

City of
Colorado Springs,
Colorado

2009

Financial Statements

Colorado Springs Municipal Airport

For the year ended December 31, 2009



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

Independent Auditors' Report

We have audited the accompanying financial statements of the business-type activities of the Colorado Springs Municipal Airport (Airport), an enterprise fund of the City of Colorado Springs, Colorado, as of and for the years ended December 31, 2009 and 2008, as listed in the table of contents. These financial statements are the responsibility of the City of Colorado Springs, Colorado's management. 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As discussed in Note 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 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 of Colorado Springs, Colorado, as of December 31, 2009 and 2008, the changes in its financial position or its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to previously present fairly, in all material respects, the financial position of the Airport as of December 31, 2009 and 2008, and the changes in its financial position and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

**The Honorable Mayor and
Members of the City Council
Colorado Springs Municipal Airport
Page 2**

In accordance with *Government Auditing Standards*, we have also issued our report, dated June 11, 2010, on our consideration of the Airport's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audits.

The Management's Discussion and Analysis, on pages 3 through 14, is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audits were conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Airport's basic financial statements. The supplementary information listed in the table of contents 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 audits of the basic financial statements, and accordingly, we express no opinion on it.

June 11, 2010

***Bondi & Co. LLC*
BONDI & Co. LLC**

Management's Discussion and Analysis (MD&A) (unaudited)

The following management's discussion and analysis of the Colorado Springs Airport's (the Airport) financial performance provides an overview of the financial activities of the Airport for the fiscal years ended December 31, 2009 and 2008. The information contained in this discussion should be considered in conjunction with the financial results, footnotes, and supplemental information in the Airport's financial statements.

The Airport's financial statements are prepared using an accrual basis in accordance with generally accepted accounting principles promulgated by the Governmental Accounting Standards Board (GASB) and other standards-setting bodies. The Airport is structured as an enterprise fund of the City of Colorado Springs, with revenues recognized when earned and expenses recognized when incurred. 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.

Airport Activities Highlights

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

	<u>2009</u>	<u>2008</u>	<u>2007</u>
Enplaned Passengers	929,600	998,347	1,033,586
% increase (decrease)	-6.89%	-3.41%	1.63%
Aircraft Operations	145,012	145,333	155,688
% increase (decrease)	-0.22%	-6.65%	10.45%
Landed Weight (in thousands)	1,169,343	1,295,914	1,333,830
% increase (decrease)	-9.77%	-2.84%	-5.89%
Deplaned Freight and Mail (tons)	14,414	12,412	13,745
% increase (decrease)	16.13%	-9.71%	-17.34%

2009 enplanements were approximately 6.9% below 2008 due to capacity reductions as a result of downsizing of aircraft on several routes and reductions in route frequencies. In addition, U.S. Airways reduced capacity in the fourth quarter in preparation for its departure from the Colorado Springs market in early 2010. Aircraft operations remained at 2008 levels. Landed weight decreased in 2009 primarily due to fewer cargo operations. Airlines carried more freight in 2009, resulting in a 16% increase in deplaned freight and mail.

2008 enplanements were approximately 3.4% below 2007 due to carrier capacity reductions related to higher fuel prices and lower overall passenger demand. The decrease in passenger demand was due to a general decline in the U.S. economy impacting nearly all airports in 2008. Aircraft

operations were down 6.7% for the year, primarily because of a 17% decrease in general aviation activity coupled with a 5.6% decrease in air taxi operations. The decrease in general aviation activity is attributed to rising fuel prices and macroeconomic factors. The number of air taxi operations was down due to a loss of several direct flights in the second half of 2008. Landed weight was lower in 2008 compared to 2007 as a result of a decrease in the number of scheduled flights, downsizing of aircraft on several routes, and reduced cargo operations. The Airport was particularly impacted by the withdrawal of DHL from the U.S. domestic shipping market. Prior to the third quarter of 2008, ABX was providing local freight delivery for DHL at the Airport. The elimination of ABX flights caused a significant reduction in the total landed weight for 2008. Economic conditions along with the cessation of ABX flights led to a 9.71% decrease in deplaned freight and cargo for 2008.

During 2009, eight air carriers supported the Airport with non-stop service to eleven major cities. In addition, two air cargo operators used the Airport's facilities.

Financial Highlights

Summary of Revenues, Expenses and Changes in Fund Net Assets

	2009	2008	\$ Increase (Decrease)	2007	\$ Increase (Decrease)
Operating revenues	\$ 21,302,693	\$ 21,952,902	\$ (650,209)	\$ 21,536,567	\$ 416,335
Operating expenses	<u>14,914,375</u>	<u>14,537,476</u>	<u>376,899</u>	<u>14,722,292</u>	<u>(184,816)</u>
Excess before depreciation and other income, net	6,388,318	7,415,426	(1,027,108)	6,814,275	601,151
Depreciation and amortization	<u>11,199,263</u>	<u>8,865,801</u>	<u>2,333,462</u>	<u>7,152,731</u>	<u>1,713,070</u>
Operating income (loss)	(4,810,945)	(1,450,375)	(3,360,570)	(338,456)	(1,111,919)
Net non-operating income	1,813,468	3,587,173	(1,773,705)	2,344,292	1,242,881
Capital grants and contr.	<u>12,508,238</u>	<u>8,783,006</u>	<u>3,725,232</u>	<u>10,138,009</u>	<u>(1,355,003)</u>
Change in net assets	9,510,761	10,919,804	(1,409,043)	12,143,845	(1,224,041)
Net assets at beginning of year	<u>219,224,799</u>	<u>208,304,995</u>	<u>10,919,804</u>	<u>196,161,150</u>	<u>12,143,845</u>
Net assets at end of year	<u>\$ 228,735,560</u>	<u>\$ 219,224,799</u>	<u>\$ 9,510,761</u>	<u>\$ 208,304,995</u>	<u>\$ 10,919,804</u>

Significant items affecting the Summary of Revenues, Expenses and Changes in Fund Net Assets for 2009 are as follows:

- ➔ Although the Airport experienced a 6.9% decline in passenger traffic, operating revenues declined by only 3.0%.
- ➔ Operating expenses increased by 2.6 percent as a result of an increase in non-capitalized capital expenditures.
- ➔ The net result of the above was operating income before depreciation decreased by \$1,027,108 for 2009. Depreciation and amortization increased by \$2,333,462 due to additions in Airport capital assets subject to depreciation.
- ➔ Non-operating revenues decreased by \$1,773,705. The change from 2008 to 2009 is primarily due to a decrease in the Airport's investment income related to lower returns on investments as a result of declining interest rates and mark to market adjustments.

- Capital grant and contribution revenues totaled \$12,508,238 and \$8,783,006 in 2009 and 2008, respectively. The increase is primarily due to the receipt of additional grant funds as a result of the American Recovery and Reinvestment Act of 2009 (ARRA). The Airport received an ARRA grant in 2009 totaling \$6,740,778.
- For 2009, net assets increased \$10,919,804 as the result of the above activity. Total net assets at the end of 2009 were \$228,735,560.

Significant items affecting the Summary of Revenues, Expenses and Changes in Fund Net Assets for 2008 are as follows:

- Despite a decrease in passenger traffic, operating revenues were higher in 2008 due primarily to an increase in fuel tax revenue and additional ground rents from the development of general aviation parcels and revenue from the Airport's Business Park.
- Operating expenses decreased as compared to 2007 as a result of management's efforts to reduce operating and maintenance expenditures in response to higher supply costs. The reduction in expenditures allowed the Airport to stabilize airline rates and charges.
- The net result of the above was operating income before depreciation increased by \$601,151 for 2008. Depreciation and amortization in 2008 increased from \$7,152,731 to \$8,865,801 due to additions in Airport capital assets subject to depreciation.
- Non-operating revenues increased from \$2,344,292 in 2007 to \$3,587,173 in 2008. The change relates to a loss on disposal of capital assets in 2007, attributable to the disposal of runway lighting and snow removal equipment. In addition, the Airport's investment income increased by 8.6% due to an increase related to mark to market adjustments. Interest expense increased by 9.9% as a result of new loans from the Colorado Department of Transportation for two capital improvement projects. The principal and interest payments on the loans are funded through the Passenger Facility Charges.
- Capital grant and contribution revenues totaled \$8,783,006 and \$10,138,009 in 2008 and 2007, respectively. The decrease is primarily due to capital reimbursements received in 2007 from the FAA on the Airport's reconstruction of the east runway.
- For 2008, net assets increased \$10,919,804 as the result of the above activity, resulting in total net assets at the end of 2008 totaling \$219,224,799.

Financial Position Summary

	<u>2009</u>	<u>2008</u>	<u>% Change</u>	<u>2007</u>	<u>% Change</u>
Current assets (including restricted cash)	\$ 44,522,748	\$ 44,310,774	0.48%	\$ 38,205,170	15.98%
Restricted Investments	5,577,425	5,843,951	-4.56%	5,604,162	4.28%
Bond issue cost (net)	681,520	762,178	-10.58%	852,254	-10.57%
Note Receivable	2,067,512	2,104,165	-1.74%	2,138,585	-1.61%
Property and equipment (net)	235,225,327	229,486,949	2.50%	226,671,589	1.24%
Total Assets	\$ 288,074,532	\$ 282,508,017	1.97%	\$ 273,471,760	3.30%

Current Liabilities	\$ 8,592,234	\$ 9,641,502	-10.88%	\$ 8,837,681	9.10%
Long-term debt (less current portion)	49,896,119	53,251,698	-6.30%	55,895,648	-4.73%
Other non-current liabilities	850,619	390,018	118.10%	433,436	-10.02%
Net Assets:					
Invested in capital assets (net of debt)	188,240,269	182,016,400	3.42%	176,326,065	3.23%
Restricted	15,288,373	15,655,051	-2.34%	14,126,427	10.82%
Unrestricted	25,206,918	21,553,348	16.95%	17,852,503	20.73%
Net Assets	<u>228,735,560</u>	<u>219,224,799</u>	4.34%	<u>208,304,995</u>	5.24%
Total Liabilities and net assets	<u>\$ 288,074,532</u>	<u>\$ 282,508,017</u>	1.97%	<u>\$ 273,471,760</u>	3.30%

The largest portion of the Airport's net assets 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.

At December 31, 2009, the amount of \$15.3 million or 6.68% of net assets represented resources that are subject to restrictions on how they can be used. For 2008, the amount was \$15.7 million or 7.1% of net assets. These restricted net assets are not available for new spending because they have already been committed as follows:

	<u>2009</u>	<u>2008</u>
Passenger Facility Charges	\$ 3,450,095	\$ 3,633,022
Bond and Operating and Maintenance Reserves	<u>11,838,278</u>	<u>12,022,029</u>
Total Restricted	<u>\$ 15,288,373</u>	<u>\$ 15,655,051</u>

The remaining unrestricted net assets of \$25.2 million and \$21.6 million for 2009 and 2008, respectively, may be used to meet any of the Airport's ongoing obligations.

Airline Signatory Rates and Charges for 2009 and 2008

The Airport and fourteen (14) airlines and cargo carriers negotiated an agreement effective January 1, 2000, for five years, which establishes how the airlines will be assessed annual rates and charges for their use of the Airport. The agreement establishes rates and charges through a hybrid commercial compensatory methodology with a revenue sharing component. The final rates and charges for the signatory airlines were as follows (2009 rates are finalized after the issuance of these financial statements):

	Year Ended December 31,	
	<u>2009</u>	<u>2008</u>
Landing fees (per 1,000 lbs MGLW)	\$ 2.45	\$ 1.92
Terminal rental rate (per sq ft)	\$ 60.76	\$ 56.36
Loading bridge rate (per bridge)	\$ 40,910	\$ 39,462
Signatory airline cost (per enplaned passenger)	\$ 8.79	\$ 7.38

The airline derived revenue per enplaned passenger is calculated after the settlement of all rates and charges adjustments based on actual revenues and expenditures and inclusion of the net revenue sharing credited to the airlines, which was \$1,512,377 (preliminary) and \$2,159,332 in 2009 and 2008, respectively.

During 2004, the Airport and the airlines successfully negotiated an extension of the existing Use and Lease Agreement. The extension was effective from January 1, 2005, through December 31, 2009. In 2009, the Airport and the airlines agreed to further extend the existing Agreement for an additional two year term with an expiration date of December 31, 2011.

Passenger Facility Charges

In December 1992, the Airport received approval from the Federal Aviation Administration (the FAA) to collect a \$3.00 passenger facility charge (PFC) on each passenger enplaning at the Airport. The Airport has collected PFCs including interest earnings thereon, totaling \$57,894,268 and \$55,273,026 through the years ended December 31, 2009 and 2008, respectively. 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 expired on September 1, 2004. 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 the remaining was recorded as CFC revenue on the financial statements.

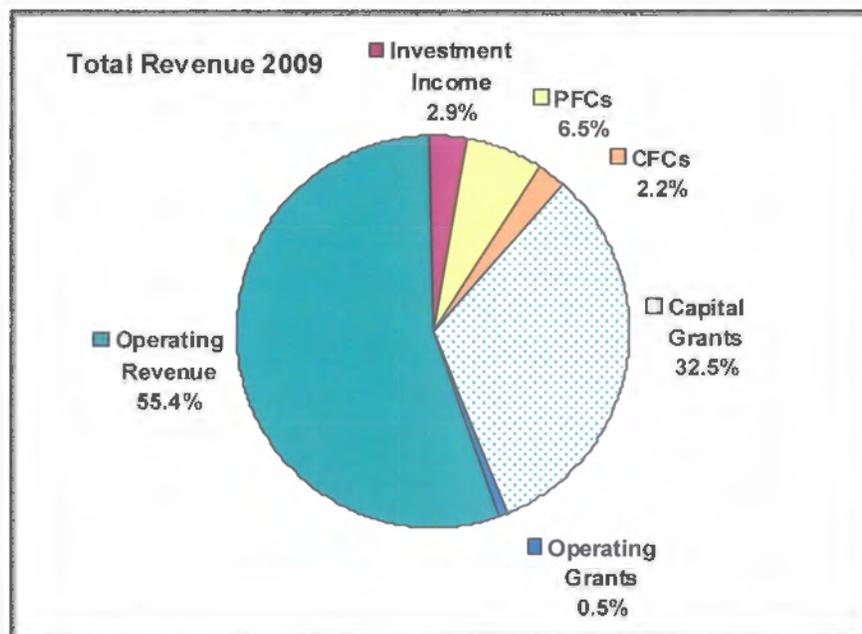
An ordinance (04-32) was approved by the City Council on March 23, 2004, allowing the Airport to continue to collect the CFC. The collection rate of \$1.50 per rental car contract date remains in effect. The rate cannot exceed \$2.50 per rental car contract date without City Council approval.

Financial Details

Revenues Overview:

The following schedule presents a summary of all revenues for the fiscal years ended December 31, 2009 and 2008 with a comparison of changes in dollar amounts to the previous years.

	<u>Year End</u> <u>12/31/2009</u>	<u>Year End</u> <u>12/31/2008</u>	<u>\$ Increase/</u> <u>(Decrease)</u>	<u>Year End</u> <u>12/31/2007</u>	<u>\$ Increase</u> <u>(Decrease)</u>
Operating Revenues					
Airline	\$ 8,444,465	\$ 7,756,771	\$ 687,694	\$ 7,797,852	\$ (41,081)
Terminal Building	1,553,669	1,658,480	(104,811)	1,678,165	(19,685)
Parking	5,566,698	6,097,045	(530,347)	6,256,899	(159,854)
Landside Commercial	3,787,906	3,811,036	(23,130)	3,842,896	(31,860)
Other	1,949,955	2,629,570	(675,615)	1,960,755	668,815
Total Operating Revenues	21,302,693	21,952,902	(650,209)	21,536,567	416,335
Other Income					
Investment Income	1,126,051	2,819,577	(1,693,526)	2,375,506	444,071
Passenger Facility Charges	2,510,284	2,600,846	(90,562)	2,833,167	(232,321)
Customer Facility Charges	835,669	865,928	(30,259)	996,495	(130,567)
Operating Grant	189,951	175,797	14,154	166,581	9,216
Capital Grants	12,508,238	8,752,047	3,756,191	8,411,479	340,568
Capital Contributions	0	30,959	(30,959)	1,726,530	(1,695,571)
Total Other Income	17,170,193	15,245,154	1,925,039	16,509,758	(1,264,604)
TOTAL INCOME	\$ 38,472,886	\$ 37,198,056	\$ 1,274,830	\$ 38,046,325	\$ (848,269)

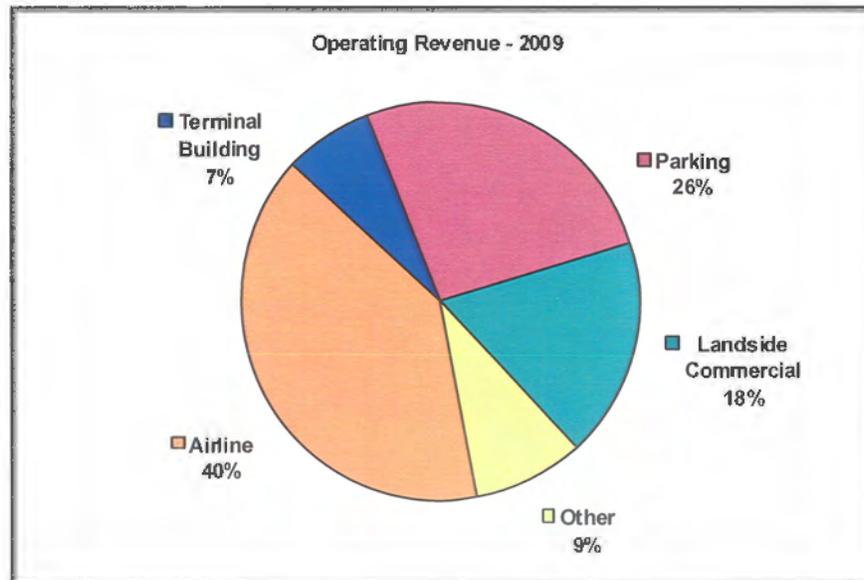


Operating Revenues:

Significant items for 2009 as compared to 2008 were as follows:

- ➔ Total operating revenue decreased by \$650,209. The decrease was primarily due to a decline in parking and other operating revenue. This decrease was partially offset by an increase in airline revenue.

- Airline revenue increased by \$687,694 as a result of higher rates and charges in 2009 as compared to 2008. The rate increase is attributed to a decline in landed weight and a decrease in the amount of terminal space leased by the airlines. These two factors resulted in expenses being allocated across fewer landings and terminal square footage.
- Parking and other operating revenue decreased by \$530,347 and \$675,615 respectively, primarily due to the decline in passenger traffic.



Significant items for 2008 as compared to 2007 were as follows:

- Total operating revenue increased by \$416,335. The increase was primarily due to higher fuel tax revenues and new ground rents generated by the Airport Business Park and general aviation expansion.
- Airline revenue decreased as a result of management's efforts to curb expenses charged to the airlines via rates and charges in order to offset rising fuel prices. Vacancies created by the departure of Midwest and Mesa Airlines contributed to the decline in terminal rents. Parking and landside commercial revenue were down due to a combination of lower passenger levels and weakening U.S. economic conditions.

Other Income:

The significant items for 2009 as compared to 2008 are as follows:

- Investment income decreased by approximately \$1,693,526 from 2009 due to lower interest rates earned on the Airport's pooled investments and mark to market adjustments.
- Capital grants revenue increased by \$3,756,191 in 2009 as compared to 2008. This increase is the result of ARRA funds received from the FAA in 2009 for the Airport's ongoing taxiway project.

The significant items for 2008 as compared to 2007 are as follows:

- ➔ Investment income increased by approximately \$444,071 from 2007, due to mark to market adjustments and an increase in the total cash on hand.
- ➔ Passenger Facility Charges and Customer Facility Charges decreased by \$232,321 and \$130,467 respectively, as a result of declining enplanement.
- ➔ Capital contributions decreased by \$1,695,571 in 2008 as compared to 2007. In 2007, the Airport received reimbursements from two Business Park tenants for infrastructure improvements. The project was completed in 2007.

Expense Overview:

The following schedule presents a summary of all expenses for the fiscal years ended December 31, 2009 and 2008, along with comparisons in dollars to the prior years.

	<u>Year End</u> <u>12/31/2009</u>	<u>Year End</u> <u>12/31/2008</u>	<u>\$ Increase/</u> <u>(Decrease)</u>	<u>Year End</u> <u>12/31/2007</u>	<u>\$ Increase</u> <u>(Decrease)</u>
Operating Expenses					
Salaries and Benefits	\$ 8,421,150	\$ 7,859,201	\$ 561,949	\$ 7,762,583	\$ 96,618
Other Operating Expenses	6,493,225	6,678,275	(185,050)	6,959,709	(281,434)
Total Operating Expenses	<u>14,914,375</u>	<u>14,537,476</u>	<u>376,899</u>	<u>14,722,292</u>	<u>(184,816)</u>
Depreciation and gain or loss on disposal of capital assets	11,305,112	8,853,998	2,451,114	8,554,308	299,690
Interest Expense	2,742,638	2,886,778	(144,140)	2,625,880	260,898
TOTAL EXPENSES	<u>\$ 28,962,125</u>	<u>\$ 26,278,252</u>	<u>\$ 2,683,873</u>	<u>\$25,902,480</u>	<u>\$ 375,772</u>

The significant issues affecting 2009 expenses as compared to 2008 were as follows:

- ➔ Salaries and benefits were approximately \$561,949 higher in 2009 compared to 2008. This increase was offset by a decrease of \$185,050 in other operating expenses. Additional details of variances are provided below under Expense by Category.
- ➔ Depreciation expense and gain or loss on disposal of capital assets was \$2,451,114 higher than 2008 due to the addition of capital assets.
- ➔ Interest expense for 2009 was approximately \$144,140 lower than 2008 primarily due to the Airport's debt amortization schedule which applies a greater portion of the substantially level debt service payments toward principal and less toward interest each year on the remaining outstanding bonds.

The significant issues affecting 2008 expenses as compared to 2007 were as follows:

- ➔ Other operating expenses were approximately \$281,434 lower in 2008 compared to 2007. Management initiated a phased expenditure reduction plan to mitigate the impact of higher fuel costs and a weakening economy.

- ➔ Depreciation expense and gain or loss on disposal of capital assets was \$299,690 higher than 2007 due to the addition of capital assets.
- ➔ Interest expense for 2008 was approximately \$260,898 higher than 2007 primarily due to interest payments on two loans from the Colorado Department of Transportation. These loans were used to fund Airport improvement projects and are being repaid with PFCs.

Expense by Category:

The following chart shows the operating expenses by category for the years ended December 31, 2009 and 2008.

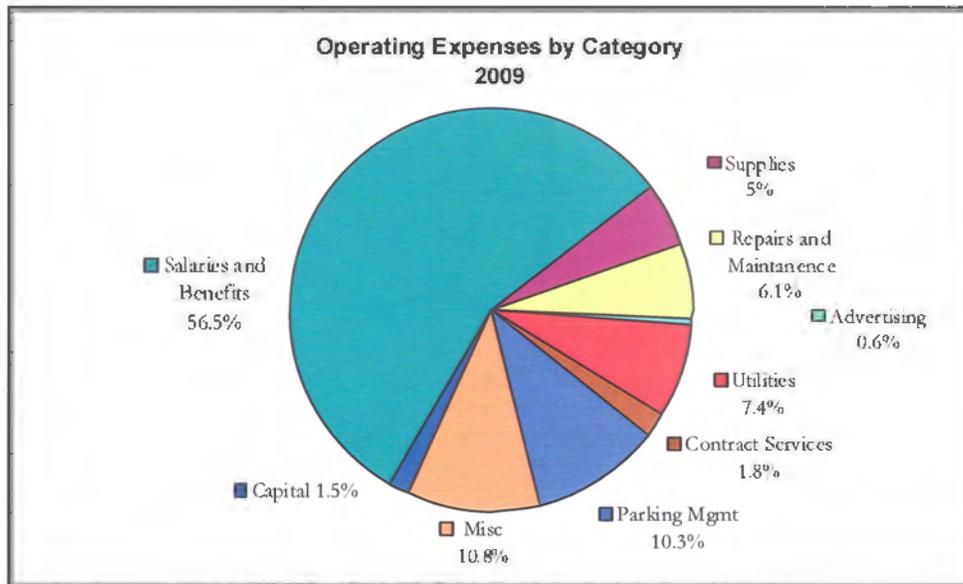
	2009	2009	2008	\$ Increase/ (Decrease)	2008
	Totals	% of Total	Totals		% of Total
Salaries and Benefits	\$ 8,421,150	56.46%	\$ 7,859,201	\$ 561,949	54.06%
Supplies	751,548	5.04%	729,738	21,810	5.02%
Repairs and Maintenance	902,025	6.05%	1,150,529	(248,504)	7.91%
Advertising	95,371	0.64%	94,875	496	0.65%
Utilities	1,101,419	7.39%	1,079,952	21,467	7.43%
Contract Services	270,614	1.81%	338,333	(67,719)	2.33%
Parking Management	1,538,665	10.32%	1,510,889	27,776	10.40%
Miscellaneous	1,603,686	10.75%	1,378,342	225,344	9.48%
Capital Expenditures	229,897	1.54%	395,617	(625,514)	2.72%
TOTAL EXPENSES	\$ 14,914,375	100.00%	\$ 14,537,476	\$ 376,899	100.00%

The significant variances between 2009 and 2008 expenses by category were the result of:

- ➔ Salaries and benefits increased \$561,949 in 2009 due to salary progressions and an increase in benefit costs.
- ➔ Repairs and maintenance decreased \$248,504 primarily due to the reduced need for maintenance and repair of airfield surfaces as a significant portion of the airfield has been rehabilitated over the past three years. In addition, the Airport implemented a fleet replacement program in 2007 that has resulted in reduced fleet repair costs.
- ➔ Miscellaneous expenses increased by \$225,344 primarily due to a large bad debt expense related to the business liquidation of JFC Automotive, a rental car agency. JFC ceased business operations in late 2008 but continued to owe its Minimum Annual Guarantee (MAG) to the Airport through 2009. The 2009 MAG was expensed as a bad debt.
- ➔ Capital expenditures were \$625,514 lower in 2009 due to the capitalization of a greater portion of assets as compared to 2008.

The significant variances between 2008 and 2007 expenses by category were the result of:

- ➔ Miscellaneous expenses increased by \$236,256 in 2008, primarily due to an increase in bad debt expense related to the business dissolution of JFC Dollar/Thrifty Car Rental.
- ➔ Capital expenditures were \$689,706 lower in 2008 due to the capitalization of a greater portion of assets as compared to 2007.



Budgetary Highlights

	<u>2009 Budget</u>	<u>2009 Actual</u>	<u>% Over/ (Under)</u>	<u>2008 Budget</u>	<u>2008 Actual</u>	<u>% Over/ (Under)</u>
Operating Revenues						
Airline Revenues	\$10,071,854	\$ 8,444,465	-16.16%	\$ 9,568,921	\$ 7,756,771	-18.94%
Other Operating Revenues	13,728,820	12,858,228	-6.34%	14,886,556	14,196,131	-4.64%
Total Operating Revenues	23,800,674	21,302,693	-10.50%	24,455,477	21,952,902	-10.23%
Total Operating Expenses	16,310,874	14,914,375	-8.56%	15,556,373	14,537,476	-6.55%
Total Operating Income	\$ 7,489,800	\$ 6,388,318	-14.71%	\$ 8,899,104	\$ 7,415,426	-16.67%

The significant variances related to the 2009 budget and actual figures were as follows:

- ➔ Airline revenues were approximately 16.16% less than budgeted. The Airport experienced fewer landings than originally anticipated at the time the 2009 budget was prepared. The actual landing fee charged was lower than forecasted in the budget due to management's efforts to stabilize rates.

The significant variances related to 2008 budget and actual figures were as follows:

- ➔ Airline revenues were approximately 18.94% less than budgeted. The Airport experienced fewer landings than originally anticipated at the time the 2008 budget was prepared, and the departure of Midwest and Mesa Airlines caused a decrease in terminal rents as compared to budget.

Long-Term Debt

The Airport had \$47,315,000 and \$51,699,496 in bonds outstanding in four series of bonds: 2007A, 2007B, 2002A, and 1992C as of December 31, 2009 and 2008, respectively. The bonds are payable solely from net revenues of the Airport system and from certain funds established under the bond ordinance. The 1992C series were defeased in 2009.

Additional information regarding the Airport's outstanding bonds can be found in Note C(3) of the accompanying notes.

In May of 2006, the Airport signed a loan agreement with U.S. Bank to fund infrastructure improvements to a parcel of land in the Airport Business Park. Loan payments will be funded through a surcharge that will be collected from the tenant per the terms of a lease negotiated in June of 2006. On December 31, 2009 and 2008, the outstanding balance on the loan was \$2,208,491 and \$2,245,143 respectively.

In December of 2007, the Airport entered into a loan agreement with the Colorado Department of Transportation to fund improvements to the public roadway system and related signage. On December 31, 2009 and 2008, the outstanding balance on the loan was \$2,572,752 and \$3,043,228 respectively. The loan will be repaid with PFC revenues.

In July of 2008, the Airport entered into a loan agreement with the Colorado Department of Transportation to purchase equipment to enhance snow removal operations. On December 31, 2009 and 2008, the outstanding balance on the loan was \$521,698 and \$600,000 respectively. The loan will be repaid with PFC revenues.

In 2009, the Airport entered in a capital lease with AMPCO System Parking to furnish a parking revenue management system. The system acquired by this lease has been capitalized in the Airport's financial statements. On December 31, 2009, the minimum lease obligation totaled \$681,169.

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

	Fitch		Moody's		S & P	
Airport Revenue Bonds	A-	Stable	A3	Stable	A-	Stable

Capital Acquisition and Construction Activities

During fiscal years ended December 31, 2009 and 2008, the Airport expended approximately \$16 million and \$12 million in capital activities, respectively. Major construction projects in 2009 included the rehabilitation of Taxiway G and H (Phase I & II), the rehabilitation of Taxiways E4 and E5, terminal seating, and fleet improvements. Property and equipment acquisitions are capitalized at cost if over \$5,000.

Major capital projects for the years ended December 31 included:

	<u>2009</u>	<u>2008</u>
Demolition of Old Terminal	-	184,610
Rental Car/ Public Parking/ Roadway Improvements	303,559	-
Business Park Development	108,295	85,568
Rehabilitation of Taxiway E, G (Phase II)	619,748	8,419,540
Aviation Way Expansion	123,944	156,307
Runway 17L/35R Rehabilitation	48,203	793,330
SkyWest Access Road	-	155,000
Rehab of Taxiway E (Design)	-	139,370
Airport Drainage Improvements	-	31,678
Modernization of Communications Center	20,466	255,587
Terminal Seating	543,303	273,893
Carpet Replacement	-	198,011
Bag Belt Modifications	-	364,866
Runway Fog Seal	149,985	165,237
Rehabilitation of Taxiway G & H (Phase I)	6,039,241	-
Rehabilitation of Taxiways E4 and E5	6,648,595	-
Fleet Improvement (Phase I)	847,942	-
Fleet Improvement (Phase II)	274,946	-
Miscellaneous other Airport Improvements	<u>646,736</u>	<u>529,418</u>
Total	\$ 16,374,963	\$ 11,752,415

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

Additional information regarding capital assets can be found in Note C(2).

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: Gisela Shanahan, Assistant Director of Aviation - Finance & Administration, Colorado Springs Airport, 7770 Milton E. Proby Parkway, Suite 50, Colorado Springs, Colorado, 80916 or by email to gshanahan@springsgov.com.

Colorado Springs Municipal Airport
Colorado Springs, Colorado
BALANCE SHEETS
December 31, 2009 and 2008

	<u>2009</u>	<u>2008</u>
ASSETS		
CURRENT ASSETS		
Unrestricted cash and investments	\$ 28,171,737	\$ 31,663,602
Restricted cash and investments	9,710,948	9,811,100
Accounts receivable (net allowance of \$672,260)	<u>6,640,063</u>	<u>2,836,072</u>
Total current assets	<u>44,522,748</u>	<u>44,310,774</u>
NONCURRENT ASSETS		
Restricted assets		
Investments	<u>5,577,425</u>	<u>5,843,951</u>
Unamortized bond issuance costs	<u>681,520</u>	<u>762,178</u>
Note Receivable	<u>2,067,512</u>	<u>2,104,165</u>
Capital assets		
Land	18,423,581	18,423,581
Buildings	94,502,036	93,684,799
Improvements other than buildings	161,976,415	131,089,774
Machinery and equipment	9,602,476	7,838,585
Infrastructure	26,796,307	22,164,329
Vehicles	4,033,112	3,901,310
Construction in progress	8,094,300	31,910,762
Less accumulated depreciation	<u>(88,202,900)</u>	<u>(79,526,191)</u>
Total capital assets (net of accumulated depreciation and amortization)	<u>235,225,327</u>	<u>229,486,949</u>
Total noncurrent assets	<u>243,551,784</u>	<u>238,197,243</u>
Total assets	<u>\$288,074,532</u>	<u>\$282,508,017</u>

The accompanying notes are an integral part of these statements.

Colorado Springs Municipal Airport
Colorado Springs, Colorado
BALANCE SHEETS
December 31, 2009 and 2008

	2009	2008
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Current portion of revenue bonds payable	\$ 1,329,861	\$ 2,878,094
Current portion of notes payable	605,210	588,148
Current portion of capital lease	122,993	-
Accrued interest payable	19,983	8,765
Accounts payable	4,794,209	4,097,214
Accrued salaries, benefits	443,378	719,052
Due to other City funds	-	29,143
Deferred revenue and other tenant deposits	1,276,600	1,321,086
Total current liabilities	8,592,234	9,641,502
NONCURRENT LIABILITIES		
Revenue bonds payable	45,198,389	47,951,475
Notes Payable	4,697,730	5,300,223
Capital Lease	464,726	-
Accrued sick leave benefits	385,893	390,018
Total noncurrent liabilities	50,746,738	53,641,716
Total liabilities	59,338,972	63,283,218
NET ASSETS		
Invested in capital assets, net of related debt	188,240,269	182,016,400
Restricted net assets	15,288,373	15,655,051
Unrestricted net assets	25,206,918	21,553,348
Total net assets	228,735,560	219,224,799
Total liabilities and net assets	\$288,074,532	\$282,508,017

The accompanying notes are an integral part of these statements.

Colorado Springs Municipal Airport
Colorado Springs, Colorado
STATEMENTS OF REVENUES, EXPENSES AND
CHANGES IN FUND NET ASSETS
Year ended December 31, 2009 and 2008

	<u>2009</u>	<u>2008</u>
Operating revenues		
Airline revenues	\$ 8,444,465	\$ 7,756,771
Terminal building concessions	1,553,669	1,658,480
Parking concessions	5,566,698	6,097,045
Landside commercial concessions	3,787,906	3,811,036
Other charges	<u>1,949,955</u>	<u>2,629,570</u>
Total operating revenues	<u>21,302,693</u>	<u>21,952,902</u>
Operating expenses		
Salaries and benefits	8,421,150	7,859,201
Other operating expenses	6,493,225	6,678,275
Depreciation	<u>11,199,263</u>	<u>8,865,801</u>
Total operating expenses	<u>26,113,638</u>	<u>23,403,277</u>
Operating income (loss)	<u>(4,810,945)</u>	<u>(1,450,375)</u>
Non-operating revenues (expenses)		
Investment income	1,126,051	2,819,577
Passenger facility charges	2,510,284	2,600,846
Customer facility charges	835,669	865,928
Operating grants	189,951	175,797
Interest expense	(2,742,638)	(2,886,778)
Gain/loss on disposal of capital assets	<u>(105,849)</u>	<u>11,803</u>
Total non-operating revenues (expenses)	<u>1,813,468</u>	<u>3,587,173</u>
Income before contributions	(2,997,477)	2,136,798
Capital grants	12,508,238	8,752,047
Capital contributions	<u>-</u>	<u>30,959</u>
Change in net assets	9,510,761	10,919,804
Total net assets – beginning of year	<u>219,224,799</u>	<u>208,304,995</u>
Total net assets – end of year	<u>\$228,735,560</u>	<u>\$ 219,224,799</u>

The accompanying notes are an integral part of these statements.

Colorado Springs Municipal Airport
Colorado Springs, Colorado
STATEMENTS OF CASH FLOWS
Year ended December 31, 2009 and 2008

	<u>2009</u>	<u>2008</u>
Cash flows from operating activities		
Receipts from customers	\$ 21,224,111	\$ 21,835,290
Receipts from interfund services provided	43,109	31,813
Payments to suppliers	(3,726,070)	(3,268,308)
Payments to employees	(8,700,948)	(7,790,498)
Payments for interfund services used	<u>(2,521,341)</u>	<u>(2,523,948)</u>
Net cash provided by operating activities	<u>6,318,861</u>	<u>8,284,349</u>
Cash flows from noncapital financing activities		
Operating grant	<u>90,596</u>	<u>150,186</u>
Cash flows from capital and related financing activities		
Capital grant	8,750,213	8,598,659
Capital expenditures	(13,407,835)	(3,137,395)
Passenger facility charges	2,785,616	2,943,785
Customer facility charges	819,143	856,964
Loan proceeds	-	702,121
Principal payments on loans	(585,432)	(491,192)
Interest payments on loans	(301,340)	(299,276)
Principal payments on revenue bonds	(4,585,000)	(3,240,000)
Interest payments on revenue bonds	(2,323,438)	(2,385,613)
Payment from accounts payable incurred for fixed asset additions	<u>721,459</u>	<u>(6,983,817)</u>
Net cash provided by (used in) capital and related financing activities	<u>(8,126,614)</u>	<u>(3,435,764)</u>
Cash flows from investing activities		
Interest received on investments	1,779,858	1,926,184
Purchases of investments	(33,368,634)	(26,496,491)
Proceeds from sales and maturities of investments	<u>29,598,044</u>	<u>22,611,918</u>
Net cash used in investing activities	<u>(1,990,732)</u>	<u>(1,958,389)</u>
Net increase (decrease) in cash and cash equivalents	(3,707,889)	3,040,382
Cash and cash equivalents – beginning of year	<u>5,119,600</u>	<u>2,079,218</u>
Cash and cash equivalents – end of year	1,411,711	5,119,600
Investments	<u>42,048,399</u>	<u>42,199,053</u>
Cash and investments	<u>\$ 43,460,110</u>	<u>\$ 47,318,653</u>
Reconciliation of cash and investments to the balance sheet		
Unrestricted cash and investments	\$ 28,171,737	\$ 31,663,602
Restricted cash and investments	<u>15,288,373</u>	<u>15,655,051</u>
Total cash and investments	<u>\$ 43,460,110</u>	<u>\$ 47,318,653</u>

The accompanying notes are an integral part of these statements.

Colorado Springs Municipal Airport
Colorado Springs, Colorado
STATEMENTS OF CASH FLOWS - CONTINUED
Year ended December 31, 2009 and 2008

	2009	2008
Reconciliation of operating income (loss) to net cash provided by operating activities		
Operating income (loss)	\$ (4,810,945)	\$ (1,450,375)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities		
Depreciation	11,199,263	8,865,801
(Increase) decrease in assets		
Receivables	308,983	(67,858)
Due from other City funds	-	-
Increase (decrease) in liabilities		
Accounts payable	(25,013)	856,876
Accrued salaries, benefits, and sick leave benefits	(279,798)	68,703
Due to other City funds	(29,143)	29,143
Deferred revenue and other tenant deposits	(44,486)	(17,941)
Net cash provided by operating activities	\$ 6,318,861	\$ 8,284,349

Noncash capital and related financing and investing activities:

The Airport had unrealized gains of \$428,515 and \$1,225,897, for the years ended December 31, 2009 and 2008, respectively. The Airport obtained fixed assets through incurring payables in the amount of \$2,838,438 and \$2,116,979 as of December 31, 2009 and 2008, respectively.

Colorado Springs Municipal Airport
Colorado Springs, Colorado
NOTES TO FINANCIAL STATEMENTS
December 31, 2009 and 2008

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 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 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.

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.

A Director of Aviation directs and manages the Airport. This Director reports to the City Manager who is appointed by the City Council. 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 applies all applicable Governmental Accounting Standards Board (GASB) pronouncements as well as all Financial Accounting Standards Board pronouncements (including those issued after November 30, 1989) unless those pronouncements conflict with or contradict GASB pronouncements, in accounting and reporting for its operations.

Colorado Springs Municipal Airport
Colorado Springs, Colorado
NOTES TO FINANCIAL STATEMENTS
December 31, 2009 and 2008

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

2. Measurement focus, basis of accounting and financial statement presentation - continued

The Airport distinguishes operating revenues and expenses from nonoperating 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 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 nonoperating revenues and expenses. 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.

3. Assets, liabilities and net assets

A. Deposits and investments

The Airport's cash and cash equivalents are considered to be cash on hand, demand deposits, repurchase agreements and amounts in the pooled cash and investment accounts of the City of Colorado Springs.

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	25 years
Machinery and equipment	5 - 25 years
Infrastructure	30 years
Vehicles	3 - 15 years

Interest is capitalized on fixed 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. No interest was capitalized during 2009.

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.

Colorado Springs Municipal Airport
Colorado Springs, Colorado
NOTES TO FINANCIAL STATEMENTS
December 31, 2009 and 2008

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

C. 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.

D. Restricted net assets

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 assets for specific purposes, including operating expense reserves, debt service reserves and approved capital improvement projects. Net asset amounts required to be restricted are shown in the accompanying balance sheets as restricted net assets.

E. 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. 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 assets.

F. 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 expired on September 1, 2004. 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 the remaining was recorded as CFC revenue on the financial statements.

An ordinance (04-32) was approved by the City Council on March 23, 2004, allowing the Airport to continue to collect the CFC. The collection rate of \$1.50 per rental car contract date remains in effect. The rate cannot exceed \$2.50 per rental car contract date without City Council approval.

G. Unamortized bond issue costs

Unamortized bond issue costs are amortized over the life of the bond issue on the effective interest method.

Colorado Springs Municipal Airport
Colorado Springs, Colorado
NOTES TO FINANCIAL STATEMENTS
December 31, 2009 and 2008

NOTE B – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

1. *Budgetary information*

In accordance with City Charter, the Airport is required to submit a balanced budget to City Council on or before the third Monday of November of each year. The budget is reviewed and modified as appropriate and an appropriation ordinance is prepared to adopt the budget no later than December 31 of each year. Annual appropriations lapse at year-end. 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 (US GAAP), a reconciliation of resultant basis, timing and perspective for the years ended December 31, 2009 and 2008, is presented below:

	<u>2009</u>	<u>2008</u>
Operating expenses (US GAAP basis)	\$ 26,113,638	\$ 23,403,277
Non-operating expenses (US GAAP basis)	<u>2,848,487</u>	<u>2,874,975</u>
	28,962,125	26,278,252
Less: Depreciation expense	(11,199,263)	(8,865,801)
Add: Capital expenditures (accrual basis)	<u>16,620,874</u>	<u>11,752,415</u>
Expenditures (budgetary basis)	<u>\$ 34,383,736</u>	<u>\$ 29,164,866</u>
Appropriations	<u>\$ 60,185,580</u>	<u>\$ 51,694,140</u>

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 City's pooled cash and investments as of December 31, 2009 and 2008, amounted to \$132,775,080 and \$157,796,757, respectively. The Airport's allocated portion of pooled cash and investments as of December 31, 2009 and 2008, was \$37,882,685 and \$41,474,702 respectively. The Airport's portion was approximately 28% and 26% of the total pooled cash and investments of the City as of December 31, 2009 and 2008. The pooled cash and investments of the City and the Airport as of December 31, 2009 and 2008, are as follows:

	<u>December 31, 2009</u>		<u>December 31, 2008</u>	
	<u>City</u>	<u>Airport</u>	<u>City</u>	<u>Airport</u>
Cash on hand	\$ 13,854	\$ 3,953	\$ 16,092	\$ 4,230
Deposits				
Demand, time deposits	<u>4,933,462</u>	<u>1,407,759</u>	<u>19,455,566</u>	<u>5,115,370</u>
	4,947,316	1,411,712	19,471,658	5,119,600
Investments	<u>127,827,764</u>	<u>36,470,973</u>	<u>138,325,099</u>	<u>36,355,102</u>
Total pooled cash and investments	<u>\$ 132,775,080</u>	<u>\$ 37,882,685</u>	<u>\$ 157,796,757</u>	<u>\$ 41,474,702</u>

Colorado Springs Municipal Airport
Colorado Springs, Colorado
NOTES TO FINANCIAL STATEMENTS
December 31, 2009 and 2008

NOTE C – DETAILED NOTES – Continued

1. *Deposits and investments – continued*

Restricted investments

As of December 31, 2009 and 2008, the Airport's restricted investments are comprised of the repurchase agreement of \$5,577,425 and \$5,843,951 respectively.

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, 2009, the bank balance of the City of Colorado Springs' bank deposits exclusive of cash not included in pooled cash and investments was \$7,524,686. Of the total bank deposits, \$465,517 was covered by Federal Depository Insurance and the remainder of \$7,059,169 was uninsured but collateralized in accordance with Colorado state law. The Airport's share of those amounts as of December 31, 2009, was \$87,336 and \$1,324,376, respectively.

As of December 31, 2008, the bank balance of the City of Colorado Springs' bank deposits exclusive of cash not included in pooled cash and investments was \$20,887,822. Of the total bank deposits, \$323,839 was covered by Federal Depository Insurance and the remainder of \$20,563,983 was uninsured but collateralized in accordance with Colorado state law. The Airport's share of those amounts as of December 31, 2008, was \$79,373 and \$5,040,227, respectively.

The City of Colorado Springs and the Airport's investments are subject to interest rate, credit risk and concentration of credit risk. The City has adopted an Investment Policy requiring all investments be made in accordance 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.

Colorado Springs Municipal Airport
Colorado Springs, Colorado
NOTES TO FINANCIAL STATEMENTS
December 31, 2009 and 2008

NOTE C – DETAILED NOTES – Continued

1. *Deposits and investments – continued*

As of December 31, 2009, the detail of pooled cash and investments held for the City and the Airport is as follows:

<u>Investment type</u>	<u>Fair Value</u> <u>City</u>	<u>Fair Value</u> <u>Airport</u>	<u>Weighted Average</u> <u>Maturity (years)</u>
Money market mutual funds	\$ 552,050	\$ 157,507	0.00
US Treasury securities	11,141,121	3,178,711	2.28
US Instrumentality securities	107,793,469	30,754,921	2.20
Corporate fixed-income securities	7,404,410	2,112,577	1.39
Colorado Liquid Asset Trust	<u>936,714</u>	<u>267,257</u>	0.00
Total fair value	127,827,764	36,470,973	
Portfolio weighted average maturity			2.13
Reconciliation to Total Pooled Cash and Investments			
Add: Cash on hand and in banks	<u>4,947,316</u>	<u>1,411,712</u>	
	<u>\$132,775,080</u>	<u>\$ 37,882,685</u>	

As of December 31, 2008, the detail of pooled cash and investments held for the City and the Airport is as follows:

<u>Investment type</u>	<u>Fair Value</u> <u>City</u>	<u>Fair Value</u> <u>Airport</u>	<u>Weighted Average</u> <u>Maturity (years)</u>
Money market mutual funds	\$ 586,609	\$ 154,175	0.00
US Treasury securities	7,610,644	2,000,257	1.18
US Instrumentality securities	120,141,288	31,575,967	2.64
Corporate fixed-income securities	9,412,409	2,473,803	1.63
Mortgages pooled	<u>574,149</u>	<u>150,900</u>	0.16
Total fair value	138,325,099	36,355,102	
Portfolio weighted average maturity			2.47
Reconciliation to Total Pooled Cash and Investments			
Add: Cash on hand and in banks	<u>19,471,658</u>	<u>5,119,600</u>	
	<u>\$157,796,757</u>	<u>\$ 41,474,702</u>	

Colorado Springs Municipal Airport
Colorado Springs, Colorado
NOTES TO FINANCIAL STATEMENTS
December 31, 2009 and 2008

NOTE C – DETAILED NOTES – Continued

2. *Deposits and investments – continued*

Credit Quality Distribution for Securities as a Percentage of Total Investments

	<u>S&P Rating</u>	<u>% of Total</u>
Money market mutual funds	AAAm	0.43%
US Treasury Securities	N/A	8.72%
US Instrumentality Securities	N/A	84.33%
Domestic corporate fixed income securities	A	1.66%
Domestic corporate fixed income securities	AA	1.17%
Domestic corporate fixed income securities	AAA	2.96%
Colorado Liquid Asset Trust	AAAm	<u>0.73%</u>
		<u>100.00%</u>

As of December 31, 2009, the City has invested \$936,956 in the Colorado Government Liquid Asset Trust (COLOTRUST), an investment vehicle established for local government entities in Colorado pursuant to Part 7 of Article 75 of Title 24 of the Colorado Revised Statutes, to pool surplus funds for investment purposes. COLOTRUST operates similarly to a money market fund and each share is equal in value to \$1.00. The fair value of the position in the pool is the same as the value of the pool shares. The designated custodial bank provides safekeeping and depository services in connection with the direct investment and withdrawal functions. Substantially all securities owned by the pool are held by the Federal Reserve Bank in the account maintained for the custodial bank. The custodian’s internal records identify the investments owned by the pool. Investments of the pool consist of U.S. Treasury bills, notes and note strips and repurchase agreements collateralized by U.S. Treasury Notes.

The City’s investment in COLOTRUST is rated AAAm by Standard and Poor’s and AAA by both Fitch’s and Moody’s. COLOTRUST and CSAFE is routinely monitored by the Colorado Division of Securities with regard to operations and investments.

Separately issued financial statements for COLOTRUST may be obtained at the following addresses:

COLOTRUST
1700 Broadway, Suite 2050
Denver, CO 80290
www.colotrust.com

Colorado Springs Municipal Airport
Colorado Springs, Colorado
NOTES TO FINANCIAL STATEMENTS
December 31, 2009 and 2008

NOTE C – DETAILED NOTES – Continued

2. *Capital assets*

Capital assets activity for the year ended December 31, 2009, was as follows:

	<u>Beginning balance</u>	<u>Increase</u>	<u>Decrease</u>	<u>Ending balance</u>
Capital assets being depreciated:				
Buildings	\$ 93,684,799	\$ 817,237	\$ -	\$ 94,502,036
Improvements other than buildings	131,089,774	33,399,556	(2,512,915)	161,976,415
Machinery and equipment	7,838,585	1,848,282	(84,391)	9,602,476
Vehicles	3,901,310	171,742	(39,940)	4,033,112
Infrastructure	<u>22,164,329</u>	<u>4,631,978</u>	<u>-</u>	<u>26,796,307</u>
Total capital assets Being depreciated	<u>258,678,797</u>	<u>40,868,795</u>	<u>(2,637,246)</u>	<u>296,910,346</u>
Less accumulated depreciation for:				
Buildings	(32,303,606)	(2,655,154)	-	(34,958,760)
Improvements other than buildings	(37,915,298)	(6,965,003)	2,408,605	(42,471,696)
Machinery and equipment	(3,195,695)	(580,472)	84,391	(3,691,776)
Vehicles	(3,706,998)	(40,554)	29,557	(3,717,995)
Infrastructure	<u>(2,404,594)</u>	<u>(958,079)</u>	<u>-</u>	<u>(3,362,673)</u>
Total accumulated depreciation	<u>(79,526,191)</u>	<u>(11,199,262)</u>	<u>2,522,553</u>	<u>(88,202,900)</u>
Total capital assets Being depreciated, net	<u>179,152,606</u>	<u>29,669,533</u>	<u>(114,693)</u>	<u>208,707,446</u>
Capital assets not being depreciated :				
Land	18,423,581	-	-	18,423,581
Construction in progress	<u>31,910,762</u>	<u>8,259,912</u>	<u>(32,076,374)</u>	<u>8,094,300</u>
Total capital assets, not being depreciated	<u>50,334,343</u>	<u>8,259,912</u>	<u>(32,076,374)</u>	<u>26,517,881</u>
Capital assets, net	<u>\$229,486,949</u>	<u>\$37,929,445</u>	<u>\$ (32,191,067)</u>	<u>\$235,225,327</u>

Colorado Springs Municipal Airport
Colorado Springs, Colorado
NOTES TO FINANCIAL STATEMENTS
December 31, 2009 and 2008

Capital assets activity for the year ended December 31, 2008, was as follows:

	<u>Beginning balance</u>	<u>Increase</u>	<u>Decrease</u>	<u>Ending balance</u>
Capital assets being depreciated:				
Buildings	\$ 93,383,200	\$ 301,599	\$ -	\$ 93,684,799
Improvements other than buildings	86,235,567	44,854,207		131,089,774
Machinery and equipment	7,209,195	868,084	(238,694)	7,838,585
Vehicles	3,927,794	35,598	(62,082)	3,901,310
Infrastructure	<u>16,795,306</u>	<u>5,369,023</u>	<u>-</u>	<u>22,164,329</u>
Total capital assets Being depreciated	<u>207,551,062</u>	<u>51,428,511</u>	<u>(300,776)</u>	<u>258,678,797</u>
Less accumulated depreciation for:				
Buildings	(29,698,950)	(2,604,656)	-	(32,303,606)
Improvements other than buildings	(32,733,441)	(5,181,857)	-	(37,915,298)
Machinery and equipment	(2,860,918)	(550,381)	215,604	(3,195,695)
Vehicles	(3,725,901)	(43,179)	62,082	(3,706,998)
Infrastructure	<u>(1,918,866)</u>	<u>(485,728)</u>	<u>-</u>	<u>(2,404,594)</u>
Total accumulated depreciation	<u>(70,938,076)</u>	<u>(8,865,801)</u>	<u>277,686</u>	<u>(79,526,191)</u>
Total capital assets Being depreciated, net	<u>136,612,986</u>	<u>42,562,710</u>	<u>(23,090)</u>	<u>179,152,606</u>
Capital assets not being depreciated :				
Land	18,423,581	-	-	18,423,581
Construction in progress	<u>71,635,022</u>	<u>10,667,477</u>	<u>(50,391,737)</u>	<u>31,910,762</u>
Total capital assets, not being depreciated	<u>90,058,603</u>	<u>10,667,477</u>	<u>(50,391,737)</u>	<u>50,334,343</u>
Capital assets, net	<u>\$226,671,589</u>	<u>\$53,230,187</u>	<u>\$ (50,414,827)</u>	<u>\$229,486,949</u>

Colorado Springs Municipal Airport
Colorado Springs, Colorado
NOTES TO FINANCIAL STATEMENTS
December 31, 2009 and 2008

NOTE C – DETAILED NOTES – Continued

3. *Revenue bonds payable*

In April 2007, The City of Colorado Springs issued \$3,725,000 and \$8,500,000 of Refunding Airport System Revenue 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 being netted against the new debt and amortized over the new debt's life, which is two years longer than 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%.

In December 2002, the City of Colorado Springs issued \$43,005,000 of Refunding Airport System Revenue Bonds, Series 2002A for a current refunding of \$41,650,000 of 1992A Airport System Revenue Bonds. The refunding was undertaken to reduce total future debt service payments. The reacquisition price was above the net carrying amount of the old debt by \$1,049,331. This amount is being netted against the new debt and amortized over the old debt's life, which is equal to the life of the new debt. The Series 2002A Serial bonds, of which \$18,270,000 mature from 2004 to 2015, have interest rates ranging from 3.00% to 5.50% and of which \$3,350,000 mature in 2018 with an interest rate of 4.75%. Series 2002A term bonds of \$6,255,000 and \$15,130,000 are due from 2016 to 2017 and 2019 to 2022, respectively, and have interest rates of 4.75% and 5.00%, respectively.

In December 1996, the City of Colorado Springs issued \$12,450,000 Airport System Revenue Bonds, Series 1996A and \$3,485,000 Airport System Revenue Bonds, Series 1996B for the purposes of paying a portion of the costs of capital improvements at the Colorado Springs Municipal Airport, funding capitalized interest and a reserve fund, and to pay certain costs of issuance. The 1996A and the 1996B bonds were refunded during 2007 by the 2007A and 2007B Airport Refunding Revenue Bonds outlined above.

In October 1992, the City of Colorado Springs, Colorado issued \$47,390,000 Airport System Revenue Bonds, Series 1992A, \$9,000,000 Airport System Revenue Bonds, Series 1992B and \$6,582,687 Airport System Revenue Bonds, Series 1992C for the purposes of paying a portion of the costs of a new terminal building and other capital improvements at the Colorado Springs Municipal Airport, funding capitalized interest and a reserve fund, and to pay certain costs of issuance. The 1992A bonds were refunded during 2002 by the 2002A Airport Refunding Revenue Bonds outlined above. The Series 1992B bonds were redeemed during 1994.

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.

Colorado Springs Municipal Airport
Colorado Springs, Colorado
NOTES TO FINANCIAL STATEMENTS
December 31, 2009 and 2008

NOTE C – DETAILED NOTES – Continued

3. Revenue bonds payable – continued

Maturities of the Airport System Revenue Bonds and related interest expense are as follows as of December 31, 2009:

Year ending December 31,	2007A		2007B		2002A		Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2010	230,000	126,788	285,000	334,938	780,000	1,810,962	1,295,000	2,272,688
2011	230,000	117,588	300,000	322,113	2,490,000	1,777,812	3,020,000	2,217,513
2012	240,000	108,388	315,000	307,113	2,625,000	1,640,862	3,180,000	2,056,363
2013	250,000	98,788	330,000	291,363	2,770,000	1,496,488	3,350,000	1,886,639
2014	260,000	88,788	340,000	278,163	2,920,000	1,344,138	3,520,000	1,711,089
2015-2019	1,465,000	279,338	2,665,000	1,136,450	16,800,000	4,533,488	20,930,000	5,949,276
2020-2023	485,000	26,374	3,600,000	420,112	7,935,000	599,998	12,020,000	1,046,484
Totals	<u>\$ 3,160,000</u>	<u>\$ 846,052</u>	<u>\$ 7,835,000</u>	<u>\$ 3,090,252</u>	<u>\$ 36,320,000</u>	<u>\$ 13,203,748</u>	<u>\$ 47,315,000</u>	<u>\$ 17,140,052</u>

Colorado Springs Municipal Airport
Colorado Springs, Colorado
NOTES TO FINANCIAL STATEMENTS
December 31, 2009 and 2008

NOTE C – DETAILED NOTES – Continued

4. *Note Payable/Note Receivable*

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. The total amount outstanding as of December 31, 2009, is \$2,208,491. Loan payments through October 2030, will be made with funds derived from a surcharge, above and beyond the monthly land lease, that is collected from the tenant.

Related to the Note Payable is a Note Receivable that represents the tenant's infrastructure surcharge payment discussed above. The ground lease for the land parcel has been structured such that it contains two components. The first component is the ground rent. The second component of the lease is a surcharge in the exact amount needed to repay the commercial loan. This revenue stream will be used strictly to repay the loan and will be kept separate from the flow of funds associated with the Airline Use and Lease Agreement.

The following is an amortization schedule (including Principal and Interest) for the remainder of the loan period as of December 31, 2009:

<u>Year ending</u> <u>December 31,</u>	<u>Payment</u>	<u>Interest</u>	<u>Principal</u>
2010	228,696	188,729	39,967
2011	228,696	185,146	43,550
2012	228,696	181,241	47,455
2013	228,696	176,985	51,711
2014	228,696	172,349	56,347
2015-2019	1,143,480	776,263	367,217
2020-2024	1,143,480	579,332	564,148
2025-2029	1,143,480	276,793	866,687
2030	<u>177,803</u>	<u>6,394</u>	<u>171,409</u>
Totals	<u>\$ 4,751,723</u>	<u>\$ 2,543,232</u>	<u>\$ 2,208,491</u>

Colorado Springs Municipal Airport
Colorado Springs, Colorado
NOTES TO FINANCIAL STATEMENTS
December 31, 2009 and 2008

NOTE C – DETAILED NOTES – Continued

4. *Note Payable/Note Receivable- continued*

On December 19, 2007, the Airport entered into a loan agreement in the amount of \$3,500,000 with the Colorado Department of Transportation to fund improvements to public roadway signage and to resurface the entry/exit roads to the Airport. Debt service payments on this loan will be made from PFC revenues. This loan matures on November 2, 2014. The following is an amortization schedule (including Principal and Interest) for the remainder of the loan period as of December 31, 2009:

Year ending <u>December 31,</u>	<u>Payment</u>	<u>Interest</u>	<u>Principal</u>
2010	561,772	77,182	484,590
2011	561,772	62,645	499,127
2012	561,772	47,671	514,101
2013	561,772	32,248	529,524
2014	<u>561,772</u>	<u>16,362</u>	<u>545,410</u>
Totals	<u>\$ 2,808,860</u>	<u>\$ 236,108</u>	<u>\$ 2,572,752</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 will be made from PFC revenues. This loan matures on July 3, 2015. The following is an amortization schedule (including Principal and Interest) for the remainder of the loan period as of December 31, 2009:

Year ending <u>December 31,</u>	<u>Payment</u>	<u>Interest</u>	<u>Principal</u>
2010	96,304	15,651	80,653
2011	96,304	13,231	83,073
2012	96,304	10,739	85,565
2013	96,304	8,172	88,132
2014	96,304	5,528	90,776
2015	<u>96,304</u>	<u>2,805</u>	<u>93,499</u>
Totals	<u>\$ 577,824</u>	<u>\$ 56,126</u>	<u>\$ 521,698</u>

Colorado Springs Municipal Airport
Colorado Springs, Colorado
NOTES TO FINANCIAL STATEMENTS
December 31, 2009 and 2008

NOTE C – DETAILED NOTES – Continued

5. *Leases*

The Airport leases facilities and land to various 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. The airline and car rental agreements expire on December 31, 2011, with an additional one year option. The Airport fully anticipates executing new airline and car rental agreements that contain similar terms to the existing agreement. The following is a schedule, by year, of minimum future rentals of the operating leases as of December 31, 2009:

Year ending <u>December 31,</u>	
2010	\$11,669,693
2011	11,477,063
2012	11,101,507
2013	1,285,441
2014	1,233,462
2015-2019	2,853,082
2020-2024	2,367,867
2025-2029	2,055,810
2030-2034	1,759,242
2035-2039	1,706,066
2040-2044	1,680,701
2045-2049	1,447,966
2050-2054	1,311,239
2060	<u>817,898</u>
	<u>\$52,767,037</u>

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 \$810,803 and \$600,176 for the years ended December 31, 2009 and 2008, respectively.

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

	December 31, <u>2009</u>	December 31, <u>2008</u>
Land	\$ 18,423,581	\$ 18,423,581
Buildings	94,502,036	93,684,799
Improvements other than buildings	161,976,415	131,089,774
Infrastructure	<u>26,796,307</u>	<u>22,164,329</u>
	301,698,339	265,362,483
Less accumulated depreciation	<u>(80,793,129)</u>	<u>(72,623,498)</u>
	<u>\$220,905,210</u>	<u>\$192,738,985</u>

Colorado Springs Municipal Airport
Colorado Springs, Colorado
NOTES TO FINANCIAL STATEMENTS
December 31, 2009 and 2008

NOTE C – DETAILED NOTES – Continued

5. *Leases- continued*

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 fire fighting services at the Airport as annual contributions (in-kind services) in lieu of payment of landing fees under the lease.

In 2009, the Airport entered into a capital lease with AMPCO System Parking to furnish a parking revenue management system. The system acquired by this lease has been capitalized in the Airport's financial statements.

Future minimum lease obligations and the net present value of these minimum lease payments as of December 31, 2009 are as follows:

<u>Year ending December 31,</u>	<u>Minimum lease obligation</u>
2010	\$ 160,275
2011	160,275
2012	160,275
2013	160,275
2014	<u>40,069</u>
Minimum lease obligation	681,169
Amount representing interest	<u>(93,446)</u>
Present value of net minimum payments	<u>\$ 587,723</u>

This capital lease agreement has been included as an asset as follows:

	<u>December 31, 2009</u>
Machinery and Equipment	674,519
Less accumulated depreciation	<u>(47,778)</u>
Net capitalized lease property	<u>\$ 626,741</u>

Colorado Springs Municipal Airport
Colorado Springs, Colorado
NOTES TO FINANCIAL STATEMENTS
December 31, 2009 and 2008

NOTE C – DETAILED NOTES – Continued

6. *Changes in long-term liabilities*

Long-term liabilities activity for the year ended December 31, 2009, was as follows:

	Balance January 1, 2009	Additions	Reductions	Balance December 31, 2009	Due within one year
Revenue bonds	\$ 51,699,494	\$ 629,206	\$ (5,013,700)	\$ 47,315,000	\$ 1,295,000
Deferred amounts on refundings	(737,681)	76,873	(8,174)	(668,982)	20,910
Bond Discount	<u>(132,244)</u>	<u>14,477</u>	<u>-</u>	<u>(117,767)</u>	<u>13,951</u>
Total bonds payable	50,829,569	720,556	(5,021,874)	46,528,251	\$ 1,329,861
Note payable	5,888,371		(585,432)	5,302,939	605,210
Capital Lease	-	587,719	-	587,719	122,993
Compensated absences- accrued sick leave benefits	<u>390,018</u>	<u>-</u>	<u>(4,125)</u>	<u>385,893</u>	<u>-</u>
Long-term liabilities	<u>\$57,107,958</u>	<u>\$ 1,308,275</u>	<u>\$ (5,611,431)</u>	<u>\$52,804,802</u>	<u>\$2,058,064</u>

Long-term liabilities activity for the year ended December 31, 2008, was as follows:

	Balance January 1, 2008	Additions	Reductions	Balance December 31, 2008	Due within one year
Revenue bonds	\$ 54,735,426	\$ 739,431	\$ (3,775,363)	\$ 51,699,494	\$ 2,841,918
Deferred amounts on refundings	(824,940)	-	87,259	(737,681)	21,699
Bond Discount	<u>(147,007)</u>	<u>-</u>	<u>14,763</u>	<u>(132,244)</u>	<u>14,477</u>
Total bonds payable	53,763,479	739,431	(3,673,341)	50,829,569	\$ 2,878,094
Note payable	5,677,442	702,121	(491,192)	5,888,371	588,148
Compensated absences- accrued sick leave benefits	<u>433,436</u>	<u>-</u>	<u>(43,418)</u>	<u>390,018</u>	<u>-</u>
Long-term liabilities	<u>\$59,874,357</u>	<u>\$ 1,441,552</u>	<u>\$ (4,207,951)</u>	<u>\$ 57,107,958</u>	<u>\$3,466,242</u>

Colorado Springs Municipal Airport
Colorado Springs, Colorado
NOTES TO FINANCIAL STATEMENTS
December 31, 2009 and 2008

NOTE C – DETAILED NOTES – Continued

7. *Interfund balances*

There are no interfund balances as of December 31, 2009.

8. *Commitments*

As of December 31, 2009, the Airport had commitments outstanding, in the form of contracts and purchases orders, of approximately \$9,284,587, primarily for construction projects and equipment.

NOTE D – OTHER INFORMATION

1. *Risk management*

The City of Colorado Springs has established 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 major property coverage, the City has purchased commercial insurance policies with varying deductibles. All deductibles related to these policies are paid from the budget of the individual departments so affected. The Airport is included in the property coverage of the City. 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 2009, 2008 or 2007.

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 hired prior to August 1, 1988, receive a limited Airport contribution not to exceed \$91.40 per month.

Benefits were provided as follows:

	<u>Year ended December 31,</u>	
	<u>2009</u>	<u>2008</u>
Retirees with full coverage	1	1
Retirees with partial coverage	27	27
	28	28
Cost of retirement benefits	\$ 27,674	\$ 28,126

Post-retirement health care and life insurance benefits are funded through current revenue sources appropriated and accounted for in the City's annual budget.

Colorado Springs Municipal Airport
Colorado Springs, Colorado
NOTES TO FINANCIAL STATEMENTS
December 31, 2009 and 2008

NOTE D – OTHER INFORMATION – Continued

3. *Retirement plans*

A. Defined Benefit Pension Plan

Plan Description: The City contributes to 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). Prior to January 1, 2006, the LGDTF was known as the Municipal Division Trust Fund (MDTF). LGDTF provides retirement and disability, annual increases, and death benefits for members or their beneficiaries. All permanent employees, except uniformed police and fire, of the City are members of the LGDTF. 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 or by writing to Colorado PERA, 1300 Logan Street, Denver, Colorado 80203 or by calling PERA at 303-832-9550 or 1-800-759-PERA (7372).

Funding Policy: Plan members and the City are required to contribute to the LGDTF at a rate set by statute. The contribution requirements of the plan members and the City are established under Title 24, Article 51, Part 4 of the CRS, as amended. The contribution rate for members is 8% and for the City it is 10% of covered salary. A portion of the City's contribution (1.02% of covered salary) is allocated for the Health Care Trust Fund (see note D.3.B Post-employment Healthcare Benefits). Beginning July 1, 2005, if the City rehired a PERA retiree as an employee or under any other work arrangement, it was required to report and pay employer contributions on the amounts paid for the retiree; however, no member contributions are required. The City is also required to pay an amortization equalization disbursement (AED) equal to 1.8% of the total payroll. Additionally, the City is required to pay a supplemental amortization equalization disbursement (SAED) equal to 1.0% of the total payroll. The Airport's contributions to LGDTF for the years ended December 31, 2009, 2008 and 2007, were \$658,592, \$555,798 and \$512,147, respectively, equal to the required contributions for each year.

B. Post-employment Healthcare Benefits

Plan Description: The City contributes to the Health Care Trust Fund (HCTF), a cost-sharing multiple-employer post-employment healthcare plan administered by PERA. The HCTF provides a health care premium subsidy to PERA participating benefit recipients and their eligible beneficiaries. Title 24, Article 51, Part 12 of the CRS, as amended, assigns the authority to establish the HCTF benefit provisions to the State Legislature. PERA issues a publicly available annual financial report that includes financial statements and required supplementary information for the HCTF. That report may be obtained online at www.copera.org or by writing to PERA of Colorado, 1300 Logan 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
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NOTE D – OTHER INFORMATION – Continued

3. *Retirement plans – continued*

Funding Policy: The City is required to contribute at a rate of 1.02% of covered salary for all PERA members as set by statute which is included in the contribution rate of 12.8% of covered salary. No member contributions are required. The contribution requirements for the City are established under Title 24, Article 51, Part 4 of the CRS, as amended. The apportionment of the contribution to the HCTF is established under Title 24, Article 51, Section 208 of the CRS, as amended. The Airport's contributions to HCTF for the years ending December 31, 2009, 2008, and 2007, were \$52,620, \$47,776, and \$47,490 respectively, equal to their required contributions for each year.

C. Defined Contribution Plan

Plan Description: The LGDTF members of the City may voluntarily contribute to the Voluntary Investment Program (401(k) Plan), an Internal Revenue Code Section 401(k) defined contribution plan administered by PERA. Plan participation is voluntary, and contributions are separate from others made to PERA. Title 24, Article 51, Part 14 of the CRS, as amended, assigns the authority to establish the 401(k) Plan provisions to the State Legislature.

The 401(k) Plan is funded by voluntary member contributions of up to a maximum limit set by the IRS (\$16,500 in 2009 and \$15,500 in the 2008 calendar year). There is a catch-up provision that allows participants age 50 and older who are contributing the maximum to contribute an additional \$5,000 annually to their account. The 401(k) Plan member contributions from the Airport for the years ended December 31, 2009, 2008 and 2007, were \$78,031, \$96,094 and \$102,973, respectively.

D. Uniformed Employee Defined Benefit Plan

All fire and police officers of the City participate in one of five agent, multiple employer, defined benefit pension plans, depending upon their status as a police or fire officer and their hire date (Old Hire/Alternate/Statewide). The Alternate Fire and Alternate Police plans were merged into the FPPA Defined Benefit System known as the Colorado Springs New Hire Pension Plan (CSNHPP) on October 1, 2006. As a function of the merger, FPPA is the plan administrator for the CSNHPP. FPPA Board of Directors functions as the trustee and pension board for CSNHPP and administers the benefits under the CSNHPP plan as well as the Statewide plan. The Old Hire plans will continue to be administered jointly by the City and FPPA. The plans are included as pension trust funds. FPPA issues a publicly available annual financial report that includes financial statements and required supplementary information. That report can be obtained by writing to: Fire and Police Pension Association, Two DTC, 5290 DTC Parkway, Suite 100, Greenwood Village, Colorado 80111-2721 or by calling FPPA at 303-770-3772.

Colorado Springs Municipal Airport
Colorado Springs, Colorado
NOTES TO FINANCIAL STATEMENTS
December 31, 2009 and 2008

NOTE D – OTHER INFORMATION – Continued

4. *Disclosures about fair value of financial instruments*

The following methods and assumptions were used to estimate the fair value of each class of financial instruments for which it is practicable to estimate that value.

Restricted assets – investments and cash and investments

The carrying amount approximates fair value because of the short maturity of most of these instruments. The fair values of some investments are estimated based on quoted market prices for those or similar investments.

Revenue bonds payable

The fair value of the Airport’s revenue bonds payable is estimated based on the quoted market prices of the debt in secondary bond markets.

The estimated fair values of the Airport’s financial instruments are as follows as of December 31, 2009, and 2008:

	December 31, 2009	
	Carrying amount	Fair value
Restricted assets – investments	\$ 5,577,425	\$ 5,577,425
Cash and investments	37,882,685	37,882,685
Revenue bonds payable	47,315,000	51,191,787
	December 31, 2008	
	Carrying amount	Fair value
Restricted assets – investments	\$ 5,843,951	\$ 5,843,951
Cash and investments	41,474,702	41,474,702
Revenue bonds payable	50,829,569	56,672,648

5. *Compliance with OMB Circular A-133*

The Colorado Springs Airport receives funding from the Federal Aviation Administration and the City of Colorado Springs administers these grants. As such, these grants have been audited in accordance with OMB Circular A-133 at the City level.

SUPPLEMENTARY AND OTHER INFORMATION

Colorado Springs Municipal Airport
Colorado Springs Colorado
SCHEDULE OF FINANCIAL ACTIVITY PER THE
BOND ORDINANCE FUNDS AND ACCOUNTS
Year ending December 31, 2009

	Gross Revenue Fund	Operations/Maintenance Fund	Bond Fund		Bond Reserve Account	O & M Reserve Fund	Renewal & Replacement Fund	Capital Improvement Fund		Passenger Facility Account	Customer Facility Account	Totals
			Bond Account	Interest Account				Prepaid Revenue Account	Capital Account			
Beginning balance as of January 1, 2009	\$1,391,498.33	\$0.00	\$0.00	\$0.00	\$5,604,162.50	\$4,027,037.75	\$750,000.00	\$1,401,040.36	\$18,729,486.70	\$3,981,408.54	\$2,728,843.28	\$38,613,477.46
Add: Commitments as of December 31, 2008	-	101,095.93	-	-	-	-	-	-	3,334,566.12	88,441.63	-	3,524,103.68
Adjusted balance as of January 1, 2009	1,391,498.33	101,095.93	-	-	5,604,162.50	4,027,037.75	750,000.00	1,401,040.36	22,064,052.82	4,069,850.17	2,728,843.28	42,137,581.14
Calendar year 2009 activity												
Operating Revenues	21,157,080.83											21,157,080.83
Non-Operating Revenues												
Interest Earnings	243,192.21		36,490.62	51,282.78	265,817.38	157,026.78	29,206.96	54,491.09	694,516.31	149,406.20	96,427.55	1,779,857.88
Passenger facility charges										2,510,283.67		2,510,283.67
Customer facility charges											835,669.50	835,669.50
Other revenue (expense)	5,485.57											5,485.57
Reserve Adjustments					(170,312.50)	125,353.00		(42,577.86)				(87,537.36)
FAVTA Grant Revenues		178,358.73							12,508,239.31			12,686,598.04
Bond Proceeds												-
Sub-total revenues	22,797,257.04	279,454.66	36,490.62	51,282.78	5,699,667.38	4,309,417.53	779,206.96	1,412,953.59	35,286,808.44	6,729,540.04	3,662,940.33	81,025,019.37
Operating Expenses		(14,610,181.39)										(14,610,181.39)
Operating Transfers Out												-
Operating Capital		(232,787.71)										(232,787.71)
Capital Expenses									(14,534,036.76)	(1,692,060.09)	(148,866.58)	(16,374,963.43)
Non-Operating Expenses												
Debt Service Expenses			(1,729,912.00)	(3,503,525.75)								(5,233,437.75)
Escrow of 2010 1952 Debt Service Payment									(1,675,000.00)			(1,675,000.00)
Sub-total expenses	-	(14,842,969.10)	(1,729,912.00)	(3,503,525.75)	-	-	-	-	(16,209,036.76)	(1,692,060.09)	(148,866.58)	(36,451,370.28)
Balance before encumbrances, commitments, and transfers	22,797,257.04	(14,563,514.44)	(1,693,421.38)	(3,452,242.97)	5,699,667.38	4,309,417.53	779,206.96	1,412,953.59	19,057,771.58	5,037,479.95	3,514,073.75	44,573,648.09
Encumbrances at December 31, 2009	-	(98,253.96)	-	-	-	-	-	-	(7,500,281.20)	(1,704,559.92)	(79,746.28)	(9,382,841.36)
Other commitments at December 31, 2009												-
Sub-total commitments	-	(98,253.96)	-	-	-	-	-	-	(7,500,281.20)	(1,704,559.92)	(79,746.28)	(9,382,841.36)
Transfers:												
Operating/Maintenance	(14,661,768.40)	14,661,768.40										-
Bond Debt Service	(5,233,437.75)		1,729,912.00	3,503,525.75								-
2009 Bond Ordinance Requirements												-
Income Available for Sharing-City's Portion	(1,548,838.00)								1,548,838.00			-
Funding Adj.-Encumbrances/Working Capital	449,413.67								(449,413.67)			-
Non-Preferential Gate Use Fee	(131,482.00)								131,482.00			-
Net (Rev)/Expense on Fountain Term Site	(26,327.00)								26,327.00			-
Net (Rev)/Expense on Business Park Phase 1	(164,865.00)								164,865.00			-
Repayment of Loans to Capital Account	(635,647.00)								183,875.00			-
Interest to:												-
Airlines	539,824.52		(36,490.62)	(51,282.78)	(265,817.38)	(157,026.78)	(29,206.96)					-
Capital Account								(54,491.09)	54,491.09			-
Sub-total transfers	(21,413,126.96)	14,661,768.40	1,693,421.38	3,452,242.97	(265,817.38)	(157,026.78)	(29,206.96)	(54,481.09)	1,640,264.42	-	-	-
Ending Balance December 31, 2009	1,384,130.08	-	-	-	5,433,850.00	4,152,390.75	750,000.00	1,358,462.50	13,197,754.90	3,332,920.03	3,434,327.47	35,180,807.73

Colorado Springs Municipal Airport
Colorado Springs, Colorado
AIRLINES SERVING THE AIRPORT
December 31, 2009
(unaudited)

Passenger Airlines

Major and National

Allegiant Air
American Airlines
Continental Airlines
Delta Air Lines
Northwest Airlines
United Airlines
US Airways

Regional and Commuter

ExpressJet Airlines (Continental Express)
Mesa Air Group (US Airways
Express and United Express)
Lynx Aviation
Mesaba Aviation (Northwest Airlink)
SkyWest Airlines (Delta Connection
and United Express)

All-Cargo Airlines

FedEx
Key Lime Air

Source: Colorado Springs Municipal Airport management records.

Colorado Springs Municipal Airport
Colorado Springs, Colorado
HISTORICAL AIRLINE TRAFFIC
For the years ended December 31, 1999-2009
(unaudited)

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
1999	1,193,993	49,421	1,243,414	-5.9%	15,828	2,700	1,222	19,750	7.6%	75	18
2000	1,155,670	64,696	1,220,366	-1.9%	14,324	3,171	1,256	18,751	-5.1%	81	20
2001	976,459	89,395	1,065,854	-12.7%	13,318	3,362	2,221	18,901	0.8%	73	27
2002	846,693	221,464	1,068,157	0.2%	12,361	7,242	2,441	22,044	16.6%	68	31
2003	755,056	256,587	1,011,643	-5.3%	11,059	7,474	2,032	20,565	-6.7%	68	34
2004	715,187	319,560	1,034,747	2.3%	10,477	9,204	1,926	21,607	5.1%	68	35
2005	720,710	310,123	1,030,833	-0.4%	11,170	7,860	1,823	20,853	-3.5%	65	39
2006	735,077	281,939	1,017,016	-1.3%	10,599	7,244	1,731	19,574	-6.1%	69	39
2007	706,900	326,686	1,033,586	1.6%	10,702	7,148	1,591	19,441	-0.7%	66	46
2008	644,357	353,990	998,347	-3.4%	10,242	7,686	1,272	19,200	-1.2%	63	46
2009	598,575	331,025	929,600	-6.9%	9,529	6,726	826	17,081	-11.0%	63	49
	643,191										
	1,166										

Source: Colorado Springs Municipal Airport management records.

Colorado Springs Municipal Airport
Colorado Springs, Colorado
AIRLINE SHARES OF ENPLANED PASSENGERS
For the year ended December 31, 2000 - 2009
(unaudited)

	2000		2001		2002		2003		2004		2005		2006		2007		2008		2009		
	Number	Percent of total	Number	Percent of total	Number	Percent of total															
Major/national airlines																					
Allegiant Air (1)	-	-	-	-	18,152	1.7%	35,825	3.5%	37,440	3.6%	30,697	3.0%	35,224	3.5%	33,281	3.2%	33,543	3.4%	32,673	3.5%	
America West Airlines (2)	67,900	5.6%	57,235	5.4%	4,748	0.4%	38,249	3.8%	-	-	-	-	-	-	-	-	-	-	-	-	
American Airlines	269,455	22.1%	236,590	22.5%	275,207	25.8%	205,365	20.3%	161,958	15.7%	190,594	18.5%	205,064	20.2%	219,085	21.2%	213,341	21.4%	208,535	22.4%	
Continental Airlines (3)	55,373	4.6%	56,926	5.4%	47,611	4.5%	10,295	1.0%	10,581	1.0%	481	0.0%	185	0.0%	-	-	-	-	93	0.0%	
Delta Air Lines	251,817	20.7%	190,221	18.0%	112,858	10.6%	69,157	6.8%	85,216	8.3%	80,364	7.8%	66,019	6.5%	41,539	4.0%	36,371	3.6%	46,526	5.0%	
Midwest Airlines (4)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	11,719	1.1%	4,793	0.5%	-	-	
Northwest Airlines (5)	79,924	6.6%	68,021	6.5%	66,214	6.2%	78,327	7.7%	86,261	8.3%	83,026	8.1%	75,689	7.4%	78,955	7.7%	52,286	5.2%	-	-	
Trans World Airlines (6)	86,505	7.1%	69,915	6.6%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
United Airlines (7)	341,247	28.0%	284,446	27.0%	283,933	26.6%	317,321	31.4%	332,448	32.1%	334,426	32.4%	351,779	34.6%	321,194	31.1%	302,857	30.3%	310,776	33.5%	
Vanguard Airlines (8)	-	-	1,518	0.1%	26,635	2.5%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Charters	-	-	-	-	11,335	1.0%	517	0.1%	1,283	0.1%	1,122	0.1%	1,117	0.1%	1,127	0.1%	1,166	0.1%	796	0.1%	
	1,152,221	94.7%	964,872	91.5%	846,693	79.3%	755,056	74.6%	715,187	69.1%	720,710	69.9%	735,077	72.3%	706,900	68.1%	644,357	64.5%	599,399	64.5%	
Regional/commuter airlines																					
America West Express (9)	35,652	2.9%	43,246	4.1%	92,953	8.7%	69,221	6.8%	107,428	10.4%	119,326	11.6%	94,078	9.3%	91,746	8.9%	-	-	-	-	
American Eagle Airline (10)	-	-	-	-	-	-	-	-	-	-	22,239	2.2%	29,866	2.9%	17,338	1.7%	-	-	-	-	
Chautauqua Airlines (11)	-	-	-	-	-	-	1,760	0.2%	5,826	0.6%	-	-	-	-	12,797	1.2%	-	-	-	-	
Comair (12)	6,035	0.5%	-	-	2,406	0.2%	25,030	2.5%	28,998	2.8%	30,226	2.9%	25,407	2.5%	18,817	1.8%	5,166	0.5%	-	-	
Continental Express (13)	2,091	0.2%	3,964	0.4%	24,346	2.3%	59,071	5.8%	59,186	5.7%	70,000	6.8%	79,538	7.8%	63,737	6.2%	71,763	7.2%	71,734	7.7%	
Great Plains Airlines (14)	-	-	2,465	0.2%	13,052	1.2%	2,772	0.3%	-	-	-	-	-	-	-	-	-	-	-	-	
ExpressJet Airlines (15)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	44,345	4.3%	48,050	4.8%	-	-	
Frontier/Lynx (16)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	62,316	6.2%	103,964	11.2%	
Mesa Airlines (17)	7,836	0.6%	6,833	0.7%	5,085	0.5%	5,179	0.5%	4,643	0.5%	4,333	0.4%	2,886	0.3%	-	-	-	-	-	-	
Northwest Airlink (18)	-	-	-	-	-	-	-	-	-	1,445	0.1%	2,105	0.2%	413	0.0%	20,598	2.1%	48,034	5.2%		
Skywest (19)	13,042	1.1%	32,887	3.1%	83,622	7.8%	93,554	9.3%	107,941	10.4%	56,403	5.5%	48,059	4.7%	77,493	7.5%	63,520	6.4%	41,021	4.4%	
Trans States Airlines (20)	-	-	-	-	-	-	-	-	5,538	0.5%	6,151	0.6%	-	-	-	-	-	-	-	-	
US Express (21)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	82,577	8.3%	65,448	7.0%	
	64,696	5.3%	89,395	8.5%	221,464	20.7%	256,587	25.4%	319,560	30.9%	310,123	30.1%	281,939	27.7%	326,686	31.6%	353,990	35.5%	330,201	35.5%	
Total	1,216,917	100.0%	1,054,267	100.0%	1,068,137	100.0%	1,011,643	100.0%	1,034,747	100.0%	1,030,833	100.0%	1,017,016	100.0%	1,033,586	100.0%	998,347	100.0%	929,600	100.0%	

- 1 Allegiant Airlines started service in February 2002.
- 2 America West discontinued service in September 2004 and transferred all activity to America West Express operated by Mesa Air Group. US Airways and America West merged in 2005.
- 3 Continental transferred most of its activity to Continental Express starting April 2002 and all activity to Continental Express in 2006.
- 4 Midwest Airlines started service in July 2007 and discontinued service April 2008.
- 5 Northwest merged with Delta Air Lines in September 2008.
- 6 Trans World Airlines merged with American Airlines in December 2001.
- 7 United Airlines transferred all activity control to SkyWest in January 2007 and operates as United Express. Data includes Air Wisconsin, Atlantic Coast, Mesa, SkyWest, and ExpressJet serving as United Express carriers. United does not report passenger activity for United Express carriers separately.
- 8 Vanguard started service December 2001. On July 30, 2002, Vanguard filed for bankruptcy protection and subsequently ceased all operations at the Airport.
- 9 America West Express started service in October 1999. US Express took over flying after US Airways and America West merged.
- 10 American Eagle Airlines began service June 2005 and ceased service November 2007.
- 11 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.
- 12 Comair started service in October 1998 as Delta Connection and ceased service as of April 2000. Comair resumed service in December 2002 as Delta Connection and ceased operations April 2008.
- 13 Continental Express started service in October 1999. Ceased service as of May 2000. Provided service May through September 2001. Began service again in April 2002.
- 14 Great Plains started service in October 2001. Ceased service as of March 2003.
- 15 ExpressJet Airline started service April 2007 and ceased all brand flying in September of 2008.
- 16 Frontier/Lynx started service in April 2008.
- 17 Mesa Airlines discontinued service November 2006.
- 18 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.
- 19 SkyWest's enplaned passenger count represents activity serving as a Delta Connection carrier. Served the airport from December 1995 to October 1998 as Delta Connection. Began service again in April 1999.
- 20 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.
- 21 US Express operated by Mesa Air Group after America West and US Airways merger.

Source: Colorado Springs Municipal Airport management records.

Colorado Springs Municipal Airport
Colorado Springs, Colorado
HISTORICAL AIRCRAFT LANDED WEIGHT
For the years ended December 31, 2000 - 2009
(unaudited)

	2000		2001		2002		2003		2004		2005		2006		2007		2008		2009	
	1,000-lb units	Percent of total																		
Passenger Airlines																				
Major and national																				
Air Wisconsin (United Express) (1)	120,689	6.2%	113,231	6.3%	111,965	6.1%	163,342	10.4%	108,501	6.9%	13,581	0.9%	-	-	-	-	-	-	-	-
Allegiant (2)	-	-	-	-	32,392	1.8%	43,215	2.7%	44,834	2.9%	36,090	2.4%	42,548	3.0%	38,781	2.9%	35,922	2.8%	34,753	3.0%
America West Airlines (3)	102,663	5.3%	85,899	4.8%	7,167	0.4%	56,478	3.6%	-	-	-	-	-	-	-	-	-	-	-	-
American Airlines	403,390	20.7%	379,416	21.1%	463,875	25.5%	326,804	20.7%	238,368	15.2%	264,071	17.3%	287,393	20.3%	256,543	19.2%	249,202	19.2%	243,363	20.8%
Atlantic Coast (United Express) (4)	-	-	-	-	5,593	0.3%	13,959	0.9%	-	-	-	-	-	-	-	-	-	-	-	-
Continental Airlines (5)	82,776	4.2%	85,066	4.7%	67,132	3.7%	12,716	0.8%	13,456	0.9%	481	0.0%	256	0.0%	-	-	-	-	110	-
Delta Air Lines	359,984	18.4%	330,292	18.4%	171,492	9.4%	97,614	6.2%	104,800	6.7%	104,588	6.8%	81,090	5.7%	49,302	3.7%	40,428	3.1%	50,500	4.3%
ExpressJet Airlines (United Express) (6)	-	-	-	-	-	-	4,641	0.3%	55,028	3.5%	34,306	2.2%	48,886	3.5%	45,219	3.4%	55,002	4.3%	68,110	5.8%
Mesa Air Group (United Express) (7)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Midwest Airline (8)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Northwest Airlines (9)	108,617	5.6%	101,678	5.6%	100,966	5.5%	102,209	6.5%	114,480	7.3%	109,674	7.2%	92,331	6.5%	16,732	1.3%	8,131	0.6%	-	-
Sky West Airlines (United Express) (10)	-	-	-	-	36,784	2.0%	30,525	3.2%	114,408	7.3%	322,989	21.2%	314,317	22.2%	343,257	25.8%	327,464	25.3%	314,881	26.9%
Trans World Airlines (11)	106,470	5.4%	109,010	6.1%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
United Airlines (12)	386,061	19.8%	263,612	14.7%	256,244	14.1%	188,819	12.0%	144,225	9.2%	54,551	3.6%	41,233	2.9%	-	-	-	-	-	-
Vanguard Airlines (13)	-	-	2,349	0.1%	46,112	2.5%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Regional and commuter	1,670,650	85.6%	1,470,553	81.8%	1,299,722	71.3%	1,060,522	67.3%	937,700	59.9%	940,331	61.6%	908,054	64.1%	845,253	63.5%	778,522	60.1%	712,775	60.9%
American Eagle (14)	-	-	-	-	-	-	-	-	-	-	26,264	1.7%	39,798	2.8%	20,100	1.5%	-	-	-	-
Chautauqua Airlines (American Connection) (15)	-	-	-	-	-	-	2,515	0.2%	7,668	0.5%	-	-	-	-	-	-	-	-	-	
Chautauqua Airlines (Continental Express) (16)	-	-	-	-	-	-	-	-	-	-	-	-	-	14,997	1.1%	-	-	-	-	
Comair (Delta Connection) (17)	8,366	0.4%	-	-	4,067	0.2%	45,474	2.9%	47,366	3.0%	48,006	3.2%	33,835	2.4%	23,651	1.8%	6,901	0.5%	-	-
Continental Express (18)	3,133	0.2%	4,978	0.3%	25,647	1.4%	63,277	4.0%	68,232	4.4%	78,282	5.1%	84,273	5.9%	62,922	4.7%	74,414	5.7%	74,728	6.4%
GO-Jet Airlines (19)	-	-	-	-	-	-	-	-	-	-	-	-	5,628	0.4%	-	-	-	-	-	
Great Plains Airlines (20)	-	-	3,168	0.2%	28,920	1.6%	6,616	0.4%	-	-	-	-	-	-	-	-	-	-	-	
ExpressJet Airlines (21)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	64,312	4.8%	61,224	4.7%	-	
Lynx (Frontier) (22)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	78,917	6.1%	123,387	10.6%
Mesa Air Group (US Express) (23)	48,700	2.5%	57,998	3.2%	117,641	6.5%	87,467	5.5%	128,413	8.2%	147,341	9.7%	115,782	8.2%	93,609	7.0%	88,932	6.9%	70,531	6.0%
Mesa Airlines (24)	25,263	1.3%	14,226	0.8%	10,026	0.6%	9,960	0.6%	10,790	0.7%	9,462	0.6%	6,806	0.5%	-	-	-	-	-	
Mesaba Airlines (Northwest Airlink) (25)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	18,093	1.4%	55,424	4.7%
Pinnacle (Northwest Airlink) (26)	-	-	-	-	-	-	-	-	-	-	1,645	0.1%	2,632	0.2%	517	0.1%	5,593	0.4%	-	
Skyswest (Delta Connection) (27)	16,685	0.8%	49,305	2.7%	118,607	6.5%	127,464	8.1%	167,179	10.7%	73,602	4.8%	60,160	4.2%	87,052	6.5%	74,058	5.7%	47,003	4.0%
Trans States Airlines (American Connection) (28)	-	-	-	-	-	-	-	-	7,489	0.5%	7,699	0.5%	-	-	-	-	-	-	-	
Trans States Airlines (United Express) (29)	-	-	-	-	-	-	-	-	-	-	-	-	8,425	0.6%	-	-	-	-	-	
Total Passenger Airlines	102,149	5.2%	129,673	7.2%	304,908	16.8%	342,773	21.7%	437,137	28.0%	392,301	25.7%	357,339	25.2%	367,160	27.5%	408,132	31.4%	371,073	31.7%
All-cargo airlines																				
Airborne Express (30)	51,608	2.6%	43,859	2.4%	26,517	1.5%	26,926	1.7%	28,244	1.8%	29,634	2.0%	25,397	1.8%	25,678	1.9%	15,848	1.2%	-	-
Corporate Air (31)	-	-	3,453	0.2%	1,496	0.1%	-	-	-	-	-	-	-	-	-	-	-	-	-	
FedEx	119,834	6.2%	127,116	7.1%	162,863	8.9%	137,572	8.7%	151,897	9.7%	155,966	10.2%	117,927	8.3%	83,840	6.3%	84,927	6.6%	80,712	6.9%
Key Lime Air (32)	-	-	1,589	0.1%	1,855	0.1%	2,149	0.1%	2,614	0.2%	3,917	0.4%	7,341	0.5%	9,767	0.7%	7,318	0.6%	4,495	0.4%
Sundance Air (33)	-	-	2,947	0.2%	4,992	0.3%	4,934	0.3%	3,930	0.3%	-	-	-	-	-	-	-	-	-	
Superior (34)	-	-	-	-	3,351	0.2%	1,287	0.1%	-	-	-	-	-	-	-	-	-	-	-	
Total All-cargo Airlines	171,442	8.8%	178,964	10.0%	201,074	11.1%	172,868	10.9%	186,685	12.0%	191,517	12.6%	150,663	10.6%	119,285	8.9%	108,093	8.4%	85,207	7.3%
Charter																				
Total	1,951,456	100.0%	1,797,626	100.0%	1,821,175	100.0%	1,576,794	100.0%	1,563,733	100.0%	1,525,778	100.0%	1,417,293	100.0%	1,332,830	100.0%	1,295,914	100.0%	1,170,543	100.0%

Note: see following page for footers.

(continued)

Colorado Springs Municipal Airport
Colorado Springs, Colorado
HISTORICAL AIRCRAFT LANDED WEIGHT- Continued
For the years ended December 31, 1999 - 2008
(unaudited)

- 1 Air Wisconsin discontinued service October 2005.
- 2 Allegiant Air began service in February 2002.
- 3 America West discontinued service in September 2004 and transferred all activity to America West Express operated by Mesa Air Group. US Airways and America West merged in September 2005.
- 4 Atlantic Coast (United Express Connection) started service November 2002 and ceased service May 2003.
- 5 Continental transferred most of its activity to Continental Express starting April 2002 and all activity to Continental Express in 2007.
- 6 ExpressJet Airlines (United Express Connection) provide service for December 2009.
- 7 Mesa Air Group (United Express) started service October 2003.
- 8 Midwest Airline began service July 2007 and ceased operations April 2008.
- 9 Northwest Airlines merged with Delta Air Lines in September 2008.
- 10 SkyWest Airlines (United Express) began service March 2002.
- 11 Trans World Airlines merged with American Airlines in December 2001.
- 12 United Airlines transferred all activity control to SkyWest in January 2007 and operates as United Express.
- 13 Vanguard started service December 2001. On July 30, 2002, Vanguard filed for bankruptcy protection and subsequently ceased all operations.
- 14 American Eagle Airlines began service June 2005 and ceased activity November 2007.
- 15 Chautauqua Airlines began service in November 2003 as American Connection and stopped service July 2004.
- 16 Chautauqua Airlines began service in January 2007 as Continental Express and stopped service May 2007.
- 17 Comair started service in October 1998 as Delta Connection and ceased service as of April 2000. Comair resumed service in December 2002 as Delta Connection and ceased operations April 2008.
- 18 Continental Express started service in October 1999. Ceased service as of May 2000. Provided service May through September 2001. Resumed service again in April 2002.
- 19 Go-Jet Airlines (United Express) provided service for January, February, September, and October in 2006.
- 20 Great Plains Airlines started service in October 2001. Ceased service as of March 2003.
- 21 ExpressJet Airlines began service April 2007 and ceased all brand flying September 2008.
- 22 Lynx (Frontier) started service in April 2008.
- 23 Mesa Air Group (America West Express) started service in October 1999. America West merged with US Airways September of 2005.
- 24 Mesa Airlines discontinued service November 2006.
- 25 Mesaba Airlines started service in September 2008 as Northwest AirlinK
- 26 Pinnacle began service as Northwest AirlinK June 2005 and discontinued service September 2005. Provided service for January, February, June, July, and August in 2006. Provided service June, July, and August 2007 and June, July, and August 2008.
- 27 SkyWest served the airport from December 1995 to October 1998 as Delta Connection. Began service again April 1999.
- 28 Trans States Airlines operated as American Connection in January 2004. Service resumed August 2004 through June 2005.
- 29 Trans States Airlines operated as United Express from March 2006 through September 2006.
- 30 Airborne Express ceased operations August 2008.
- 31 Corporate Air reported cargo service starting in January 2001 and ceased cargo service July 2002.
- 32 Keylime Air reported cargo service starting in January 2001.
- 33 Sundance Air reported cargo service starting in January 2001. Ceased service in November 2004.
- 34 Superior reported cargo service starting in January 2001 and ceased cargo service May 2003.

Source: Colorado Springs Municipal Airport management records.

Colorado Springs Municipal Airport
Colorado Springs, Colorado
AVERAGE DAILY DEPARTURES BY AIRLINES
For the years ended December 31, 2000-2009
(unaudited)

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Major / National airlines										
Allegiant Air (1)	--	--	1	1	1	1	1	1	1	1
American (2)	10	9	10	7	6	7	8	6	5	5
America West (3)	5	6	7	6	6	7	6	4	--	--
Continental (4)	2	2	3	4	5	5	5	5	5	5
Delta (5)	9	9	10	11	14	8	6	6	5	4
Great Plains Airlines (6)	--	--	3	1	--	--	--	--	--	--
ExpressJet Airlines (7)	--	--	--	--	--	--	--	4	4	--
Frontier	--	--	--	--	--	--	--	--	4	5
Mesa (8)	4	2	2	2	2	2	1	--	--	--
Midwest Airlines (9)	--	--	--	--	--	--	--	1	1	--
Northwest (10)	2	2	2	2	2	2	2	2	2	2
Trans World (11)	2	2	--	--	--	--	--	--	--	--
United (12)	13	13	15	17	18	20	20	19	19	19
US Airways (13)	--	--	--	--	--	--	--	--	4	4
Vanguard Airlines (14)	--	--	1	--	--	--	--	--	--	--
Total major and national airlines	47	45	54	51	54	52	49	48	50	45

- 1 Allegiant Air started service February 2002.
- 2 Includes departures of Chautauqua Airlines/Trans States Airlines (American Connection) and American Eagle.
- 3 Includes departures of America West Express. America West merged with US Airways September 2005.
- 4 Includes departures of Continental Express.
- 5 Includes departures of Comair (Delta Connection) and SkyWest.
- 6 Great Plains started service October 2001. Ceased service March 2003.
- 7 ExpressJet Airlines started service April 2007 ceased September 2008.
- 8 Mesa Airlines discontinued service November 2006.
- 9 Midwest Airlines started service July 2007 ceased operations April 2008.
- 10 Includes departures of Pinnacle and Mesaba (Northwest Airlin).
- 11 TWA filed for bankruptcy protection in January 2001, and substantially all of the assets and certain liabilities of TWA were subsequently acquired by American through the bankruptcy proceedings. TWA was integrated into American during 2001 and effectively ceased to be operated as a separately branded airline in December 2001.
- 12 Includes departures of Air Wisconsin, Atlantic Coast, Go-Jet Airlines, Mesa Air Group, SkyWest, Trans States, and ExpressJet serving as United Express carriers.
- 13 Includes US Express. US Airways merged with America West in Sept 2005.
- 14 Vanguard started service December 2001. On July 30, 2002, Vanguard filed bankruptcy protection and subsequently ceased all operations at the Airport.

Source: City of Colorado Springs, Airport management records.

Colorado Springs Municipal Airport
Colorado Springs, Colorado
RECENT TRENDS IN TOTAL AIR CARGO
For the years ended December 31, 2000-2009
(unaudited)

Year	Total air cargo (tons)			Percent increase (decrease)
	Air Freight	Mail	Total	
2000	21,817	3,337	25,154	-7.1%
2001	19,767	2,221	21,988	-12.6%
2002	20,291	1,513	21,804	-0.8%
2003	18,161	527	18,688	-14.3%
2004	17,754	482	18,236	-2.4%
2005	16,568	157	16,725	-8.3%
2006	16,301	1	16,302	-2.5%
2007	13,475	0	13,475	-17.3%
2008	11,994	0	11,994	-11.0%
2009	11,484	0	11,484	-4.3%

Source: City of Colorado Springs, Airport management records.

Airport Revenue Bonds

Fiscal Year	Applicable Revenues (A)	Less: Operating Expenses	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
2000	21,157,418	11,092,890	10,064,528	2,305,000	3,827,798	1.64
2001	22,791,117	11,906,465	10,884,652	2,445,000	3,687,998	1.77
2002	22,621,860	12,040,291	10,581,569	2,453,334	3,600,437	1.75
2003	22,289,621	12,967,319	9,322,302	2,000,855	3,652,705	1.65
2004	22,571,575	13,039,813	9,531,762	2,169,586	3,660,099	1.64
2005	22,648,070	13,216,784	9,431,286	2,167,466	3,660,882	1.62
2006	23,602,795	13,804,532	9,798,263	2,175,370	3,659,313	1.68
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	2,100,363	3,525,250	1.71
2009	23,302,721	14,614,405	8,688,316	1,729,912	3,503,526	1.66

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

1999-2001	\$1,534,476
2002-2007	\$1,458,671
2008	\$1,401,040
2009	\$1,358,463

Colorado Springs Municipal Airport
Colorado Springs, Colorado
HISTORICAL NON-AIRLINE REVENUES
For the years ended December 31, 2000-2009
(Unaudited)

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Terminal Building										
Concession										
Food & Beverage	\$274,570	\$261,176	\$296,239	\$285,409	\$293,139	\$335,268	\$369,325	\$380,917	\$367,591	\$331,061
Retail	361,580	333,980	367,271	350,534	344,683	334,216	399,700	462,088	451,669	398,677
Advertising	167,650	212,649	185,378	178,774	167,367	168,961	181,018	193,627	174,220	155,156
Non-Airline Space Rental	176,346	153,215	178,666	251,448	308,223	457,597	485,955	514,791	533,190	545,917
Other	180,377	148,244	141,192	139,145	120,513	122,113	114,328	115,918	119,014	112,850
	<u>1,160,523</u>	<u>1,109,264</u>	<u>1,168,746</u>	<u>1,205,310</u>	<u>1,233,925</u>	<u>1,418,155</u>	<u>1,550,326</u>	<u>1,667,341</u>	<u>1,645,684</u>	<u>1,543,661</u>
Terminal Area										
Public Parking	6,131,834	5,600,105	5,699,910	5,427,189	5,513,116	5,442,666	6,066,711	6,256,899	6,097,045	5,566,698
Rental Car Fees and Rents	3,797,497	3,312,186	3,541,358	3,671,807	3,846,367	3,633,315	3,643,068	3,675,676	3,672,308	3,676,794
Ground Transportation Fees	135,165	109,825	106,690	100,090	98,940	104,819	102,917	96,578	104,305	90,347
Support Building Rentals	116,222	121,619	128,375	125,875	126,425	123,718	84,502	70,642	34,422	20,765
	<u>10,180,718</u>	<u>9,143,735</u>	<u>9,476,333</u>	<u>9,324,961</u>	<u>9,584,848</u>	<u>9,304,518</u>	<u>9,897,198</u>	<u>10,099,795</u>	<u>9,908,080</u>	<u>9,354,604</u>
Airfield Area										
Fuel Farm Rentals	23,611	23,576	23,576	23,576	25,443	25,443	25,443	25,443	25,443	28,446
Remain Over Night	7,270	(5,600)	425	100	-	200	238,500	130,650	80,100	79,750
Diversion Landing Fees	28,448	43,885	29,847	83,675	31,329	59,561	31,447	19,007	23,686	50,349
	<u>59,329</u>	<u>61,861</u>	<u>53,848</u>	<u>107,351</u>	<u>56,772</u>	<u>85,204</u>	<u>295,390</u>	<u>175,100</u>	<u>129,229</u>	<u>158,545</u>
Fountain Site										
Ground & Building Rentals	76,132	58,582	40,382	44,419	186,011	197,879	202,192	128,717	149,832	54,434
Utility Reimbursements	-	-	20,737	28,482	33,979	45,923	32,145	19,725	-	-
	<u>76,132</u>	<u>58,582</u>	<u>61,119</u>	<u>72,901</u>	<u>219,990</u>	<u>243,802</u>	<u>234,337</u>	<u>148,442</u>	<u>149,832</u>	<u>54,434</u>
Aviation Support										
Fuel Sales	429,768	873,269	436,601	517,231	609,503	854,894	913,206	932,994	1,407,581	543,975
Ground and Building Rentals	327,538	343,029	356,550	390,716	625,761	512,070	526,864	605,327	686,804	703,694
	<u>757,306</u>	<u>1,216,298</u>	<u>793,151</u>	<u>907,947</u>	<u>1,235,264</u>	<u>1,366,964</u>	<u>1,440,070</u>	<u>1,538,321</u>	<u>2,094,385</u>	<u>1,247,669</u>
Business Park Phase I										
Ground & Building Rentals	-	-	-	-	-	-	-	39,330	169,652	188,885
	<u>-</u>	<u>39,330</u>	<u>169,652</u>	<u>188,885</u>						
Administrative										
Miscellaneous	20,063	102,217	104,526	45,003	145,328	124,817	67,114	212,143	189,309	116,864
Late Fees	58,367	36,696	25,069	13,196	12,825	15,871	19,132	32,130	52,426	81,265
TSA Reimbursement	-	-	-	-	19,758	-	-	-	-	-
CSC Group Support Reimbursement	128,200	128,455	44,044	-	-	-	-	-	-	-
Fingerprinting	-	-	12,375	5,635	10,535	15,435	13,755	20,745	18,675	14,085
	<u>206,630</u>	<u>267,368</u>	<u>186,014</u>	<u>63,834</u>	<u>188,446</u>	<u>156,123</u>	<u>100,001</u>	<u>265,018</u>	<u>260,410</u>	<u>212,214</u>
Total Non-Airline Revenues	<u>\$12,440,638</u>	<u>\$11,857,108</u>	<u>\$11,739,211</u>	<u>\$11,682,304</u>	<u>\$12,519,245</u>	<u>\$12,574,766</u>	<u>\$13,517,322</u>	<u>\$13,933,347</u>	<u>\$14,357,272</u>	<u>\$12,760,012</u>

Source: City of Colorado Springs, Airport records, except as noted.
1999-2009 Airline Rates and Charges Settlement Accrual, Exhibit F-6.