 4 - CASH AND CASH EQUIVALENTS

At December 31, 2020 and 2019, cash and cash equivalents included the following:

| | 2020 | 2019 |
|---------------------------------|-------------------|-------------------|
| Cash on hand | \$ 1,277 | \$ 6,605 |
| Checking | 176,516 | 236,755 |
| Savings | 378,003 | 166,783 |
| Total cash and cash equivalents | <u>\$ 555,796</u> | <u>\$ 410,143</u> |

During 2018, the Authority purchased a \$250,000 certificate of deposit, which was re-invested in 2019 and matured in 2020. During 2016, the Authority purchased a \$500,000 certificate of deposit. Both are stated at cost plus accrued interest. They have been classified as current or non-current based upon their maturity dates.

NOTE 5 - ACCOUNTS RECEIVABLE

At December 31, 2020 and 2019, accounts receivable consisted of the following:

| | 2020 | 2019 |
|----------------------------------|------------------|------------------|
| Accounts receivable from tenants | \$ <u>86,412</u> | \$ <u>57,752</u> |

Management considers all accounts to be fully collectible. Therefore, no allowance for doubtful accounts has been recorded. Management has based this estimate on their prior experience with the customers and prior collection history. As a result, it is reasonably possible that this estimate may change in the near future.

SEDONA-OAK CREEK AIRPORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 and 2019

NOTE 6 - PROPERTY AND EQUIPMENT

At December 31, 2020 and 2019, property and equipment consisted of the following:

| | <u>2020</u> | <u>2019</u> |
|--|---------------------|---------------------|
| Building, land and ground improvements | \$ 5,192,274 | \$ 4,963,224 |
| Equipment | 123,381 | 97,577 |
| Fuel farm | 95,755 | 34,069 |
| Furniture and fixtures | 32,973 | 32,973 |
| Hangars | 117,314 | 117,314 |
| Taxiway, runway and heliport | 6,759,544 | 4,463,088 |
| Vehicles | 82,378 | 58,363 |
| | <u>12,403,619</u> | <u>9,766,608</u> |
| Less accumulated depreciation | <u>(3,705,102)</u> | <u>(3,343,264)</u> |
| Total property & equipment, net | <u>\$ 8,698,517</u> | <u>\$ 6,423,344</u> |

Depreciation expense was \$380,018 and \$373,354 for the years ended December 31, 2020 and 2019, respectively.

NOTE 7 - COMPENSATED ABSENCES

Employees are entitled to certain compensated absences based on their length of employment. These compensated absences are fully vested when earned and are accumulated to the employee's credit. Vacation time accrued but not used must be paid upon termination of employment. Accrued sick leave is paid to the employee each January for the unused portion accrued in the past year. The amounts accumulated were \$20,434 and \$12,126, respectively, for vacation pay, and \$11,856 and \$7,505, respectively, for sick pay at December 31, 2020 and 2019.

NOTE 8 - DEFERRED REVENUE

In 2012 the Authority received advanced payments totaling \$900,000 for two cell tower leases. The revenue is being recognized on a straight-line basis over the respective lease terms of approximately 39 years.

NOTE 9 - LINE OF CREDIT

In June 2014, the Authority obtained a \$150,000 revolving line of credit with Chase Bank with no expiration date. The interest rate was 6.18% and 7.68% at December 31, 2020 and 2019, respectively, and there were no funds drawn at December 31, 2020 or 2019. The line of credit is secured by all business assets.

SEDONA-OAK CREEK AIRPORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 and 2019

NOTE 10 - PAYROLL PROTECTION PLAN LOAN

Due to the impact of the COVID-19 pandemic, the Authority obtained a Payroll Protection Plan (PPP) loan from its lender, backed by the Small Business Administration (SBA) in the principal amount of \$123,352, payable in monthly installments through April 2022 at 1% interest. The PPP loan, along with accrued interest, may be forgiven if certain qualifying conditions are met. The PPP loan is secured by business assets. The Authority has applied for forgiveness and is awaiting a response regarding the forgiveness amount. In the event of forgiveness, the Authority will recognize the loan proceeds and any accrued interest as income in 2021. If the loan is not forgiven, the principal maturities will be as follows in the coming years:

| | |
|------|------------------|
| 2021 | \$ 60,136 |
| 2022 | 63,216 |
| | <u>\$123,352</u> |

NOTE 11 - AGREEMENTS AND COMMITMENTS WITH YAVAPAI COUNTY

On January 18, 1971, Yavapai County entered into an agreement with the Authority's predecessor in interest, the "Sedona Airport Authority." Subsequently, on February 1, 2003, the Sedona-Oak Creek Airport Authority entered into an amended agreement with Yavapai County to lease all buildings, structures, improvements, and personal property of the Sedona Airport for one dollar per year. The term of the lease, as amended, extends through June 30, 2050. The lease provides for the operation of the property in accordance with the provisions stated in the land patent by the U.S. Government on May 13, 1946.

During the term of the lease agreement, the Authority will operate and manage the property. All personal property acquired belongs to the Authority and may be sold, traded, or disposed of. However, upon termination of the lease agreement, all real and personal property passes to Yavapai County.

NOTE 12 - CONTRIBUTIONS IN KIND

For the years ended December 31, 2020 and 2019, the Authority was the beneficiary of federal and state grants awarded to Yavapai County for the design of the drainage of the airfield and for the design and building of its Apron D. Accordingly, contributions in kind of \$2,422,304 and \$171,874 were recognized in the accompanying financial statements in 2020 and 2019, respectively.

NOTE 13 - RENTAL REVENUE

The Authority derives revenue from the leasing of airplane hangars and various buildings onsite at the Sedona Airport. These leases have various terms and payments and are subject to various renewal options. Investment in property and equipment held for lease at December 31, 2020 and 2019 is as follows:

SEDONA-OAK CREEK AIRPORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 and 2019

NOTE 13 - RENTAL REVENUE (Continued)

| | <u>2020</u> | <u>2019</u> |
|-----------------------------------|---------------------|---------------------|
| Structure and grounds improvement | \$ 1,625,848 | \$ 1,625,848 |
| Less accumulated depreciation | (384,386) | (346,131) |
| | <u>\$ 1,241,462</u> | <u>\$ 1,279,717</u> |

Rental revenue for the years ended December 31, 2020 and 2019 consisted of the following:

| | <u>2020</u> | <u>2019</u> |
|---|-------------------|-------------------|
| Sky Ranch Lodge | \$ 235,098 | \$ 271,672 |
| Mesa Grill | 186,908 | 186,245 |
| Hangars | 182,066 | 178,465 |
| Communications sites | 34,239 | 34,239 |
| Terminals | 13,750 | 9,336 |
| Commercial building space | 58,463 | 58,463 |
| Other rents, sales levies & miscellaneous | 34,318 | 66,627 |
| Total | <u>\$ 744,842</u> | <u>\$ 805,047</u> |

During 2020 and 2019, the Authority received \$444,123 and \$512,641, respectively from commercial leases with an additional requirement of a payment of a percentage of gross income. The amount collected varies from year to year and is contingent on the tenant's income. Contingent rental income is recognized when the tenant earnings are reported, which is generally at the time of payment of the contingent rent.

NOTE 14 - RISK PROTECTION

The Authority purchases commercial insurance to cover risks of damage claims and loss of personal properties, buildings and improvements. This insurance is mandated in the Authority's lease with Yavapai County. Lessees of the Authority's improvements are required to keep minimum coverage as stipulated in the related lease agreements.

NOTE 15 - MAJOR CUSTOMERS AND TENANTS

For the years ended December 31, 2020 and 2019, there were two major customers and/or tenants that comprised 61.6% and 56.9% of gross revenues from rents.

Accounts receivable concentration from major customers: three customers comprised 71.2% and 46.7% of total accounts receivable at December 31, 2020 and 2019, respectively.

SEDONA-OAK CREEK AIRPORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 and 2019

NOTE 16 - OPERATING LEASE

The Authority entered into lease agreements during 2016 with a supplier for a jet fuel truck and an Avgas refueler. Both leases are for five-year terms, beginning August 1, 2016. The jet fuel truck requires monthly payments of \$1,800 and the Avgas refueler requires monthly payments of \$900. Rental expense, which includes sales tax, for the years ended December 31, 2020 and 2019 was \$38,520 and \$34,457, respectively.

NOTE 17 - NET ASSETS

The Authority had net assets without donor restrictions at December 31, 2020 and 2019 comprised of the following:

| | 2020 | 2019 |
|---------------------------------------|---------------------|---------------------|
| Unrestricted funds | \$ (4,209) | \$ 281,144 |
| Board designated for future expansion | 171,130 | 47,600 |
| Invested in capital assets | 8,698,517 | 6,423,344 |
| | \$ 8,865,438 | \$ 6,752,088 |

NOTE 18 - BOARD-DESIGNATED FUNDS

It is the policy of the Board of Directors of the Authority to review its plans for future property improvements and expansion from time to time and to designate appropriate sums of net assets without donor restrictions to assure adequate financing of such improvements and expansion. The Authority is obligated under grant match programs for future expansions. As of December 31, 2020 and 2019, the board had designated \$171,130 and \$47,600 of net assets without donor restrictions to this account, respectively. Designated funds include \$165,972 and \$20,000 for fuel farm improvements at December 31, 2020 and 2019, respectively, and \$5,158 and \$27,600 for the Authority's portion of grant matching funds required for projects that were in progress at December 31, 2020 and 2019, respectively.

NOTE 19 - RETIREMENT PLAN

During 2000, the Board entered into an agreement with the Arizona State Retirement System (ASRS) for the Board to administer a retirement and long-term disability plan pursuant to Section 38-729 of the Arizona Revised Statutes. The plan is described as cost-sharing, multiple employer, public employee, tax qualified, defined benefit retirement plan. Benefits are established by state statute. The employee and the employer contribute to the member's retirement a qualified percentage of compensation paid.

Generally, all employees of the Authority who are engaged to work at least twenty (20) weeks in a fiscal year for at least twenty (20) hours per week become members in the retirement plan upon employment. Membership is mandatory for those employees who meet the membership criteria.

SEDONA-OAK CREEK AIRPORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 and 2019

NOTE 19 - RETIREMENT PLAN (Continued)

Employee and employer matching contribution rates as a percentage of compensation are actuarially determined and adjusted at each annual actuarial valuation date. For the plan year ended June 30, 2020, ASRS members were required by statute to contribute at the rate of 12.22% (12.04% retirement and 0.18% long-term disability) of the member's annual covered payroll, and the Authority was required by statute to contribute 12.04% and 0.18%, respectively. For the year ended June 30, 2019, ASRS members were required by statute to contribute at the rate of 11.80% (11.64% retirement and 0.16% long-term disability) of the member's annual covered payroll, and the Authority was required by statute to contribute 11.64% and 0.16%, respectively. The contributions paid by the Authority were equal to the required contributions of \$54,835 and \$48,449, respectively in 2020 and 2019.

The risks of participating in a multi-employer plan are different from single employer plans. Assets contributed to the multi-employer plan by one employer may be used to provide benefits to employees of other participating employers. The Authority's agreement to participate in ASRS is irrevocable. In the event the Authority is dissolved or otherwise ceases to participate, the ASRS would allocate a liability to the Authority equal to the sum of the Authority's actuarially accrued liability multiplied by the ASRS plan's total deficit percentage and the Authority's actuarially accrued liability for the long-term disability plan multiplied by the long-term disability plan's total deficit percentage.

The ASRS plan's financial statements are prepared in accordance with the Governmental Accounting Standards Board, and an actuarial valuation is conducted annually. As of June 30, 2020 and 2019, the pension portion of the Plan was 70.1% and 74.0% funded, respectively. The long-term disability plan was 67.9% and 73.5% funded, respectively, at June 30, 2020 and 2019. The Authority's contributions did not represent more than 5% of total plan contributions in 2020 or 2019.

NOTE 20 - CASH FLOW INFORMATION

The Authority received non-cash contributions in kind of \$2,422,304 and \$171,874 for the years ended December 31, 2020 and 2019, respectively.

No cash was paid for interest or income taxes during the years ended December 31, 2020 or 2019.

NOTE 21 - CONTINGENCIES

Periodically, the Authority may be contingently liable with respect to claims incidental to the ordinary course of operations. In the view of management, and based on management's consultation with legal counsel, the ultimate outcome of such matters would not have a material adverse effect on the Authority's financial statements for the years ended December 31, 2020 and 2019. Accordingly, no provision has been made in the accompanying financial statements for losses, if any, which might result from the ultimate disposition of these matters. Due to the inherent uncertainty in predicting outcomes of trials and court actions, it is at least reasonably possible that the ultimate outcome of such matters could have an adverse effect on the operations of future periods.

SEDONA-OAK CREEK AIRPORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 and 2019

NOTE 22 - LIQUIDITY AND AVAILABILITY OF CASH

The following represents the Authority's financial assets at December 31, 2020 and 2019:

| | <u>2020</u> | <u>2019</u> |
|---|---------------------|-------------------|
| Cash and cash equivalents | \$ 555,796 | \$ 410,143 |
| Certificate of deposit, current | 543,009 | 255,768 |
| Accounts receivable | <u>86,412</u> | <u>57,752</u> |
| | 1,185,217 | 723,663 |
| Current portion of PPP Loan | (60,136) | - |
| Board designated restrictions for grant match and other board restrictions | <u>(171,130)</u> | <u>(47,600)</u> |
| Financial assets available to meet cash needs for general expenditures next year | <u>\$ 1,014,087</u> | <u>\$ 676,063</u> |

In the event the PPP Loan is forgiven, an additional \$60,136 would be available to meet the cash needs of the Authority for general expenditures in the next year.

NOTE 23 - ADOPTION OF NEW REVENUE RECOGNITION ACCOUNTING STANDARD

The Authority has adopted Financial Accounting Standards Board ASU 606, *Revenues from Contracts with Customers* beginning January 1, 2019. Adoption of the new standard resulted in changes to the Authority's accounting policies for revenue recognition, which are described in Note 1. The difference to revenue balances under the new guidance as opposed to the prior revenue recognition guidance was determined to be immaterial. Accordingly, no adjustment to beginning net assets at January 1, 2019 was required as a result of applying the new standard.

NOTE 24 - RECLASSIFICATIONS

Certain prior year amounts have been reclassified to conform to the current presentation. Such reclassifications had no effect on the previously reported deficiency of revenues over expenditures.

NOTE 25 - IMPACT OF COVID-19 PANDEMIC

On March 11, 2020, the World Health Organization declared a pandemic for the novel COVID-19 virus, and most businesses have been subject to some level of disruption. As of the date the financial statements were available to be issued, the Authority and Sedona Airport have remained open. However, the Authority experienced significant decreases in revenues from fuel sales and airside services in the second quarter of 2020, and donations and fees from the Scenic Overlook decreased for the year due to decreases in tourism. The Sky Ranch Lodge and tour operator tenants are also experiencing significantly lower volume which has decreased the amount of the Authority's sales levy revenues from leasing activities for 2020 and for the foreseeable future. The Authority was able to obtain a PPP loan in the amount of \$123,352 in 2020 as well as funding for airport improvements totaling \$2,580,304 through the EIDL and FAA CARES Act. Management continues to assess the effects on the Authority's operations to best navigate this uncertainty.

SEDONA-OAK CREEK AIRPORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 and 2019

NOTE 26 - SCHEDULE OF FUNCTIONAL EXPENSES

Program and support service expenses for the year ended December 31, 2020 are as follows:

| | <u>Program Services</u> | <u>Support Services</u> | <u>Totals</u> |
|---------------------------|-----------------------------|-----------------------------|---------------------|
| Advertising | \$ 1,318 | \$ - | \$ 1,318 |
| Bad debt | 280 | - | 280 |
| Bank charges | 349 | - | 349 |
| Credit card fees | 55,220 | - | 55,220 |
| Depreciation | 380,018 | - | 380,018 |
| Dues and subscriptions | 538 | - | 538 |
| Fees, permits, & licenses | 837 | - | 837 |
| Employee benefits | 63,403 | 42,269 | 105,672 |
| Equipment rental | 53,697 | - | 53,697 |
| Insurance | 78,846 | - | 78,846 |
| Legal and professional | 1,008,585 | - | 1,008,585 |
| Miscellaneous | 11,651 | - | 11,651 |
| Office supplies | - | 2,904 | 2,904 |
| Outside services | 40,573 | - | 40,573 |
| Overlook parking | 13,654 | - | 13,654 |
| Payroll tax expense | 42,451 | 28,300 | 70,751 |
| Postage and freight | 603 | - | 603 |
| Repair and maintenance | 39,008 | 2,053 | 41,061 |
| Supplies | 12,524 | - | 12,524 |
| Taxes-jet fuel | 9,196 | - | 9,196 |
| Taxes-personal property | 750 | - | 750 |
| Taxes-sales | 1,242 | - | 1,242 |
| Travel and entertainment | 955 | 636 | 1,591 |
| Telephone | 4,378 | 4,378 | 8,756 |
| Utilities | 46,976 | 2,472 | 49,448 |
| Vehicle expense | 5,909 | - | 5,909 |
| Wages | 364,474 | 242,983 | 607,457 |
| Website | 551 | 29 | 580 |
| Total | \$ 2,237,986 | \$ 326,024 | \$ 2,564,010 |

SEDONA-OAK CREEK AIRPORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 and 2019

NOTE 26 - SCHEDULE OF FUNCTIONAL EXPENSES (Continued)

Program and support service expenses for the year ended December 31, 2019 are as follows:


| | <u>Program Services</u> | <u>Support Services</u> | <u>Totals</u> |
|---------------------------|-----------------------------|-----------------------------|---------------------|
| Advertising | \$ 2,242 | \$ - | \$ 2,242 |
| Bank charges | 417 | - | 417 |
| Credit card fees | 51,856 | - | 51,856 |
| Depreciation | 373,354 | - | 373,354 |
| Dues and subscriptions | 519 | - | 519 |
| Fees, permits, & licenses | 169 | - | 169 |
| Employee benefits | 64,558 | 43,039 | 107,597 |
| Equipment rental | 47,120 | - | 47,120 |
| Insurance | 64,683 | - | 64,683 |
| Legal and professional | 786,366 | - | 786,366 |
| Miscellaneous | 12,336 | - | 12,336 |
| Office supplies | - | 4,801 | 4,801 |
| Outside services | 41,088 | - | 41,088 |
| Overlook parking | 18,533 | - | 18,533 |
| Payroll tax expense | 45,301 | 30,200 | 75,501 |
| Postage and freight | 457 | - | 457 |
| Repair and maintenance | 47,655 | 2,508 | 50,163 |
| Supplies | 15,806 | - | 15,806 |
| Taxes-jet fuel | 7,072 | - | 7,072 |
| Taxes-personal property | 623 | - | 623 |
| Taxes-sales | 1,036 | - | 1,036 |
| Travel and entertainment | 4,804 | 3,203 | 8,007 |
| Telephone | 4,416 | 4,416 | 8,832 |
| Utilities | 48,426 | 2,549 | 50,975 |
| Vehicle expense | 5,385 | - | 5,385 |
| Wages | 364,648 | 243,098 | 607,746 |
| Total | <u>\$ 2,008,870</u> | <u>\$ 333,814</u> | <u>\$ 2,342,684</u> |


SUPPLEMENTARY INFORMATION



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INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION

To the Board of Directors of
Sedona-Oak Creek Airport Authority

We have audited the financial statements of Sedona-Oak Creek Airport Authority as of and for the year ended December 31, 2020 and 2019, and have issued our report thereon dated April 19, 2021, which contained an unmodified opinion on those financial statements. Our audit was performed for the purpose of forming an opinion on the financial statements as a whole.

The Management's Discussion and Analysis and the Schedules of Revenue and Expenses by Division and the Schedules of General and Administrative Expenses by Division are presented for the purposes of additional analysis and are not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Haynie & Company
Flagstaff, Arizona

April 19, 2021

**SEDONA-OAK CREEK AIRPORT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2020 and 2019**

Our discussion and analysis of Sedona-Oak Creek Airport Authority's financial performance provides an overview of the Authority's financial activities for the year ended December 31, 2020. Please read it in conjunction with the comparative financial statements. Financial statements for 2019 are included for further comparison and analysis; this discussion will primarily address financial information for the year ended December 31, 2020.

The financial statements, including the statements of financial position, the statements of activities and changes in net assets, and the statements of cash flows, provide information about the Authority as a whole and its activities in a way that helps the users of these financial statements understand how the Authority's financial position compares to the prior year. These statements include all assets and liabilities using generally accepted accounting principles in the United States, which is the basis of accounting used by most for-profit companies. All of the current year's revenues are recognized when earned and expenses are recorded when incurred regardless of when cash is received or paid.

These statements report the Authority's net assets and changes in them. The user of the financial statements can think of the Authority's net assets, which are the difference between assets and liabilities, as one way to measure the Authority's financial position. Over time, increases and decreases in the Authority's net assets are one indicator of whether the Authority's financial position is improving or deteriorating. The user of the financial statements will need to consider other non-financial factors, however, such as changes in the Authority's tenant base and the condition of the Authority's facilities and equipment. A significant portion of the Airport's assets are invested in the maintenance of its facilities.

The Authority's net assets decreased by \$622,260 as a result of operations for the year ended 2020. Additionally, the Authority received \$218,493 in donations and fees from the scenic overlook and \$2,501,304 in support from pass-through grants for the design and reconstruction of Apron D and the airfield drainage system, which are recorded as Donations and fees – Scenic Overlook and Contributions In Kind, respectively, in the financial statements. In total, net assets increased by \$2,113,350 for the year ended December 31, 2020.

Net assets totaled \$8,865,438 and \$6,752,088 at December 31, 2020 and 2019, respectively. Of the \$8,865,438 net assets at December 31, 2020, \$8,698,517 was invested in capital assets. The Authority, with the assistance of federal and state grants, has invested significantly in the upgrading of its PAPI system, taxiways and runways, terminal parking lot, overlook, and other facilities in the past few years. The Board has designated \$165,972 for future expansion of the fuel farm and \$5,158 for its cost sharing portion of a state grant for a taxiway mill and overlay project in 2021. The Authority had unrestricted undesignated net assets of (\$4,209) at December 31, 2020. The Authority's current assets exceeded its current liabilities by \$961,000 as of December 31, 2020. This is a good indicator of the Authority's operating strength and cash flow stability. The Authority's long-term debt as of December 31, 2020 consists of a Payroll Protection Plan loan in the amount of \$123,352, which is eligible to be forgiven by the U.S. Small Business Administration (SBA) if certain conditions are met. The Authority is required to apply for forgiveness and await a response from the SBA.

**SEDONA-OAK CREEK AIRPORT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2020 and 2019**

Total operating revenue for the Authority increased by \$135,903 for the year ended December 31, 2020. The net increase was comprised of an increase in fuel and oil sales of \$134,483, largely driven by an increase in traffic volume. Jet fuel sales increased by approximately 62,000 gallons, and AvGas sales increased by approximately 6,500 gallons in 2020. Operating revenues also includes a decrease in rent revenue of \$60,205 due to lower contingent rents as tenants experienced revenue decreases during the pandemic, and an increase in fees, catering and miscellaneous income of \$61,625, due to increases in overnight tie-downs and jet landing and parking fees in the second half of 2020.

The Authority's combined gross margin on the operations of both divisions, including all rent, fuel and oil sales, was approximately 71% for the year ended December 31, 2020 as compared to 67% for the prior year. General and administrative expenses increased in 2020 by \$221,326, due primarily to the following: a \$14,163 increase in insurance costs and a \$222,219 increase in legal and professional fees due to the Authority's continued defense of ongoing legal claims.

Capital projects in 2020 included \$233,344 of Authority funding and \$2,422,304 from pass-through federal and state grant funding for the Apron D reconstruction and airfield drainage and AGIS survey. Other capital projects included a fire protection airport water system master plan and the purchases of a ramp vehicle, a snowplow and mowing equipment. The Authority also began a design phase for the relocation and upgrade of the fuel farm in 2020 which will be continued in 2021.

Cash flows provided by operations totaled \$10,528 for the year ended December 31, 2020. Cash flows provided by investing activities were \$11,773, which included \$255,768 in proceeds from the maturation of a certificate of deposit, offset by cash payments for purchases of property and equipment of \$233,344 and the reinvestment of \$10,651 in investment earnings into certificates of deposit. Cash flows provided by financing activities in 2020 consisted of borrowings of \$123,352 under the Payroll Protection Plan, which may be forgiven if certain qualifying conditions are met.

Periodically, the Authority may be contingently liable with respect to claims incidental to the ordinary course of operations. In the view of management, and based on management's consultation with legal counsel, the ultimate outcome of such matters would not have a material adverse effect on the Authority's financial statements for the years ended December 31, 2020 and 2019. Accordingly, no provision has been made in the accompanying financial statements for losses, if any, which might result from the ultimate disposition of these matters.

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the Sedona-Oak Creek Airport Authority's finances and to show the Authority's accountability for the money it receives and the assets it manages. If you have questions about this report or need additional financial information, contact Nelson Durkee, Airport Business Manager, 235 Air Terminal Dr., Sedona, Arizona, 86336.

SEDONA-OAK CREEK AIRPORT AUTHORITY
SCHEDULE OF REVENUE AND EXPENSES BY DIVISION
FOR THE YEAR ENDED DECEMBER 31, 2020

| | <u>Airport Operations</u> | <u>Red Rock Aviation</u> | <u>Totals</u> |
|--|-------------------------------|------------------------------|----------------------------|
| OPERATING REVENUES | | | |
| Rents | \$ 744,842 | \$ - | \$ 744,842 |
| Fuel and oil sales | 4,000 | 1,736,744 | 1,740,744 |
| Fees, catering and miscellaneous income | <u>213,890</u> | <u>150</u> | <u>214,040</u> |
| Total revenues | 962,732 | 1,736,894 | 2,699,626 |
| COST OF SALES | | | |
| Fuel and oil | - | 753,524 | 753,524 |
| Catering and miscellaneous | - | 4,352 | 4,352 |
| Total cost of sales | <u>-</u> | <u>757,876</u> | <u>757,876</u> |
| GROSS PROFIT | 962,732 | 979,018 | 1,941,750 |
| GENERAL AND ADMINISTRATIVE EXPENSES | <u>2,040,183</u> | <u>523,827</u> | <u>2,564,010</u> |
| (DEFICIENCY) EXCESS OF REVENUES OVER EXPENDITURES FROM OPERATIONS | (1,077,451) | 455,191 | (622,260) |
| NON-OPERATING REVENUES (EXPENSES) | | | |
| Contributions in kind | 2,422,304 | - | 2,422,304 |
| Contributions - FAA and EIDL Grants | 79,000 | - | - |
| Donations and fees - Scenic Overlook | 218,493 | - | 218,493 |
| Interest income | 16,270 | - | 16,270 |
| Gain (loss) on sale of equipment | <u>-</u> | <u>(457)</u> | <u>(457)</u> |
| Total non-operating revenues (expenses) | <u>2,736,067</u> | <u>(457)</u> | <u>2,656,610</u> |
| EXCESS OF REVENUES OVER EXPENDITURES | <u>\$ 1,658,616</u> | <u>\$ 454,734</u> | <u>\$ 2,113,350</u> |

SEDONA-OAK CREEK AIRPORT AUTHORITY
SCHEDULE OF REVENUE AND EXPENSES BY DIVISION
FOR THE YEAR ENDED DECEMBER 31, 2019

| | <u>Airport Operations</u> | <u>Red Rock Aviation</u> | <u>Totals</u> |
|--|-------------------------------|------------------------------|---------------------------|
| OPERATING REVENUES | | | |
| Rents | \$ 805,047 | \$ - | \$ 805,047 |
| Fuel and oil sales | 4,000 | 1,602,261 | 1,606,261 |
| Fees, catering and miscellaneous income | 152,116 | 299 | 152,415 |
| Total revenues | <u>961,163</u> | <u>1,602,560</u> | <u>2,563,723</u> |
| COST OF SALES | | | |
| Fuel and oil | 178 | 829,834 | 830,012 |
| Catering and miscellaneous | 25 | 5,615 | 5,640 |
| Total cost of sales | <u>203</u> | <u>835,449</u> | <u>835,652</u> |
| GROSS PROFIT | 960,960 | 767,111 | 1,728,071 |
| GENERAL AND ADMINISTRATIVE EXPENSES | <u>1,806,814</u> | <u>535,870</u> | <u>2,342,684</u> |
| (DEFICIENCY) EXCESS OF REVENUES OVER EXPENDITURES FROM OPERATIONS | (845,854) | 231,241 | (614,613) |
| NON-OPERATING REVENUES | | | |
| Contributions in kind | 171,874 | - | 171,874 |
| Donations and fees - Scenic Overlook | 330,926 | - | 330,926 |
| Interest income | 11,900 | - | 11,900 |
| Special events | 574 | 40 | 614 |
| Gain on sale of equipment | - | 3,430 | 3,430 |
| Total non-operating revenues (expenses) | <u>515,274</u> | <u>3,470</u> | <u>518,744</u> |
| (DEFICIENCY) EXCESS OF REVENUES OVER EXPENDITURES | <u><u>\$ (330,580)</u></u> | <u><u>\$ 234,711</u></u> | <u><u>\$ (95,869)</u></u> |

SEDONA-OAK CREEK AIRPORT AUTHORITY
SCHEDULE OF GENERAL AND ADMINISTRATIVE EXPENSES BY DIVISION
FOR THE YEAR ENDED DECEMBER 31, 2020

| | <u>Airport Operations</u> | <u>Red Rock Aviation</u> | <u>Totals</u> |
|--|-------------------------------|------------------------------|----------------------------|
| GENERAL AND ADMINISTRATIVE EXPENSES | | | |
| Advertising | \$ 1,318 | \$ - | \$ 1,318 |
| Bad debt | 280 | - | 280 |
| Bank charges | 349 | - | 349 |
| Credit card fees | 3,408 | 51,812 | 55,220 |
| Depreciation | 347,336 | 32,682 | 380,018 |
| Dues and subscriptions | 538 | - | 538 |
| Fees, permits, & licenses | 837 | - | 837 |
| Employee benefits | 38,036 | 67,636 | 105,672 |
| Equipment rental | 19,240 | 34,457 | 53,697 |
| Insurance | 78,846 | - | 78,846 |
| Legal and professional | 1,008,585 | - | 1,008,585 |
| Miscellaneous | 11,651 | - | 11,651 |
| Office supplies | 2,904 | - | 2,904 |
| Outside services | 40,204 | 369 | 40,573 |
| Overlook parking | 13,654 | - | 13,654 |
| Payroll tax expense | 30,545 | 40,206 | 70,751 |
| Postage and freight | 603 | - | 603 |
| Repair and maintenance | 38,411 | 2,650 | 41,061 |
| Supplies | 9,815 | 2,709 | 12,524 |
| Taxes-jet fuel | - | 9,196 | 9,196 |
| Taxes-personal property | 750 | - | 750 |
| Taxes-sales | 1,242 | - | 1,242 |
| Travel and entertainment | 1,591 | - | 1,591 |
| Telephone | 7,068 | 1,688 | 8,756 |
| Utilities | 48,784 | 664 | 49,448 |
| Vehicle expense | 5,909 | - | 5,909 |
| Wages | 327,699 | 279,758 | 607,457 |
| Website | 580 | - | 580 |
| TOTAL GENERAL & ADMINISTRATIVE EXPENSES | <u>\$ 2,040,183</u> | <u>\$ 523,827</u> | <u>\$ 2,564,010</u> |

SEDONA-OAK CREEK AIRPORT AUTHORITY
SCHEDULE OF GENERAL AND ADMINISTRATIVE EXPENSES BY DIVISION
FOR THE YEAR ENDED DECEMBER 31, 2019

| | <u>Airport Operations</u> | <u>Red Rock Aviation</u> | <u>Totals</u> |
|--|-------------------------------|------------------------------|----------------------------|
| GENERAL AND ADMINISTRATIVE EXPENSES | | | |
| Advertising | \$ 2,242 | \$ - | \$ 2,242 |
| Bank charges | 417 | - | 417 |
| Credit card fees | 2,835 | 49,021 | 51,856 |
| Depreciation | 350,411 | 22,943 | 373,354 |
| Dues and subscriptions | 519 | - | 519 |
| Fees, permits, & licenses | 169 | - | 169 |
| Employee benefits | 41,846 | 65,751 | 107,597 |
| Equipment rental | 12,663 | 34,457 | 47,120 |
| Insurance | 64,683 | - | 64,683 |
| Legal and professional | 786,366 | - | 786,366 |
| Miscellaneous | 12,336 | - | 12,336 |
| Office supplies | 4,801 | - | 4,801 |
| Outside services | 40,015 | 1,073 | 41,088 |
| Overlook parking | 18,533 | - | 18,533 |
| Payroll tax expense | 30,927 | 44,574 | 75,501 |
| Postage and freight | 471 | (14) | 457 |
| Repair and maintenance | 47,501 | 2,662 | 50,163 |
| Supplies | 11,900 | 3,906 | 15,806 |
| Taxes-jet fuel | - | 7,072 | 7,072 |
| Taxes-personal property | 623 | - | 623 |
| Taxes-sales | 1,036 | - | 1,036 |
| Travel and entertainment | 8,007 | - | 8,007 |
| Telephone | 6,511 | 2,321 | 8,832 |
| Utilities | 49,864 | 1,111 | 50,975 |
| Vehicle expense | 5,204 | 181 | 5,385 |
| Wages | 306,934 | 300,812 | 607,746 |
| TOTAL GENERAL & ADMINISTRATIVE EXPENSES | <u>\$ 1,806,814</u> | <u>\$ 535,870</u> | <u>\$ 2,342,684</u> |