Colorado Springs Municipal Airport
Financial Statements

2015

For the year ended December 31, 2015

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Independent Auditor's Report

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

We have audited the accompanying financial statements of the Colorado Springs Municipal Airport (the Airport), an enterprise fund of the City of Colorado Springs, Colorado (the City), as of and for the years ended December 31, 2015 and 2014, and the related notes to the financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Praxity MEMBER
GLOBAL ALLIANCE OF INDEPENDENT FIRMS

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Airport, an enterprise fund of the City of Colorado Springs, Colorado as of December 31, 2015 and 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

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, 2015 and 2014, the changes in its financial position, or, where applicable, its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

As discussed in Note D.5 to the financial statements, in fiscal year 2015 the Airport adopted new accounting guidance, Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*, as amended by Governmental Accounting Standards Board Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68.* Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

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

Other Information

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

BKD, LLP

Colorado Springs, Colorado
June 8, 2016

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, 2015 and 2014. 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 2015 Airport Activities

The Colorado Springs Airport continues to optimize the Airport's resources in an effort to lower costs for airlines and enhance opportunities for profitable air service. A new Signatory Airline Use and Lease Agreement was agreed upon in November 2015 and executed January 1, 2016. This new agreement is expected to reduce Signatory airline costs, which are recovered through landing and associated terminal fees, from $4.3 million in 2015 to $3.5 million, a reduction of 19%, by 2016 with service levels remaining neutral. In 2015 three large corporate hangars were constructed in the primary corporate aviation complex taking advantage of the Commercial Aeronautical Zone. Additionally, the Airport has executed agreements to lease long vacant facilities. The Airport has expanded its community involvement by hosting various events such as the 5k Insane Inflatable Race in May, the second annual Airstrip Attack drag race in June and the Aircraft Owners and Pilots Association fly-in in September. 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.

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Airport Activities Highlights

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

	2015	2014	2013
Enplaned Passengers	597,654	622,982	650,529
% increase (decrease)	-4.1%	-4.2%	-20.9%
Aircraft Operations	125,303	130,393	127,656
% increase (decrease)	-3.9%	2.1%	-4.8%
Landed Weight (in thousands)	799,425	875,910	913,555
% increase (decrease)	-8.7%	-4.1%	-20.6%
Enplaned/Deplaned Freight (tons)	24,379	23,760	22,975
% increase (decrease)	2.6%	3.4%	116.6%

Total 2015 enplanements were 4.1% below 2014 levels due to air carrier network realignments which impacted aircraft fleet mix and frequency. Aircraft operations decreased 3.9%, due to decreased General Aviation Air Taxi operators who fly small aircraft of less than 30 seats and less than 7,500 pounds of maximum gross landed weight. Landed weight for 2015, 2014 and 2013 reflects scheduled carriers, cargo operators, and other operations. Landed weight each year varies depending on aircraft fleet mix changes and frequencies of flights. Airlines carried additional freight, resulting in a 2.6% increase in enplaned and deplaned freight.

During 2015, five passenger air carriers supported the Airport with regularly scheduled non-stop service to 10 major cities. In addition, two air cargo operators, Federal Express and Key Lime conduct air cargo operations utilizing the Airport's facilities.

Financial Highlights
Summary of Revenues, Expenses and Changes in Fund Net Position

	2015	2014	$ Increase (Decrease)	2013	$ Increase (Decrease)
Operating revenues	$ 16,514,817	$ 15,294,147	$ 1,220,670	$ 18,959,160	$ (3,665,013)
Operating expenses before depreciation	12,782,452	12,712,064	70,388	13,313,622	(601,558)
Excess before depreciation and other income, net	3,732,365	2,582,083	1,150,282	5,645,538	(3,063,455)
Depreciation and amortization	14,821,482	14,777,596	43,886	19,075,135	(4,297,539)
Operating income (loss)	(11,089,117)	(12,195,513)	1,106,396	(13,429,597)	1,234,084
Net nonoperating income	1,626,214	2,178,123	(551,909)	(1,511,219)	3,689,342
Capital grants and contribution	1,523,379	13,164,372	(11,640,993)	13,466,449	(302,077)
Change in net position	(7,939,524)	3,146,982	(11,086,506)	(1,474,367)	4,621,349
Net position at beginning of year, as previously reported	257,208,087	254,061,105	3,146,982	255,535,472	(1,474,367)
Change in accounting principle - GASB 68	(6,959,511)	-	(6,959,511)	-	-
Net position at beginning of year, as restated	250,248,576	254,061,105	(3,812,529)	255,535,472	(1,474,367)
Net position at end of year	$ 242,309,052	$ 257,208,087	$ (14,899,035)	$ 254,061,105	$ 3,146,982

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

- Based upon the Cost Recovery Methodology operating revenues increased approximately $1.2 million as a result of changes in flight schedules and aircraft mix.

- Operating expenses increased $70,388 as a result of an increase in repair and maintenance costs deferred in previous years, professional services including temporary employees and higher capital replacement costs. These increases were partially offset by a reduction in parking management costs.

- The net result of the above was operating income before depreciation increased $1.2 million for 2015.

- Nonoperating income decreased by $551,909 from 2015 to 2014. This difference is due to a loss on the disposition of a portion of a taxiway of $382,100 and a one-time recognition of $250,000 in CFC revenue included in 2014 results.

- Capital grant and contribution revenues totaled $1.5 million and $13.2 million in 2015 and 2014, respectively. The Airport did not receive the federal AIP grant until late in the year which delayed the terminal taxilane project to 2016.

- In 2015 the Airport implemented Governmental Accounting Standards Board Statement No. 68*, Accounting and Financial Reporting for Pensions* (GASB 68)-*an amendment of GASB Statement No.27*, which resulted in an adjustment to reduce beginning unrestricted net position as of January 1, 2015, by $7 million related to net pension liability.

- For 2015, net position decreased $14.9 million as the result of the above activity. Total net position at the end of 2015 was $242.3 million.

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.

- Nonoperating 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 Position Summary

	2015	2014	% Change	2013	% Change
Current assets (including restricted cash)	$ 29,233,439	$ 29,653,328	-1.42%	$ 38,170,501	-22.31%
Restricted investments	2,449,742	2,451,953	-0.09%	5,419,455	-54.76%
Bond insurance costs (net)	74,422	87,462	-14.91%	174,389	-49.85%
Note receivable	1,908,964	1,970,266	-3.11%	1,885,545	4.49%
Property and equipment (net)	241,520,229	254,493,720	-5.10%	255,507,406	-0.40%
Total assets	275,186,796	288,656,729	-4.67%	301,157,296	-4.15%
Deferred outflows of resources	1,269,012	259,930	388.21%	371,570	-30.05%
Total assets and deferred outflows	276,455,808	288,916,659	-4.31%	301,528,866	-4.18%
Current liabilities	4,314,487	7,560,158	-42.93%	10,290,135	-26.53%
Long-term debt (less current portion)	19,836,720	21,948,532	-9.62%	34,949,367	-37.20%
Other noncurrent liabilities	9,449,671	2,199,882	329.55%	2,228,259	-1.27%
Total liabilities	33,600,878	31,708,572	5.97%	47,467,761	-33.20%
Deferred inflows of resources	545,878	-	0.00%	-	0.00%
Total liabilities and deferred inflows	34,146,756	31,708,572	7.69%	47,467,761	-33.20%
Net position:					
Net investment in capital assets	221,495,301	231,140,113	-4.17%	222,190,631	4.03%
Restricted	6,733,675	5,559,605	21.12%	11,239,555	-50.54%
Unrestricted	14,080,076	20,508,369	-31.34%	20,630,919	-0.59%
Net position	242,309,052	257,208,087	-5.79%	254,061,105	1.24%
Total liabilities, deferred inflows and net position	$ 276,455,808	$ 288,916,659	-4.31%	$ 301,528,866	-4.18%

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.

At December 31, 2015, the amount of $6.7 million or 2.7% of net position represented resources that are subject to restrictions on how they can be used. For 2014, the amount was $5.6 million or 2.2% of net position. The restricted net position is not available for new spending because it has already been committed as follows:

	2015	2014
Passenger Facility Charges	$ 1,611,407	$ 553,168
Bond and Operating and Maintenance Reserves	5,122,267	5,006,437
Total Restricted	$ 6,733,674	$ 5,559,605

The Passenger Facility Charges of $1.6 million reflect the amount of PFC's collected for eligible capital projects which will be reimbursed to the Airport's capital fund in 2016. The remaining unrestricted net position of $14.1 million for 2015 and $20.5 million for 2014 may be used to meet any of the Airport's ongoing obligations.

Airline Signatory Rates and Charges for 2015 and 2014

The Airport and seven Scheduled Air Carriers were operating under the Use and Lease agreement which had been in effect since January 1, 2000. This Agreement was extended several times on a month-to-month basis through December 31, 2015. A new Airline Use and Lease Agreement was executed January 1, 2016 with modifications that include: a five-year commitment, excluding the prior 30-day cancellation for convenience provision, a new profit sharing component within landing fees, a formalized Majority In Interest process and a Signatory definition revision, to name a few. The current agreement establishes rates and charges through a hybrid commercial compensatory methodology with a revenue sharing component. The Airport calculates rents, fees and charges annually for the Signatory Airlines based on the budgeted costs for operation and maintenance, debt service and bond requirements. These costs are allocated to various costs centers and are used to determine rates. As part of the agreement, the Signatory Airlines participate in Shared Income. The Shared Income credit is calculated as 50% of the remainder of Gross Revenues and Other Available Funds. Airlines that operate without signing the Signatory Use and Lease Agreement are considered Non-Signatory in nature and pay a premium of 125% of the Signatory rate. At the end of each Fiscal Year, a settlement is prepared based on actual results. Revenue, as defined in the Airline Use and Lease agreement, 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.

Passenger Facility Charges

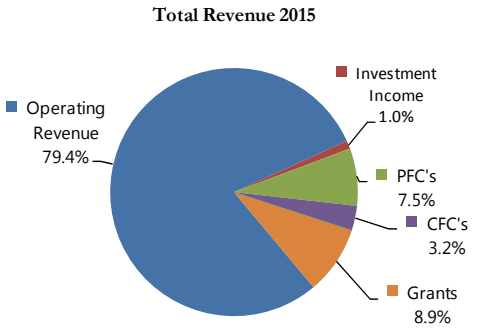
In December 1992, the Airport received approval from the Federal Aviation Administration (FAA) to collect a $3.00 Passenger Facility Charge (PFC) on each passenger enplaning at the Airport. Since then, the airport has submitted twenty applications continuing collection authority through April 2016. According to FAA's PFC Statistics fact sheet, there are currently 63 of 66 Small Hub airports collecting a $4.50 PFC. Colorado Springs Airport (COS) is one of three remaining airports in 2015 to collect at less than a $4.50 PFC. In November 2015, the Airport submitted PFC Application #21, with the coordination and approval of airlines operating at COS, to begin collecting at the $4.50 PFC level in May 2016.

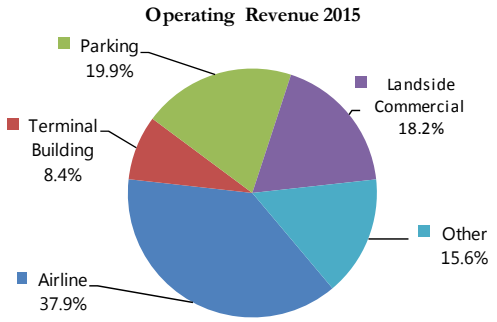
The Airport has collected PFCs including interest earnings thereon, totaling $70,751,433 and $69,238,438 through the years ended December 31, 2015 and 2014, respectively. Additional information regarding PFCs can be found in Note A(3) of the accompanying financial statements.

Customer Facility Charges

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

Financial Details
Revenues Overview:





The following schedule presents a summary of all revenues for the fiscal years ended December 31, 2015 and 2014 with a comparison of changes in dollar amounts to the previous years.

	Year End 12/31/2015	Year End 12/31/2014	$ Increase (Decrease)	Year End 12/31/2013 As restated	$ Increase (Decrease)
Operating Revenues					
Airline	$ 6,255,035	$ 4,745,118	$ 1,509,917	$ 8,129,630	$ (3,384,512)
Terminal Building	1,388,084	1,203,775	184,309	1,420,120	(216,345)
Parking	3,278,261	3,521,708	(243,447)	4,213,990	(692,282)
Landside Commercial	3,011,888	3,347,922	(336,034)	2,886,098	461,824
Other	2,581,549	2,475,624	105,925	2,309,322	166,302
Total Operating Revenues	16,514,817	15,294,147	1,220,670	18,959,160	(3,665,013)
Other Income					
Investment Income	217,144	310,177	(93,033)	95,730	214,447
Passenger Facility Charges	1,560,062	1,616,131	(56,069)	1,745,205	(129,074)
Customer Facility Charges	666,462	915,699	(249,237)	695,489	220,210
Nonoperating revenue	92,250	466,353	(374,103)	207,274	259,079
Operating Grants	328,743	239,662	89,081	194,732	44,930
Capital Grants	1,523,379	13,164,372	(11,640,993)	13,466,449	(302,077)
Total Other Income	4,388,040	16,712,394	(12,324,354)	16,404,879	307,515
Total Income	$ 20,902,857	$ 32,006,541	$ (11,103,684)	$ 35,364,039	$ (3,357,498)

Operating Revenues:

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

- Airline revenue increased by $1.5 million. A portion of this increase is attributable to the difference between the 2014 Settlement accrual and the Final Settlement which resulted in an additional $502,866 of revenue being recognized in 2015. The remaining increase was the result of higher rates due to changes in frequency and aircraft mix by the commercial carriers.

- Terminal Building revenue increased $184,309 due to changes in the rate structure for non-airline tenants.

- Parking revenue decreased $243,447 due to lower enplanements and increased membership in the Premier Membership program which includes valet parking as part of the benefits. The revenue associated with the Premier Membership program is included in Other revenue.

- Landside Commercial revenue decreased $336,034 due to a decrease in ground transportation; a reduction in capital reinvestments and a decrease in rental car revenue reflecting the competitive nature of their business.

- Other revenue increased $105,925 due to increased general aviation rental revenue and reimbursements from tenants for leasehold improvements and repairs.

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.

Other Income:

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

- Investment income decreased by $93,033 primarily due to a reduction of $88,660 in fair value.

- Passenger Facility Charges were lower by $56,069 due to the decrease in passenger traffic. Customer Facility Charges were $249,237 lower due to a one-time adjustment of $250,000 in 2014.

- Nonoperating revenue decreased as there were no tenant capital reinvestments completed in 2015.

- Operating grants increased by $89,081 due to the DIA surplus program which was used to purchase equipment and the accrual of grant revenue which was not done in previous years.

- Capital grants revenue decreased by $11.6 million due to the postponement of the terminal taxilane capital project to 2016 due to the late receipt of the grant award.

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 normal changes in scope of capital projects from year to year.

Expense Overview:

The following schedule presents a summary of all expenses for the fiscal years ended December 31, 2015 and 2014, along with comparisons in dollars to the prior years.

	Year End 12/31/2015	Year End 12/31/2014	$ Increase (Decrease)	Year End 12/31/2013	$ Increase (Decrease)
Operating Expenses					
Salaries and Benefits	$ 6,527,096	$ 6,704,119	$ (177,023)	$ 7,735,934	$ (1,031,815)
Other Operating Expenses	6,255,356	6,007,945	247,411	5,577,688	430,257
Total Operating Expenses	12,782,452	12,712,064	70,388	13,313,622	(601,558)
Depreciation and gain/loss on disposal of capital assets	15,134,032	14,766,659	367,373	21,361,155	(6,594,496)
Interest Expense	925,897	1,380,836	(454,939)	2,163,629	(782,793)
Total Expenses	$ 28,842,381	$ 28,859,559	$ (17,178)	$ 36,838,406	$ (7,978,847)

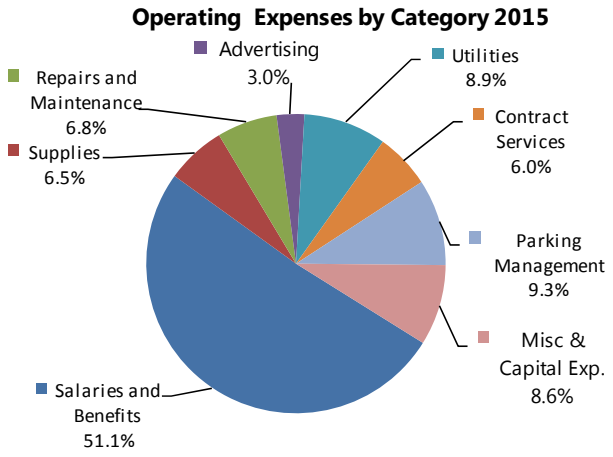
The significant issues affecting 2015 expenses as compared to 2014 were as follows:

- Salaries and benefits were lower due to an adjustment of $244,249 related to the implementation of GASB 68.
- Other operating expenses were $247,411 higher due to increases in marketing and professional services.
- Depreciation and gain/loss on disposal of capital assets was higher due to the disposition of a portion of a taxiway.
- Interest expense for 2015 was $454,939 lower due to the lower debt levels.

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.

Expense by Category:



The following chart shows the operating expenses by category for the years ended December 31, 2015 and 2014.

	2015 Totals	2015 % of Total	2014 Totals	$ Increase (Decrease)	2014 % of Total
Salaries and Benefits	$ 6,527,096	51.06%	$ 6,704,119	$ (177,023)	52.74%
Supplies	826,095	6.46%	792,007	34,088	6.23%
Repairs and Maintenance	832,443	6.51%	743,003	89,440	5.84%
Advertising	380,590	2.98%	338,398	42,192	2.66%
Utilities	1,143,795	8.95%	1,180,880	(37,085)	9.29%
Contract Services	762,390	5.96%	569,481	192,909	4.48%
Parking Management	1,195,082	9.35%	1,398,992	(203,910)	11.01%
Miscellaneous	966,022	7.56%	955,893	10,129	7.52%
Capital Expenditures	148,939	1.17%	29,291	119,648	0.22%
Total Expenses	$ 12,782,452	100.00%	$ 12,712,064	$ 70,388	100.00%

The significant variances between 2015 and 2014 expenses by category were the result of:

- Repairs and Maintenance were higher by $89,440 due to deferred repairs and maintenance on the parking shuttle buses, runway lighting and radio replacement.

- Contract Services increased by $192,909 due to an increase in the use of temporary employees and higher legal fees due to the increase in agreements.

- Parking Management costs decreased $203,910 due to a new parking management contract and the accounting treatment of costs now the responsibility of the Airport.

- Capital expenditures increased $119,648 due to the replacement of aging equipment not eligible for capitalization.

Budgetary Highlights

	2015 Budget	2015 Actual	% Over/ (Under)	2014 Budget	2014 Actual	% Over/ (Under)
Operating Revenues						
Airline Revenues	$ 6,325,049	$ 6,255,035	-1.11%	$ 6,614,486	$ 4,745,118	-28.26%
Other Operating Revenues	11,551,613	10,259,782	-11.18%	11,707,117	10,549,029	-9.89%
Total Operating Revenues	17,876,662	16,514,817	-7.62%	18,321,603	15,294,147	-16.52%
Total Operating Expenses Before Depreciation	14,395,199	12,782,452	-11.20%	14,122,391	12,712,064	-9.99%
Total Operating Income	$ 3,481,463	$ 3,732,365	7.21%	$ 4,199,212	$ 2,582,083	-38.51%

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

- Other operating revenues were below budget due to the lower enplanements which reduced concession revenue and the parking promotion in November and December which reduced parking revenue.

- Operating expenses were below budget due to salaries and benefits savings, lower fuel costs, utility savings, and parking management reduction.

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.

Long-Term Debt

The Airport had $17,040,000 in Airport System Revenue Bonds outstanding as of December 31, 2015 compared to $18,605,000 in 2014. The bonds are payable solely from net revenues of the Airport system and from certain funds established under the bond ordinance.

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

In December of 2014 the Airport entered into a loan agreement with the Colorado Department of Transportation for $2,336,000 to finance capital projects. The outstanding balance on the loan was $2,127,492 and $2,336,000 on December 31, 2015 and 2014, respectively. 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,

2015 and 2014 the outstanding balance on the loan was $0 and $93,499, respectively. The loan was paid in full on March 9, 2015 with PFC revenue.

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. 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, 2015 and 2014, the outstanding balance on the loan was $1,908,964 and $1,970,266, 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	Baa1	Stable	BBB+	Stable

Capital Acquisition and Construction Activities

During fiscal years ended December 31, 2015 and 2014, the Airport expended approximately $2.1 and $13.8 million, respectively, in capital activities. The amount expended in 2015 was lower due to delays in receiving grants for federally funded projects.

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Major capital projects for the years ended December 31 included:

	2015	2014
Rehabilitation of Taxiway E, G, & H (Phase IV)	$ 12,228	$ 159,376
Rehabilitation of Taxiway E, G, & H (Phase V)	(63,718)	7,186,006
Rehabilitation of Taxiway M & F	-	2,712
Taxiway A Rehabilitiation	277,739	3,051,369
Restriping Taxiway 17-35	101,688	1,811,085
Rehabilitaion of Terminal Apron & Trench Drain System	585,653	-
Reconstruction of Taxiway C	194,741	-
Security Checkpoint Expansion	-	2,606
South Business Park	-	17,916
Remodel & Upgrade Westside Lav Dump	-	4,376
Fleet Improvement (Phase VI)	226,290	213,155
Fleet Improvement (Phase VII)	470,000	-
Checked Baggage Inspection System	-	46,699
Sand Creek Drainage	-	5,876
GA Apron & Transition & Edge Taxilane Rehab	-	31,804
GA Apron Rehab	-	2,355
Vehicle Service Road	111,965	31,395
East Terminal Unit Renovation	1,721	902,586
Premier Lounge	7,086	255,878
Miscellaneous other Airport Improvements	139,798	95,612
Total	$ 2,065,191	$ 13,820,806

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).

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

Colorado Springs Municipal Airport
Colorado Springs, Colorado
STATEMENTS OF NET POSITION
December 31, 2015 and 2014

	2015	2014
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES		
CURRENT ASSETS		
Unrestricted cash and investments	$ 19,353,417	$ 19,300,194
Restricted cash and investments - passenger facility charges	1,455,687	453,139
Restricted cash and investments - bond reserves	5,122,267	5,006,437
Restricted cash and cash equivalents - other	1,485,650	1,659,457
Accounts receivable (net allowances of $13,536 and $13,501)	1,460,713	2,919,012
Restricted accounts receivable - passenger facility charges	155,721	100,029
Prepaids	26,420	57,826
Due from other funds	-	30,609
Inventory	173,564	126,625
Total current assets	29,233,439	29,653,328
NONCURRENT ASSETS		
Restricted investments - bond reserves	2,449,742	2,451,953
Prepaid bond insurance costs	74,422	87,462
Note receivable	1,908,964	1,970,266
	4,433,128	4,509,681
Capital assets		
Land	18,367,718	18,416,793
Buildings	68,270,256	68,240,563
Improvements other than buildings	250,506,424	250,662,795
Machinery and equipment	21,216,503	21,027,914
Infrastructure	47,933,084	48,243,184
Vehicles	5,520,483	4,764,673
Intangibles	661,903	652,942
Construction in progress	797,455	-
Less accumulated depreciation	(171,753,597)	(157,515,144)
Total capital assets (net of accumulated depreciation)	241,520,229	254,493,720
Total noncurrent assets	245,953,357	259,003,401
Total assets	275,186,796	288,656,729
DEFERRED OUTFLOWS OF RESOURCES		
Deferred loss on refunding	225,433	259,930
Pension-related amounts	1,043,579	-
Total deferred outflows of resources	1,269,012	259,930

The accompanying notes are an integral part of these statements.

Colorado Springs Municipal Airport
Colorado Springs, Colorado
STATEMENTS OF NET POSITION
December 31, 2015 and 2014

LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	2015	2014
CURRENT LIABILITIES		
Accounts payable	$ 1,080,152	$ 4,104,642
Accrued salaries and benefits	238,224	219,711
Compensated absences	26,912	28,389
Accrued interest payable	37,368	-
Due to other funds	96,651	107,633
Unearned revenue and other tenant deposits	805,148	1,171,484
Current portion of revenue bonds payable	1,750,000	1,565,000
Current portion of notes payable	280,032	363,299
Total current liabilities	4,314,487	7,560,158
NONCURRENT LIABILITIES		
Compensated absences	511,322	539,391
Unearned revenue	1,725,386	1,660,491
Net pension liability	7,212,963	-
Revenue bonds payable, net	16,080,296	17,912,066
Notes payable	3,756,424	4,036,466
Total noncurrent liabilities	29,286,391	24,148,414
Total liabilities	33,600,878	31,708,572
DEFERRED INFLOWS OF RESOURCES		
Pension-related amounts	545,878	-
Total deferred inflows of resources	545,878	-
NET POSITION		
Net investment in capital assets	221,495,301	231,140,113
Restricted for passenger facility charges	1,611,408	553,168
Restricted for bond reserves	5,122,267	5,006,437
Unrestricted	14,080,076	20,508,369
Total net position	$ 242,309,052	$ 257,208,087

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, 2015 and 2014

	2015	2014
Operating revenues		
Airline revenues	$ 6,255,035	$ 4,745,118
Terminal building concessions	1,388,084	1,203,775
Parking concessions	3,278,261	3,521,708
Landside commercial concessions	3,011,888	3,347,922
Other charges	2,581,549	2,475,624
Total operating revenues	16,514,817	15,294,147
Operating expenses		
Salaries and benefits	6,527,096	6,704,119
Other operating expenses	6,255,356	6,007,945
Depreciation	14,821,482	14,777,596
Total operating expenses	27,603,934	27,489,660
Operating loss	(11,089,117)	(12,195,513)
Nonoperating revenues (expenses)		
Investment income	217,144	310,177
Passenger facility charges	1,560,062	1,616,131
Customer facility charges	666,462	915,699
Other nonoperating revenue	92,250	466,353
Operating grants	328,743	239,662
Interest expense	(925,897)	(1,380,836)
Gain/loss on disposal of capital assets	(312,550)	10,937
Total nonoperating revenues	1,626,214	2,178,123
Loss before contributions	(9,462,903)	(10,017,390)
Capital grants	1,523,379	13,164,372
Change in net position	(7,939,524)	3,146,982
Total net position – beginning of year, as previously reported	257,208,087	254,061,105
Change in accounting principle - adoption of GASB 68	(6,959,511)	-
Total net position – beginning of year, as restated	250,248,576	254,061,105
Total net position – end of year	$ 242,309,052	$ 257,208,087

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, 2015 and 2014

	2015	2014
Cash flows from operating activities		
Receipts from customers	$ 15,979,777	$ 15,841,411
Receipts from interfund services provided	66,899	112,303
Payments to suppliers	(5,856,662)	(2,721,061)
Payments to employees	(6,782,379)	(6,708,282)
Payments for interfund services used	(1,955,527)	(2,066,073)
Net cash provided by operating activities	1,452,108	4,458,298
Cash flows from noncapital financing activities		
Operating grant	226,585	239,662
Net cash provided by noncapital financing activities	226,585	239,662
Cash flows from capital and related financing activities		
Capital grant	3,212,961	13,507,502
Capital expenditures	(3,740,777)	(15,814,984)
Other nonoperating revenue	374,104	619,423
Passenger facility charges	1,504,366	1,644,670
Customer facility charges	648,932	685,602
Loan proceeds	-	2,336,000
Principal payments on loans	(363,309)	(692,444)
Interest payments on loans	(227,708)	(194,328)
Principal payments on capital lease	-	(39,606)
Principal payments on revenue bonds	(1,565,000)	(17,395,000)
Interest payments on revenue bonds	(862,450)	(859,401)
Bond issuance proceeds	-	251,442
Bond issuance costs	-	(218,446)
Proceeds from sale of capital assets	118,625	124,660
Net cash used in capital and related financing	(900,256)	(16,044,910)
Cash flows from investing activities		
Interest received on investments	267,442	271,815
Purchases of investments	(17,269,997)	(14,941,171)
Proceeds from sales and maturities of investments	15,238,601	28,883,217
Net cash provided by (used in) investing activities	(1,763,954)	14,213,861
Net increase (decrease) in cash and cash equivalents	(985,517)	2,866,911
Cash and cash equivalents – beginning of year	3,715,484	848,573
Cash and cash equivalents – end of year	$ 2,729,967	$ 3,715,484
Reconciliation of cash and investments to statement of net position		
Unrestricted cash and cash equivalents	$ 1,244,317	$ 2,056,027
Unrestricted investments	18,109,100	17,244,167
Total unrestricted cash and investments	$ 19,353,417	$ 19,300,194
Restricted cash and cash equivalents	$ 1,485,650	$ 1,659,457

The accompanying notes are an integral part of these statements.

Colorado Springs Municipal Airport
Colorado Springs, Colorado
STATEMENTS OF CASH FLOWS (CONTINUED)
Years ended December 31, 2015 and 2014

	2015	2014
Reconciliation of operating loss to net cash provided by operating activities		
Operating loss	$ (11,089,117)	$ (12,195,513)
Adjustments to reconcile operating loss to net cash provided by operating activities		
Depreciation	14,821,482	14,777,596
Pension expense	(244,249)	-
Bad debt expense	1,953	
(Increase) decrease in assets		
Receivables	(262,579)	787,872
Prepaids	31,406	-
Inventory	(46,939)	2,921
Increase (decrease) in liabilities		
Accounts payable	(1,562,882)	1,273,243
Accrued salaries, benefits, and sick leave benefits	(11,034)	(4,163)
Due to other funds	19,627	(55,353)
Unearned revenue and other tenant deposits	(205,560)	(128,305)
Net cash provided by operating activities	$ 1,452,108	$ 4,458,298

Noncash capital and related financing and investing activities:

The Airport had unrealized gains (losses) of ($50,298) and $38,362 for the years ended December 31, 2015 and 2014, respectively. The Airport obtained capital assets through incurring payables in the amount of $726,014 and $2,187,623 as of December 31, 2015 and 2014, respectively.

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 Airport enterprise fund. 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 when applicable, its cash flows thereof in accordance 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 nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the Airport's principal ongoing operations. The principal operating revenues of the Airport are 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 nonoperating 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 nonoperating 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.

3. Assets, deferred outflows, liabilities, deferred inflows and net position

A. Deposits and investments

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

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

B. Capital assets and depreciation

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

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

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

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

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

C. Inventory

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

D. Compensated absences

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

E. Deferred outflows and deferred inflows of resources

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

As of December 31, 2015, deferred outflows of resources for the Airport consist of deferred losses on previous refundings of debt and pension-related amounts as shown in Note D.3. Deferred inflows of resources for the Airport as of December 31, 2015, consist of pension-related amounts as shown in Note D.3. Deferred outflows of resources of the Airport as of December 31, 2014 consist of deferred losses on previous debt refundings. There are no deferred inflows of resources for the Airport as of December 31, 2014.

F. 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 statements of net position 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 statements of net position as restricted net position.

G. Passenger facility charges

The Federal Aviation Administration (FAA) has approved previously filed applications of the Airport for the right to impose passenger facility charges (PFCs) on enplaned passengers at the Airport. PFC revenue is required to be used to fund FAA-approved capital projects eligible under federal legislation permitting the imposition of PFCs.

The approved Airport projects include certain completed and ongoing projects such as runway and taxiway rehabilitations, security enhancements, roadway upgrades, and drainage improvements. Governmental Accounting Standards Board (GASB) 34 requires PFCs be recognized when earned, not when received. Unspent PFC revenue is recorded in the financial statements as restricted cash and restricted net position.

H. Customer facility charges

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

Note B – Stewardship, Compliance, and Accountability

1. Budgetary information

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

Because accounting principles applied for purposes of developing data on a budgetary basis differ significantly from those used to present financial statements in conformity with accounting principles generally accepted in the United States of America, a reconciliation of resultant basis, timing, and perspective for the years ended December 31, 2015 and 2014, is presented below:

	2015	2014
Operating expenses	$ 27,603,934	$ 27,489,660
Nonoperating expenses	925,897	1,380,836
Total Expenses	28,529,831	28,870,496
Less: Depreciation expense	(14,821,482)	(14,777,596)
Add: Capital expenditures (accrual basis)	2,065,102	13,328,583
Add: Revenue bonds principal payments	1,565,000	1,395,000
Expenditures (budgetary basis)	$ 17,338,451	$ 28,816,483
Appropriations	$ 31,519,287	$ 34,271,649

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, 2015 and 2014 was 15.9% and 15.3%, respectively. The pooled cash and investments of the City and the Airport as of December 31, 2015 and 2014 are as follows:

	December 31, 2015		December 31, 2014	
	City	Airport	City	Airport
Cash on hand	$ 24,466	$ 3,890	$ 21,716	$ 3,325
Deposits				
Demand, time deposits	7,457,185	1,185,693	13,164,010	2,015,410
Investments	156,051,535	24,741,788	148,495,901	22,741,035
Total pooled cash and investments	$ 163,533,186	$ 25,931,371	$ 161,681,627	$ 24,759,770

Restricted cash, cash equivalents and investments for bond reserves

As of December 31, 2015 and 2014, the Airport's restricted cash, cash equivalents, and investments for bond reserves, as required by the Airport's bond ordinances, are comprised of $7,572,009 and $7,458,390, respectively.

Summary of carrying values

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

	2015	**2014**
Cash, cash equivalents and investments		
Current - unrestricted	$ 19,353,417	$ 19,300,194
Current - restricted	8,063,604	7,119,033
Noncurrent - restricted investments	2,449,742	2,451,953
Total cash, cash equivalents and investments	$ 29,866,763	$ 28,871,180

Deposits

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

As of December 31, 2015 and 2014, the bank balance of the City of Colorado Springs' bank deposits exclusive of cash not included in pooled cash and investments was $12,065,035 and $16,084,154, respectively. As of December 31, 2015, of the total bank deposits, $576,984 was covered by Federal Deposit Insurance. As of December 31, 2014, of the total bank deposits, $260,175 was covered by Federal Deposit Insurance. The Airport's share of those amounts as of December 31, 2015 and 2014 was $52,996 and $29,330, 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, 2015 and 2014 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 obligations of the United States and certain of its instrumentalities. None of the City's investments owned at December 31, 2015 and 2014 were subject to concentration of credit risk.

As of December 31, 2015 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	$ 29,232	$ 4,635	0.00
Colorado Statewide Investment Program (CSIP)	5,086,049	806,387	0.00
US Treasury securities	58,865,536	9,333,062	2.60
US Instrumentality securities	39,158,025	6,208,459	2.21
Domestic corporate fixed-income securities	29,727,936	4,713,329	1.86
International securities - US dollars	6,039,442	957,546	1.20
Municipal bonds	3,833,869	607,855	3.27
Certificate of deposit	11,594,646	1,838,318	1.50
Mortgages pooled	1,716,800	272,197	2.95
Total fair value	156,051,535	24,741,788	
Portfolio weighted average maturity			2.16
Reconciliation to Total Pooled Cash and Investments			
Add: Cash on hand and in banks	7,481,651	1,189,583	
	$ 163,533,186	$ 25,931,371	

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	
	$ 161,681,627	$ 24,759,770	

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

	S&P Rating	2015 % of Total	2014 % of Total
Money market mutual funds	AAA	0.02%	0.09%
Colorado Statewide Investment Program (CSIP)	AAAm	3.26%	3.68%
US Treasury securities	AA	37.72%	32.58%
US Instrumentality securities	AA	25.09%	42.16%
Domestic corporate fixed-income securities	AAA	3.93%	3.87%
Domestic corporate fixed-income securities	AA	15.12%	11.47%
International securities - US dollars	AA	3.87%	1.36%
Municipal bonds	AAA	0.61%	0.14%
Municipal bonds	AA	1.85%	1.73%
Certificate of deposit	AA	1.85%	0.97%
Certificate of deposit	A	5.58%	2.00%
Mortgages pooled	AA	1.10%	0.00%
		100%	100%

During 2015 and 2014, 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 AAAm by Standard & Poor's. PFM Asset Management LLC serves as the investment advisor, administrator, and transfer agent. Shares of the fund are distributed by PFM Fund Distributors, Inc., member Financial Industry Regulatory Authority. U.S. Bank N.A. serves as the custodian and acts as safekeeping agent. As of December 31, 2015 and 2014, the City had $5,086,049 and $5,459,957, respectively, invested in the PFM Funds Prime Series, of which $806,387 and $836,152 at December 31, 2015 and 2014, 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.

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 $1,908,964 as disclosed in Note C.6.

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3. Capital assets

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

	Beginning Balance	Increase	Decrease	Transfer[1]	Ending Balance
Capital assets being depreciated:					
Buildings	$ 68,240,563	$ 29,693	$ -	$ -	$ 68,270,256
Improvements other than buildings	250,662,795	225,879	(906,371)	524,120	250,506,423
Machinery and equipment	21,027,914	236,898	(48,308)	-	21,216,504
Vehicles	4,764,673	766,260	(10,450)	-	5,520,483
Infrastructure	48,243,184	214,020	-	(524,120)	47,933,084
Intangibles	652,942	8,961	-	-	661,903
Total capital assets being depreciated	393,592,071	1,481,711	(965,129)	-	394,108,653
Less accumulated depreciation for:					
Buildings	(33,872,702)	(1,972,342)	-	-	(35,845,044)
Improvements other than buildings	(102,934,396)	(9,710,948)	560,742	-	(112,084,602)
Machinery and equipment	(9,157,507)	(1,290,446)	45,633	-	(10,402,320)
Vehicles	(3,367,429)	(178,928)	10,450	-	(3,535,907)
Infrastructure	(8,088,994)	(1,627,425)	-	-	(9,716,419)
Intangibles	(94,116)	(75,189)	-	-	(169,305)
Total accumulated depreciation	(157,515,144)	(14,855,278)	616,825	-	(171,753,597)
Total capital assets being depreciated, net	236,076,927	(13,373,567)	(348,304)	-	222,355,056
Capital assets not being depreciated:					
Land	18,416,793	-	(49,075)	-	18,367,718
Construction in progress	-	797,455	-	-	797,455
Total capital assets, not being depreciated	18,416,793	797,455	(49,075)	-	19,165,173
Capital assets, net	$ 254,493,720	$ (12,576,112)	$ (397,379)	$ -	$ 241,520,229

[1] Transfers reflect the recategorization of 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	380,777,977	3,684,229	(1,377,566)	10,507,431	393,592,071
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	(144,001,394)	(14,777,596)	1,263,846	-	(157,515,144)
Total capital assets being depreciated, net	236,776,583	(11,093,367)	(113,720)	10,507,431	236,076,927
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	18,730,823	10,193,401	-	(10,507,431)	18,416,793
Capital assets, net	$ 255,507,406	$ (899,966)	$ (113,720)	$ -	$ 254,493,720

4. Changes in long-term liabilities

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

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

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	$ 39,797,798	$ 15,126,908	$ (30,480,095)	$ 24,444,611	$ 1,956,688

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 that the life of the new debt. The Series 2014 Bonds mature from 2014 to 2023 and have a coupon interest rate of 5%. The refunding transaction resulted in a total net present value savings of $1,527,444.

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

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.

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.

	Amount Pledged	Term of Commitment
Airport System Revenue Bonds	$20,805,825	2007-2023

The total pledged revenue is not estimable in comparison to secured debt because future revenue levels may vary. The bonded debt coverage requirement for each issue must be

met or the bonds will be in default. The debt service coverage or comparison of pledged revenues net of specific operating expenses for the pledged debt is presented in the Supplementary Information for these financial statements.

Maturities of the Airport System Revenue Refunding Bonds and related interest expense are as follows as of December 31, 2015:

Year Ending December 31,	2007A		2007B		2014		Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
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	330,000	19,787	660,000	155,613	1,205,000	259,250	2,195,000	434,650
2021-2023	155,000	6,588	2,940,000	264,500	3,980,000	404,250	7,075,000	675,338
Totals	$1,680,000	$ 227,325	$5,910,000	$1,292,000	$9,450,000	$2,246,500	$ 17,040,000	$3,765,825

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, 2024. Debt service payments on this loan will be made from PFC revenues. The following is an amortization schedule (including Principal and Interest) for the remainder of the loan period as of December 31, 2015:

Year Ending December 31,	Principal	Interest	Payment
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	235,908	31,000	266,908
2021-2024	1,004,105	63,531	1,067,636
Totals	$2,127,492	$ 274,684	$ 2,402,176

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

On 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, 2015 is $1,908,964. 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, 2015:

Year Ending December 31,	Principal	Interest	Payment
2016	$ 66,311	$ 162,385	$ 228,696
2017	72,735	155,961	228,696
2018	79,257	149,439	228,696
2019	86,364	142,332	228,696
2020	93,708	134,988	228,696
2021-2025	612,772	530,708	1,143,480
2026-2030	897,817	202,150	1,099,967
Totals	$1,908,964	$ 1,477,963	$ 3,386,927

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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 current airline agreement expired on December 31, 2015, and a new agreement was agreed upon in November 2015 and with an effective date of January 1, 2016. The following is a schedule, by year, of minimum future rentals of the operating leases as of December 31, 2015:

Year Ending December 31,	
2016	$ 8,023,696
2017	7,494,746
2018	6,189,525
2019	4,839,219
2010	4,216,313
2021-2025	7,986,936
2026-2030	5,611,666
2031-2035	5,227,898
2036-2040	4,132,212
2041-2045	3,329,285
2046-2050	3,153,853
2051-2055	2,505,298
2056-2060	429,946
	$ 63,140,593

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 $517,075 and $779,456 for the years ended December 31, 2015 and 2014, respectively.

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, 2015	December 31, 2014
Land	$ 18,367,718	$ 18,416,793
Buildings	68,270,256	68,240,563
Improvements other than buildings	250,506,424	250,662,795
Infrastructure	47,933,084	48,243,184
	385,077,482	385,563,335
Less accumulated depreciation	(157,646,065)	(144,896,092)
	$ 227,431,417	$ 240,667,243

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, 2015	December 31, 2014
Machinery and equipment	$ 674,519	$ 674,519
Less accumulated depreciation	(452,490)	(385,038)
Net capitalized lease property	$ 222,029	$ 289,481

8. Interfund balances

The composition of interfund balances as of December 31, 2015 and 2014 is as follows:

	December 31, 2015	December 31, 2014
Net due to CSU	$ 96,651	$ 99,074
Due (from) to Others	-	(22,050)
	$ 96,651	$ 77,024

9. Commitments

As of December 31, 2015, the Airport had commitments outstanding, in the form of contracts and purchase orders, of approximately $12,906,254 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 2015, 2014 or 2013.

2. Postretirement 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, 2015 and 2014 the Airport had 24 and 33 employees with partial coverage, respectively. The cost of benefits as of December 31, 2015 and 2014 were $26,497 and $25,007, respectively.

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3. Retirement plans

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

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

A. Defined Benefit Pension Plan (as of and for the year ended December 31, 2015, accounted for and reported in accordance with GASB 68)

Plan Description: The City participates in the Local Government Division Trust Fund (LGDTF), a cost-sharing multiple-employer defined benefit pension fund administered by the PERA. The City allocates pension related items to the Airport in accordance with GASB 68. Allocations to the Airport are based on amounts contributed for Airport employees as a percentage of the total City contributions. The net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, information about the fiduciary net position and additions to/deductions from the fiduciary net position of the LGDTF have been determined using the economic resources measurement focus and the accrual basis of accounting. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. Title 24, Article 51, of the Colorado Revised Statutes (CRS), as amended, assigns the authority to establish benefit provisions to the State Legislature. PERA issues a publicly available annual financial report that includes financial statements and required supplementary information for LGDTF. That report may be obtained online at

www.copera.org/investments/pera-financial-reports

or by writing to
Colorado PERA, 1301 Pennsylvania Street,
Denver, Colorado 80203

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

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

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

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

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

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

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

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

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

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

[1]Rates are expressed as a % of salary as defined in C.R.S. § 24-51-101(42).

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

Pension Liability, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions:

As of December 31, 2015 the Airport reported a liability of $6,246,020 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2013. Standard update procedures were used to roll forward the total pension liability to December 31, 2014.

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

For the year ended December 31, 2015 the Airport's pension expense related to the PERA LGDTF was $243,951.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ -	$ 1,254
Net difference between projected and actual earnings on investments	338,723	-
Changes in proportionate share from 2013 to 2014	-	542,336
Contributions subsequent to the measurement date	490,082	N/A
Total	$ 828,805	$ 543,590

The $490,082 reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended December 31, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended December 31,	Difference between expected and actual experience	Net difference between projected and actual earnings on investment	Changes in proportionate share	Total effect of amortized deferred inflows/outflows on pension expense
2016	$ (989)	$ 84,681	$ (427,037)	$ (343,345)
2017	(265)	84,681	(115,299)	(30,883)
2018	-	84,681	-	84,681
2019	-	84,680	-	84,680
	$ (1,254)	$ 338,723	$ (542,336)	$ (204,867)

The difference between expected and actual experience as well as the Airport's change in their proportionate share in the plan are amortized over a closed period equal to the average expected remaining service lives of active and inactive members in the plan. The LGDTF determined the average expected remaining service lives for active and inactive members at the beginning of the 2014 measurement period to be 2.27 years. The difference between expected and actual investment experience is amortized over a closed five year period.

Actuarial assumptions: The total pension liability in the December 31, 2013 actuarial valuation was determined using the following actuarial assumptions and other inputs:

	Rate (%)
Price inflation	2.80
Real wage growth	1.10
Wage inflation	3.90
Salary increase, including wage inflation	3.9-10.85
Long-term investments rate of return, net of pension plan investment expenses, including price inflation	7.50
Future post-retirement benefit increases:	
PERA benefit structure hired prior to 1/1/07	2.00
PERA benefit structure hired after 12/31/06 (ad hoc, substantively automatic)	Financed by the Annual Increase Reserve

Mortality rates were based on the RP-2000 Combined Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on a projection of Scale AA to 2020 with Males set back 1 year, and Females set back 2 years.

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

Discount rate: The discount rate used to measure the total pension liability was 7.50%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the fixed statutory rates specified in law, including current and future AED and SAED, until the Actuarial Value Funding Ratio reaches 103%, at which point, the AED and SAED will each drop 0.50% every year until they are zero. Based on those assumptions, the LGDTF's fiduciary net position was projected to be available to make all projected future benefit payments of current members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

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

Asset Class	Target Allocation (%)	10 Year expected geometric real rate of return (%)
US Equity - Large Cap	26.76	5.00
US Equity - Small Cap	4.40	5.19
Non US Equity - Developted	22.06	5.29
Non US Equity - Emerging	6.24	6.76
Core Fixed Income	24.05	0.98
High Yield	1.53	2.64
Long Duration Gov't/Credit	0.53	1.57
Emerging Market Bonds	0.43	3.04
Real Estate	7.00	5.09
Private Equity	7.00	7.15
Total	100%	

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

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

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

Sensitivity of the NPL:

	1 % Decrease	Current Discount Rate	1 % Increase
	6.5%	7.50%	8.50%
Airport's proportionate share of the net pension liability	$ 10,200,437	$ 6,246,020	$ 2,949,196

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

https://www.copera.org/resources/forms-publications/2014-cafr

B. Benefit Pension Plan (As of and for the year ended December 31, 2014, accounted for and reported in accordance with GASB 27)

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, 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 $497,046 (restated), $624,483, and $685,271, respectively, and were equal to the required contributions for each year.

C. Postemployment 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, 2015, 2014, and 2013, were $39,221, $39,267, and $46,494, respectively, and were equal to their required contributions for each year.

D. 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 ($18,000 for 2015 and $17,500 for 2014). There is a catch-up provision that allows participants age 50 and older who are contributing the maximum to contribute an additional annual amount of $6,000 in 2015 and $5,500 in 2014 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 ($18,000 in 2015 and $17,500 in 2014). In addition, employees are eligible to contribute an additional an annual amount of $6,000 in 2015 and $5,500 in 2014 if they are 50 or older or $18,000 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, 2015, the Airport had no participants in this plan.

E. Uniformed Employee Defined Benefit Plan (As of and for the year ended December 31, 2015, accounted for and reported in accordance with GASB 68)

The Airport employs police officers who provide service at the Airport. Those officers participate in the City's New Hire Pension Plan – Police Component (New Hire Plan). The City's New Hire Plan is a single employer pension plan available to City and enterprise employees.

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

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

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

www.fppaco.org\toc_frames.html

or by writing to:

Fire and Police Pension Association of Colorado
5290 DTC Parkway, Suite 100
Greenwood Village, CO 80111-2721
or by calling FPPA at (303) 770-3772.

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

Members in the New Hire Pension Plan – Police Component may be eligible for a normal retirement pension at any time after age 50, if the member has at least 25 years of service. The annual normal pension equals 2% of the member's final average salary (for the past 39 payroll periods) for each full year of credited service up to ten years plus 2.75% for each full year thereafter with a maximum benefit of 75%. A member is eligible for an early retirement benefit after completion of 20 years of service and attainment of age 45. The early retirement benefit is reduced by 7.5% for each year that the member is less than age 50.

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

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

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

Pension Liability, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions: As of December 31, 2015 the Airport reported a liability of $966,943 for the New Hire Pension Plan – Police Component net pension liability. The net pension liability was measured as of December 31, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2014.

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

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

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ -	$ 27,586
Changes in proportionate share from 2013 to 2014	25,298	-
Net difference between projected and actual earnings on investments	31,692	-
Contributions subsequent to the measurement date	183,082	N/A
Total	$ 240,072	$ 27,586

The $183,082 reported as deferred outflows of resources related to pensions, resulting from contributions made subsequent to the measurement date, will be recognized as a reduction the net pension liability in the year ended December 31, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended December 31,	Difference between expected and actual experience	Net difference between projected and actual earnings on investments	Changes in proportionate share	Total effect of amortized deferred inflows/outflows on pension expense
2016	$ (5,774)	$ 7,923	$ 5,292	$ 7,441
2017	(5,774)	7,923	5,292	7,441
2018	(5,774)	7,923	5,292	7,441
2019	(5,774)	7,923	5,292	7,441
2020	(4,490)	-	4,130	(360)
	$ (27,586)	$ 31,692	$ 25,298	$ 29,404

The difference between expected and actual experience as well as the Airport's change in their proportionate share in the plan are amortized over a closed period equal to the average expected remaining service lives of active and inactive members in the plan. FPPA determined the average expected remaining service lives for active and inactive members at the beginning of the 2014 measurement period to be 5.78 years. The difference between expected and actual investment experience is amortized over a closed five year period.

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

	Rate (%)
Price inflation	3.00
Salary increase, including inflation	4.00-14.00
Long-term investment rate of return, net of pension plan investment expense, including price inflation	7.50
Future post-retirement benefit increases (COLA)	2.60

Mortality rates were based on the RP-2000 Combined Mortality Table with Blue Collar Adjustment, projected with Scale AA, 40% multiplier for off-duty mortality, increased by .00020 for on-duty related Fire and Police experience.

Discount Rate: The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the Plan's target asset allocation as of December 31, 2014 are below:

Asset Class	Target Allocation (%)	10 Year expected geometric real rate of return (%)
Global Equity	40.00	8.90
Equity Long/Short	10.00	7.50
Illiquid Alternatives	18.00	10.50
Fixed Income	15.00	4.60
Absolute Return	12.00	6.50
Managed Futures	4.00	5.50
Cash	1.00	2.50
Total	100%	

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

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

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

Sensitivity of the NPL:

	1 % Decrease	Current Discount Rate	1 % Increase
	6.5%	7.50%	8.50%
Airport's roportionate share of the net pension liability	$ 2,120,194	$ 966,943	$ 27,147

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

http://fppaco.org/toc_frames.html

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F. Uniformed Employee Defined Benefit Plan (As of and for the year ended December 31, 2014, accounted for and reported in accordance with GASB 27)

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 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 *Uniform Guidance*

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

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

5. Adoption of New Accounting Standard

Effective January 1, 2015 the Airport adopted the provisions of GASB Statements No. 68 and 71*, Accounting and Financial Reporting for Pensions, an amendment of GASB Statement No. 27*, *and Pension Transition for Contributions Made Subsequent to the Measurement Date*, *an amendment to GASB Statement No. 68*, respectively. The impact of adoption of GASB 68 is shown as a cumulative effect adjustment to beginning net position in fiscal year 2015. The implementation of these statements require the Airport to record a net pension liability and related deferred inflows and outflows of resources related to pensions.

As a result, the Airport's restated beginning net position balances are as follows:

Beginning net position, as previously reported	$	257,208,087
Implementation of GASB 68		
Net pension liability at January 1, 2015		(7,664,560)
Deferred outflows of resources related to contributions made after December 31, 2013 measurement date		705,049
Beginning net position, as restated	$	250,248,576

Final statements for 2014 have not been restated for the adoption of GASB 68 because pension-related information determined under the provisions of GASB 68 is not readily available, thus making restatement impractical.

6. Subsequent Events

Based on the Airport's efforts to diversify revenue, new agreements were executed in 2015 and early 2016 which has significantly increased revenue from the corporate aviation sector, nearly doubling the revenue since 2013. Examples of the new and expanded annual corporate aviation sector revenue include, but are not exclusive to the following:

Sierra Nevada Corporation	$	189,000
Cutter Aviation		202,640
Colorado Jet Center		85,500
JHW Investments		13,000

On January 12, 2016 Frontier Airlines announced it would be returning to the Colorado Springs Airport with daily non-stop service to Las Vegas beginning April 14, 2016. Additionally, on February 23, 2016 Frontier Airlines announced the addition of daily non-stop service to Phoenix beginning June 28, 2016. These announcements will add an additional 67,200 seats to the market.

Required Supplementary Information

Colorado Springs Municipal Airport
Required Supplementary Information
Schedule of Airport's Proportionate Share
Of Net Pension Liability
Colorado PERA Local Government Division Trust Fund
December 31,

	2015
Proportionate share of total pension liability	$ 32,388,500
Proportionate share of fiduciary net position	(26,142,480)
Proportionate share of net pension liability	$ 6,246,020
Fiduciary net position as a percentage of total pension liability	80.72%
Covered employee payroll	$ 3,993,462
Net pension liability as a percentage of covered employee payroll	156.41%
Proportion of net pension liability	0.6969%

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

Colorado Springs Municipal Airport
Required Supplementary Information
Schedule of Airport's Contributions
Colorado PERA Local Government Division Trust Fund
December 31,

	Statutorily Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Employee Payroll	Actual Contributions as a % of Covered Payroll
2015	$ 490,082	$ 490,082	$ -	$ 3,825,699	12.81

Notes to the Required Supplementary Information

There were no changes to benefit assumptions for the year ended December 31, 2014, the plan measurement date.

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

Colorado Springs Municipal Airport
Required Supplementary Information
Schedule of Airport's Proportionate Share
Of Net Pension Liability
New Hire Pension Plan – Police Component
December 31,

		2015
Proportionate share of total pension liability	$	7,667,116
Proportionate share of fiduciary net position		(6,700,173)
Proportionate share of net pension liability	$	966,943
Fiduciary net position as a percentage of total pension liability		87.39%
Covered employee payroll	$	774,052
Net pension liability as a percentage of covered employee payroll		124.92%
Proportion of net pension liability		2.5745%

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

Colorado Springs Municipal Airport
Required Supplementary Information
Schedule of Airport's Contributions
New Hire Pension Plan – Police Component
December 31,

	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Employee Payroll	Actual Contributions as a % of Covered Payroll
2015	$ 183,082	$ 183,082	$ -	$ 657,424	27.85

Notes to the Required Supplementary Information

Valuation date:	January 1, 2015

Methods and assumptions used to determine contributions

Actuarial cost method	Entry age
Amortization method	Level percentage of pay, closed
Remaining amortization period	23 years
Inflation	3.00%
Salary increase	4.00 - 14.00%
Discount rate	7.50%
Retirement age	50 years of age
Mortality	Rates were based on RP-2000 Combined Mortality Table with Blue Collar Adjustment, projected Scale AA 40% multiplier for off-duty mortality increased by .00020 for on-duty Fire and Police experience

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

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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, 2015

			Bond Fund					Capital Improvement Fund				
	Gross Revenue Fund	Operations/ Maintenance Fund	Bond Account	Interest Account	Bond Reserve Account	O & M Reserve Fund	Renewal & Replacement Fund	Prepaid Revenue Account	Capital Account	Passenger Facility Account	Customer Facility Account	Totals
Beginning balance as of January 1, 2015	$ 1,199,600	$ -	$ -	$ -	$ 2,447,664	$ 3,598,800	$ 750,000	$ 657,638	$ 18,387,278	$ 3,072,341	$ 7,636,082	$ 37,749,403
Add: Commitments as of December 31, 2014	-	204,272	-	-	-	-	-	-	644,221	283,183	-	1,131,676
Adjusted balance as of January 1, 2014	1,199,600	204,272	-	-	2,447,664	3,598,800	750,000	657,638	19,031,499	3,355,524	7,636,082	38,881,078
Calendar year 2015 activity												
Operating Revenues	16,514,817	-	-	-	-	-	-	-	-	-	-	16,514,817
Non-Operating Revenues												
Interest Earnings	12,755	-	8,428	2,501	20,606	36,930	7,456	6,538	96,486	8,904	64,761	265,365
Passenger facility charges	-	-	-	-	-	-	-	-	-	1,560,062		1,560,062
Customer facility charges	-	-	-	-	-	-	-	-	-	-	666,462	666,462
Other revenue (expense)	13,704	-	-	-	-	-	-	-	(234,004)	(64,746)		(285,046)
Operating Transfers In	-	-	-	-	-	-	-	-	-	-	-	-
Change in O&M Reserve	-	(115,830)	-	-	-	115,830	-	-	-	-	-	-
Grant Revenues	-	328,743	-	-	-	-	-	-	1,523,379	-	-	1,852,121
Sub-total revenues	17,740,875	417,185	8,428	2,501	2,468,270	3,751,560	757,456	664,176	20,417,360	4,859,744	8,367,305	59,454,859
Operating Expenses	-	(12,770,499)	-	-	-	-	-	-	(89)	-	(4,100)	(12,774,688)
Operating Transfers Out	-	-	-	-	-	-	-	-	(1,608,344)	148,401		(1,459,943)
Operating Capital	-	-	-	-	-	-	-	-	-	-		-
Capital Expenses	-	(363,130)	-	-	-	-	-	-	(1,239,787)	(825,315)	-	(2,428,232)
Non-Operating Expenses	-	-	-	-	-	-	-	-	-	-	-	-
Debt Service Expenses	-	-	(1,565,000)	(862,450)	-	-	-	-	-	-	-	(2,427,450)
Sub-total expenses	-	(13,133,629)	(1,565,000)	(862,450)	-	-	-	-	(2,848,220)	(676,914)	(4,100)	(19,090,313)
Balance before encumbrances, commitments, and transfers	17,740,875	(12,716,444)	(1,556,572)	(859,949)	2,468,270	3,751,560	757,456	664,176	17,569,140	4,182,830	8,363,205	40,364,547
Encumbrances at December 31, 2015	-	(180,467)	-	-	-	-	-	-	(12,573,696)	(152,090)	-	(12,906,254)
Transfers:												
Operating/Maintenance	(12,896,912)	12,896,912	-	-	-	-	-	-	-	-	-	-
Bond Debt Service	(2,427,450)	-	1,565,000	862,450	-	-	-	-	-	-	-	-
2014 Bond Ordinance Requirements		-	-	-	-	-	-	-	-	-	-	-
Income Available for Sharing-City's Portion	(291,335)	-	-	-	-	-	-	-	291,335	-	-	-
Funding Adj.-Encumbrances/ Working Capital	(228,098)	-	-	-	-	-	-	-	423,052	-	(194,954)	-
Non-Preferential Gate Use Fee	(69,548)	-	-	-	-	-	-	-	69,548	-	-	-
Net (Rev)/Expense on Fountain Term Site	3,801	-	-	-	-	-	-	-	(3,801)	-	-	-
Repayment of Loans to Capital Account	(669,045)	-	-	-	-	-	-	-	669,045	-	-	-
Interest to:			-	-	-	-	-	-	-	-	-	-
Airlines	75,921	-	(8,428)	(2,501)	(20,606)	(36,930)	(7,456)	-	-	-	-	-
Capital Account	-	-	-	-	-	-	-	(6,538)	6,538	-	-	-
Sub-total transfers	(16,502,665)	12,896,912	1,556,572	859,949	(20,606)	(36,930)	(7,456)	(6,538)	1,455,716	-	(194,954)	-
Ending Balance December 31, 2015	$ 1,238,210	$ -	$ -	$ -	$ 2,447,664	$ 3,714,630	$ 750,000	$ 657,637	$ 6,451,160	$ 4,030,740	$ 8,168,252	$ 27,458,293

Colorado Springs Municipal Airport
Colorado Springs, Colorado
AIRLINES SERVING THE AIRPORT
December 31, 2015
(unaudited)

Passenger Airlines

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

All-Cargo Airlines

Fed Ex
Key Lime

Colorado Springs Municipal Airport
Colorado Springs, Colorado
HISTORICAL AIRLINE TRAFFIC
For the years ended December 31, 2006 - 2015
(unaudited)

	Enplaned passengers				Aircraft Operations (No. of Departures)					Enplaned passengers per departure	
Year	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
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*	269,935	357,989	627,924	-3.5%	2,310	8,086	899	11,295	-6.0%	117	44
2015	261,458	336,196	597,654	-4.8%	2,300	6,599	863	9,762	-13.6%	114	51

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

Colorado Springs Municipal Airport
Colorado Springs, Colorado
AIRLINE SHARES OF ENPLANED PASSENGERS
For the years ended December 31, 2006 - 2015
(unaudited)

	2006		2007		2008		2009		2010		2011		2012		2013		2014*		2015	
	Number	Percent of total	Number	Percent of total	Number	Percent of total	Number	Percent of total	Number	Percent of total	Number	Percent of total	Number	Percent of total	Number	Percent of total	Number	Percent of total	Number	Percent of total
Major/national airlines																				
Allegiant Air (1)	35,224	3.5%	33,281	3.2%	33,543	3.4%	32,673	3.5%	38,258	4.4%	41,855	5.1%	38,834	4.7%	25,962	4.0%	30,096	4.8%	34,220	5.7%
American Airlines	205,064	20.2%	219,085	21.2%	213,341	21.4%	208,535	22.4%	190,462	22.1%	178,324	21.9%	177,505	21.6%	174,186	26.8%	180,342	28.7%	168,710	28.2%
Continental Airlines (2)	185	0.0%	-	0.0%	-	0.0%	93	0.0%	149	0.0%	-	0.0%	151	0.0%	-	0.0%	-	0.0%	-	0.0%
Delta Air Lines (4)	66,019	6.5%	41,539	4.0%	36,371	3.6%	46,526	5.0%	52,997	6.1%	51,322	6.3%	52,719	6.4%	54,840	8.4%	52,458	8.4%	47,657	8.0%
Northwest Airlines (5)	75,689	7.4%	78,955	7.6%	52,286	5.2%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%
United Airlines (6)	351,779	34.6%	-	0.0%	-	0.0%	-	0.0%	101	0.0%	-	0.0%	-	0.0%	-	0.0%	171	0.0%	-	0.0%
Charters	1,117	0.1%	1,127	0.1%	1,166	0.1%	796	0.1%	569	0.1%	1,878	0.2%	2,163	0.3%	1,772	0.3%	6,868	1.1%	10,871	1.8%
	735,077	72.0%	373,987	36.0%	336,707	33.7%	288,623	31.0%	282,536	32.7%	273,379	33.5%	271,372	33.0%	256,760	39.5%	269,935	43.0%	261,458	43.7%
Regional/commuter airlines																				
American Eagle Airline (7)	29,866	2.9%	17,338	1.7%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Atlantic Southeast Airlines (3)	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	4,211	0.5%	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Chautauqua Airlines (8)	-	0.0%	12,797	1.2%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Comair (9)	25,407	2.5%	18,817	1.8%	5,166	0.5%	71,734	7.7%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Continental Express (10)	79,538	7.8%	63,737	6.2%	71,763	7.2%	-	0.0%	70,045	8.1%	5,696	0.7%	23,633	2.9%	40,054	6.2%	46,518	7.4%	20,900	3.5%
ExpressJet Airlines (11)	-	0.0%	44,345	4.3%	48,050	4.8%	824	0.1%	132	0.0%	1,078	0.1%	2,140	0.3%	-	0.0%	-	0.0%	-	0.0%
Frontier/Lynx (16)	-	0.0%	-	0.0%	62,316	6.2%	103,964	11.2%	110,371	12.8%	104,961	12.9%	154,743	18.8%	20,818	3.2%	-	0.0%	-	0.0%
Mesa Airlines (13)	2,886	0.3%	-	0.0%		0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Mesa Airlines dba United	-	0.0%	128,910	12.5%	41,481	4.2%	52,762	5.7%	10,068	1.2%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Mesaba (16)	-	0.0%	-	0.0%	16,047	1.6%	48,034	5.2%	14,306	1.7%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Northwest Airlink (14)	2,105	0.2%	413	0.0%	4,551	0.5%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Republic Airways	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	11,104	1.4%	57,083	8.8%	40,576	6.5%	25,939	4.3%
Shuttle America dba Delta (20)	-	0.0%	-	0.0%	-	0.0%	-	0.0%	4,508	0.5%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Shuttle America dba United (21)	-	0.0%	-	0.0%	-	0.0%	-	0.0%		0.0%	-	0.0%	367	0.0%	265	0.0%	-	0.0%	-	0.0%
SkyWest dba Alaska	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	2,908	0.4%	21,121	3.4%	20,789	3.5%
SkyWest dba Continental	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	67,209	8.3%	8,853	1.1%		0.0%		0.0%	-	0.0%
SkyWest dba Delta	-	0.0%	77,493	7.5%	63,520	6.4%	41,021	4.4%	56,113	6.5%	52,331	6.4%	43,673	5.3%	29,422	4.5%	29,952	4.8%	28,918	4.8%
SkyWest dba Midwest (4)	-	0.0%	11,719	1.1%	4,793	0.5%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%
SkyWest dba United	48,059	4.7%	284,030	27.5%	261,376	26.2%	257,190	27.7%	314,811	36.5%	305,471	37.5%	306,123	37.2%	243,219	37.4%	219,822	35.0%	235,465	39.4%
Trans States Airlines (17)	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	4,185	0.7%
US Airways (18)	94,078	9.3%	-	0.0%	82,577	8.3%	65,448	7.0%	517	0.1%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%
	281,939	27.7%	659,599	63.8%	661,640	66.4%	640,977	69.0%	580,871	67.4%	540,957	66.4%	550,636	67.0%	393,769	60.5%	357,989	57.1%	336,196	56.2%
Total	1,017,016	100.0%	1,033,586	100.0%	998,347	100.0%	929,600	100.0%	863,407	100.0%	814,336	100.0%	822,008	100.0%	650,529	100.0%	627,924	100.1%	597,654	100.00%

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

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

Colorado Springs Municipal Airport
Colorado Springs, Colorado
HISTORICAL AIRCRAFT LANDED WEIGHT
For the years ended December 31, 2006 - 2015
(unaudited)

	2006		2007		2008		2009		2010		2011		2012		2013		2014		2015	
	1,000-lb units	% of total	1,000-lb units	% of total	1,000-lb units	% of total	1,000-lb units	% of total	1,000-lb units	% of total	1,000-lb units	% of total	1,000-lb units	% of total	1,000-lb units	% of total	1,000-lb units	% of total	1,000-lb units	% of total
Passenger Airlines																				
Major and national																				
Allegiant	42,548	3.0%	38,781	2.9%	35,922	2.8%	34,753	3.0%	39,268	3.5%	41,895	3.8%	37,503	3.3%	24,543	3%	28,154	3%	34,279	4%
American Airlines	287,393	20.3%	256,543	19.2%	249,202	19.2%	243,363	20.7%	231,569	20.8%	220,395	20.2%	219,278	19.1%	214,014	23%	206,048	24%	180,039	23%
Continental Airlines	256	0.0%	-	0.0%	-	0.0%	110	0.0%	-	0.0%	-	0.0%	381	0.0%	157	0%	-	0%	-	0%
Delta Air Lines	81,090	5.7%	49,302	3.7%	40,428	3.1%	50,500	4.3%	53,004	4.8%	51,266	4.7%	57,439	5.0%	60,813	7%	51,988	6%	48,645	6%
Northwest Airlines	92,331	6.5%	95,419	7.2%	62,374	4.8%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0%	-	0%	-	0%
United Airlines	41,233	2.9%	-	0.0%	-	0.0%	-	0.0%	230	0.0%	-	0.0%	-	0.0%	-	0%	-	0%	-	0%
	544,851	38.4%	440,045	33.0%	387,926	29.9%	328,726	28.0%	324,071	29.1%	313,556	28.7%	314,601	27.4%	299,527	33%	286,190	33%	262,962	33%
Regional and commuter																				
Air Wisconsin Express	115,782	8.2%	93,609	7.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0%	-	0%	-	0%
American Eagle	39,798	2.8%	20,100	1.5%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0%	-	0%	-	0%
Atlantic Southeast Airlines	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	5,074	0.5%	-	0.0%	-	0%	-	0%	-	0%
Chautauqua	-	0.0%	14,997	1.1%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0%	-	0%	-	0%
Comair dba Delta	33,835	2.4%	23,651	1.8%	6,901	0.5%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0%	-	0%	-	0%
Continental Express	84,273	5.9%	62,922	4.7%	74,414	5.7%	74,728	6.4%	73,872	6.6%	13,889	1.3%	26,485	2.3%	43,817	5%	53,342	6%	23,042	3%
ExpressJet	-	0.0%	64,312	4.8%	61,225	4.7%	1,058	0.1%	265	0.0%	1,233	0.1%	2,109	0.2%	-	0%	-	0%	-	0%
Frontier/Lynx Aviation	-	0.0%	-	0.0%	78,917	6.1%	123,387	10.5%	146,053	13.1%	144,095	13.2%	220,716	19.2%	33,030	4%	-	0%	-	0%
GO-Jet Airlines	5,628	0.4%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0%	-	0%	-	0%
Mesa Airlines	6,806	0.5%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0%	-	0%	-	0%
Mesa dba United	48,886	3.4%	45,219	3.4%	55,002	4.2%	68,110	5.8%	13,134	1.2%	-	0.0%	-	0.0%	-	0%	-	0%	-	0%
Mesaba dba Delta	-	0.0%	-	0.0%	-	0.0%	-	0.0%	18,897	1.7%	-	0.0%	-	0.0%	-	0%	-	0%	-	0%
Mesaba dba Northwest Airlink	-	0.0%	-	0.0%	18,093	1.4%	55,424	4.7%	-	0.0%	-	0.0%	-	0.0%	-	0%	-	0%	-	0%
Northwest Airlink	2,632	0.2%	517	0.0%	5,593	0.4%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0%	-	0%	-	0%
Republic dba United Airlines	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	11,856	1.0%	79,966	9%	52,796	6%	28,706	4%
Shuttle America dba Delta	-	0.0%	-	0.0%	-	0.0%	-	0.0%	5,772	0.5%	-	0.0%	-	0.0%	-	0%	-	0%	-	0%
Shuttle America dba United	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	825	0.1%	675	0%	-	0%	-	0%
Skywest dba Alaska	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	3,953	0%	24,147	3%	24,146	3%
Skywest dba Continental	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	80,094	7.3%	11,192	1.0%	-	0%	-	0%	-	0%
Skywest dba Delta	-	0.0%	-	0.0%	74,058	5.7%	47,003	4.0%	31,792	2.9%	23,189	2.1%	51,442	4.5%	34,075	4%	33,584	4%	30,957	4%
SkyWest dba Midwest	-	0.0%	16,732	1.3%	8,131	0.6%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0%	-	0%	-	0%
Skywest dba United	374,477	26.4%	430,309	32.3%	327,464	25.3%	320,955	27.3%	396,801	35.6%	394,046	36.1%	398,204	34.6%	306,631	34%	281,556	32%	281,412	35%
Trans States	8,425	0.6%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0%	-	0%	4,431	1%
US Airways Express	-	0.0%	-	0.0%	88,932	6.9%	70,531	6.0%	517	0.0%	-	0.0%	-	0.0%	-	0%	-	0%	-	0%
	720,542	50.8%	772,368	57.9%	798,730	61.5%	761,196	64.8%	687,103	61.6%	661,620	60.6%	722,829	62.9%	502,147	55.0%	445,425	50.8%	392,695	49.2%
Total Passenger Airlines	1,265,393	89.2%	1,212,413	90.9%	1,186,656	91.4%	1,089,922	92.8%	1,011,174	90.7%	975,176	89.3%	1,037,430	90.3%	801,674	88%	731,614	83%	655,657	82%
All-cargo airlines																				
Airborne Express	25,397	1.8%	25,678	1.9%	15,849	1.2%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
FedEx	117,927	8.3%	83,840	6.3%	84,927	6.6%	80,712	6.9%	98,452	8.9%	100,745	9.2%	99,619	8.7%	99,990	11%	101,858	12%	102,762	13%
Key Lime Air	7,341	0.5%	9,767	0.7%	7,318	0.6%	4,495	0.4%	4,656	0.5%	4,936	0.5%	4,708	0.4%	4,658	1%	5,233	1%	4,685	1%
	150,665	10.6%	119,285	8.9%	108,094	8.4%	85,207	7.3%	103,108	9.4%	105,681	9.7%	104,327	9.1%	104,648	11%	107,091	12%	107,447	14%
Charter	1,235	0.1%	1,132	0.1%	1,167	0.1%	1,488	0.1%	1,162	0.2%	5,885	0.4%	7,331	0.6%	4,117	0.5%	29,224	3.3%	34,217	4.3%
Miscellaneous (Boeing, Pratt & Whittney, etc.)	-	-	-	-	-	-	-	-	-	0.1%	4,125	0.4%	1,062	0.1%	3,040	0.3%	7,980	0.9%	2,104	0.3%
Total	1,417,293	100%	1,332,830	100.0%	1,295,917	100.0%	1,176,617	100.0%	1,115,444	100.0%	1,090,867	100.0%	1,150,150	100.0%	913,479	100.0%	875,910	100.0%	799,425	100.0%

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

Colorado Springs Municipal Airport
Colorado Springs, Colorado
AVERAGE DAILY DEPARTURES BY AIRLINES
For the years ended December 31, 2006-2015
(unaudited)

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Major / National airlines										
Alaska Airlines (12)	0	0	0	0	0	0	0	1	1	1
Allegiant Air	1	1	1	1	1	1	1	1	1	1
American (1)	8	6	5	5	5	5	5	5	5	4
America West (2)	6	4	--	--	--	---	---	---	---	---
Continental (3)	5	5	5	5	5	4	2	3	3	---
Delta (4)	6	6	5	4	5	4	4	3	3	3
ExpressJet Airlines (5)	--	4	4	--	--	--	--	--	--	--
Frontier (11)	--	--	4	5	6	5	6	1	---	---
Mesa (6)	1	--	--	--	--	---	---	---	---	---
Midwest Airlines (7)	--	1	1	--	--	---	---	---	---	---
Northwest (8)	2	2	2	2	--	---	---	---	---	---
United (9)	20	19	19	19	20	16	21	19	16	15
US Airways (10)	--	--	4	4	0	---	---	---	---	---
Total major and national airlines	49	48	50	45	42	35	39	33	29	24

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.

Colorado Springs Municipal Airport
Colorado Springs, Colorado
RECENT TRENDS IN TOTAL AIR CARGO
For the years ended December 31, 2006-2015
(unaudited)

	Total air cargo (tons)			Percent increase
Year	Air Freight	Mail	Total	(decrease)
2006	16,301	1	16,302	-8.3%
2007	13,475	0	13,475	-17.3%
2008	11,994	1	11,995	-11.0%
2009	11,484	0	11,484	-4.3%
2010	11,172	0	11,172	-2.7%
2011	10,826	0	10,826	-3.1%
2012	11,559	0	11,559	6.8%
2013	11,488	0	11,488	-0.6%
2014	11,880	2	11,882	3.4%
2015	12,189	1	12,191	2.6%

Source City of Colorado Springs, Airport management records.

Colorado Springs Municipal Airport
Colorado Springs, Colorado
HISTORICAL ANNUAL DEBT SERVICE COVERAGE
For the years ended December 31, 2006-2015
(Unaudited)

Fiscal Year	Applicable Revenues (A)	Less: Operating Expenses	Net Available Revenue	Debt Service Principal	Debt Service Interest	Coverage
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 As restated	20,439,990	13,313,623	7,126,367	3,350,000	1,886,638	1.36
2014*	16,081,262	12,712,066	3,369,196	1,395,000	1,171,863	1.31
2015	17,269,646	12,782,452	4,487,194	1,565,000	862,450	1.85

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

2006-2007	$ 1,458,671
2008-2013	1,358,463
2014-2015	657,638

*2014 Applicable revenues restated from prior year

Colorado Springs Municipal Airport
Colorado Springs, Colorado
HISTORICAL NON-AIRLINE REVENUES
For the years ended December 31, 2006-2015
(Unaudited)

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Terminal Building										
Concession										
Food & Beverage	$ 369,325	$ 380,917	$ 367,591	$ 331,061	$ 323,087	$ 308,389	$ 318,086	$ 274,851	$ 287,614	$ 299,406
Retail	399,700	462,088	451,669	398,677	368,979	336,619	327,854	321,960	319,781	327,456
Advertising	181,018	193,627	174,220	155,156	127,337	111,075	179,626	172,508	112,006	55,220
Non-Airline Space Rental	485,955	514,791	533,190	545,917	629,327	684,721	675,696	740,389	424,767	624,610
Other	114,328	115,918	119,014	112,874	96,197	94,774	89,727	89,047	83,000	74,764
	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	1,381,456
Terminal Area										
Public Parking	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	3,278,261
Rental Car Fees and Rents	3,643,068	3,675,676	3,672,308	3,676,794	3,508,167	3,493,309	3,464,474	2,665,820	3,060,730	2,896,271
Ground Transportation Fees	102,917	96,578	104,305	90,347	91,849	98,613	88,748	86,960	109,650	85,621
Support Building Rentals	84,502	70,642	34,422	20,765	20,185	29,375	69,696	40,117	198,442	38,121
	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	6,298,274
Airfield Area										
Fuel Farm Rentals	25,443	25,443	25,443	28,446	19,450	28,946	29,196	29,196	30,562	30,562
Remain Over Night	238,500	130,650	80,100	79,750	94,900	41,150	38,185	44,290	39,605	32,950
Diversion Landing Fees	31,447	19,007	23,686	50,349	68,523	60,141	19,533	49,907	61,905	39,777
	295,390	175,100	129,229	158,545	182,873	130,237	86,914	123,393	132,072	103,289
Fountain Site										
Ground & Building Rentals	202,192	128,717	149,832	41,948	54,960	13,059	13,341	146,755	-	-
Utility Reimbursements	32,145	19,725	-	-	-	-	-	-	-	-
	234,337	148,442	149,832	41,948	54,960	13,059	13,341	146,755	-	-
Aviation Support										
Fuel Sales	913,206	932,994	1,407,581	685,427	867,806	1,147,831	1,183,966	984,879	1,129,480	774,561
Ground and Building Rentals	526,864	605,327	686,804	716,201	710,833	750,608	908,369	679,955	836,688	1,195,013
	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	1,969,574
Business Park Phase I										
Ground & Building Rentals	-	39,330	169,652	188,885	188,885	188,885	193,384	204,785	206,129	206,129
	-	39,330	169,652	188,885	188,885	188,885	193,384	204,785	206,129	206,129
Administrative										
Miscellaneous	67,114	212,143	189,309	235,818	94,491	115,237	166,477	198,251	219,226	311,601
Late Fees	19,132	32,130	52,426	81,265	87,631	18,076	9,593	9,983	1,313	1,340
Grant Reimbursement	-	-	-	-	-	-	-	-	-	208,585
Fingerprinting	13,755	20,745	18,675	14,085	21,805	23,760	22,320	18,900	18,045	13,590
	100,001	265,018	260,410	331,168	203,927	157,073	198,390	227,134	238,584	535,116
Total Non-Airline Revenues	$ 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	$ 10,493,838

Source: City of Colorado Springs, Airport records, except as noted.
2006-2015 Airline Rates and Changes Settlement Accrual, Exhibit F-6.