



***Fort Collins ~ Loveland***  
***Municipal Airport***  
**Year Ended December 31, 2015**



## TABLE OF CONTENTS

|  | <u>PAGE</u> |
|--|-------------|
| Letter of Transmittal .....  | 2           |
| Independent Auditors' Report.....  | 4           |
| Management's Discussion and Analysis.....  | 8           |
| <br><b>Basic Financial Statements</b>  |             |
| Statement of Net Position.....   | 11          |
| Statement of Revenues, Expenses and Changes in Net Position.....   | 12          |
| Statement of Cash Flows.....   | 13          |
| Notes to Financial Statements .....  | 14          |
| <br><b>Supplementary Information</b>   |             |
| Budgetary Comparison Schedule (Non-GAAP Budgetary Basis) .....   | 19          |
| <br><b>Passenger Facility Charge (PFC)</b>   |             |
| Report on Internal Control over Financial Reporting and on Compliance<br>And Other Matters Based on an Audit of Financial Statements Performed in<br>Accordance with Government Auditing Standards ..... | 20          |
| Report on Compliance with Requirements Applicable to the Passenger Facility Charge Program and<br>On Internal Control over Compliance .....  | 22          |
| Schedule of Passenger Facility Charge .....  | 25          |
| Notes to Schedule of Passenger Facility Charge.....  | 26          |
| Schedule of Findings and Questioned Costs .....  | 27          |

# FORT COLLINS – LOVELAND MUNICIPAL AIRPORT

June 1, 2016

The Fort Collins–Loveland Municipal Airport annual financial statements for the year ended December 31, 2015 are respectfully submitted. This report was prepared by the City of Loveland’s Finance Department. The responsibility for both the accuracy of the presented data and fairness of the presentation, including all the disclosures rests with the City of Loveland. The City believes that the data as presented is accurate in all material respects; that it is presented in a manner designed to fairly set forth the financial position and results of operations of the Airport as measured by the financial activity of the Airport; and that all disclosures necessary to enable the reader to gain an understanding of the Airport’s financial affairs have been included.

Generally Accepted Accounting Principles (GAAP) requires management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the Management’s Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The Airport’s MD&A can be found immediately following the external auditor letter.

## Overview of the Airport

The Fort Collins-Loveland Airport (FNL) has served as a public regional air transportation center since 1965. The Airport is certified by the Federal Aviation Administration (FAA) as a non-primary commercial service airport; administered and operated jointly by the Cities of Fort Collins and Loveland in Northern Colorado. The Airport accommodates approximately 100,000 aircraft flight operations annually. These operations range from commercial air carrier, private charter, business and corporate aviation, air ambulance transport, aerial fire suppression, flight school training, and private transportation flights each year. An estimated 5,000 outbound passengers (enplanements) traveled from the Airport on the Airport’s only scheduled air service provider, Elite Airways, and additional charter services supported by various chartered commercial carriers including Frontier Airlines, Republic Airways, Swift Air, and Sun Country Airlines.



The Airport has a variety of aviation based businesses including one full service, fixed base operator that provides aircraft fueling and storage, three flight training schools, two aircraft maintenance and repair stations, and one avionics center. The Airport is also host to a variety of private and corporate aviation businesses that provide air transportation services to their users. According to the 2013 Colorado Department of Transportation Division of Aeronautics Economic Impact Study, the Airport was identified as contributing to the local economy through on airport activities and off airport spending from visitors of approximately \$129.4 million annually. The study also identified 826 jobs that were directly associated with the Airport’s existence through administrative and operational support, tenants, capital improvement investment, and visitor spending.

The Airport’s City Sponsors have recently created a new governing body in the form of an Airport Commission that is comprised of elected officials and staff from both Cities and three citizen members that are appointed by the two City Councils. The Airport will continue its efforts to achieve goals and objectives as outlines in the various plans including the Airport Master Plan, Business Plan, and Strategic Plan. Priorities that are outlined in the Airport’s Strategic Plan include:

- Working to ensuring that adjacent land use continues to be compatible with Airport operations

## **FORT COLLINS – LOVELAND MUNICIPAL AIRPORT**

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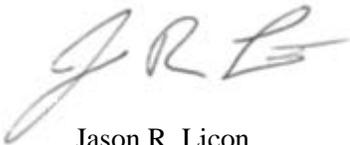
- Identify opportunities to enhance the financial sustainability of the Airport
- Encourage private investment for general aviation users
- Continue to pursue commercial air carriers

The outlook for 2016 is as follows:

- The Airport's land lease revenues are projected to increase slightly due to escalation clauses in lease agreements tied to the Consumer Price Index as published by the United States Bureau of Labor Statistics.
- The revenue generation derived from fuel flowage and the reimbursement of Colorado aviation fuel sales tax is anticipated to continue to decline relative to the price of aviation fuel. The Airport budgeted significantly less revenue in 2016 as compared to years prior for all fuel related revenues, due to the drastic decline in the price of oil. Fuel flowage and aviation fuel tax reimbursements are tied to a percentage, relying upon the price of fuel rather than the volume of sales. The Airport does collect a fuel flowage fee that is tied to a percentage of fuel price in addition to tax rebates from the State of Colorado that are also fuel volume and percentage based.
- The airport added scheduled air service in the last quarter of 2015, and expect that it will restart after a seasonal pause in the second quarter of 2016. Elite Airways was offering twice weekly service to the Chicago – Rockford Airport and has expressed interest in expanding service offerings at the Airport in 2016. The Airport's 2016 budget does not take revenues derived from commercial air carrier operations into account, and will likely have a positive impact to associated revenue streams. The potential impact is dependent upon the frequency of flights offered and the aircraft used.

The Northern Colorado Regional Airport Commission is comprised of elected officials, staff, and appointed citizen members from both Fort Collins and Loveland. The Commission has been delegated powers and authority from both City Councils in order to continue to make progress towards the goals of the Airport's mission, which is "to provide a safe and efficient air transportation facility to the public and aviation community by providing airport facilities that meet Federal Aviation Administration safety standards and to implement a plan that ensures the efficient development of the Airport to meet the needs of the Fort Collins and Loveland communities."

**Respectfully,**



Jason R. Licon  
Airport Director



## Independent Auditors' Report

Northern Colorado Regional Airport Commission  
Fort Collins-Loveland Municipal Airport  
Loveland, Colorado

RubinBrown LLP  
Certified Public Accountants  
& Business Consultants

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### Report On The Financial Statements

We have audited the accompanying financial statements of the Fort Collins-Loveland Municipal Airport (the Airport) as of and for the year ended December 31, 2015 and the related notes to the financial statements, which collectively comprise the Airport's basic financial statements as listed in the table of contents.

### *Management's Responsibility For The Financial Statements*

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

### *Auditors' Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit 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.

# FORT COLLINS – LOVELAND MUNICIPAL AIRPORT

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Northern Colorado Regional Airport Commission  
Fort Collins-Loveland Municipal Airport

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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, 2015 and the changes in its financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## ***Emphasis Of Matter***

As discussed in Note 7, the Airport restated capitals assets, accumulated depreciation, depreciation expense and the change in net position related to omitted disposals of capital assets in the December 31, 2013 financial statements. Our opinion was 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 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.

Northern Colorado Regional Airport Commission  
Fort Collins-Loveland Municipal Airport

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## *Supplementary Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Airport's basic financial statements. The budgetary comparison schedule and the schedule of passenger facility charges collected and expended as specified in the *Passenger Facility Charge Audit Guide for Public Agencies*, issued by the Federal Aviation Administration, and the introductory section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The budgetary comparison schedule and the schedule of passenger facility charges collected and expended are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such 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 budgetary comparison schedule and the schedule of passenger facility charges collected and expended are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory section 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.

## *Report On Summarized Comparative Information*

We have previously audited the Airport's 2014 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated May 28, 2015. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2014 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Northern Colorado Regional Airport Commission  
Fort Collins-Loveland Municipal Airport

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### **Other Reporting Required By *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated May 28, 2015 on our consideration of the Airport's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Airport's internal control over financial reporting and compliance.

*RubinBrown LLP*

June 10, 2016

**MANAGEMENT’S DISCUSSION & ANALYSIS**

Our discussion and analysis of the Fort Collins–Loveland Municipal Airport’s financial performance provides an overview of the Airport’s financial activities as of and for the year ended December 31, 2015. Please read it in conjunction with the financial statements, which begin on page 10.

**Financial Highlights**

- In 2015, net position decreased by \$393,566 (1.88%) primarily due to a loss from operations.
- Total operating revenues decreased to \$618,216, a decrease of \$35,652 (5.45%) compared to 2014.
- Total operating expenses increased to \$2,252,002, an increase of \$80,555 (3.71%) compared to 2014.

**Overview of the Financial Statements**

The Statement of Net Position presents information on all the Airport’s assets and liabilities. Over time, increases or decreases in the net position may serve as a useful indicator of whether the financial position of the Airport is improving or deteriorating.

The Statement of Revenues, Expenses and Changes in Net Position presents information that reflects how the Airport’s net position changed during the year. All changes in the net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows.

The Statement of Cash Flows reports the Airport’s cash flows from operating, capital and non-capital financing and investing activities. The financial statement demonstrates how the various activities of the Airport impact its cash balances.

The Notes to Financial Statements provide additional information that is essential for a full understanding of the data provided in the financial statements.

**Entity-wide Financial Analysis**

As noted earlier, net position may serve over time as a useful indicator of the Airport’s financial position. As of December 31, 2015, assets exceeded liabilities by \$20,587,111 adjusted for the prior period adjustment to capital assets of \$(2,504,780).

| <b>Net Position</b>              |                      |                      |
|----------------------------------|----------------------|----------------------|
|                                  | 2015                 | Restated<br>2014     |
| Current Assets                   | \$ 2,164,422         | \$ 2,065,455         |
| Capital Assets                   | 18,615,304           | 18,997,544           |
| <b>Total Assets</b>              | <b>20,779,726</b>    | <b>21,062,999</b>    |
| <b>Current Liabilities</b>       | <b>192,615</b>       | <b>82,322</b>        |
| Net Position:                    |                      |                      |
| Net Investment in Capital Assets | 18,615,304           | 21,502,324           |
| Restricted for Capital           | 28,037               | 26,893               |
| Unrestricted                     | 1,943,770            | 1,956,240            |
| Prior Period Adjustment          | -                    | (2,504,780)          |
| <b>Total Net Position</b>        | <b>\$ 20,587,111</b> | <b>\$ 20,980,677</b> |

**Net Position**

Net position of the Airport at December 31, 2015 is shown to the left.

The largest portion (90%) of the Airport’s net position is the net investment in capital assets (land, buildings, improvements, runways, leasehold improvements and equipment). The 2014 Capital Asset balance of \$21,341,483 is adjusted by a prior period adjustment of \$(2,504,780) and a change in depreciation due to the disposal of assets. The 2015 Capital Asset balance is decreased by \$382,204 due to depreciation. The Airport uses these capital assets to provide aviation services to the surrounding communities.

Consequently, these assets are not available for future spending. Unrestricted net position may be used to meet the Airport’s ongoing obligations.

## FORT COLLINS – LOVELAND MUNICIPAL AIRPORT

| Changes in Net Position                      |                      |                      |  |
|--|----------------------|----------------------|--|
|  | 2015                 | Restated<br>2014     |  |
| Program Revenues                             | \$ 618,216           | \$ 653,868           |  |
| Program Expenses                             | 2,252,002            | 2,171,437            |  |
| <b>Operating Loss</b>                        | <b>(1,633,786)</b>   | <b>(1,517,569)</b>   |  |
| <b>Non-operating Revenues</b>                |                      |                      |  |
| City Contributions                           | 355,000              | 355,000              |  |
| Passenger Facility Charge                    | 878                  | 4,100                |  |
| Interest Income                              | 21,135               | 22,291               |  |
| <b>Total Non-operating Revenues</b>          | <b>377,013</b>       | <b>381,391</b>       |  |
| <b>Net Loss before Capital Contributions</b> | <b>(1,256,773)</b>   | <b>(1,136,178)</b>   |  |
| Capital Contributions                        | 863,207              | 190,022              |  |
| <b>Change in Net Position</b>                | <b>(393,566)</b>     | <b>(946,156)</b>     |  |
| Net Position - Beginning                     | 20,980,677           | 24,431,613           |  |
| Prior Period Adjustment                      | -                    | (2,504,780)          |  |
| <b>Net Position - Ending</b>                 | <b>\$ 20,587,111</b> | <b>\$ 20,980,677</b> |  |

### Change In Net Position

The Airport's total revenues of \$1,858,436 were lower than total operating expenses of \$2,252,002 for a decrease in net position of \$393,566 for 2015. A summary of revenues and expenses is shown to the left, which includes an adjustment to Program Expenses in 2015 of \$222,825 due to a change in depreciation for a change in the life of assets.

### Debt Administration And Capital Assets

#### Debt Administration

The Airport currently has no long-term debt.

#### Capital Assets

At the end of December 31, 2015, the Airport had \$18,615,304 invested in capital assets. This represents a net decrease of \$382,240, or 2.01%, from 2014. This decrease is due primarily to

depreciation and a change in life for the runways. More detailed information about the Airport's capital assets is presented in the Notes to Financial Statements.

### Budgetary Highlights

The financial picture as seen from the rearview mirror for 2015 reflected some significant changes as compared to the year prior. The changes in revenues were associated with leased properties and fuel revenues. Expenses were affected by a capital project involving road rehabilitation and an increase in personnel costs.

- The land lease revenues increased; due to an increase in FBO charges tied to their 2011 lease agreement and the addition of a ground transportation company, GreenRide, which leased portions of the airport terminal building and parking lots.
- The price of oil was the overall determining factor for decreased fuel revenues such as fuel flowage and sales tax reimbursements, as they are tied to percentages on fuel prices.
  - Aviation fuel sold at the airport is 85% Jet fuel and 15% aviation gasoline.
  - Wholesale Jet fuel prices were \$1.50 per gallon on average in 2015 where they had been \$2.80 on average in 2014.
- The Airport's roads are not maintained by the cities and a number of them had fallen into disrepair. The 2015 budget appropriated \$280,000 for the repair of road infrastructure.
- Most operational expense items were flat compared to the year prior; however, personal services did increase due to the addition of a staff member in August which brought the total full time employee number to five.

### Economic Factors And Next Year's Budget

Looking ahead there are many positives on the horizon. The Airport saw the restart of scheduled commercial airline service during the fourth quarter of 2015, with the expectation that it will return during the second quarter of 2016. The Airport was selected as the test site for the Virtual Air Traffic Control Tower project that is being

## **FORT COLLINS – LOVELAND MUNICIPAL AIRPORT**

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sponsored through State funding resources. The Airport will be working to complete the snow removal equipment building project utilizing grants from Federal and State resources to complete the \$1.3 million facility.

- The uncertainty of commercial air service may have a positive impact on airport revenues. The extent of impact is dependent on the frequency of flights and overall seat volume offered by the Airline(s).
- The Colorado Department of Transportation Division of Aeronautics is facing funding issues and there is the potential that funds will be unavailable within their discretionary grant state/local program in 2016 with the possibly this scenario could extend through 2020. The program is funded primarily through the 2.9% Colorado State Sales tax on Jet fuel. It is due to the recent decline in oil prices that the program's revenue has decreased since 2014.
- The revenue derived from airport fuel sales may continue to decline due to the continued downtrend in fuel prices.
- Expenses related to the Virtual Tower project is currently unknown.

### **Requests For Information**

This financial report is designed to provide a general overview of the Airport's finances. If you have questions about this report or need additional financial information, contact the City of Loveland Finance Department at 500 East Third Street, Loveland, Colorado, 80537.

# FORT COLLINS – LOVELAND MUNICIPAL AIRPORT

## FORT COLLINS - LOVELAND MUNICIPAL AIRPORT

### STATEMENT OF NET POSITION

December 31, 2015

(With Summarized Comparative Totals at December 31, 2014)

|   | <u>2015</u>          | <u>Restated<br/>2014</u> |
|---|----------------------|--------------------------|
| <b>ASSETS</b>                                   |                      |                          |
| Current Assets                                  |                      |                          |
| Cash and Cash Equivalents                       | \$ 1,823,525         | \$ 1,926,196             |
| Restricted Cash - PFC                           | 28,037               | 26,893                   |
| Accounts Receivable                             | 27,370               | 42,393                   |
| Grants Receivable                               | <u>285,490</u>       | <u>69,973</u>            |
| Total Current Assets                            | 2,164,422            | 2,065,455                |
| Noncurrent Assets                               |                      |                          |
| Land  | 563,614              | 563,614                  |
| Construction in Progress                        | 244,533              | 8,923                    |
| Runways   | 12,031,741           | 12,031,741               |
| Improvements Other than Buildings               | 11,788,275           | 11,510,955               |
| Equipment                                       | 2,514,043            | 1,911,111                |
| Buildings                                       | <u>468,929</u>       | <u>468,929</u>           |
| Total Capital Assets                            | 27,611,135           | 26,495,273               |
| Accumulated Depreciation                        | <u>(8,995,831)</u>   | <u>(7,497,729)</u>       |
| Capital Assets, Net of Accumulated Depreciation | <u>18,615,304</u>    | <u>18,997,544</u>        |
| TOTAL ASSETS                                    | <u>20,779,726</u>    | <u>21,062,999</u>        |
| <b>LIABILITIES</b>                              |                      |                          |
| Current Liabilities                             |                      |                          |
| Accounts Payable                                | 117,873              | 15,303                   |
| Accrued Liabilities                             | <u>74,742</u>        | <u>67,019</u>            |
| Total Current Liabilities                       | <u>192,615</u>       | <u>82,322</u>            |
| <b>NET POSITION</b>                             |                      |                          |
| Investment in Capital Assets                    | 18,615,304           | 18,997,544               |
| Restricted for Capital                          | 28,037               | 26,893                   |
| Unrestricted                                    | <u>1,943,770</u>     | <u>1,956,240</u>         |
| TOTAL NET POSITION                              | <u>\$ 20,587,111</u> | <u>\$ 20,980,677</u>     |

The accompanying notes are an integral part of the financial statements.

# FORT COLLINS – LOVELAND MUNICIPAL AIRPORT

## FORT COLLINS - LOVELAND MUNICIPAL AIRPORT

### STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

Year Ended December 31, 2015

(With Summarized Comparative Totals for the year ended December 31, 2014)

|                                       | <u>2015</u>          | <u>Restated<br/>2014</u> |
|---------------------------------------|----------------------|--------------------------|
| OPERATING REVENUES                    |                      |                          |
| Hangar Rental                         | \$ 103,211           | \$ 97,398                |
| FBO Rent                              | 69,486               | 56,071                   |
| Gas and Oil Commissions               | 148,955              | 254,923                  |
| State Aircraft Fuel Tax               | 70,292               | 84,082                   |
| Land Lease                            | 185,497              | 144,039                  |
| Terminal Lease and Landing Fees       | 6,157                | 5,786                    |
| Parking                               | 12,850               | 2,040                    |
| Miscellaneous                         | 21,768               | 9,529                    |
|                                       | <u>618,216</u>       | <u>653,868</u>           |
| OPERATING EXPENSES                    |                      |                          |
| Personal Services                     | 391,474              | 367,987                  |
| Purchased Services                    | 324,264              | 524,382                  |
| Supplies                              | 38,162               | 32,270                   |
| Depreciation                          | 1,498,102            | 1,246,798                |
|                                       | <u>2,252,002</u>     | <u>2,171,437</u>         |
| TOTAL OPERATING EXPENSES              | <u>2,252,002</u>     | <u>2,171,437</u>         |
| OPERATING LOSS                        | <u>(1,633,786)</u>   | <u>(1,517,569)</u>       |
| NONOPERATING REVENUES                 |                      |                          |
| City Contributions                    | 355,000              | 355,000                  |
| Passenger Facility Charge             | 878                  | 4,100                    |
| Interest/Investment Income (Loss)     | 21,135               | 22,291                   |
|                                       | <u>377,013</u>       | <u>381,391</u>           |
| TOTAL NONOPERATING REVENUES           | <u>377,013</u>       | <u>381,391</u>           |
| NET LOSS BEFORE CAPITAL CONTRIBUTIONS | (1,256,772)          | (1,136,178)              |
| Capital Contributions                 | 863,207              | 190,022                  |
|                                       | <u>863,207</u>       | <u>190,022</u>           |
| CHANGE IN NET POSITION                | (393,566)            | (946,156)                |
| NET POSITION, Beginning               | 20,980,677           | 24,431,613               |
| Prior Period Adjustment               | -                    | (2,504,780)              |
|                                       | <u>-</u>             | <u>(2,504,780)</u>       |
| NET POSITION, Ending                  | \$ <u>20,587,111</u> | \$ <u>20,980,677</u>     |

The accompanying notes are an integral part of the financial statements.

# FORT COLLINS – LOVELAND MUNICIPAL AIRPORT

FORT COLLINS - LOVELAND MUNICIPAL AIRPORT

## STATEMENT OF CASH FLOWS

Year Ended December 31, 2015

(With Summarized Comparative Totals for the year ended December 31, 2014)

|   | <u>2015</u>                | <u>Restated<br/>2014</u>   |
|---|----------------------------|----------------------------|
| Cash Flows from Operating Activities  |                            |                            |
| Cash Received from Customers  | \$ 633,240                 | \$ 732,056                 |
| Cash Payments for Goods and Services  | (259,858)                  | (819,242)                  |
| Cash Payments to Employees  | <u>(383,751)</u>           | <u>(354,784)</u>           |
| Net Cash Used by Operating Activities   | <u>(10,369)</u>            | <u>(441,970)</u>           |
| Cash Flows from Noncapital Financing Activities                                     |                            |                            |
| Contributions from Cities   | <u>355,000</u>             | <u>355,000</u>             |
| Cash Flows from Capital and Related Financing Activities                            |                            |                            |
| Proceeds from State and Federal Grants  | 647,691                    | 828,459                    |
| Passenger Facility Charge Revenue   | 878                        | 4,127                      |
| Payments for Capital Acquisition  | <u>(1,115,861)</u>         | <u>(20,300)</u>            |
| Net Cash Provided (Used) by Capital and Related Financing Activities                | <u>(467,292)</u>           | <u>812,286</u>             |
| Cash Flows from Investing Activities  |                            |                            |
| Investment Earnings   | <u>21,135</u>              | <u>22,291</u>              |
| NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS                                | (101,526)                  | 747,607                    |
| CASH AND CASH EQUIVALENTS, Beginning  | <u>1,953,089</u>           | <u>1,205,482</u>           |
| CASH AND CASH EQUIVALENTS, Ending   | \$ <u><u>1,851,563</u></u> | \$ <u><u>1,953,089</u></u> |
| CASH AND CASH EQUIVALENTS:  |                            |                            |
| Cash  | \$ 1,823,525               | \$ 1,926,196               |
| Cash - Restricted PFC   | 28,037                     | 26,893                     |
| Total Cash and Cash Equivalents   | \$ <u><u>1,851,562</u></u> | \$ <u><u>1,953,089</u></u> |
| RECONCILIATION OF OPERATING LOSS TO NET CASH<br>USED BY OPERATING ACTIVITIES        |                            |                            |
| Operating Loss  | \$ <u>(1,633,786)</u>      | \$ <u>(1,517,569)</u>      |
| Adjustments to Reconcile Operating Loss to Net Cash<br>Used by Operating Activities |                            |                            |
| Depreciation  | 1,498,102                  | 1,246,798                  |
| Changes in Assets and Liabilities   |                            |                            |
| Decrease in Accounts Receivable   | 15,023                     | 78,188                     |
| (Decrease) Increase in Accounts Payable   | 102,569                    | (262,590)                  |
| (Decrease) in Accrued Liabilities   | <u>7,723</u>               | <u>13,203</u>              |
| Total Adjustments   | <u>1,623,417</u>           | <u>1,075,599</u>           |
| Net Cash Used by Operating Activities   | \$ <u><u>(10,369)</u></u>  | \$ <u><u>(441,970)</u></u> |

The accompanying notes are an integral part of the financial statements.

## NOTES TO FINANCIAL STATEMENTS

December 31, 2015

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the Fort Collins–Loveland Municipal Airport (the Airport) have been prepared in conformity with Generally Accepted Accounting Principles (GAAP) as applied to governmental units. The more significant accounting policies of the Airport are described below.

**Reporting Entity**

In accordance with governmental accounting standards, the Airport has considered the possibility of inclusion of additional entities in its financial statements. The definition of the reporting entity is based primarily on financial accountability. The Airport is financially accountable for organizations that make up its legal entity. It is also financially accountable for legally separate organizations if Airport officials appoint a voting majority of the organization’s governing body and either it is able to impose its will on that organization or there is a potential for benefits to, or to impose specific financial burdens on, the Airport. The Airport may also be financially accountable for other organizations that are fiscally dependent upon it.

Based upon the application of these criteria, no additional organizations are includable within the Airport’s reporting entity.

The Airport is jointly operated under an Intergovernmental Agreement between the Cities of Fort Collins and Loveland, Colorado. Only the financial transactions of this joint venture are included in this report, and the Airport is not included as a component unit of any other government.

**Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

The Airport uses an enterprise fund to account for its operations. Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

The financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned, and expenses are recorded when the liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Enterprise funds distinguish 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. 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.

### **NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

When both restricted and unrestricted resources are available for use, it is the Airport's practice to use restricted resources first, then unrestricted resources as they are needed.

#### **Cash and Investments**

The Airport's cash and investments are pooled with those of the City of Loveland. The City of Loveland's Investment Policy authorizes investments in accordance with State statutes for investing of public funds. Current investment holdings include Money Market Funds, Certificates of Deposit, a local Government Investment Pool, U.S. Treasury Notes, Federal Home Loan Bank, Federal National Mortgage Association, Federal Home Loan Mortgage Corporation, and Federal Farm Credit Bureau and Corporate Bonds that mature within five years. Investments are stated at fair value. Because the investments are part of a pool, the underlying securities cannot be determined. For the purposes of the statement of cash flows, management defines cash and cash equivalents as amounts in demand deposits as well as short-term, highly liquid investments with original maturities of three months or less. Cash equivalents are both readily convertible to cash and are so near their maturity that they present insignificant risk of change in value due to interest rate changes.

#### **Receivables**

Receivables consist primarily of federal and state grants, land and hangar leases, as well as other miscellaneous receivables. At December 31, 2015, the grants receivable balance was \$285,490.

#### **Capital Assets**

Capital assets include land, improvements, buildings, runways, leasehold improvements and equipment. Capital assets are defined by the Airport as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Depreciation is computed using the 6-month convention method over the estimated useful lives of the assets. Buildings are depreciated over a period from 10 to 25 years, improvements from 10 to 20 years, runways are 20 to 25 years, leasehold improvements from 3 to 50 years and equipment from 3 to 30 years. When assets are retired or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts, and any resulting gain or loss is reflected in income for the period. The depreciable live of the runways were changed from 20 to 40 years in 2014 to 20 to 25 years in 2015 which resulted in increased depreciation expense in 2015.

#### **Accounts Payable**

Accounts payable consist primarily of Accrued Compensated Absences and miscellaneous payments to vendors due in the current year but not actually paid until the following year.

#### **Compensated Absences**

Airport employees are allowed to accumulate vacation and sick time as stipulated in the administrative regulations of the City of Loveland. A liability is recorded on the Airport financial statements for these accrued compensated absences. At December 31, 2015, the Accrued Compensated Absence balance was \$50,202.

#### **Net Position**

Net position is restricted when constraints placed on the net position are externally imposed.

## FORT COLLINS – LOVELAND MUNICIPAL AIRPORT

### Comparative Data

Comparative total data for the prior year has been presented in the financial statements in order to provide an understanding of changes in financial position and operations. However, complete comparative data in accordance with generally accepted accounting principles has not been presented since its inclusion would make the financial statements unduly complex and difficult to read. Accordingly, such information should be read in conjunction with the Airport's financial statements as of and for the year ended December 31, 2014.

### NOTE 2: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

#### Budgets and Budgetary Accounting

The budget is developed by the City of Loveland's staff on a non-GAAP budgetary basis, which includes budgeting for capital outlay and excludes depreciation. The budget is then submitted to the Airport Steering Committee. Upon approval by the Steering Committee, the City of Loveland legally adopts the budget before commencement of the following fiscal year as part of the support role for the City in the Airport Management IGA between the City of Loveland and City of Fort Collins. The budget includes proposed expenditures and the means of financing them. Expenditures may not legally exceed budgeted appropriations at the fund level. Revisions that alter total expenditures of the fund must be approved by the City Councils. Appropriations lapse at year end.

### NOTE 3: CAPITAL ASSETS

Capital assets activity for the year ended December 31, 2015 is summarized below. Please see Note 7 for the discussion on the change in the beginning balances:

|  | Restated<br>Balances        |                            |                        | Balances                    |
|--|-----------------------------|----------------------------|------------------------|-----------------------------|
|  | 12/31/14                    | Additions                  | Deletions              | 12/31/15                    |
| Capital Assets, Not Being Depreciated        |                             |                            |                        |                             |
| Land   | \$ 563,614                  | \$ -                       | \$ -                   | \$ 563,614                  |
| Construction in Progress                     | 8,923                       | 244,533                    | 8,923                  | 244,533                     |
| Total Capital Assets, Not Being Depreciated  | <u>572,537</u>              | <u>244,533</u>             | <u>8,923</u>           | <u>808,147</u>              |
| Capital Assets, Being Depreciated            |                             |                            |                        |                             |
| Runways                                      | 12,031,741                  | -                          | -                      | 12,031,741                  |
| Improvements                                 | 10,226,614                  | -                          | -                      | 10,226,614                  |
| Equipment                                    | 1,911,111                   | 602,932                    | -                      | 2,514,043                   |
| Buildings                                    | 468,929                     | -                          | -                      | 468,929                     |
| Leasehold Improvements                       | 1,284,341                   | 277,320                    | -                      | 1,561,661                   |
| Total Capital Assets, Being Depreciated      | <u>25,922,736</u>           | <u>880,252</u>             | <u>-</u>               | <u>26,802,988</u>           |
| Less Accumulated Depreciation                |                             |                            |                        |                             |
| Runways                                      | (3,664,982)                 | (601,433)                  | -                      | (4,266,415)                 |
| Improvements                                 | (1,873,929)                 | (671,925)                  | -                      | (2,545,854)                 |
| Equipment                                    | (998,689)                   | (158,061)                  | -                      | (1,156,750)                 |
| Buildings                                    | (162,229)                   | (27,780)                   | -                      | (190,009)                   |
| Leasehold Improvements                       | (797,900)                   | (38,903)                   | -                      | (836,803)                   |
| Total Accumulated Depreciation               | <u>(7,497,729)</u>          | <u>(1,498,102)</u>         | <u>-</u>               | <u>(8,995,831)</u>          |
| Total Capital Assets, Being Depreciated, Net | <u>18,425,007</u>           | <u>(617,850)</u>           | <u>-</u>               | <u>17,807,157</u>           |
| Total Capital Assets, Net                    | <u><b>\$ 18,997,544</b></u> | <u><b>\$ (373,317)</b></u> | <u><b>\$ 8,923</b></u> | <u><b>\$ 18,615,304</b></u> |

**NOTE 4: RISK MANAGEMENT**

The Airport is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Cities of Fort Collins and Loveland carry commercial insurance for these risks of loss. During the last three years, there have not been any claims that exceeded coverage.

**NOTE 5: CONTRACTUAL AGREEMENTS**

**Facilities Leased to Fixed Base Operator**

The City of Loveland, on behalf of the Airport, leases certain facilities to the Fixed Base Operator (FBO). The 24-year lease agreement includes monthly rent of land and improvements for the first four years of \$4,766. Monthly rent payments for the next 20 years will be \$6,824 beginning May 1, 2015. Annual base rent shall be increased on May 1, 2015 and on each third anniversary of May 1, 2015 in an amount equal to the increase, if any, in the “Consumer Price Index” The Lessee shall have the option to extend the term of the agreement for two additional periods of five years each. The new annual rental rate for the first three year term is \$81,892 per year.

The agreement also provides for a fuel flowage fee of 6% of delivered fuel cost or \$.05 per gallon, whichever is higher.

**Intergovernmental Agreement**

The Airport is jointly operated under an Intergovernmental Agreement between the City of Fort Collins, Colorado and the City of Loveland, Colorado.

Pursuant to the agreement, any needed contributions for annual operating budgets or capital improvements are shared equally by both cities. Also, either city may invest additional funds in the Airport as it sees fit.

Since July 3, 1979, ownership of assets vests equally with each city. Assets acquired prior to July 3, 1979 vested one-third with the City of Loveland and two-thirds with the City of Fort Collins.

The agreement provides that if either city does not pay its one-half of agreed expenses in a given year, it will convey to the other city 10% of its total Airport ownership. Each city contributed \$177,500 in 2015.

Certain administrative services are provided by the City of Loveland. These include legal services, accounting and purchasing, audit costs, personnel and benefits administration, engineering, facilities maintenance, general administration, environment services and risk and insurance management. In 2015, the City of Loveland was paid \$23,450 for these services.

As part of personnel administration, the employees of the Airport also participate in the City of Loveland’s 401(a) money purchase plan that was established (and may be amended) by City Council of the City of Loveland. This Plan requires contributions of 5% from the employer and 3% from the employee. The Airport contributed \$14,593 to the Plan in 2015, representing the required contributions.

**NOTE 6: COMMITMENTS AND CONTINGENCIES**

**TABOR Amendment**

In November 1992, Colorado voters passed an amendment to the State Constitution, Article X, Section 20, which has several limitations, including raising revenue, spending abilities, and other specific

## FORT COLLINS – LOVELAND MUNICIPAL AIRPORT

requirements of state and local governments. The Amendment is complex and subject to judicial interpretation. The Airport believes it is in compliance with the requirements of the Amendment.

The Airport is operated as a unit of each City through the Intergovernmental Agreement; therefore both the City of Loveland and the City of Fort Collins included the Airport's emergency reserves in its city-wide financial statements.

### **Claims and Judgments**

The City of Loveland receives Federal and State grants for use by the Airport. These grants are reported as grant revenues in the Airport's financial statements. However, certain Federal compliance and reporting requirements remain the responsibility of the City of Loveland. Expenses financed by grants are subject to audit by the appropriate grantor government. If expenses are disallowed due to noncompliance with grant program regulations, the Airport may be required to reimburse the grantor government. As of December 31, 2015, significant amounts of grant expenses have not been audited but management believes that subsequent audits will not have a material effect on the overall financial position of the Airport.

### **Construction Commitments**

At December 31, 2015 the Airport had the following construction projects in process:

| <i>Project</i>                  | <i>Cost to Date</i> |
|---------------------------------|---------------------|
| Snow Removal Equipment Building | \$244,533           |

### **Lease Commitments**

The Airport is obligated to pay the Fixed Base Operator for modification, upgrade, or replacement of the Fuel Farm equipment to the extent the cost of such modification, upgrade or replacement, exceeds \$50,000.

#### **NOTE 7: RESTATEMENT**

The Airport's 2014 financial statements were restated as a result of a correction of an error. Detail restated items are all related to write-off of capital assets and accumulated depreciation related to prior year. The Improvements Other Than Buildings decreased by \$118,224, Leasehold Improvements decreased by \$1,244,135 and Runways decreased by \$9,682,077. Accumulated Depreciation decreased by \$8,700,497 as a result of disposals. The change in net position was increased by \$160,844 for depreciation that was erroneously taken on the disposed assets.

#### **NOTE 8: SUBSEQUENT EVENT**

In April 2016 the Airport Steering Committee voted to change the name of the airport to the Northern Colorado Regional Airport.

# FORT COLLINS – LOVELAND MUNICIPAL AIRPORT

FORT COLLINS - LOVELAND MUNICIPAL AIRPORT

## BUDGETARY COMPARISON SCHEDULE (NON-GAAP BUDGETARY BASIS)

Year Ended December 31, 2015

(With Summarized Comparative Totals for the year ended December 31, 2014)

|  | 2015                |                       |                     | DIFFERENCE<br>WITH FINAL<br>BUDGET | Restated<br>2014<br>ACTUAL |
|--|---------------------|-----------------------|---------------------|------------------------------------|----------------------------|
|  | BUDGET              |                       | ACTUAL              |                                    |                            |
|  | ORIGINAL            | FINAL                 |                     |                                    |                            |
| <b>REVENUES</b>                                |                     |                       |                     |                                    |                            |
| Hangar Rental                                  | \$ 90,000           | \$ 90,000             | \$ 103,211          | \$ 13,211                          | \$ 97,398                  |
| FBO Rent                                       | 53,510              | 53,510                | 69,486              | 15,976                             | 56,071                     |
| Gas and Oil Commissions                        | 240,000             | 240,000               | 148,955             | (91,045)                           | 254,923                    |
| Passenger Facility Charge                      | 7,000               | 7,000                 | 878                 | (6,122)                            | 4,100                      |
| State Aircraft Fuel Tax                        | 100,000             | 100,000               | 70,292              | (29,708)                           | 84,082                     |
| Land Lease                                     | 140,000             | 140,000               | 185,497             | 45,497                             | 144,039                    |
| Terminal Lease and Landing Fees                | 2,600               | 2,600                 | 6,157               | 3,557                              | 5,786                      |
| Parking  | 500                 | 500                   | 12,850              | 12,350                             | 2,040                      |
| Miscellaneous                                  | 19,370              | 19,370                | 21,768              | 2,398                              | 9,529                      |
| Interest/Investment Income (Losses)            | 10,710              | 10,710                | 21,135              | 10,425                             | 22,291                     |
| Federal and State Grants                       | 550,000             | 550,000               | 863,207             | 313,207                            | 190,022                    |
| City Contributions                             | 355,000             | 355,000               | 355,000             | -                                  | 355,000                    |
| <b>TOTAL REVENUES</b>                          | <b>1,568,690</b>    | <b>1,568,690</b>      | <b>1,858,436</b>    | <b>289,746</b>                     | <b>1,225,281</b>           |
| <b>EXPENDITURES</b>                            |                     |                       |                     |                                    |                            |
| Personal Services                              | 389,380             | 434,556               | 391,474             | 43,082                             | 367,987                    |
| Purchased Services                             | 405,860             | 567,209               | 324,264             | 242,945                            | 524,382                    |
| Supplies                                       | 49,700              | 49,700                | 38,162              | 11,538                             | 32,270                     |
| Capital Outlay                                 | 885,000             | 2,376,077             | 1,115,861           | 1,260,216                          | 20,300                     |
| <b>TOTAL EXPENDITURES</b>                      | <b>1,729,940</b>    | <b>3,427,542</b>      | <b>1,869,761</b>    | <b>1,557,781</b>                   | <b>944,939</b>             |
| <b>CHANGE IN NET POSITION, Budgetary Basis</b> | <b>\$ (161,250)</b> | <b>\$ (1,858,852)</b> | <b>(11,325)</b>     | <b>\$ 1,847,527</b>                | <b>280,342</b>             |
| <b>RECONCILIATION TO GAAP BASIS</b>            |                     |                       |                     |                                    |                            |
| Capital Outlay                                 |                     |                       | 1,115,861           |                                    | 20,300                     |
| Depreciation                                   |                     |                       | (1,498,102)         |                                    | (1,246,798)                |
| <b>CHANGE IN NET POSITION, GAAP Basis</b>      |                     |                       | <b>\$ (393,566)</b> |                                    | <b>\$ (946,156)</b>        |

See the accompanying Independent Auditors' Report.



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**Independent Auditors' Report On Internal  
Control Over Financial Reporting And On  
Compliance And Other Matters Based On An  
Audit Of Financial Statements Performed In  
Accordance With *Government Auditing Standards***

Northern Colorado Regional Airport Commission  
Fort Collins-Loveland Municipal Airport  
Loveland, Colorado

We have audited, in accordance with the 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, the financial statements of Fort Collins-Loveland Municipal Airport (the Airport) as of and for the year ended December 31, 2015 and the related notes to the financial statements, which collectively comprise the Airport's basic financial statements and have issued our report thereon dated June 10, 2016.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Airport's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Airport's internal control. Accordingly, we do not express an opinion on the effectiveness of the Airport's internal control.

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

Northern Colorado Regional Airport Commission  
Fort Collins-Loveland Municipal Airport

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

### **Compliance And Other Matters**

As part of obtaining reasonable assurance about whether the Airport's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose Of This Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*RubinBrown LLP*

June 10, 2016



RubinBrown LLP  
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## **Independent Auditors' Report On Compliance With Requirements Applicable To The Passenger Facility Charge Program And On Internal Control Over Compliance**

Northern Colorado Regional Airport Commission  
Fort Collins-Loveland Municipal Airport  
Loveland, Colorado

### **Report On Compliance**

We have audited the compliance of Fort Collins-Loveland Municipal Airport (the Airport) with the compliance requirements described in the *Passenger Facility Charge Audit Guide for Public Agencies* (the Guide), issued by the Federal Aviation Administration, for its passenger facility charge program for the year ended December 31, 2015.

### **Management's Responsibility**

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

### **Auditors' Responsibility**

Our responsibility is to express an opinion on the Airport's compliance 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 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.

Northern Colorado Regional Airport Commission  
Fort Collins-Loveland Municipal Airport

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We believe that our audit provides a reasonable basis for our opinion on compliance with those requirements. However, our audit does not provide a legal determination of the Airport's compliance.

### ***Opinion***

In our opinion, the Airport complied, in all material respects, with the requirements referred to above that are applicable to its passenger facility charge program for the year ended December 31, 2015.

### **Report On Internal Control Over Compliance**

Management of the Airport is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws and regulations applicable to the passenger facility charge program. 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 an opinion on compliance 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 compliance requirement on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a compliance requirement 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 compliance requirement 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.

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## FORT COLLINS – LOVELAND MUNICIPAL AIRPORT

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Northern Colorado Regional Airport Commission  
Fort Collins-Loveland Municipal Airport

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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.

*RubinBrown LLP*

June 10, 2016

# FORT COLLINS – LOVELAND MUNICIPAL AIRPORT

## SCHEDULE OF PASSENGER FACILITY CHARGES COLLECTED AND EXPENDED For The Year Ended December 31, 2015

### SCHEDULE OF PASSENGER FACILITY CHARGES COLLECTED AND EXPENDED

For Each of the Quarters  
In the Year Ended December 31, 2015

| 2015   | 1st Quarter                       | 2nd Quarter   | 3rd Quarter  | 4th Quarter        | Total              |
|--|-----------------------------------|---------------|--------------|--------------------|--------------------|
| Receipts   | 210.72                            | 667.28        | -            | -                  | 878.00             |
| Interest   | 43.48                             | 76.95         | 56.31        | 88.89              | 265.63             |
| <b>Total PFC Revenue Received</b>                                | <b>254.20</b>                     | <b>744.23</b> | <b>56.31</b> | <b>88.89</b>       | <b>1,143.63</b>    |
| <b>Expenditures:</b>   | <b><u>Approved Commitment</u></b> |               |              |                    |                    |
| Application #6:  |                                   |               |              |                    |                    |
| (11) Purchase ARFF Truck   | 26,316                            | -             | -            | 26,316.00          | 26,316.00          |
| (13) Install Airfield Electrical Vault Backup                    | 80,000                            | -             | -            | -                  | -                  |
| <b>Total Application #6</b>                                      | <b>106,316</b>                    | <b>-</b>      | <b>-</b>     | <b>26,316.00</b>   | <b>26,316.00</b>   |
| Application #7:  |                                   |               |              |                    |                    |
| (1) Terminal Modular Building Utility Upgrades                   | 13,000                            | -             | -            | -                  | -                  |
| (2) Terminal Modular Building Electrical Upgrades                | 3,000                             | -             | -            | -                  | -                  |
| (3) Purchase & Install Terminal Modular #2                       | 165,000                           | -             | -            | -                  | -                  |
| (4) Survey, Geotechnical & Design of General Aviation Ramp Rehab | 7,894                             | -             | -            | -                  | -                  |
| (5) Geographic Information System Plan and Submission            | 5,263                             | -             | -            | -                  | -                  |
| (6) T-Hangar Pavement Rehab-Taxilanes 1 and 3                    | 17,122                            | -             | -            | -                  | -                  |
| (7) Perimeter Security Fencing                                   | 170,000                           | -             | -            | -                  | -                  |
| (8) General Aviation Ramp Rehab                                  | 39,473                            | -             | -            | -                  | -                  |
| (9) Purchase Snow Removal Equipment                              | 4,210                             | -             | -            | -                  | -                  |
| (10) Acquire ARFF Vehicle  | 18,421                            | -             | -            | 1,721.12           | 1,721.12           |
| (11) Construct Commercial Apron Expansion                        | 62,105                            | -             | -            | -                  | -                  |
| (12) Airport Terminal Expansion Concept Design                   | 80,000                            | -             | -            | -                  | -                  |
| (13) Airport Terminal Expansion Site Work                        | 162,245                           | -             | -            | -                  | -                  |
| (14) Airport Terminal Expansion Phase I                          | 26,315                            | -             | -            | -                  | -                  |
| (15) Construct Taxiway F   | 30,000                            | -             | -            | -                  | -                  |
| <b>Total Application #7</b>                                      | <b>804,048</b>                    | <b>-</b>      | <b>-</b>     | <b>1,721.12</b>    | <b>1,721.12</b>    |
| <b>Total PFC Expenditures</b>                                    | <b>-</b>                          | <b>-</b>      | <b>-</b>     | <b>28,037.12</b>   | <b>28,037.12</b>   |
| <b>Net Change in Passenger Facility Charges</b>                  | <b>254.20</b>                     | <b>744.23</b> | <b>56.31</b> | <b>(27,948.23)</b> | <b>(26,893.49)</b> |
| Passenger Facility Charges, Beginning of year                    |                                   |               |              |                    | 26,893.49          |
| <b>Passenger Facility Charges, End of year</b>                   |                                   |               |              |                    | <b>-</b>           |

See the accompanying notes to schedule of passenger facility charges collected and expended.

**NOTES TO SCHEDULE OF PASSENGER FACILITY  
CHARGES COLLECTED AND EXPENDED**

December 31, 2015

**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 (PFCs) and use of resulting PFC revenue 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 transportation 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 (Schedule) presents the PFC collected and interest earned thereon, and expenditures incurred on approved projects. PFC's received and expenditures spent on approved projects in the accompanying Schedule represent amounts reported to the FAA on the Passenger Facility Charge Quarterly Status Reports.

PFC charges collected represent cash collected for the year ended December 31, 2015 as reported to the FAA. The interest earned represents the actual interest collected on the unexpended PFCs during the year. Expenditures represent FAA-approved projects expended in prior and current years and are reported when projects are complete.

The Schedule is not intended to be a complete presentation of the Airport's assets, liabilities, revenue and expenses in conformity with generally accepted accounting principles.

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**FORT COLLINS-LOVELAND MUNICIPAL AIRPORT**  
**SCHEDULE OF PASSENGER FACILITY CHARGE PROGRAM**  
**FINDINGS AND QUESTIONED COSTS**  
**For The Year Ended December 31, 2015**

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**Section I - Summary Of Auditors' Results**

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**Financial Statements**

|   |            |     |                            |
|---|------------|-----|----------------------------|
| Type of auditors' report issued:                      | Unmodified |     |                            |
| Internal control over financial reporting:            |            |     |                            |
| • Material weakness(es) identified?                   | _____      | yes | <u>  x  </u> no            |
| • Significant deficiency(ies)?                        | _____      | yes | <u>  x  </u> none reported |
| Noncompliance material to financial statements noted? | _____      | yes | <u>  x  </u> no            |

**Passenger Facility Charge Program**

|   |            |     |                            |
|---|------------|-----|----------------------------|
| Type of auditors' report issued on compliance:          | Unmodified |     |                            |
| Internal control over passenger facility charge program |            |     |                            |
| • Material weakness(es) identified?                     | _____      | yes | <u>  x  </u> no            |
| • Significant deficiency(ies) identified?               | _____      | yes | <u>  x  </u> none reported |

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**Section II - Financial Statement Findings**

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There were no findings relating to the Airport's financial statements for the year ended December 31, 2015.

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**Section III - Passenger Facility Charge Program Findings  
And Questioned Costs**

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There were no findings or questioned costs relating to the Airport's passenger facility charge program.

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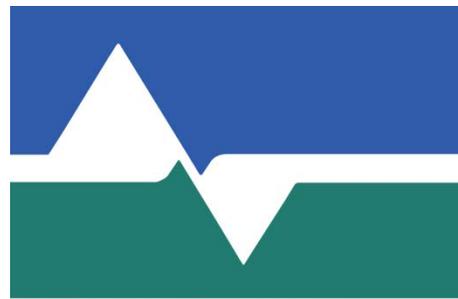
**Section IV - Prior-Year Audit On Passenger Facility Charge  
Program Findings And Questioned Costs**

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There were no prior-year audit or passenger facility charge program findings or questioned costs for the year ended December 31, 2014.

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**Prepared by:  
Finance Department  
Accounting Division**



**City of Loveland**