

City of Colorado Springs  
Municipal Airport Enterprise

# 2016

## Financial Statements

For the year ended December 31, 2016



**Colorado Springs Municipal Airport**  
**Colorado Springs, Colorado**  
**December 31, 2016 and 2015**

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## Independent Auditor's Report

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

We have audited the accompanying financial statements of the Colorado Springs Municipal Airport (the Airport), an enterprise fund of the City of Colorado Springs, Colorado (the City), as of and for the years ended December 31, 2016 and 2015, and the related notes to the financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

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

### ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Airport, an enterprise fund of the City of Colorado Springs, Colorado as of December 31, 2016 and 2015, and the changes in its financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Emphasis of Matter***

As discussed in Note A.1, the financial statements of the Airport are intended to present the financial position and the changes in financial position and cash flows of only that portion of the business-type activities of the City that is attributable to the transactions of the Airport. They do not purport to, and do not, present fairly the financial position of the City as of December 31, 2016 and 2015, the changes in its financial position, or, where applicable, its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

### ***Other Matters***

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and pension information listed in the table of contents be presented to supplement the basic financial statements. Such information, although not 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 audits 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.

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

*Other Information*

Our audits were conducted for the purpose of forming an opinion on the basic financial statements as a whole. The information listed in the table of contents under “Supplementary and Other Information” is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

*BKD, LLP*

Colorado Springs, Colorado  
June 12, 2017

**Colorado Springs Municipal Airport**  
**Colorado Springs, Colorado**  
**Management's Discussion and Analysis (Unaudited)**  
**Years Ended December 31, 2016 and 2015**

The following Management's Discussion and Analysis (MD&A) of the Colorado Springs Airport's (the Airport or COS) financial performance provides an overview of the financial activities of the Airport for the fiscal years ended December 31, 2016 and 2015. The information contained in this discussion should be considered in conjunction with the financial statements, notes, and supplemental information to the Airport's financial statements.

The Airport's financial statements are prepared using an accrual basis in accordance with Generally Accepted Accounting Principles (GAAP) promulgated by the Governmental Accounting Standards Board (GASB) and other standards-setting bodies. The Airport is structured as an enterprise fund. An enterprise fund is self-sustainable through the airline rates and charges and receives no City general fund contributions. Capital assets are capitalized and (except for land and construction in progress) are depreciated over their useful lives. See notes to the financial statements for a summary of the Airport's significant accounting policies.

Following this MD&A are the financial statements of the Airport together with the notes to the financial statements, which are essential for a full understanding of the data contained herein. The Airport's financial statements are designed to provide readers with a broad overview of the Airport's finances.

**Significant Changes in 2016 Airport Activities**

COS has seen a number of positive air service changes in 2016. Frontier Airlines added new daily A319 service to Las Vegas (LAS) which began in April. In addition to this service, Frontier added daily A319 service to Phoenix Sky-Harbor (PHX) in June, and added new daily A320 service to Orlando (MCO) in October. Alaska Airlines began utilizing the ERJ-175 aircraft in place of the CRJ-700 for their daily Seattle (SEA) flight in October. Unlike the 70-seater CRJ-700, the new E-175 aircraft offers 12 first-class seats with a total capacity of 76.

In 2013, Airport and City Finance staff collaborated with the City's financial advisor, Public Financial Management (PFM), to evaluate various scenarios to refunding and refinancing the Airport's overall debt. In conjunction with the Airport's bond underwriter, Piper Jaffray, a debt management plan was implemented that reduced maximum annual debt service from \$5.4 million to \$2.6 million in 2014. The Airport reduced annual General Airport Revenue Bonds (GARB) debt service payment by 55% by calling the 2002 series GARB. This was accomplished by refunding \$16 million of outstanding debt and refinancing the remaining portion. Additionally, the Airport has completed the final step in the debt management plan and retired the remaining \$6.8 million of callable 2007 A/B Series Bonds in December 2016. This 2007 GARB Series refunding further reduced the Airline's annual share of debt service in Rates and Charges by approximately \$1.0 million. The maximum annual debt service has been reduced by 44% from \$2.6 million to approximately \$1.5 million for the remaining 2014 GARB Series through December 2023. As a result of these efforts, the GARB debt held on behalf of the Airport is currently at the lowest levels in more than two decades.

**Colorado Springs Municipal Airport**  
**Colorado Springs, Colorado**  
**Management's Discussion and Analysis (Unaudited)**  
**Years Ended December 31, 2016 and 2015**

The Colorado Springs Airport continues to optimize the Airport's resources in an effort to lower costs for airlines and enhance opportunities for profitable air service. A new Signatory Airline Use and Lease Agreement was executed January 1, 2016. This new agreement in conjunction with the 2007 A/B GARB series refunding has reduced Signatory airline costs, which are recovered through landing and terminal fees, from \$4.2 million in 2015 to \$3.5 million, a reduction of 17%, in 2016 with Signatory Airline service levels remaining neutral. The Airport continues to improve its marketability, revenue diversity, and debt position creating a profitable environment airlines look for when adding or expanding air service. These changes have been highlighted and explained throughout management's discussion and analysis.

**Airport Activities Highlights**

The activities of the Airport for the last three calendar years were as follows:

	<b>2016</b>	<b>2015</b>	<b>2014</b>
Enplaned passengers	656,277	597,654	622,982
Percent increase (decrease)	9.80%	-4.10%	-4.20%
Aircraft operations	130,354	125,303	130,393
Percent increase (decrease)	4.00%	-3.90%	2.10%
Landed weight (in thousands)	849,273	799,425	875,910
Percent increase (decrease)	6.20%	-8.70%	-4.10%
Enplaned/deplaned freight (in thousands)	17,656	24,379	23,760
Percent increase (decrease)	-27.60%	2.60%	3.40%

Total 2016 enplanements were +9.8% above 2015 levels due to Non-Signatory carrier Frontier Airlines re-entry into the Colorado Springs market with service to Las Vegas April 2016, Phoenix June 2016 and Orlando October 2016. Aircraft operations increased +4.0 %, again due to Frontier's re-entry into the Colorado Springs market. Landed weight for 2016, 2015 and 2014 reflects scheduled carriers, cargo operators, fire operations, charters, and Boeing operations. Landed weight each year varies depending on aircraft fleet mix changes and frequencies of flights. Military aircraft landed weight has been excluded from this calculation since their landed weight does not contribute to revenues earned. Airlines reduced the amount of freight through COS, resulting in a 27.6% decrease in enplaned and deplaned freight.

During 2016, six passenger air carriers supported the Airport with regularly scheduled non-stop service to 12 major cities. In addition, two air cargo operators, Federal Express and Key Lime conduct air cargo operations utilizing the Airport's facilities.



**Colorado Springs Municipal Airport**  
**Colorado Springs, Colorado**  
**Management's Discussion and Analysis (Unaudited)**  
**Years Ended December 31, 2016 and 2015**

**Financial Highlights**

**Summary of Revenues, Expenses and Changes in Net Position**

	<b>2016</b>	<b>2015</b>	<b>Increase (Decrease)</b>	<b>2014</b>	<b>Increase (Decrease)</b>
Operating revenues	\$ 15,364,017	\$ 16,514,817	\$ (1,150,800)	\$ 15,294,147	\$ 1,220,670
Operating expenses before depreciation	<u>13,636,140</u>	<u>12,782,452</u>	<u>853,688</u>	<u>12,712,064</u>	<u>70,388</u>
Excess before depreciation and other income, net	1,727,877	3,732,365	(2,004,488)	2,582,083	1,150,282
Depreciation and amortization	<u>14,868,061</u>	<u>14,821,482</u>	<u>46,579</u>	<u>14,777,596</u>	<u>43,886</u>
Operating income (loss)	(13,140,184)	(11,089,117)	(2,051,067)	(12,195,513)	1,106,396
Net non-operating income	5,811,216	1,626,214	4,185,002	2,178,123	(551,909)
Capital grants and contributions	23,248,834	1,523,379	21,725,455	13,164,372	(11,640,993)
Transfers	<u>(13,216)</u>	<u>-</u>	<u>(13,216)</u>	<u>-</u>	<u>-</u>
Change in net position	<u>15,906,650</u>	<u>(7,939,524)</u>	<u>23,846,174</u>	<u>3,146,982</u>	<u>(11,086,506)</u>
Net position at beginning of year	242,309,052	257,208,087	(14,899,035)	254,061,105	3,146,982
Change in accounting principle	<u>-</u>	<u>(6,959,511)</u>	<u>6,959,511</u>	<u>-</u>	<u>(6,959,511)</u>
Net position at beginning of year - as restated	<u>242,309,052</u>	<u>250,248,576</u>	<u>(7,939,524)</u>	<u>254,061,105</u>	<u>(3,812,529)</u>
Net position at end of year	<u>\$ 258,215,702</u>	<u>\$ 242,309,052</u>	<u>\$ 15,906,650</u>	<u>\$ 257,208,087</u>	<u>\$ (14,899,035)</u>

Significant items affecting the Summary of Revenues, Expenses and Changes in Net Position for 2016 are as follows:

- Operating revenues decreased approximately \$1.2 million, or 7.0%, due to reduced expenses to recover through rates and charges cost recovery model.
- Operating expenses before depreciation increased \$853,688 as a result of higher pension expense, contract employment, employee medical, advertising, software and fleet maintenance.
- The net result of the above was operating income before depreciation decreased \$2.1 million for 2016.
- Non-operating income increased by \$4.2 million from 2016 to 2015 as a result of an insurance settlement for a hail storm.

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**Years Ended December 31, 2016 and 2015**

- Capital grant and contribution revenues increased \$21.7 million due to completing two grant projects within 2016; Taxiway C Rehabilitation and 2015's planned Airport Improvement project Terminal Taxilane Rehabilitation which was delayed awaiting federal funding.
- For 2016, net position increased \$15.9 million as the result of the above activity. Total net position at the end of 2016 was \$258.2 million.

Significant items affecting the Summary of Revenues, Expenses and Changes in Net Position for 2015 are as follows:

- Based upon the Cost Recovery Methodology operating revenues increased approximately \$1.2 million as a result of changes in flight schedules and aircraft mix.
- Operating expenses before depreciation increased \$70,388 as a result of an increase in repair and maintenance costs deferred in previous years, professional services including temporary employees and higher capital replacement costs. These increases were partially offset by a reduction in parking management costs.
- The net result of the above was operating income before depreciation increased \$1.2 million for 2015.
- Non-operating income decreased by \$551,909 from 2015 to 2014. This difference is due to a loss on the disposition of a portion of a taxiway of \$382,100 and a one-time recognition of \$250,000 in CFC revenue included in 2014 results.
- Capital grant and contribution revenues totaled \$1.5 million and \$13.2 million in 2015 and 2014, respectively. The Airport did not receive the federal AIP grant until late in the year which delayed the terminal taxilane project to 2016.
- In 2015 the Airport implemented Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions (GASB 68)*, an amendment of GASB Statement No. 27, which resulted in an adjustment to unrestricted net position of \$7 million related to net pension liability.
- For 2015, net position decreased \$14.9 million as the result of the above activity. Total net position at the end of 2015 was \$242.3 million.

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**Years Ended December 31, 2016 and 2015**

**Financial Position Summary**

	<b>2016</b>	<b>2015</b>	<b>Percent Change</b>	<b>2014</b>	<b>Percent Change</b>
Current assets (including restricted cash)	\$ 30,894,988	\$ 29,233,439	5.68%	\$ 29,653,328	-1.42%
Restricted investments	1,259,671	2,449,742	-48.58%	2,451,953	-0.09%
Bond insurance costs (net)	37,969	74,422	-48.98%	87,462	-14.91%
Note receivable	2,174,679	1,908,964	13.92%	1,970,266	-3.11%
Lease receivable	1,177,007	-	0.00%	-	0.00%
Property and equipment (net)	<u>250,782,238</u>	<u>241,520,229</u>	<u>3.83%</u>	<u>254,493,720</u>	<u>-5.10%</u>
<b>Total assets</b>	<b>286,326,552</b>	<b>275,186,796</b>	<b>4.05%</b>	<b>288,656,729</b>	<b>-4.67%</b>
Deferred outflows of resources	<u>2,748,566</u>	<u>1,269,012</u>	<u>116.59%</u>	<u>259,930</u>	<u>388.21%</u>
<b>Total assets and deferred outflows</b>	<b><u>\$ 289,075,118</u></b>	<b><u>\$ 276,455,808</u></b>	<b><u>4.56%</u></b>	<b><u>\$ 288,916,659</u></b>	<b><u>-4.31%</u></b>
Current liabilities	\$ 5,578,169	\$ 4,314,487	29.29%	\$ 7,560,158	-42.93%
Long-term debt (less current portion)	12,976,342	19,836,720	-34.58%	21,948,532	-9.62%
Other non-current liabilities	<u>11,712,608</u>	<u>9,449,671</u>	<u>23.95%</u>	<u>2,199,882</u>	<u>329.55%</u>
<b>Total liabilities</b>	<b>30,267,119</b>	<b>33,600,878</b>	<b>-9.92%</b>	<b>31,708,572</b>	<b>5.97%</b>
Deferred inflows of resources	<u>592,297</u>	<u>545,878</u>	<u>8.50%</u>	<u>-</u>	<u>0.00%</u>
<b>Total liabilities and deferred inflows</b>	<b>30,859,416</b>	<b>34,146,756</b>	<b>-9.63%</b>	<b>31,708,572</b>	<b>7.69%</b>
Net position					
Net investment in capital assets	238,109,407	221,495,301	7.50%	231,140,113	-4.17%
Restricted	7,152,001	6,733,675	6.21%	5,559,605	21.12%
Unrestricted	<u>12,954,294</u>	<u>14,080,076</u>	<u>-8.00%</u>	<u>20,508,369</u>	<u>-31.34%</u>
<b>Net position</b>	<b><u>258,215,702</u></b>	<b><u>242,309,052</u></b>	<b><u>6.56%</u></b>	<b><u>257,208,087</u></b>	<b><u>5.79%</u></b>
<b>Total liabilities and net position</b>	<b><u>\$ 289,075,118</u></b>	<b><u>\$ 276,455,808</u></b>	<b><u>4.56%</u></b>	<b><u>\$ 288,916,659</u></b>	<b><u>-4.31%</u></b>

The largest portion of the Airport's net position each year represents its investment in capital assets less the related indebtedness outstanding used to acquire those capital assets. The Airport uses these capital assets to provide services to its passengers and visitors; consequently these assets are not available for future spending. Although the Airport's investment in its capital assets is reported net of related debt, it is noted that the resources required to repay this debt must be provided annually from operations, since it is unlikely that the capital assets themselves will be liquidated to pay liabilities.

**Colorado Springs Municipal Airport**  
**Colorado Springs, Colorado**  
**Management's Discussion and Analysis (Unaudited)**  
**Years Ended December 31, 2016 and 2015**

At December 31, 2016, the amount of \$7.2 million, or 2.8%, of net position represented resources that are subject to restrictions on how they can be used. For 2015, the amount was \$6.7 million, or 2.7%, of net position. The restricted net position is not available for new spending because it has already been committed as follows:

	<b>2016</b>	<b>2015</b>
Passenger Facility Charges - funded projects	\$ 1,188,887	\$ 1,611,407
Bond and Operating and Maintenance Reserves	5,963,114	5,122,267
 Total Restricted	 \$ 7,152,001	 \$ 6,733,674

The remaining unrestricted net position of \$12.9 million for 2016 and \$14.1 million for 2015 may be used to meet any of the Airport's ongoing obligations.

**Airline Signatory Rates and Charges for 2016 and 2015**

The Airport and four Scheduled Air Carriers are operating under the Use and Lease Agreement which has been in effect since January 1, 2000. This Agreement was extended several times on a month-to-month basis through December 31, 2015. A new Airline Use and Lease Agreement has been executed January 1, 2016 with modifications that include: a longer term, five-year agreement, a new profit sharing component within landing fees, a formalized Majority In Interest process and a Signatory definition revision, to name a few. The current agreement establishes rates and charges through a hybrid commercial compensatory methodology with a revenue sharing component. The Airport calculates rents; fees and charges annually for the Signatory Airlines based on the budgeted costs for operation and maintenance, debt service and bond requirements. These costs are allocated to various costs centers and are used to determine rates. As part of the agreement, the Signatory Airlines participate in Shared Income. The Shared Income credit is calculated as 50% of the remainder of Gross Revenues and Other Available Funds. Airlines that operate without signing the Signatory Use and Lease Agreement are considered Non-Signatory in nature and pay a premium of 125% of the Signatory rate. At the end of each Fiscal Year, a settlement is prepared based on actual results. Any airline revenue in excess of expense is shared 50% with Signatory Airlines and 50% to Airport, or in the case that expenses exceed revenues; the Signatory airlines are billed for the deficit. Non-Signatory airlines do not share in the settlement.

The rates and charges for the signatory airlines were as follows (2016 rates are finalized after the issuance of these financial statements):

	<b>Year Ended December 31,</b>	
	<b>2016</b>	<b>2015</b>
Landing fees (per 1,000 lbs. MGLW)	\$ 2.20	\$ 3.21
Terminal rental rate (per sq. ft.)	57.78	53.59
Loading bridge rate (per bridge)	11,822	13,085
 Signatory airline cost (per enplaned passenger)	 \$ 6.48	 \$ 8.04

# Colorado Springs Municipal Airport Colorado Springs, Colorado

## Management's Discussion and Analysis (Unaudited) Years Ended December 31, 2016 and 2015

### Passenger Facility Charges

In December 1992, the Airport received approval from the Federal Aviation Administration (FAA) to collect a \$3.00 passenger facility charge (PFC) on each passenger enplaning at the Airport. Since then, the airport has submitted twenty applications at the \$3.00 PFC level continuing collection authority through May 2016. In March 2016, the Airport received authorization through both the Airlines and FAA to collect a \$4.50 PFC beginning May 2016 on application twenty one with collection authority expiring July 2020.

The Airport, from the initial collection year of 1992, has collected PFCs including interest earnings thereon, totaling \$70,751,433 as of prior year, \$2,215,716 current year and \$72,967,149 total to date. Additional information regarding PFCs can be found in Note A(3) of the accompanying financial statements.

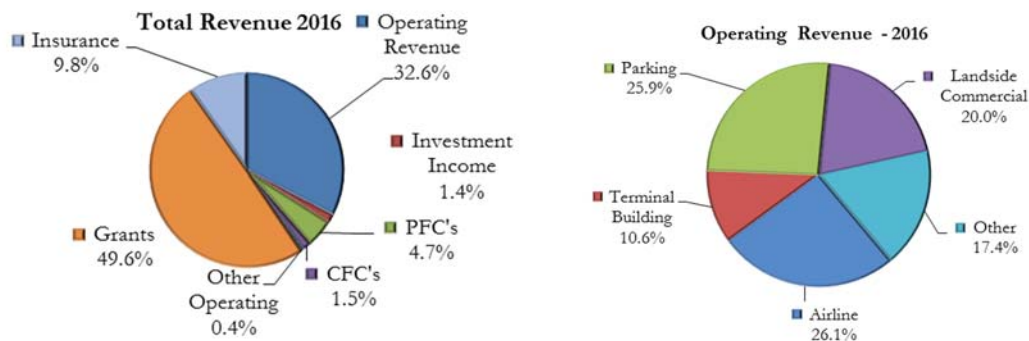
### Customer Facility Charges

In 1994, the City of Colorado Springs issued \$6,093,000 aggregate principal amount of its Special Facility Bonds to finance the construction of service and storage facilities for rental car companies located on the Airport. The customer facility charge (CFC) was originally established to pay the debt service and would have expired on September 1, 2004, however, City Council approved the continued collection as described below. When the bonds were retired, there was an excess within the fund of \$3,576,541. Per the bond documents, these funds were given to the Airport where \$250,000 was set aside as reserved funds per the rental car agreement and is a component of net position.

An ordinance (04-32) was approved by the City Council on March 23, 2004, which allowed the Airport to continue to collect the CFC at the collection rate of \$1.50 per rental car contract date until December 31, 2014. Due to the expiration of this ordinance and the change of city governance established by voter approved City Charter changes in 2010, the Director of Aviation has the authority to establish policy, procedures and rates necessary to operate the Airport. The Airport has established a Rental Car Company Customer Facility Charge Policy, in accordance with the rental car concession agreements, that extends the collection of CFC's at the \$1.50 rate for an additional ten years. Any increase in this rate will be based on the projected costs of anticipated capital projects outlined in the policy.

### Financial Details

#### Revenues Overview



**Colorado Springs Municipal Airport**  
**Colorado Springs, Colorado**  
**Management's Discussion and Analysis (Unaudited)**  
**Years Ended December 31, 2016 and 2015**

The following schedule presents a summary of all revenues for the fiscal years ended December 31, 2016 and 2015 with a comparison of changes in dollar amounts to the previous years.

	<b>Year End 12/31/2016</b>	<b>Year End 12/31/2015</b>	<b>Increase (Decrease)</b>	<b>Year End 12/31/2014</b>	<b>Increase (Decrease)</b>
Operating revenues					
Airline	\$ 4,009,165	\$ 6,255,035	\$ (2,245,870)	\$ 4,745,118	\$ 1,509,917
Terminal building	1,635,848	1,388,084	247,764	1,203,775	184,309
Parking	3,985,361	3,278,261	707,100	3,521,708	(243,447)
Landside commercial	3,066,167	3,011,888	54,279	3,347,922	(336,034)
Other	<u>2,667,476</u>	<u>2,581,549</u>	<u>85,927</u>	<u>2,475,624</u>	<u>105,925</u>
Total operating revenues	<u>15,364,017</u>	<u>16,514,817</u>	<u>(1,150,800)</u>	<u>15,294,147</u>	<u>1,220,670</u>
Other income					
Investment income	650,215	217,144	433,071	310,177	(93,033)
Passenger Facility Charges	2,215,716	1,560,062	655,654	1,616,131	(56,069)
Customer Facility Charges	732,749	666,462	66,287	915,699	(249,237)
Insurance settlement	4,623,062	-	4,623,062	-	-
Non-operating revenue	179,665	92,250	87,415	466,353	(374,103)
Operating grant	179,495	328,743	(149,248)	239,662	89,081
Capital grants	<u>23,248,834</u>	<u>1,523,379</u>	<u>21,725,455</u>	<u>13,164,372</u>	<u>(11,640,993)</u>
Total other income	<u>31,829,736</u>	<u>4,388,040</u>	<u>27,441,696</u>	<u>16,712,394</u>	<u>(12,324,354)</u>
Total income	<u>\$ 47,193,753</u>	<u>\$ 20,902,857</u>	<u>\$ 26,290,896</u>	<u>\$ 32,006,541</u>	<u>\$ (11,103,684)</u>

**Operating Revenues**

Significant items for 2016 as compared to 2015 were as follows:

- ➔ Airline revenue decreased by \$2.2 million, or 36%. This decrease was the result of reduced expenses in cost recovery model, resulting in lower landing fees charged to airlines.
- ➔ Terminal Building revenue increased \$247,764 due to changes in the rate structure of non-airline tenants.
- ➔ Parking revenue increased \$707,100 due to the addition of new air service, resulting in increased passenger traffic.
- ➔ Landside Commercial revenue increased \$54,279 due to increased air service, resulting in increased passenger traffic.
- ➔ Other revenue increased \$85,927 due to reimbursements from tenants for leasehold improvements and repairs.

**Colorado Springs Municipal Airport**  
**Colorado Springs, Colorado**  
**Management's Discussion and Analysis (Unaudited)**  
**Years Ended December 31, 2016 and 2015**

Significant items for 2015 as compared to 2014 were as follows:

- Airline revenue increased by \$1.5 million. A portion of this increase is attributable to the difference between the 2014 Settlement accrual and the Final Settlement which resulted in an additional \$502,866 of revenue being recognized in 2015. The remaining increase was the result of higher rates due to changes in frequency and aircraft mix by the commercial carriers.
- Terminal Building revenue increased \$184,309 due to changes in the rate structure for non-airline tenants.
- Parking revenue decreased \$243,447 due to lower enplanements and increased membership in the Premier Membership program which includes valet parking as part of the benefits. The revenue associated with the Premier Membership program is included in Other revenue.
- Landside Commercial revenue decreased \$336,034 due to a decrease in ground transportation; a reduction in capital reinvestments and a decrease in rental car revenue reflecting the competitive nature of their business.
- Other revenue increased \$105,925 due to increased general aviation rental revenue and reimbursements from tenants for leasehold improvements and repairs.

**Other Income**

The significant items for 2016 as compared to 2015 are as follows:

- Investment income increased by \$433,071 primarily due to an increase in market value.
- Passenger Facility Charges and Customer Facility Charges were higher by \$655,654 and \$66,287, respectively, due to increased air service.
- Insurance Settlement revenue increase resulted from a settlement from a hail storm claim on damage to the airport.
- Non-operating revenue increased \$87,415 resulting from lease payments received from a new capital lease to Cutter Aviation.
- Operating grants decreased by \$149,248 due to reduced TSA funding.
- Capital grants revenue increased by \$21.7 million due to the AIP 58 and 59.

**Colorado Springs Municipal Airport  
Colorado Springs, Colorado  
Management's Discussion and Analysis (Unaudited)  
Years Ended December 31, 2016 and 2015**

The significant items for 2015 as compared to 2014 are as follows:

- Investment income decreased by \$93,033 primarily due to a reduction of \$88,660 in market value.
- Passenger Facility Charges and Customer Facility Charges were lower by \$56,069 and \$249,237, respectively, due to the decrease in passenger traffic.
- Non-operating revenue decreased as there were no tenant capital reinvestments completed in 2015.
- Operating grants increased by \$89,081 due to the DIA surplus program which was used to purchase equipment and the accrual of grant revenue which was not done in previous years.
- Capital grants revenue decreased by \$11.6 million due to the postponement of the terminal taxilane capital project due to the late receipt of the grant award.

**Expense Overview**

The following schedule presents a summary of all expenses for the fiscal years ended December 31, 2016 and 2015, along with comparisons in dollars to the prior years.

	<b>Year End 12/31/2016</b>	<b>Year End 12/31/2015</b>	<b>Increase (Decrease)</b>	<b>Year End 12/31/2014</b>	<b>Increase (Decrease)</b>
Operating expenses before depreciation					
Salaries and benefits	\$ 6,675,491	\$ 6,527,096	\$ 148,395	\$ 6,704,119	\$ (177,023)
Other	<u>6,960,649</u>	<u>6,255,356</u>	<u>705,293</u>	<u>6,007,945</u>	<u>247,411</u>
Total operating expenses before depreciation	<u>13,636,140</u>	<u>12,782,452</u>	<u>853,688</u>	<u>12,712,064</u>	<u>70,388</u>
Depreciation and loss on disposal of capital assets	16,695,935	15,134,032	1,561,903	14,766,659	367,373
Interest expense	<u>941,812</u>	<u>925,897</u>	<u>15,915</u>	<u>1,380,836</u>	<u>(454,939)</u>
Total expense	<u>\$ 31,273,887</u>	<u>\$ 28,842,381</u>	<u>\$ 2,431,506</u>	<u>\$ 28,859,559</u>	<u>\$ (17,178)</u>

The significant issues affecting 2016 expenses as compared to 2015 were as follows:

- Salaries and benefits were \$148,395 higher due to filling vacant positions.
- Other operating expenses were \$705,293 higher in 2016 compared to 2015 due to higher costs for construction supplies, deicing chemicals, signs, contract employment, advertising, building and fleet maintenance.
- Depreciation and loss on disposal of capital assets was higher due to new assets being depreciated.

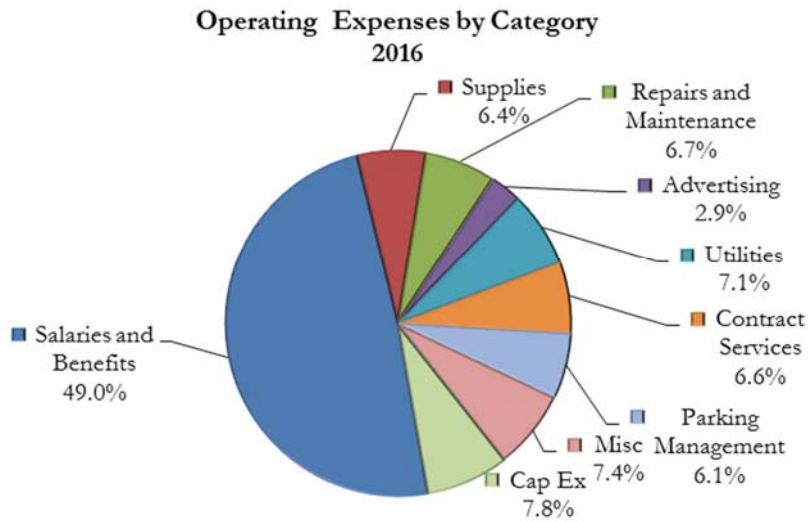


**Colorado Springs Municipal Airport  
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Years Ended December 31, 2016 and 2015**

The significant issues affecting 2015 expenses as compared to 2014 were as follows:

- Salaries and benefits were lower due to an adjustment of \$244,249 related to the implementation of GASB 68.
- Other operating expenses were \$247,411 higher due to increases in marketing and professional services.
- Depreciation and loss on disposal of capital assets was higher due to the disposition of a portion of a taxiway.
- Interest expense for 2014 was \$454,939 lower primarily due to the Airport's refunding of the 2002A Series of revenue bonds being refunded in early 2014.

**Expense by Category**



**Colorado Springs Municipal Airport**  
**Colorado Springs, Colorado**  
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**Years Ended December 31, 2016 and 2015**

The following chart shows the operating expenses before depreciation by category for the years ended December 31, 2016 and 2015.

	<b>2016 Totals</b>	<b>2016 Percent of Total</b>	<b>2015 Totals</b>	<b>Increase (Decrease)</b>	<b>2015 Percent of Total</b>
Salaries and benefits	\$ 6,675,491	48.95%	\$ 6,527,096	\$ 148,395	51.06%
Supplies	876,642	6.43%	826,095	50,547	6.46%
Repairs and maintenance	906,824	6.65%	832,443	74,381	6.51%
Advertising	401,530	2.94%	380,590	20,940	2.98%
Utilities	969,012	7.11%	1,143,795	(174,783)	8.95%
Contract services	902,775	6.62%	762,390	140,385	5.96%
Parking management	836,769	6.14%	1,195,082	(358,313)	9.35%
Miscellaneous	1,009,274	7.40%	966,022	43,252	7.56%
Capital expenditures	<u>1,057,823</u>	<u>7.76%</u>	<u>148,939</u>	<u>908,884</u>	<u>1.16%</u>
Total operating expenses before depreciation	<u>\$ 13,636,140</u>	<u>100.00%</u>	<u>\$ 12,782,452</u>	<u>\$ 853,688</u>	<u>100.00%</u>

The significant variances between 2016 and 2015 expenses by category were the result of:

- ➔ Repairs and Maintenance were higher by \$74,381 due to building, software and fleet maintenance.
- ➔ Contract Services increased by \$140,385 due to an increase in the use of temporary employees and legal fees.
- ➔ Parking Management costs decreased \$358,313 due to a new parking management contract.
- ➔ Capital expenditures increased \$908,884 due to the repairs and maintenance and replacement of aging equipment not eligible for capitalization.

**Budgetary Highlights**

	<b>2016 Budget</b>	<b>2016 Actual</b>	<b>Percent Over/ (Under)</b>	<b>2015 Budget</b>	<b>2015 Actual</b>	<b>Percent Over/ (Under)</b>
Airline revenues	\$ 6,207,884	\$ 4,009,165	-35.42%	\$ 6,325,049	\$ 6,255,035	-1.11%
Other operating revenues	<u>12,255,952</u>	<u>11,354,852</u>	<u>-7.35%</u>	<u>11,551,613</u>	<u>10,259,782</u>	<u>-11.18%</u>
Total operating revenues	18,463,836	15,364,017	-16.79%	17,876,662	16,514,817	-7.62%
Total operating expenses before depreciation	<u>15,998,419</u>	<u>13,636,140</u>	<u>-14.80%</u>	<u>14,395,199</u>	<u>12,782,452</u>	<u>-11.20%</u>
Total other income	<u>\$ 2,465,417</u>	<u>\$ 1,727,877</u>	<u>-29.67%</u>	<u>\$ 3,481,463</u>	<u>\$ 3,732,365</u>	<u>7.21%</u>

**Colorado Springs Municipal Airport  
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The significant variances related to the 2016 budget and actual figures were as follows:

- ➔ Airline revenues were below budget due to the reduced expenses within Salary & Benefits and Utilities within the cost recovery model, consequently reducing the amount Airlines are charged in their rates and charges.
- ➔ Other operating revenues were below budget due to decreased Public Parking and Fines as well as Fuel Sales and Excise taxes.
- ➔ Operating expenses before depreciation were below budget due to salaries and benefits savings and parking management reduction.

The significant variances related to the 2015 budget and actual figures were as follows:

- ➔ Other operating revenues were below budget due to the lower enplanements which reduced concession revenue and the parking promotion in November and December which reduced parking revenue.
- ➔ Operating expenses before depreciation were below budget due to salaries and benefits savings, lower fuel costs, utility savings and parking management reduction.

**Long-term Debt**

The Airport had \$8,460,000 in bonds outstanding as of December 31, 2016 compared to \$17,040,000 in 2015. The bonds are payable solely from net revenues of the Airport system and from certain funds established under the bond ordinance.

Additional information regarding the Airport’s outstanding bonds can be found in Note C(5) of the accompanying notes.

In December of 2014, the Airport entered into a loan agreement with the Colorado Department of Transportation for \$2,336,000 to finance capital projects. The outstanding balance on the loan was \$1,913,770 and \$2,127,492 on December 31, 2016 and 2015, respectively. The loan will be repaid with PFC revenues and matures December 15, 2024.

In May of 2016, the Airport entered into a loan agreement with the Colorado Department of Transportation for \$3,431,183 to finance capital projects. The outstanding balance on the loan was \$3,431,183 on December 31, 2016.

The Airport currently has public bond ratings from the three major rating agencies. Currently the ratings are as follows:

	Fitch		Moody's		S & P	
Airport Revenue Bonds	BBB+	Stable	Baa1	Stable	BBB+	Stable

**Colorado Springs Municipal Airport**  
**Colorado Springs, Colorado**  
**Management's Discussion and Analysis (Unaudited)**  
**Years Ended December 31, 2016 and 2015**

**Capital Acquisition and Construction Activities**

During fiscal years ended December 31, 2016 and 2015, the Airport expended approximately \$26.4 million and \$2.1 million, respectively, in capital activities. The amount expended in 2016 was higher due to receiving grants for federally funded projects. Property and equipment acquisitions are capitalized at cost if over \$5,000.

Major capital projects for the years ended December 31 included:

	<u>2016</u>	<u>2015</u>
Rehabilitation of Taxiway E, G, & H (Phase IV)	\$ -	\$ 12,228
Rehabilitation of Taxiway E, G, & H (Phase V)	-	(63,718)
Rehabilitation of Taxiway G TRM (Phase I)	250,457	-
Taxiway A Rehabilitation	-	277,739
Restriping Taxiway 17-35	-	101,688
Rehabilitation of Terminal Apron & Trench Drain System	11,952,483	585,653
Reconstruction of Taxiway C	10,473,304	194,741
Cooling Tower Replacement	279,091	-
Airport Roadway Rehabilitation	930,175	-
Fleet Improvement (Phase VI)	-	226,290
Fleet Improvement (Phase VII)	451,550	470,000
Fleet Improvement (Phase VIII)	700,446	-
Airport IT Infrastructure Improvement	334,996	-
Terminal Complex Improvement	444,661	-
Airport Landside Maintenance	163,551	-
Airport West Airfield Development Evaluation	198,451	-
Airport Tractor Replacement	-	-
Vehicle Service Road	-	111,965
East Terminal Unit Renovation	-	1,721
Premier Lounge	-	7,086
Miscellaneous Other Airport Improvements	214,128	139,798
	<u>\$ 26,393,293</u>	<u>\$ 2,065,191</u>
Total		

Acquisitions are funded using a variety of financing techniques, including federal and state grants, passenger facility charges, customer facility charges, general airport revenue bonds, loans, capital leases and the Airport's capital fund.

Additional information regarding capital assets can be found in Note C(4).

**Colorado Springs Municipal Airport**  
**Colorado Springs, Colorado**  
**Management's Discussion and Analysis (Unaudited)**  
**Years Ended December 31, 2016 and 2015**

**Request for Information**

This financial report is designed to provide a general overview of the Airport's finances for all those interested. Questions concerning any of the information provided in this report or requests for additional information should be addressed in writing to: Thomas Roisum, Airport Accounting Manager, Colorado Springs Airport, 7770 Milton E. Proby Parkway, Suite 50, Colorado Springs, Colorado 80916 or by email to [troisum@springsgov.com](mailto:troisum@springsgov.com).

# Colorado Springs Municipal Airport Colorado Springs, Colorado

## Statements of Net Position December 31, 2016 and 2015

### Assets and Deferred Outflows of Resources

	2016	2015
<b>Current Assets</b>		
Unrestricted cash and investments	\$ 10,512,537	\$ 19,353,417
Restricted cash and investments - passenger facility charges	855,475	1,455,687
Restricted cash and investments - bond reserves	5,963,114	5,122,267
Restricted cash and cash equivalents - other	3,151,767	1,485,650
Accounts receivable (net allowances of \$13,581 and \$13,536)	9,898,203	1,460,713
Restricted accounts receivable - passenger facility charges	333,412	155,721
Prepays	-	26,420
Inventory	180,480	173,564
	30,894,988	29,233,439
<b>Noncurrent Assets</b>		
Restricted investments - bond reserves	1,259,671	2,449,742
Prepaid bond insurance costs	37,969	74,422
Lease receivable	1,177,007	-
Note receivable	2,174,679	1,908,964
	4,649,326	4,433,128
<b>Capital assets</b>		
Land	18,367,718	18,367,718
Buildings	67,295,733	68,270,256
Improvements other than buildings	262,590,949	250,506,424
Machinery and equipment	21,742,991	21,216,503
Infrastructure	47,933,084	47,933,084
Vehicles	6,797,002	5,520,483
Intangibles	661,903	661,903
Construction in progress	832,357	797,455
Less accumulated depreciation	(175,439,499)	(171,753,597)
	250,782,238	241,520,229
Total capital assets (net of accumulated depreciation)	250,782,238	241,520,229
Total noncurrent assets	255,431,564	245,953,357
Total assets	286,326,552	275,186,796
<b>Deferred Outflows of Resources</b>		
Deferred loss on refunding	144,415	225,433
Pension-related amounts	2,604,151	1,043,579
	2,748,566	1,269,012
Total deferred outflows of resources	2,748,566	1,269,012

*The accompanying notes are an integral part of these statements*

**Colorado Springs Municipal Airport**  
**Colorado Springs, Colorado**  
**Statements of Net Position (continued)**  
**December 31, 2016 and 2015**

**Liabilities, Deferred Inflows of Resources and Net Position**

	<u>2016</u>	<u>2015</u>
<b>Current Liabilities</b>		
Accounts payable	\$ 2,638,353	\$ 1,080,152
Accrued salaries and benefits	265,164	238,224
Compensated absences	26,692	26,912
Accrued interest payable	71,650	37,368
Due to other funds	85	96,651
Unearned revenue and other tenant deposits	938,885	805,148
Current portion of capital lease payable	72,013	-
Current portion of revenue bonds payable	1,040,000	1,750,000
Current portion of notes payable	<u>525,327</u>	<u>280,032</u>
Total current liabilities	<u>5,578,169</u>	<u>4,314,487</u>
<b>Noncurrent Liabilities</b>		
Compensated absences	507,156	511,322
Unearned revenue	2,387,540	1,725,386
Net pension liability	8,587,304	7,212,963
Capital lease payable	230,608	-
Revenue bonds payable, net	8,156,716	16,080,296
Notes payable	<u>4,819,626</u>	<u>3,756,424</u>
Total noncurrent liabilities	<u>24,688,950</u>	<u>29,286,391</u>
Total liabilities	<u>30,267,119</u>	<u>33,600,878</u>
<b>Deferred Inflows of Resources</b>		
Pension-related amounts	<u>592,297</u>	<u>545,878</u>
Total deferred inflows of resources	<u>592,297</u>	<u>545,878</u>
<b>Net Position</b>		
Net investment in capital assets	238,109,407	221,495,301
Restricted - passenger facility charges	1,188,887	1,611,408
Restricted for bond reserves	5,963,114	5,122,267
Unrestricted	<u>12,954,294</u>	<u>14,080,076</u>
Total net position	<u>\$ 258,215,702</u>	<u>\$ 242,309,052</u>

*The accompanying notes are an integral part of these statements*

**Colorado Springs Municipal Airport**  
**Colorado Springs, Colorado**  
**Statements of Revenues, Expenses and Changes in Net Position**  
**Years Ended December 31, 2016 and 2015**

	<u>2016</u>	<u>2015</u>
<b>Operating Revenues</b>		
Airline revenues	\$ 4,009,165	\$ 6,255,035
Terminal building concessions	1,635,848	1,388,084
Parking concessions	3,985,361	3,278,261
Landside commercial concessions	3,066,167	3,011,888
Other charges	<u>2,667,476</u>	<u>2,581,549</u>
Total operating revenues	<u>15,364,017</u>	<u>16,514,817</u>
<b>Operating Expenses</b>		
Salaries and benefits	6,675,491	6,527,096
Other operating expenses	6,960,649	6,255,356
Depreciation	<u>14,868,061</u>	<u>14,821,482</u>
Total operating expenses	<u>28,504,201</u>	<u>27,603,934</u>
<b>Operating Loss</b>	<u>(13,140,184)</u>	<u>(11,089,117)</u>
<b>Non-operating Revenues (Expenses)</b>		
Investment income	650,215	217,144
Passenger facility charges	2,215,716	1,560,062
Customer facility charges	732,749	666,462
Insurance settlement	4,623,062	-
Other nonoperating revenue	179,665	92,250
Operating grants	179,495	328,743
Interest expense	(941,812)	(925,897)
Loss on disposal of capital assets	<u>(1,827,874)</u>	<u>(312,550)</u>
Total non-operating revenues	<u>5,811,216</u>	<u>1,626,214</u>
<b>Loss Before Contributions</b>	<u>(7,328,968)</u>	<u>(9,462,903)</u>
<b>Capital Grants</b>	<u>23,248,834</u>	<u>1,523,379</u>
<b>Transfers</b>	<u>(13,216)</u>	<u>-</u>
Change in net position	<u>15,906,650</u>	<u>(7,939,524)</u>
<b>Total Net Position – Beginning of Year</b>	242,309,052	257,208,087
<b>Change in Accounting Principle – Adoption of GASB 68</b>	<u>-</u>	<u>(6,959,511)</u>
<b>Total Net Position – Beginning of Year, Restated</b>	<u>242,309,052</u>	<u>250,248,576</u>
<b>Total Net Position – End of Year</b>	<u>\$ 258,215,702</u>	<u>\$ 242,309,052</u>

*The accompanying notes are an integral part of these statements*



**Colorado Springs Municipal Airport**  
**Colorado Springs, Colorado**  
**Statements of Cash Flows**  
**Years Ended December 31, 2016 and 2015**

	<b>2016</b>	<b>2015</b>
<b>Cash Flows from Operating Activities</b>		
Receipts from customers	\$ 15,633,385	\$ 15,979,777
Receipts from interfund services provided	33,328	66,899
Payments to suppliers	(5,219,352)	(5,856,662)
Payments to employees	(6,792,749)	(6,782,379)
Payments for interfund services used	(1,662,369)	(1,955,527)
Net cash provided by operating activities	1,992,243	1,452,108
<b>Cash Flows from Noncapital Financing Activities</b>		
Operating grant	116,240	226,585
Net cash provided by noncapital financing activities	116,240	226,585
<b>Cash Flows from Capital and Related Financing Activities</b>		
Capital grant	18,155,022	3,212,961
Capital expenditures	(24,703,860)	(3,366,673)
Insurance settlement	1,000,000	-
Passenger facility charges	2,038,025	1,504,366
Customer facility charges	714,806	648,932
Loan proceeds	3,431,183	-
Principal payments on loans	(2,122,686)	(363,309)
Interest payments on loans	(53,189)	(227,708)
Principal payments on capital lease	(81,995)	-
Principal payments on revenue bonds	(8,580,000)	(1,565,000)
Interest payments on revenue bonds	(790,449)	(862,450)
Proceeds from sale of capital assets	33,080	118,625
Net cash used in capital and related financing activities	(10,960,063)	(900,256)
<b>Cash Flows from Investing Activities</b>		
Interest received on investments	725,880	267,442
Purchases of investments	(12,629,503)	(17,269,997)
Proceeds from sales and maturities of investments	21,754,087	15,238,601
Principal payment received on lease receivable	22,993	-
Interest received on lease receivable	54,173	-
Net cash provided by (used in) investing activities	9,927,630	(1,763,954)
Net increase (decrease) in cash and cash equivalents	1,076,050	(985,517)
Cash and cash equivalents – beginning of year	2,729,967	3,715,484
Cash and cash equivalents – end of year	\$ 3,806,017	\$ 2,729,967

*The accompanying notes are an integral part of these statements*

**Colorado Springs Municipal Airport**  
**Colorado Springs, Colorado**  
**Statements of Cash Flows (continued)**  
**Years Ended December 31, 2016 and 2015**

	<b>2016</b>	<b>2015</b>
Reconciliation of cash and investments to statement of net position		
Unrestricted cash and cash equivalents	\$ 654,250	\$ 1,244,317
Unrestricted investments	9,858,287	18,109,100
Total unrestricted cash and investments	\$ 10,512,537	\$ 19,353,417
Restricted cash and cash equivalents	\$ 3,151,767	\$ 1,485,650
<b>Reconciliation of Operating Loss to Net Cash Provided by Operating Activities</b>		
Operating loss	\$ (13,140,184)	\$ (11,089,117)
Adjustments to reconcile operating loss to net cash provided by operating activities		
Depreciation	14,868,061	14,821,482
Pension expense	(139,812)	(244,249)
Other expense	(12,161)	1,953
Decrease (increase) in assets		
Receivables	187,396	(262,579)
Prepays	26,420	31,406
Inventory	(6,916)	(46,939)
Increase (decrease) in liabilities		
Accounts payable	168,151	(1,562,882)
Accrued salaries, benefits, and sick leave benefits	22,554	(11,034)
Due to other funds	(96,566)	19,627
Unearned revenue and other tenant deposits	115,300	(205,560)
Net cash provided by operating activities	\$ 1,992,243	\$ 1,452,108

Noncash capital and related financing and investing activities:

The Airport had unrealized losses of \$75,665 and \$50,298 for the years ended December 31, 2016 and 2015, respectively. The Airport obtained capital assets through incurring payables in the amount of \$2,116,064 and \$726,014 as of December 31, 2016 and 2015, respectively.

*The accompanying notes are an integral part of these statements*

# Colorado Springs Municipal Airport Colorado Springs, Colorado

## Notes to Financial Statements December 31, 2016 and 2015

### Note A: Summary of Significant Accounting Policies

#### 1. *Financial Reporting Entity*

The City of Colorado Springs owns and operates the Colorado Springs Municipal Airport (Airport), which provides air transportation services for Colorado Springs, El Paso County, and surrounding communities. The Airport is located in the southeastern part of the City of Colorado Springs, Colorado.

The Airport is an enterprise fund of the City of Colorado Springs, Colorado. These financial statements present only the financial position of the Airport. These financial statements do not purport to, and do not, present fairly the financial position of the City of Colorado Springs, Colorado, and the changes in its financial position and its cash flows in conformity with accounting principles generally accepted in the United States of America.

The City, as lessor, has entered into lease agreements with various airlines, rental car companies, terminal concession operators, general aviation service providers, and business park tenants. The agreements cover not only the lease of airport building space and land to the lessees but also, in some instances, the lessees' payment of fees to the Airport based on the lessees' revenues. In addition, the City is a party to a parking management contract in which the City receives all revenues from its public parking facility and pays operating expenses and a management fee to the operator. Substantially all Airport revenue is generated from these agreements.

A Director of Aviation directs and manages the Airport. This Director reports to the Mayor of the City of Colorado Springs. Major policy decisions are subject to the approval of the City Council.

#### 2. *Measurement Focus, Basis of Accounting, and Financial Statement Presentation*

Airport funds are accounted for using the accrual basis of accounting and the flow of economic resources measurement focus. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

The Airport distinguishes operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the Airport's principal ongoing operations. The principal operating revenues of the Airport are related to lease agreements as described above and charges to customers for sales and services. Operating expenses include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Unearned revenues also include amounts funded by tenants for certain capital assets and extended lease term. These unearned revenues are amortized as other non-operating revenue using the straight-line method over the depreciable lives of the related assets. When both restricted and unrestricted resources are available for use, it is the Airport's policy to use restricted resources first, then unrestricted resources as they are needed.

# Colorado Springs Municipal Airport Colorado Springs, Colorado

## Notes to Financial Statements December 31, 2016 and 2015

### 3. *Assets, Deferred Outflows, Liabilities, Deferred Inflows and Net Position*

#### A. Deposits and Investments

For purposes of the accompanying statements of cash flows, the Airport's cash and cash equivalents are considered to be cash on hand and demand deposits, and highly liquid investments, (including restricted assets) with an original maturity date of three months or less. Cash equivalents consisted of a money market mutual fund.

Investments are stated at fair value determined by quoted market prices.

#### B. Capital Assets and Depreciation

Capital assets are carried at cost. The Airport capitalizes acquired property that is of a tangible nature, has an estimated useful life of three years or more, and has a value of at least \$5,000.

Depreciation of capital assets for the Airport is provided for using the straight-line method based on the estimated service lives of the assets, which are as follows:

Buildings	10 - 40 years
Improvements other than buildings	10 - 25 years
Machinery and equipment	5 - 25 years
Infrastructure	30 years
Vehicles	3 - 15 years
Intangibles	10 years

Interest is capitalized on capital assets acquired with tax-exempt debt. The amount of interest capitalized is calculated by offsetting interest expense incurred from the date of the borrowing until completion of the project with interest earned on invested proceeds over the same period.

Maintenance, repairs, and renewals, which neither materially add to the value of the property nor appreciably prolong its life, are charged to expenses as incurred.

#### C. Inventory

The Airport maintains a small amount of parts on hand for the repair and maintenance of snow removal equipment and other vehicles. The inventory is carried at purchase cost.

#### D. Compensated Absences

The Airport's employees earn vacation and sick leave in varying amounts. The amount of accumulated, unpaid vacation and sick leave benefits at year-end is accrued and shown on the balance sheet.

# Colorado Springs Municipal Airport Colorado Springs, Colorado

## Notes to Financial Statements December 31, 2016 and 2015

### E. Restricted Net Position

In accordance with applicable bond ordinance provisions and federal regulations, certain cash and investments are restricted and have been included in the accompanying balance sheets as restricted cash and investments. Additionally, the bond ordinance and federal regulations also require restriction of net position for specific purposes, including operating expense reserves, debt service reserves, and approved capital improvement projects. Net position amounts required to be restricted are shown in the accompanying balance sheets as restricted net position.

### F. Deferred Outflows and Inflows of Resources

A deferred outflow of resources is a consumption of net position by the Airport that is applicable to a future reporting period and a deferred inflow of resources is an acquisition of net position by the Airport that is applicable to a future reporting period. Both deferred outflows and inflows are reported in the statements of net position but are not recognized in the financial statements as revenues, expenses or changes in assets or liabilities until the period(s) to which they relate.

As of December 31, 2016 and 2015, deferred outflows of resources for the Airport consist of deferred losses on previous refundings of debt and pension-related amounts. Deferred inflows of resources for the Airport as of December 31, 2016 and 2015, consist of pension-related amounts.

### G. Passenger Facility Charges

The Federal Aviation Administration (FAA) has approved previously filed applications of the Airport for the right to impose passenger facility charges (PFCs) on enplaned passengers at the Airport. PFC revenue is required to be used to fund FAA-approved capital projects eligible under federal legislation permitting the imposition of PFCs. The approved Airport projects include certain completed and ongoing projects such as runway and taxiway rehabilitations, security enhancements, roadway upgrades, and drainage improvements. Governmental Accounting Standards Board (GASB) 34 requires PFCs be recognized when earned, not when received. Unspent PFC revenue is recorded in the financial statements as restricted cash and restricted net position.

### H. Customer Facility Charges

The Airport has established a Rental Car Company Customer Facility Charge Policy, in accordance with the rental car concession agreements, that extends the collection of CFC's at the \$1.50 rate until December 31, 2024. Any increase in this rate will be based on the projected costs of anticipated capital projects outlined in the policy.

# Colorado Springs Municipal Airport Colorado Springs, Colorado

## Notes to Financial Statements December 31, 2016 and 2015

### Note B: Stewardship, Compliance and Accountability

#### 1. Budgetary Information

In accordance with City Charter, the Mayor is required to submit a balanced budget to City Council on or before the first Monday of October of each year. The budget is reviewed and modified if supported by a majority of City Council and an appropriation ordinance prepared and approved to adopt the budget no later than December 31 of each year. Per City Code, annual appropriations lapse at year-end except for appropriations for special and capital projects. The budget of the Airport is prepared on a modified accrual, non-GAAP basis of accounting.

Because accounting principles applied for purposes of developing data on a budgetary basis differ significantly from those used to present financial statements in conformity with accounting principles generally accepted in the United States of America, a reconciliation of resultant basis, timing, and perspective for the years ended December 31, 2016 and 2015, is presented below:

	<b>2016</b>	<b>2015</b>
Operating expenses	\$ 28,504,201	\$ 27,603,934
Non-operating expenses	941,812	925,897
Total expenses	29,446,013	28,529,831
Less: Depreciation expense	(14,868,061)	(14,821,482)
Add: Capital expenditures (accrual basis)	3,712,896	2,065,102
Add: Revenue bonds principal payments	8,580,000	1,565,000
Expenditures (budgetary basis)	\$ 26,870,848	\$ 17,338,451
Appropriations	\$ 47,410,319	\$ 31,519,287

# Colorado Springs Municipal Airport Colorado Springs, Colorado

## Notes to Financial Statements December 31, 2016 and 2015

### Note C: Detailed Notes

#### 1. Deposits and Investments

The City of Colorado Springs pools the cash and investments of its funds, including the Airport. The Airport's portion of total pooled cash and investments of the City as of December 31, 2016 and 2015 was 9.4% and 15.9%, respectively. The pooled cash and investments of the City and the Airport as of December 31, 2016 and 2015 are as follows:

	December 31, 2016		December 31, 2015	
	City	Airport	City	Airport
Cash on hand	\$ 44,916	\$ 4,219	\$ 24,466	\$ 3,890
Deposits				
Demand, time deposits	6,920,510	650,084	7,457,185	1,185,693
Investments	177,534,053	16,676,822	156,051,535	24,741,788
 Total pooled cash and investments	 \$ 184,499,479	 \$ 17,331,125	 \$ 163,533,186	 \$ 25,931,371

#### A. Restricted Cash, Cash Equivalents and Investments for Bond Reserves

As of December 31, 2016 and 2015, the Airport's restricted cash, cash equivalents, and investments for bond reserves, as required by the Airport's bond ordinances, are comprised of \$7,222,785 and \$7,572,009, respectively.

#### B. Summary of Carrying Values

Cash, cash equivalents, and investment securities included in the statements of net position are classified as follows:

	2016	2015
Cash, cash equivalents and investments		
Current - unrestricted	\$ 10,512,537	\$ 19,353,417
Current - restricted	9,970,356	8,063,604
Noncurrent - restricted investments	1,259,671	2,449,742
 Total cash, cash equivalents and investments	 \$ 21,742,564	 \$ 29,866,763

# Colorado Springs Municipal Airport Colorado Springs, Colorado

## Notes to Financial Statements December 31, 2016 and 2015

### C. Deposits

The Colorado Public Deposit Protection Act (PDPA) requires that financial institutions pledge a single institution pool of collateral against all the uninsured public deposits it holds, and the market value of the securities in the pool is required to be in excess of one hundred two percent of the financial institution's total uninsured public deposits.

As of December 31, 2016 and 2015, the bank balance of the City of Colorado Springs' bank deposits exclusive of cash not included in pooled cash and investments was \$18,425,639 and \$12,065,035, respectively. As of December 31, 2016, of the total bank deposits, \$560,680 was covered by Federal Deposit Insurance. As of December 31, 2015, of the total bank deposits, \$576,984 was covered by Federal Deposit Insurance. The Airport's share of those amounts as of December 31, 2016 and 2015 was \$52,668 and \$52,996, respectively.

The City of Colorado Springs and the Airport's investments are subject to interest rate, credit, and concentration of credit risk. As a home rule City, the City has adopted an Investment Policy that is largely in line with Colorado Revised Statutes. As a means of limiting its exposure to fair value losses arising from rising interest, the City's investment policy limits investment maturities to five years.

### D. Interest Rate Risk

Interest rate risk is the risk that changes in the financial market rates of interest will adversely affect the value of an instrument. As a means of limiting its exposure to fair value losses arising from rising interest rates, the City's investment policy limits investment maturities to less than five years.

### E. Credit Risk

Credit risk is the risk of loss due to a debtor's non-payment of a loan or other line of credit (either principal, interest or both). The City's investment policy authorizes the City to invest in obligations of the United States or agencies thereof, commercial paper rated at least A-1 by Standard and Poor's, P-1 by Moody's or F-1 by Fitch, municipal bonds, corporate bonds, bankers acceptances, local government investment pools, specific money market mutual funds, time certificates of deposit, repurchase agreements and obligations of the City of Colorado Springs.

### F. Custodial Credit Risk

Custodial risk is the risk, that in the event of the failure of a depository financial institution, the City will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. A designated portfolio manager places the City's investments during the fiscal year. Investments are exposed to custodial credit risk if they are uninsured, are not registered in the City's name and are held by either the counterparty to the investment purchase or held by the counter party's trust department or agent but not held in the City's name. None of the City's investments owned at December 31, 2016 and 2015 were subject to custodial risk.



# Colorado Springs Municipal Airport Colorado Springs, Colorado

## Notes to Financial Statements December 31, 2016 and 2015

### G. Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributable to the magnitude of the City's investments in a single issuer. Concentration risk is defined by GASB as positions of 5% or more in the securities of any one issuer. The City's pooled investments are in compliance with the City Investment Policy which limits investments with any single issuer other than the Federal Government to 5%. The securities of the Federal Government are defined as obligations of the United States and certain of its instrumentalities. None of the City's investments owned at December 31, 2016 and 2015 were subject to concentration of credit risk.

As of December 31, 2016 the detail of pooled cash and investments held for the City and the Airport is as follows:

<u>Investment Type</u>	<u>Value</u>	<u>Value Airport</u>	<u>Weighted Average Maturity (years)</u>
Money market mutual funds	\$ 34,235	\$ 3,216	0.00
Colorado Liquid Asset Trust (COLOTRUST)	12,256,332	1,151,310	0.00
U.S. Treasury securities	43,242,279	4,062,003	2.73
U.S. Instrumentality securities	59,880,210	5,624,902	2.41
Corporate fixed-income securities	39,975,363	3,755,122	1.52
Supra-national securities	2,267,026	212,955	2.53
Municipal bonds	6,568,288	616,998	2.68
Certificates of deposit	11,630,925	1,092,561	1.19
Mortgages pooled	<u>1,679,395</u>	<u>157,755</u>	1.96
Total fair value	<u>177,534,053</u>	<u>16,676,822</u>	
Portfolio weighted average maturity			2.05
Reconciliation to total pooled cash and investments			
Add: Cash on hand and in banks	<u>6,965,426</u>	<u>654,303</u>	
	<u>\$ 184,499,479</u>	<u>\$ 17,331,125</u>	

# Colorado Springs Municipal Airport Colorado Springs, Colorado

## Notes to Financial Statements December 31, 2016 and 2015

As of December 31, 2015 the detail of pooled cash and investments held for the City and the Airport is as follows:

Investment Type	Value	Value Airport	Weighted Average Maturity (years)
Money market mutual funds	\$ 29,232	\$ 4,635	0.00
Colorado Statewide Investment Program (CSIP)	5,086,049	806,387	0.00
U.S. Treasury securities	58,865,536	9,333,062	2.60
U.S. Instrumentality securities	39,158,025	6,208,459	2.21
Domestic corporate fixed-income securities	29,727,936	4,713,329	1.86
Supra-national securities	6,039,442	957,546	1.20
Municipal bonds	3,833,869	607,855	3.27
Certificate of deposit	11,594,646	1,838,318	1.50
Mortgages pooled	<u>1,716,800</u>	<u>272,197</u>	2.95
Total fair value	<u>156,051,535</u>	<u>24,741,788</u>	
Portfolio weighted average maturity			2.16
Reconciliation to total pooled cash and investments			
Add: Cash on hand and in banks	<u>7,481,651</u>	<u>1,189,583</u>	
	<u>\$ 163,533,186</u>	<u>\$ 25,931,371</u>	

Credit Quality Distribution for Securities as a Percentage of Total Investments:

	S&P Rating	2016 % of Total	2015 % of Total
Money market mutual funds	AAA	0.02%	0.02%
Colorado Local Government Liquid Asset Trust (COLOTRUST)	AAAm	6.90%	3.26%
U.S. Treasury securities	AA	24.36%	37.72%
U.S. Instrumentality securities	AA	33.73%	25.09%
Corporate fixed-income securities	AAA	2.39%	3.93%
Corporate fixed-income securities	AA	20.13%	15.12%
Supra-national securities	AAA	1.28%	3.87%
Municipal bonds	AAA	0.81%	0.61%
Municipal bonds	AA	2.89%	1.85%
Certificates of deposit	AA	3.28%	1.85%
Certificates of deposit	A	3.27%	5.58%
Mortgages pooled	AA	<u>0.95%</u>	<u>1.10%</u>
		100%	100%

# Colorado Springs Municipal Airport Colorado Springs, Colorado

## Notes to Financial Statements

December 31, 2016 and 2015

During 2015, the City invested in the PFM Funds Prime Series, Colorado Investors Class, a money market mutual fund (marketed as the Colorado Statewide Investment Program or CSIP). The Prime Series is a separate investment portfolio of PFM Funds (the Trust). The Trust is an open-end, diversified, management investment company registered under the Investment Company Act of 1940.

During 2016, the Airport invested in the Colorado Local Government Liquid Asset Trust (COLOTRUST). COLOTRUST is a local government investment pool with a stable net asset value and CSAFE is considered a qualifying external investment pool under GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*. The State Securities Commissioner administers and enforces all state statutes governing the Trust. The Trust operates similarly to a money market fund and each share is equal in value to \$1.00, although not guaranteed. Investment objectives and strategies focus on safety, liquidity, transparency, and competitive yields through investment in a diversified portfolio of short-term marketable securities. The Trust may invest in U.S. Treasury securities and repurchase agreements collateralized by U.S. Treasury securities, certain obligations of U.S. government agencies and highly rated commercial paper. A designated custodial bank serves as custodian for the Trust's portfolios pursuant to a custodian agreement. The custodian acts as a safekeeping agent for the Trust's investment portfolios and provides services as the depository in connection with direct investments and withdrawals. The custodians' internal records segregate investments owned by the Trust. The Trust does not have any limitations or restrictions on participant withdrawals.

The PFM Funds Prime Series invests in obligations of the United States Government and its agencies, high-quality debt obligations of U.S. companies and obligations of financial institutions and is rated AAAM by Standard & Poor's. PFM Asset Management LLC serves as the investment advisor, administrator, and transfer agent. Shares of the fund are distributed by PFM Fund Distributors, Inc., member Financial Industry Regulatory Authority. U.S. Bank N.A. serves as the custodian and acts as safekeeping agent. As of December 31, 2015, the City had \$5,086,049 invested in the PFM Funds Prime Series, of which \$806,387 related to the Airport.

To obtain financial statements for PFM Funds Prime Series, Colorado Investors Class, you may visit its website at [www.csipinvest.com](http://www.csipinvest.com).

### H. GASB 72

Governmental Accounting Standards Board Statement No. 72 (GASB 72) *Fair Value Measurements and Application*, establishes a hierarchy of inputs to valuation techniques used to measure fair value and requires disclosures to be made about investment fair value measurements, the level of fair value hierarchy, and valuation techniques. According to GASB 72, an investment is defined as a security or other asset that (a) a government holds primarily for the purpose of income or profit and (b) has a present service capacity based solely on its ability to generate cash or to be sold to generate cash.

# Colorado Springs Municipal Airport Colorado Springs, Colorado

## Notes to Financial Statements December 31, 2016 and 2015

The City pooled investments are measured at fair value on a recurring basis. Fair value measurements are categorized based on the valuation inputs used to measure an asset's fair value as follows.

- Level 1** Quoted prices in active markets for identical securities.
- Level 2** Prices determined using other significant observable inputs. Observable inputs are inputs that reflect the assumptions market participants would use in pricing a security and are developed based on market data obtained from sources independent of the reporting entity. These may include quoted prices for similar securities, interest rates, prepayment speeds, credit risk, and others. Debt securities are valued in accordance with the evaluated bid price supplied by the pricing service and generally categorized as Level 2 in the hierarchy.
- Level 3** Prices determined using significant unobservable inputs. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the factors market participants would use in pricing the security and would be based on the best information available under the circumstances.

The table reflects the fair value hierarchy of the City pooled investments proportional to Airport.

<b>Investments by Fair Value Level</b>	<b>December 31, 2016</b>	<b>Fair Value Measurement Using</b>		
		<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
Money market mutual funds	\$ 3,216	\$ 3,216	\$ -	\$ -
Colorado Liquid Asset Trust (COLOTRUST)	1,151,310 *	-	-	-
U.S. Treasury securities	4,062,003	-	4,062,003	-
U.S. Instrumentality securities	5,624,902	-	5,624,902	-
Corporate fixed-income securities	3,755,122	-	3,755,122	-
Supra-national securities	212,955	-	212,955	-
Municipal bonds	616,998	-	616,998	-
Certificates of deposit	1,092,561	-	1,092,561	-
Mortgages pooled	157,755	-	157,755	-
Total securities	<u>\$ 16,676,822</u>	<u>\$ 3,216</u>	<u>\$ 15,522,296</u>	<u>\$ -</u>

# Colorado Springs Municipal Airport Colorado Springs, Colorado

## Notes to Financial Statements December 31, 2016 and 2015

Investments by Fair Value Level	December 31, 2015	Fair Value Measurement Using		
		Level 1	Level 2	Level 3
Money market mutual funds	\$ 4,635	\$ 4,635	\$ -	\$ -
Colorado Statewide Investment Program (CSIP)	806,387	806,387	-	-
U.S. Treasury securities	9,333,062	-	9,333,062	-
U.S. Instrumentality securities	6,208,459	-	6,208,459	-
Domestic corporate fixed-income securities	4,713,329	-	4,713,329	-
Supra-national securities	957,546	-	957,546	-
Municipal bonds	607,855	-	607,855	-
Certificates of deposit	1,838,318	-	1,838,318	-
Mortgages pooled	272,197	-	272,197	-
	<u>\$ 24,741,788</u>	<u>\$ 811,022</u>	<u>\$ 23,930,766</u>	<u>\$ -</u>
Total securities	<u>\$ 24,741,788</u>	<u>\$ 811,022</u>	<u>\$ 23,930,766</u>	<u>\$ -</u>

\* During 2016, the City invested in COLOTRUST, a local government investment pool. The fair value is measured at net asset value and is designed to approximate the share value. The pool's Board of Trustees, elected by the participants, is responsible for overseeing the management of COLOTRUST, including establishing operating standards and policies. COLOTRUST is designed to provide local governments with a convenient method for investing in short-term investments carefully chosen to provide maximum safety and liquidity, while still maximizing interest earnings.

### 2. Lease Receivable

During 2016, the Airport entered into a direct finance lease for property expiring January 1, 2041. The agreement calls for monthly payments of \$7,015, including interest at 5%. The balance on the lease receivable at December 31, 2016, is \$1,177,007.

Future minimum receipts on the lease receivable at December 31, 2016 are:

Year Ending December 31,	Principal	Interest	Total Payment
2017	\$ 25,919	\$ 58,262	\$ 84,181
2018	27,245	56,936	84,181
2019	28,639	55,542	84,181
2020	30,104	54,077	84,181
2021	31,645	52,536	84,181
2022-2026	184,230	236,675	420,905
2027-2031	236,433	184,472	420,905
2032-2036	303,428	117,477	420,905
2037-2041	309,364	33,179	342,543
	<u>\$ 1,177,007</u>	<u>\$ 849,156</u>	<u>\$ 2,026,163</u>

# Colorado Springs Municipal Airport Colorado Springs, Colorado

## Notes to Financial Statements December 31, 2016 and 2015

### **3. Note Receivable**

In 2006, the Airport performed certain infrastructure improvements related to a site in the Airport's Business Park which is currently leased. As part of the agreement, the Airport and the tenant entered into a note receivable to reimburse the Airport for certain infrastructure improvements, and simultaneously, the Airport entered into a note payable with a bank to fund the improvements. The note payable was paid in full during 2016.

As part of the current tenant's ground lease agreement, the note receivable represents an amount to be repaid by the tenant to the Airport in the form of an infrastructure surcharge of \$19,058 per month by July 1, 2036. The note was discounted to present value utilizing a rate of 8.5%, the rate incurred on the Airport's note payable to initially fund the infrastructure improvements.

# Colorado Springs Municipal Airport Colorado Springs, Colorado

## Notes to Financial Statements December 31, 2016 and 2015

### 4. Capital Assets

Capital assets activity for the year ended December 31, 2016 was as follows:

	Beginning Balance	Increase	Decrease	Transfer <sup>1</sup>	Ending Balance
Capital assets being depreciated:					
Buildings	\$ 68,270,256	\$ -	\$ (974,523)	\$ -	\$ 67,295,733
Improvements other than buildings	250,506,424	1,318,630	(12,417,197)	23,183,092	262,590,949
Machinery and equipment	21,216,503	565,150	(38,662)	-	21,742,991
Vehicles	5,520,483	1,291,519	(15,000)	-	6,797,002
Infrastructure	47,933,084	-	-	-	47,933,084
Intangibles	661,903	-	-	-	661,903
<b>Total capital assets being depreciated</b>	<b>394,108,653</b>	<b>3,175,299</b>	<b>(13,445,382)</b>	<b>23,183,092</b>	<b>407,021,662</b>
Less accumulated depreciation for:					
Buildings	(35,845,044)	(1,909,382)	464,775	-	(37,289,651)
Improvements other than buildings	(112,084,602)	(9,710,044)	10,663,721	-	(111,130,925)
Machinery and equipment	(10,402,320)	(1,303,217)	38,663	-	(11,666,874)
Vehicles	(3,535,907)	(243,389)	15,000	-	(3,764,296)
Infrastructure	(9,716,419)	(1,626,765)	-	-	(11,343,184)
Intangibles	(169,305)	(75,264)	-	-	(244,569)
<b>Total accumulated depreciation</b>	<b>(171,753,597)</b>	<b>(14,868,061)</b>	<b>11,182,159</b>	<b>-</b>	<b>(175,439,499)</b>
<b>Total capital assets being depreciated, net</b>	<b>222,355,056</b>	<b>(11,692,762)</b>	<b>(2,263,223)</b>	<b>23,183,092</b>	<b>231,582,163</b>
Capital assets not being depreciated:					
Land	18,367,718	-	-	-	18,367,718
Construction in progress	797,455	23,217,994	-	(23,183,092)	832,357
<b>Total capital assets, not being depreciated</b>	<b>19,165,173</b>	<b>23,217,994</b>	<b>-</b>	<b>(23,183,092)</b>	<b>19,200,075</b>
<b>Capital assets, net</b>	<b>\$ 241,520,229</b>	<b>\$ 11,525,232</b>	<b>\$ (2,263,223)</b>	<b>\$ -</b>	<b>\$ 250,782,238</b>

<sup>1</sup> Transfers reflect the recategorization of assets

# Colorado Springs Municipal Airport Colorado Springs, Colorado

## Notes to Financial Statements December 31, 2016 and 2015

Capital assets activity for the year ended December 31, 2015 was as follows:

	<b>Beginning Balance</b>	<b>Increase</b>	<b>Decrease</b>	<b>Transfer<sup>1</sup></b>	<b>Ending Balance</b>
Capital assets being depreciated:					
Buildings	\$ 68,240,563	\$ 29,693	\$ -	\$ -	\$ 68,270,256
Improvements other than buildings	250,662,795	225,879	(906,370)	524,120	250,506,424
Machinery and equipment	21,027,914	236,898	(48,309)	-	21,216,503
Vehicles	4,764,673	766,260	(10,450)	-	5,520,483
Infrastructure	48,243,184	214,020	-	(524,120)	47,933,084
Intangibles	<u>652,942</u>	<u>8,961</u>	<u>-</u>	<u>-</u>	<u>661,903</u>
Total capital assets being depreciated	<u>393,592,071</u>	<u>1,481,711</u>	<u>(965,129)</u>	<u>-</u>	<u>394,108,653</u>
Less accumulated depreciation for:					
Buildings	(33,872,702)	(1,972,342)	-	-	(35,845,044)
Improvements other than buildings	(102,934,396)	(9,710,948)	560,742	-	(112,084,602)
Machinery and equipment	(9,157,507)	(1,290,446)	45,633	-	(10,402,320)
Vehicles	(3,367,429)	(178,928)	10,450	-	(3,535,907)
Infrastructure	(8,088,994)	(1,627,425)	-	-	(9,716,419)
Intangibles	<u>(94,116)</u>	<u>(75,189)</u>	<u>-</u>	<u>-</u>	<u>(169,305)</u>
Total accumulated depreciation	<u>(157,515,144)</u>	<u>(14,855,278)</u>	<u>616,825</u>	<u>-</u>	<u>(171,753,597)</u>
Total capital assets being depreciated, net	<u>236,076,927</u>	<u>(13,373,567)</u>	<u>(348,304)</u>	<u>-</u>	<u>222,355,056</u>
Capital assets not being depreciated:					
Land	18,416,793	-	(49,075)	-	18,367,718
Construction in progress	<u>-</u>	<u>797,455</u>	<u>-</u>	<u>-</u>	<u>797,455</u>
Total capital assets, not being depreciated	<u>18,416,793</u>	<u>797,455</u>	<u>(49,075)</u>	<u>-</u>	<u>19,165,173</u>
Capital assets, net	<u>\$ 254,493,720</u>	<u>\$ (12,576,112)</u>	<u>\$ (397,379)</u>	<u>\$ -</u>	<u>\$ 241,520,229</u>

<sup>1</sup> Transfers reflect the recategorization of assets



# Colorado Springs Municipal Airport Colorado Springs, Colorado

## Notes to Financial Statements December 31, 2016 and 2015

### 5. Changes in Long-term Liabilities

Long-term liabilities activity for the year ended December 31, 2016 was as follows:

	Balance January 1, 2016	Additions	Reductions	Balance December 31, 2016	Due Within One Year
Revenue bonds	\$ 17,040,000	\$ -	\$ (8,580,000)	\$ 8,460,000	\$ 1,040,000
Bond premium	831,901	-	(95,185)	736,716	-
Bond discount	(41,605)	-	41,605	-	-
Total bonds payable	17,830,296	-	(8,633,580)	9,196,716	1,040,000
Note payable	4,036,456	3,431,183	(2,122,686)	5,344,953	525,327
Capital leases	-	384,616	(81,995)	302,621	72,013
Compensated absences-					
Accrued sick and vacation	538,235	551,240	(555,627)	533,848	26,692
benefits	538,235	551,240	(555,627)	533,848	26,692
Net pension liability	7,212,963	2,047,505	(673,164)	8,587,304	-
Long-term liabilities	<u>\$ 29,617,950</u>	<u>\$ 6,414,544</u>	<u>\$ (12,067,052)</u>	<u>\$ 23,965,442</u>	<u>\$ 1,664,032</u>

Long-term liabilities activity for the year ended December 31, 2015 was as follows:

	Balance January 1, 2015	Additions	Reductions	Balance December 31, 2015	Due Within One Year
Revenue bonds	\$ 18,605,000	\$ -	\$ (1,565,000)	\$ 17,040,000	\$ 1,750,000
Bond premium	924,568	-	(92,667)	831,901	-
Bond discount	(52,502)	-	10,897	(41,605)	-
Total bonds payable	19,477,066	-	(1,646,770)	17,830,296	1,750,000
Note payable	4,399,765	-	(363,309)	4,036,456	280,032
Compensated absences -					
Accrued sick and vacation	567,780	515,252	(544,797)	538,235	26,912
benefits	567,780	515,252	(544,797)	538,235	26,912
Net pension liability	7,664,560	221,567	(673,164)	7,212,963	-
Long-term liabilities	<u>\$ 32,109,171</u>	<u>\$ 736,819</u>	<u>\$ (3,228,040)</u>	<u>\$ 29,617,950</u>	<u>\$ 2,056,944</u>

# Colorado Springs Municipal Airport Colorado Springs, Colorado

## Notes to Financial Statements December 31, 2016 and 2015

### 6. Revenue Bonds Payable

In January 2014, the City of Colorado Springs, Colorado issued \$11,185,000 Airport System Revenue Refunding Bonds, Series 2014 to current refund and defease outstanding City of Colorado Springs, Colorado Airport System Revenue Refunding Bonds, Series 2002A and pay certain costs of issuance. The refunding was undertaken to reduce future annual debt service payments to lower airline rates and charges to make the Airport more competitive. The reacquisition price was above the net carrying amount of the old debt by \$209,088. This amount is recognized as deferred loss on refunding in the deferred outflows of resources on the statement of net position and is amortized over the old debt's life which is one year shorter that the life of the new debt. The Series 2014 Bonds mature from 2014 to 2023 and have a coupon interest rate of 5%. The refunding transaction resulted in a total net present value savings of \$1,527,444.

In April 2007, the City of Colorado Springs issued \$3,725,000 and \$8,500,000 of Airport System Revenue Refunding Bonds, Series 2007A and 2007B, for a current refunding of \$9,345,000 and \$2,625,000 of 1996A and 1996B Airport System Revenue Bonds, respectively. The refunding was undertaken to reduce annual future debt service payments. The reacquisition price was above the net carrying amount of the old debt by \$211,363. This amount is recognized as deferred loss on refunding in the deferred outflows of resources on the statement of net position and is amortized over the new debt's life, which is the same as the life of the old debt. The Series 2007A bonds, of which \$3,725,000 mature from 2007 to 2021, have interest rates ranging from 4.00% to 4.50%. The Series 2007B bonds, of which \$8,500,000 mature from 2007 to 2023, have interest rates ranging from 4.00% to 5.00%. These bonds were paid in full during 2016.

All bonds are special obligations of the City payable solely from net revenues of the Airport System and from certain funds established under the bond ordinance. The Airport issued these revenue bonds with pledged revenues as collateral. The revenue bonds have been issued as Airport revenue bonds to finance construction projects.

	<b>Amount Pledged</b>	<b>Term of Commitment</b>
Airport System Revenue Bonds	\$ 10,234,000	2014-2023

The total pledged revenue is not estimable in comparison to secured debt because future revenue levels may vary. The bonded debt coverage requirement for each issue must be met or the bonds will be in default. The debt service coverage or comparison of pledged revenues net of specific operating expenses for the pledged debt is presented in the Supplementary Information for these financial statements.

# Colorado Springs Municipal Airport Colorado Springs, Colorado

## Notes to Financial Statements December 31, 2016 and 2015

Maturities of the Airport System Revenue Refunding Bonds and related interest expense are as follows as of December 31, 2016:

Year Ending December 31,	Principal	Interest
2017	\$ 1,040,000	\$ 423,000
2018	1,090,000	371,000
2019	1,145,000	316,500
2020	1,205,000	259,250
2021	1,265,000	199,000
2022-2023	<u>2,715,000</u>	<u>205,250</u>
Totals	<u>\$ 8,460,000</u>	<u>\$ 1,774,000</u>

### 7. Note Payable

On May 26, 2016, the Airport entered into a loan agreement in the amount of \$3,431,183 with the Colorado Department of Transportation to fund capital projects at the Airport. The interest rate on the loan is 2.5% and matures May 26, 2026. Debt service payments on this loan will be made from PFC revenues. The following is an amortization schedule (including Principal and Interest) for the remainder of the loan period as of December 31, 2016:

Year Ending December 31,	Principal	Interest	Total Payment
2017	\$ 306,263	\$ 85,780	\$ 392,043
2018	313,920	78,123	392,043
2019	321,768	70,275	392,043
2020	329,812	62,231	392,043
2021	338,057	53,986	392,043
2022-2026	<u>1,821,363</u>	<u>138,852</u>	<u>1,960,215</u>
Totals	<u>\$ 3,431,183</u>	<u>\$ 489,247</u>	<u>\$ 3,920,430</u>

# Colorado Springs Municipal Airport Colorado Springs, Colorado

## Notes to Financial Statements December 31, 2016 and 2015

On December 1, 2014, the Airport entered into a loan agreement in the amount of \$2,336,000 with the Colorado Department of Transportation to fund capital projects at the Airport. The interest rate on the loan is 2.5% and matures December 1, 2024. Debt service payments on this loan will be made from PFC revenues. The following is an amortization schedule (including Principal and Interest) for the remainder of the loan period as of December 31, 2016:

Year Ending December 31,	Principal	Interest	Total Payment
2017	\$ 219,064	\$ 47,844	\$ 266,908
2018	224,540	42,368	266,908
2019	230,154	36,754	266,908
2020	235,908	31,000	266,908
2021	241,806	25,102	266,908
2022-2025	<u>762,298</u>	<u>38,426</u>	<u>800,724</u>
Totals	<u>\$ 1,913,770</u>	<u>\$ 221,494</u>	<u>\$ 2,135,264</u>

On July 3, 2008, the Airport entered into a loan agreement in the amount of \$600,000 with the Colorado Department of Transportation to purchase equipment to enhance snow removal capabilities. Debt service payments on this loan were made from PFC revenues. This loan was paid in full on March 9, 2015.

On May 16, 2006, the Airport entered into a loan agreement, not to exceed \$3,047,514, with U.S. Bank National Association to fund improvements to a parcel of land in the Airport's Business Park. The improvements consist of infrastructure development, including utility lines, roads, and general grading in order to prepare the property for development. The loan is collateralized by real property. This loan was paid in full on July 29, 2016.

**Colorado Springs Municipal Airport  
Colorado Springs, Colorado**

**Notes to Financial Statements  
December 31, 2016 and 2015**

**8. Leases**

The Airport leases facilities, infrastructure, and land, including but not limited to airlines, concessionaires, and others. Substantially all of the leases are operating leases for land, buildings, and terminal space. The leases contain provisions for cancellation by either party if certain conditions are met. A new rental car agreement was signed in 2014, with a retroactive date to July 1, 2013, for a three year term with the option for two additional one year extensions. The current airline agreement was effective January 1, 2016, and expires December 31, 2020. The following is a schedule, by year, of minimum future rentals of the operating leases as of December 31, 2016:

Year Ending December 31,	
2017	\$ 8,030,119
2018	6,408,462
2019	5,045,860
2020	4,944,898
2021	2,228,237
2022-2026	9,820,347
2027-2031	7,029,043
2032-2036	4,324,758
2037-2041	3,823,564
2042-2046	3,405,453
2047-2051	3,341,693
2052-2056	2,229,346
2057-2061	159,492
2062-2066	3,890
	\$ 60,795,162

Minimum future rentals do not include contingent rentals, which may be received under certain leases on the basis of revenue, fuel flow, or number of uses. Contingent rentals amounted to \$467,787 and \$517,075 for the years ended December 31, 2016 and 2015, respectively.

# Colorado Springs Municipal Airport Colorado Springs, Colorado

## Notes to Financial Statements December 31, 2016 and 2015

The following is an analysis of the Airport's investment in property covered by operating leases and property held for lease by major classes as of December 31:

	<b>2016</b>	<b>2015</b>
Land	\$ 18,367,718	\$ 18,367,718
Buildings	67,295,733	68,270,256
Improvements other than buildings	262,590,949	250,506,424
Infrastructure	47,933,084	47,933,084
	396,187,484	385,077,482
Less accumulated depreciation	(159,763,761)	(157,646,065)
	<b>\$ 236,423,723</b>	<b>\$ 227,431,417</b>

Additionally, the United States Air Force leases property from the City pursuant to a ninety-nine year lease, and in turn, Peterson Air Force Base furnishes all aircraft rescue and firefighting services at the Airport as annual contributions (in-kind services) in lieu of payment of landing fees under the lease.

On October 26, 2016, the Airport entered into a capital lease agreement in the amount of \$384,600 with John Deere Financial to purchase equipment. The interest rate is 3.25% and the lease expires in October 2020. The following is an amortization schedule (including Principal and Interest) for the remainder of the loan period as of December 31, 2016:

<b>Year Ending December 31,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total Payment</b>
2017	\$ 72,013	\$ 9,982	\$ 81,995
2018	74,388	7,607	81,995
2019	76,842	5,153	81,995
2020	79,378	2,617	81,995
Totals	<b>\$ 302,621</b>	<b>\$ 25,359</b>	<b>\$ 327,980</b>

These capital lease agreement has been included as assets as follows:

	<b>2016</b>	<b>2015</b>
Machinery and equipment	\$ 384,600	\$ 674,519
Less accumulated depreciation	(16,026)	(452,490)
Net capitalized lease property	<b>\$ 368,574</b>	<b>\$ 222,029</b>

# Colorado Springs Municipal Airport Colorado Springs, Colorado

## Notes to Financial Statements December 31, 2016 and 2015

### 9. *Interfund Balances*

Interfund balances was comprised of amounts due to Colorado Springs Utilities. The amounts due were \$85 and \$96,551 as of December 31, 2016 and 2015, respectively.

### 10. *Commitments*

As of December 31, 2016, the Airport had commitments outstanding, in the form of contracts and purchase orders, of approximately \$2,530,815 primarily for construction projects and equipment.

## Note D: Other Information

### 1. *Risk Management*

The City of Colorado Springs has a risk management division to coordinate and administer workers' compensation, property, and general liability insurance programs for all of its activities and operations. For workers' compensation coverage, the City has purchased commercial insurance to cover losses in excess of \$750,000 per occurrence. The City pays losses less than this amount through its Workers Compensation Self-Insurance Fund. The Airport is included in the Workers' Compensation Self-Insurance program. For property coverage, the Airport has purchased a commercial insurance policy with varying deductibles. All deductibles related to this policy are paid from Airport operating funds. General liability coverage for the Airport is purchased from commercial carriers for losses up to \$200,000,000. No claims were incurred in excess of the coverage for 2016, 2015 or 2014.

### 2. *Post-retirement Health Care and Life Insurance Benefits*

In accordance with the City of Colorado Springs' Personnel Policy, the Airport offers a health care plan, including life insurance benefits, to retirees with the Airport's contribution determined by City Council. Employees retiring prior to 1979 receive this health care plan benefit without cost to the employee. Those retiring during or after 1979 and those hired prior to August 1, 1988, receive a limited Airport contribution not to exceed \$91.40 per month. As of December 31, 2016 and 2015 the Airport had 24 employees with partial coverage. The cost of benefits as of December 31, 2016 and 2015 were \$26,505 and \$26,497, respectively.

### 3. *Retirement Plans*

The Airport's former or current non-uniformed and uniformed (police officers) employees are eligible to participate in a defined benefit pension plan. Non-uniformed employees participate in the Public Employees' Retirement Association of Colorado (PERA) and uniformed employees participate in one of five plans administered by the Fire and Police Pension Association (FPPA). Below is a table that summarizes the net pension liabilities, deferred outflows and inflows, and pension expenses associated with each of the plans as a result of the implementation of GASB 68. More detailed notes regarding each plan follows.

# Colorado Springs Municipal Airport Colorado Springs, Colorado

## Notes to Financial Statements December 31, 2016 and 2015

For the year ended December 31, 2016:

	<b>Net Pension Liability</b>	<b>Deferred Outflows</b>	<b>Deferred Inflows</b>	<b>Pension Expense</b>
PERA	\$ 7,318,009	\$ 1,957,350	\$ 402,329	\$ 278,774
New Hire Police	<u>1,269,295</u>	<u>646,801</u>	<u>189,968</u>	<u>241,941</u>
Total	<u>\$ 8,587,304</u>	<u>\$ 2,604,151</u>	<u>\$ 592,297</u>	<u>\$ 520,715</u>

For the year ended December 31, 2015:

	<b>Net Pension Liability</b>	<b>Deferred Outflows</b>	<b>Deferred Inflows</b>	<b>Pension Expense</b>
PERA	\$ 6,246,020	\$ 828,805	\$ 543,590	\$ 243,951
New Hire Police	<u>966,943</u>	<u>214,774</u>	<u>2,288</u>	<u>184,965</u>
Total	<u>\$ 7,212,963</u>	<u>\$ 1,043,579</u>	<u>\$ 545,878</u>	<u>\$ 428,916</u>

### A. Defined Benefit Pension Plan (as of and for the years ended December 31, 2016 and 2015)

*Plan Description:* The Airport participates in the Local Government Division Trust Fund (LGDTF), a cost-sharing multiple-employer defined benefit pension plan administered by the Public Employees' Retirement Association of Colorado (PERA). The net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, information about the fiduciary net position and additions to/deductions from the fiduciary net position of the LGDTF have been determined using the economic resources measurement focus and the accrual basis of accounting. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. Title 24, Article 51, of the Colorado Revised Statutes (CRS), as amended, assigns the authority to establish benefit provisions to the State Legislature. PERA issues a publicly available annual financial report that includes financial statements and required supplementary information for LGDTF.

That report may be obtained online at:

[www.copera.org/investments/pera-financial-reports](http://www.copera.org/investments/pera-financial-reports)

or by writing to

Colorado PERA  
1301 Pennsylvania Street  
Denver, Colorado 80203

or by calling PERA at 303-832-9550 or 1-800-759-PERA (7372)



# Colorado Springs Municipal Airport Colorado Springs, Colorado

## Notes to Financial Statements

December 31, 2016 and 2015

All Airport employees, except uniformed police, are members of the LGDTF. The Mayor, direct reports of the Mayor, and elected officials of the City of Colorado Springs may elect to be exempt from membership. The LGDTF of PERA provides retirement, disability, and survivor benefits. Retirement benefits are determined by the amount of service credit earned and/or purchased, highest average salary, the benefit structure(s) under which the member retires, the benefit option selected at retirement, and age at retirement. Retirement eligibility is specified in tables set forth at C.R.S. § 24-51-602, 604, 1713 and 1714.

The lifetime retirement benefit for all eligible retiring employees under the PERA Benefit Structure is the greater of the:

- Highest average salary multiplied by 2.5% and then multiplied by years of service credit.
- Value of the retiring employee's member contribution account plus a 100% match on eligible amounts as of the retirement date. This amount is then annuitized into a monthly benefit based on life expectancy and other actuarial factors.

In all cases the service retirement benefit is limited to 100% of highest average salary and also cannot exceed the maximum benefit allowed by Federal Internal Revenue Code.

Members may elect to withdraw their member contribution accounts upon termination of employment with all PERA employers; waiving rights to any lifetime retirement benefits earned. If eligible, the member may receive a match of either 50% or 100% on eligible amounts depending on when contributions were remitted to PERA, the date employment was terminated, whether 5 years of service credit has been obtained and the benefit structure under which contributions were made.

On an annual basis, eligible benefit recipients receive post-retirement, cost-of-living adjustments called annual increases (AI). The AI payment month, eligibility and amounts are determined by the date the retiree or deceased member began membership in PERA. Benefit recipients under the PERA benefit structure who began eligible employment before January 1, 2007 receive an annual increase of 2%, unless PERA has a negative investment year, in which case the annual increase for the next three years is the lesser of 2% or the average of the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) for the prior calendar year. Benefit recipients under the PERA benefit structure who began eligible employment after January 1, 2007 receive an annual increase of the lesser of 2% or the average CPI-W for the prior calendar year, not to exceed 10% of PERA's Annual Increase Reserve for the LGDTF. If PERA's overall funded status is at or above 103%, the AI cap of 2% will increase by .25% per year. If after PERA's overall funded status subsequently drops below 90%, the AI cap will decrease by .25% per year, but will never drop below 2%.

The LGDTF of Colorado PERA is currently open to new entrants.

# Colorado Springs Municipal Airport Colorado Springs, Colorado

## Notes to Financial Statements December 31, 2016 and 2015

Benefit recipients and members of PERA consisted of the following as of December 31, 2015:

Retirees and beneficiaries	6,777
Terminated employees entitled to benefits but not yet receiving benefits	2,791
Inactive members	21,915
Active members	
Vested general employees	6,090
Non-vested general employees	6,086

The Airport and its eligible employees are required to contribute to the LGDTF at a rate set by Colorado statute. The contribution requirements are established under C.R.S. § 24-51-401, et seq. Colorado State law provisions may be amended from time to time by the Colorado General Assembly. Eligible employees are required to contribute 8% of their PERA-includable salary. The employer contribution requirements are summarized in the table below:

	<b>2016</b>	<b>2015</b>
	<b>Rate (%)</b>	<b>Rate (%)</b>
Employer Contribution Rate <sup>1</sup>	10.00	10.00
Amount of Employer Contribution apportioned to the Health Care Trust Fund as specified in C.R.S. § 24-51-208(1)(f) 1	(1.02)	(1.02)
Amount Apportioned to the LGDTF <sup>1</sup>	8.98	8.98
Amortization Equalization Disbursement (AED) as specified in C.R.S. § 24-51-411 <sup>1</sup>	2.20	2.20
Supplemental Amortization Equalization Disbursement (SAED) as specified in C.R.S. § 24-51-411 <sup>1</sup>	1.50	1.50
Total Employer Contribution Rate to the LGDTF <sup>1</sup>	12.68	12.68

<sup>1</sup>Rates are expressed as a % of salary as defined in C.R.S. § 24-51-101(42).

Employer contributions are recognized by the LGDTF in the period in which the compensation becomes payable to the member and the Airport is statutorily committed to pay the contributions to the LGDTF. Employer contributions recognized by the LGDTF from the Airport were \$487,205 and \$490,082 for the years ended December 31, 2016 and 2015, respectively.

# Colorado Springs Municipal Airport Colorado Springs, Colorado

## Notes to Financial Statements December 31, 2016 and 2015

*Collective Net Pension Liability:* The components of the Airport's proportionate share of the collective net pension liability for the LGDTF as of December 31, 2016 are as follows:

Total Pension Liability (TPL)	\$ 31,635,457
Plan Fiduciary Net Position (FNP)	<u>(24,317,448)</u>
Net Pension Liability (NPL)	<u><u>\$ 7,318,009</u></u>

*Pension Liability, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions:* As of December 31, 2016 and 2015 the Airport reported a liability of \$7,318,009 and \$6,246,020 for its proportionate share of the net pension liability, respectively. The net pension liability was measured as of December 31, 2015 and 2014, respectively, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2014 and 2013, respectively. Standard update procedures were used to roll forward the total pension liability to December 31, 2015 and 2014, respectively. The Airport's proportion of the net pension liability was based on Airport contributions to the LGDTF for the calendar year 2015 and 2014, respectively, relative to the total contributions of participating employers to the LGDTF.

At December 31, 2015, the Airport's proportion was 0.6643%, which was a decrease of 0.0325% from its proportion measured as of December 31, 2014. At December 31, 2014, the Airport's proportion was .69686%, which was a decrease of .1178% from its proportion measured as of December 31, 2013.

For the years ended December 31, 2016 and 2015, the Airport's pension expense related to the PERA LGDTF was \$278,774 and \$243,951, respectively.

At December 31, 2016 and 2015, the Airport reported deferred outflows of resources and deferred inflows of resources related to pensions for the PERA LGDTF from the following sources:

	2016		2015	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 54,906	\$ 252	\$ -	\$ 1,254
Net difference between projected actual earnings on pension plan investments	1,408,768	-	338,723	-
Change of assumptions	-	134,040	-	-
Changes in proportion	6,471	268,037	-	542,336
Contributions subsequent to the measurement date	<u>487,205</u>	<u>-</u>	<u>490,082</u>	<u>-</u>
Total	<u><u>\$ 1,957,350</u></u>	<u><u>\$ 402,329</u></u>	<u><u>\$ 828,805</u></u>	<u><u>\$ 543,590</u></u>

# Colorado Springs Municipal Airport Colorado Springs, Colorado

## Notes to Financial Statements December 31, 2016 and 2015

The \$487,205 reported as deferred outflows of resources related to pensions as of December 31, 2016, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended December 31, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions as of December 31, 2016 will be recognized in pension expense as follows:

Year Ended December 31,	Net Differences between expected and actual experience	Net difference between projected and actual earnings on investment	Changes of assumptions	Net Changes in proportion	Changes in proportionate share	Total effect of amortized deferred inflows/ outflows on pension expense
2017	\$ 44,025	\$ 372,376	\$ (108,098)	\$ 5,218	\$ (238,474)	\$ 75,047
2018	10,629	372,376	(25,942)	1,253	(29,563)	328,753
2019	-	372,376	-	-	-	372,376
2020	-	291,640	-	-	-	291,640
	<u>\$ 54,654</u>	<u>\$ 1,408,768</u>	<u>\$ (134,040)</u>	<u>\$ 6,471</u>	<u>\$ (268,037)</u>	<u>\$ 1,067,816</u>

The differences between expected and actual experience, changes of assumptions, as well as the Airport's change in proportion are amortized over a closed period equal to the average expected remaining service life of active and inactive members in the plan. The LGDTF determined the average expected remaining service life for active and inactive members at the beginning of the 2015 measurement period to be 2.24 years. The difference between expected and actual investment experience is amortized over a closed five-year period.

*Actuarial Assumptions:* The total pension liability in the December 31, 2014 actuarial valuation was determined using the following actuarial assumptions and other inputs:

	<u>Rate (%)</u>
Price inflation	2.80
Real wage growth	1.10
Wage inflation	3.90
Salary increase, including wage inflation	3.90-10.85
Long-term investments rate of return, net of pension plan investment expenses, including price inflation	7.50
Future post-retirement benefit increases:	
PERA benefit structure hired prior to 1/1/07	2.00
PERA benefit structure hired after 12/31/06 (ad hoc, substantively automatic)	Financed by the Annual Increase Reserve (AIR)

Mortality rates were based on the RP-2000 Combined Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on a projection of Scale AA to 2020 with males set back one year, and females set back two years.

# Colorado Springs Municipal Airport Colorado Springs, Colorado

## Notes to Financial Statements December 31, 2016 and 2015

The actuarial assumptions used in the December 31, 2014 valuation were based on the results of an actuarial experience study for the period January 1, 2008 through December 31, 2011, adopted by PERA's Board on November 13, 2012, and an economic assumption study, adopted by PERA's Board on November 15, 2013 and January 17, 2014.

Changes in assumptions or other inputs since the December 31, 2013 actuarial valuation include:

- Programming changes
  - Valuation of the full survivor benefit without any reduction for possible remarriage
  - Reflection of the employer match on separate benefits for all eligible years
  - Reflection of one year of service eligibility for survivor annuity benefit
  - Refinement of the 18 month annual increase timing
  - Refinement to directly value certain and life, modified cash refund and pop-up benefit forms
  
- Methodology changes
  - Recognition of merit salary increases in the first projection year
  - Elimination of the assumption that 35% of future disabled members elect to receive a refund
  - Removal of the negative value adjustment for liabilities associated with refunds of future terminating members
  - Adjustments to the timing of the normal cost and unfunded actuarial accrued liability payment calculations to reflect contributions throughout the year

*Discount rate:* The discount rate used to measure the total pension liability was 7.50%. The projection of cash flows used to determine the discount rate applied the actuarial method and assumptions shown above. In addition, the following methods and assumptions were used:

- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.90%.
- Assumed that employee contributions will be made at the current contribution rate. Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law, including current and future AED and SAED, until the Actuarial Value Funding Ratio reaches 103%, at which point, the AED and SAED will each drop 0.50% every year until they are zero. Additionally, estimated employer contributions included reductions for the funding of the AIR and retiree health care benefits. For future plan members, employer contributions were further reduced by the estimated amount of total service costs for future plan members not financed by their member contributions.

# Colorado Springs Municipal Airport Colorado Springs, Colorado

## Notes to Financial Statements

December 31, 2016 and 2015

- Employer contributions and the amount of total service costs for future plan members were based upon a process used by the plan to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- The AIR balance was excluded from the initial fiduciary net position, as, per statute, AIR amounts cannot be used to pay benefits reserve, as appropriate. As the ad hoc post-retirement benefit increased financed by the AIR are defined to have a present value at the long-term expected rate of return on plan investments equal to the amount transferred for their future payment, AIR transfers to the fiduciary net position and the subsequent AIR benefit payments have no impact on the Single Equivalent Interest Rate (SEIR) determination process when the timing of AIR cash flows is not a factor (*i.e.* the plan's fiduciary net position is not projected to be depleted). When AIR cash flow timing is a factor in the SEIR determination process (*i.e.* the plan's fiduciary net position is projected to be depleted), AIR transfers to the fiduciary net position and the subsequent AIR benefit payments were estimated and included in the projections.
- Benefit payments and contributions were assumed to be made at the end of the month.

Based on those assumptions, the LGDTF's fiduciary net position was projected to be available to make all projected future benefit payments of current members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate determination does not use the Municipal Bond Index Rate. There was no change in the discount rate from the prior measurement date.

The LGDTF's long-term expected rate of return on pension plan investments was determined using a log-normal distribution analysis in which best estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation) were developed for each major asset class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation.

As of the most recent analysis of the long-term expected rate of return, presented to the PERA Board on November 15, 2013, the target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

# Colorado Springs Municipal Airport Colorado Springs, Colorado

## Notes to Financial Statements December 31, 2016 and 2015

Asset Class	Target Allocation (%)	10 Year Expected Geometric Real Rate of Return (%)
U.S. Equity - Large Cap	26.76	5.00
U.S. Equity - Small Cap	4.40	5.19
Non U.S. Equity - Developed	22.06	5.29
Non U.S. Equity - Emerging	6.24	6.76
Core Fixed Income	24.05	0.98
High Yield	1.53	2.64
Long Duration Gov't/Credit	0.53	1.57
Emerging Market Bonds	0.43	3.04
Real Estate	7.00	5.09
Private Equity	7.00	7.15
Total	100%	

In setting the long-term expected rate of return, projections employed to model future returns provide a range of expected long-term returns that, including expected inflation, ultimately support a long-term expected rate of return assumption of 7.50%.

The discount rate determination does not use the Municipal Bond Index Rate. There was no change in the discount rate from the prior measurement date.

The following presents the proportionate share of the net pension liability calculated using the discount rate of 7.50%, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1% lower (6.50%) or 1% higher (8.50%) than the current rate:

At December 31, 2016, the sensitivity of the NPL was as follows:

	1% Decrease	Current Discount Rate	1% Increase
	6.50%	7.50%	8.50%
Proportionate share of the net pension liability	\$ 11,219,254	\$ 7,318,009	\$ 4,082,312

Detailed information about the pension plan's fiduciary net position is available in the separately issued PERA LGDTF financial reports found at

[www.copera.org/investments/pera-financial-reports](http://www.copera.org/investments/pera-financial-reports)

# Colorado Springs Municipal Airport Colorado Springs, Colorado

## Notes to Financial Statements

December 31, 2016 and 2015

### B. New Hire Police Defined Benefit Pension Plan

*Plan Description:* The New Hire Pension Plan is a single-employer defined benefit plan administered by the Fire and Police Pension Association of Colorado (FPPA). However, for purposes of these Airport financials statements, the City has allocated and disclosed the New Hire Plan as a cost-sharing multiple employer defined benefit pension plan in accordance with the requirements of GASB Statement No. 68. Allocation of pension-related items in the New Hire Plan is based on amounts contributed for Airport employees as a percentage of total City contributions.

Effective October 1, 2006, the New Hire Pension Plan was incorporated into the Defined Benefit System by the FPPA Board pursuant to provisions of CRS 31-31-706(2)(a). Assets of the New Hire Pension Plan are held in trust with the FPPA Board acting as trustee. As trustee, FPPA collects, invests, administers and disburses monies related to the Defined Benefit Pension Plan. The net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, information about the fiduciary net position and addition to/deductions from the fiduciary net position have been calculated using the accrual basis of accounting. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

FPPA issues a publicly available financial report that includes financial statements and required supplementary information for FPPA. That report may be obtained online at:

<http://www.fppaco.org/annual-reports.html>

or by writing to:

Fire and Police Pension Association of Colorado  
5290 DTC Parkway, Suite 100  
Greenwood Village, CO 80111-2721

or by calling FPPA at (303) 770-3772

The New Hire Police Pension Plan is for sworn police employees hired after April 8, 1978 but before October 1, 2006. This plan is closed to new employees. Any amendments to the benefit-related provisions of the New Hire plan may be made by the FPPA Board, with the consent of the City, only upon approval of at least 65% of the then active members in the plan. In 2007 and 2011, members in the New Hire pension plan were allowed to make a one-time irrevocable election to switch from the New Hire plan to the Statewide Defined Benefit Pension Plan effective January 1, 2012.

Members in the New Hire Police Pension Plan may be eligible for a normal retirement pension at any time after age 50, if the member has at least 25 years of service. The annual normal pension equals 2% of the member's final average salary (for the past 39 payroll periods) for each full year of credited service up to ten years plus 2.75% for each full year thereafter with a maximum benefit of 75%. A member is eligible for an early retirement benefit after completion of 20 years of



# Colorado Springs Municipal Airport Colorado Springs, Colorado

## Notes to Financial Statements December 31, 2016 and 2015

service and attainment of age 45. The early retirement benefit is reduced by 7.5% for each year that the member is less than age 50.

Cost-of-living adjustments begin on October 1 immediately before the retiree turns 60 or 10 years after benefits payment commence, whichever is earlier. The COLA increase reflects increases in the consumer price index but in no case can the increase be more than 3% for any one year.

Upon termination, a member may elect to have all contributions, along with 5% per annum, as interest, returned as a lump sum distribution. Alternatively, a member with at least 10 years of accredited service may leave contributions with the Plan and remain eligible for a retirement pension at age 50 equal to 2% of the member's final average salary (for the past 39 payroll periods) for each full year of credited service up to ten years plus 2.75% for each full year thereafter with a maximum benefit of 75%.

The benefit recipients and members of the New Hire Police Pension Plan as of December 31, 2015 are as follows:

Retirees and beneficiaries	250
Inactive, non-retired members	21
Active members	350

The Plan sets contribution rates at a level that enables all benefits to be fully funded at the retirement date of all members within the plan as determined by the actuarial study. The Airport's contribution rate shall never drop below the employee rate as set by the Board of the Fire and Police Pension Association. Eligible employees are required to contribute 8% of their FPPA-includable salary. For 2016 and 2015, the Airport's employer contribution rate was set at 20.00% and 20.81%, respectively. The Airport also contributed additional amounts into the plan of \$52,039 and \$49,342 for the years ended December 31, 2016 and 2015, respectively. Employer contributions recognized by the New Hire Police Pension Plan from the Airport were \$185,158 and \$183,082 for the years ended December 31, 2016 and 2015, respectively.

*Collective Net Pension Liability:* The components of the Airport's net pension liability for the New Hire Police Pension Plan as of December 31, 2016 are as follows:

Total Pension Liability (TPL)	\$ 7,351,187
Plan Fiduciary Net Position (FNP)	<u>(6,081,892)</u>
Net Pension Liability (NPL)	<u>\$ 1,269,295</u>

*Pension Liability, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions:* As of December 31, 2016 and 2015, the Airport reported a liability of \$1,269,295 and \$966,943 for the New Hire Police Pension Plan net pension liability, respectively. The net pension liability was measured as of December 31, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2015. Standard update procedures were used to roll forward the total pension liability to December 31, 2016.

# Colorado Springs Municipal Airport Colorado Springs, Colorado

## Notes to Financial Statements December 31, 2016 and 2015

At December 31, 2015, the Airport's proportion was 2.2974%, which was a decrease of 0.2771% from its proportion measured as of December 31, 2014. At December 31, 2014, the Airport's proportion was 2.5745%, which was an increase of .0795% from its proportion measured as of December 31, 2013.

For the year ended December 31, 2016 and 2015 the Airport's pension expense related to the New Hire Police Pension Plan was \$241,941 and \$184,965, respectively.

At December 31, 2016 and 2015, the Airport reported deferred outflows of resources and deferred inflows of resources related to pensions for the New Hire Fire Pension Plan from the following sources:

	2016		2015	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 106,143	\$ -	\$ 2,288
Changes for assumptions	147,558	-	-	-
Changes in proportion	20,003	83,825	-	-
Net difference between projected and actual earnings on investments	294,082	-	31,692	-
Contributions subsequent to the measurement date	185,158	N/A	183,082	N/A
Total	<u>\$ 646,801</u>	<u>\$ 189,968</u>	<u>\$ 214,774</u>	<u>\$ 2,288</u>

The \$185,158 reported as deferred outflows of resources related to pensions as of December 31, 2016, resulting from contributions made subsequent to the measurement date, will be recognized as a reduction the net pension liability in the year ended December 31, 2017. Other amount reported as deferred outflows of resources and deferred inflows of resources related to pensions as of December 31, 2016 will be recognized in pension expense as follows:

Year Ended December 31,	Differences between expected and actual experience	Net difference between projected and actual earnings on investment	Changes of assumptions	Net changes in proportion	Total effect of amortized deferred inflows/ outflows on pension expense
2017	\$ (20,277)	\$ 58,817	\$ 28,189	\$ (14,500)	\$ 52,229
2018	(20,277)	58,817	28,189	(14,500)	52,229
2019	(20,277)	58,816	28,189	(14,500)	52,228
2020	(20,277)	58,816	28,189	(15,677)	51,051
2021	(25,035)	58,816	34,802	(4,645)	63,938
	<u>\$ (106,143)</u>	<u>\$ 294,082</u>	<u>\$ 147,558</u>	<u>\$ (63,822)</u>	<u>\$ 271,675</u>

The net changes in proportion in the table above includes a total of \$20,003 in deferred outflows of resources and \$(83,825) in deferred inflows of resources.

# Colorado Springs Municipal Airport Colorado Springs, Colorado

## Notes to Financial Statements December 31, 2016 and 2015

The differences between expected and actual experience, changes of assumptions, as well as the Airport's change in their proportion are amortized over a closed period equal to the average expected remaining service life of active and inactive members in the plan. FPPA determined the average expected remaining service life for active and inactive members at the beginning of the 2015 measurement period to be 5.2346 years. The difference between expected and actual investment experience is amortized over a closed five-year period.

*Actuarial Assumptions:* The total pension liability in the December 31, 2015 actuarial valuation was determined using the following actuarial assumptions and other inputs:

	<b>Rate (%)</b>
Price inflation	2.50
Salary increase, including inflation	4.00-14.00
Long-term investment rate of return, net of pension plan investment expense, including price inflation	7.50
Future post-retirement benefit increases (COLA)	2.60

Following a regularly scheduled experience study in 2015, the Board adopted a new assumption set for first use on the January 1, 2016 valuations. The assumptions changes are incorporated into the Collective Total Pension Liability as of December 31, 2015.

The complete assumption set can be found in the actuarial valuation report as of January 1, 2016. The primary changes include the following:

- Price inflation changed from 3.00% to 2.50%.
- Pre-Retirement mortality rate was based on RP-2014 Mortality Tables for Blue Collar Employees with Scale BB, 55% qualifier for off-duty mortality, increased by .00020 for on-duty related Fire and Police experience.
- Post-Retirement mortality rate was based on R—2014 Mortality Table for Blue Collar Employees. For ages 65 and older, RP-2014 Mortality Tables for Blue Collar Healthy Annuitants. For ages 55 through 64, a blend of the previous tables. All tables are projected with Scale BB.

The assumptions that are based upon the actuary's recommendations are internally consistent and reasonably based on the actual past experience of the plan.

*Discount Rate:* The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the Plan's target asset allocation as of December 31, 2015 are below:

# Colorado Springs Municipal Airport Colorado Springs, Colorado

## Notes to Financial Statements December 31, 2016 and 2015

Asset Class	Target Allocation (%)	10 Year Expected Arithmetic Real Rate of Return (%)
Global Equity	37.00	6.50
Equity Long/Short	10.00	4.70
Illiquid Alternatives	20.00	8.00
Fixed Income	16.00	1.50
Absolute Return	11.00	4.10
Managed Futures	4.00	3.00
Cash	2.00	- *
Total	100.00	

\* While expected inflation exceeds the expected rate of return for cash, a 0.00% real rate of return is utilized.

The discount rate used to measure the total pension liability was 7.50%. The projection of cash flows used to determine the discount rate assumed that contributions from the Airport will be made based on actuarially determined rates based on the Board's funding policy. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all the projected future payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The discount rate determination does not use the Municipal Bond Index Rate.

The following presents net pension liability calculated using the discount rate of 7.50%, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1% lower (6.50%) or 1% higher (8.50%) than the current rate:

At December 31, 2016, the sensitivity to the NPL was as follows:

	1% Decrease	Current Discount Rate	1% Increase
	6.50%	7.50%	8.50%
Proportionate share of the net pension liability	\$ 2,385,248	\$ 1,269,295	\$ 365,846

Pension plan fiduciary net position: Detailed information about the pension plan's fiduciary net position is available in the separately issued FPPA financial report found at:

<http://www.fppaco.org/annual-reports.html>

# Colorado Springs Municipal Airport Colorado Springs, Colorado

## Notes to Financial Statements December 31, 2016 and 2015

### **4. Compliance with Uniform Guidance**

The Colorado Springs Airport receives funding from the Federal Aviation Administration. The Airport is an Enterprise Fund operated by the City of Colorado Springs. As such, these grants have been audited in accordance with Title 2 U.S. Code of Federal Regulation Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance) at the City level.

Under the terms of federal and state grants, periodic audits are required and certain costs may be questioned as not being appropriate expenditures under the terms of the grant. Such audits could lead to reimbursements to the grantor agencies. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time. Management believes disallowances, if any; resulting from any such audits would be immaterial.

Required Supplementary Information

**Colorado Springs Municipal Airport**  
**Colorado Springs, Colorado**  
**Schedule of Proportionate Share of the Net Pension**  
**Liability – Colorado PERA Defined Benefit Pension Plan**  
**Years Ended December 31, 2016 and 2015**

	<u>2016</u>	<u>2015</u>
Proportionate share of total pension liability	\$ 31,635,457	\$ 32,388,500
Proportionate share of fiduciary net position	<u>(24,317,448)</u>	<u>(26,142,480)</u>
Proportionate share of net pension liability	<u>\$ 7,318,009</u>	<u>\$ 6,246,020</u>
Fiduciary net position as a percentage of total pension liability	76.87%	80.72%
Covered employee payroll	\$ 3,825,699	\$ 3,993,462
Net pension liability as a percentage of covered employee payroll	191.29%	156.41%
Proportion of net pension liability	0.6643%	0.6969%

Information determined under the provisions of GASB 68 is not available for years prior to 2015. In future reports, additional years will be added until 10 years of historical data are presented. Information presented in this schedule has been determined as of the Airport's measurement date (December 31 of year prior to the most recent fiscal year-end) of the net pension liability in accordance with GASB Statement No. 68.

**Colorado Springs Municipal Airport  
Colorado Springs, Colorado**  
**Schedule of Proportionate Share of the Net Pension  
Liability – New Hire Police Defined Benefit Pension Plan**  
**Years Ended December 31, 2016 and 2015**

	<u>2016</u>	<u>2015</u>
Proportionate share of total pension liability	\$ 7,351,186	\$ 7,667,116
Proportionate share of fiduciary net position	<u>(6,081,891)</u>	<u>(6,700,173)</u>
Proportionate share of net pension liability	<u>\$ 1,269,295</u>	<u>\$ 966,943</u>
Fiduciary net position as a percentage of total pension liability	82.73%	87.39%
Covered employee payroll	\$ 657,424	\$ 774,052
Net pension liability as a percentage of covered employee payroll	193.07%	124.92%
Proportion of net pension liability	2.2974%	2.5745%

Notes to the Required Supplementary Information

There were no significant changes to benefit assumptions or actuarial methods.

Information determined under the provisions of GASB 68 is not available for years prior to 2015. In future reports, additional years will be added until 10 years of historical data are presented. Information presented in this schedule has been determined as of the Airport's measurement date (December 31 of year prior to the most recent fiscal year-end) of the net pension liability in accordance with GASB Statement No. 68.



**Colorado Springs Municipal Airport  
Colorado Springs, Colorado**

**Schedule of Contributions – Colorado PERA  
Defined Benefit Pension Plan**

**Years Ended December 31,**

	<b>Actuarially Determined Contribution</b>	<b>Actual Contribution</b>	<b>Contribution Deficiency (Excess)</b>	<b>Covered Employee Payroll</b>	<b>Actual Contributions as a % of Covered Payroll</b>
2016	\$ 487,205	\$ 487,205	\$ -	\$ 3,732,151	13.05
2015	490,082	490,082	-	3,825,699	12.81

**Notes to the Required Supplementary Information**

There were no significant changes to benefit assumptions and/or actuarial methods for the year ended December 31, 2015, the plan measurement date. For a more detailed explanation of minor changes in assumptions please see Note D, 3. Retirement Plans.

**Colorado Springs Municipal Airport  
Colorado Springs, Colorado  
Schedule of Contributions – New Hire  
Police Defined Benefit Pension Plan  
Years Ended December 31,**

	<b>Actuarially Determined Contribution</b>	<b>Actual Contribution</b>	<b>Contribution Deficiency (Excess)</b>	<b>Covered Employee Payroll</b>	<b>Actual Contributions as a % of Covered Payroll</b>
2016	\$ 185,158	\$ 185,158	\$ -	\$ 650,323	28.47
2015	183,082	183,082	-	657,424	27.85

**Notes to the Required Supplementary Information**

Valuation date: January 1, 2016

Methods and assumptions used to determine contributions

Actuarial cost method	Entry age
Amortization method	Level percentage of pay, closed
Remaining amortization period	23 years
Inflation	2.50%
Salary increase	4.00 - 14.00%
Discount rate	7.50%
Retirement age	50 years of age
Mortality	Rates were based on RP-2014 Combined Mortality Table with Blue Collar Adjustment, projected Scale BB 55% multiplier for off-duty mortality increased by .00020 for on-duty Fire and Police experience

\* Information determined under the provisions of GASB 68 is not available for years prior to 2015. In future reports, additional years will be added until 10 years of historical data are presented. Information presented in this schedule has been determined as of the City's most recent fiscal year-end (December 31) in accordance with GASB Statement No. 68.

Supplementary and Other Information

# Colorado Springs Municipal Airport Colorado Springs, Colorado

## Schedule of Financial Activity of the Various Bond Ordinance Created Funds and Accounts for the Colorado Springs Municipal Airport (Unaudited)

### December 31, 2016

	Operations/ Maintenance		Bond Fund		Bond Reserve Account	O & M Reserve Fund	Renewal & Replacement Fund	Capital Improvement Fund		Passenger Facility Account	Customer Facility Account	Totals
	Gross Revenue Fund	Fund	Bond Account	Interest Account				Prepaid Revenue Account	Capital Account			
Beginning balance as of January 1, 2016	\$ 1,238,210	\$ -	\$ -	\$ -	\$ 2,447,664	\$ 3,714,629	\$ 750,000	\$ 657,638	\$ 6,451,159	\$ 4,030,740	\$ 8,168,252	\$ 27,458,291
Add: Commitments as of December 31, 2015	-	180,467	-	-	-	-	-	-	12,573,696	152,090	-	12,906,254
Adjusted balance as of January 1, 2016	1,238,210	180,467	-	-	2,447,664	3,714,629	750,000	657,638	19,024,856	4,182,830	8,168,252	40,364,545
Calendar year 2016 activity												
Operating revenues	16,403,701	-	-	-	-	-	-	-	-	-	-	16,403,701
Non-operating revenues	(43,336)	-	41,431	10,077	42,661	160,498	32,781	28,213	354,819	19,903	78,834	725,880
Interest earnings	-	-	-	-	-	-	-	-	-	2,215,716	-	2,215,716
Passenger facility charges	-	-	-	-	-	-	-	-	-	-	(732,749)	(732,749)
Customer facility charges	-	-	-	-	-	-	-	-	-	(102,780)	-	(102,780)
Other revenue (expense)	33,081	-	-	-	-	-	-	-	(1,768,706)	-	-	(1,838,405)
Change in O&M reserve	150,224	-	-	-	-	150,224	-	-	-	-	-	300,448
Grant revenues	179,494	-	-	-	-	-	-	-	23,248,834	-	-	23,428,329
Sub-total revenues	17,631,656	510,186	41,431	10,077	2,490,325	4,025,351	782,781	685,850	40,859,804	6,315,669	7,514,337	80,867,466
Operating expenses	-	(28,125,376)	-	-	-	-	-	-	-	-	-	(28,125,376)
Operating transfers out	-	-	-	-	-	-	-	-	(1,608,344)	148,401	-	(1,459,943)
Capital expenses	-	(155,213)	-	-	-	-	-	-	(24,550,041)	(1,431,087)	(930,175)	(27,066,515)
Non-operating expenses	-	-	(8,580,000)	(839,032)	-	-	-	-	-	-	-	(9,419,032)
Debt service expenses	-	-	-	-	-	-	-	-	-	-	-	-
Sub-total expenses	-	(28,280,589)	(8,580,000)	(839,032)	-	-	-	-	(26,158,385)	(1,282,686)	(930,175)	(66,070,866)
Balance before encumbrances, commitments and transfers	17,631,656	(27,770,403)	(8,538,569)	(828,955)	2,490,325	4,025,351	782,781	685,850	14,701,419	5,032,983	6,584,163	14,796,600
Encumbrances at December 31, 2016	-	(24,227,411)	-	-	-	-	-	-	(1,406,837)	(969,860)	-	(2,400,925)
Transfers												
Operating/maintenance	(27,794,630)	27,794,630	-	-	-	-	-	-	-	-	-	-
Bond debt service	(9,419,032)	-	8,580,000	839,032	-	-	-	-	-	-	-	(0)
Income available for sharing-City's portion	180,209	-	-	-	-	-	-	-	(180,209)	-	-	-
Funding adj.-encumbrances/working capital	(360,534)	-	-	-	-	-	-	-	555,488	-	(194,954)	-
Repayment of loans to capital account	(648,447)	-	-	-	-	-	-	-	648,447	-	-	-
Interest to Airlines	287,447	-	(41,431)	(10,077)	(42,661)	(160,498)	(32,781)	-	28,213	-	-	0
Capital account	-	-	-	-	-	-	-	(28,213)	-	-	-	-
Sub-total transfers	(37,754,987)	27,794,630	8,538,569	828,955	(42,661)	(160,498)	(32,781)	(28,213)	1,051,939	-	(194,954)	(0)
Ending balance December 31, 2016	\$ (20,123,331)	\$ -	\$ -	\$ -	\$ 2,447,664	\$ 3,864,853	\$ 750,000	\$ 657,638	\$ 14,346,520	\$ 4,063,123	\$ 6,389,209	\$ 12,395,675

**Colorado Springs Municipal Airport  
Colorado Springs, Colorado  
Airlines Serving the Airport (Unaudited)  
December 31, 2016**

**Passenger Airlines**

<b><u>Carrier</u></b>	<b><u>Flown by</u></b>
Alaska Airlines	SkyWest
Allegiant Air	
American Airlines	American, Mesa, American Eagle, US Airways
Continental/Continental Express Airlines	ExpressJet and Skywest
Delta/Delta Connection Air Lines	Delta, SkyWest
Frontier Airlines	
United Airlines	ExpressJet, SkyWest, Republic Airlines, Trans State GoJet and Shuttle America

**All-Cargo Airlines**

Fed Ex  
Key Lime

**Colorado Springs Municipal Airport  
Colorado Springs, Colorado  
Historical Airline Traffic (Unaudited)  
December 31, 2016**

Year	Enplaned passengers				Aircraft Operations (No. of Departures)					Enplaned passengers per departure	
	Major/ National Airlines	Regional/ Commuter Airlines	Total	Percent Increase (Decrease)	Major/ National Airlines	Regional/ Commuter Airlines	Cargo Airlines	Total	Percent Increase (Decrease)	Major/ national airlines	Regional/ commuter airlines
2007	373,987	659,599	1,033,586	1.6%	3,264	14,586	1,591	19,441	-0.7%	115	45
2008	336,707	661,640	998,347	-3.4%	2,976	14,952	1,272	19,200	-1.2%	113	44
2009	288,623	640,977	929,600	-6.9%	2,537	13,718	826	17,081	-11.0%	114	47
2010	282,536	580,871	863,407	-7.1%	2,495	12,923	860	16,278	-4.7%	113	45
2011	273,379	540,957	814,336	-5.7%	2,451	12,213	880	15,544	-4.5%	112	44
2012	271,372	550,636	822,008	0.9%	2,415	11,534	850	14,799	-4.8%	112	48
2013	256,760	393,769	650,529	-20.9%	2,301	8,876	845	12,022	-18.8%	112	44
2014*	269,935	357,989	627,924	-3.5%	2,310	8,086	899	11,295	-6.0%	117	44
2015	261,458	336,196	597,654	-4.8%	2,300	6,599	863	9,762	-13.6%	114	51
2016	284,178	372,099	656,277	9.8%	2,825	6,615	834	10,274	5.2%	101	56

\* The enplanements in 2014 do not match the MD&A due to changes in the methodology.

Source: Colorado Springs Municipal Airport management records.

Note: Enplaned/Aircraft Operations are based on carrier who actually flew the operation not under Carrier ticket sold

# Colorado Springs Municipal Airport Colorado Springs, Colorado

## Airline Shares of Enplaned Passengers (Unaudited) December 31, 2016

	2007		2008		2009		2010		2011		2012		2013		2014*		2015		2016		
	Number	Percent of total	Number	Percent of total	Number	Percent of total	Number	Percent of total	Number	Percent of total	Number	Percent of total	Number	Percent of total	Number	Percent of total	Number	Percent of total	Number	Percent of total	
<b>Major/national airlines</b>																					
Allegiant Air (1)	33,281	3.2%	33,543	3.4%	32,673	3.5%	38,258	4.4%	41,855	5.1%	38,834	4.7%	25,962	4.0%	30,096	4.8%	34,220	5.7%	29,221	4.5%	
American Airlines	219,085	21.2%	213,341	21.4%	208,535	22.4%	190,462	22.1%	178,324	21.9%	177,505	21.6%	174,186	26.8%	180,342	28.7%	168,710	28.2%	134,940	20.6%	
Continental Airlines (2)	-	0.0%	-	0.0%	93	0.0%	149	0.0%	-	0.0%	151	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	
Delta Air Lines (4)	41,539	4.0%	36,371	3.6%	46,526	5.0%	52,997	6.1%	51,322	6.3%	52,719	6.4%	54,840	8.4%	52,458	8.4%	47,657	8.0%	46,957	7.2%	
Frontier Airlines (22)	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	
Northwest Airlines (5)	78,955	7.6%	52,286	5.2%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	
United Airlines (6)	-	0.0%	-	0.0%	-	0.0%	101	0.0%	-	0.0%	-	0.0%	-	0.0%	171	0.0%	-	0.0%	1,085	0.2%	
Charters	1,127	0.1%	1,166	0.1%	796	0.1%	569	0.1%	1,878	0.2%	2,163	0.3%	1,772	0.3%	6,868	1.1%	10,871	1.8%	5,459	0.8%	
	<b>373,987</b>	<b>36.0%</b>	<b>336,707</b>	<b>33.7%</b>	<b>288,623</b>	<b>31.0%</b>	<b>282,536</b>	<b>32.7%</b>	<b>273,379</b>	<b>33.5%</b>	<b>271,372</b>	<b>33.0%</b>	<b>256,760</b>	<b>39.5%</b>	<b>269,935</b>	<b>43.0%</b>	<b>261,458</b>	<b>43.7%</b>	<b>284,178</b>	<b>43.4%</b>	
<b>Regional/commuter airlines</b>																					
American Eagle Airline (7)	17,338	1.7%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	
Atlantic Southeast Airlines (3)	-	0.0%	-	0.0%	-	0.0%	-	0.0%	4,211	0.5%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	
Chautauqua Airlines (8)	12,797	1.2%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	
Comair (9)	18,817	1.8%	5,166	0.5%	71,734	7.7%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	
Continental Express (10)	63,377	6.2%	71,763	7.2%	-	0.0%	70,045	8.1%	5,696	0.7%	23,633	2.9%	40,054	6.2%	46,518	7.4%	20,900	3.5%	11,831	1.8%	
ExpressJet Airlines (11)	44,345	4.3%	48,050	4.8%	824	0.1%	132	0.0%	1,078	0.1%	2,140	0.3%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	
Frontier/Lynx (16)	-	0.0%	62,316	6.2%	103,964	11.2%	110,371	12.8%	104,961	12.9%	154,743	18.8%	20,818	3.2%	-	0.0%	-	0.0%	-	0.0%	
Mesa Airlines (13)	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	
Mesa Airlines dba United	128,910	12.5%	41,481	4.2%	52,762	5.7%	10,068	1.2%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	
Mesa Airlines dba American	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	
Mesa (16)	-	0.0%	16,047	1.6%	48,034	5.2%	14,306	1.7%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	
Northwest Airlink (14)	413	0.0%	4,551	0.5%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	
Republic Airways	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	11,104	1.4%	57,083	8.8%	40,576	6.5%	25,939	4.3%	1,182	0.2%	
Shuttle America dba Delta (20)	-	0.0%	-	0.0%	-	0.0%	4,508	0.5%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	
Shuttle America dba United (21)	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	367	0.0%	265	0.0%	-	0.0%	-	0.0%	-	0.0%	
SkyWest dba Alaska	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	2,908	0.4%	21,121	3.4%	20,789	3.5%	21,953	3.3%	
SkyWest dba Continental	-	0.0%	-	0.0%	-	0.0%	-	0.0%	67,209	8.3%	8,853	1.1%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	
SkyWest dba Delta	77,493	7.5%	63,520	6.4%	41,021	4.4%	56,113	6.5%	52,331	6.4%	43,673	5.3%	29,422	4.5%	29,952	4.8%	28,918	4.8%	30,974	4.7%	
SkyWest dba Midwest (4)	11,719	1.1%	4,793	0.5%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	
SkyWest dba United	284,030	27.5%	261,376	26.2%	257,190	27.7%	314,811	36.5%	305,471	37.5%	306,123	37.2%	243,219	37.4%	219,822	35.0%	235,465	39.4%	265,974	40.5%	
Trans States Airlines (17)	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	4,185	0.7%	7,560	1.2%	-	0.0%	
US Airways (18)	-	0.0%	82,577	8.3%	65,448	7.0%	517	0.1%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	
	<b>659,599</b>	<b>63.8%</b>	<b>661,640</b>	<b>66.4%</b>	<b>640,977</b>	<b>69.0%</b>	<b>580,871</b>	<b>67.4%</b>	<b>540,957</b>	<b>66.4%</b>	<b>550,636</b>	<b>67.0%</b>	<b>393,769</b>	<b>60.5%</b>	<b>357,989</b>	<b>57.1%</b>	<b>336,196</b>	<b>56.2%</b>	<b>372,099</b>	<b>56.7%</b>	
<b>Total</b>	<b>1,033,586</b>	<b>100.0%</b>	<b>998,347</b>	<b>100.0%</b>	<b>929,600</b>	<b>100.0%</b>	<b>863,407</b>	<b>100.0%</b>	<b>814,336</b>	<b>100.0%</b>	<b>822,008</b>	<b>100.0%</b>	<b>650,529</b>	<b>100.0%</b>	<b>627,924</b>	<b>100.1%</b>	<b>597,654</b>	<b>100.00%</b>	<b>656,277</b>	<b>100.00%</b>	

- 1 Allegiant Airlines started service in February 2002.
- 2 Continental transferred most of its activity to Continental Express starting April 2002 and all activity to Continental Express in 2006. ExpressJet began flying for Continental Express in 2010.
- 3 Service was provided by Atlantic Southeast Airlines and Mesa. Mesa discontinued service in September 2012.
- 4 Midwest Airlines started service in July 2007 and discontinued service April 2008.
- 5 Northwest merged with Delta Air Lines in September 2008. Mesa flew for Northwest, Jan - Apr 2010.
- 6 United Airlines transferred all activity control to SkyWest in January 2007 and operates as United Express.
- 7 American Eagle Airlines began service June 2005 and ceased service November 2007.
- 8 Chautauqua Airlines began service in November 2003 as American Connection and stopped service July 2004. Chautauqua started service as Continental Express in January 2007 and stopped May 2007.
- 9 Comair resumed service in December 2002 as Delta Connection and ceased operations April 2008.
- 10 Continental Express service began in April 2002. ExpressJet began flying for Continental Express in 2009. The Continental/United merger began in 2011 with the majority of Continental flights flown by ExpressJet and SkyW
- 11 ExpressJet Airline started service April 2007 and ceased all brand flying in September of 2008.
- 12 Frontier/Lynx started service in April 2008, Frontier ceased service April 2013.
- 13 Mesa Airlines discontinued service November 2006. 2006 Operated for United discontinued in 2010.
- 14 Northwest Airlink includes Pinnacle service that began June 2005 and discontinued service September 2005. Provided service for January, February, June, July, and August in 2006.
- 15 Provided service for June, July, and August in 2007.
- 16 Mesa Airlines operated as Northwest Airlink starting September 2008.
- 17 Trans States Airlines operated as American Connection in January 2004. Service resumed August 2004 through June 2005. Trans States Airlines operated as United Express from March 2006 through September 2006. Trans States/United Express passenger activity is not reported separately by United.
- 18 US Airways operated by Mesa Air Group after America West and US Airways merger. US Airways discontinued service January 2010.
- 19 Republic Airways began operating for United Airlines in August 2012.
- 20 Shuttle America began operating for Delta Airlines in June, July, August 2010.
- 21 Shuttle America began operating for United Airlines in November 2012.

\* The enplanements in 2014 do not match the MD&A due to changes in the methodology.  
Source: Colorado Springs Municipal Airport management records.  
Note: Enplanements are based on carrier who actually flew the operation not under Carrier ticket sold

# Colorado Springs Municipal Airport Colorado Springs, Colorado Historical Aircraft Landed Weight (Unaudited) December 31, 2016

	2007		2008		2009		2010		2011		2012		2013		2014		2015		2016	
	1,000-lb units	% of total	1,000-lb units	% of total	1,000-lb units	% of total	1,000-lb units	% of total	1,000-lb units	% of total	1,000-lb units	% of total	1,000-lb units	% of total	1,000-lb units	% of total	1,000-lb units	% of total	1,000-lb units	% of total
<b>Passenger Airlines</b>																				
<b>Major and national</b>																				
Allegiant	38,781	2.9%	35,922	2.8%	34,753	3.0%	39,268	3.5%	41,895	3.8%	37,503	3.3%	24,543	3%	28,154	3%	34,279	4%	29,652	4%
American Airlines	256,543	19.2%	249,202	19.2%	243,363	20.7%	231,569	20.8%	220,395	20.2%	219,278	19.1%	214,014	23%	206,048	24%	180,039	23%	143,426	17%
Continental Airlines	-	0.0%	-	0.0%	110	0.0%	-	0.0%	-	0.0%	381	0.0%	157	0%	-	0%	-	0%	-	0%
Delta Air Lines	49,302	3.7%	40,428	3.1%	50,500	4.3%	53,004	4.8%	51,266	4.7%	57,439	5.0%	60,813	7%	51,988	6%	48,645	6%	49,486	6%
Frontier Airlines	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0%	-	0%	-	0%	69,824	8%
Northwest Airlines	95,419	7.2%	62,374	4.8%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0%	-	0%	-	0%	-	0%
United Airlines	-	0.0%	-	0.0%	-	0.0%	230	0.0%	-	0.0%	-	0.0%	-	0%	-	0%	-	0%	7,880	0%
<b>Regional and commuter</b>	<b>440,045</b>	<b>33.0%</b>	<b>387,926</b>	<b>29.9%</b>	<b>328,726</b>	<b>28.0%</b>	<b>324,071</b>	<b>29.1%</b>	<b>313,556</b>	<b>28.7%</b>	<b>314,601</b>	<b>27.4%</b>	<b>299,527</b>	<b>33%</b>	<b>286,190</b>	<b>33%</b>	<b>262,962</b>	<b>33%</b>	<b>295,268</b>	<b>35%</b>
Air Wisconsin Express	93,699	7.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0%	-	0%	-	0%	-	0%
American Eagle	20,100	1.5%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0%	-	0%	-	0%	-	0%
Atlantic Southeast Airlines	-	0.0%	-	0.0%	-	0.0%	-	0.0%	5,074	0.5%	-	0.0%	-	0%	-	0%	-	0%	-	0%
Chautauqua	14,997	1.1%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0%	-	0%	-	0%	-	0%
Comair dba Delta	23,651	1.8%	6,901	0.5%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0%	-	0%	-	0%	-	0%
Continental Express	62,922	4.7%	74,414	5.7%	74,728	6.4%	73,872	6.6%	13,889	1.3%	26,485	2.3%	43,817	5%	53,342	6%	23,042	3%	12,019	1%
ExpressJet	64,312	4.8%	61,225	4.7%	1,058	0.1%	265	0.0%	1,233	0.1%	2,109	0.2%	-	0%	-	0%	-	0%	-	0%
Frontier/Lynx Aviation	-	0.0%	78,917	6.1%	123,387	10.5%	146,053	13.1%	144,095	13.2%	220,716	19.2%	33,030	4%	-	0%	-	0%	-	0%
GO Jet Airlines	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0%	-	0%	-	0%	-	0%
Mesa Airlines dba American	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0%	-	0%	-	0%	-	35,202
Mesa dba United	45,219	3.4%	55,002	4.2%	68,110	5.8%	13,134	1.2%	-	0.0%	-	0.0%	-	0%	-	0%	-	0%	-	0%
Mesa dba Delta	-	0.0%	-	0.0%	-	0.0%	18,897	1.7%	-	0.0%	-	0.0%	-	0%	-	0%	-	0%	-	0%
Mesa dba Northwest Airlink	-	0.0%	18,093	1.4%	55,424	4.7%	-	0.0%	-	0.0%	-	0.0%	-	0%	-	0%	-	0%	-	0%
Northwest Airlink	517	0.0%	5,993	0.4%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0%	-	0%	-	0%	-	0%
Republic dba United Airlines	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	11,856	1.0%	79,966	9%	52,796	6%	28,706	4%	1,298	0%
Shuttle America dba Delta	-	0.0%	-	0.0%	-	0.0%	5,772	0.5%	-	0.0%	-	0.0%	-	0%	-	0%	-	0%	-	0%
Shuttle America dba United	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	825	0.1%	675	0%	-	0%	-	0%	-	0%
Skywest dba Alaska	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	3,953	0%	24,147	3%	24,146	3%	25,123	3%
Skywest dba Continental	-	0.0%	-	0.0%	-	0.0%	-	0.0%	80,094	7.3%	11,192	1.0%	-	0%	-	0%	-	0%	-	0%
Skywest dba Delta	-	0.0%	74,058	5.7%	47,003	4.0%	31,792	2.9%	23,189	2.1%	51,442	4.5%	34,075	4%	33,584	4%	30,957	4%	32,628	4%
SkyWest dba Midwest	16,732	1.3%	8,131	0.6%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0%	-	0%	-	0%	-	0%
Skywest dba United	430,309	32.3%	327,464	25.3%	320,955	27.3%	396,801	35.6%	394,046	36.1%	398,204	34.6%	306,631	34%	281,556	32%	281,412	35%	303,321	36%
Trans States	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0%	-	0%	-	0%	4,431	1%
US Airways Express	-	0.0%	88,932	6.9%	70,531	6.0%	517	0.0%	-	0.0%	-	0.0%	-	0%	-	0%	-	0%	-	0%
<b>Total Passenger Airlines</b>	<b>772,368</b>	<b>57.9%</b>	<b>798,730</b>	<b>61.5%</b>	<b>761,196</b>	<b>64.8%</b>	<b>687,103</b>	<b>61.6%</b>	<b>661,620</b>	<b>60.6%</b>	<b>722,829</b>	<b>62.9%</b>	<b>502,147</b>	<b>55.0%</b>	<b>445,425</b>	<b>50.8%</b>	<b>392,695</b>	<b>49.2%</b>	<b>417,124</b>	<b>49.1%</b>
<b>All-cargo airlines</b>																				
Airborne Express	25,678	1.9%	15,849	1.2%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
FedEx	83,840	6.3%	84,927	6.6%	80,712	6.9%	98,452	8.9%	100,745	9.2%	99,619	8.7%	99,990	11%	101,858	12%	102,762	13%	103,046	12%
Key Lime Air	9,767	0.7%	7,118	0.6%	4,495	0.4%	8,656	0.8%	4,936	0.5%	4,708	0.4%	4,658	1%	5,233	1%	4,685	1%	4,409	1%
Skywest dba Midwest	119,285	8.9%	108,094	8.4%	85,207	7.3%	103,108	9.4%	105,681	9.7%	104,327	9.1%	104,648	11%	107,091	12%	107,447	14%	107,455	13%
<b>Charter</b>	<b>1,132</b>	<b>0.1%</b>	<b>1,167</b>	<b>0.1%</b>	<b>1,488</b>	<b>0.1%</b>	<b>1,162</b>	<b>0.2%</b>	<b>5,885</b>	<b>0.4%</b>	<b>7,331</b>	<b>0.6%</b>	<b>4,117</b>	<b>0.5%</b>	<b>29,224</b>	<b>3.3%</b>	<b>34,217</b>	<b>4.3%</b>	<b>21,995</b>	<b>2.5%</b>
Miscellaneous (Boeing, Pratt & Whitney, etc.)	-	-	-	-	-	-	-	0.1%	4,125	0.4%	1,062	0.1%	3,040	0.3%	7,980	0.9%	2,104	0.3%	8,032	0.9%
<b>Total</b>	<b>1,332,830</b>	<b>100.0%</b>	<b>1,295,917</b>	<b>100.0%</b>	<b>1,176,617</b>	<b>100.0%</b>	<b>1,115,444</b>	<b>100.0%</b>	<b>1,090,867</b>	<b>100.0%</b>	<b>1,150,150</b>	<b>100.0%</b>	<b>913,479</b>	<b>100.0%</b>	<b>875,910</b>	<b>100.0%</b>	<b>799,425</b>	<b>100.0%</b>	<b>849,273</b>	<b>100.0%</b>

Note: Landed Weights are based on carrier who actually flew the operation not under Carrier ticket sold



**Colorado Springs Municipal Airport  
Colorado Springs, Colorado  
Average Daily Departures by Airlines (Unaudited)  
December 31, 2016**

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>Major / National airlines</b>										
Alaska Airlines (12)	0	0	0	0	0	0	1	1	1	1
Allegiant Air	1	1	1	1	1	1	1	1	1	1
American (1)	6	5	5	5	5	5	5	5	4	4
America West (2)	4	---	---	---	---	---	---	---	---	---
Continental (3)	5	5	5	5	4	2	3	3	---	---
Delta (4)	6	5	4	5	4	4	3	3	3	3
ExpressJet Airlines (5)	4	4	---	---	---	---	---	---	---	---
Frontier (11)	---	4	5	6	5	6	1	---	---	1
Mesa (6)	---	---	---	---	---	---	---	---	---	---
Midwest Airlines (7)	1	1	---	---	---	---	---	---	---	---
Northwest (8)	2	2	2	--	---	---	---	---	---	---
United (9)	19	19	19	20	16	21	19	16	15	15
US Airways (10)	---	4	4	0	---	---	---	---	---	---
<b>Total major and national airlines</b>	<b>48</b>	<b>50</b>	<b>45</b>	<b>42</b>	<b>35</b>	<b>39</b>	<b>33</b>	<b>29</b>	<b>24</b>	<b>25</b>

- 1 Includes departures of Chautauqua Airlines/Trans States Airlines (American Connection) and American Eagle.
- 2 Includes departures of America West Express. America West merged with US Airways September 2005.
- 3 Includes departures of Continental Express.
- 4 Includes departures of Comair (Delta Connection) and SkyWest.
- 5 ExpressJet Airlines started service in April 2007 and ceased by September 2008.
- 6 Mesa Airlines discontinued service in November 2006.
- 7 Midwest Airlines started service July 2007 ceased operations April 2008.
- 8 Includes departures of Pinnacle and Mesaba (Northwest AirlinK).
- 9 Includes departures of SkyWest, ExpressJet, Republic Airways and Trans States serving as United Express carriers
- 10 Includes Republic Airways and Shuttle America & US Express. US Airways merged with America West in Sept 2005.
- 11 Frontier started service April 2008, ceased service April 2013 and restarted service in April 2016
- 12 Includes departures from SkyWest doing business as Alaska Airlines. AS began service to Seattle in November 2013.

Source: City of Colorado Springs, Airport Management records.

**Colorado Springs Municipal Airport**  
**Colorado Springs, Colorado**  
**Recent Trends in Total Air Cargo (Unaudited)**  
**December 31, 2016**

<b>Year</b>	<b>Total air cargo (tons)</b>			<b>Percent increase (decrease)</b>
	<b>Air Freight</b>	<b>Mail</b>	<b>Total</b>	
2007	13,475	0	13,475	-17.3%
2008	11,994	1	11,995	-11.0%
2009	11,484	0	11,484	-4.3%
2010	11,172	0	11,172	-2.7%
2011	10,826	0	10,826	-3.1%
2012	11,559	0	11,559	6.8%
2013	11,488	0	11,488	-0.6%
2014	11,880	2	11,882	3.4%
2015	12,189	1	12,191	2.6%
2016	8,828	0	8,828	-27.6%

Source: City of Colorado Springs, Airport Management records.

**Colorado Springs Municipal Airport**  
**Colorado Springs, Colorado**  
**Historical Annual Debt Service Coverage (Unaudited)**  
**December 31, 2016**

Fiscal Year	Applicable Revenues (A)	Less: Operating Expenses	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
2007	\$ 23,855,188	\$ 14,722,292	\$ 9,132,896	\$ 2,101,895	\$ 3,546,516	1.62
2008	24,147,143	14,537,476	9,609,667	3,525,250	2,100,363	1.71
2009	23,444,173	14,914,375	8,529,798	1,729,912	3,503,526	1.63
2010	21,065,961	15,380,368	5,685,593	1,295,000	2,272,688	1.59
2011	21,995,781	14,399,951	7,595,830	3,020,000	2,217,513	1.45
2012	21,305,501	14,342,230	6,963,271	3,180,000	2,056,363	1.33
2013 As restated	20,439,990	13,313,623	7,126,367	3,350,000	1,886,638	1.36
2014*	16,081,262	12,712,066	3,369,196	1,395,000	1,171,863	1.31
2015	17,269,646	12,782,452	4,487,194	1,565,000	862,450	1.85
2016	15,822,413	13,636,140	4,000,588	990,000	472,500	2.74

(A) Includes Prepaid Revenue Account balances for each year; the yearly amounts are:

2006-2007	\$ 1,458,671
2008-2013	1,358,463
2014-2016	657,638

\*2014 Applicable revenues restated from prior year

# Colorado Springs Municipal Airport Colorado Springs, Colorado

## Historical Non-Airline Revenues (Unaudited) December 31, 2016

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>Terminal Building</b>										
Concession										
Food & Beverage	\$ 380,917	\$ 367,591	\$ 331,061	\$ 323,087	\$ 308,389	\$ 318,086	\$ 274,851	\$ 287,614	\$ 299,406	\$ 360,992
Retail	462,088	451,669	398,677	368,979	336,619	327,854	321,960	319,781	327,456	341,328
Advertising	193,627	174,220	155,156	127,337	111,075	179,626	172,508	112,006	55,220	126,720
Non-Airline Space Rental	514,791	533,190	545,917	629,327	684,721	675,696	740,389	424,767	624,610	746,037
Other	115,918	119,014	112,874	96,197	94,774	89,727	89,047	83,000	74,764	81,006
	<u>1,667,341</u>	<u>1,645,684</u>	<u>1,543,685</u>	<u>1,544,927</u>	<u>1,535,578</u>	<u>1,590,989</u>	<u>1,598,755</u>	<u>1,227,168</u>	<u>1,381,456</u>	<u>1,656,083</u>
<b>Terminal Area</b>										
Public Parking	6,256,899	6,097,045	5,566,698	5,325,655	4,974,074	5,227,055	4,213,990	3,513,428	3,278,261	3,985,361
Rental Car Fees and Rents	3,675,676	3,672,308	3,676,794	3,508,167	3,493,309	3,464,474	2,665,820	3,060,730	2,896,271	2,947,008
Ground Transportation Fees	96,578	104,305	90,347	91,849	98,613	88,748	86,960	109,650	85,621	81,212
Support Building Rentals	70,642	34,422	20,765	20,185	29,375	69,696	40,117	198,442	38,121	37,947
	<u>10,099,795</u>	<u>9,908,080</u>	<u>9,354,604</u>	<u>8,945,856</u>	<u>8,595,371</u>	<u>8,849,973</u>	<u>7,006,887</u>	<u>6,882,250</u>	<u>6,298,274</u>	<u>7,051,528</u>
<b>Airfield Area</b>										
Fuel Farm Rentals	25,443	25,443	28,446	19,450	28,946	29,196	29,196	30,562	30,562	31,187
Remain Over Night	130,650	80,100	79,750	94,900	41,150	38,185	44,290	39,605	32,950	23,830
Diversion Landing Fees	19,007	23,686	50,349	68,523	60,141	19,533	49,907	61,905	39,777	28,242
	<u>175,100</u>	<u>129,229</u>	<u>158,545</u>	<u>182,873</u>	<u>130,237</u>	<u>86,914</u>	<u>123,393</u>	<u>132,072</u>	<u>103,289</u>	<u>83,259</u>
<b>Fountain Site</b>										
Ground & Building Rentals	128,717	149,832	41,948	54,960	13,059	13,341	146,755	-	-	-
Utility Reimbursements	19,725	-	-	-	-	-	-	-	-	-
	<u>148,442</u>	<u>149,832</u>	<u>41,948</u>	<u>54,960</u>	<u>13,059</u>	<u>13,341</u>	<u>146,755</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Aviation Support</b>										
Fuel Sales	932,994	1,407,581	685,427	867,806	1,147,831	1,183,966	984,879	1,129,480	774,561	661,744
Ground and Building Rentals	605,327	686,804	716,201	710,833	750,608	908,369	679,955	836,688	1,195,013	1,218,387
	<u>1,538,321</u>	<u>2,094,385</u>	<u>1,401,628</u>	<u>1,578,639</u>	<u>1,898,439</u>	<u>2,092,335</u>	<u>1,664,834</u>	<u>1,966,168</u>	<u>1,969,574</u>	<u>1,880,131</u>
<b>Business Park Phase I</b>										
Ground & Building Rentals	39,330	169,652	188,885	188,885	188,885	193,384	204,785	206,129	206,129	187,689
	<u>39,330</u>	<u>169,652</u>	<u>188,885</u>	<u>188,885</u>	<u>188,885</u>	<u>193,384</u>	<u>204,785</u>	<u>206,129</u>	<u>206,129</u>	<u>187,689</u>
<b>Administrative</b>										
Miscellaneous	212,143	189,309	235,818	94,491	115,237	166,477	198,251	219,226	311,601	274,167
Late Fees	32,130	52,426	81,265	87,631	18,076	9,593	9,983	1,313	1,340	850
Grant Reimbursement	-	-	-	-	-	-	-	-	208,585	179,494
Fingerprinting	20,745	18,675	14,085	21,805	23,760	22,320	18,900	18,045	13,590	34,965
	<u>265,018</u>	<u>260,410</u>	<u>331,168</u>	<u>203,927</u>	<u>157,073</u>	<u>198,390</u>	<u>227,134</u>	<u>238,584</u>	<u>535,116</u>	<u>489,476</u>
<b>Total Non-Airline Revenues</b>	<u>\$ 13,933,347</u>	<u>\$ 14,357,272</u>	<u>\$ 13,020,463</u>	<u>\$ 12,700,067</u>	<u>\$ 12,518,642</u>	<u>\$ 13,025,326</u>	<u>\$ 10,972,543</u>	<u>\$ 10,652,371</u>	<u>\$ 10,493,838</u>	<u>\$ 11,348,166</u>

Source: City of Colorado Springs, Airport records, except as noted.  
2007-2016 Airline Rates and Changes Settlement Accrual, Exhibit F-6.