

Colorado Springs Municipal Airport
Financial Statements

2014

For the year ended December 31, 2014



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Independent Auditor's Report

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

We have audited the accompanying basic financial statements of the Colorado Springs Municipal Airport (the Airport), an enterprise fund of the City of Colorado Springs, Colorado, (the City), which are comprised of the statement of net position as of December 31, 2014, and the related statements of revenues, expenses, and changes in net position and of cash flows for the year then ended and the related notes to the financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Airport System as of December 31, 2014, and the changes in its financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matters

The 2013 financial statements, before they were restated for the matter discussed in Note D6, were audited by other auditors and their report thereon, dated June 11, 2014, expressed an unmodified opinion.

As discussed in Note A.1, the financial statements of the Airport are intended to present the financial position and the changes in financial position and cash flows of only that portion of the business-type activities of the City that is attributable to the transactions of the Airport. They do not purport to, and do not, present fairly the financial position of the City as of December 31, 2014 and 2013, the changes in its financial position, or, where applicable, its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis listed in the table of contents be presented to supplement the basic financial statements. Such information, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

BKD, LLP

Colorado Springs, Colorado
June 3, 2015

Management's Discussion and Analysis (MD&A)

The following Management's Discussion and Analysis (MD&A) 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, 2014 and 2013. The information contained in this discussion should be considered in conjunction with the financial statements, notes, and supplemental information to the Airport's financial statements.

The Airport's financial statements are prepared using an accrual basis in accordance with Generally Accepted Accounting Principles (GAAP) promulgated by the Governmental Accounting Standards Board (GASB) and other standards-setting bodies. The Airport is structured as an enterprise fund 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.

Significant Changes in 2014 Airport Activities

The Colorado Springs Airport has sought to optimize the Airport's resources in an effort to lower costs for airlines and enhance opportunities for profitable air service. The Airport reduced its annual debt service from approximately \$5.4 million to approximately \$2.5 million by refinancing and refunding its 2002A Bond Series. As a result of these efforts, the debt held on behalf of the Airport is currently at the lowest levels in more than two decades. Additionally, the Airport reduced operating expenses by \$0.6 million through a reduction in staff requirements and efficient operating practices.

The Airport has generated new revenue sources to reduce the airline's portion of Airport operating expenses by converting previous cost centers, into profit centers. The East Terminal Unit, previously vacant, has been repurposed into office space for Kinder Morgan, an international energy infrastructure company and through a long-term lease with the Transportation Security Administration (TSA), generating an additional \$296,000 annually by 2015. The Freedom Financial Services Premier Business lounge opened in October 2014 and contributes approximately \$91,000 in annual revenues. The former DHL Cargo Hangar, previously vacant since 2008, on the Airport's west side has been renovated and generates approximately \$90,000 of new revenue annually. In 2014, negotiations were completed to lease the Fountain hangar and beginning January 1, 2015 will create \$103,200 annually. Additionally, in collaboration with City and community leadership, the Airport has taken an aggressive approach to improve non-airline revenue through the creation of a regional Commercial Aeronautical Zone (CAZ), where Sales and Use taxes are exempted or abated for businesses specifically engaged in a variety of aeronautical activities.

Furthermore, a new Airline Use and Lease Agreement is currently being negotiated and is expected to reduce airline costs, which are recovered through landing and terminal fees, from \$4.2 million in 2014 to \$3.5 million, a reduction of 16.7%, by 2015. The Airport continues to improve its marketability, revenue diversity, and debt position creating a profitable environment airlines look for when adding or expanding air service. These changes have been highlighted and explained throughout management's discussion and analysis.

Management's Discussion and Analysis (MD&A)

Airport Activities Highlights

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

	2014	2013	2012
Enplaned Passengers	622,982	650,529	822,008
% increase (decrease)	-4.2%	-20.9%	0.9%
Aircraft Operations	130,393	127,656	134,070
% increase (decrease)	2.1%	-4.8%	2.2%
Landed Weight (in thousands)	875,910	913,555	1,150,438
% increase (decrease)	-4.1%	-20.6%	2.7%
Enplaned/Deplaned Freight (tons)	23,760	22,975	10,609
% increase (decrease)	3.4%	116.6%	15.9%

Total 2014 enplanements were 4.2% below 2013 levels due to air carrier network realignments impacting aircraft fleet mix and frequency. Aircraft operations increased 2.1%, due to increased military operations as a result of a change in troop deployments. Landed weight for 2014, 2013 and 2012 reflects scheduled carriers, cargo operators, fire operations, charters, and Boeing operations. Landed weight each year varies depending on aircraft fleet mix changes and frequencies of flights. Military aircraft landed weight has been excluded from this calculation since their landed weight does not contribute to revenues earned. Airlines carried additional freight, resulting in a 3.4% increase in enplaned and deplaned freight.

During 2014, five passenger air carriers supported the Airport with regularly scheduled non-stop service to 12 major cities. In addition, two air cargo operators, Federal Express and Key Lime used the Airport's facilities.

Financial Highlights

Summary of Revenues, Expenses and Changes in Net Position

	2014	2013 As restated ⁽¹⁾	\$ Increase (Decrease)	2012	\$ Increase (Decrease)
Operating revenues	\$ 15,294,147	\$ 18,959,160	\$ (3,665,013)	\$ 19,857,937	\$ (898,777)
Operating expenses	12,712,064	13,313,622	(601,558)	14,342,230	(1,028,608)
Excess before depreciation and other income, net	2,582,083	5,645,538	(3,063,455)	5,515,707	129,831
Depreciation and amortization	14,777,596	19,075,135	(4,297,539)	16,991,200	2,083,935
Operating income (loss)	(12,195,513)	(13,429,597)	1,234,084	(11,475,493)	(1,954,104)
Net non-operating income	2,178,123	(1,511,219)	3,689,342	1,370,686	(2,881,905)
Capital grants and contribution	13,164,372	13,466,449	(302,077)	21,796,203	(8,329,754)
Change in net position	3,146,982	(1,474,367)	4,621,349	11,691,396	(13,165,763)
Net position at beginning of year	254,061,105	255,801,142	(1,740,037)	244,109,746	11,691,396
Change in accounting principle - GASB 65	-	(265,670)	265,670	-	(265,670)
Net position at beginning of year restated	254,061,105	255,535,472	(1,474,367)	244,109,746	11,425,726
Net position at end of year	<u>\$ 257,208,087</u>	<u>\$ 254,061,105</u>	<u>\$ 3,146,982</u>	<u>\$ 255,801,142</u>	<u>\$ (1,740,037)</u>

(1) – See Note D.6 for further information

Management's Discussion and Analysis (MD&A)

Significant items affecting the Summary of Revenues, Expenses and Changes in Net Position for 2014 are as follows:

- ➔ Operating revenues decreased approximately \$3.7 million due to lowered costs thereby reducing the amount required to be recovered through Airline Rates and Charges.
- ➔ Operating expenses decreased approximately \$601,558 primarily due to salary savings from a reduction in full-time employees and vacancies.
- ➔ The net result of the above was operating income before depreciation decreased \$3.1 million for 2014.
- ➔ Depreciation decreased as compared to 2013 due to a one-time adjustment made in 2013 related to changes in the useful life of assets and the disposal of assets.
- ➔ Non-operating income increased by \$3.7 million from 2013 to 2014. In 2013 there was a \$2.3 million loss on assets disposed of during the year related to the depreciation adjustment. There was also a reduction of \$905,697 in debt service interest due to refunding the 2002A Bond Series.
- ➔ Capital grant and contribution revenues totaled \$13.2 million and \$13.5 million in 2014 and 2013, respectively. The decrease was the result of completing multi-phased airfield construction projects.
- ➔ For 2014, net position increased \$3.1 million as the result of the above activity. Total net position at the end of 2014 was \$257.2 million.
- ➔ Financial results for 2013 were restated due to an accounting error and incorrect treatment of certain transactions. Airline revenue, and a corresponding receivable, in the amount of \$885,016 were reported related to the rate stabilization policy implemented by the Airport in 2013 with the departure of Frontier Airlines. In addition, the Airport reported \$2.0 million in other operating income from tenant capital reinvestment. This revenue has been reclassified to unearned revenue and will be recognized over a twenty year period.

Significant items affecting the Summary of Revenues, Expenses and Changes in Net Position for 2013 are as follows:

- ➔ Operating revenues decreased \$898,777 due to lower enplanements and the Airports decision to stabilize rates in 2013.
- ➔ Operating expenses decreased \$1.0 million due to reductions in staffing levels, energy efficiencies and other cost cutting measures in response to the departure of Frontier Airlines.
- ➔ The net result of the above was operating income before depreciation increased by \$129,831 for 2013.
- ➔ Depreciation increased \$2.1 million due to reclassifications to the useful life of various components of the main terminal building.
- ➔ Non-operating income decreased by \$2.9 million due to a decrease in PFC and CFC collections and a loss of \$2.3 million on assets disposed of during the year. This included costs which are no longer depreciated under the revised capitalization policy.

Management's Discussion and Analysis (MD&A)

- ➔ Capital grant and contribution revenues totaled \$13.5 million and \$21.8 million in 2013 and 2012, respectively. The decrease was the result of the completion of the Checked Baggage Inspection System and the Security Checkpoint renovation.
- ➔ For 2013, net position decreased \$1.7 million as the result of the above activity. Total net position at the end of 2013 was \$254.1 million.
- ➔ In 2013 the Airport implemented GASB 65, which resulted in an adjustment for bond issuance costs, excluding insurance that can no longer be amortized under GASB 65. The adjustment was \$265,670.

Financial Position Summary

	2013		% Change	2012		% Change
	2014	As restated ⁽¹⁾		2012	2012	
Current assets (including restricted cash)	\$ 29,653,328	\$ 38,170,501	-22.31%	\$ 42,479,407	-10.14%	
Restricted investments	2,451,953	5,419,455	-54.76%	5,459,865	-0.74%	
Bond insurance costs (net)	87,462	174,389	-49.85%	452,601	-61.47%	
Note receivable	1,970,266	1,885,545	4.49%	1,937,172	-2.67%	
Property and equipment (net)	254,493,720	255,507,406	-0.40%	255,462,331	0.02%	
Total assets	<u>288,656,729</u>	<u>301,157,296</u>	-4.15%	<u>305,791,376</u>	-1.52%	
Deferred outflows of resources	259,930	371,570	-30.05%	450,221	-17.47%	
Total assets and deferred outflows	<u>288,916,659</u>	<u>301,528,866</u>	-4.18%	<u>306,241,597</u>	-1.54%	
Current liabilities	7,560,158	10,290,135	-26.53%	10,589,744	-2.83%	
Long-term debt (less current portion)	21,948,532	34,949,367	-37.20%	39,146,418	-10.72%	
Other non-current liabilities	2,199,882	2,228,259	-1.27%	704,293	216.38%	
Total liabilities	<u>31,708,572</u>	<u>47,467,761</u>	-33.20%	<u>50,440,455</u>	-5.89%	
Net position:						
Net investment in capital assets	231,140,113	222,190,631	4.03%	218,369,494	1.75%	
Restricted	5,559,605	11,239,555	-50.54%	12,034,111	-6.60%	
Unrestricted	20,508,369	20,630,919	-0.59%	25,397,537	-18.77%	
Net position	<u>257,208,087</u>	<u>254,061,105</u>	1.24%	<u>255,801,142</u>	-0.68%	
Total liabilities and net position	<u>\$ 288,916,659</u>	<u>\$ 301,528,866</u>	-4.18%	<u>\$ 306,241,597</u>	-1.54%	

(1) See Note D.6 for further information.

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

Management's Discussion and Analysis (MD&A)

At December 31, 2014, the amount of \$8.0 million or 3.1% of net position represented resources that are subject to restrictions on how they can be used. For 2013, the amount was \$11.2 million or 4.4% of net position. The restricted net position is not available for new spending because it has already been committed as follows:

	2014	2013
Passenger Facility Charges	\$ 553,168	\$ 181,087
Bond and Operating and Maintenance Reserves	5,006,437	11,058,468
Total Restricted	\$ 5,559,605	\$ 11,239,555

The remaining unrestricted net position of \$20.5 million for 2014 and \$20.6 million for 2013 may be used to meet any of the Airport's ongoing obligations.

Airline Signatory Rates and Charges

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

The rates and charges for the signatory airlines were as follows (2014 rates are finalized after the issuance of these financial statements):

	Year Ended December 31,	
	<u>2014</u>	<u>2013</u>
Landing fees (per 1,000 lbs MGLW)	\$ 2.18	\$ 2.57
Terminal rental rate (per sq ft)	\$ 41.39	\$ 69.07
Loading bridge rate (per bridge)	\$ 9,365	\$ 9,802
Signatory airline cost (per enplaned passenger)	\$ 6.59	\$ 8.98

Management's Discussion and Analysis (MD&A)

Passenger Facility Charges

In December 1992, the Airport received approval from the Federal Aviation Administration (FAA) to collect a \$3.00 passenger facility charge (PFC) on each passenger enplaning at the Airport. The Airport has collected PFCs including interest earnings thereon, totaling \$69,238,438 and \$67,612,202 through the years ended December 31, 2014 and 2013, respectively. Additional information regarding PFCs can be found in Note A(3) of the accompanying financial statements.

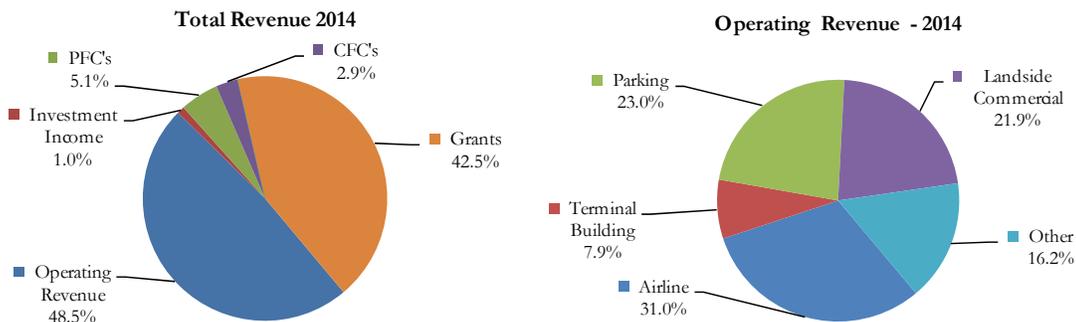
Customer Facility Charges

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 would have expired on September 1, 2004, however, City Council approved the continued collection as described below. When the bonds were retired, there was an excess within the fund of \$3,576,541. Per the bond documents, these funds were given to the Airport where \$250,000 was set aside as reserved funds per the rental car agreement and is a component of net position.

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

Financial Details

Revenues Overview:



Management's Discussion and Analysis (MD&A)

The following schedule presents a summary of all revenues for the fiscal years ended December 31, 2014 and 2013 with a comparison of changes in dollar amounts to the previous years.

	Year End <u>12/31/2014</u>	Year End 12/31/2013 <u>As restated⁽¹⁾</u>	\$ Increase <u>(Decrease)</u>	Year End <u>12/31/2012</u>	\$ Increase <u>(Decrease)</u>
Operating Revenues					
Airline	\$ 4,745,118	\$ 8,129,630	\$ (3,384,512)	\$ 6,950,602	\$ 1,179,028
Terminal Building	1,203,775	1,420,120	(216,345)	1,598,197	(178,077)
Parking	3,521,708	4,213,990	(692,282)	5,227,055	(1,013,065)
Landside Commercial	3,347,922	2,886,098	461,824	3,636,968	(750,870)
Other	<u>2,475,624</u>	<u>2,309,322</u>	<u>166,302</u>	<u>2,445,115</u>	<u>(135,793)</u>
Total Operating Revenues	<u>15,294,147</u>	<u>18,959,160</u>	<u>(3,665,013)</u>	<u>19,857,937</u>	<u>(898,777)</u>
Other Income					
Investment Income	310,177	95,730	214,447	465,831	(370,101)
Passenger Facility Charges	1,616,131	1,745,205	(129,074)	2,191,195	(445,990)
Customer Facility Charges	915,699	695,489	220,210	833,900	(138,411)
Non-operating revenue	466,353	207,274	259,079	-	207,274
Operating Grant	239,662	194,732	44,930	191,306	3,426
Capital Grants	<u>13,164,372</u>	<u>13,466,449</u>	<u>(302,077)</u>	<u>21,796,203</u>	<u>(8,329,754)</u>
Total Other Income	<u>16,712,394</u>	<u>16,404,879</u>	<u>307,515</u>	<u>25,478,435</u>	<u>(9,073,556)</u>
Total Income	<u>\$ 32,006,541</u>	<u>\$ 35,364,039</u>	<u>\$ (3,357,498)</u>	<u>\$ 45,336,372</u>	<u>\$ (9,972,333)</u>

(1) See Note D.6 for further information.

Operating Revenues:

Significant items for 2014 as compared to 2013 were as follows:

- ➔ Airline revenue decreased by \$3.4 million due to a reduction in lower operating and debt service costs thereby reducing the amount required to be recovered through Airline Rates and Charges. The majority of this reduction was in Terminal Rent as the rental rate decreased from \$69.07 per square foot to \$41.39. There was also a significant reduction in Landing Fees as the rate decreased from \$2.57 per thousand pounds of landed weight to \$2.18.
- ➔ Terminal Building revenue declined \$216,345 primarily due to the reduction in the square footage rent.
- ➔ In November and December 2014 the Airport offered free parking in the short and long term lots and a 50% discount for valet parking. This resulted in a reduction of parking revenue of approximately \$561,000. This reduction was partially offset by an increase in concession revenue from an additional ten thousand enplanements for the same time period.
- ➔ Landside Commercial increased \$461,824 due to an increase in gross rental car sales. This increase was a result of the departure of a low cost rental car company. The Airport also received reimbursements of approximately \$160,000 from tenants for completing utility efficiency improvement projects.
- ➔ Other revenue increased \$166,302 from 2013 to 2014 due a one-time adjustment to correct the note receivable balance of approximately \$146,000 and approximately \$23,000 from the Air Strip Attack Drag Race which took place in June 2014.

Management's Discussion and Analysis (MD&A)

Significant items for 2013 as compared to 2012 were as follows:

- ➔ Airline revenue increased by \$1.2 million primarily due to higher terminal rents and landing fees in 2013.
- ➔ Terminal building revenue decreased \$178,077 due to a reduction in advertising revenue and lower concession revenue related to the decrease in enplanements.
- ➔ Parking revenue decreased \$1.0 million due to the lower enplanement numbers and usage.
- ➔ Landside commercial revenue decreased \$750,870 due to a reduction in gross sales for rental car companies.
- ➔ Other revenue decreased \$135,793 due to a reduction in fuel sales and excise taxes as a result of reduced operations.

Other Income:

The significant items for 2014 as compared to 2013 are as follows:

- ➔ Investment income increased by \$214,447. In 2013 there was a significant decrease in the market value of investments. In 2014 the market value increased by \$304,078 while interest revenue decreased \$89,631 due to lower cash levels as a result of the bond refunding.
- ➔ Passenger Facility Charges were lower by \$129,074 due to the decrease in passenger traffic.
- ➔ Customer Facility Charges were higher by \$220,210 due to the recognition of \$250,000 of CFC revenue previously held in reserve.
- ➔ Operating grants increased by \$44,930 due to the Denver International Airport surplus program which was used to purchase equipment.
- ➔ Capital grants revenue decreased by \$302,077 due to a reduction in capital projects.

The significant items for 2013 as compared to 2012 are as follows:

- ➔ Investment income decreased by \$370,101 from 2012 due to lower interest rates and a decrease in market value of \$265,717.
- ➔ Passenger Facility Charges and Customer Facility Charges were lower by \$445,990 and \$138,411, respectively, in 2013 due to the decrease in passenger traffic.
- ➔ Non-operating revenue of \$207,274 was a tenant reimbursement for repair work.
- ➔ Capital grants revenue decreased by \$8.3 million in 2013 as compared to 2012. This decrease is a result of the completion of the Checked Baggage Inspection System in 2012 and only one major taxiway rehabilitation project in 2013.

Management's Discussion and Analysis (MD&A)

Expense Overview:

The following schedule presents a summary of all expenses for the fiscal years ended December 31, 2014 and 2013, along with comparisons in dollars to the prior years.

	Year End 12/31/2014	Year End 12/31/2013 As restated ⁽¹⁾	\$ Increase (Decrease)	Year End 12/31/2012	\$ Increase (Decrease)
Operating Expenses					
Salaries and Benefits	\$ 6,704,119	\$ 7,735,934	\$ (1,031,815)	\$ 8,467,180	\$ (731,246)
Other Operating Expenses	6,007,945	5,577,688	430,257	5,875,050	(297,362)
Total Operating Expenses	<u>12,712,064</u>	<u>13,313,622</u>	<u>(601,558)</u>	<u>14,342,230</u>	<u>(1,028,608)</u>
Depreciation and gain or loss on disposal of capital assets	14,766,659	21,361,155	(6,594,496)	17,022,845	4,338,310
Interest Expense	1,380,836	2,163,629	(782,793)	2,279,901	(116,272)
Total Expenses	<u>\$ 28,859,559</u>	<u>\$ 36,838,406</u>	<u>\$ (7,978,847)</u>	<u>\$ 33,644,976</u>	<u>\$ 3,193,430</u>

(1) See Note D.6 for further information.

The significant issues affecting 2014 expenses as compared to 2013 were as follows:

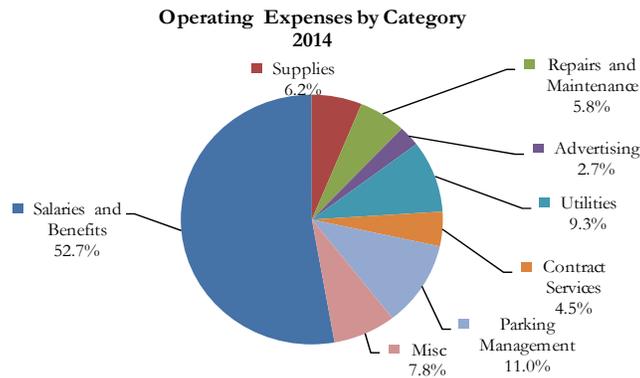
- ➔ Salaries and benefits were \$1.0 million lower due to a decrease in staffing levels and vacancies.
- ➔ Other operating expenses were \$430,257 higher in 2014 compared to 2013 due to higher costs for deicing chemicals, signage, building maintenance, radio costs, marketing and bad debt.
- ➔ Depreciation expense and gain or loss on disposal of capital assets was \$6.6 million lower than 2013 as a result of a one-time adjustment in 2013 for capital assets.
- ➔ Interest expense for 2014 was \$782,793 lower primarily due to the Airport's refunding of the 2002A Series of revenue bonds refunded in early 2014.

The significant issues affecting 2013 expenses as compared to 2012 were as follows:

- ➔ Salaries and benefits were \$731,246 lower due to a decrease in staffing levels.
- ➔ Other operating expenses were \$297,362 lower in 2013 compared to 2012 as a result of cost cutting measures taken by Airport management in response to Frontier's departure.
- ➔ Depreciation expense and gain or loss on disposal of capital assets was \$4.3 million higher than 2012 as a result of reductions to the useful life of various components of the main terminal building and changes to the capitalization policy which decreased the useful life of runways.
- ➔ Interest expense for 2013 was approximately \$116,272 lower than 2012 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.

Management's Discussion and Analysis (MD&A)

Expense by Category:



The following chart shows the operating expenses by category for the years ended December 31, 2014 and 2013.

	2014	2014	2013	\$ Increase	2013
	Totals	% of Total	Totals As restated ⁽¹⁾	(Decrease)	% of Total
Salaries and Benefits	\$ 6,704,119	52.74%	\$ 7,735,934	\$ (1,031,815)	58.11%
Supplies	792,007	6.23%	736,445	55,562	5.53%
Repairs and Maintenance	743,003	5.84%	598,146	144,857	4.49%
Advertising	338,398	2.66%	202,357	136,041	1.52%
Utilities	1,180,880	9.29%	1,136,175	44,705	8.53%
Contract Services	569,481	4.48%	456,671	112,810	3.43%
Parking Management	1,398,992	11.01%	1,483,155	(84,163)	11.14%
Miscellaneous	955,893	7.52%	1,003,965	(48,072)	7.54%
Capital Expenditures	29,291	0.23%	(39,226)	68,517	-0.30%
Total Expenses	\$ 12,712,064	100.00%	\$ 13,313,622	\$ (601,558)	100.00%

(1) See Note D.6 for further information.

The significant variances between 2014 and 2013 expenses by category were the result of:

- ➔ Salaries and benefits were approximately \$1.0 million lower in 2014 due to a reduction in staffing levels and vacancies.
- ➔ Supplies were \$55,562 higher primarily due to an increase in deicing chemicals usage and signage.
- ➔ Repairs and Maintenance were higher by \$144,857 primarily due to escalator repairs and maintenance and maintenance to general aviation hangars.
- ➔ Advertising services increased \$136,041 due to an increased emphasis on marketing.
- ➔ Utilities increased \$44,705 primarily in electricity costs.
- ➔ Contract Services increased by \$112,810 due to an increase in the use of temporary employees, bad debt expense related to the exit of Frontier and legal fees.
- ➔ Parking Management costs decreased \$84,163 due to reductions in required staffing.
- ➔ Miscellaneous expenses decreased \$48,072 due to the reduction in the Admin Pro-rate paid to the City.

Management's Discussion and Analysis (MD&A)

Budgetary Highlights:

	2014 <u>Budget</u>	2014 <u>Actual</u>	% Over/ <u>(Under)</u>	2013 <u>Budget</u>	2013 <u>Actual</u> As restated ⁽¹⁾	% Over/ <u>(Under)</u>
Operating Revenues						
Airline Revenues	\$ 6,614,486	\$ 4,745,118	-28.26%	\$ 8,692,779	\$ 8,129,630	-6.48%
Other Operating Revenues	11,707,117	10,549,029	-9.89%	12,807,278	10,829,530	-15.44%
Total Operating Revenues	18,321,603	15,294,147	-16.52%	21,500,057	18,959,160	-11.82%
Total Operating Expenses	14,122,391	12,712,064	-9.99%	15,956,316	13,313,622	-16.56%
Total Operating Income	\$ 4,199,212	\$ 2,582,083	-38.51%	\$ 5,543,741	\$ 5,645,538	1.84%

(1) See Note D.6 for further information.

The significant variances related to the 2014 budget and actual figures were as follows:

- ➔ Airline revenue decreased as 2014 Airline rates and charges (based upon the Cost Recovery model) were lower. Rates decreased due to the refinancing of the 2002A Bond series and other cost reductions.

The significant variances related to the 2013 budget and actual figures were as follows:

- ➔ Airline revenue increased from 2012 to 2013 as 2013 Airline rates and charges (based upon the Cost Recovery model) were higher. A portion of the rate increase is attributable to the departure of Frontier Airlines and the resulting drop in enplanements which led to a smaller base for applying costs.
- ➔ Upon learning of Frontier's departure, Airport management implemented cost cutting measures to reduce operating costs. This was accomplished through staffing reductions, delaying capital purchases, energy efficiency savings, freezes on travel and training and fiscal diligence on other expenditures.

Long-Term Debt:

The Airport had \$18,605,000 in bonds outstanding as of December 31, 2014 compared to \$36,470,000 in 2013. The bonds are payable solely from net revenues of the Airport system and from certain funds established under the bond ordinance.

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

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

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. This lease was paid in full in 2014.

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,

Management’s Discussion and Analysis (MD&A)

2014 and 2013 the outstanding balance on the loan was \$93,499 and \$184,275 respectively. The loan will be repaid with PFC revenues and matures May 9, 2015.

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, 2014 and 2013, the outstanding balance on the loan was \$0 and \$545,409 respectively. The loan was repaid in 2014.

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 as a pass thru, to the Airport per the tenant’s lease agreement negotiated in June of 2006. On December 31, 2014 and 2013, the outstanding balance on the loan was \$1,970,266 and \$2,026,524 respectively.

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

	Fitch		Moody’s		S & P	
Airport Revenue Bonds	BBB+	Negative	Baaa1	Stable	BBB+	Stable

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Management's Discussion and Analysis (MD&A)

Capital Acquisition and Construction Activities

During fiscal years ended December 31, 2014 and 2013, the Airport expended approximately \$13.8 million and \$21.4 million, respectively, in capital activities. Major construction projects in 2014 included the rehabilitation of Taxiway E, G, and H Phase V, Taxiway A Rehabilitation and Restriping Runway 17-35. Property and equipment acquisitions are capitalized at cost if over \$5,000.

Major capital projects for the years ended December 31 included:

	<u>2014</u>	<u>2013</u>
Relocation of Admin Offices and Conference Rooms	\$ -	\$ 3,363
Rehabilitation of Taxiway E, G, & H (Phase III)	-	20,374
Rehabilitation of Taxiway E, G, & H (Phase IV)	159,376	13,449,408
Rehabilitation of Taxiway E, G, & H (Phase V)	7,186,006	231,125
Rehabilitation of Taxiway M & F	2,712	(67,586)
Security Checkpoint Expansion	2,606	595,358
South Business Park	17,916	697,385
Integrated Operations Center	-	8,522
Demo Old Terminal Building	-	18,422
Remodel & Upgrade Westside Lav Dump	4,376	104,822
Fleet Improvement (Phase III)	-	230,925
Fleet Improvement (Phase IV)	-	224,845
Fleet Improvement (Phase V)	-	714,115
Fleet Improvement (Phase VI)	213,155	-
Airport Master Plan Update	-	191,262
Runway 12/30 (Construction)	-	3,861
Interior Signage	-	238,050
Defense Access Roads	-	27,293
Checked Baggage Inspection System	46,699	509,328
Sand Creek Drainage	5,876	240,457
GA Apron & Transition & Edge Taxilane Rehab	31,804	1,814,801
GA Apron Rehab	2,355	414,445
Vehicle Service Road	31,395	720,777
GA Common Area Pavement	-	722,654
East Terminal Unit Renovation	902,586	33,971
Premier Lounge	255,878	-
Taxiway A Rehabilitation	3,051,369	-
Restriping Taxiway 17-35	1,811,085	-
Miscellaneous other Airport Improvements	<u>95,612</u>	<u>191,475</u>
Total	<u>\$ 13,820,806</u>	<u>\$ 21,339,452</u>

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

Additional information regarding capital assets can be found in Note C(3).

Management's Discussion and Analysis (MD&A)

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: June Eveland, Airport Accounting Manager, Colorado Springs Airport, 7770 Milton E. Proby Parkway, Suite 50, Colorado Springs, Colorado, 80916 or by email to jeland@springsgov.com.

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Colorado Springs Municipal Airport
Colorado Springs, Colorado
STATEMENTS OF NET POSITION
December 31, 2014 and 2013

	2014	2013 As restated
ASSETS		
CURRENT ASSETS		
Unrestricted cash and investments	\$ 19,300,194	\$ 28,796,967
Restricted cash and investments - passenger facility charges	453,139	52,519
Restricted cash and investments - bond reserves	5,006,437	5,639,013
Restricted cash and cash equivalents - other	1,659,457	-
Accounts receivable (net allowances of \$13,501 and \$10,040)	2,919,012	3,423,888
Restricted accounts receivable - passenger facility charges	100,029	128,568
Prepays	57,826	-
Due from other funds	30,609	-
Inventory	126,625	129,546
	29,653,328	38,170,501
NONCURRENT ASSETS		
Restricted investments - bond reserves	2,451,953	5,419,455
Prepaid bond insurance costs	87,462	174,389
Note receivable	1,970,266	1,885,545
	4,509,681	7,479,389
Capital assets		
Land	18,416,793	18,416,793
Buildings	68,240,563	67,385,240
Improvements other than buildings	250,662,795	251,160,462
Machinery and equipment	21,027,914	20,717,294
Infrastructure	48,243,184	35,865,017
Vehicles	4,764,673	5,083,800
Intangibles	652,942	566,164
Construction in progress	-	314,030
Less accumulated depreciation	(157,515,144)	(144,001,394)
	254,493,720	255,507,406
Total capital assets (net of accumulated depreciation and amortization)	254,493,720	255,507,406
Total noncurrent assets	259,003,401	262,986,795
Total assets	288,656,729	301,157,296
DEFERRED OUTFLOWS OF RESOURCES		
Deferred loss on refunding	259,930	371,570
	259,930	371,570

The accompanying notes are an integral part of these statements.

Colorado Springs Municipal Airport
Colorado Springs, Colorado
STATEMENTS OF NET POSITION
December 31, 2014 and 2013

	2014	2013 As restated
LIABILITIES AND NET POSITION		
CURRENT LIABILITIES		
Accounts payable	\$ 4,104,642	\$ 4,130,850
Accrued salaries and benefits	219,711	195,263
Compensated absences	28,389	29,819
Due to other funds	107,633	132,377
Unearned revenue and other tenant deposits	1,171,484	1,549,786
Current portion of revenue bonds payable	1,565,000	3,520,000
Current portion of notes payable	363,299	692,434
Current portion of capital lease	-	39,606
	<u>7,560,158</u>	<u>10,290,135</u>
Total current liabilities		
NONCURRENT LIABILITIES		
Compensated absences	539,391	566,572
Unearned revenue	1,660,491	1,661,687
Revenue bonds payable, net	17,912,066	32,885,593
Notes payable	4,036,466	2,063,774
	<u>24,148,414</u>	<u>37,177,626</u>
Total noncurrent liabilities		
	<u>31,708,572</u>	<u>47,467,761</u>
Total liabilities		
NET POSITION		
Net investment in capital assets	231,140,113	222,190,631
Restricted for passenger facility charges	553,168	181,087
Restricted for bond reserves	5,006,437	11,058,468
Unrestricted	20,508,369	20,630,919
	<u>257,208,087</u>	<u>254,061,105</u>
Total net position		

The accompanying notes are an integral part of these statements.

Colorado Springs Municipal Airport
Colorado Springs, Colorado
STATEMENTS OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
Years ended December 31, 2014 and 2013

	2014	2013 As restated
Operating revenues		
Airline revenues	\$ 4,745,118	\$ 8,129,630
Terminal building concessions	1,203,775	1,420,120
Parking concessions	3,521,708	4,213,990
Landside commercial concessions	3,347,922	2,886,098
Other charges	2,475,624	2,309,322
	<u>15,294,147</u>	<u>18,959,160</u>
Operating expenses		
Salaries and benefits	6,704,119	7,735,934
Other operating expenses	6,007,945	5,577,688
Depreciation	14,777,596	19,075,135
	<u>27,489,660</u>	<u>32,388,757</u>
Operating loss	<u>(12,195,513)</u>	<u>(13,429,597)</u>
Non-operating revenues (expenses)		
Investment income	310,177	95,730
Passenger facility charges	1,616,131	1,745,205
Customer facility charges	915,699	695,489
Other nonoperating revenue	466,353	207,274
Operating grants	239,662	194,732
Interest expense	(1,380,836)	(2,163,629)
Gain/loss on disposal of capital assets	10,937	(2,286,020)
	<u>2,178,123</u>	<u>(1,511,219)</u>
Loss before contributions	(10,017,390)	(14,940,816)
Capital grants	<u>13,164,372</u>	<u>13,466,449</u>
Change in net position	<u>3,146,982</u>	<u>(1,474,367)</u>
Total net position – beginning of year	254,061,105	255,801,142
Change in accounting principle - adoption of GASB 65	<u>-</u>	<u>(265,670)</u>
Total net position – beginning of year restated	<u>254,061,105</u>	<u>255,535,472</u>
Total net position – end of year	<u>\$ 257,208,087</u>	<u>\$ 254,061,105</u>

The accompanying notes are an integral part of these statements.

Colorado Springs Municipal Airport
Colorado Springs, Colorado
STATEMENTS OF CASH FLOWS
Years ended December 31, 2014 and 2013

	2014	2013 As restated
Cash flows from operating activities		
Receipts from customers	\$ 15,841,411	\$ 19,567,047
Receipts from interfund services provided	112,303	70,719
Payments to suppliers	(2,721,061)	(4,587,715)
Payments to employees	(6,708,282)	(7,846,766)
Payments for interfund services used	(2,066,073)	(1,847,676)
Net cash provided by operating activities	4,458,298	5,355,609
Cash flows from noncapital financing activities		
Operating grant	239,662	194,732
Net cash provided by noncapital financing activities	239,662	194,732
Cash flows from capital and related financing activities		
Capital grant	13,507,502	13,698,893
Capital expenditures	(15,814,984)	(22,018,766)
Other nonoperating revenue	619,423	1,432,840
Passenger facility charges	1,644,670	1,771,259
Customer facility charges	685,602	680,529
Loan proceeds	2,336,000	-
Principal payments on loans	(692,444)	(669,282)
Interest payments on loans	(194,328)	(217,491)
Principal payments on capital lease	(39,606)	(151,690)
Principal payments on revenue bonds	(17,395,000)	(3,350,000)
Interest payments on revenue bonds	(859,401)	(1,886,639)
Bond issuance proceeds	251,442	-
Bond issuance costs	(218,446)	-
Proceeds from sale of capital assets	124,660	38,031
Net cash used in capital and related financing activities	(16,044,910)	(10,672,316)
Cash flows from investing activities		
Interest received on investments	271,815	361,447
Purchases of investments	(14,941,171)	(23,231,076)
Proceeds from sales and maturities of investments	28,883,217	26,725,575
Net cash provided by investing activities	14,213,861	3,855,946
Net increase (decrease) in cash and cash equivalents	2,866,911	(1,266,029)
Cash and cash equivalents – beginning of year	848,573	2,114,602
Cash and cash equivalents – end of year	\$ 3,715,484	\$ 848,573
Reconciliation of cash and investments to statement of net position		
Unrestricted cash and cash equivalents	\$ 2,056,027	\$ 848,573
Unrestricted investments	17,244,167	27,948,394
Total unrestricted cash and investments	\$ 19,300,194	\$ 28,796,967
Restricted cash and cash equivalents	\$ 1,659,457	\$ -

The accompanying notes are an integral part of these statements.

Colorado Springs Municipal Airport
Colorado Springs, Colorado
STATEMENTS OF CASH FLOWS
Years ended December 31, 2014 and 2013

	2014	2013 As restated
Reconciliation of operating loss to net cash provided by operating activities		
Operating loss	\$ (12,195,513)	\$ (13,429,597)
Adjustments to reconcile operating loss to net cash provided by operating activities		
Depreciation	14,777,596	19,075,135
(Increase) decrease in assets		
Receivables	787,872	(189,411)
Inventory	2,921	13,580
Increase (decrease) in liabilities		
Accounts payable	1,273,243	(884,890)
Accrued salaries, benefits, and sick leave benefits	(4,163)	(110,833)
Due to other City funds	(55,353)	13,607
Unearned revenue and other tenant deposits	(128,305)	868,018
Net cash provided by operating activities	\$ 4,458,298	\$ 5,355,609

Noncash capital and related financing and investing activities:

The Airport had unrealized gains (losses) of \$38,362 and (\$265,717), for the years ended December 31, 2014 and 2013, respectively. The Airport obtained fixed assets through incurring payables in the amount of \$2,187,623 and \$3,544,900 as of December 31, 2014 and 2013, respectively.

The Airport issued bonds in the amount of \$11,185,000 and \$0 in 2014 and 2013, respectively, in order to refund debt. Net bond proceeds of \$11,864,088 and \$0 for 2014 and 2013, respectively were deposited immediately in an irrevocable trust for the defeasance of outstanding revenue bonds. Original issue premiums of \$1,066,638 and \$0 were realized in 2014 and 2013, respectively. Amortization of bond premiums and discounts, deferred losses on bond refundings, and prepaid bond insurance amounted to \$34,875 and \$172,393 in 2014 and 2013, respectively.

Colorado Springs Municipal Airport
Colorado Springs, Colorado
NOTES TO FINANCIAL STATEMENTS
December 31, 2014 and 2013

Note A – Summary of Significant Accounting Policies

1. Financial reporting entity

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

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

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

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

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

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

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

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

Colorado Springs Municipal Airport
Colorado Springs, Colorado
NOTES TO FINANCIAL STATEMENTS
December 31, 2014 and 2013

3. Assets, liabilities, and net position

A. Deposits and investments

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

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

B. Capital assets and depreciation

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

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

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

Interest is capitalized on 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.

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

C. Inventory

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

D. Compensated absences

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

Colorado Springs Municipal Airport
Colorado Springs, Colorado
NOTES TO FINANCIAL STATEMENTS
December 31, 2014 and 2013

E. Restricted net position

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

F. Passenger facility charges

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

G. 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 is a component of net position.

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

4. Reclassifications

Certain accounts in the prior-year financial statements have been reclassified for comparative purposes to conform with the presentation in the current-year financial statements.

Colorado Springs Municipal Airport
Colorado Springs, Colorado
NOTES TO FINANCIAL STATEMENTS
December 31, 2014 and 2013

Note B – Stewardship, Compliance, and Accountability

1. Budgetary information

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

Because accounting principles applied for purposes of developing data on a budgetary basis differ significantly from those used to present financial statements in conformity with accounting principles generally accepted in the United States of America, a reconciliation of resultant basis, timing, and perspective for the years ended December 31, 2014 and 2013, is presented below:

	2014	2013
Operating expenses	\$ 27,489,660	\$ 32,388,757
Non-operating expenses	1,380,836	2,163,629
	28,870,496	34,552,386
Less: Depreciation expense	(14,777,596)	(19,075,135)
Add: Capital expenditures (accrual basis)	13,328,583	20,185,177
Add: Revenue bonds principal payments	1,395,000	3,350,000
Expenditures (budgetary basis)	\$ 28,816,483	\$ 39,012,428
 Appropriations	 \$ 34,271,649	 \$ 52,299,098

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Colorado Springs Municipal Airport
Colorado Springs, Colorado
NOTES TO FINANCIAL STATEMENTS
December 31, 2014 and 2013

Note C – Detailed Notes

1. Deposits and investments

The City of Colorado Springs pools the cash and investments of its funds, including the Airport. The Airport's portion of total pooled cash and investments of the City as of December 31, 2014 and 2013 was 15% and 20%, respectively. The pooled cash and investments of the City and the Airport as of December 31, 2014 and 2013 are as follows:

	December 31, 2014		December 31, 2013	
	City	Airport	City	Airport
Cash on hand	\$ 21,716	\$ 3,325	\$ 16,564	\$ 3,312
Deposits				
Demand, time deposits	13,164,010	2,015,410	3,170,961	633,875
Investments	<u>148,495,901</u>	<u>22,741,035</u>	<u>169,341,767</u>	<u>33,851,312</u>
Total pooled cash and investments	<u>\$ 161,681,627</u>	<u>\$ 24,759,770</u>	<u>\$ 172,529,292</u>	<u>\$ 34,488,499</u>

Restricted cash, cash equivalents and investments

As of December 31, 2014 and 2013, the Airport's restricted cash, cash equivalents, and investments are comprised of \$7,458,390 and \$11,058,467, respectively, and represent reserves required by the Airport's bond ordinances.

Summary of carrying values

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

	2014	2013
Cash, cash equivalents and investments		
Current - unrestricted	\$ 19,300,194	\$ 28,796,967
Current - restricted	7,119,033	5,691,532
Noncurrent - restricted investments	<u>2,451,953</u>	<u>5,419,455</u>
Total cash, cash equivalents and investments	<u>\$ 28,871,180</u>	<u>\$ 39,907,954</u>

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.

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As of December 31, 2014 and 2013, the bank balance of the City of Colorado Springs' bank deposits exclusive of cash not included in pooled cash and investments was \$16,084,154 and \$8,734,788, respectively. As of December 31, 2014, of the total bank deposits, \$260,175 was covered by Federal Deposit Insurance. As of December 31, 2013, of the total bank deposits, \$488,719 was covered by Federal Deposit Insurance. The Airport's share of those amounts as of December 31, 2014 and 2013 was \$29,330 and \$32,340, respectively.

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

Interest rate risk

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

Credit risk

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

Custodial credit risk

Custodial risk is the risk, that in the event of the failure of a depository financial institution, the City will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. A designated portfolio manager places the City's investments during the fiscal year. Investments are exposed to custodial credit risk if they are uninsured, are not registered in the City's name and are held by either the counterparty to the investment purchase or held by the counter party's trust department or agent but not held in the City's name. None of the City's investments owned at December 31, 2014 and 2013 were subject to custodial risk.

Concentration of credit risk

Concentration of credit risk is the risk of loss attributable to the magnitude of the City's investments in a single issuer. Concentration risk is defined by GASB as positions of 5% or more in the securities of any one issuer. The City's pooled investments are in compliance with the City Investment Policy which limits investments with any single issuer other than the Federal Government to 5%. The securities of the Federal Government are defined as

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obligations of the United States and certain of its instrumentalities. None of the City's investments owned at December 31, 2014 and 2013, were subject to concentration of credit risk.

As of December 31, 2014 the detail of pooled cash and investments held for the City and the Airport is as follows:

Investment Type	Fair Value City	Fair Value Airport	Weighted Average Maturity (years)
Money market mutual funds	\$ 129,841	\$ 19,884	0.00
Colorado Statewide Investment Program (CSIP)	5,459,957	836,152	0.00
US Treasury securities	48,382,936	7,409,484	1.42
US Instrumentality securities	62,609,600	9,588,192	2.39
Municipal bonds	2,776,080	425,136	0.93
Domestic corporate fixed-income securities	22,785,205	3,489,383	1.67
International securities - US dollars	2,020,640	309,446	0.24
Certificate of deposit	4,331,642	663,358	0.17
Total fair value	148,495,901	22,741,035	
Portfolio weighted average maturity			1.75
Reconciliation to Total Pooled Cash and Investments			
Add: Cash on hand and in banks	13,185,726	2,018,735	
	<u>\$ 161,681,627</u>	<u>\$ 24,759,770</u>	

As of December 31, 2013 the detail of pooled cash and investments held for the City and the Airport is as follows:

Investment Type	Fair Value City	Fair Value Airport	Weighted Average Maturity (years)
Money market mutual funds	\$ 65,535	\$ 13,100	0.00
Colorado Statewide Investment Program	5,701,511	1,139,728	0.00
Commercial paper	15,992,194	3,196,830	0.25
US Treasury securities	35,046,094	7,005,692	2.20
US Instrumentality securities	77,372,749	15,466,765	2.63
Corporate fixed-income securities	5,655,743	1,130,579	1.50
Municipal bonds	29,507,941	5,898,619	1.43
Total fair value	169,341,767	33,851,313	
Portfolio weighted average maturity			1.98
Reconciliation to Total Pooled Cash and Investments			
Add: Cash on hand and in banks	3,187,525	637,186	
	<u>\$ 172,529,292</u>	<u>\$ 34,488,499</u>	

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

	S&P Rating	2014 % of Total	2013 % of Total
Money market mutual funds	AAA	0.09%	0.04%
Colorado Statewide Investment Program (CSIP)	AAA _m	3.68%	3.37%
Commercial paper	A-1	0.00%	9.44%
US Treasury securities	AA	32.58%	20.70%
US Instrumentality securities	AA	42.16%	45.69%
Municipal bonds	AAA	0.14%	0.96%
Municipal bonds	AA	1.73%	2.38%
Domestic corporate fixed-income securities	AAA	3.87%	0.46%
Domestic corporate fixed-income securities	AA	11.47%	16.80%
Domestic corporate fixed-income securities	A	0.00%	0.16%
International securities - US dollars	AA	1.36%	0.00%
Certificate of deposit	AA	0.97%	0.00%
Certificate of deposit	A	2.00%	0.00%
		100%	100%

During 2014 and 2013, the City invested in the PFM Funds Prime Series, Colorado Investors Class, a money market mutual fund (marketed as the Colorado Statewide Investment Program or CSIP). The Prime Series is a separate investment portfolio of PFM Funds (the Trust). The Trust is an open-end, diversified, management investment company registered under the Investment Company Act of 1940.

The PFM Funds Prime Series invests in obligations of the United States Government and its agencies, high-quality debt obligations of U.S. companies and obligations of financial institutions and is rated AAA_m by Standard & Poor's. PFM Asset Management LLC serves as the investment advisor, administrator, and transfer agent. Shares of the fund are distributed by PFM Fund Distributors, Inc., member Financial Industry Regulatory Authority. U.S. Bank N.A. serves as the custodian and acts as safekeeping agent. As of December 31, 2014 and 2013, the City had \$5,459,957 and \$5,701,511, respectively, invested in the PFM Funds Prime Series, of which \$836,152 and \$1,139,728 at December 31, 2014 and 2013, respectively, related to the Airport.

To obtain financial statements for PFM Funds Prime Series, Colorado Investors Class, you may visit its website at www.csipinvest.com.

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2. Notes Receivable

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

As part of the current tenant's ground lease agreement, the note receivable represents an amount to be repaid by the tenant to the Airport in the form of an infrastructure surcharge of \$19,058 per month. This is the amount needed to repay the Airport's commercial loan balance of \$1,970,266 as disclosed in Note C.6.

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3. Capital assets

Capital assets activity for the year ended December 31, 2014 was as follows:

	Beginning Balance	Increase	Decrease	Transfer	Ending Balance
Capital assets being depreciated:					
Buildings	\$ 67,385,240	\$ -	\$ -	\$ 855,323	\$ 68,240,563
Improvements other than buildings	251,160,462	234,624	(732,291)	-	250,662,795
Machinery and equipment	20,717,294	276,509	(228,214)	262,325	21,027,914
Vehicles	5,083,800	97,934	(417,061)	-	4,764,673
Infrastructure	35,865,017	3,075,162	-	9,303,005	48,243,184
Intangibles	566,164	-	-	86,778	652,942
Total capital assets being depreciated	<u>380,777,977</u>	<u>3,684,229</u>	<u>(1,377,566)</u>	<u>10,507,431</u>	<u>393,592,071</u>
Less accumulated depreciation for:					
Buildings	(31,949,649)	(1,923,053)	-	-	(33,872,702)
Improvements other than buildings	(93,350,540)	(10,202,427)	618,571	-	(102,934,396)
Machinery and equipment	(8,103,617)	(1,282,104)	228,214	-	(9,157,507)
Vehicles	(3,615,412)	(169,078)	417,061	-	(3,367,429)
Infrastructure	(6,960,809)	(1,128,185)	-	-	(8,088,994)
Intangibles	(21,367)	(72,749)	-	-	(94,116)
Total accumulated depreciation	<u>(144,001,394)</u>	<u>(14,777,596)</u>	<u>1,263,846</u>	<u>-</u>	<u>(157,515,144)</u>
Total capital assets being depreciated, net	<u>236,776,583</u>	<u>(11,093,367)</u>	<u>(113,720)</u>	<u>10,507,431</u>	<u>236,076,927</u>
Capital assets not being depreciated:					
Land	18,416,793	-	-	-	18,416,793
Construction in progress	314,030	10,193,401	-	(10,507,431)	-
Total capital assets, not being depreciated	<u>18,730,823</u>	<u>10,193,401</u>	<u>-</u>	<u>(10,507,431)</u>	<u>18,416,793</u>
Capital assets, net	<u>\$255,507,406</u>	<u>\$ (899,966)</u>	<u>\$ (113,720)</u>	<u>\$ -</u>	<u>\$ 254,493,720</u>

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Capital assets activity for the year ended December 31, 2013 was as follows:

	Beginning Balance	Increase	Decrease	Transfer	Ending Balance
Capital assets being depreciated:					
Buildings	\$ 95,272,291	\$ 8,522	\$ -	\$ (27,895,573)	\$ 67,385,240
Improvements other than buildings	199,371,826	11,377	(1,641)	51,778,900	251,160,462
Machinery and equipment	23,153,458	1,258,923	(1,419,066)	(2,276,021)	20,717,294
Vehicles	5,411,447	48,320	(375,967)	-	5,083,800
Infrastructure	34,868,798	20,364	(67,413)	1,043,268	35,865,017
Intangibles	-	10,000	(5,000)	561,164	566,164
Total capital assets being depreciated	<u>358,077,820</u>	<u>1,357,506</u>	<u>(1,869,087)</u>	<u>23,211,738</u>	<u>380,777,977</u>
Less accumulated depreciation for:					
Buildings	(42,721,434)	(3,268,104)	-	14,039,889	(31,949,649)
Improvements other than buildings	(67,949,187)	(11,357,810)	-	(14,043,543)	(93,350,540)
Machinery and equipment	(5,770,867)	(3,006,146)	636,510	36,886	(8,103,617)
Vehicles	(3,809,902)	(172,654)	367,144	-	(3,615,412)
Infrastructure	(5,678,523)	(1,249,054)	-	(33,232)	(6,960,809)
Intangibles	-	(21,367)	-	-	(21,367)
Total accumulated depreciation	<u>(125,929,913)</u>	<u>(19,075,135)</u>	<u>1,003,654</u>	<u>-</u>	<u>(144,001,394)</u>
Total capital assets being depreciated, net	<u>232,147,907</u>	<u>(17,717,629)</u>	<u>(865,433)</u>	<u>23,211,738</u>	<u>236,776,583</u>
Capital assets not being depreciated:					
Land	18,416,793	-	-	-	18,416,793
Construction in progress	4,897,631	20,206,820	(1,578,683)	(23,211,738)	314,030
Total capital assets, not being depreciated	<u>23,314,424</u>	<u>20,206,820</u>	<u>(1,578,683)</u>	<u>(23,211,738)</u>	<u>18,730,823</u>
Capital assets, net	<u>\$255,462,331</u>	<u>\$ 2,489,191</u>	<u>\$ (2,444,116)</u>	<u>\$ -</u>	<u>\$255,507,406</u>

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4. Changes in long-term liabilities

Long-term liabilities activity for the year ended December 31, 2014 was as follows:

	Balance January 1, 2014	Additions	Reductions	Balance December 31, 2014	Due Within One Year
Revenue bonds	\$ 36,470,000	\$ 11,185,000	\$ (29,050,000)	\$ 18,605,000	\$ 1,565,000
Bond Premium	-	1,066,638	(142,070)	924,568	-
Bond discount	(64,407)	-	11,905	(52,502)	-
Total bonds payable	36,405,593	12,251,638	(29,180,165)	19,477,066	1,565,000
Note payable	2,756,208	2,336,000	(692,443)	4,399,765	363,299
Capital lease	39,606	-	(39,606)	-	-
Compensated absences- accrued sick and vacation benefits	596,391	539,270	(567,881)	567,780	28,389
Long-term liabilities	<u>\$ 39,797,798</u>	<u>\$ 15,126,908</u>	<u>\$ (30,480,095)</u>	<u>\$ 24,444,611</u>	<u>\$ 1,956,688</u>

Long-term liabilities activity for the year ended December 31, 2013 was as follows:

	Balance January 1, 2013	Additions	Reductions	Balance December 31, 2013	Due Within One Year
Revenue bonds	\$ 39,820,000	\$ -	\$ (3,350,000)	\$ 36,470,000	\$ 3,520,000
Bond discount	(77,288)	-	12,881	(64,407)	-
Total bonds payable	39,742,712	-	(3,337,119)	36,405,593	3,520,000
Note payable	3,425,490	-	(669,282)	2,756,208	692,434
Capital lease	191,296	-	(151,690)	39,606	39,606
Compensated absences- accrued sick and vacation benefits	699,670	613,973	(717,252)	596,391	29,819
Long-term liabilities	<u>\$ 44,059,168</u>	<u>\$ 613,973</u>	<u>\$ (4,875,343)</u>	<u>\$ 39,797,798</u>	<u>\$ 4,281,859</u>

5. Revenue bonds payable

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

In April 2007, the City of Colorado Springs issued \$3,725,000 and \$8,500,000 of Airport System Revenue Refunding Bonds, Series 2007A and 2007B, for a current refunding of \$9,345,000 and \$2,625,000 of 1996A and 1996B Airport System Revenue Bonds, respectively.

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The refunding was undertaken to reduce annual future debt service payments. The reacquisition price was above the net carrying amount of the old debt by \$211,363. This amount is recognized as deferred loss on refunding in the deferred outflows of resources on the statement of net position and is amortized over the new debt's life, which is the same as the life of the old debt. The Series 2007A bonds, of which \$3,725,000 mature from 2007 to 2021, have interest rates ranging from 4.00% to 4.50%. The Series 2007B bonds, of which \$8,500,000 mature from 2007 to 2023, have interest rates ranging from 4.00% to 5.00%.

In December 2002, the City of Colorado Springs issued \$43,005,000 of Airport System Revenue Refunding 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. These bonds were refunded in January 2014 by the 2014 Airport System Revenue Refunding Bonds outlined above.

In December 1996, the City of Colorado Springs issued \$12,450,000 Airport System Revenue Refunding 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 System Revenue Refunding 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 System Revenue Refunding 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. The Airport issued these revenue bonds with pledged revenues as collateral. The revenue bonds have been issued as Airport revenue bonds to finance construction projects.

	<u>Amount Pledged</u>	<u>Term of Commitment</u>
Airport System Revenue Bonds	\$23,233,275	2007-2023

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

Maturities of the Airport System Revenue Refunding Bonds and related interest expense are as follows as of December 31, 2014:

Year Ending December 31,	2007A		2007B		2014		Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2015	\$ 270,000	\$ 78,388	\$ 355,000	\$ 264,562	\$ 940,000	\$ 519,500	\$ 1,565,000	\$ 862,450
2016	280,000	67,587	480,000	250,362	990,000	472,500	1,750,000	790,449
2017	295,000	56,388	585,000	231,163	1,040,000	423,000	1,920,000	710,551
2018	305,000	44,587	610,000	207,762	1,090,000	371,000	2,005,000	623,349
2019	315,000	32,388	635,000	182,600	1,145,000	316,500	2,095,000	531,488
2020-2023	485,000	26,375	3,600,000	420,113	5,185,000	663,500	9,270,000	1,109,988
Totals	<u>\$ 1,950,000</u>	<u>\$ 305,713</u>	<u>\$ 6,265,000</u>	<u>\$ 1,556,562</u>	<u>\$ 10,390,000</u>	<u>\$ 2,766,000</u>	<u>\$ 18,605,000</u>	<u>\$ 4,628,275</u>

6. Note Payable

On December 1, 2014, the Airport entered into a loan agreement in the amount of \$2,336,000 with the Colorado Department of Transportation to fund capital projects at the Airport. The interest rate on the loan is 2.5% and matures December 1, 2023. Debt service payments on this loan will be made from PFC revenues. The following is an amortization schedule (including Principal and Interest) for the remainder of the loan period as of December 31, 2014:

Year Ending December 31,	Principal	Interest	Payment
2015	\$ 208,508	\$ 58,400	\$ 266,908
2016	213,721	53,187	266,908
2017	219,064	47,844	266,908
2018	224,540	42,368	266,908
2019	230,154	36,754	266,908
2020-2024	<u>1,240,013</u>	<u>94,531</u>	<u>1,334,544</u>
Totals	<u>\$ 2,336,000</u>	<u>\$ 333,084</u>	<u>\$ 2,669,084</u>

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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, 2014:

Year Ending December 31,	Principal	Interest	Payment
2015	\$ 93,499	\$ 2,805	\$ 96,304

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. The interest rate on the loan was 3.0%. Debt service payments on this loan were made from PFC revenues and this loan was paid in full in 2014.

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, 2014 is \$1,970,266. 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. See note C.2 for additional information.

The following is an amortization schedule (including Principal and Interest) for the remainder of the loan period as of December 31, 2014:

Year Ending December 31,	Principal	Interest	Payment
2015	\$ 61,292	\$ 167,404	\$ 228,696
2016	66,309	162,387	228,696
2017	72,733	155,963	228,696
2018	79,255	149,441	228,696
2019	86,362	142,334	228,696
2020-2024	561,965	581,515	1,143,480
2025-2029	864,041	279,439	1,143,480
2030-2030	178,309	6,937	185,246
Totals	<u>\$ 1,970,266</u>	<u>\$ 1,645,420</u>	<u>\$ 3,615,686</u>

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7. Leases

The Airport leases facilities, infrastructure, and land, including but not limited to airlines, concessionaires, and others. Substantially all of the leases are operating leases for land, buildings, and terminal space. The leases contain provisions for cancellation by either party if certain conditions are met. A new rental car agreement was signed in 2014, with a retroactive date to July 1, 2013, for a three year term with the option for two additional one year extensions. The airline agreement expired on December 31, 2014, with negotiations currently underway on a new agreement that will take effect on July 1, 2015. The Airport fully anticipates executing a new airline agreement that contains similar terms to the existing agreements. The following is a schedule, by year, of minimum future rentals of the operating leases as of December 31, 2014:

Year Ending December 31,	
2015	\$ 5,099,819
2016	3,346,659
2017	1,540,149
2018	1,482,295
2019	1,459,812
2020-2024	6,497,004
2025-2029	4,061,974
2030-2034	3,662,165
2035-2039	2,782,704
2040-2044	2,418,844
2045-2049	2,335,579
2050-2054	1,980,988
2055-2059	661,281
	<u>\$ 37,329,273</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 \$779,456 and \$618,235 for the years ended December 31, 2014 and 2013, respectively.

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

	December 31, 2014	December 31, 2013
Land	\$ 18,416,793	\$ 18,416,793
Buildings	68,240,563	67,385,240
Improvements other than buildings	250,662,795	251,160,462
Infrastructure	48,243,184	35,865,017
	<u>385,563,335</u>	<u>372,827,512</u>
Less accumulated depreciation	(136,901,214)	(125,321,557)
	<u>\$ 248,662,121</u>	<u>\$ 247,505,955</u>

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

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. The lease was paid in full as of December 31, 2014.

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

	December 31, 2014	December 31, 2013
Machinery and equipment	\$ 674,519	\$ 674,519
Less accumulated depreciation	<u>(385,038)</u>	<u>(317,586)</u>
Net capitalized lease property	<u>\$ 289,481</u>	<u>\$ 356,933</u>

8. Interfund balances

The composition of interfund balances as of December 31, 2014 and 2013 is as follows:

	<u>December 31, 2014</u>	<u>December 31, 2013</u>
Due to support services fund	\$ -	\$ 4,420
Net due to CSU	99,074	103,207
Due (from) to Others	<u>(22,050)</u>	<u>24,750</u>
	<u>\$ 77,024</u>	<u>\$ 132,377</u>

Colorado Springs Municipal Airport
Colorado Springs, Colorado
NOTES TO FINANCIAL STATEMENTS
December 31, 2014 and 2013

9. Commitments

As of December 31, 2014, the Airport had commitments outstanding, in the form of contracts and purchase orders, of approximately \$1,131,675 primarily for construction projects and equipment.

Note D – Other Information

1. Risk management

The City of Colorado Springs has a risk management division to coordinate and administer workers' compensation, property, and general liability insurance programs for all of its activities and operations. For workers' compensation coverage, the City has purchased commercial insurance to cover losses in excess of \$750,000 per occurrence. The City pays losses less than this amount through its Workers Compensation Self-Insurance Fund. The Airport is included in the Workers' Compensation Self-Insurance program. For property coverage, the Airport has purchased a commercial insurance policy with varying deductibles. All deductibles related to this policy are paid from Airport operating funds. General liability coverage for the Airport is purchased from commercial carriers for losses up to \$200,000,000. No claims were incurred in excess of the coverage for 2014, 2013 or 2012.

2. Post-retirement health care and life insurance benefits

In accordance with the City of Colorado Springs' Personnel Policy, the Airport offers a health care plan, including life insurance benefits, to retirees with the Airport's contribution determined by City Council. Employees retiring prior to 1979 receive this health care plan benefit without cost to the employee. Those retiring during or after 1979 and those hired prior to August 1, 1988, receive a limited Airport contribution not to exceed \$91.40 per month. As of December 31, 2014 and 2013 the Airport had 33 and 30 employees with partial coverage, respectively. The cost of benefits as of December 31, 2014 and 2013 were \$25,007 and \$24,267, respectively.

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 employees, except uniformed police and fire, of the City are members of the LGDTF. The Mayor, direct reports of the Mayor, and elected officials of the City may be exempt from membership. Title 24, Article 51 of the Colorado Revised Statutes (CRS), as amended, assigns the authority to establish and amend 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,

Colorado Springs Municipal Airport
Colorado Springs, Colorado
NOTES TO FINANCIAL STATEMENTS
December 31, 2014 and 2013

1301 Pennsylvania 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 a percentage of covered payroll according to state statutes (Title 24, Article 51, Part 4 of the CRS, as amended). The member contribution rate is 8% of covered salary and the City's total contribution rate is 13.7% of covered salary. The City's total contribution is composed of the following:

- 10.0% employer contribution rate - 1.02% of which is allocated for the Health Care Trust Fund (see note D.3.B Post-employment Health Care Benefits)
- 2.2% amortization equalization disbursement (AED)
- 1.5% supplemental amortization equalization disbursement (SAED)

The AED and SAED are required additional contributions intended to increase the plans funded status with decreases mandated when the division's year-end funded status reaches 103 percent.

Beginning July 1, 2005, if the City rehires a PERA retiree as an employee or under any other work arrangement, it is required to report and pay employer contributions on the amounts paid for the retiree; however, no member contributions are required. The Airport's contributions to LGDTF for the years ended December 31, 2014, 2013, and 2012, were \$527,414, \$624,483, and \$685,271, respectively, and were equal to the required contributions for each year.

B. Post-employment Health Care 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 and amend 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, 1301 Pennsylvania Street, Denver, Colorado 80203 or by calling PERA at 303-832-9550 or 1-800-759-PERA (7372).

Funding Policy: The City is required to contribute at a rate of 1.02% of covered salary for all PERA members as set by state statute, which is included in the total contribution rate of 13.7% of covered salary above. 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, 2014, 2013, and 2012, were \$39,267, \$46,494, and \$51,005, respectively, and were equal to their required contributions for each year.

Colorado Springs Municipal Airport
Colorado Springs, Colorado
NOTES TO FINANCIAL STATEMENTS
December 31, 2014 and 2013

C. Defined Contribution Plans

City employees, depending upon their specific position in the City as noted in the plan descriptions below, have access to up to three defined contribution plans: PERA 401(k), ICMA 457, ICMA 401(a).

PERA 401(k) 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. 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.

PERA 401(k) Funding Policy: The 401(k) Plan is funded by voluntary member contributions of up to a maximum limit set by the IRS (\$17,500 for 2014 and 2013 calendar years). There is a catch-up provision that allows participants age 50 and older who are contributing the maximum to contribute an additional \$5,500 annually to their accounts.

ICMA 457 Plan Description: Per authority of a City Council Resolution, members of the City may also voluntarily contribute to an ICMA 457 Plan, an Internal Revenue Code of 1986 Section 457. The plan is administered by ICMA Retirement Corporation and the Vantage Trust Company.

ICMA 457 Funding Policy: The ICMA 457 plan is funded by voluntary member contributions of up to a maximum limit set by the IRS (\$17,500 annually for 2014 calendar year). In addition, employees are eligible to contribute an additional \$5,500 annually if they are 50 or older or \$17,500 if they are participating in the “pre-retirement” catch-up provision.

ICMA 401(a) Plan Description: Per Title 24, Article 51 of the CRS, as amended, the City provides, to certain employees of the City the option to make a one-time irrevocable election to participate in an ICMA 401(a) Plan, a defined contribution plan, in lieu of participation in Colorado PERA. The plan is administered by ICMA Retirement Corporation, which defines eligibility and participation requirements.

ICMA 401(a) Funding Policy: For the year ended December 31, 2014, the Airport had no participants in this plan.

D. Uniformed Employee Defined Benefit Plan

Plan Description: All fire and police officers of the City participate in one of five defined benefit pension plans. Two of these plans (Old Hire Fire and Old Hire Police) are single employer, defined benefit pension plans. The remaining plans (Statewide, Alternate Fire and Alternate Police) are cost-sharing multiple-employer, defined benefit pension plans. Membership in the various plans is dependent upon the classification of the employee (fire or police) and the start date of the employee. On October 1, 2006, Fire and Police Pension Association (FPPA) and the City entered into an agreement under which FPPA

Colorado Springs Municipal Airport
Colorado Springs, Colorado
NOTES TO FINANCIAL STATEMENTS
December 31, 2014 and 2013

administers the Alternative Fire and Alternative Police plans, collectively referred to as the Colorado Springs New Hire Pension Plan (CSNHPP).

The Old Hire plans are administered jointly by the City and the FPPA. FPPA performs certain administrative tasks in accordance with an agreement with the City in regards to the Old Hire plans. Provisions of these plans are established and amended by City Council in accordance with relevant state statute. The plans provide benefits to members based upon the provisions unique to that plan. Disability benefits to fire and police officers and death benefits to their survivors for all plans are provided by the State of Colorado through a Death and Disability Plan administered by the FPPA. Benefits are established by state statute and are available for all fire and police officers in accordance with plan provisions. 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.

4. Compliance with OMB Circular A-133

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

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

5. GASB 65 Implementation

In 2013, the Airport implemented *GASB 65 Items Previously Reported as Assets and Liabilities*. Per GASB 65, debt issuance cost, except any portion related to prepaid insurance costs, should be recognized as an expense in the period incurred. In 2013, with the implementation of GASB 65, the remaining balance on the previously capitalized bond issuance costs of \$265,670 was eliminated. On the Statement of Revenues, Expenses and Changes in Net Position, this amount is identified as a prior period adjustment and the beginning of the year net position is restated. The Airport elected not to restate the 2012 financials as the amount does not represent a significant impact to the overall financial results. With the adoption of GASB 65, certain items previously reported as liabilities are now classified as deferred outflows. As of December 31, 2014 and 2013, deferred outflows consisted of the unamortized deferred loss on debt refunding of \$259,930 and \$371,570, respectively.

Colorado Springs Municipal Airport
Colorado Springs, Colorado
NOTES TO FINANCIAL STATEMENTS
December 31, 2014 and 2013

6. Prior Period Adjustment

Subsequent to the issuance of the Airport's 2013 financial statements, the Airport's management determined that it incorrectly recorded certain transactions. In 2013 the Airport agreed to stabilize rates for the remaining airlines after Frontier Airlines announced it was leaving the Colorado Springs market. At year-end the Airport calculated the airline settlement and entered a receivable for \$885,016, the amount the Airport would have received if it had not stabilized the rates. In addition, the Airport reported approximately \$2.0 million in other operating income from tenant capital reinvestment in consideration of an extended lease term. This revenue has been reclassified to unearned revenue and will be recognized over a twenty year period as other non-operating revenue.

	<u>As Previously Reported</u>	<u>Adjustment</u>	<u>As Restated</u>
Statement of Net Position			
Accounts receivable (net of allowances of \$10,040 and \$2,225)	\$ 4,308,904	\$ (885,016)	\$ 3,423,888
Unearned revenue and other tenant deposits	1,457,536	92,250	1,549,786
Unearned revenue	-	1,661,687	1,661,687
Statement of Revenues, Expenses, and Changes in Net Position			
Airline revenues	\$ 9,014,646	\$ (885,016)	\$ 8,129,630
Other charges	4,270,533	(1,961,211)	2,309,322
Other non-operating revenue	-	207,274	207,274
Total net position - end of year	256,700,058	(2,638,953)	254,061,105
Statement of Cash Flows			
Cash flows from operating activities			
Receipts from customers	\$ 20,999,888	(1,432,840)	\$19,567,048
Cash flows from capital and related financing activities			
Other nonoperating revenue	-	1,432,840	1,432,840

7. Subsequent Events

On February 12, 2015 Sierra Completions, a subsidiary of Sierra Nevada Corporation, announced plans to locate in Colorado Springs. Sierra Completions is planning to build an \$88 million campus at the Colorado Springs Airport which is expected to house more than 2,100 employees within five years and to provide a multi-billion dollar economic impact, including indirect and induced employment, to the Pikes Peak region.

Supplementary and Other Information

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, 2014
 Unaudited

	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
	Revenue	Expenses	Revenue	Expenses				Prepaid Revenue Account	Capital Account			
Beginning balance:												
as of January 1, 2014	\$ 1,176,850	\$ -	\$ -	\$ -	\$ 5,433,850	\$ 3,530,350	\$ 750,000	\$ 1,358,463	\$ 16,974,563	\$ 52,518	\$ 6,670,269	\$ 35,947,063
Add: Commitments as of December 31, 2013	-	68,194	-	-	-	-	-	922,483	-	152,914	-	1,143,591
Adjusted balance:	1,176,850	68,194	-	-	5,433,850	3,530,350	750,000	1,358,463	17,897,046	205,432	6,670,269	37,090,654
as of January 1, 2014												
Calendar year 2014 activity												
Operating Revenues	\$15,294,148	-	-	-	-	-	-	-	-	-	-	\$15,294,148
Non-Operating Revenues	-	-	-	-	-	-	-	-	-	-	-	-
Interest Earnings	16,467	-	9,054	-	38,076	43,087	8,986	8,230	89,543	2,679	50,115	271,813
Passenger facility charges	-	-	-	-	-	-	-	-	-	1,616,131	-	1,616,131
Customer facility charges	-	-	-	-	-	-	-	-	-	-	915,699	915,699
Other revenue (expenses)	124,660	-	-	-	-	-	-	-	(113,724)	-	-	10,937
Reserve Adjustments	-	-	-	-	(2,986,186)	68,250	-	(700,825)	-	-	-	(3,618,761)
Operating Transfers In	2,554,225	-	-	-	51,638	-	-	-	13,013,814	576,462	-	16,196,138
Loan Proceeds	-	-	-	-	-	-	-	-	2,336,000	-	-	2,336,000
Grant Revenues	239,662	-	-	-	-	-	-	-	13,164,372	-	-	13,404,034
Bond Proceeds	-	-	-	-	-	-	-	-	-	-	-	-
Sub-total revenues	16,612,125	2,862,081	9,054	57,216	2,485,739	3,641,886	758,986	665,868	44,031,051	4,736,703	7,636,082	83,516,792
Operating Expenses	(12,712,066)	-	-	-	-	-	-	-	-	-	-	(12,712,066)
Operating Transfers Out	-	-	(15,299,175)	-	(51,638)	-	-	-	(2,767,058)	(414,267)	-	(18,532,138)
Operating Capital	-	-	-	-	-	-	-	-	-	-	-	-
Capital Expenses	(86,117)	-	-	-	-	-	-	-	(12,883,183)	(937,622)	-	(86,117)
Non-Operating Expenses	-	-	-	-	-	-	-	-	-	-	-	(13,820,806)
Interest Expense	-	-	-	-	-	-	-	-	-	(29,290)	-	(29,290)
Debt Service Expenses	-	-	(1,395,000)	-	(859,401)	-	-	-	-	-	-	(2,254,401)
Debt Issuance Expense	-	-	-	-	-	-	-	-	-	-	-	(187,082)
Transfer Bond Principal	-	-	15,299,175	-	-	-	-	-	(12,312,989)	-	-	2,986,186
Sub-total expenses	(12,985,265)	-	(1,395,000)	(911,639)	-	-	-	-	(27,963,231)	(1,381,179)	-	(44,635,713)
Balance before encumbrances, commitments, and transfers	(10,123,184)	(10,123,184)	(1,385,946)	(853,823)	2,485,739	3,641,886	758,986	665,868	16,087,821	3,355,524	7,636,082	38,881,079
Encumbrances at December 31, 2014	(820,427)	(820,427)	-	-	-	-	-	-	(864,221)	(283,183)	-	(1,131,675)
Other commitments at December 31, 2014	-	-	-	-	-	-	-	-	-	-	-	-
Sub-total commitments	-	-	-	-	-	-	-	-	-	-	-	-
Transfers:												
Operating/Maintenance	(10,327,456)	10,327,456	-	-	-	-	-	-	-	-	-	-
Bond Debt Service	(2,254,401)	-	1,395,000	859,401	-	-	-	-	-	-	-	-
2014 Bond Ordinance Requirements	-	-	-	-	-	-	-	-	-	-	-	-
Income Available for Sharing City's Portion	(881,697)	-	-	-	-	-	-	-	881,697	-	-	-
Funding Adj-Encumbrances/ Working Capital	(750,435)	-	-	-	-	-	-	-	750,435	-	-	-
Non-Preferential Gate Use Fee	(100,112)	-	-	-	-	-	-	-	100,112	-	-	-
Net (Res)/Expense on Business Park Phase I	(202,610)	-	-	-	-	-	-	-	202,610	-	-	-
Net (Res)/Expense on Fountain Term Site	26,517	-	-	-	-	-	-	-	(26,517)	-	-	-
Third Party Capital Reinvestment	(466,353)	-	-	-	-	-	-	-	466,353	-	-	-
Repayment of Loans to Capital Account	(500,759)	-	-	-	-	-	-	-	500,759	-	-	-
Interest to:												
Airlines	104,780	-	(9,054)	(5,578)	(38,076)	(43,087)	(8,986)	(8,230)	-	-	-	-
Capital Account	-	-	-	-	-	-	-	-	-	-	-	-
Sub-total transfers	(15,412,520)	10,327,456	1,385,946	853,823	(38,076)	(43,087)	(8,986)	(8,230)	2,943,679	-	-	-
Ending Balance:	\$ 1,199,600	\$ -	\$ 0	\$ -	\$ 2,447,664	\$ 3,598,800	\$ 750,000	\$ 657,638	\$ 18,387,278	\$ 3,072,341	\$ 7,636,082	\$ 37,749,403
December 31, 2014												

Supplementary and Other Information

Colorado Springs Municipal Airport
Colorado Springs, Colorado
AIRLINES SERVING THE AIRPORT
December 31, 2014
(unaudited)

Passenger Airlines

<u>Carrier</u>	<u>Flown by</u>
Alaska Airlines	SkyWest
Allegiant Air	
American Airlines	
Continental/Continental Express Airlines	ExpressJet and Skywest
Delta/Delta Connection Air Lines	SkyWest
United Airlines	ExpressJet, SkyWest, Republic Airlines and Shuttle America

All-Cargo Airlines

Fed Ex
Key Lime

Supplementary and Other Information

Colorado Springs Municipal Airport
 Colorado Springs, Colorado
 HISTORICAL AIRLINE TRAFFIC
 For the years ended December 31, 2005 - 2014
 (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
2005	720,710	310,123	1,030,833	-0.4%	4,313	14,717	1,823	20,853	-3.5%	167	21
2006	735,077	281,939	1,017,016	-1.3%	4,008	13,835	1,731	19,574	-6.1%	183	20
2007	373,987	659,599	1,033,586	1.6%	3,264	14,586	1,591	19,441	-0.7%	115	45
2008	336,707	661,640	998,347	-3.4%	2,976	14,952	1,272	19,200	-1.2%	113	44
2009	288,623	640,977	929,600	-6.9%	2,537	13,718	826	17,081	-11.0%	114	47
2010	282,536	580,871	863,407	-7.1%	2,495	12,923	860	16,278	-4.7%	113	45
2011	273,379	540,957	814,336	-5.7%	2,451	12,213	880	15,544	-4.5%	112	44
2012	271,372	550,636	822,008	0.9%	2,415	11,534	850	14,799	-4.8%	112	48
2013	256,760	393,769	650,529	-20.9%	2,301	8,876	845	12,022	-18.8%	112	44
2014	264,993	357,989	622,982	-4.2%	2,310	8,086	899	11,295	-6.0%	115	44

Source: Colorado Springs Municipal Airport management records.
 Note: Enplaned/Aircraft Operations are based on carrier who actually flew the operation not under Carrier ticket sold

Supplementary and Other Information

Colorado Springs Municipal Airport
 Colorado Springs, Colorado
 HISTORICAL AIRCRAFT LANDED WEIGHT
 For the years ended December 31, 2005 - 2014
 (unaudited)

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	
	1,000-lb of total units	1,000-lb units	Percent of total units								
Passenger Airlines											
Major and national											
Allegiant											
American Airlines	36,090	42,548	3.0%	35,922	2.8%	34,753	41,895	37,503	24,543	28,154	3%
Continental Airlines	264,071	287,303	20.3%	249,202	19.2%	243,363	220,395	219,278	214,014	206,048	23%
Delta Air Lines	481	256	0.0%	-	0.0%	110	-	381	157	0	0%
Northwest Airlines	104,588	81,090	5.7%	40,428	3.1%	50,500	51,266	57,439	60,813	51,988	6%
United Airlines	109,674	92,331	6.5%	62,374	4.8%	-	-	-	-	-	0%
	54,551	41,233	2.9%	-	0.0%	230	313,556	314,601	-	-	0%
	569,453	544,851	38.4%	387,926	29.9%	328,726	313,556	314,601	299,527	286,190	33%
Regional and commuter											
Air Wisconsin Express	160,922	115,782	8.2%	-	0.0%	-	-	-	-	-	0%
American Eagle	262,64	39,798	2.8%	-	0.0%	-	-	-	-	-	0%
Atlantic Southeast Airlines	-	-	0.0%	-	0.0%	-	5,074	-	-	-	0%
Chautauqua	-	-	0.0%	-	0.0%	-	-	-	-	-	0%
Comair dba Delta	48,006	33,835	2.4%	6,901	0.5%	-	13,889	26,485	43,817	53,342	6%
Continental Express	78,282	84,273	5.9%	74,414	5.7%	74,728	13,889	26,485	43,817	53,342	6%
ExpressJet	-	-	0.0%	61,225	4.7%	1,058	1,233	2,109	-	-	0%
Frontier/Lynx Aviation	-	-	0.0%	78,917	6.1%	123,387	144,095	220,716	33,030	-	4%
GO Jet Airlines	-	-	0.0%	-	0.0%	-	-	-	-	-	0%
Mesa Airlines	9,462	6,806	0.5%	-	0.0%	-	-	-	-	-	0%
Mesa dba United	34,306	48,886	3.4%	55,002	4.2%	68,110	13,134	-	-	-	0%
Mesa dba Delta	-	-	0.0%	-	0.0%	-	18,897	-	-	-	0%
Mesa dba Northwest Airlink	-	-	0.0%	18,093	1.4%	55,424	-	-	-	-	0%
Northwest Airlink	1,645	2,632	0.2%	-	0.0%	-	-	-	-	-	0%
Republica United Airlines	-	-	0.0%	-	0.0%	-	-	-	-	-	0%
Shuttle America dba Delta	-	-	0.0%	-	0.0%	-	5,772	11,856	79,966	52,796	6%
Shuttle America dba United	-	-	0.0%	-	0.0%	-	-	-	-	-	0%
Skywest dba Alaska	-	-	0.0%	-	0.0%	-	-	825	675	24,147	3%
Skywest dba Continental	-	-	0.0%	-	0.0%	-	80,094	11,192	-	-	0%
Skywest dba Delta	-	-	0.0%	74,668	5.7%	47,003	23,189	51,442	34,075	33,584	4%
Skywest dba Midwest	-	-	0.0%	8,131	0.6%	-	-	-	-	-	0%
Skywest dba United	396,571	374,477	26.4%	327,464	25.3%	320,955	394,046	398,204	306,631	281,556	32%
Trans States	7,699	8,425	0.6%	-	0.0%	-	-	-	-	-	0%
US Airways Express	763,177	720,342	50.8%	772,368	57.9%	798,730	661,620	722,829	502,147	445,425	50.8%
Total Passenger Airlines	1,332,632	1,265,393	89.2%	1,212,413	90.9%	1,186,656	975,176	1,037,430	801,674	731,614	83%
All-cargo airlines											
Airborne Express	29,634	25,397	1.8%	15,849	1.2%	-	-	-	-	-	-
FedEx	155,966	117,927	8.3%	84,927	6.6%	80,712	100,745	99,619	99,290	101,858	12%
Key Lime Air	5,918	7,341	0.5%	7,318	0.6%	4,495	4,936	4,708	4,658	5,233	1%
Sundance Air	19,1518	150,065	10.6%	119,285	8.4%	85,207	105,681	104,327	104,648	107,091	12%
Charter	1,629	1,235	0.1%	1,132	0.1%	1,488	1,162	733	417	29,224	3.3%
Boeing	1,555,779	1,417,293	100%	1,332,830	100%	1,295,917	1,090,867	1,150,150	913,439	7,980	0.9%
Total	1,555,779	1,417,293	100%	1,332,830	100%	1,295,917	1,090,867	1,150,150	913,439	7,980	0.9%

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

Supplementary and Other Information

Colorado Springs Municipal Airport
 Colorado Springs, Colorado
AVERAGE DAILY DEPARTURES BY AIRLINES
 For the years ended December 31, 2005-2014
 (unaudited)

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Major / National airlines										
Alaska Airlines (12)	0	0	0	0	0	0	0	0	1	1
Allegiant Air	1	1	1	1	1	1	1	1	1	1
American (1)	7	8	6	5	5	5	5	5	5	5
America West (2)	7	6	4	--	--	--	--	--	--	--
Continental (3)	5	5	5	5	5	5	4	2	3	3
Delta (4)	8	6	6	5	4	5	4	4	3	3
ExpressJet Airlines (5)	--	--	4	4	--	--	--	--	--	--
Frontier (11)	--	--	--	4	5	6	5	6	1	--
Mesa (6)	2	1	--	--	--	--	--	--	--	--
Midwest Airlines (7)	--	--	1	1	--	--	--	--	--	--
Northwest (8)	2	2	2	2	2	--	--	--	--	--
United (9)	20	20	19	19	19	20	16	21	19	16
US Airways (10)	--	--	--	4	4	0	--	--	--	--
Total major and national airlines	52	49	48	50	45	42	35	39	33	29

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

Source: City of Colorado Springs, Airport management records.

Supplementary and Other Information

Colorado Springs Municipal Airport
Colorado Springs, Colorado
RECENT TRENDS IN TOTAL AIR CARGO
For the years ended December 31, 2005-2014
(unaudited)

Year	Total air cargo (tons)			Percent increase (decrease)
	Air Freight	Mail	Total	
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	1	11,995	-11.0%
2009	11,484	0	11,484	-4.3%
2010	11,172	0	11,172	-2.7%
2011	10,826	0	10,826	-3.1%
2012	11,559	0	11,559	6.8%
2013	11,488	0	11,488	-0.6%
2014	11,880	3,030	14,910	29.8%

Source: City of Colorado Springs, Airport management records.

Supplementary and Other Information

Colorado Springs Municipal Airport
 Colorado Springs, Colorado
 HISTORICAL ANNUAL DEBT SERVICE COVERAGE
 For the years ended December 31, 2005-2014
 (Unaudited)

Fiscal Year	Applicable Revenues (A)	Less: Operating Expenses	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
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	3,525,250	2,100,363	1.71
2009	23,444,173	14,914,375	8,529,798	1,729,912	3,503,526	1.63
2010	21,065,961	15,380,368	5,685,593	1,295,000	2,272,688	1.59
2011	21,995,781	14,399,951	7,595,830	3,020,000	2,217,513	1.45
2012	21,305,501	14,342,230	6,963,271	3,180,000	2,056,363	1.33
2013*	20,439,990	13,313,623	7,126,367	3,350,000	1,886,638	1.36
2014	16,172,316	12,712,066	3,460,250	1,395,000	1,171,863	1.35

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

2005-2007	\$ 1,458,671
2008-2013	1,358,463
2014	657,638

* As restated

Supplementary and Other Information

Colorado Springs Municipal Airport
 Colorado Springs, Colorado
 HISTORICAL NON-AIRLINE REVENUES
 For the years ended December 31, 2005-2014
 (Unaudited)

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Terminal Building										
Concession										
Food & Beverage	\$ 335,268	\$ 369,325	\$ 380,917	\$ 367,591	\$ 331,061	\$ 323,087	\$ 308,389	\$ 318,086	\$ 274,851	\$ 287,614
Retail	334,216	399,700	462,088	451,669	398,677	368,979	336,619	327,854	321,960	319,781
Advertising	168,961	181,018	193,627	174,220	155,156	127,337	111,075	179,626	172,508	112,006
Non-Airline Space Rental	457,597	485,955	514,791	533,190	545,917	629,327	684,721	675,696	740,389	424,767
Other	122,113	114,328	115,918	119,014	112,874	96,197	94,774	89,727	89,047	83,000
	1,418,155	1,550,326	1,667,341	1,645,684	1,543,685	1,544,927	1,535,578	1,590,989	1,598,755	1,227,168
Terminal Area										
Public Parking	5,442,666	6,066,711	6,256,899	6,097,045	5,566,698	5,325,655	4,974,074	5,227,055	4,213,990	3,513,428
Rental Car Fees and Rents	3,633,315	3,643,068	3,675,676	3,672,308	3,676,794	3,508,167	3,493,309	3,464,474	2,665,820	3,000,730
Ground Transportation Fees	104,819	102,917	96,578	104,305	90,347	91,849	98,613	88,748	86,960	109,650
Support Building Rentals	123,718	84,502	70,642	34,422	20,765	20,185	29,375	69,696	40,117	198,442
	9,304,518	9,897,198	10,099,795	9,908,080	9,354,604	8,945,856	8,595,371	8,849,973	7,006,887	6,882,250
Airfield Area										
Fuel Farm Rentals	25,443	25,443	25,443	25,443	28,446	19,450	28,946	29,196	29,196	30,562
Remain Over Night	200	238,500	130,650	80,100	79,750	94,900	41,150	38,185	44,290	39,605
Diversion Landing Fees	59,561	31,447	19,007	23,686	50,349	68,523	60,141	19,533	49,907	61,905
	85,204	295,390	175,100	129,229	158,545	182,873	130,237	86,914	123,393	132,072
Fountain Site										
Ground & Building Rentals	197,879	202,192	128,717	149,832	41,948	54,960	13,059	13,341	146,755	-
Utility Reimbursements	45,923	32,145	19,725	-	-	-	-	-	-	-
	243,802	234,337	148,442	149,832	41,948	54,960	13,059	13,341	146,755	-
Aviation Support										
Fuel Sales	854,894	913,206	932,994	1,407,581	685,427	867,806	1,147,831	1,183,966	984,879	1,129,480
Ground and Building Rentals	512,070	526,864	605,327	686,804	716,201	710,833	750,608	908,369	679,955	836,688
	1,366,964	1,440,070	1,538,321	2,094,385	1,401,628	1,578,639	1,898,439	2,092,335	1,664,834	1,966,168
Business Park Phase I										
Ground & Building Rentals	-	-	39,330	169,652	188,885	188,885	188,885	193,384	204,785	206,129
	-	-	39,330	169,652	188,885	188,885	188,885	193,384	204,785	206,129
Administrative										
Miscellaneous	124,817	67,114	212,143	189,309	235,818	94,491	115,237	166,477	198,251	219,226
Late Fees	15,871	19,132	32,130	52,426	81,265	87,631	18,076	9,593	9,983	1,313
TSA Reimbursement	-	-	-	-	-	-	-	-	-	-
Fingerprinting	15,435	13,755	20,745	18,675	14,085	21,805	23,760	22,320	18,900	18,045
	156,123	100,001	265,018	260,410	331,168	203,927	157,073	198,390	227,134	238,584
Total Non-Airline Revenues	\$ 12,574,766	\$ 13,517,322	\$ 13,933,347	\$ 14,357,272	\$ 13,020,463	\$ 12,700,067	\$ 12,518,642	\$ 13,025,326	\$ 10,972,543	\$ 10,652,371

Source: City of Colorado Springs Airport records, except as noted.
 2005-2014 Airline Rates and Changes Settlement Accrual, Exhibit F-6.