

**City of Colorado Springs, Colorado
Municipal Airport**

Year Ended December 31, 2021

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Report on Compliance for the Passenger Facility Charge Program, Report on Internal Control over Compliance, and Report on the Schedule of Passenger Facility Charges Collected and Expended

Independent Auditor's Report

The Honorable Mayor, Members of
The City Council and City Auditor
Colorado Springs Municipal Airport
Colorado Springs, Colorado

Report on Compliance for Passenger Facility Charge Program

Opinion on Passenger Facility Charge Program

We have audited the Colorado Springs Municipal Airport's (the Airport) compliance with the types of compliance requirements identified as subject to audit in the *Passenger Facility Charge Audit Guide for Public Agencies* (the Guide), issued by the Federal Aviation Administration, that could have a direct and material effect on the Airport's Passenger Facility Charge Program for the year ended December 31, 2021.

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

Basis for Opinion on Passenger Facility Charge Program

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

We are required to be independent of the Airport and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for the Passenger Facility Charge Program. Our audit does not provide a legal determination of the Airport's compliance with the compliance requirements referred to above.

The Honorable Mayor, Members of
The City Council and City Auditor
Colorado Springs Municipal Airport

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Airport's Passenger Facility Charge Program.

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

The Honorable Mayor, Members of
The City Council and City Auditor
Colorado Springs Municipal Airport

Report on Internal Control Over Compliance

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

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

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on the Schedule of Passenger Facility Charges Collected and Expended

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Colorado Springs as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the City of Colorado Springs’ basic financial statements. We issued our report thereon dated June 10, 2022, which contained unmodified opinions on those financial statements. Other auditors audited the financial statements of the discretely presented component units, except the Colorado Springs Health Foundation, the Pikes Peak Regional Communications Network, the MW Retail Business Improvement District and the GSF Business Improvement District and other auditors audited the financial statements of Colorado Springs Utilities, presented as an enterprise fund, and the financial statements of Public Authority for Colorado Energy, presented as a blended component unit (enterprise fund). Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of passenger facility charges collected and expended is presented for purposes of additional analysis as required by the Guide and is 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 Honorable Mayor, Members of
The City Council and City Auditor
Colorado Springs Municipal Airport

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 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 passenger facility charges collected and expended is fairly stated in all material respects in relation to the basic financial statements as a whole.

FORVIS,LLP

Colorado Springs, Colorado
June 10, 2022

City of Colorado Springs, Colorado
Municipal Airport
Schedule of Passenger Facility Charges Collected and Expended
Year Ended December 31, 2021

	PFC Collections	Expenditures	Balance	Interest Rate	Interest Earned	Unliquidated Balance
Cumulative total as of January 1, 2021	\$ 82,315,693	\$ 84,092,534			\$ 2,889,372	\$ 1,112,531
January 2021	117,243	-	\$ 1,229,774	n/a	-	1,229,774
February 2021	109,598	-	1,339,372	n/a	-	1,339,372
March 2021	229,968	1,400,000	169,340	n/a	-	169,340
First Quarter Subtotal	<u>456,809</u>	<u>1,400,000</u>			<u>-</u>	
April 2021	292,632	-	461,972	n/a	-	461,972
May 2021	217,369	-	679,341	n/a	3,591	682,932
June 2021	493,486	392,043	784,375	n/a	-	784,375
Second Quarter Subtotal	<u>1,003,487</u>	<u>392,043</u>			<u>3,591</u>	
July 2021	396,465	-	1,180,840	n/a	1,412	1,182,252
August 2021	386,871	(20,473)	1,589,596	n/a	-	1,589,596
September 2021	369,486	588	1,958,494	n/a	-	1,958,494
Third Quarter Subtotal	<u>1,152,822</u>	<u>(19,885)</u>			<u>1,412</u>	
October 2021	238,742	-	2,197,236	n/a	4,014	2,201,250
November 2021	373,816	5,014	2,570,052	n/a	-	2,570,052
December 2021	367,885	150,072	2,787,865	n/a	4,565	2,792,430
Fourth Quarter Subtotal	<u>980,443</u>	<u>155,086</u>			<u>8,579</u>	
Totals for the year ended December 31, 2021	<u>3,593,561</u>	<u>1,927,244</u>			<u>13,582</u>	
Cumulative total as of December 31, 2021	<u>\$ 85,909,254</u>	<u>\$ 86,019,778</u>			<u>\$ 2,902,954</u>	

City of Colorado Springs, Colorado Municipal Airport

Notes to the Schedule of Passenger Facility Charges Collected and Expended Year Ended December 31, 2021

Note 1: General

The Aviation Safety and Capacity Expansion Act of 1990 (Public Law 101-508, Title II, Subtitle B) authorized the imposition of local Passenger Facility Charges (PFC) and use of resulting PFC revenues for Federal Aviation Administration (FAA) approved projects meeting at least one of the following criteria: (1) preserve or enhance safety, security or capacity of the national air transport system; (2) reduce noise or mitigate noise impacts resulting from an airport or (3) furnish opportunities for enhanced competition between or among carriers.

Note 2: Schedule of Passenger Facility Charges Collected and Expended

The accompanying Schedule of Passenger Facility Charges Collected and Expended (the Schedule) presents the revenues received from the PFC and expenditures incurred on approved projects. The information in the Schedule is presented in accordance with the requirements described in the *Passenger Facility Charge Audit Guide for Public Agencies*. Therefore, some amounts presented in this Schedule may differ from amounts presented in, or used in, the preparation of the City of Colorado Springs basic financial statements.

PFCs collected represent cash collected for the year ended December 31, 2021 as reported to the FAA. The interest earned represents the actual interest collected on the unexpended PFC balance throughout the year. Expenditures represent FAA-approved projects expended in the current and prior years and are reported when projects are complete.

The Schedule is presented on the cash basis of accounting.

**City of Colorado Springs, Colorado
Municipal Airport
Schedule of Passenger Facility Charge Program
Findings and Questioned Costs
Year Ended December 31, 2021**

- | | | |
|--|--|------------------------------------|
| 1. Type of report issued on schedule of passenger facility charges collected and expended. | <input checked="" type="checkbox"/> Unmodified | <input type="checkbox"/> Qualified |
| 2. Type of report on PFC compliance. | <input checked="" type="checkbox"/> Unmodified | <input type="checkbox"/> Qualified |
| 3. Quarterly Revenue and Disbursements reconcile with submitted quarterly reports and reported unliquidated revenue matches actual amounts. | <input checked="" type="checkbox"/> Yes | <input type="checkbox"/> No |
| 4. PFC Revenue and Interest is accurately reported on FAA Form 5100-127. | <input checked="" type="checkbox"/> Yes | <input type="checkbox"/> No |
| 5. The Public Agency maintains a separate financial accounting record for each application. | <input checked="" type="checkbox"/> Yes | <input type="checkbox"/> No |
| 6. Funds disbursed were for PFC-eligible items as identified in the FAA decision to pay only for the allowable costs of the project. | <input checked="" type="checkbox"/> Yes | <input type="checkbox"/> No |
| 7. Monthly carrier receipts were reconciled with quarterly carrier reports. | <input checked="" type="checkbox"/> Yes | <input type="checkbox"/> No |
| 8. PFC revenues were maintained in a separate interest-bearing capital account or commingled only with other interest-bearing airport capital funds. | <input checked="" type="checkbox"/> Yes | <input type="checkbox"/> No |
| 9. Serving carriers were notified of PFC program actions/changes approved by the FAA. | <input checked="" type="checkbox"/> Yes | <input type="checkbox"/> No |
| 10. Quarterly Reports were transmitted (or available via website) to remitting carriers. | <input checked="" type="checkbox"/> Yes | <input type="checkbox"/> No |
| 11. The Public Agency is in compliance with Assurances 5, 6, 7 and 8. | <input checked="" type="checkbox"/> Yes | <input type="checkbox"/> No |

**City of Colorado Springs, Colorado
Municipal Airport
Schedule of Passenger Facility Charge Program
Findings and Questioned Costs (continued)
Year Ended December 31, 2021**

12. Project design and implementation is carried out in accordance with Assurance 9. Yes No
13. Program administration is carried out in accordance with Assurance 10. Yes No
14. For those public agencies with excess revenue, a plan for the use of this revenue has been submitted to the FAA for review and concurrence. Yes No N/A

Findings Required to be Reported by the Guide

No matters are reportable.

City of Colorado Springs, Colorado
Municipal Airport
Summary Schedule of Prior Audit Findings
Year Ended December 31, 2021

Reference Number	Fiscal Year of Initial Occurrence	Summary of Finding	Status
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No matters are reportable.