

Financial Statements and Independent Auditors' Report  
Colorado Springs Municipal Airport  
December 31, 2012

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## Independent Auditors' Report

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

### Report On Financial Statements

We have audited the accompanying financial statements of the business-type activities of the Colorado Springs Municipal Airport (the Airport), an enterprise fund of the City of Colorado Springs, Colorado, which comprise the statement of net position as of December 31, 2012 and 2011, and the related statements of revenue, expenses and changes in fund net position and cash flows for the years then ended and the related notes to the financial statements.

### *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.

### *Auditors' 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the 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 auditors' 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.

### *Opinion*

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Airport, as of December 31, 2012 and 2011, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

***Emphasis Of Matter***

As discussed in Note 1, the financial statements of the Airport are intended to present the financial position and the changes in financial position and cash flows of only that portion of the business-type activities that is attributable to the transactions of the Airport. They do not purport to, and do not, present fairly the financial position of the City of Colorado Springs, Colorado, as of December 31, 2012 and 2011, and the changes in its financial position and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America. 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 on pages 3 through 13 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

***Other Information***

Our audit was conducted for the purpose of forming an opinion on the basic financial statements as a whole. The supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements. The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 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.

***Other Report Required By Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated June 19, 2013, on our consideration of the Airport's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Airport's internal control over financial reporting and compliance.

*RubinBrown LLP*

June 19, 2013

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

The following management's discussion and analysis of the Colorado Springs Airport's (the Airport) financial performance provides an overview of the financial activities of the Airport for the fiscal years ended December 31, 2012 and 2011. The information contained in this discussion should be considered in conjunction with the financial results, footnotes, and supplemental information in the Airport's financial statements.

The Airport's financial statements are prepared using an accrual basis in accordance with generally accepted accounting principles promulgated by the Governmental Accounting Standards Board (GASB) and other standards-setting bodies. The Airport is structured as an enterprise fund of the City of Colorado Springs, with revenues recognized when earned and expenses recognized when incurred. Capital assets are capitalized and (except for land and construction in progress) are depreciated over their useful lives. See notes to the financial statements for a summary of the Airport's significant accounting policies.

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

### Airport Activities Highlights

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

	<u>2012</u>	<u>2011</u>	<u>2010</u>
Enplaned Passengers	822,008	814,336	863,407
% increase (decrease)	.9%	-5.68%	-7.12%
Aircraft Operations	134,070	131,238	140,047
% increase (decrease)	2.2%	-6.29%	-3.42%
Landed Weight (in thousands)	1,150,438	1,120,533	1,158,795
% increase (decrease)	2.66%	-3.30%	-0.99%
Deplaned Freight and Mail (tons)	10,609	9,156	10,463
% increase (decrease)	15.9%	-12.49%	-27.41%

Total 2012 enplanements were 0.9 percent above 2011 levels due to an increase in service by Frontier Airlines. Aircraft operations increased by 2.2 percent; primarily due to increased military operations as a result of a change in troop deployments. General Aviation operations also contributed in the increase in operations for 2012. Landed weight for 2012, 2011 and 2010 reflects scheduled carriers, cargo operators, Charter, and Boeing operations. Military aircraft landed weight has been excluded from this calculation due to the fact their landed weight does not contribute to revenues earned. Airlines carried additional freight, resulting in a 15.9 percent increase in deplaned freight and no mail was reported.

Total 2011 enplanements were 5.68 percent below 2010 levels due to airline capacity consolidation in response to mergers, the sluggish national economy and rising fuel prices. Aircraft operations declined by 6.29 percent; primarily due to fewer military operations as a result of a change in troop deployments.

During 2012, five air carriers supported the Airport with non-stop service to seventeen major cities. In addition, two air cargo operators used the Airport's facilities.

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

	<b>2012</b>	<b>2011</b>	<b>\$ Increase (Decrease)</b>	<b>2010</b>	<b>\$ Increase (Decrease)</b>
Operating revenues	\$ 19,857,937	\$ 20,360,155	\$ (502,218)	\$ 19,209,227	\$ 1,150,928
Operating expenses	<u>14,342,230</u>	<u>14,399,903</u>	<u>(57,673)</u>	<u>15,380,368</u>	<u>(980,465)</u>
Excess before depreciation and other income, net	5,515,707	5,960,252	(444,545)	3,828,859	2,131,393
Depreciation and amortization	<u>16,991,200</u>	<u>10,851,764</u>	<u>6,139,436</u>	<u>10,787,280</u>	<u>64,484</u>
Operating income (loss)	(11,475,493)	(4,891,512)	(6,583,981)	(6,958,421)	2,066,909
Net non-operating income	1,370,686	1,199,548	171,138	1,356,334	(156,786)
Capital grants and contr.	<u>21,796,203</u>	<u>12,630,322</u>	<u>9,165,881</u>	<u>12,037,915</u>	<u>592,407</u>
Change in net assets	11,691,396	8,938,358	2,753,038	6,435,828	2,502,530
Net assets at beginning of year	<u>244,109,746</u>	<u>235,171,388</u>	<u>8,938,358</u>	<u>228,735,560</u>	<u>6,435,828</u>
Net assets at end of year	<u>\$ 255,801,142</u>	<u>\$ 244,109,746</u>	<u>\$ 11,691,396</u>	<u>\$ 235,171,388</u>	<u>\$ 8,938,358</u>

Significant items affecting the Summary of Revenues, Expenses and Changes in Fund Net Assets for 2012 are as follows:

- ➔ Operating revenues decreased by approximately \$500,000 primarily due to a decrease in airline rates.
- ➔ The net result of the above was operating income before depreciation decreased by \$444,545 for 2012.
- ➔ Depreciation increased significantly due to a one-time adjustment, approximately \$5.4 million, to the useful life of various components of the main terminal building and assets no longer in service.
- ➔ Non-operating income increased by \$171,138. The change from 2011 to 2012 is primarily due to a decrease in interest expense and slightly higher PFC and CFC collections.
- ➔ Capital grant and contribution revenues totaled \$21,796,203 and \$12,630,322 in 2012 and 2011, respectively. The increase was the result of two large taxiway rehabilitation projects during 2012.
- ➔ For 2012, net assets increased \$11,691,396 as the result of the above activity. Total net assets at the end of 2012 were \$255,801,142.

Significant items affecting the Summary of Revenues, Expenses and Changes in Fund Net Assets for 2011 are as follows:

- ➔ Operating revenues increased by approximately \$1.15 million primarily due to an increase in airline rates.
- ➔ Operating expenses decreased by 6.4 percent as a result of lower repair and maintenance costs.
- ➔ The net result of the above was operating income before depreciation increased by \$2,066,909 for 2011.
- ➔ Non-operating income decreased by \$156,786. The change from 2010 to 2011 is primarily due to a decrease in the Airport's investment income related to lower returns on investments as a result of declining interest rates and mark to market adjustments.

- ➔ Capital grant and contribution revenues totaled \$12,630,322 and \$12,037,915 in 2011 and 2010, respectively.
- ➔ For 2011, net assets increased \$8,938,358 as the result of the above activity. Total net assets at the end of 2011 were \$244,109,746.

### Financial Position Summary

	<u>2012</u>	<u>2011</u>	<u>% Change</u>	<u>2010</u>	<u>% Change</u>
Current assets (including restricted cash)	\$ 42,479,407	\$ 44,463,931	-4.46%	\$ 44,099,914	0.83%
Restricted Investments	5,459,865	5,468,053	-.15%	5,451,377	-.31%
Bond issue cost (net)	452,601	530,044	-14.61%	604,318	-12.99%
Note Receivable	1,937,172	1,984,060	-2.36%	2,027,576	-2.15%
Property and equipment (net)	255,462,331	243,377,050	4.97%	239,890,919	1.45%
<b>Total Assets</b>	<b>\$ 305,791,376</b>	<b>\$ 295,823,138</b>	<b>3.37 %</b>	<b>\$ 292,074,104</b>	<b>1.28%</b>
Current Liabilities	\$ 10,589,744	\$ 8,362,837	26.63%	\$ 9,598,188	-12.87%
Long-term debt (less current portion)	38,696,197	42,627,748	-9.22%	46,372,698	-8.08%
Other non-current liabilities	704,293	722,807	-2.56%	931,830	-22.43%
<b>Total Liabilities</b>	<b>49,990,234</b>	<b>51,713,392</b>	<b>-3.33%</b>	<b>56,902,716</b>	<b>-9.12%</b>
Net Assets:					
Invested in capital assets (net of debt)	218,369,494	202,686,807	7.74%	195,790,991	3.52%
Restricted	12,034,111	14,313,819	-15.93%	14,359,388	-.32%
Unrestricted	25,397,537	27,109,120	-6.31%	25,021,009	8.35%
<b>Net Assets</b>	<b>255,801,142</b>	<b>244,109,746</b>	<b>4.79%</b>	<b>235,171,388</b>	<b>3.80%</b>
<b>Total Liabilities and net assets</b>	<b>\$305,791,376</b>	<b>\$ 295,823,138</b>	<b>3.37%</b>	<b>\$ 292,074,104</b>	<b>1.28%</b>

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

At December 31, 2012, the amount of \$12 million or 4.7 percent of net assets represented resources that are subject to restrictions on how they can be used. For 2011, the amount was \$14.3 million or 5.86 percent of net assets. These restricted net assets are not available for new spending because they have already been committed as follows:

	<u>2012</u>	<u>2011</u>
Passenger Facility Charges	\$ 466,674	\$ 2,793,150
Bond and Operating and Maintenance Reserves	<u>11,567,437</u>	<u>11,520,669</u>
<b>Total Restricted</b>	<b>\$ 12,034,111</b>	<b>\$ 14,313,819</b>

The remaining unrestricted net assets of \$25.4 million for 2012 and \$27.1 million for 2011 may be used to meet any of the Airport's ongoing obligations.

### **Airline Signatory Rates and Charges for 2012 and 2011**

The Airport and fourteen (14) airlines and cargo carriers negotiated an agreement effective January 1, 2000, for five years, which establishes how the airlines will be assessed annual rates and charges for their use of the Airport. The agreement establishes rates and charges through a hybrid commercial compensatory methodology with a revenue sharing component. The final rates and charges for the signatory airlines were as follows (2012 rates are finalized after the issuance of these financial statements):

	<b>Year Ended December 31,</b>	
	<b><u>2012</u></b>	<b><u>2011</u></b>
Landing fees (per 1,000 lbs MGLW)	\$ 2.02	\$ 2.52
Terminal rental rate (per sq ft)	\$ 54.84	\$ 67.96
Loading bridge rate (per bridge)	\$ 12,711	\$ 10,632
Signatory airline cost (per enplaned passenger)	\$ 7.58	\$ 8.85

The airline derived revenue per enplaned passenger is calculated after the settlement of all rates and charges adjustments based on actual revenues and expenditures and inclusive of the net revenue sharing credited to the airlines, which was \$1,251,511 (preliminary) and \$212,377 in 2012 and 2011, respectively.

During 2004, the Airport and the airlines successfully negotiated an extension of the existing Use and Lease Agreement. The extension was effective from January 1, 2005, through December 31, 2009. In 2009, the Airport and the airlines agreed to further extend the existing Agreement for an additional two year term with an expiration date of December 31, 2011. The Agreement contains additional option years which were executed by mutual consent in 2011 and 2012. The current agreement expires on December 31, 2013.

### **Passenger Facility Charges**

In December 1992, the Airport received approval from the Federal Aviation Administration (the FAA) to collect a \$3.00 passenger facility charge (PFC) on each passenger enplaning at the Airport. The Airport has collected PFCs including interest earnings thereon, totaling \$65,405,466 and \$63,156,982 through the years ended December 31, 2012 and 2011, respectively. Additional information regarding PFCs can be found in Note A(3) of the accompanying financial statements.

### **Customer Facility Charges**

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

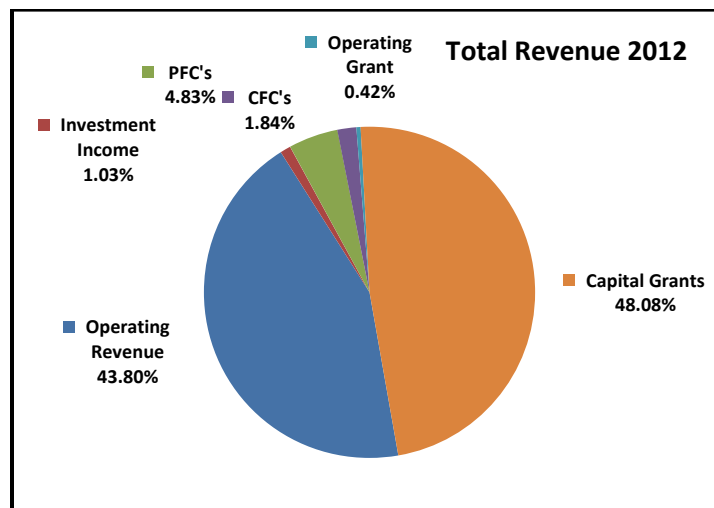
An ordinance (04-32) was approved by the City Council on March 23, 2004, allowing the Airport to continue to collect the CFC. The collection rate of \$1.50 per rental car contract date remains in effect. The rate cannot exceed \$2.50 per rental car contract date without City Council approval.



**Financial Details**  
**Revenues Overview:**

The following schedule presents a summary of all revenues for the fiscal years ended December 31, 2012 and 2011 with a comparison of changes in dollar amounts to the previous years.

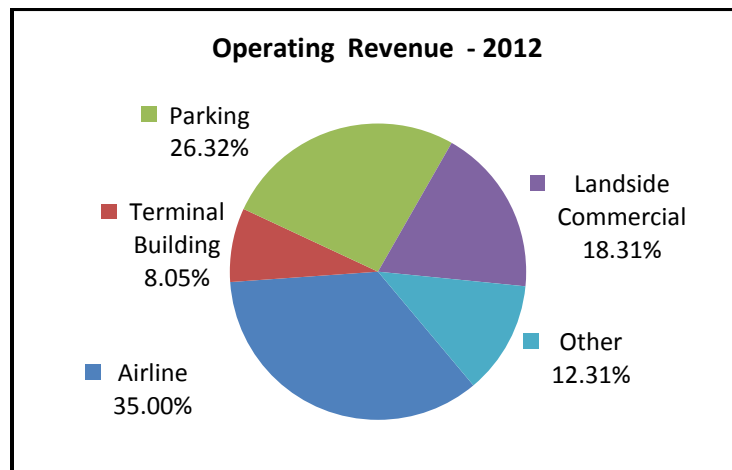
	<u>Year End</u> <u>12/31/2012</u>	<u>Year End</u> <u>12/31/2011</u>	<u>\$ Increase/</u> <u>(Decrease)</u>	<u>Year End</u> <u>12/31/2010</u>	<u>\$ Increase/</u> <u>(Decrease)</u>
<b>Operating Revenues</b>					
Airline	\$ 6,950,602	\$ 7,959,261	\$ (1,008,659)	\$ 6,708,684	\$ 1,250,577
Terminal Building	1,598,197	1,542,808	55,389	1,552,759	(9,951)
Parking	5,227,055	4,974,074	252,981	5,325,655	(351,581)
Landside Commercial	3,636,968	3,634,536	2,432	3,620,202	14,334
Other	2,445,115	2,249,476	195,639	2,001,927	247,549
<b>Total Operating Revenues</b>	<b>19,857,937</b>	<b>20,360,155</b>	<b>(502,218)</b>	<b>19,209,227</b>	<b>1,150,928</b>
<b>Other Income</b>					
Investment Income	465,831	775,234	(309,403)	630,250	144,984
Passenger Facility Charges	2,191,195	2,168,845	22,350	2,327,679	(158,834)
Customer Facility Charges	833,900	812,873	21,027	822,498	(9,625)
Operating Grant	191,306	156,546	34,760	69,893	86,653
Capital Grants	21,796,203	12,630,322	9,165,881	12,023,748	606,574
Capital Contributions	0	0	0	14,167	(14,167)
<b>Total Other Income</b>	<b>25,478,435</b>	<b>16,543,820</b>	<b>8,934,615</b>	<b>15,888,235</b>	<b>655,585</b>
<b>TOTAL INCOME</b>	<b>\$ 45,336,372</b>	<b>\$ 36,903,975</b>	<b>\$ 8,432,397</b>	<b>\$ 35,097,462</b>	<b>\$ 1,806,513</b>



## Operating Revenues:

Significant items for 2012 as compared to 2011 were as follows:

- ➔ Total operating revenue decreased by \$502,218, primarily due to a decrease in rates for landing fees and terminal rents in 2012.
- ➔ Parking revenue increased by \$252,981, primarily due to an increase in usage, particularly in long term parking.
- ➔ Other revenue increased \$195,639, primarily due to increased ground and building rent.



Significant items for 2011 as compared to 2010 were as follows:

- ➔ Total operating revenue increased by \$1,150,928, primarily due to increased effective rates in landing fees and terminal rents in 2011.
- ➔ Parking revenue decreased by \$351,581, primarily due to the decline in passenger traffic.

## Other Income:

The significant items for 2012 as compared to 2011 are as follows:

- ➔ Investment income decreased by \$309,403 from 2011 due to a lower interest rate and a decrease in the percentage of interest allocated to the Airport.
- ➔ Capital grants revenue increased by \$9,165,881 in 2012 as compared to 2011. This increase is a result of an OTA (Other Transaction Agreement) Grant offered by the TSA (Transportation Security Administration) to reimburse the Airport for work done on the Checked Baggage Inspection System Project in addition to the rehabilitation of 2 taxiways.

The significant items for 2011 as compared to 2010 are as follows:

- ➔ Investment income increased by \$144,984 from 2010 due to mark-to-market adjustments.
- ➔ Capital grants revenue increased by \$606,574 in 2011 as compared to 2010. This increase is a result of an OTA (Other Transaction Agreement) Grant offered by the TSA (Transportation Security Administration) to reimburse the Airport for work done on the Checked Baggage Inspection System Project.

#### Expense Overview:

The following schedule presents a summary of all expenses for the fiscal years ended December 31, 2012 and 2011, along with comparisons in dollars to the prior years.

	<u>Year End</u> <u>12/31/2012</u>	<u>Year End</u> <u>12/31/2011</u>	<u>\$ Increase/</u> <u>(Decrease)</u>	<u>Year End</u> <u>12/31/2010</u>	<u>\$ Increase/</u> <u>(Decrease)</u>
<b>Operating Expenses</b>					
Salaries and Benefits	\$ 8,467,180	\$ 8,227,876	\$ 239,304	\$ 8,328,334	\$ (100,458)
Other Operating Expenses	5,875,050	6,172,027	(296,977)	7,052,034	(880,007)
<b>Total Operating Expenses</b>	<u>14,342,230</u>	<u>14,399,903</u>	<u>(57,673)</u>	<u>15,380,368</u>	<u>(980,465)</u>
Depreciation and gain or loss on disposal of capital assets	16,991,200	10,851,764	6,139,436	10,787,280	64,484
Interest Expense	2,279,901	2,451,783	(171,882)	2,510,178	(58,395)
<b>TOTAL EXPENSES</b>	<u>\$ 33,613,331</u>	<u>\$ 27,703,450</u>	<u>\$ 5,909,881</u>	<u>\$ 28,677,826</u>	<u>\$ (974,376)</u>

The significant issues affecting 2012 expenses as compared to 2011 were as follows:

- ➔ Other operating expenses were \$296,977 lower in 2012 compared to 2011 due to a reduction in the capitalization rate.
- ➔ Depreciation expense and gain or loss on disposal of capital assets was \$6,139,436 higher than 2011 as a result of corrections to the useful life of various components of the main terminal building and the removal of several assets no longer in service.
- ➔ Interest expense for 2012 was approximately \$171,882 lower than 2011 primarily due to the Airport's debt amortization schedule which applies a greater portion of the substantially level debt service payments toward principal and less toward interest each year on the remaining outstanding bonds.

The significant issues affecting 2011 expenses as compared to 2010 were as follows:

- ➔ Other operating expenses were \$880,007 lower in 2011 compared to 2010. Additional details of variances are provided below under Expense by Category.
- ➔ Depreciation expense and gain or loss on disposal of capital assets was \$64,484 higher than 2010 due to the addition of capital assets being depreciated.
- ➔ Interest expense for 2011 was approximately \$58,395 lower than 2010 primarily due to the Airport's debt amortization schedule which applies a greater portion of the substantially level debt service payments toward principal and less toward interest each year on the remaining outstanding bonds.

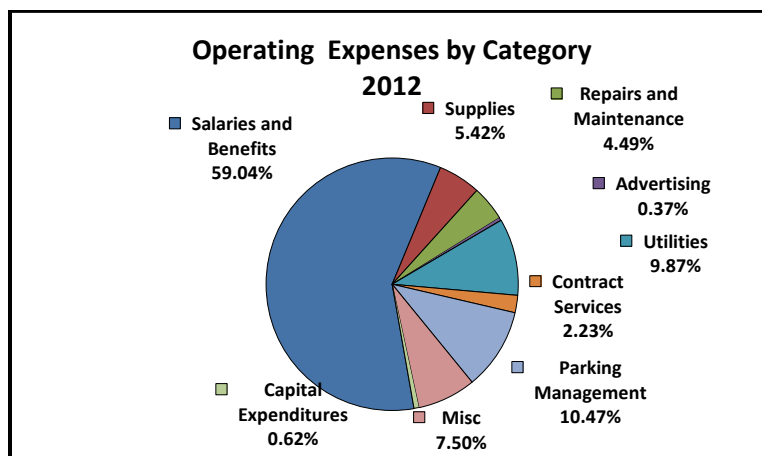
## Expense by Category:

The following chart shows the operating expenses by category for the years ended December 31, 2012 and 2011.

	<u>2012</u> <u>Totals</u>	<u>2012</u> <u>% of Total</u>	<u>2011</u> <u>Totals</u>	<u>\$ Increase/</u> <u>(Decrease)</u>	<u>2011</u> <u>% of Total</u>
Salaries and Benefits	\$ 8,467,180	59.04%	\$ 8,227,876	\$ 239,304	57.14%
Supplies	778,007	5.42%	871,515	(93,508)	6.05%
Repairs and Maintenance	643,596	4.49%	600,672	42,924	4.17%
Advertising	53,492	0.37%	56,099	(2,607)	0.39%
Utilities	1,415,214	9.87%	1,135,324	279,890	7.88%
Contract Services	319,348	2.23%	404,251	(84,903)	2.81%
Parking Management	1,501,313	10.47%	1,463,462	37,851	10.17%
Miscellaneous	1,075,706	7.50%	1,223,226	(147,520)	8.49%
Capital Expenditures	88,374	0.61%	417,478	(329,104)	2.90%
<b>TOTAL EXPENSES</b>	<b>\$ 14,342,230</b>	<b>100.00%</b>	<b>\$ 14,399,903</b>	<b>\$ (57,673)</b>	<b>100.00%</b>

The significant variances between 2012 and 2011 expenses by category were the result of:

- ➔ Salaries and benefits were \$239,304 higher in 2012 due to payout of retirement sick pay and an increase in overtime.
- ➔ Supplies were \$93,508 lower in 2012 primarily due to lower expenditures on fuel, deicing, plumbing and minor equipment.
- ➔ Utilities increased \$279,890 in 2012 due to increased usage and higher rates.
- ➔ Contract Services were \$84,903 lower in 2012 as compared to 2011 due to a reduction in the contracts for air service development analysis.
- ➔ Miscellaneous expenses were \$147,520 lower in 2012 as compared to 2011 as a result of reduced insurance costs and a lower admin pro-rate.
- ➔ Capital expenditures were \$329,104 lower in 2012 due to a lower capitalization rate.



## Budgetary Highlights

	<u>2012</u> <u>Budget</u>	<u>2012</u> <u>Actual</u>	<u>% Over/</u> <u>(Under)</u>	<u>2011</u> <u>Budget</u>	<u>2011</u> <u>Actual</u>	<u>% Over/</u> <u>(Under)</u>
<b>Operating Revenues</b>						
Airline Revenues	\$ 8,542,693	\$ 6,950,602	-18.64%	\$ 8,540,249	\$ 7,959,261	-6.80%
Other Operating Revenues	12,720,832	12,907,335	-1.47%	12,663,553	12,400,894	-2.07%
<b>Total Operating Revenues</b>	<u>21,263,525</u>	<u>19,857,937</u>	<u>-6.61%</u>	<u>21,203,802</u>	<u>20,360,155</u>	<u>-3.98%</u>
Total Operating Expenses	15,996,435	14,342,230	-10.34%	15,630,923	14,399,903	-7.88%
<b>Total Operating Income</b>	<u>\$ 5,267,090</u>	<u>\$ 5,515,707</u>	<u>4.72%</u>	<u>\$ 5,572,879</u>	<u>\$ 5,960,252</u>	<u>6.95%</u>

The significant variances related to the 2012 budget and actual figures were as follows:

- ➔ Airline revenues were approximately 18.6 percent less than budgeted and operating expenses were 10.3 percent less than budgeted. The Airport reduced its operating expenses, which reduces the rates airlines are charged for landing fees and terminal rents, effectively reducing the revenue the Airport receives from the airlines.

The significant variances related to the 2011 budget and actual figures were as follows:

- ➔ Airline revenues were approximately 7 percent less than budgeted. The Airport reduced its operating expenses, which reduces the rates airlines are charged for landing fees and terminal rents, effectively reducing the revenue the Airport receives from the airlines.

## Long-Term Debt

The Airport had \$39,820,000 and \$43,000,000 in bonds outstanding in three series of bonds: 2007A, 2007B, and 2002A as of December 31, 2012 and 2011, respectively. 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(3) of the accompanying notes.

In May of 2006, the Airport signed a loan agreement with U.S. Bank to fund infrastructure improvements to a parcel of land in the Airport Business Park. Loan payments will be funded through a surcharge that will be collected from the tenant per the terms of a lease negotiated in June of 2006. On December 31, 2012 and 2011, the outstanding balance on the loan was \$2,078,150 and \$2,125,038 respectively.

In December of 2007, the Airport entered into a loan agreement with the Colorado Department of Transportation to fund improvements to the public roadway system and related signage. On December 31, 2012 and 2011, the outstanding balance on the loan was \$1,074,933 and \$1,589,035 respectively. The loan will be repaid with PFC revenues.

In July of 2008, the Airport entered into a loan agreement with the Colorado Department of Transportation to purchase equipment to enhance snow removal operations. On December 31, 2012 and 2011 the outstanding balance on the loan was \$272,407 and \$357,972. The loan will be repaid with PFC revenues.

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

statements. On December 31, 2012, the minimum lease obligation totaled \$191,296.

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

	Fitch		Moody's		S & P	
Airport Revenue Bonds	BBB+	Stable	Baaa1	Stable	A-	Stable

### **Capital Acquisition and Construction Activities**

During fiscal years ended December 31, 2012 and 2011, the Airport expended approximately \$29 million and \$15 million, respectively, in capital activities. Major construction projects in 2012 included the Checked Baggage Inspection System, the rehabilitation of Taxiway E, G, and H Phase III, the Security Checkpoint Expansion, the rehabilitation of Taxiway M & F and The Checked Baggage Inspection System. Property and equipment acquisitions are capitalized at cost if over \$5,000.

Major capital projects for the years ended December 31 included:

	<u>2012</u>	<u>2011</u>
Relocation of Admin Offices and Conference Rooms	405,432	224,273
Rehabilitation of Taxiway E, G, & H (Phase II)	-	75,840
Rehabilitation of Taxiway E, G, & H (Phase III)	9,682,778	303,150
Rehabilitation of Taxiway E, G, & H (Phase IV)	324,886	-
Rehabilitation of Taxiway M & F	7,237,570	-
Security Checkpoint Expansion	1,160,253	947,054
South Business Park	102,776	-
Modernization of Communications Center	44,916	139,487
Integrated Operations Center	361,844	132,637
Rehabilitation of Taxiway G & H (Phase I)	-	110,504
Demo Old Terminal Building	184,116	-
Remodel & Upgrade West Lav Dump	67,760	-
Airport Telephone System	117,482	-
Fleet Improvement (Phase III)	298,476	-
Fleet Improvement (Phase IV)	865,382	-
Airport Master Plan Update	369,903	248,475
Runway 12/30 (Design)	-	2,300
Rehabilitation of Taxiways G & H (Phase IV)	-	44,837
Runway 12/30 (Construction)	455,241	1,914,429
WAD South Taxilane and Parking Ramp (Design)	-	129,809
Airfield Guidance and Hold Signs	-	77,176
Interior Signage	47,168	34,228
Defense Access Roads	80,297	6,210,201
Checked Baggage Inspection System	7,193,308	4,217,113
Public Parking Shuttle	-	-
Miscellaneous other Airport Improvements	<u>81,465</u>	<u>85,896</u>
Total	<u>\$ 29,081,053</u>	<u>\$ 14,897,409</u>

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

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

### **Request for Information**

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

Colorado Springs Municipal Airport  
Colorado Springs, Colorado  
STATEMENT OF NET POSITION  
December 31, 2012 and 2011

ASSETS	<u>2012</u>	<u>2011</u>
<b>CURRENT ASSETS</b>		
Unrestricted cash and investments	\$ 32,890,072	\$ 32,331,745
Restricted cash and investments- passenger facility charges	312,052	2,586,552
Restricted cash and investments - bond reserves	6,107,572	6,052,616
Accounts receivable (net allowances of \$2,225 and \$22,583)	2,871,962	3,155,673
Restricted accounts receivable- passenger facility charges	154,622	206,598
Inventory	<u>143,127</u>	<u>130,747</u>
Total current assets	<u>42,479,407</u>	<u>44,463,931</u>
<b>NONCURRENT ASSETS</b>		
Restricted assets		
Investments	<u>5,459,865</u>	<u>5,468,053</u>
Unamortized bond issuance costs	<u>452,601</u>	<u>530,044</u>
Note receivable	<u>1,937,172</u>	<u>1,984,060</u>
Capital assets		
Land	18,416,793	18,423,581
Buildings	95,272,291	94,081,479
Improvements other than buildings	199,371,826	173,167,137
Machinery and equipment	23,153,458	10,662,102
Infrastructure	34,868,798	27,218,569
Vehicles	5,411,447	4,360,539
Construction in progress	4,897,631	24,880,583
Less accumulated depreciation	<u>(125,929,913)</u>	<u>(109,416,940)</u>
Total capital assets (net of accumulated depreciation and amortization)	<u>255,462,331</u>	<u>243,377,050</u>
Total noncurrent assets	<u>263,311,969</u>	<u>251,359,207</u>
Total assets	<u>\$ 305,791,376</u>	<u>\$ 295,823,138</u>

The accompanying notes are an integral part of these statements.



Colorado Springs Municipal Airport  
Colorado Springs, Colorado  
STATEMENT OF NET POSITION  
December 31, 2012 and 2011

	2012	2011
LIABILITIES AND NET POSITION		
CURRENT LIABILITIES		
Current portion of revenue bonds payable	\$ 3,350,000	\$ 3,180,000
Current portion of notes payable	671,786	649,106
Current portion of capital lease	151,690	141,464
Accounts payable	5,470,180	3,065,033
Accrued salaries and benefits	202,817	193,731
Compensated absences	34,983	27,974
Due to other City funds/CSU	118,770	27,005
Deferred revenue and other tenant deposits	589,518	1,078,524
	10,589,744	8,362,837
NONCURRENT LIABILITIES		
Compensated absences	664,687	531,511
Revenue bonds payable	35,942,493	39,204,809
Notes payable	2,753,704	3,422,939
Capital lease	39,606	191,296
	39,400,490	43,350,555
	49,990,234	51,713,392
NET POSITION		
Net investment in capital assets	218,369,494	202,686,807
Restricted for passenger facility charges	466,674	2,793,150
Restricted for bond reserves	11,567,437	11,520,669
Unrestricted	25,397,537	27,109,120
	\$ 255,801,142	\$ 244,109,746

The accompanying notes are an integral part of these statements.

Colorado Springs Municipal Airport  
Colorado Springs, Colorado  
STATEMENTS OF REVENUES, EXPENSES AND  
CHANGES IN FUND NET POSITION  
Year ended December 31, 2012 and 2011

	2012	2011
Operating revenues		
Airline revenues	\$ 6,950,602	\$ 7,959,261
Terminal building concessions	1,598,197	1,542,808
Parking concessions	5,227,055	4,974,074
Landside commercial concessions	3,636,968	3,634,536
Other charges	2,445,115	2,249,476
Total operating revenues	19,857,937	20,360,155
Operating expenses		
Salaries and benefits	8,467,180	8,227,876
Other operating expenses	5,875,050	6,172,027
Depreciation	16,991,200	10,851,764
Total operating expenses	31,333,430	25,251,667
Operating loss	(11,475,493)	(4,891,512)
Non-operating revenues (expenses)		
Investment income	465,831	775,234
Passenger facility charges	2,191,195	2,168,845
Customer facility charges	833,900	812,873
Operating grants	191,306	156,546
Interest expense	(2,279,901)	(2,451,783)
Gain/loss on disposal of capital assets	(31,645)	(262,167)
Total non-operating revenues	1,370,686	1,199,548
Loss before contributions	(10,104,807)	(3,691,964)
Capital grants	21,796,203	12,630,322
Change in net position	11,691,396	8,938,358
Total net position – beginning of year	244,109,746	235,171,388
Total net position – end of year	\$ 255,801,142	\$ 244,109,746

The accompanying notes are an integral part of these statements.

Colorado Springs Municipal Airport  
Colorado Springs, Colorado  
STATEMENTS OF CASH FLOWS  
Year ended December 31, 2012 and 2011

	2012	2011
Cash flows from operating activities		
Receipts from customers	\$ 19,295,543	\$ 20,209,257
Receipts from interfund services provided	69,794	69,794
Payments to suppliers	(1,097,306)	(6,321,341)
Payments to employees	(8,349,147)	(8,268,292)
Payments for interfund services used	(671,210)	(820,426)
Net cash provided by operating activities	9,247,674	4,868,992
Cash flows from noncapital financing activities		
Operating grant	191,306	159,751
Net cash provided by noncapital financing activities	191,306	159,751
Cash flows from capital and related financing activities		
Capital grant	21,949,167	15,616,748
Capital expenditures	(26,234,277)	(10,935,184)
Passenger facility charges	2,243,141	2,160,850
Customer facility charges	887,267	771,140
Principal payments on loans	(649,106)	(625,715)
Interest payments on loans	(237,666)	(261,056)
Principal payments on revenue bonds	(3,180,000)	(3,020,000)
Interest payments on revenue bonds	(2,056,363)	(2,217,513)
Payment from accounts payable incurred for fixed asset additions	1,587,036	(417,016)
Net cash (used in) provided by capital and related financing activities	(5,690,801)	1,072,254
Cash flows from investing activities		
Interest received on investments	283,260	649,222
Purchases of investments	(29,681,100)	(38,739,932)
Proceeds from sales and maturities of investments	25,863,995	30,533,671
Net cash (used in) investing activities	(3,533,845)	(7,557,039)
Net increase (decrease) in cash and cash equivalents	214,334	(1,456,042)
Cash and cash equivalents – beginning of year	1,900,268	3,356,310
Cash and cash equivalents – end of year	2,114,602	1,900,268
Investments	42,654,959	44,538,698
Cash and investments	\$ 44,769,561	\$ 46,438,966
Reconciliation of cash and investments to the balance sheet		
Unrestricted cash and investments	\$ 32,890,072	\$ 32,331,745
Restricted cash and investments	11,879,489	14,107,221
Total cash and investments	\$ 44,769,561	\$ 46,438,966

The accompanying notes are an integral part of these statements.

Colorado Springs Municipal Airport  
Colorado Springs, Colorado  
STATEMENTS OF CASH FLOWS - CONTINUED  
Year ended December 31, 2012 and 2011

	2012	2011
Reconciliation of operating loss to net cash provided by operating activities		
Operating loss	\$ (11,475,493)	\$ (4,891,512)
Adjustments to reconcile operating loss to net cash provided by operating activities		
Depreciation	16,991,200	10,851,765
(Increase) in assets		
Receivables	(126,597)	(12,459)
Due from other City funds	-	(15)
Increase (decrease) in liabilities		
Accounts payable	4,106,534	(898,172)
Accrued salaries, benefits, and sick leave benefits	149,271	(40,415)
Due to other City funds	91,765	(71,572)
Deferred revenue and other tenant deposits	(489,006)	(68,628)
Net cash provided by operating activities	\$ 9,247,674	\$ 4,868,992

Noncash capital and related financing and investing activities:

The Airport had unrealized gains of \$208,586 and \$126,012, for the years ended December 31, 2012 and 2011, respectively. The Airport obtained fixed assets through incurring payables in the amount of \$3,999,339 and \$2,412,303 as of December 31, 2012 and 2011, respectively.

Colorado Springs Municipal Airport  
Colorado Springs, Colorado  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2012 and 2011

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. *Financial reporting entity*

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

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

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

A Director of Aviation directs and manages the Airport. This Director reports to the City's Chief of Economic Vitality who reports to an elected Mayor. Major policy decisions are subject to the approval of the City Council.

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

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

The Airport distinguishes operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the Airport's principal ongoing operations. The principal operating revenues of the Airport are charges to customers for sales and services. Operating expenses include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses. When both restricted and unrestricted resources are available for use, it is the Airport's policy to use restricted resources first, then unrestricted resources as they are needed.

Colorado Springs Municipal Airport  
Colorado Springs, Colorado  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2012 and 2011

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

3. *Assets, liabilities, and net position*

A. Deposits and investments

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

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

B. Capital assets and depreciation

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

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

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

Interest is capitalized on fixed assets acquired with tax-exempt debt. The amount of interest capitalized is calculated by offsetting interest expense incurred from the date of the borrowing until completion of the project with interest earned on invested proceeds over the same period. No interest was capitalized during 2012.

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

C. Inventory

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

D. Compensated absences

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

Colorado Springs Municipal Airport  
Colorado Springs, Colorado  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2012 and 2011

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

E. Restricted net position

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

F. Passenger facility charges

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

G. Customer facility charges

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

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

H. Unamortized bond issue costs

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

4. *Reclassifications*

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

Colorado Springs Municipal Airport  
Colorado Springs, Colorado  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2012 and 2011

NOTE B – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

1. *Budgetary information*

In accordance with City Charter, the Airport is required to submit a balanced budget to City Council on or before the third Monday of November of each year. The budget is reviewed and modified as appropriate and an appropriation ordinance is prepared to adopt the budget no later than December 31 of each year. Annual appropriations lapse at year-end. The budget of the Airport is prepared on a modified accrual, non-GAAP, basis of accounting.

Because accounting principles applied for purposes of developing data on a budgetary basis differ significantly from those used to present financial statements in conformity with accounting principles generally accepted in the United States of America (US GAAP), a reconciliation of resultant basis, timing, and perspective for the years ended December 31, 2012 and 2011, is presented below:

	2012	2011
Operating expenses (US GAAP basis)	\$ 31,333,430	\$ 25,251,667
Non-operating expenses (US GAAP basis)	2,279,901	2,451,783
	33,613,331	27,703,450
Less: Depreciation expense	(16,991,200)	(10,851,764)
Add: Capital expenditures (accrual basis)	29,272,028	15,027,958
Expenditures (budgetary basis)	\$ 45,894,159	\$ 31,879,644
Appropriations	\$ 83,602,901	\$ 57,192,852

NOTE C – DETAILED NOTES

1. *Deposits and investments*

The City of Colorado Springs pools the cash and investments of its funds, including the Airport. The City's pooled cash and investments as of December 31, 2012 and 2011, amounted to \$166,451,638 and \$157,990,686, respectively. The Airport's allocated portion of pooled cash and investments as of December 31, 2012 and 2011 was \$39,309,696 and \$40,970,913, respectively. The Airport's portion was approximately 23.6% and 25.9% of the total pooled cash and investments of the City as of December 31, 2012 and 2011. The pooled cash and investments of the City and the Airport as of December 31, 2012 and 2011 are as follows:

	December 31, 2012		December 31, 2011	
	City	Airport	City	Airport
Cash on hand	\$ 15,793	\$ 3,728	\$ 14,454	\$ 3,748
Deposits				
Demand, time deposits	7,668,550	1,809,778	7,289,648	1,890,392
Investments	158,767,295	37,496,190	150,686,584	39,076,773
Total pooled cash and investments	\$ 166,451,638	\$ 39,309,696	\$ 157,990,686	\$ 40,970,913



Colorado Springs Municipal Airport  
Colorado Springs, Colorado  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2012 and 2011

NOTE C – DETAILED NOTES – Continued

1. *Deposits and investments – continued*

Restricted investments

As of December 31, 2012 and 2011, the Airport’s restricted investments are comprised of \$5,459,865 and \$5,468,053, respectively, and represent reserves required by the Airport’s bond ordinance.

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, 2012 and 2011, the bank balance of the City of Colorado Springs’ bank deposits exclusive of cash not included in pooled cash and investments was \$10,667,491 and \$10,288,520, respectively. As of December 31, 2012, of the total bank deposits, \$10,667,491 was covered by Federal Depository Insurance. As of December 31, 2011, of the total bank deposits, \$10,288,520 was covered by Federal Depository Insurance. The Airport’s share of those amounts as of December 31, 2012 and 2011 was \$1,809,778 and \$1,894,140, respectively.

The City of Colorado Springs and the Airport’s investments are subject to interest rate, credit, and concentration of credit risk. The City has adopted an Investment Policy requiring all investments be made in accordance with Colorado Revised Statutes. As a means of limiting its exposure to fair value losses arising from rising interest, the City’s investment policy limits investment maturities to five years.

As of December 31, 2012, 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	\$ 165,494	\$ 39,085	0.00
Colorado Statewide Investment Program	6,367,394	1,503,792	0.00
Commercial paper	4,996,922	1,180,127	0.13
US Treasury securities	42,674,708	10,078,517	2.80
US Instrumentality securities	77,038,113	18,194,148	2.68
Corporate fixed-income securities	3,575,505	844,430	2.11
Municipal bonds	23,949,159	5,656,091	1.52
Total fair value	158,767,295	37,496,190	
Portfolio weighted average maturity			2.33
Reconciliation to Total Pooled Cash and Investments			
Add: Cash on hand and in banks	7,684,343	1,813,506	
	<u>\$ 166,451,638</u>	<u>\$ 39,309,696</u>	

Colorado Springs Municipal Airport  
Colorado Springs, Colorado  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2012 and 2011

NOTE C – DETAILED NOTES – Continued

1. *Deposits and investments – continued*

As of December 31, 2011, the detail of pooled cash and investments held for the City and the Airport was as follows:

Investment Type	Fair Value City	Fair Value Airport	Weighted Average Maturity (years)
Money market mutual funds	\$ 42,093	\$ 10,916	0.00
Colorado Statewide Investment Program	20,633,516	5,350,783	0.00
Colorado Liquid Asset Trust	13	4	0.00
Commercial paper	1,999,678	518,567	0.18
US Treasury securities	37,273,240	9,665,876	3.09
US Instrumentality securities	84,504,519	21,914,119	2.32
Corporate fixed-income securities	6,233,525	1,616,508	1.99
Total fair value	150,686,584	39,076,773	
Portfolio weighted average maturity			2.15
Reconciliation to Total Pooled Cash and Investments	7,304,102	1,894,140	
Add: Cash on hand and in banks			
	<u>\$ 157,990,686</u>	<u>\$ 40,970,913</u>	

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

	S&P Rating	2012 % of Total	2011 % of Total
Money market mutual funds	AAA	0.10%	0.03%
Colorado Statewide Investment Program	AAAm	4.01%	13.69%
Commercial paper	A-1	3.15%	1.33
US Treasury Securities	AA	26.88%	24.74%
US Instrumentality Securities	AA	48.52%	56.07%
Municipal bonds	AAA	0.92%	-
Municipal bonds	AA	1.33%	-
Domestic corporate fixed income securities	AAA	0.70%	0.74%
Domestic corporate fixed income securities	AA	13.90%	2.54%
Domestic corporate fixed income securities	A	0.49%	0.86%
		<u>100%</u>	<u>100%</u>

Colorado Springs Municipal Airport  
Colorado Springs, Colorado  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2012 and 2011

NOTE C – DETAILED NOTES – Continued

1. *Deposits and investments – continued*

The City's investments in COLOTRUST are rated AAAM by Standard & Poor's. COLOTRUST is routinely monitored by the Colorado Division of Securities with regard to operations and investments. Separately issued financial statements may be obtained at the following addresses:

COLOTRUST  
1600 Broadway, Suite 1100  
Denver, CO 80202  
www.colotrust.com

During 2012, 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 services 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, 2012 and 2011, the City had \$6,367,394 and \$20,633,516, respectively, invested in the PFM Funds Prime Series, of which \$1,503,792 and \$5,350,783 at December 31, 2012 and 2011, 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](http://www.csipinvest.com).

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NOTE C – DETAILED NOTES – Continued

2. *Capital assets*

Capital assets activity for the year ended December 31, 2012, was as follows:

	Beginning Balance	Increase	Decrease	Ending Balance
Capital assets being depreciated:				
Buildings	\$ 94,081,479	\$ 1,240,164	\$ (49,352)	\$ 95,272,291
Improvements other than buildings	173,167,137	26,591,424	(386,735)	199,371,826
Machinery and equipment	10,662,102	12,503,626	(12,270)	23,153,458
Vehicles	4,360,539	1,184,348	(133,440)	5,411,447
Infrastructure	27,218,569	7,650,229	-	34,868,798
Total capital assets Being depreciated	<u>309,489,826</u>	<u>49,169,791</u>	<u>(581,797)</u>	<u>358,077,820</u>
Less accumulated depreciation for:				
Buildings	(40,134,611)	(2,630,007)	43,184	(42,721,434)
Improvements other than buildings	(55,542,272)	(12,702,012)	295,097	(67,949,187)
Machinery and equipment	(5,043,052)	(740,085)	12,270	(5,770,867)
Vehicles	(3,795,626)	(141,952)	127,676	(3,809,902)
Infrastructure	(4,901,379)	(777,144)	-	(5,678,523)
Total accumulated depreciation	<u>(109,416,940)</u>	<u>(16,991,200)</u>	<u>478,227</u>	<u>(125,929,913)</u>
Total capital assets Being depreciated, net	<u>200,072,886</u>	<u>32,178,591</u>	<u>(103,570)</u>	<u>232,147,907</u>
Capital assets not being depreciated:				
Land	18,423,581	-	(6,788)	18,416,793
Construction in progress	24,880,583	29,081,053	(49,064,005)	4,897,631
Total capital assets, not being depreciated	<u>43,304,164</u>	<u>29,081,053</u>	<u>(49,070,793)</u>	<u>23,314,424</u>
Capital assets, net	<u>\$ 243,377,050</u>	<u>\$ 61,259,644</u>	<u>\$ (49,174,363)</u>	<u>\$ 255,462,331</u>

Colorado Springs Municipal Airport  
Colorado Springs, Colorado  
NOTES TO FINANCIAL STATEMENTS  
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NOTE C – DETAILED NOTES – Continued

2. *Capital assets – continued*

Capital assets activity for the year ended December 31, 2011, was as follows:

	Beginning Balance	Increase	Decrease	Ending Balance
Capital assets being depreciated:				
Buildings	\$ 94,535,740	\$ -	\$ (454,261)	\$ 94,081,479
Improvements other than buildings	161,991,560	11,175,577	-	173,167,137
Machinery and equipment	10,750,953	37,161	(126,012)	10,662,102
Vehicles	4,314,503	66,161	(20,125)	4,360,539
Infrastructure	26,796,307	422,262	-	27,218,569
Total capital assets Being depreciated	<u>298,389,063</u>	<u>11,701,161</u>	<u>(600,398)</u>	<u>309,489,826</u>
Less accumulated depreciation for:				
Buildings	(37,646,676)	(2,673,895)	185,960	(40,134,611)
Improvements other than buildings	(48,967,297)	(6,574,975)	-	(55,542,272)
Machinery and equipment	(4,420,248)	(715,466)	92,662	(5,043,052)
Vehicles	(3,701,948)	(113,803)	20,125	(3,795,626)
Infrastructure	(4,127,753)	(773,626)	-	(4,901,379)
Total accumulated depreciation	<u>(98,863,922)</u>	<u>(10,851,765)</u>	<u>298,747</u>	<u>(109,416,940)</u>
Total capital assets Being depreciated, net	<u>199,525,141</u>	<u>849,396</u>	<u>(301,651)</u>	<u>200,072,886</u>
Capital assets not being depreciated:				
Land	18,423,581	-	-	18,423,581
Construction in progress	21,942,197	14,536,224	(11,597,838)	24,880,583
Total capital assets, not being depreciated	<u>40,365,778</u>	<u>14,536,224</u>	<u>(11,597,838)</u>	<u>43,304,164</u>
Capital assets, net	<u>\$ 239,890,919</u>	<u>\$ 15,385,620</u>	<u>\$ (11,899,489)</u>	<u>\$ 243,377,050</u>

Colorado Springs Municipal Airport  
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NOTE C – DETAILED NOTES – Continued

3. *Revenue bonds payable*

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

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

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

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

All bonds are special obligations of the City payable solely from net revenues of the Airport System and from certain funds established under the bond ordinance. 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 Revenue Bonds	\$55,649,862	2002-2023

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NOTE C – DETAILED NOTES – Continued

3. *Revenue bonds payable – continued*

The total pledged revenue is not estimatable in comparison to pledged debt because future revenue levels may vary. The bond debt coverage requirement for each issue must be met or the bonds will be in default which provides sufficient coverage each year for the pledged debt. 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 Bonds and related interest expense are as follows as of December 31, 2012:

Year Ending December 31,	2007A		2007B		2002A		Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2013	250,000	98,788	330,000	291,363	2,770,000	1,496,488	3,350,000	1,886,639
2014	260,000	88,788	340,000	278,163	2,920,000	1,344,138	3,520,000	1,711,089
2015	270,000	78,388	355,000	264,563	3,055,000	1,212,738	3,680,000	1,555,689
2016	280,000	67,588	480,000	250,363	3,200,000	1,067,625	3,960,000	1,385,576
2017	295,000	56,387	585,000	231,162	3,350,000	915,625	4,230,000	1,203,174
2018-2022	1,105,000	103,351	3,805,000	764,976	15,130,000	1,937,500	20,040,000	2,805,827
2023	-	-	1,040,000	45,500	-	-	1,040,000	45,500
Totals	<u>\$ 2,460,000</u>	<u>\$ 493,290</u>	<u>\$ 6,935,000</u>	<u>\$ 2,126,090</u>	<u>\$ 30,425,000</u>	<u>\$ 7,974,114</u>	<u>\$ 39,820,000</u>	<u>\$ 10,593,494</u>

Colorado Springs Municipal Airport  
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NOTE C – DETAILED NOTES – Continued

4. *Note Payable/Note Receivable*

On May 16, 2006, the Airport entered into a loan agreement, not to exceed \$3,047,514, with U.S. Bank National Association to fund improvements to a parcel of land in the Airport’s Business Park. The improvements consist of infrastructure development, including utility lines, roads, and general grading in order to prepare the property for development. The loan is collateralized by real property. The total amount outstanding as of December 31, 2012 is \$2,078,150. Loan payments through October 2030, will be made with funds derived from a surcharge, above and beyond the monthly land lease, that is collected from the tenant.

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

The following is an amortization schedule (including Principal and Interest) for the remainder of the loan period as of December 31, 2012:

Year Ending December 31,	Payment	Interest	Principal
2013	\$ 228,696	\$ 174,566	\$ 54,130
2014	228,696	169,536	59,160
2015	228,696	164,307	64,389
2016	228,696	158,616	70,080
2017	228,696	152,421	76,275
2018-2022	1,143,480	648,238	495,242
2023-2027	1,143,480	387,096	756,384
2028-2030	554,768	52,278	502,490
Totals	<u>\$ 3,985,208</u>	<u>\$ 1,907,058</u>	<u>\$ 2,078,150</u>



Colorado Springs Municipal Airport  
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NOTES TO FINANCIAL STATEMENTS  
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NOTE C – DETAILED NOTES – Continued

4. *Note Payable/Note Receivable – continued*

On December 19, 2007, the Airport entered into a loan agreement in the amount of \$3,500,000 with the Colorado Department of Transportation to fund improvements to public roadway signage and to resurface the entry/exit roads to the Airport. The interest rate on the loan is 3.0%. Debt service payments on this loan will be made from PFC revenues. This loan matures on November 2, 2014. The following is an amortization schedule (including Principal and Interest) for the remainder of the loan period as of December 31, 2012:

Year Ending December 31,	Payment	Interest	Principal
2013	\$ 561,772	\$ 32,248	\$ 529,524
2014	561,772	16,363	545,409
Totals	\$ 1,123,544	\$ 48,611	\$ 1,074,933

On July 3, 2008, the Airport entered into a loan agreement in the amount of \$600,000 with the Colorado Department of Transportation to purchase equipment to enhance snow removal capabilities. Debt service payments on this loan will be made from PFC revenues. This loan matures on July 3, 2015. The following is an amortization schedule (including Principal and Interest) for the remainder of the loan period as of December 31, 2012:

Year Ending December 31,	Payment	Interest	Principal
2013	\$ 96,304	\$ 8,172	\$ 88,132
2014	96,304	5,528	90,776
2015	96,304	2,805	93,499
Totals	\$ 288,912	\$ 16,505	\$ 272,407

Colorado Springs Municipal Airport  
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NOTE C – DETAILED NOTES – Continued

5. *Leases*

The Airport leases facilities and land to various airlines, concessionaires, and others. Substantially all of the leases are operating leases for land, buildings, and terminal space. The leases contain provisions for cancellation by either party if certain conditions are met. The car rental agreement expired on January 31, 2012, and continues under a month-to-month basis while a new agreement is negotiated. The airline agreement expires on December 31, 2013, with negotiations currently underway on a new agreement that will take effect on January 1, 2014. The Airport fully anticipates executing new airline and car rental agreements that contain similar terms to the existing agreement. The following is a schedule, by year, of minimum future rentals of the operating leases as of December 31, 2012:

Year Ending December 31,		
2013	\$	3,253,451
2014		2,082,716
2015		1,292,781
2016		1,039,084
2017		948,947
2018-2022		4,374,137
2023-2027		4,039,116
2028-2032		3,770,440
2033-2037		3,590,139
2038-2042		3,232,480
2043-2047		2,228,915
2048-2052		1,927,315
2053-2057		1,166,590
2058-2062		20,577
	<u>\$</u>	<u>32,966,688</u>

Minimum future rentals do not include contingent rentals, which may be received under certain leases on the basis of revenue, fuel flow, or number of uses. Contingent rentals amounted to \$525,945 and \$473,472 for the years ended December 31, 2012 and 2011, respectively.

Colorado Springs Municipal Airport  
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NOTE C – DETAILED NOTES – Continued

5. *Leases – continued*

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

	December 31, 2012	December 31, 2011
Land	\$ 18,416,793	\$ 18,423,581
Buildings	95,272,291	94,081,479
Improvements other than buildings	199,371,826	173,167,137
Infrastructure	34,868,798	27,218,570
	<u>347,929,708</u>	<u>312,890,767</u>
Less accumulated depreciation	(116,349,144)	(100,578,263)
	<u>\$ 231,580,564</u>	<u>\$ 212,312,504</u>

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

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

Future minimum lease obligations and the net present value of these minimum lease payments as of December 31, 2012 are as follows:

Year Ending December 31,	Minimum Lease Obligation
2013	\$ 160,275
2014	40,068
Minimum lease obligation	200,343
Amount representing interest	(9,047)
Present value of net minimum payments	<u>\$ 191,296</u>
Less: Current portion	(151,690)
Noncurrent capital lease	<u>\$ 39,606</u>

Colorado Springs Municipal Airport  
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NOTE C – DETAILED NOTES – Continued

5. *Leases – continued*

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

	December 31, 2012	December 31, 2011
Machinery and equipment	\$ 674,519	\$ 674,519
Less accumulated depreciation	(250,134)	(182,683)
Net capitalized lease property	\$ 424,385	\$ 491,836

6. Changes in long-term liabilities

Long-term liabilities activity for the year ended December 31, 2012, was as follows:

	Balance January 1, 2012	Additions	Reductions	Balance December 31, 2012	Due Within One Year
Revenue bonds	\$ 43,000,000	\$ -	\$ (3,180,000)	\$ 39,820,000	\$ 3,350,000
Deferred amounts					
on refundings	(524,764)	-	74,545	(450,219)	(76,372)
Bond discount	(90,427)	-	13,139	(77,288)	(13,140)
Total bonds payable	42,384,809	-	(3,092,316)	39,292,493	3,260,488
Note payable	4,072,045	-	(646,555)	3,425,490	671,786
Capital lease	332,760	-	(141,464)	191,296	151,690
Compensated absences- accrued sick and vacation benefits	559,485	835,595	(695,410)	699,670	34,983
Long-term liabilities	\$ 47,349,099	\$ 835,595	\$ (4,575,745)	\$ 43,608,949	\$ 4,118,947

Colorado Springs Municipal Airport  
Colorado Springs, Colorado  
NOTES TO FINANCIAL STATEMENTS  
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NOTE C – DETAILED NOTES – Continued

6. *Changes in long-term liabilities – continued*

Long-term liabilities activity for the year ended December 31, 2011, was as follows:

	Balance January 1, 2011	Additions	Reductions	Balance December 31, 2011	Due Within One Year
Revenue bonds	\$ 46,020,000	\$ -	\$ (3,020,000)	\$ 43,000,000	\$ 3,092,315
Deferred amounts					
on refundings	(595,495)	-	70,731	(524,764)	74,545
Bond discount	(103,817)	-	13,390	(90,427)	13,140
Total bonds payable	45,320,688	-	(2,935,879)	42,384,809	3,180,000
Note payable	4,697,760	-	(625,715)	4,072,045	649,106
Capital lease	464,688	-	(131,928)	332,760	141,464
Compensated absences- accrued sick and vacation benefits	630,598	442,660	(513,773)	559,485	27,974
Long-term liabilities	<u>\$ 51,113,734</u>	<u>\$ 442,660</u>	<u>\$ (4,207,295)</u>	<u>\$ 47,349,099</u>	<u>\$ 3,998,544</u>

Colorado Springs Municipal Airport  
Colorado Springs, Colorado  
NOTES TO FINANCIAL STATEMENTS  
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NOTE C – DETAILED NOTES – Continued

7. *Interfund balances*

The composition of interfund balances as of December 31, 2012, is as follows:

	December 31, 2012	December 31, 2011
Due to support services fund	\$ 4,420	\$ -
Due to CSU	114,350	17,005
Due to general fund	-	10,000
	\$ 118,770	\$ 27,005

8. *Commitments*

As of December 31, 2012, the Airport had commitments outstanding, in the form of contracts and purchase orders, of approximately \$4,057,816 primarily for construction projects and equipment.

NOTE D – OTHER INFORMATION

1. *Risk management*

The City of Colorado Springs has established a risk management division to coordinate and administer workers’ compensation, property, and general liability insurance programs for all of its activities and operations. For workers’ compensation coverage, the City has purchased commercial insurance to cover losses in excess of \$750,000 per occurrence. The City pays losses less than this amount through its Workers Compensation Self-Insurance Fund. The Airport is included in the Workers’ Compensation Self-Insurance program. For 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 2012, 2011 or 2010.

2. *Post-retirement health care and life insurance benefits*

In accordance with the City of Colorado Springs’ Personnel Policy, the Airport offers a health care plan, including life insurance benefits, to retirees with the Airport’s contribution determined by City Council. Employees retiring prior to 1979 receive this health care plan benefit without cost to the employee. Those retiring during or after 1979 and hired prior to August 1, 1988, receive a limited Airport contribution not to exceed \$91.40 per month.

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NOTE D – OTHER INFORMATION – Continued

2. *Post-retirement health care and life insurance benefits – continued*

Benefits were provided as follows:

	Year Ended December 31,	
	2012	2011
Retirees with full coverage	-	-
Retirees with partial coverage	29	29
	29	29
Cost of retirement benefits	\$ 24,261	\$ 24,269

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

3. *Retirement plans*

A. Defined Benefit Pension Plan

**Plan Description:** The City contributes to the Local Government Division Trust Fund (LGDTF), a cost-sharing multiple-employer defined benefit pension plan administered by the Public Employees’ Retirement Association of Colorado (PERA). Prior to January 1, 2006, the LGDTF was known as the Municipal Division Trust Fund (MDTF). LGDTF provides retirement and disability, annual increases, and death benefits for members or their beneficiaries. All permanent employees, except uniformed police and fire, of the City are members of the LGDTF. Title 24, Article 51 of the Colorado Revised Statutes (CRS), as amended, assigns the authority to establish 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](http://www.copera.org) or by writing to Colorado PERA, 1300 Logan Street, Denver, Colorado 80203 or by calling PERA at 303-832-9550 or 1-800-759-PERA (7372).

**Funding Policy:** Plan members and the City are required to contribute to the LGDTF at a rate set by statute. The contribution requirements of the plan members and the City are established under Title 24, Article 51, Part 4 of the CRS, as amended. The contribution rate for members is 8% and for the City it is 10% of covered salary. A portion of the City’s contribution (1.02% of covered salary) is allocated for the Health Care Trust Fund (see note D.3.B Post-employment Health Care Benefits). Beginning July 1, 2005, if the City rehired a PERA retiree as an employee or under any other work arrangement, it was required to report and pay employer contributions on the amounts paid for the retiree; however, no member contributions are required. The City is also required to pay an amortization equalization disbursement (AED) equal to 2.2% of the total payroll. Additionally, the City is required to pay a supplemental amortization equalization disbursement (SAED) equal to 1.5% of the total payroll. The Airport’s contributions to LGDTF for the years ended December 31, 2012, 2011, and 2010, were \$685,271, \$679,595, and \$674,175, respectively, equal to the required contributions for each year.

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NOTE D – OTHER INFORMATION – Continued

3. *Retirement plans – continued*

B. Post-employment Health Care Benefits

Plan Description: The City contributes to the Health Care Trust Fund (HCTF), a cost-sharing multiple-employer post-employment healthcare plan administered by PERA. The HCTF provides a health care premium subsidy to PERA participating benefit recipients and their eligible beneficiaries. Title 24, Article 51, Part 12 of the CRS, as amended, assigns the authority to establish and amend the HCTF benefit provisions to the state legislature. PERA issues a publicly available annual financial report that includes financial statements and required supplementary information for the HCTF. That report may be obtained online at [www.copera.org](http://www.copera.org) or by writing to PERA of Colorado, 1300 Logan Street, Denver, Colorado 80203 or by calling PERA at 303-832-9550 or 1-800-759-PERA (7372).

Funding Policy: The City is required to contribute at a rate of 1.02% of covered salary for all PERA members as set by statute, which is included in the contribution rate of 13.7% of covered salary. No member contributions are required. The contribution requirements for the City are established under Title 24, Article 51, Part 4 of the CRS, as amended. The apportionment of the contribution to the HCTF is established under Title 24, Article 51, Section 208 of the CRS, as amended. The Airport's contributions to HCTF for the years ending December 31, 2012, 2011, and 2010, were \$51,005, \$50,598, and \$50,194, respectively, equal to their required contributions for each year.

C. Defined Contribution Plan

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

The 401(k) Plan is funded by voluntary member contributions of up to a maximum limit set by the Internal Revenue Service (\$17,000 for 2012 and \$16,500 for 2011 calendar years). There is a catch-up provision that allows participants age 50 and older who are contributing the maximum to contribute an additional \$5,000 annually to their account. The 401(k) Plan member contributions from the Airport for the years ended December 31, 2012, 2011, and 2010, were \$62,000, \$63,870, and \$67,836, respectively.

D. Uniformed Employee Defined Benefit Plan

All fire and police officers of the City participate in one of five agent, multiple-employer, defined benefit pension plans, depending upon their status as a police or fire officer and their hire date (Old Hire/Alternate/Statewide). The Alternate Fire and Alternate Police plans were merged into the FPPA Defined Benefit System known as the Colorado Springs New Hire Pension Plan (CSNHPP) on October 1, 2006. As a function of the merger, FPPA is the plan administrator for the CSNHPP. FPPA Board of Directors functions as the trustee and pension board for CSNHPP and administers the benefits under the CSNHPP plan as well as the statewide plan. The Old Hire plans will continue to be administered jointly by the City and FPPA. The plans are included as pension trust funds. FPPA issues



Colorado Springs Municipal Airport  
Colorado Springs, Colorado  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2012 and 2011

NOTE D – OTHER INFORMATION – Continued

3. *Retirement plans – continued*

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. *Disclosures about fair value of financial instruments*

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

Restricted assets – investments and cash and investments

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

Revenue bonds payable

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

The estimated fair values of the Airport’s financial instruments are as follows as of December 31, 2012 and 2011:

	December 31, 2012	
	Carrying Amount	Fair Value
Restricted assets – investments	\$ 5,459,865	\$ 5,459,865
Cash and investments	39,309,696	39,309,696
Revenue bonds payable	39,820,000	40,485,861
	December 31, 2011	
	Carrying Amount	Fair Value
Restricted assets – investments	\$ 5,468,053	\$ 5,468,053
Cash and investments	40,970,913	40,970,913
Revenue bonds payable	43,000,000	44,908,650

Colorado Springs Municipal Airport  
Colorado Springs, Colorado  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2012 and 2011

NOTE D – OTHER INFORMATION – Continued

5. *Compliance with OMB Circular A-133*

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

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.

6. *Subsequent Events*

Subsequent events have been evaluated through June 19, 2013, which was the date the financial statements were available to be issued. Management has identified the following subsequent event.

In early 2013, Frontier Airlines reported that they would be ending all service at the Colorado Springs Airport as of April 8, 2013. Frontier Airlines accounts for approximately 18% of enplanements.

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, 2012

	Gross Revenue Fund	Operations/ Maintenance Fund	Bond Fund		Bond Reserve Account	O & M Reserve Fund	Renewal & Replacement Fund	Capital Improvement Fund		Passenger Facility Account	Customer Facility Account	Totals
			Bond Account	Interest Account				Prepaid Revenue Account	Capital Account			
Beginning balance as of January 1, 2012	\$1,303,235.49	\$0.00	\$0.00	\$0.00	\$5,433,850.00	\$3,944,154.00	\$750,000.00	\$1,358,462.50	\$6,230,581.92	\$600,034.84	\$5,262,326.70	\$24,882,645.45
Add: Commitments as of December 31, 2011	-	\$194,100.23	-	-	-	-	-	-	16,470,669.25	3,752,111.65	-	20,416,881.13
Adjusted balance as of January 1, 2012	1,303,235.49	194,100.23	-	-	5,433,850.00	3,944,154.00	750,000.00	1,358,462.50	22,701,251.17	4,352,146.49	5,262,326.70	45,299,526.58
Calendar year 2012 activity												
Operating Revenues	19,857,937.87											19,857,937.87
Non-Operating Revenues												
Interest Earnings	20,546.70		14,809.92	5,156.80	84,508.64	33,931.22	6,448.44	11,679.96	192,327.79	7,730.76	41,743.45	418,883.68
Passenger facility charges									-	2,191,195.39		2,191,195.39
Customer facility charges											833,899.50	833,899.50
Other revenue (expense)	(24,767.03)								(6,878.80)			(31,645.83)
Operating Transfers In												-
FAA Grant Revenues		182,000.00							21,310,209.03			21,492,209.03
Decrease in O&M Reserve	(54,955.00)					\$54,955.00						-
Sub-total revenues	21,101,998.03	376,100.23	14,809.92	5,156.80	5,518,358.64	4,033,040.22	756,448.44	1,370,142.46	44,196,909.19	6,551,072.64	6,137,969.65	90,062,006.22
Operating Expenses		(14,249,590.01)										(14,249,590.01)
Operating Transfers Out												-
Operating Capital		(190,973.98)										(190,973.98)
Capital Expenses									(24,669,713.09)	(4,411,340.30)	-	(29,081,053.39)
Non-Operating Expenses												
Debt Service Expenses			(3,180,000.00)	(2,056,362.50)								(5,236,362.50)
Debt Issuance Expense												
Sub-total expenses	-	(14,440,563.99)	(3,180,000.00)	(2,056,362.50)	-	-	-	-	(24,669,713.09)	(4,411,340.30)	-	(48,757,979.88)
Balance before encumbrances, commitments, and transfers	21,101,998.03	(14,064,463.76)	(3,165,190.08)	(2,051,205.70)	5,518,358.64	4,033,040.22	756,448.44	1,370,142.46	19,527,196.10	2,139,732.34	6,137,969.65	41,304,026.34
Encumbrances at December 31, 2012	-	(79,175.00)	-	-	-	-	-	-	(2,886,317.69)	(1,086,113.65)	-	(4,051,606.34)
Other commitments at December 31, 2012												-
Sub-total commitments	-	-	-	-	-	-	-	-	-	-	-	-
Transfers:												
Operating/Maintenance	(14,143,638.76)	14,143,638.76										-
Bond Debt Service	(5,236,362.50)		3,180,000.00	2,056,362.50								-
2012 Bond Ordinance Requirements												-
Income Available for Sharing-City's Portion	(45,383.00)								45,383.00			-
Funding Adj.-Encumbrances/ Working Capital	(73,335.54)								73,335.54			-
Non-Preferential Gate Use Fee	(283,200.00)								283,200.00			-
Net (Rev)/Expense on Fountain Term Site	(8,742.00)								8,742.00			-
Net (Rev)/Expense on Business Park Phase 1	(160,168.00)								160,168.00			-
Repayment of Loans to Capital Account	-								163,675.00			-
Interest to:												-
Airlines	144,855.02	-	(14,809.92)	(5,156.80)	(84,508.64)	(33,931.22)	(6,448.44)					0.00
Capital Account								(11,679.96)	11,679.96			-
Sub-total transfers	(19,805,974.78)	14,143,638.76	3,165,190.08	2,051,205.70	(84,508.64)	(33,931.22)	(6,448.44)	(11,679.96)	746,183.50	-	-	0.00
Ending Balance December 31, 2012	1,296,023.25	-	-	-	5,433,850.00	3,999,109.00	750,000.00	1,358,462.50	17,387,061.91	1,053,618.69	6,137,969.65	37,252,420.00

Colorado Springs Municipal Airport  
Colorado Springs, Colorado  
AIRLINES SERVING THE AIRPORT  
December 31, 2012  
(unaudited)

**Passenger Airlines**

<b><u>Carrier</u></b>	<b><u>Flown by</u></b>
Allegiant Air	
American Airlines	
Continental/Continental Express Airlines	ExpressJet and Skywest
Delta/Delta Connection Air Lines	SkyWest
Frontier	Lynx Aviation and Republic Airlines
United Airlines	ExpressJet, SkyWest, Republic Airlines 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, 2003-2012  
(unaudited)

Year	Enplaned passengers				Aircraft Operations (No. of Departures)					Enplaned passengers per departure	
	Major/ National Airlines	Regional/ Commuter Airlines	Total	Percent Increase (Decrease)	Major/ National Airlines	Regional/ Commuter Airlines	Cargo Airlines	Total	Percent Increase (Decrease)	Major/ national airlines	Regional/ commuter airlines
2003	755,056	256,587	1,011,643	-5.3%	11,059	7,474	2,032	20,565	-6.7%	68	34
2004	715,187	319,560	1,034,747	2.3%	10,477	9,204	1,926	21,607	5.1%	68	35
2005	720,710	310,123	1,030,833	-0.4%	11,170	7,860	1,823	20,853	-3.5%	65	39
2006	735,077	281,939	1,017,016	-1.3%	10,599	7,244	1,731	19,574	-6.1%	69	39
2007	706,900	326,686	1,033,586	1.6%	10,702	7,148	1,591	19,441	-0.7%	66	46
2008	644,357	353,990	998,347	-3.4%	10,242	7,686	1,272	19,200	-1.2%	63	46
2009	599,399	330,201	929,600	-6.9%	9,529	6,726	826	17,081	-11.0%	63	49
2010	626,212	237,195	863,407	-7.1%	9,785	5,474	860	16,119	-5.6%	64	43
2011	584,139	230,197	814,336	-5.7%	9,494	4,952	880	15,326	-4.9%	62	46
2012	579,635	242,373	822,008	0.9%	9,414	4,297	850	14,561	-5.0%	62	56

Source: Colorado Springs Municipal Airport management records.

Colorado Springs Municipal Airport  
Colorado Springs, Colorado  
AIRLINE SHARES OF ENPLANED PASSENGERS  
For the year ended December 31, 2003 - 2012  
(unaudited)

	2003		2004		2005		2006		2007		2008		2009		2010		2011		2012	
	Number	Percent of total	Number	Percent of total	Number	Percent of total	Number	Percent of total	Number	Percent of total	Number	Percent of total	Number	Percent of total	Number	Percent of total	Number	Percent of total	Number	Percent of total
<b>Major/national airlines</b>																				
Allegiant Air (1)	35,825	3.5%	37,440	3.6%	30,697	3.0%	35,224	3.5%	33,281	3.2%	33,543	3.4%	32,673	3.5%	38,258	4.5%	41,855	5.1%	38,834	4.7%
America West Airlines (2)	38,249	3.8%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.0%
American Airlines	205,365	20.3%	161,958	15.7%	190,594	18.5%	205,064	20.2%	219,085	21.2%	213,341	21.4%	208,535	22.4%	190,462	22.2%	178,324	21.9%	177,505	21.6%
Continental Airlines (3)	10,295	1.0%	10,581	1.0%	481	0.0%	185	0.0%	-	-	-	-	93	0.0%	-	0.0%	-	0.0%	151	0.0%
Delta Air Lines (4)	69,157	6.8%	85,216	8.3%	80,364	7.8%	66,019	6.5%	41,539	4.0%	36,371	3.6%	46,526	5.0%	63,279	7.4%	55,533	6.8%	52,719	6.4%
Midwest Airlines (5)	-	-	-	-	-	-	-	-	11,719	1.1%	4,793	0.5%	-	-	-	-	-	-	-	0.0%
Northwest Airlines (6)	78,327	7.7%	86,261	8.3%	83,026	8.1%	75,689	7.4%	78,955	7.7%	52,286	5.2%	-	-	8,532	-	-	-	-	0.0%
United Airlines (7)	317,321	31.4%	332,448	32.1%	334,426	32.4%	351,779	34.6%	321,194	31.1%	302,857	30.3%	310,776	33.5%	325,112	37.8%	306,549	37.7%	308,263	37.5%
Vanguard Airlines (8)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.0%
Charters	517	0.1%	1,283	0.1%	1,122	0.1%	1,117	0.1%	1,127	0.1%	1,166	0.1%	796	0.1%	569	0.3%	1,878	0.2%	2,163	0.3%
	755,056	74.6%	715,187	69.1%	720,710	69.9%	735,077	72.3%	706,900	68.4%	644,357	64.5%	599,399	64.5%	626,212	72.2%	584,139	71.7%	579,635	70.5%
<b>Regional/commuter airlines</b>																				
America West Express (9)	69,221	6.8%	107,428	10.4%	119,326	11.6%	94,078	9.3%	91,746	8.9%	-	-	-	-	-	-	-	-	-	-
American Eagle Airline (10)	-	-	-	-	22,239	2.2%	29,866	2.9%	17,338	1.7%	-	-	-	-	-	-	-	-	-	-
Chautauqua Airlines (11)	1,760	0.2%	5,826	0.6%	-	-	-	-	12,797	1.2%	-	-	-	-	-	-	-	-	-	-
Comair (12)	25,030	2.5%	28,998	2.8%	30,226	2.9%	25,407	2.5%	18,817	1.8%	5,166	0.5%	-	-	-	-	-	-	-	-
Continental Express (13)	59,071	5.8%	59,186	5.7%	70,000	6.8%	79,538	7.8%	63,737	6.2%	71,763	7.2%	71,734	7.7%	70,194	8.2%	72,905	9.0%	32,486	4.0%
Great Plains Airlines (14)	2,772	0.3%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.0%
ExpressJet Airlines (15)	-	-	-	-	-	-	-	-	44,345	4.3%	48,050	4.8%	-	-	-	-	-	-	-	0.0%
Frontier/Lynx (16)	-	-	-	-	-	-	-	-	-	62,316	6.2%	103,964	11.2%	110,371	13.0%	104,961	12.9%	154,743	18.8%	
Mesa Airlines (17)	5,179	0.5%	4,643	0.5%	4,333	0.4%	2,886	0.3%	-	-	-	-	-	-	-	-	-	-	-	0.0%
Northwest AirlinK (18)	-	-	-	-	1,445	0.1%	2,105	0.2%	413	0.0%	20,598	2.1%	48,034	5.2%	-	-	-	-	-	0.0%
Skywest (19)	93,554	9.3%	107,941	10.4%	56,403	5.5%	48,059	4.7%	77,493	7.5%	63,520	6.4%	41,021	4.4%	56,113	6.6%	52,331	6.4%	43,673	5.3%
Trans States Airlines (20)	-	-	5,538	0.5%	6,151	0.6%	-	-	-	-	-	-	-	-	-	-	-	-	-	0.0%
US Airways (21)	-	-	-	-	-	-	-	-	-	-	82,577	8.3%	65,448	7.0%	517	-	-	-	-	0.0%
Republic Airways (22)	-	-	-	-	-	-	-	-	-	-	-	0.0%	-	0.0%	-	0.0%	-	0.0%	11,104	1.4%
Shuttle America (23)	-	-	-	-	-	-	-	-	-	-	-	0.0%	-	0.0%	-	0.0%	-	0.0%	367	0.0%
	256,587	25.4%	319,560	30.9%	310,123	30.1%	281,939	27.7%	326,686	31.6%	353,990	35.5%	330,201	35.5%	237,195	27.8%	230,197	28.3%	242,373	29.5%
<b>Total</b>	<b>1,011,643</b>	<b>100.0%</b>	<b>1,034,747</b>	<b>100.0%</b>	<b>1,030,833</b>	<b>100.0%</b>	<b>1,017,016</b>	<b>100.0%</b>	<b>1,033,586</b>	<b>100.0%</b>	<b>998,347</b>	<b>100.0%</b>	<b>929,600</b>	<b>100.0%</b>	<b>863,407</b>	<b>100.0%</b>	<b>814,336</b>	<b>100.0%</b>	<b>822,008</b>	<b>100.0%</b>

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| <p>1 Allegiant Airlines started service in February 2002.</p> <p>2 America West discontinued service in September 2004 and transferred all activity to America West Express operated by Mesa Air Group. US Airways and America West merged in 2005</p> <p>3 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.</p> <p>4 Service also provided by Atlantic Southeast Airlines and Mesaba. Mesaba discontinued service in September 2012.</p> <p>5 Midwest Airlines started service in July 2007 and discontinued service April 2008.</p> <p>6 Northwest merged with Delta Air Lines in September 2008. Mesaba flew for Northwest, Jan - Apr 2010.</p> <p>7 United Airlines transferred all activity control to SkyWest in January 2007 and operates as United Express carrier. Data includes Air Wisconsin, Atlantic Coast, Mesa, SkyWest, and ExpressJet serving as United Express carriers. United does not report passenger activity for United Express carriers separately.</p> <p>8 Vanguard filed for bankruptcy protection on July 30, 2002 and ceased all operations at the Airport.</p> <p>9 US Express took over flying after US Airways and America West merged.</p> <p>10 American Eagle Airlines began service June 2005 and ceased service November 2007.</p> <p>11 Chautauqua Airlines began service in November 2003 as American Connection and stopped service July 2004. Chautauqua started service as Continental Express in January 2007 and stopped May 2007.</p> <p>12 Comair resumed service in December 2002 as Delta Connection and ceased operations April 2008.</p> | <p>13 Continental Express service in April 2002. ExpressJet began flying for Continental Express in 2009. The Continental/United merger began in 2011, with the majority of Continental flights being flown by ExpressJet and SkyWest.</p> <p>14 Great Plains ceased service as of March 2003.</p> <p>15 ExpressJet Airline started service April 2007 and ceased all brand flying in September of 2008.</p> <p>16 Frontier/Lynx started service in April 2008.</p> <p>17 Mesa Airlines discontinued service November 2006.</p> <p>18 Northwest AirlinK includes Pinnacle service that began June 2005 and discontinued service September 2005. Provided service for January, February, June, July, and August in 2006. Provided service for June, July, and August in 2007.</p> <p>19 Mesaba Airlines operated as Northwest AirlinK starting September 2008. SkyWest's enplaned passenger count represents activity serving as Delta Connection and United Express carrier. Began service again in April 1999. Data reflected is only for Delta.</p> <p>20 Trans States Airlines operated as American Connection in January 2004. Service resumed August 2004 through June 2005. Trans States Airlines operated as United Express from March 2006 through September 2006. Trans States/United Express passenger activity is not reported separately by United.</p> <p>21 US Airways operated by Mesa Air Group after America West and US Airways merger. US Airways discontinued service January 2010.</p> <p>22 Republic Airways began operating for United Airlines in August 2012.</p> <p>23 Shuttle America began operating for United Airlines in November 2012.</p> |
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Source: Colorado Springs Municipal Airport management records.

Colorado Springs Municipal Airport  
Colorado Springs, Colorado  
**HISTORICAL AIRCRAFT LANDED WEIGHT**  
For the years ended December 31, 2003 - 2012  
(unaudited)

	2003		2004		2005		2006		2007		2008		2009		2010		2011		2012	
	1,000-lb units	Percent of total	1,000-lb units	Percent of total	1,000-lb units	Percent of total	1,000-lb units	Percent of total	1,000-lb units	Percent of total	1,000-lb units	Percent of total	1,000-lb units	Percent of total	1,000-lb units	Percent of total	1,000-lb units	Percent of total	1,000-lb units	Percent of total
<b>Passenger Airlines</b>																				
<b>Major and national</b>																				
Air Wisconsin (United Express) (1)	163,342	10.4%	108,501	6.9%	13,581	0.9%	-	-	-	-	-	-	-	-	-	-	-	-	0	-
Allegiant (2)	43,215	2.7%	44,834	2.9%	36,090	2.4%	42,548	3.0%	38,781	2.9%	35,922	2.8%	34,613	3.0%	39,267	3.4%	41,895	3.7%	37,503	3.3%
America West Airlines (3)	56,478	3.6%	-	-	-	-	-	-	-	-	-	-	-	-	517	0.1%	-	-	-	0.0%
American Airlines	326,804	20.7%	238,368	15.2%	264,071	17.3%	287,393	20.3%	256,543	19.2%	249,202	19.2%	243,362	20.8%	231,569	20.0%	220,395	19.7%	219,278	19.1%
Atlantic Coast (United Express) (4)	13,959	0.9%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.0%
Continental Airlines (5)	12,716	0.8%	13,456	0.9%	481	0.0%	256	0.0%	-	-	-	-	110	-	-	-	-	-	381	0.0%
Delta Air Lines	97,614	6.2%	104,400	6.7%	104,588	6.8%	81,090	5.7%	49,302	3.7%	40,428	3.1%	50,500	4.3%	53,004	4.6%	51,266	4.6%	57,439	5.0%
ExpressJet Airlines (United Express) (6)	-	-	-	-	-	-	-	-	-	-	-	-	1,058	0.1%	-	-	-	-	-	0.0%
Mesa Air Group (United Express) (7)	4,641	0.3%	55,028	3.5%	34,306	2.2%	48,886	3.5%	45,219	3.4%	55,002	4.3%	68,109	5.8%	13,133	1.2%	-	-	-	0.0%
Midwest Airline (8)	-	-	-	-	-	-	-	-	16,732	1.3%	8,131	0.6%	-	-	-	-	-	-	-	0.0%
Northwest Airlines (9)	102,209	6.5%	114,480	7.3%	109,674	7.2%	92,331	6.5%	95,419	7.2%	62,373	4.8%	-	-	-	-	-	-	-	0.0%
SkyWest Airlines (United Express) (10)	50,525	3.2%	114,408	7.3%	322,989	21.2%	314,317	22.2%	343,257	25.8%	327,464	25.3%	314,881	26.9%	396,801	34.3%	394,046	35.2%	398,204	34.6%
United Airlines (11)	188,819	12.0%	144,225	9.2%	54,551	3.6%	41,233	2.9%	-	-	-	-	-	-	229	-	-	-	-	0.0%
	1,060,322	67.3%	937,700	59.9%	940,331	61.6%	908,054	64.1%	845,253	63.5%	778,522	60.1%	712,633	60.9%	734,520	63.6%	707,602	63.2%	712,805	62.0%
<b>Regional and commuter</b>																				
American Eagle (12)	-	-	-	-	26,264	1.7%	39,798	2.8%	20,100	1.5%	-	-	-	-	-	-	-	-	-	-
Chautauqua Airlines (American Connection) (13)	2,515	0.2%	7,668	0.5%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Chautauqua Airlines (Continental Express) (14)	-	-	-	-	-	-	-	-	14,997	1.1%	-	-	-	-	-	-	-	-	-	-
Comair (Delta Connection) (15)	45,474	2.9%	47,366	3.0%	48,006	3.2%	33,835	2.4%	23,651	1.8%	6,901	0.5%	-	-	-	-	-	-	-	-
Continental Express (16)	63,277	4.0%	68,232	4.4%	78,282	5.1%	84,273	5.9%	62,922	4.7%	74,414	5.7%	74,728	6.4%	73,872	6.5%	93,983	8.4%	37,677	3.3%
GO-Jet Airlines (17)	-	-	-	-	-	-	5,628	0.4%	-	-	-	-	-	-	-	-	-	-	-	0.0%
Great Plains Airlines (18)	6,616	0.4%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.0%
ExpressJet Airlines (19)	-	-	-	-	-	-	-	-	64,312	4.8%	61,224	4.7%	-	-	-	-	-	-	-	0.0%
ExpressJet Airlines (United) (20)	-	-	-	-	-	-	-	-	-	-	-	-	-	264	0.1%	1,232	0.1%	2,109	0.2%	
Lynx (Frontier) (21)	-	-	-	-	-	-	-	-	-	-	78,917	6.1%	123,387	10.6%	146,053	12.7%	144,095	12.9%	220,716	19.2%
Mesa Air Group (US Express) (22)	87,467	5.5%	128,413	8.2%	147,341	9.7%	115,782	8.2%	93,609	7.0%	88,932	6.9%	70,531	6.0%	-	-	-	-	-	0.0%
Mesa Airlines (23)	9,960	0.6%	10,790	0.7%	9,462	0.6%	6,806	0.5%	-	-	-	-	-	-	-	-	-	-	-	0.0%
Mesaba Airlines (Delta) (24)	-	-	-	-	-	-	-	-	-	-	-	-	-	18,897	1.7%	-	-	-	-	0.0%
Mesaba Airlines (Northwest Airlink) (25)	-	-	-	-	-	-	-	-	-	-	18,093	1.4%	55,424	4.7%	-	-	-	-	-	0.0%
Pinnacle (Northwest Airlink) (26)	-	-	-	-	1,645	0.1%	2,632	0.2%	517	0.1%	5,593	0.4%	-	-	-	-	-	-	-	0.0%
Shuttle American (Delta) (27)	-	-	-	-	-	-	-	-	-	-	-	-	-	5,772	0.6%	-	-	-	-	0.0%
Skywest (Delta Connection) (28)	127,464	8.1%	167,179	10.7%	73,602	4.8%	60,160	4.2%	87,052	6.5%	74,058	5.7%	47,003	4.0%	62,201	5.5%	57,930	5.2%	51,442	4.5%
Trans States Airlines (American Connection) (29)	-	-	7,489	0.5%	7,699	0.5%	-	-	-	-	-	-	-	-	-	-	-	-	-	0.0%
Trans States Airlines (United Express) (30)	-	-	-	-	-	-	8,425	0.6%	-	-	-	-	-	-	-	-	-	-	-	0.0%
Shuttle America (United) (34)	-	-	-	-	-	-	-	0.0%	-	-	-	-	-	-	-	-	-	-	825	0.1%
Republic Airways (United) (35)	-	-	-	-	-	-	-	0.0%	-	-	-	-	-	-	-	-	-	-	11,856	1.0%
	342,773	21.7%	437,137	28.0%	392,301	25.7%	357,339	25.2%	367,160	27.5%	408,132	31.4%	371,073	31.7%	307,059	27.1%	297,240	26.6%	324,625	28.3%
Total Passenger Airlines	1,403,095	89.0%	1,374,837	87.9%	1,332,632	87.3%	1,265,393	89.3%	1,212,413	91.0%	1,186,654	91.5%	1,083,706	92.6%	1,041,579	90.7%	1,004,842	89.8%	1,037,430	90.3%
<b>All-cargo airlines</b>																				
Airborne Express (31)	26,926	1.7%	28,244	1.8%	29,634	2.0%	25,397	1.8%	25,678	1.9%	15,848	1.2%	-	-	-	-	-	-	-	-
FedEx	137,572	8.7%	151,897	9.7%	155,966	10.2%	117,927	8.3%	83,840	6.3%	84,927	6.6%	80,712	6.9%	98,452	8.6%	100,745	9.0%	99,619	8.7%
Key Lime Air	2,149	0.1%	2,614	0.2%	5,917	0.4%	7,341	0.5%	9,767	0.7%	7,318	0.6%	4,495	0.4%	4,656	0.5%	4,936	0.4%	4,708	0.4%
Sundance Air (32)	4,934	0.3%	3,930	0.3%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Superior (33)	1,287	0.1%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	172,868	10.9%	186,685	12.0%	191,517	12.6%	150,665	10.6%	119,285	8.9%	108,093	8.4%	85,207	7.3%	103,108	9.1%	105,681	9.4%	104,327	9.1%
<b>Charter</b>																				
Boeing	831	0.1%	2,213	0.1%	1,629	0.1%	1,235	0.1%	1,132	0.1%	1,167	0.1%	1,488	0.1%	1,162	0.2%	5,885	0.4%	7,619	0.7%
	-	-	-	-	-	-	-	-	-	-	-	-	-	12,946	1.2%	4,125	0.4%	1,062	0.1%	-
<b>Total</b>	1,576,794	100.0%	1,563,735	100.0%	1,525,778	100.0%	1,417,293	100.0%	1,332,830	100.0%	1,295,914	100.0%	1,170,401	100.0%	1,158,795	100.0%	1,120,533	100.0%	1,150,438	100.0%



Colorado Springs Municipal Airport  
Colorado Springs, Colorado  
HISTORICAL AIRCRAFT LANDED WEIGHT- Continued  
For the years ended December 31, 2003 - 2012  
(unaudited)

1 Air Wisconsin discontinued service October 2005.  
2 Allegiant Air began service in February 2002.  
3 America West discontinued service in September 2004 and transferred all activity to America West Express operated by Mesa Air Group. US Airways and America West merged in September 2005.  
4 Atlantic Coast (United Express Connection) started service November 2002 and ceased service May 2003.  
5 Continental transferred most of its activity to Continental Express starting April 2002 and all activity to Continental Express in 2007.  
6 ExpressJet Airlines (United Express Connection) provide service for December 2009.  
7 Mesa Air Group (United Express) started service October 2003.  
8 Midwest Airline began service July 2007 and ceased operations April 2008.  
9 Northwest Airlines merged with Delta Air Lines in September 2008.  
10 SkyWest Airlines (United Express) began service March 2002.  
11 United Airlines transferred all activity control to SkyWest in January 2007 and operates as United Express.  
12 American Eagle Airlines began service June 2005 and ceased activity November 2007.  
13 Chautauqua Airlines began service in November 2003 as American Connection and stopped service July 2004.  
14 Chautauqua Airlines began service in January 2007 as Continental Express and stopped service May 2007.  
15 Comair started service in December 2002 as Delta Connection and ceased operations April 2008.  
16 Continental Express started service in April 2002.  
17 ExpressJet began service for Continental Express in 2010.  
18 Go-Jet Airlines (United Express) provided service for January, February, September, and October in 2006.  
19 Great Plains Airlines ceased service as of March 2003.  
20 ExpressJet Airlines began service April 2007 and ceased all brand flying September 2008.  
21 Lynx (Frontier) started service in April 2008.  
22 Mesa Air Group (America West Express) merged with US Airways September of 2005.  
23 Mesa Airlines discontinued service November 2006.  
24 Mesaba Airlines flew for Delta in September 2010  
25 Mesaba Airlines started service in September 2008 as Northwest Airlink and ceased activity April 2010.  
26 Pinnacle began service as Northwest Airlink June 2005 and discontinued service September 2005. Provided service for January, February, June, July, and August in 2006.  
27 Provided service June, July, and August 2007 and June, July, and August 2008.  
28 Shuttle America flew for Delta in June, July and August of 2010  
29 Trans States Airlines operated as American Connection in January 2004. Service resumed August 2004 through June 2005.  
30 Trans States Airlines operated as United Express from March 2006 through September 2006.  
31 Airborne Express ceased operations August 2008.  
32 Sundance Air ceased cargo service in November 2004.  
33 Superior ceased cargo service May 2003.  
34 Shuttle America began operating for United Airlines in November 2012.  
35 Republic Airways began operating for United Airlines in August 2012.

Source: Colorado Springs Municipal Airport management records.

Colorado Springs Municipal Airport  
Colorado Springs, Colorado  
AVERAGE DAILY DEPARTURES BY AIRLINES  
For the years ended December 31, 2003-2012  
(unaudited)

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
<b>Major / National airlines</b>										
Allegiant Air (1)	1	1	1	1	1	1	1	1	1	1
American (2)	7	6	7	8	6	5	5	5	5	5
America West (3)	6	6	7	6	4	--	--	--	---	---
Continental (4)	4	5	5	5	5	5	5	5	4	2
Delta (5)	11	14	8	6	6	5	4	5	4	4
Great Plains Airlines (6)	1	--	--	--	--	--	--	--	---	---
ExpressJet Airlines (7)	--	--	--	--	4	4	--	--	--	--
Frontier	--	--	--	--	--	4	5	6	5	6
Mesa (8)	2	2	2	1	--	--	--	--	---	---
Midwest Airlines (9)	--	--	--	--	1	1	--	--	---	---
Northwest (10)	2	2	2	2	2	2	2	--	---	---
United (11)	17	18	20	20	19	19	19	20	16	20
US Airways (12)	--	--	--	--	--	4	4	0	---	---
Total major and national airlines	51	54	52	49	48	50	45	42	35	38

1 Allegiant Air started service February 2002.

2 Includes departures of Chautauqua Airlines/Trans States Airlines (American Connection) and American Eagle.

3 Includes departures of America West Express. America West merged with US Airways September 2005.

4 Includes departures of Continental Express.

5 Includes departures of Comair (Delta Connection) and SkyWest.

6 Great Plains ceased service March 2003.

7 ExpressJet Airlines started service April 2007 ceased September 2008.

8 Mesa Airlines discontinued service November 2006.

9 Midwest Airlines started service July 2007 ceased operations April 2008.

10 Includes departures of Pinnacle and Mesaba (Northwest Airlink).

11 Includes departures of Air Wisconsin, Atlantic Coast, Go-Jet Airlines, Mesa Air Group, SkyWest, Trans States, and ExpressJet serving as United Express carriers.

12 Includes Republic Airways and Shuttle America & US Express. US Airways merged with America West in Sept 2005.

Colorado Springs Municipal Airport  
Colorado Springs, Colorado  
RECENT TRENDS IN TOTAL AIR CARGO  
For the years ended December 31, 2003-2012  
(unaudited)

Year	Total air cargo (tons)			Percent increase (decrease)
	Air Freight	Mail	Total	
2003	18,161	527	18,688	-14.3%
2004	17,754	482	18,236	-2.4%
2005	16,568	157	16,725	-8.3%
2006	16,301	1	16,302	-2.5%
2007	13,475	0	13,475	-17.3%
2008	11,994	0	11,994	-11.0%
2009	11,484	0	11,484	-4.3%
2010	11,172	0	11,172	-2.7%
2011	10,826	0	10,826	-3.1%
2012	11,920	0	11,920	10.1%

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, 2003-2012  
(unaudited)

Fiscal Year	Applicable Revenues (A)	Less: Operating Expenses	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
2003	22,289,621	12,967,319	9,322,302	2,000,855	3,652,705	1.65
2004	22,571,575	13,039,813	9,531,762	2,169,586	3,660,099	1.64
2005	22,648,070	13,216,784	9,431,286	2,167,466	3,660,882	1.62
2006	23,602,795	13,804,532	9,798,263	2,175,370	3,659,313	1.68
2007	23,855,188	14,722,292	9,132,896	2,101,895	3,546,516	1.62
2008	24,147,143	14,537,476	9,609,667	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	21,995,280	14,399,903	7,595,377	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

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

2002-2007	\$1,458,671
2008-2012	\$1,358,463

Colorado Springs Municipal Airport  
Colorado Springs, Colorado  
HISTORICAL NON-AIRLINE REVENUES  
For the years ended December 31, 2003-2012  
(Unaudited)

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
<b>Terminal Building</b>										
Concession										
Food & Beverage	\$285,409	\$293,139	\$335,268	\$369,325	\$380,917	\$367,591	\$331,061	\$323,087	\$308,389	\$318,086
Retail	350,534	344,683	334,216	399,700	462,088	451,669	398,677	368,979	336,619	327,854
Advertising	178,774	167,367	168,961	181,018	193,627	174,220	155,156	127,337	111,075	179,626
Non-Airline Space Rental	251,448	308,223	457,597	485,955	514,791	533,190	545,917	629,327	684,721	675,696
Other	139,145	120,513	122,113	114,328	115,918	119,014	112,874	96,197	94,774	89,727
	<u>1,205,310</u>	<u>1,233,925</u>	<u>1,418,155</u>	<u>1,550,326</u>	<u>1,667,341</u>	<u>1,645,684</u>	<u>1,543,685</u>	<u>1,544,927</u>	<u>1,535,578</u>	<u>1,590,989</u>
<b>Terminal Area</b>										
Public Parking	5,427,189	5,513,116	5,442,666	6,066,711	6,256,899	6,097,045	5,566,698	5,325,655	4,974,074	5,227,055
Rental Car Fees and Rents	3,671,807	3,846,367	3,633,315	3,643,068	3,675,676	3,672,308	3,676,794	3,508,167	3,493,309	3,478,524
Ground Transportation Fees	100,090	98,940	104,819	102,917	96,578	104,305	90,347	91,849	98,613	88,748
Support Building Rentals	125,875	126,425	123,718	84,502	70,642	34,422	20,765	20,185	29,375	69,696
	<u>9,324,961</u>	<u>9,584,848</u>	<u>9,304,518</u>	<u>9,897,198</u>	<u>10,099,795</u>	<u>9,908,080</u>	<u>9,354,604</u>	<u>8,945,856</u>	<u>8,595,371</u>	<u>8,864,023</u>
<b>Airfield Area</b>										
Fuel Farm Rentals	23,576	25,443	25,443	25,443	25,443	25,443	28,446	19,450	28,946	29,196
Remain Over Night	100	-	200	238,500	130,650	80,100	79,750	94,900	41,150	38,185
Diversion Landing Fees	83,675	31,329	59,561	31,447	19,007	23,686	50,349	68,523	60,141	19,533
	<u>107,351</u>	<u>56,772</u>	<u>85,204</u>	<u>295,390</u>	<u>175,100</u>	<u>129,229</u>	<u>158,545</u>	<u>182,873</u>	<u>130,237</u>	<u>86,914</u>
<b>Fountain Site</b>										
Ground & Building Rentals	44,419	186,011	197,879	202,192	128,717	149,832	41,948	54,960	13,059	13,341
Utility Reimbursements	28,482	33,979	45,923	32,145	19,725	-	-	-	-	-
	<u>72,901</u>	<u>219,990</u>	<u>243,802</u>	<u>234,337</u>	<u>148,442</u>	<u>149,832</u>	<u>41,948</u>	<u>54,960</u>	<u>13,059</u>	<u>13,341</u>
<b>Aviation Support</b>										
Fuel Sales	517,231	609,503	854,894	913,206	932,994	1,407,581	685,427	867,806	1,147,831	1,183,966
Ground and Building Rentals	390,716	625,761	512,070	526,864	605,327	686,804	716,201	710,833	750,608	1,115,095
	<u>907,947</u>	<u>1,235,264</u>	<u>1,366,964</u>	<u>1,440,070</u>	<u>1,538,321</u>	<u>2,094,385</u>	<u>1,401,628</u>	<u>1,578,639</u>	<u>1,898,439</u>	<u>2,299,061</u>
<b>Business Park Phase I</b>										
Ground & Building Rentals	-	-	-	-	39,330	169,652	188,885	188,885	188,885	199,281
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>39,330</u>	<u>169,652</u>	<u>188,885</u>	<u>188,885</u>	<u>188,885</u>	<u>199,281</u>
<b>Administrative</b>										
Miscellaneous	45,003	145,328	124,817	67,114	212,143	189,309	235,818	94,491	115,237	114,146
Late Fees	13,196	12,825	15,871	19,132	32,130	52,426	81,265	87,631	18,076	9,593
TSA Reimbursement	-	19,758	-	-	-	-	-	-	-	-
CSC Group Support Reimbursement	-	-	-	-	-	-	-	-	-	-
Fingerprinting	5,635	10,535	15,435	13,755	20,745	18,675	14,085	21,805	23,760	22,320
	<u>63,834</u>	<u>188,446</u>	<u>156,123</u>	<u>100,001</u>	<u>265,018</u>	<u>260,410</u>	<u>331,168</u>	<u>203,927</u>	<u>157,073</u>	<u>146,059</u>
<b>Total Non-Airline Revenues</b>	<u>\$11,682,304</u>	<u>\$12,519,245</u>	<u>\$12,574,766</u>	<u>\$13,517,322</u>	<u>\$13,933,347</u>	<u>\$14,357,272</u>	<u>\$13,020,463</u>	<u>\$12,700,067</u>	<u>\$12,518,642</u>	<u>\$13,199,668</u>

Source: City of Colorado Springs, Airport records, except as noted.  
2003-2012 Airline Rates and Changes Settlement Accrual, Exhibit F-6.