

**City and County of Denver
Municipal Airport System
Balance Sheet
As of December 31, 2000 and 1999**

	<u>2000</u>	<u>1999</u>
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 67,075,908	\$ 41,283,838
Investments	165,204,779	184,388,676
Accounts receivable (net of allowance For doubtful accounts \$14,771,433 and \$14,283,281)	5,916,842	25,909,254
Accrued interest receivable	7,527,333	8,001,606
Current portion of long-term receivables	2,230,496	2,471,091
Inventories	8,023,312	8,140,273
Prepaid expense and other	<u>6,885,161</u>	<u>8,938,112</u>
Total Current Assets	<u>262,863,831</u>	<u>279,132,850</u>
Current Restricted Assets:		
Cash and cash equivalents	226,084,208	182,253,326
Investments	528,579,708	474,530,982
Accrued interest receivable	618,921	936,483
Passenger facility charges receivable	<u>8,266,849</u>	<u>3,425,075</u>
Total Current Restricted Assets	<u>763,549,686</u>	<u>661,145,866</u>
Long-term receivables, net of current portion	4,348,465	5,843,330
Property, plant and equipment:		
Buildings	1,563,803,696	1,581,436,667
Improvements other than buildings	1,627,317,234	1,594,525,082
Machinery and equipment	<u>601,092,879</u>	<u>595,940,779</u>
	3,792,213,809	3,771,902,528
Less accumulated depreciation	<u>(724,767,358)</u>	<u>(603,326,348)</u>
	3,067,446,451	3,168,576,180
Construction in progress	160,784,005	139,606,306
	<u>291,052,112</u>	<u>290,718,773</u>
Total property, plant and equipment	3,519,282,568	3,598,901,259
Bond issue costs, net of accumulated amortization	74,974,678	75,760,046
Assets held for disposition	<u>57,304,113</u>	<u>57,304,113</u>
Total assets	\$ <u>4,682,323,341</u>	\$ <u>4,678,087,464</u>

continued

City and County of Denver
Municipal Airport System
Balance Sheets, continued
As of December 31, 2000 and 1999

	<u>2000</u>	<u>1999</u>
LIABILITIES AND FUND EQUITY		
Current liabilities		
Vouchers payable	\$ 20,853,976	\$ 17,016,183
Due to other City agencies	14,719,049	13,458,180
Compensated absences payable	4,666,622	4,384,049
Current portion of long-term debt	56,255,000	57,385,000
Other liabilities	<u>51,080,682</u>	<u>52,469,645</u>
Total current liabilities	<u>147,575,329</u>	<u>144,713,057</u>
Current liabilities payable from restricted assets:		
Vouchers payable	12,777,211	7,859,209
Retainages payable	8,662,322	6,338,377
Accrued interest and matured coupons	29,574,070	32,708,460
Other liabilities	<u>49,600,611</u>	<u>48,274,106</u>
Total current liabilities payable from restricted assets	<u>100,614,214</u>	<u>95,180,152</u>
Deferred rent	3,602,756	3,867,680
Long-term debt:		
Revenue bonds and commercial paper, net of current portion	4,064,454,000	3,988,330,000
Less: deferred loss on bond refunding	(158,572,346)	(110,177,617)
Less: unamortized discounts	<u>(113,225,169)</u>	<u>(146,655,206)</u>
Total long-term debt	3,792,656,485	3,731,497,177
Capital lease liability	<u>6,384,149</u>	<u>7,310,016</u>
Total liabilities	<u>4,050,832,933</u>	<u>3,982,568,082</u>
Fund equity:		
Contributed capital:		
Federal government	509,770,694	514,881,553
Municipalities	4,540,595	4,540,595
Tenants	<u>15,389,281</u>	<u>15,389,281</u>
	529,700,570	534,811,429
Retained earnings	<u>101,789,838</u>	<u>160,707,953</u>
Total fund equity	<u>631,490,408</u>	<u>695,519,382</u>
Total liabilities and fund equity	<u>4,682,323,341</u>	<u>4,678,087,464</u>

**City and County of Denver
Municipal Airport System
Statement of Revenues, Expenses and Changes in Retained Earnings
For the years ended December 31, 2000 and 1999**

	<u>2000</u>	<u>1999</u>
Operating revenues:		
Facility rentals	\$ 200,364,917	\$ 226,892,605
Concession income	25,038,305	21,690,471
Parking income	77,269,240	71,442,342
Car rentals	31,219,471	27,090,503
Landing fees	81,282,885	77,408,463
Aviation fuel tax	14,387,933	10,747,525
Other sales and charges	<u>8,777,692</u>	<u>7,622,498</u>
Total operating revenues	<u>438,340,443</u>	<u>442,894,407</u>
Operating expenses:		
Personnel services	72,378,486	68,023,383
Contractual services	108,388,202	111,328,676
Maintenance, supplies and materials	10,359,286	11,183,368
Environmental	-	4,000,000
Other	<u>263,201</u>	<u>756,760</u>
Total operating expenses	<u>191,389,175</u>	<u>195,292,187</u>
Operating income before depreciation and amortization	<u>246,951,268</u>	<u>247,602,220</u>
Depreciation and amortization	<u>(150,631,241)</u>	<u>(120,392,566)</u>
Operating income	<u>96,320,027</u>	<u>127,209,654</u>
Non-operating income/(expense):		
Passenger facility charges	51,482,169	48,429,980
Investment income	62,374,179	37,494,160
Interest expense	(247,554,170)	(266,504,107)
Other expense	<u>(30,869,323)</u>	<u>(3,074,385)</u>
Total non-operating expense	<u>(164,567,145)</u>	<u>(183,654,352)</u>
Net loss	(68,247,118)	(56,444,698)
Add depreciation of assets acquired through federal grants	<u>9,329,003</u>	<u>9,244,618</u>
Net loss excluding depreciation of assets acquired through federal grants	(58,918,115)	(47,200,080)
Retained earnings, beginning of year	<u>160,707,953</u>	<u>207,908,033</u>
Retained earnings, end of year	\$ <u><u>101,789,838</u></u>	<u><u>160,707,953</u></u>

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

**City and County of Denver
Municipal Airport System
Statement of Cash Flows
For the Years Ended December 31, 2000 and 1999**

	<u>2000</u>	<u>1999</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	\$ 458,076,036	\$ 401,327,886
Payments to suppliers	(110,181,688)	(103,153,043)
Payments to employees	<u>(71,856,946)</u>	<u>(67,818,467)</u>
Net cash used by operating activities	<u>276,037,402</u>	<u>230,356,376</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Miscellaneous non-operating expense	<u>(20,863,259)</u>	<u>(653,032)</u>
Net cash used by non-capital financing activities	<u>(20,863,259)</u>	<u>(653,032)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Proceeds from debt	741,516,372	-
Principal paid on capital debt	(676,420,000)	(60,380,000)
Interest paid on capital debt	(263,618,899)	(267,256,972)
Bond issue costs	(6,126,016)	(79,836)
Passenger facility charges	46,640,395	48,176,076
Capital contributions	4,218,143	23,789,546
Purchases of capital assets	(32,849,796)	(61,633,281)
Payments to escrow for current refunding of debt	(28,185,184)	-
Proceeds from sale of capital equipment	<u>-</u>	<u>2,989,260</u>
Net cash used by capital and related financing activities	(214,824,985)	(314,395,207)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of investments	(4,853,108,079)	(6,735,222,847)
Proceeds from sales and maturities of investments	4,811,953,323	6,705,363,613
Investment income	<u>70,428,550</u>	<u>52,698,173</u>
Net cash provided by investing activities	<u>29,273,794</u>	<u>22,838,939</u>
Net increase (decrease) in cash and cash equivalents	69,622,952	(61,852,924)
Cash and cash equivalents – beginning of the year	<u>223,537,164</u>	<u>285,390,088</u>
Cash and cash equivalents – end of the year	<u>\$ 293,160,116</u>	<u>223,537,164</u>

(continued)

**City and County of Denver
Municipal Airport System
Statement of Cash Flows
For the Years Ended December 31, 2000 and 1999**

	<u>2000</u>	<u>1999</u>
Reconciliation of Operating Income to Net Cash		
Provided by Operating Activities		
Operating income	\$ 96,320,027	\$ 127,209,654
Adjustments to reconcile operating income to net cash		
Provided by operating activities:		
Depreciation and amortization	150,631,241	120,392,566
Change in assets and liabilities:		
Receivables, net of allowance	21,727,872	(13,623,906)
Inventories	116,961	477,614
Prepaid expenses	2,052,951	(8,381,551)
Accounts and other payables	3,837,793	(954,021)
Deferred rent	(264,924)	(5,529,686)
Due to other city agencies	1,260,869	710,832
Accrued expenses	<u>354,612</u>	<u>10,054,874</u>
Net cash provided by operating activities	\$ <u>276,037,402</u>	\$ <u>230,356,376</u>

**City and County of Denver
Municipal Airport System
Notes to Financial Statements
December 31, 2000 and 1999**

A. Organization and Reporting Entity

Nature of Operations

Pursuant to Article XX of the State of Colorado Constitution and the City and County of Denver, Colorado (City) Charter, the City acquired, owns, operates, and maintains certain airport facilities. These facilities include Denver International Airport (Denver International) and certain assets of Stapleton International Airport (Stapleton) and are referred to herein as the City and County of Denver Municipal Airport System (Airport System). The Airport System is operated as the Department of Aviation, with a Manager of Aviation appointed by and reporting to the Mayor. As a department head, the Manager is part of the Mayor's cabinet.

Denver International consists of a landside terminal building, three airside concourses, five runways, roadways, and ancillary facilities on a 53-square-mile site. Stapleton was closed to all air traffic on February 27, 1995. See Note G for further discussion.

Reporting Entity

There are no other funds of the City combined with the Airport System in the accompanying financial statements. All funds established by bond ordinances related to the Airport System have been combined for reporting purposes in the accompanying financial statements.

The financial statements present only the Airport System Enterprise Fund and are not intended to present fairly the financial position of the City, and the results of its operations and the cash flows of its proprietary fund types in conformity with accounting principles generally accepted in the United States of America.

B. Summary of Significant Accounting Policies

Basis of Accounting

The Airport System is an enterprise fund of the City, and as such is an integral part of the City. An enterprise fund is established to account for operations that are financed and operated in a manner similar to private business enterprises, where the intent 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 accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America. As an enterprise fund, the Airport System uses the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized as incurred (flow of economic resources measurement focus).

The Airport System has applied all applicable Governmental Accounting Standards Board (GASB) pronouncements (including National Council on Governmental Accounting Statements and Interpretations currently in effect). In implementing GASB Statement No. 20, the Airport System elected not to adopt Financial Accounting Standards Board pronouncements issued after November 30, 1989.

City and County of Denver
Municipal Airport System
Notes to Financial Statements, continued

Cash and Cash Equivalents

Cash and cash equivalents consist principally of U.S. Treasury securities, U.S. agency securities, repurchase agreements, and commercial paper with original maturities of less than ninety days.

Investments

Investments are reported at fair value, which is primarily determined on quoted market prices at December 31, 2000 and 1999.

Inventories

Inventories consist of materials and supplies, which have been valued at the lower of cost (weighted average cost method) or market.

Property, Plant and Equipment

Property, plant and equipment consist of buildings, roadways, airfield improvements, and equipment at Denver International and are stated at cost. Costs associated with ongoing construction activities of Denver International are included in construction-in-progress. Interest incurred during the construction phase is reflected in the capitalized value of the asset constructed, net of interest earned on the invested proceeds over the same period. Assets under capital leases are recorded at the present value of future minimum lease payments and are amortized using the straight line method over the shorter of the lease term or their estimated useful life.

Depreciation is recorded using the straight-line method over the following estimated useful lives:

Buildings	20-40 years
Roadways	30-40 years
Runways/Taxiways	35 years
Other Improvements	15-40 years
Major System Equipment	15-25 years
Vehicles and Other Equipment	5-10 years

Depreciation on assets acquired through federal grants is charged against contributed capital from the federal government.

Included in depreciation and amortization in 2000 and 1999 is \$28,400,000 and \$0, respectively, of certain costs under Concourse A leases.

City and County of Denver
Municipal Airport System
Notes to Financial Statements, continued

Bond Issue Costs, Deferred Losses on Bond Refundings, and Unamortized Discounts

Bond issue costs, deferred losses on bond refundings, and unamortized discounts are deferred and amortized over the life of the bonds, or the remaining life of the refunding bonds, whichever is shorter, using the effective interest rate method. Bond issue costs are recorded as deferred charges. Unamortized discounts and deferred loss on bond refundings are recorded as a reduction of the face amount of the bonds payable.

Assets Held for Disposition

Assets held for disposition consist of the Stapleton assets. Depreciation is not recorded on those assets held for sale. Ongoing maintenance and redevelopment costs are expensed as incurred. See Note G for further discussion.

Compensated Absences Payable

Accumulated vested sick and vacation benefits are recorded as an expense and a liability as benefits accrue to employees.

Deferred Rent

Deferred rent is recorded when rental payments are received by the Airport System prior to a legal claim to them.

Rates and Charges

The Airport System establishes annually, as adjusted semi-annually, airline rentals, landing fees, and other charges sufficient to recover the costs of operations, maintenance, and debt service related to the airfield and space utilized by the airlines. Any differences between airline revenues collected and actual costs allocated to the airlines' leased space is credited or billed to the airlines. As of December 31, 2000 and 1999, the Airport System has accrued a liability of \$49,239,815 and \$50,703,969, respectively for such amounts due to the airlines.

For the years ended December 31, 1995 through 1999, 80% of Net Revenues (as defined by the bond ordinance) remaining at the end of each year is to be credited in the following year to the passenger airlines signatory to use and lease agreements. For the years ending December 31, 2000 through 2005, the percentage to be credited to the airlines is 75%, and thereafter it is 50%, capped at \$40,000,000. The estimated Net Revenues credited to the airlines for the years ended December 31, 2000 and 1999, are \$40,000,000 and \$37,480,981 and has been accrued in the liability described above.

C. Changes in Accounting Principles

During 2000, the Airport System changed its method of accounting for cash flows from the indirect method to the direct method, consequently, the 1999 statement of cash flows has been restated to conform to the current year presentation.

**City and County of Denver
Municipal Airport System
Notes to Financial Statements, continued**

D. Cash, Cash Equivalents, and Investments

At December 31, 2000 and 1999, respectively, the carrying amount of the Airport System's deposits were (\$11,951,858) and (\$11,521,236) and the bank balance was \$1,169,032 and \$1,427,283. Of the total bank balance, \$100,000 was covered by federal depository insurance at December 31, 2000 and 1999, and \$1,069,032 and \$1,327,283 was uninsured and collateralized with securities held by banks in their trust departments in the City's name in accordance with the State's Public Deposit Protection Act.

The City's investment portfolio includes investments which bear interest at variable rates or interest rates which periodically increase; investments in mortgage-backed securities; and investments which are callable by the issuer at par. With respect to these investments, as well as other investments within the City's portfolio, the City is subject to market risk, which represents the exposure to changes in the market such as a change in interest rates or a change in price or principal value of a security. Additionally, the Airport System is exposed to credit risk associated with its investment portfolio. Credit risk is exposure to the default of counterparty's to investment transactions.

The City's investments are categorized into these three categories of credit risk:

1. Insured or registered, or securities held by the City or its agent in the City's name.
2. Uninsured and unregistered, with securities held by the counterparty's trust department or agent in the City's name.
3. Uninsured and unregistered, with securities held by the counterparty, or by its trust department or agent but not in the City's name.

At December 31, 2000 and 1999, all of the Airport System's investments were in category 1. The Airport System's investments are maintained in segregated pools and consist of the following:

	2000	1999
	<u>Fair Value</u>	<u>Fair Value</u>
U. S. Treasury Securities	\$ 179,658,064	\$184,656,907
U. S. Agency Securities	334,294,623	358,263,461
Commercial Paper	297,301,457	193,348,012
Repurchase Agreements	<u>187,642,317</u>	<u>157,709,678</u>
	\$ 998,896,461	\$893,978,058
Deposits	<u>(11,951,858)</u>	<u>(11,521,236)</u>
Total	<u>\$ 986,944,603</u>	<u>\$882,456,822</u>

Investment income earned on the Airport System's pooled cash and investments is allocated to the participating Airport System funds based upon the average investment balances of each fund. Investment income for 2000 and 1999 is comprised of interest income and an unrealized loss on investments of \$6,499,366 and \$15,734,512, respectively.

In 2000, the Airport System invested \$19.165 million of Airport System non-operating funds in commercial paper issued by Southern California Edison ("SCE"), an electric utility located in California. The commercial paper was to mature January 30, 2001. SCE announced in January 2001 that it was instituting a "Temporary Suspension of Payments" on all of its debt obligations, including the commercial paper held by the Airport System, in response to escalating energy costs that were increasing at a rate beyond which the utility could charges its customers. SCE has made monthly

**City and County of Denver
Municipal Airport System
Notes to Financial Statements, continued**

Interest payments on the unpaid balance of the commercial paper. SCE is currently working with the State of California in an effort to address its financial problems and allow SCE to pay its debt obligations, including the commercial paper held by the Airport System. In the interim, the Airport System has joined other creditors of SCE in informal communications to discuss what, if any, actions should be taken in order to protect their investments in SCE. The Airport System cannot predict the ultimate outcome of this situation and no assurance can be given that the Airport System will be repaid its entire investment in SCE. The Airport System has recorded an unrealized loss of \$6,289,876. The remaining unpaid commercial paper represents 1.2% of the Airport System's approximate \$986.9 million investment portfolio at year-end. The Airport System expects to receive payment in full.

Cash, cash equivalents, and investments included in restricted assets are restricted for the following purposes:

	<u>2000</u>	<u>1999</u>
Operations and maintenance reserve	\$ 31,099,356	\$ 28,020,925
Bond interest and retirement	433,389,854	430,618,039
Acquisition, construction and replacement	290,141,206	198,111,844
Deposits	<u>33,500</u>	<u>33,500</u>
	<u>\$754,663,916</u>	<u>\$656,784,308</u>

E. Accounts Receivables

Western Pacific Airlines, Lone Star Aspen Mountain, Mountain Air Express, Mark Air and Kitty Hawk have all filed for bankruptcy protection. As a result of these filings, the Airport System fully reserved its accounts receivable from these airlines with an allowance for doubtful accounts of \$13,860,978 and \$13,310,696, at December 31, 2000 and 1999, respectively.

F. Long-Term Receivables

Long-term receivables consist of the following:

	<u>2000</u>	<u>1999</u>
Due from Continental Airlines, Inc.	\$5,331,201	\$6,368,713
Due from Concessionaires	<u>1,247,760</u>	<u>1,945,708</u>
Total	\$6,578,961	\$8,314,421
Less: current portion	<u>2,230,496</u>	<u>2,471,091</u>
Long-term receivables	<u>\$4,348,465</u>	<u>\$5,843,330</u>

The amounts due from Continental Airlines, Inc. consist of costs incurred related to improvements to Concourse C at Stapleton. Of the amount due for improvements at Stapleton, \$3,117,114 is due in monthly installments of \$71,340, including interest at 10.3% through July 2005. The remaining \$2,585,924 is due in equal installments over a ten-year period, which commenced February 28, 1995.

G. Assets Held for Disposition

Stapleton consists of approximately 4,500 acres of land and various buildings and roadways. The City ceased aviation operations at Stapleton upon the opening of Denver International on February 28, 1995, and is proceeding to dispose of the Stapleton property. Certain portions of Stapleton were acquired with proceeds from federal grants, which provide for the return of certain federal funds. In addition, certain portions of the property are also subject to deed restrictions, under which the property

City and County of Denver
Municipal Airport System
Notes to Financial Statements, continued

would revert to the United States. The City is able to seek releases from the grant assurances and deed restrictions from the Secretary of Transportation as dispositions occur, provided that 1) the property is sold at fair market value, and 2) the proceeds are used to develop, improve, and construct Denver International. The City intends to seek such releases and, in accordance with certain use and lease agreements, use any net proceeds from sales of Stapleton to retire or defease subordinate debt.

On July 1, 1998, the City entered into a master lease agreement with SDC, which permits SDC to manage and operate the Stapleton site (excluding certain parcels) while disposing of the Stapleton site in accordance with the Master Plan. In January 2000, the City entered into an agreement with Forest City Corporation for the purchase and redevelopment of the Stapleton site. The agreement calls for Forest City Corporation to purchase the remaining site acreage over 15 years for a total price of \$79.4 million as escalated annually by the CPI. Effective January 1999, the City reached an agreement with nine of the signatory airlines formerly operating at Stapleton (the Airline Agreement). The Airline Agreement caps the Airport System's financial exposure for demolition and environmental remediation costs of Stapleton at \$120 million. The Airline Agreement provided for a direct payment of \$15 million by three of the airlines, which was accrued in 1999 and collected in 2000, and recovery of \$43.1 million from the signatory airlines through the Airport System's rates and charges over a 25-year period. The remaining cost will be funded through the sale of land to Forest City Corporation.

In March 2000, the Airport System entered into a comprehensive environmental remediation contract and purchased cost cap insurance for environmental issues up to \$100 million. Under certain circumstances, the City may perform remediation that is beyond the level otherwise required by the Stapleton Airlines Agreement, and the City is permitted to pay up to a maximum of \$20 million for additional remediation from the City's share of Airport Net Revenues in the Capital Fund.

In May, 2000, the City issued Series 2000A and Series 2000B Subordinate Commercial Paper Notes collectively in an aggregate principal amount of \$120,789,000. The proceeds of these notes are to be used to pay costs associated with capital improvements at Denver International and certain expenses associated with the disposition of Stapleton, as noted above.

As a result of the long-term nature of the development plan, the timing and ultimate amount of net proceeds from the disposition of Stapleton's existing plant and improvements is not presently determinable. The carrying value of Stapleton is currently \$57,304,113. The net realizable value of future proceeds is expected to be greater than the current carrying value. In 2001, the Airport received proceeds from Forest City Corporation for the sale of certain parcels at Stapleton totaling \$7,923,173.

H. Due to Other City Agencies

The City provides various services to the Airport System, including data processing, investing, budgeting, police and fire, and engineering. Billings from the City during 2000 and 1999 totaled \$29,009,735 and \$28,254,282, respectively, and are included in operating expenses. The outstanding liability to the City and its related agencies in connection with these services totaled \$14,719,049 and \$13,458,180 at December 31, 2000 and 1999, respectively.

**City and County of Denver
Municipal Airport System
Notes to Financial Statements, continued**

I. Long-Term Debt

The Airport System has issued bonds collateralized by and payable from Airport System Net Revenues, as defined in the 1984 Airport System General Bond Ordinance as supplemented and amended (Bond Ordinance) and the 1990 Airport System General Subordinate Bond Ordinance as supplemented and amended (Subordinate Bond Ordinance). Interest is payable semi-annually. The maturity dates, interest rates, and principal amounts outstanding as of December 31, 2000 are as follows:

<u>Bond</u>	<u>Maturity</u>	<u>Interest Rate</u>	<u>Amount Outstanding</u>
<u>Airport System Revenue Bonds</u>			
<u>Series 1990A</u>			
Capital appreciation bonds	Annually, November 15, 2003 to 2005	8.50-8.55%	\$ 40,360,000
<u>Series 1991A</u>			
Capital appreciation bonds	Annually, November 15, 2000 to 2003	8.75-8.80%	21,045,000
Term bonds	November 15, 2005, 2008, 2012, 2023 and 2025	8.00-14.00%	288,800,000
<u>Series 1991D</u>			
Serial bonds	Annually, November 15, 1995 to 2002	6.40-7.50%	23,815,000
Capital appreciation bonds	Annually, November 15, 2003 to 2006	7.80-7.95%	53,020,000
Term bonds	November 15, 2013, 2021 and 2025	7.00-7.75%	432,075,000
<u>Series 1992B</u>			
Serial bonds	Annually, November 15, 2000 to 2003	6.90-7.00%	15,325,000
Term bonds	November 15, 2005, 2007, 2012, 2023 and 2025	7.25-7.50%	199,705,000
<u>Series 1992C</u>			
Serial bonds	Annually, through November 15, 2006	5.05-6.65%	49,275,000
Term bonds	November 15, 2013, 2022 and 2025	6.13-6.75%	211,135,000
<u>Series 1992D,F,G</u>			
	November 15, 2025	Weekly Rates	103,500,000

**City and County of Denver
Municipal Airport System
Notes to Financial Statements, continued**

<u>Bond</u>	<u>Maturity</u>	<u>Interest Rate</u>	<u>Amount Outstanding</u>
<u>Series 1994A</u> Serial bonds	Annually, November 15, 1996 to 2006	6.35-7.50%	\$ 16,700,000
Term bonds	November 15, 2017 and 2023	7.50-8.00%	82,555,000
<u>Series 1995A</u>	Annually, November 15, 2017 to 2025	5.60-5.70%	230,760,000
<u>Series 1995B</u> Serial Bonds	Annually, November 15, 2001 to 2011	5.00-5.75%	33,615,000
Term Bonds	Annually, November 15, 2012 to 2017	5.75%	64,915,000
<u>Series 1995C</u> Serial Bonds	Annually, November 15, 2001 to 2009	4.70 -5.50%	23,345,000
Term Bonds	Annually, November 15, 2010 to 2012	6.50%	10,625,000
Term Bonds	Annually, November 15, 2013 to 2016	5.50%	17,425,000
Term Bonds	Annually, November 15, 2017 to 2025	5.60%	56,190,000
<u>Series 1996A</u> Term Bonds	Annually, November 15, 2016 to 2017	5.75%	31,925,000
Term Bonds	Annually, November 15, 2018 to 2025	5.50%	114,185,000
<u>Series 1996B</u> Serial Bonds	Annually, November 15, 1996 to 2012	4.00% -6.25%	92,395,000
Term Bonds	Annually, November 15, 2012 to 2013	5.75%	34,165,000

**City and County of Denver
Municipal Airport System
Notes to Financial Statements, continued**

<u>Bond</u>	<u>Maturity</u>	<u>Interest Rate</u>	<u>Amount Outstanding</u>
<u>Series 1996C</u> Serial Bonds	Annually, November 15, 1998 to 2011	5.00% - 6.00%	\$ 86,240,000
Term Bonds	Annually, November 15, 2012 to 2013	5.50%	26,015,000
<u>Series 1996D</u> Term Bonds	Annually, November 15, 2013 to 2016	5.85%	17,405,000
Term Bonds	Annually, November 15, 2017 to 2025	5.50%	142,790,000
<u>Series 1997E</u> Serial Bonds	Annually, November 15, 2011 to 2015	5.13-6.00%	105,020,000
Term Bonds	November 15, 2017, 2023, and 2025	5.47-5.60%	310,685,000
<u>Series 1998 A</u> Term Bonds	Annually November 15, 2026 to 2025	5.00%	206,665,000
<u>Series 1998B</u> Term Bonds	Annually November 15, 2025	5.00%	103,395,000
<u>Series 2000A</u> Serial Bonds	Annually November 15, 2001 to 2019	4.5-6.00%	299,130,000
<u>Term Bonds</u>	Annually November 15, 2020 to 2023	5.77%	31,495,000
<u>Series 2000B</u>	November 15, 2025	Weekly Rates	200,000,000
<u>Series 2000C</u>	November 15, 2025	Weekly Rates	100,000,000

**City and County of Denver
Municipal Airport System
Notes to Financial Statements, continued**

<u>Airport System Subordinate Revenue Bonds</u>			
<u>Series 1997A</u>	December 1, 2010	Flexible	\$ 44,345,000
<u>Series 1997B</u>	December 1, 2020	Weekly rates	25,000,000
<u>Series 2000A</u>			
Commercial Paper	November 15, 2025	Flexible	90,000,000
<u>Series 2000B</u>			
Commercial Paper	November 15, 2025	Flexible	30,789,000
<u>Economic Defeasance</u>			
LOI 1998/1999	November 15, 2013, 2024 and 2025	6.125-7.75%	<u>54,880,000</u>
Total revenue bonds			\$4,120,709,000
Less: current portion			<u>56,255,000</u>
Long-term revenue bonds			<u><u>\$4,064,454,000</u></u>

All of the Airport System bonds are subject to certain mandatory redemption requirements commencing subsequent to 2000.

On November 1, 1999, the City entered into an economic defeasance of \$54,880,000 from certain 1998 and 1999 Federal grant proceeds from the United States Department of Transportation under the 1990 Letter of Intent. These funds were set aside into a special account held by the City, Escrow A proceeds will be used to defease \$40,080,000 of the Series 1992C maturing on November 15, 2025. Escrow B proceeds will be used to defease \$14,800,000 of the Series 1991D maturing on November 15, 2013. These bonds are considered defeased for bond ordinance purposes; however, the defeasance was not considered a legal defeasance and therefore the bonds remain outstanding in the accompanying financial statements.

In May, 2000, the City authorized the issuance of Airport System Subordinate Commercial Paper Notes and Airport System Subordinate Taxable Commercial Paper Notes, in a combined principal amount of up to \$300 million, for the purpose of financing capital improvements at the airport and certain expenses associated with the disposition of Stapleton. Each series of Subordinate Commercial Paper Notes is secured by irrevocable Letters of Credit. On May 1, 2000, the City issued outstanding principal of \$37,100,000 Series 2000A Notes and \$30,789,000 Series 2000B Notes. In July, 2000, the City issued additional Airport System Subordinate Commercial Paper 2000A Notes, with an outstanding principal of \$52,900,000.

In August, 2000, the City issued \$630,625,000 of Airport System Revenue Bond Series 2000A, 2000B and 2000C. The series 2000A were issued in a fixed rate mode for the purpose of currently refunding \$276,285,000 of the Airport System Revenue Bonds 1990A and purchasing and retiring \$54,585,000 of the Airport System Revenue Bonds 1991A. The Series 2000B and 2000C were issued initially as weekly rate demand obligations for the purpose of currently refunding \$199,205,000 and \$99,585,000 of the Airport System Revenue Bonds 1990A, respectively.

**City and County of Denver
Municipal Airport System
Notes to Financial Statements, continued**

The 2000A, 2000B and 2000C Airport System Revenue Bonds were issued at an economic gain (difference in the present value of the old debt and new debt service payments) of \$192,620,640. These refundings resulted in a deferred loss which is the difference between the reacquisition price and the net carrying amount of the old debt of \$53,077,373. This difference is reported as a deduction from long-term debt and is charged to operations through the year 2025, using the effective interest rate method.

J. Demand Bonds

Included in long-term debt are \$105,000,000, \$50,000,000, \$25,000,000, \$200,000,000 and \$100,000,000 of Airport System Revenue Bonds Series 1992D, 1992F, 1992G, 1997A, 1997B, 2000B and 2000C, respectively, and \$90,000,000 and \$30,789,000 Commercial Paper Series 2000A and 2000B Notes which bear interest at flexible or weekly rates and are subject to mandatory redemption upon conversion of the interest rate to a different rate type or rate period.

Irrevocable letters of credit were issued as collateral for the Series 1992D, 1992F, and 1992G revenue bonds for a maximum amount of \$105,000,000 and terminate the earlier of December 1, 2001, conversion of the bonds to a fixed rate, or redemption of the bonds. The City is required to pay a commitment fee equal to .875% per annum of the total amount available under the letters of credit.

Irrevocable letters of credit and confirming letters of credit were issued as collateral for the Series 1997A and Series 1997B bonds for a maximum amount of \$800,087,672 and terminate the earlier of May 9, 2003, conversion of the bonds to a fixed rate, or redemption of the bonds. The City is required to pay a quarterly commitment fee equal to .13% and .525% per annum of the total amount available under the letters of credit and confirming letters of credit, respectively.

Irrevocable Letters of Credit were issued as collateral for the Series 2000A Notes and 2000B Notes for a maximum amount of \$180,000,000 and terminate the earlier of May 10, 2003, conversion of the bonds to a fixed rate or redemption of the bonds. The City is required to pay a commitment fee equal to .35% per annum of the total amount available under the Letters of Credit.

As of December 31, 2000 and 1999, no amounts have been drawn under any of the letter of credit agreements.

K. Bond Ordinance Provisions

Additional Bonds

The City may issue additional parity bonds, subject to certain coverage and other provisions, for the purpose of acquiring, improving or equipping facilities related to the Airport System. The City may not issue subordinate bonds in excess of \$600,000,000 outstanding total aggregate principal.

Airport System Revenue Bonds

Under the terms of the Bond Ordinance, the Series 1990A, 1991A, 1991D, 1992B, 1992C, 1992D, 1992F, 1992G, 1994A, 1995A, 1995B, 1995C, 1996A, 1996B, 1996C, 1996D, 1997E, 1998A 1998B, 2000A, 2000B and 2000C (the Senior Bonds) are collateralized by a first lien on the Net Revenues of the Airport System. Under the terms of the Subordinate Bond Ordinance, the Series 1997A, 1997B Bonds, 2000A Notes and 2000B Notes are collateralized by Net Revenues of the Airport System subordinate to the Senior Bonds.

**City and County of Denver
Municipal Airport System
Notes to Financial Statements, continued**

The City is required by the Bond Ordinance at all times to set and collect rates and charges sufficient, together with other available funds, to provide for the payment of all operating and maintenance expenses for the current fiscal year, plus 125% of the aggregate principal and interest payments of the Senior Bonds for such fiscal year.

L. Debt Service Requirements

Debt service requirements of the Airport System to maturity as of December 31, 2000 are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>
2001	\$ 56,255,000	\$ 244,040,827
2002	59,670,000	241,114,400
2003	76,685,000	237,813,910
2004	77,575,000	235,237,747
2005	81,250,000	232,072,086
Thereafter	<u>3,714,394,000</u>	<u>3,039,966,530</u>
Total	<u>\$4,065,829,000</u>	<u>\$4,230,245,500</u>

Debt service requirements, for the economic defeasance noted above, of the Airport System to maturity as of December 31, 2000 are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>
2001	\$ —	\$ 3,601,900
2002	—	3,601,900
2003	—	3,601,900
2004	—	3,601,900
2005	—	3,601,900
Thereafter	<u>54,880,000</u>	<u>56,800,325</u>
Total	<u>\$ 54,880,000</u>	<u>\$ 74,809,825</u>

M. Denver International Special Facility Bonds

To finance the acquisition and construction of various facilities at Denver International, the City issued three series of Special Facility Revenue Bonds. These bonds are special limited obligations of the City, payable and secured by a pledge of certain revenues to be received from lease agreements for these facilities. The bonds do not constitute a debt or pledge of the full faith and credit of the City or the Airport System, and accordingly have not been reported in the accompanying financial statements. As of December 31, 2000 and 1999, Special Facility Revenue Bonds outstanding totaled \$393,080,000 and \$340,000,000, respectively.

**City and County of Denver
Municipal Airport System
Notes to Financial Statements, continued**

N. Capital Lease

The Airport System entered into a capital lease agreement for certain AGTS train cars. Future minimum lease obligations, together with the present value of the net minimum lease payments, as of December 31, 2000 are as follows:

<u>Year</u>	<u>Amount</u>
2001	\$ 1,522,432
2002	1,522,432
2003	1,522,432
2004	1,522,432
2005	1,522,432
Thereafter	<u>1,903,043</u>
Total minimum lease payments	9,515,203
Less: amount representing interest	<u>2,205,187</u>
Present value of minimum lease payments	\$ <u>7,310,016</u>
Current portion	\$ 925,867
Long-term portion	<u>6,384,149</u>
Total capital lease liability	\$ <u>7,310,016</u>

The related net book value of equipment under the capital lease obligation as of December 31, 2000 and 1999 is as follows:

	<u>2000</u>	<u>1999</u>
Equipment	\$10,160,442	\$10,160,442
Less: accumulated depreciation	<u>1,904,067</u>	<u>1,396,451</u>
Net book value	<u>\$8,256,375</u>	<u>\$8,763,991</u>

Lease payments are subject to annual appropriation by the City. Should the City not appropriate monies for these payments, the equipment would revert to the lessor.

O. Contributed Capital

Contributed capital represents actual or future cash payments or facilities contributed by governmental agencies, municipalities or tenants of the Airport System facilities for improvement or expansion of the Airport System. Contributions from the federal government were \$4,218,143 and \$23,789,546 in 2000 and 1999, representing grants in aid for airport construction from the Federal Aviation Administration.

Certain federal contributions relate to the acquisition of depreciable plant and equipment. Such contributions are amortized against contributed capital in an amount equal to depreciation expense on the related plant and equipment. The amount amortized in 2000 and 1999 totaled \$9,329,003 and \$9,244,618, respectively. This amount appears as an adjustment to Net Loss on the accompanying Statements of Revenues, Expenses, and Changes in Retained Earnings.

**City and County of Denver
Municipal Airport System
Notes to Financial Statements, continued**

P. Pension Plan

Plan Description

Employees of the Airport System, as well as substantially all of the general employees of the City, are covered under the Denver Employees Retirement Plan (DERP). The following is a brief description of the retirement plan. Plan participants should refer to the appropriate source documents or publicly available financial reports for more complete information.

The Denver Employees Retirement Plan (DERP) is a single -employer, defined benefit plan established by the City to provide pension benefits for its employees. The DERP is administered by the DERP Board of Trustees in accordance with sections 18.401 through 18.422 of the City’s Revised Municipal Code. These Code sections establish the plan, provide complete information on the DERP, and vests the authority for the benefit and contribution provision with the City Council. The DERP Board of Trustees acts as the trustee of the plan’s assets.

The plan issues a publicly available financial report that includes financial statements and required supplementary information. The report is available by contacting:

Denver Employees Retirement Plan
777 Pearl Street
Denver, Colorado 80203

Pension Plan’s Funding Policy and Annual Pension Cost

The City’s annual pension cost for the current year and related information for the plan is as follows (dollar amounts expressed in thousands):

	<u>DERP</u>	<u>DERP HEALTH BENEFITS</u>
Contribution rates (as a percentage of covered payroll):		
City	8.78%	1.22%
Plan members	-	-
Annual pension cost	\$40,439	\$5,683
Total contributions made	\$41,656	\$5,788
Actuarial valuation date	12-31-99	12-31-99
Actuarial cost method	Entry age	Entry age
Amortization method	Level % of payroll-closed	Level % of payroll- Closed
Remaining amortization period	16 years	16 years
Asset valuation method	5 year smooth mkt.	5 year smooth mkt.
Actuarial assumptions:		
Investment rate of return*	7.75%	7.75%
Projected salary increases*	4.0-10.2%	4.0-10.2%
*Includes inflation at	4.0%	4.0%
Cost of living adjustments	None	None
Health insurance benefit inflation	-	5.0%

**City and County of Denver
Municipal Airport System
Notes to Financial Statements, continued**

Three-year Trend Information (amounts expressed in thousands):

	<u>Year Ending December 31</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
DERP	1998	\$35,505	99.7%	820
	1999	35,288	100.0%	-
	2000	40,439	103.0%	-
DERP Health Benefits	1998	5,476	100.0%	-
	1999	6,327	100.0%	-
	2000	5,683	101.8%	-

Q. Deferred Compensation Plan

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all City employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights are (until paid or made available to the employees or other beneficiary) are held in trust by the City for the exclusive benefits of the participants and their beneficiaries.

It is the opinion of the City's legal counsel that the City has no liability for losses under the plan but does have the duty of due care that would be required of an ordinary prudent investor.

R. Commitments and Contingencies

Commitments

At December 31, 2000 and 1999, the Airport System has the following contractual commitments for construction and professional services:

	<u>2000</u>	<u>1999</u>
Construction Projects	\$33,132,221	\$25,892,615
Projects Related to Operations—Denver International	11,591,649	6,127,233
Projects Related to Operations—Stapleton	<u>20,341,379</u>	<u>1,407,414</u>
Total Commitments	<u>\$65,065,249</u>	<u>\$33,427,262</u>

**City and County of Denver
Municipal Airport System
Notes to Financial Statements, continued**

Noise

The City and Adams County entered into an Intergovernmental Agreement for Denver International dated April 21, 1988 (the "Intergovernmental Agreement"). The Intergovernmental Agreement establishes maximum levels of noise, which should not be exceeded on an average annual basis at various grid points surrounding Denver International. In January 1998, Adams County and its cities filed a lawsuit alleging they are entitled to specific performance or damages under this agreement. On October 29, 1999 the Court found the City liable for noise mitigation payments for 1995, totaling \$4 million. The Court's October 29, 1999, judgment will be amended to reflect an award of prejudgment interest in the amount of \$1,307,218 with additional interest recorded of \$586,918 for a total judgment of \$5,894,136, which has been accrued in the accompanying financial statements. In March 2001, Adams County and its' cities, filed a lawsuit alleging noise violations that occurred in 1996 and 1997. On April 12, 2001, the City filed a Motion to Dismiss the complaint. However, assuming the Motion to Dismiss is denied, the City has possible exposure for \$6.5 million in damages.

Claims and Litigation

The Airport System is involved in several other claims and lawsuits and is the subject of certain other investigations. The Airport System and its legal counsel estimate that the ultimate resolution of these matters will not materially affect the accompanying financial statements of the Airport System.

Defeased Bonds

The City has defeased certain Airport System Revenue Bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the accompanying financial statements. As of December 31, 2000 and 1999, \$592,235,000 and \$646,875,000, respectively, of bonds outstanding are considered defeased.

Denver International Assets under Operating Leases

Denver International leases portions of its buildings and improvements to airline and concession tenants under non-cancelable operating leases. Lease terms vary from 1 to 30 years. The operating leases with the concession tenants require rental payments equal to the greater of a fixed minimum amount per square foot or percentage of gross receipts. Rental expense under operating leases for 2000 and 1999 was \$30,522,838 and \$21,884,061, respectively. Minimum future rentals due from concession tenants are as follows:

2001	\$ 33,600,006
2002	33,569,299
2003	33,273,162
2004	31,684,717
2005	31,684,717
Thereafter	<u>188,444,468</u>
Total minimum future rentals	<u>\$352,256,369</u>

**City and County of Denver
Municipal Airport System
Notes to Financial Statements, continued**

Leases with airlines for terms of 10 and 30 years can be terminated by the airline if the airline's cost per enplaned passenger exceeds \$25 and \$20 (in 1990 dollars), respectively. Current cost per enplaned passenger does not exceed these limits. Rental rates for airlines are established under a ratemaking methodology whereby a compensatory method is used to set terminal rental rates and a residual method is used to set landing fees. Rentals, fees, and charges must generate gross revenues together with other available funds sufficient to meet the rate maintenance covenant per the bond ordinance.

S. Insurance

The Airport System is exposed to various risks of losses related to torts; thefts of, damage to, and destruction of assets; errors and omissions; and natural disasters. The Airport System has historically retained these risks, except where it has been determined that commercial insurance is more cost beneficial or legally required.

Employees of the City are covered by the City's insurance policies. Effective October 1, 1989, the City established a workers' compensation self-insurance trust in accordance with State statutes, to be held for the benefit of the City's employees.

The Workers' Compensation Internal Service Fund compensates City employees or their eligible dependents for injuries as authorized by the State Workers' Compensation law or City ordinances. The administrators of the fund provide safety training and enhancement programs, in addition to maintaining in-house records of claims. On August 1, 1991, a separate insurance program was established by the City to insure all contract labor working on site at Denver International. The program provides medical and indemnity payments as required by law for on-the-job related injuries for all on-City employees and builders' risk, general liability and professional liability for all applicable construction and consulting firms working on site at Denver International. The insurance program covers only incidents incurred prior to September 1994.

Deductibles under this insurance program are: (1) workers' compensation liability of \$250,000 per occurrence; and (2) general liability, builders' risk, and professional liability insurance of \$25,000, \$100,000 and \$1,000,000 per occurrence, respectively. Other current liabilities payable from restricted assets includes \$749,241 and \$1,189,641 accrued for fully developed projected losses, including losses incurred but not reported, due to claims filed prior to December 31, 2000 and 1999.

T. Significant Concentration of Credit Risk

The Airport System derives a substantial portion of its operating revenues from airlines' landing and facility rental fees. For the years ended December 31, 2000 and 1999, United Airlines represented approximately 69% of the Airport System's operating revenues. No other airlines represented over 10% of the Airport System's operating revenues. The Airport System requires performance bonds to support airlines and concession accounts receivables.

REPORT OF INDEPENDENT ACCOUNTANTS' ON SUPPLEMENTARY INFORMATION

**City and County of Denver
Municipal Airport System
Statement of Compliance with Rate Maintenance Covenant
As Defined in the 1984 Airport System General Bond Ordinance
Airport Revenue Fund
Year Ended December 31, 2000**

Gross Revenue:	\$	
Facility Rentals		240,895,751
Concession Income		25,038,305
Parking Income		77,269,240
Car Rental Income		31,219,471
Landing Fees		81,282,885
Aviation Fuel Tax		14,387,933
Other Sales and Charges		8,777,692
Interest Income		<u>51,822,636</u>
Gross Revenues as Defined in the Ordinance		530,693,913
Operation and Maintenance Expenses:		
Personnel Services		72,378,486
Contractual Services		107,984,836
Maintenance, Supplies and Materials		10,353,893
Bad Debt Expense		263,201
Miscellaneous Expense		<u>1,403,827</u>
Operation and Maintenance Expenses as Defined in the Ordinance		192,384,243
Net Revenue		338,309,670
Other Available Funds		<u>55,619,756</u>
Net Revenue Plus Other Available Funds as Defined in the Ordinance	\$	<u>393,929,426</u>
Debt Service Requirements as defined in the ordinance	\$	<u>255,837,090</u>
Coverage (Net Revenue Plus Other Available Funds as a Percentage of Debt Service Requirements)		154%

See accompanying independent auditors' report.

**City and County of Denver
Municipal Airport System
Statement of Required Deposits to the Bond Fund,
Bond Reserve Fund and the Operation and Maintenance
Reserve Account as Defined in the 1984
Airport System General Bond Ordinance
Year Ended December 31, 2000**

I. BOND FUND

There shall be credited to the Bond Fund, in the following order of priority:

(a) Interest Account:

Required deposit - monthly to the Bond Fund Interest Account, commencing on the first day of the month immediately succeeding the issuance of any Bonds, an amount which if made in substantially equal installments thereafter would be sufficient to pay the next maturing installment of interest on such series of Bonds.

<u>Bond Series</u>	<u>Interest Payment Date</u>	<u>Balance Interest Due</u>	<u>Required Interest Account Balance at December 31, 2000</u>
Series 1991A	05/15/01	13,114,238	\$ 2,185,706
Series 1991D	05/15/01	17,094,616	2,849,103
Series 1992B	05/15/01	7,775,681	1,295,947
Series 1992C	05/15/01	8,736,789	1,456,131
Series 1992D-G	01/01/01	562,500	562,500
Series 1994A	05/15/01	3,709,613	618,269
Series 1995A-B	05/15/01	9,331,971	1,555,328
Series 1995C	05/15/01	2,997,629	499,605
Series 1996A	05/15/01	4,057,931	676,322
Series 1996B	05/15/01	3,673,516	612,253
Series 1996C	05/15/01	3,110,489	518,419
Series 1996D	05/15/01	4,437,997	739,666
Series 1997E	05/15/01	11,168,913	1,861,485
Series 1998A	05/15/01	5,166,625	861,104
Series 1998B	05/15/01	2,584,875	430,813
Series 2000A	05/15/01	9,483,532	1,580,589
Series 2000B	01/01/01	793,333	793,333
Series 2000C	01/01/01	393,250	<u>393,250</u>
Total Interest Account Requirement			\$ <u>19,489,823</u>

**City and County of Denver
Municipal Airport System
Statement of Required Deposits to the Bond Fund,
Bond Reserve Fund and the Operation and Maintenance
Reserve Account as Defined in the 1984
Airport System General Bond Ordinance
Year Ended December 31, 2000
continued**

(b) Principal Account

Required deposit - monthly, to the Bond Fund Principal Account, commencing on the first day of the month immediately succeeding the issuance of any Serial bonds, or commencing one year prior to the first fixed maturity date of such Serial Bonds, whichever date is later, an amount which if made in substantially equal installments thereafter would be sufficient to pay the next maturing installment of principal of such Serial Bonds.

<u>Bond Series</u>	<u>Principal Payment Date</u>	<u>Principal Payment</u>	<u>Required Principal Account Balance at December 31, 2000</u>
Series 1991A	11/15/01	\$ 7,015,000	\$ 584,583
Series 1991D	11/15/01	11,480,000	956,667
Series 1992B	11/15/01	4,765,000	397,083
Series 1992C	11/15/01	6,975,000	581,250
Series 1992 D, F, G	12/31/01	1,700,000	141,667
Series 1994A	11/15/01	1,600,000	133,333
Series 1995C	11/15/01	2,120,000	176,667
Series 1996B	11/15/01	5,530,000	460,833
Series 1996C	11/15/01	3,980,000	331,667
Series 2000A	11/15/01	9,220,000	<u>768,333</u>
Total Principal Account Requirement			\$ <u>4,532,083</u>

(c) Sinking Fund Account

Required deposit - monthly, to the Bond Fund Sinking Fund account, commencing on the first day of the twelfth calendar month prior to the date on which the City is required to pay any Term Bonds, one twelfth of the amount necessary to pay the redemption price or principal of such Term Bonds scheduled to be retired in any year by mandatory redemption, at fixed maturity or otherwise, except to the extent any other monies, including without limitation, monies in any escrow account, are available therefore. There are no mandatory sinking fund redemptions in 2000.

**City and County of Denver
Municipal Airport System
Statement of Required Deposits to the Bond Fund,
Bond Reserve Fund and the Operation and Maintenance
Reserve Account as Defined in the 1984
Airport System General Bond Ordinance
Year Ended December 31, 2000
continued**

(d) Redemption Account

Required deposit to the Bond Fund Redemption Account, on or prior to any date on which the City exercises its option to call for prior redemption of any Bonds, an amount necessary to pay the redemption price of such bonds on such Redemption Date, except to the extent any other monies, including without limitation monies in any escrow account, are available therefore.

As of December 31, 2000, the City did not have any outstanding options to redeem any Bonds; therefore, there is no deposit required.

(e) Bond Fund Summary

The sum of the required bond fund balances described in items (a) through (d) above is as follows:

Aggregate required Bond Fund balance	\$ <u>24,021,906</u>
Bond Fund balance at December 31, 2000	\$ <u>24,022,654</u>

City and County of Denver
Municipal Airport System
State ment of Required Deposits to the Bond Fund,
Bond Reserve Fund and the Operation and Maintenance
Reserve Account as Defined in the 1984
Airport System General Bond Ordinance, continued
Year Ended December 31, 2000
continued

II. BOND RESERVE FUND

The City is required, after making required monthly deposits to the Interest, Principal, Sinking Fund and Redemption accounts of the Bond Fund, to apply Net Revenues to the Bond Reserve Fund an amount equal to the maximum annual interest payable on all outstanding Senior Bonds of the Airport System. The amount deposited to the Bond Reserve Fund at December 31, 2000 is \$332,822,729 The minimum Bond Reserve Fund requirement is \$332,787,348.

III. OPERATION AND MAINTENANCE RESERVE ACCOUNT

An amount equal to two times the monthly average operating and maintenance costs of the preceding year. The City is required to make equal monthly transfers sufficient to fully fund the Operations and Maintenance Reserve Account by January 1, 2001.

Computation of Minimum Operation and Maintenance Reserve:

1999 Operation and Maintenance Expenses	\$ 186,596,138
Minimum Operations and Maintenance Reserve requirement for 2000	\$ <u>31,099,356</u>
Operation and Maintenance Reserve Account balance at December 31, 2000	\$ <u>31,099,356</u>

See accompanying independent auditors' report.

Summary of Insurance Coverage as of December 31, 2000

<u>Policy Number</u>	<u>Company</u>	<u>Item Covered</u>	<u>Expiration Date</u>	<u>Annual Premium</u>	<u>Coverage</u>
51200	Federal Insurance Company (CHUBB)	Airport Property, Boiler and Machinery Insurance (Primary)	01-01-03	\$ 789,506	\$ 500,000,000
CLP1031820	Allianz Insurance Company	Airport Property Insurance (Excess)	01-01-01	128,400	1,782,580,306 any one loss
PR110203	Old Republic Insurance	Primary Liability--DIA Construction	01-01-01	297,645	20,000,000
JDDNX09705104	Lloyds of London	Excess Liability--DIA Construction (over \$20 million)	01-01-01	198,946	480,000,000
JDDNX00002303	Lloyds of London	Excess Liability--DIA Construction (over \$500 million)	01-01-01	58,779	250,000,000
NTL2518745	Reliance Ins. Co.	Airport Pollution & Remediation Legal Liability	12/23/01	179,985	50,000,000
CLS0599361	Scottsdale Insurance Co.	Liability--Stonehouse	01-01-01	2,999	1,000,000
BE701-78-94	National Union Fire Ins.	Umbrella--SIA	01-01-01	21,150	25,000,000
810755G5462JnD00	Travelers Indemnity	Automobile Liability	01-01-01	131,050	1,000,000
CRE2679460	American International Specialty Lines Insurance	Liability – Pollution Legal	06-24-00	3,260,000	200,000,000
CD02679461	American International Specialty Lines Insurance	Liability – Pollution Contractors	06-24-05	149,647	15,000,000

Unaudited. See accompanying independent auditors' report.

Insert Excel Spreadsheet #1

Insert Excel Spreadsheet #2

Insert Excel Spreadsheet #3