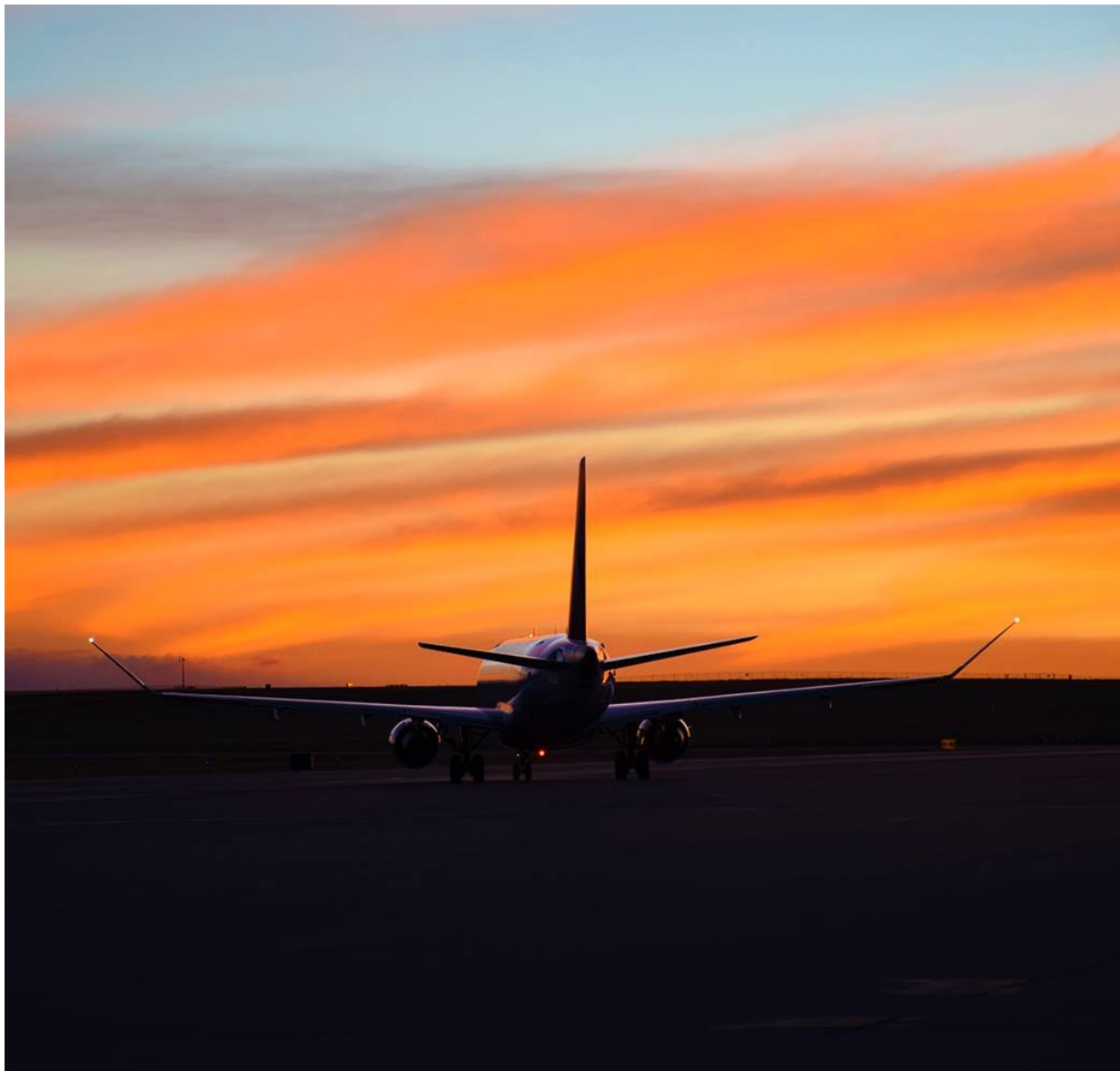


Colorado Springs Municipal Airport
Passenger Facility Charges (PFC)

2018

Schedule of Passenger Facility
Charges Collected and Expended
For the year ended December 31, 2018



City of Colorado Springs, Colorado
Municipal Airport
Year Ended December 31, 2018

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Report on Compliance for the Passenger Facility Charge Program and Report on Internal Control Over Compliance

Independent Auditor's Report

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

Report on Compliance for Passenger Facility Charge Program

We have audited the Colorado Springs Municipal Airport's (the Airport) compliance with the types of compliance requirements described in the *Passenger Facility Charge Audit Guide for Public Agencies* (the Guide), issued by the Federal Aviation Administration, that could have a direct and material effect on the Airport's passenger facility charge program for the year ended December 31, 2018.

Management's Responsibility

Management is responsible for compliance with the requirements of laws and regulations applicable to the passenger facility charge program.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance of the Airport's passenger facility charge program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the Guide. Those standards and the Guide require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on the passenger facility charge program occurred. An audit includes examining, on a test basis, evidence about the Airport's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the passenger facility charge program. However, our audit does not provide a legal determination of the Airport's compliance.

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

Opinion on Passenger Facility Charge Program

In our opinion, the Colorado Springs Municipal Airport complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its passenger facility charge program for the year ended December 31, 2018.

Report on Internal Control Over Compliance

Management of the Airport is responsible for establishing and maintaining effective internal control over compliance with the types of requirements referred to above. In planning and performing our audit of compliance, we considered the Airport's internal control over compliance with the requirements that could have a direct and material effect on the passenger facility charge program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for the passenger facility charge program and to test and report on internal control over compliance in accordance with the Guide, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Airport's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Guide. Accordingly, this report is not suitable for any other purpose.

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

Report on Schedule of Passenger Facility Charges Collected and Expended

We have audited the financial statements of the City of Colorado Springs, Colorado Municipal Airport (the Airport), an enterprise fund of the City of Colorado Springs, Colorado, as of and for the year ended December 31, 2018, and have issued our report thereon dated June 6, 2019, which contained an unmodified opinion on those financial statements as a whole. Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of passenger facility charges collected and expended is presented for purposes of additional analysis, as specified in the Guide, and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from, and relates directly to, the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of passenger facility charges collected and expended is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

BKD, LLP

Colorado Springs, Colorado
June 6, 2019

City of Colorado Springs, Colorado
Municipal Airport
Schedule of Passenger Facility Charges Collected and Expended
Year Ended December 31, 2018

| | PFC | | Interest | | Unliquidated |
|---|----------------------|----------------------|-----------|--------|---------------------|
| | Collections | Expenditures | Balance | Rate | Balance |
| | | | | Rate | Balance |
| Cumulative total as of December 31, 2017 | \$ 72,786,185 | \$ 76,286,152 | | | \$ 2,853,239 \$ 603 |
| January 2018 | 97,864 | - | \$ 98,467 | 0.083% | 41 98,508 |
| February 2018 | 212,238 | - | 310,746 | 0.092% | 188 310,934 |
| March 2018 | 329,319 | 585,252 | 55,001 | 0.108% | 198 55,199 |
| First Quarter Subtotal | <u>639,421</u> | <u>585,252</u> | | | <u>427</u> |
| April 2018 | 297,193 | - | 352,392 | 0.108% | 221 352,613 |
| May 2018 | 623,343 | - | 975,956 | 0.100% | 664 976,620 |
| June 2018 | 5,584 | 965,737 | 16,467 | 0.108% | 538 17,005 |
| Second Quarter Subtotal | <u>926,120</u> | <u>965,737</u> | | | <u>1,423</u> |
| July 2018 | 622,721 | - | 639,726 | 0.117% | 383 640,109 |
| August 2018 | 1,126 | - | 64,123 | 0.125% | 440 64,563 |
| September 2018 | 328,527 | 728,606 | 241,958 | 0.133% | 204 242,162 |
| Third Quarter Subtotal | <u>952,374</u> | <u>728,606</u> | | | <u>1,027</u> |
| October 2018 | 314,519 | - | 557,066 | 0.133% | 533 557,599 |
| November 2018 | 282,535 | 266,908 | 573,226 | 0.133% | 754 573,980 |
| December 2018 | 271,764 | 629,058 | 216,685 | 0.142% | 560 217,245 |
| Fourth Quarter Subtotal | <u>868,818</u> | <u>895,966</u> | | | <u>1,847</u> |
| Totals for the year ended December 31, 2018 | <u>\$ 3,386,733</u> | <u>\$ 3,175,561</u> | | | <u>\$ 4,724</u> |
| Cumulative total as of December 31, 2018 | <u>\$ 76,172,918</u> | <u>\$ 79,461,713</u> | | | <u>\$ 2,857,963</u> |

See Notes to Schedule of Passenger Facility Charges Collected and Expended

City of Colorado Springs, Colorado Municipal Airport

Notes to the Schedule of Passenger Facility Charges Collected and Expended Year Ended December 31, 2018

Note 1: General

The Aviation Safety and Capacity Expansion Act of 1990 (Public Law 101-508, Title II, Subtitle B) authorized the imposition of local Passenger Facility Charges (PFC) and use of resulting PFC revenues for Federal Aviation Administration (FAA) approved projects meeting at least one of the following criteria: (1) preserve or enhance safety, security or capacity of the national air transport system; (2) reduce noise or mitigate noise impacts resulting from an airport or (3) furnish opportunities for enhanced competition between or among carriers.

Note 2: Schedule of Passenger Facility Charges Collected and Expended

The accompanying Schedule of Passenger Facility Charges Collected and Expended (the Schedule) presents the revenues received from the PFC and expenditures incurred on approved projects. The information in the Schedule is presented in accordance with the requirements described in the *Passenger Facility Charge Audit Guide for Public Agencies*. Therefore, some amounts presented in this Schedule may differ from amounts presented in, or used in, the preparation of the City of Colorado Springs, Colorado Municipal Airport's basic financial statements.

PFCs collected represent cash collected for the year ended December 31, 2018 as reported to the FAA. The interest earned represents the actual interest collected on the unexpended PFC balance throughout the year. Expenditures represent FAA-approved projects expended in the current and prior years and are reported when projects are complete.

The Schedule is presented on the cash basis of accounting.

**City of Colorado Springs, Colorado
Municipal Airport
Schedule of Passenger Facility Charge Program
Findings and Questioned Costs
Year Ended December 31, 2018**

Summary of Auditor's Results

- | | | |
|--|--|------------------------------------|
| 1. Type of report issued on PFC financial statements. | <input checked="" type="checkbox"/> Unmodified | <input type="checkbox"/> Qualified |
| 2. Type of report on PFC compliance. | <input checked="" type="checkbox"/> Unmodified | <input type="checkbox"/> Qualified |
| 3. Quarterly Revenue and Disbursements reconcile with submitted quarterly reports and reported un-liquidated revenue matches actual amounts. | <input checked="" type="checkbox"/> Yes | <input type="checkbox"/> No |
| 4. PFC Revenue and Interest is accurately reported on FAA Form 5100-127. | <input checked="" type="checkbox"/> Yes | <input type="checkbox"/> No |
| 5. The Public Agency maintains a separate financial accounting record for each application. | <input checked="" type="checkbox"/> Yes | <input type="checkbox"/> No |
| 6. Funds disbursed were for PFC-eligible items as identified in the FAA decision to pay only for the allowable costs of the project. | <input checked="" type="checkbox"/> Yes | <input type="checkbox"/> No |
| 7. Monthly carrier receipts were reconciled with quarterly carrier reports. | <input checked="" type="checkbox"/> Yes | <input type="checkbox"/> No |
| 8. PFC revenues were maintained in a separate interest-bearing capital account or commingled only with other interest-bearing airport capital funds. | <input checked="" type="checkbox"/> Yes | <input type="checkbox"/> No |
| 9. Serving carriers were notified of PFC program actions/changes approved by the FAA. | <input checked="" type="checkbox"/> Yes | <input type="checkbox"/> No |
| 10. Quarterly Reports were transmitted (or available via website) to remitting carriers. | <input checked="" type="checkbox"/> Yes | <input type="checkbox"/> No |
| 11. The Public Agency is in compliance with Assurances 5, 6, 7 and 8. | <input checked="" type="checkbox"/> Yes | <input type="checkbox"/> No |

**City of Colorado Springs, Colorado
Municipal Airport
Schedule of Passenger Facility Charge Program
Findings and Questioned Costs (continued)
Year Ended December 31, 2018**

12. Project design and implementation is carried out in accordance with Assurance 9. Yes No
13. Program administration is carried out in accordance with Assurance 10. Yes No
14. For those public agencies with excess revenue, a plan for the use of this revenue has been submitted to the FAA for review and concurrence. Yes No N/A

Findings Required to be Reported by the Guide

No matters are reportable.

City of Colorado Springs, Colorado
Municipal Airport
Summary Schedule of Prior Audit Findings
Year Ended December 31, 2018

| Reference Number | Fiscal Year of Initial Occurrence | Summary of Finding | Status |
|-----------------------------|--|---------------------------|---------------|
|-----------------------------|--|---------------------------|---------------|

No matters are reportable.