CITY & COUNTY OF DENVER | MUNICIPAL AIRPORT SYSTEM

ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEARS ENDED DECEMBER 31, 2019 AND 2018

PREPARED BY THE FINANCE DIVISION

DEPARTMENT OF AVIATION

AN ENTERPRISE FUND OF THE CITY & COUNTY OF DENVER

COLORADO

DENVER INTERNATIONAL AIRPORT

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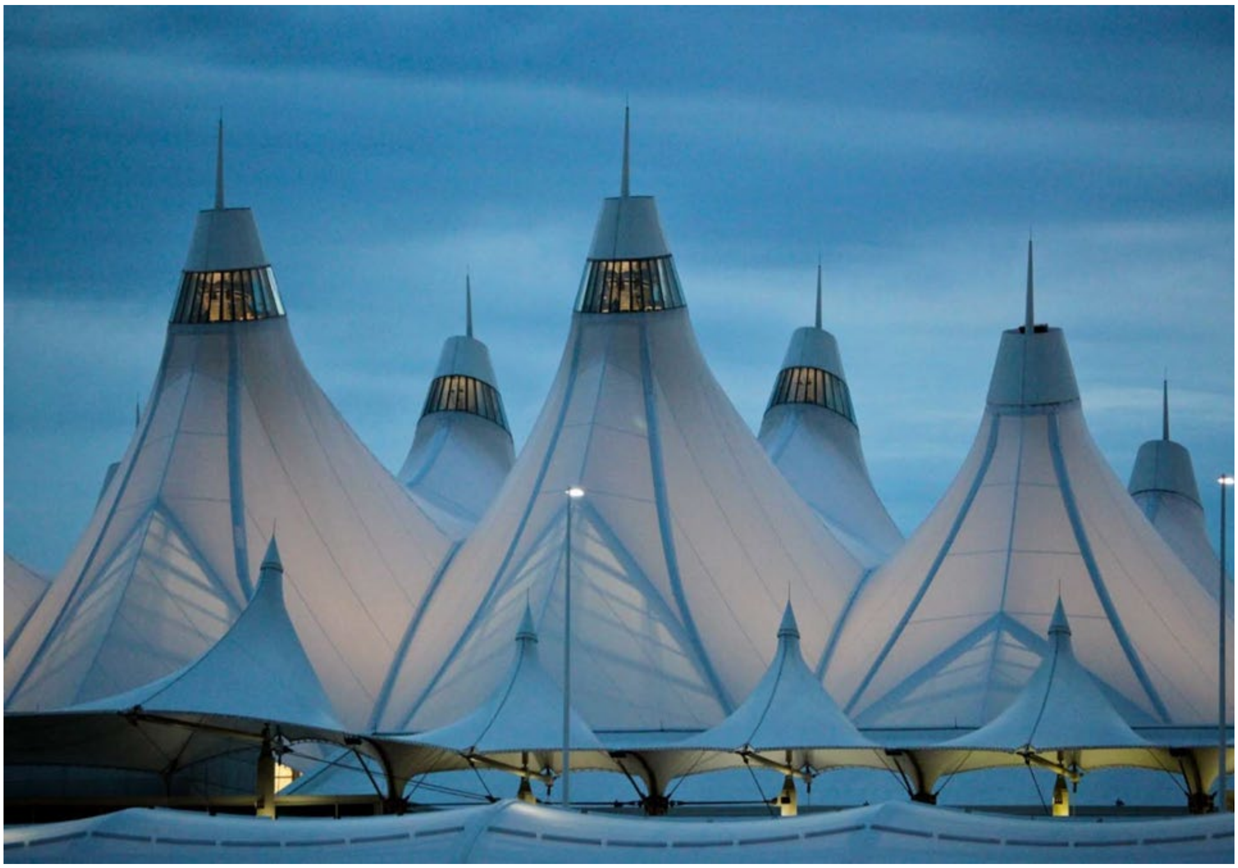


Letter of Transmittal

June 30, 2020

To the Public and Fellow Employees

We are pleased to present the Annual Financial Report of the Municipal Airport System for the fiscal years ended December 31, 2019 and 2018. This report was prepared by the Airport's Finance Division in collaboration with other Airport personnel.

The letter of transmittal is designed to complement and should be read in conjunction with Management's Discussion and Analysis (MD&A). The MD&A, which immediately follows the Independent Auditor's Report, provides an introduction, overview and analysis of the Airport financial statements.

Responsibility for the accuracy, completeness, and fairness of the presentation and disclosures included in this report rests with management. To the best of our knowledge, this report is accurate in all material respects and designed to fairly present the financial position and results of Airport operations.

Background

The Municipal Airport System is organized as a department of the City and County of Denver, Colorado (the City) and includes Denver International Airport (the Airport or DEN) and former Stapleton International Airport (Stapleton). The Airport is headed by a Chief Executive Officer who reports directly to the Mayor. In addition, the senior management team further consists of five executive vice presidents of which four positions are currently occupied. This report was prepared by the Airport's Finance Division in collaboration with other Airport personnel to provide a better understanding of the Airport.

The Airport is an enterprise fund of the City. Enterprise funds are defined as government-owned businesses authorized to issue their own revenue bonds and receive fewer than 10% of their annual revenues in grants from all State and Local governments combined. An enterprise fund is established to account for operations that are financed and operated in a manner similar to business-type activities, where fees are charged to external parties to cover the costs of providing goods and services. An enterprise fund uses the accrual basis of accounting, and accordingly, revenues are recognized when earned and expenses are recognized as incurred.

Description of DEN

Situated approximately 24 miles northeast of downtown Denver, DEN is the primary air carrier airport serving the region. According to Airports Council International, in 2019, DEN was the fifth busiest airport in the United States and the sixteenth busiest in the world, serving 69.0 million passengers. DEN comprises approximately 33,800 acres (53 square miles) of land, an area twice the size of the island of Manhattan and is the second largest physical airport in the world. The passenger terminal complex is reached via Peña Boulevard, a 12-mile dedicated access road which connects Interstate 70 and intersects with E-470 toll highway. DEN has six runways—four oriented north-south and two oriented east-west. Five runways are 12,000 feet long and 150 feet wide. The sixth runway is 16,000 feet long and 200 feet wide, providing unrestricted global access for any airline and the ability to accommodate fully loaded jumbo jets, including the Airbus A-380.

The Airport's passenger terminal complex has a landside terminal and three airside concourses, as well as cargo and general aviation facilities. The landside terminal accommodates passenger ticketing, baggage claim, concessions, and passenger screening and is flanked by roads and curbs for public and private vehicles. Automobile parking is available in public garages adjacent to the landside terminal and in surface parking lots. DEN has a total of 16,683 parking spaces in the public garages and 27,403 spaces in the surface parking lots. Spaces are also provided for employee parking. Additional passenger services include car rental facilities and ground transportation. On November 19, 2015, a new 519-room Westin hotel and conference center was opened to the public and is connected to the terminal via a public plaza. On April 22, 2016, passenger rail service to downtown Denver began via a train station in the same area.

Passengers travel between the landside terminal and three airside concourses (Concourses A, B, and C) via an underground Automated Guideway Transit System (AGTS). In addition, there is a pedestrian passenger bridge to Concourse A. The passenger terminal complex includes a landside terminal and three airside concourses with a total of 111 full-service contact gates and 24 ground loading positions.

Metro Area

The Denver Metropolitan Area (Metro Denver), with a population of more than 3.2 million, is the primary region served by DEN. Metro Denver is comprised of Adams, Arapahoe, Boulder, Broomfield, Denver, Douglas, and Jefferson counties. Metro Denver is home to 10 Fortune 500 companies and was ranked #4 in "Best Places for Business and Careers" by Forbes Magazine in 2019. U.S. News and World Report also ranked Denver #2 in "Best Places to Live" in 2019.

Metro Denver's diverse employment base across various industries, central location and transformation of its transportation network has positioned it to become a key distribution hub, fostering strong economic growth and development for the region/state. Metro Denver's unemployment rate was 2.3% as of December 2019.

Air Traffic

Located close to the geographic center of the United States mainland, the City has long been a major air transportation hub. DEN has airline service to more than 200 cities. Denver's natural geographic advantage as a connecting hub location has been enhanced by the Airport's ability to accommodate aircraft landings and takeoffs in virtually any weather conditions. Total passenger traffic at DEN was up 7.0% in 2019 from 2018, compared with a national average increase of 3.9% as reported by the Department of Transportation's Bureau of Transportation Statistics (BTS). In 2019, 69.0 million passengers traveled through DEN, with approximately 64.4% originating or terminating their air journeys at DEN, and 35.6% connecting to flights beyond DEN. Originating and destination traffic (O&D) increased by 7.3% in 2019 from 2018. As shown in the table below, as of December 31, 2019, 26 airlines provided scheduled passenger service at DEN: 10 major/national airlines, five regional/commuter airlines, and 11 foreign-flag airlines.

In addition, several passenger charter and all-cargo airlines, including Federal Express and United Parcel Service provide service at the Airport.

Scheduled Passenger Airlines Serving Denver
as of December 31, 2019

Major/National
Alaska Airlines
Allegiant Air
American Airlines
Delta Air Lines
Frontier Airlines
JetBlue Airways
Southwest Airlines
Spirit Airlines
Sun Country Airlines
United Airlines

Regional/Commuter
American Eagle
Boutique Air
Denver Air Connection
Delta Connection
United Express

Foreign Flag
Aeromexico
Air Canada
British Airways
Cayman Aiways
Copa Airlines
Edelweiss
Icelandair
Lufthansa German Airlines
Norwegian Air Shuttle
Volaris
WestJet

Airline Use & Lease Agreements

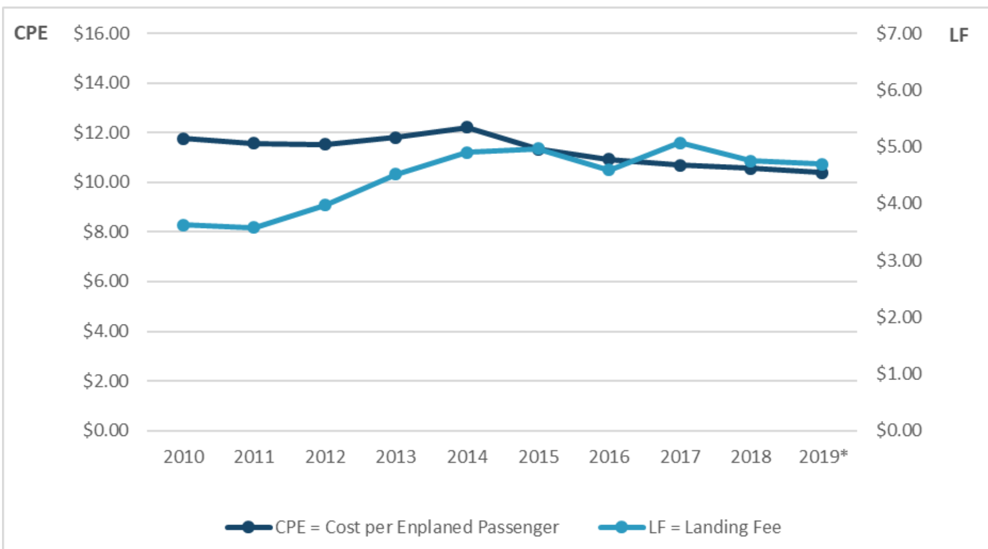
On September 19, 2014, United Airlines and the Airport agreed to an additional 10-year lease commitment provided that the Airport restructured debt by December 31, 2014. The amendment became effective on January 1, 2015 and extends the lease to February 28, 2035. All other signatory airlines, including Southwest and Frontier, operate under two-year Use & Lease Agreements which expired on December 31, 2018 and was extended through December 31, 2019. Currently, the Airport is working with all the Airlines to amend the current lease which expires at the end of the year.

Airlines Rates, Fees, and Charges

The Airport has a hybrid rate structure that is established by the Use & Lease Agreements which is a combination of residual and compensatory rate methods based on cost recovery principles. Residual cost centers recover the full cost of operations from the airlines (e.g. airfield). Compensatory cost centers recover only the costs associated with the space that has been leased by the airlines (e.g. terminal buildings) and allows the Airport to lease vacant space to concessionaires and other tenants for non-airline revenue opportunities. These opportunities allow the Airport to generate free cash flow for reinvestment. In return, the Use & Lease Agreement has established a revenue share between the Airport and airlines, with the airlines receiving 50% of the net revenue up to a $40.0 million cap per year. In 2019, the Airport is estimated to deposit $145.2 million into the capital improvement account that can be used for any lawful airport purpose. The net revenue available for sharing for the years ended December 31, 2010 through 2019 is reflected in the table below:

Net Revenue Available for Sharing
($ in thousands)

Year	Total	Airport share
2010	87,188	47,188
2011	126,686	86,686
2012	121,695	81,695
2013	122,784	82,784
2014	134,612	94,612
2015	130,147	90,147
2016	112,091	72,091
2017	135,976	95,976
2018	155,892	115,892
2019*	185,228	145,228



CPE is total airline revenues per total enplaned passengers. The numbers above reflect an average across all carriers. Individual airlines may have a CPE higher or lower than this based on their individual operating models.

LF is a residual based recovery of airfield cost per 1,000 lbs. of aircraft landed weight.

Note: Airport Year-End Settlement Reports

*Landing Fee and CPE are not finalized until the year-end settlement is completed

During the time period shown above, the overall CPE has trended downward as a result of continued enplanement growth, the effective management of airline costs, as well as changes in leased space.

During the time period shown above, the landing fee has been impacted by changes in landed weight, as well as increases in airfield expenses and debt service requirements.

United Group

United Group (United) includes the operations of United Airlines, as well as regional affiliate airlines operating under the United Express brand. United is one of the world's largest airlines and is the principal air carrier operating at DEN. United operates a major connecting hub at DEN under a Use & Lease Agreement with the City that expires in 2035. United currently leases 53 full-service contact gates on Concourse B and 15 ground loading positions. On February 14, 2020, United has agreed to lease additional gates and, upon completion of the Concourse A and Concourse B gate expansions, will have 90 combined full-service contact gates and ground loading positions across these concourses. At DEN, United accounted for 44.7% of total passengers in 2019.

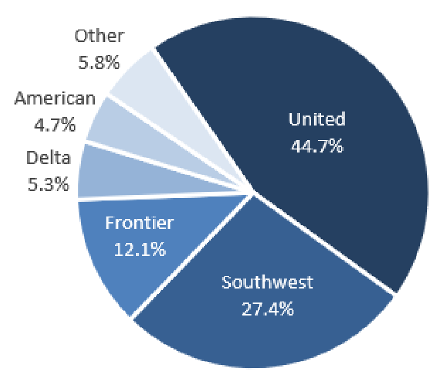
Southwest Airlines

Southwest Airlines (Southwest) maintains the second largest market share at the Airport. Southwest began service at the Airport in January 2006, and since that time has experienced strong and continued growth. The Airport is now the airline's second busiest station in its system, in terms of total scheduled operations. Southwest leases 25 full-service contact gates on Concourse C. On March 20, 2020, Southwest has agreed to lease additional gates and, upon completion of the Concourse C gate expansion, will have 40 full-service contact gates, all on Concourse C. Southwest accounted for 27.4% of total passengers in 2019.

Frontier Airlines

Frontier Airlines (Frontier) has the third largest market share at the Airport, which is Frontier's only hub and the busiest airport in the Frontier system. Frontier has transformed its business model from a low-cost carrier to an ultra-low-cost carrier. Frontier currently leases nine full-service contact gates on Concourse A. Frontier accounted for 12.1% of total passengers in 2019.

Airline Market Share
2019 Total Passengers



Cash Management

The Airport's cash is under the control of the City's Chief Financial Officer who invests the funds pursuant to the City's Investment Policy. As of December 31, 2019 and 2018, cash and investments totaled $3.6 billion and $4.0 billion, respectively. Current investment vehicles include municipal securities, corporate bonds, multi-national fixed income, structured products, U.S. Treasury securities, and U.S. Agency securities. In 2019 and 2018, the City charged fees of $0.6 million and $0.5 million, respectively, to the Airport for performing the cash management function.

Accounting and Internal Control

The Airport follows accounting principles generally accepted in the United States of America applicable to governmental unit enterprise funds. Accordingly, the financial statements are prepared on the accrual basis of accounting in accordance with these accounting principles. In developing and evaluating the Airport's accounting system, consideration has been given to the adequacy of internal controls. The objectives of internal control are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived, and (2) the evaluation of costs and benefits require estimates and judgments by management.

We believe that the Airport's process of internal control adequately safeguards assets and provides reasonable assurance that financial transactions are recorded properly.

COVID-19

The outbreak of a new strain of coronavirus ("COVID-19") has spread across the globe, including the United States. As of the date of this letter, the airport industry has experienced a 95% reduction in air traffic as passenger work to adhere to the Stay At Home policies recommended by the United States federal government. The Airport has also experienced a reduction in passengers and operations as a result of impact of COVID-19 but has since seen a slight increase through the end of May 2020. The Airport is proactively implementing a number of measures intended to mitigate operational and financial impacts which include hiring freeze, focusing on essential expenditures, and reprioritizing capital projects and programs to position the airport for a strong recovery.

Acknowledgments

The preparation of this report in a timely and efficient manner is the result of, in large part, the dedicated service and professionalism of the Airport's accounting staff. We thank all members of the Airport who contributed to the preparation of the report. In 2019 and 2020, the Airport was ranked as the top large hub U.S. Airport by Sky Trax.

Respectfully Submitted,

Kim Day
Chief Executive Officer

Gisela Shanahan
Chief Financial Officer

City and County of Denver – City Officials

Mayor

Michael B. Hancock

City Council

Jolon Clark, President
Stacie Gilmore, President Pro-Tem

Kendra Black	Robin Kniech
Candi CdeBaca	Deborah Ortega
Kevin Flynn	Amanda Sandoval
Christopher Herndon	Amanda Sawyer
Chris Hinds	Jamie Torres
Paul Kashmann	

Auditor

Timothy M. O'Brien

Clerk and Recorder

Honorable – Debra Johnson

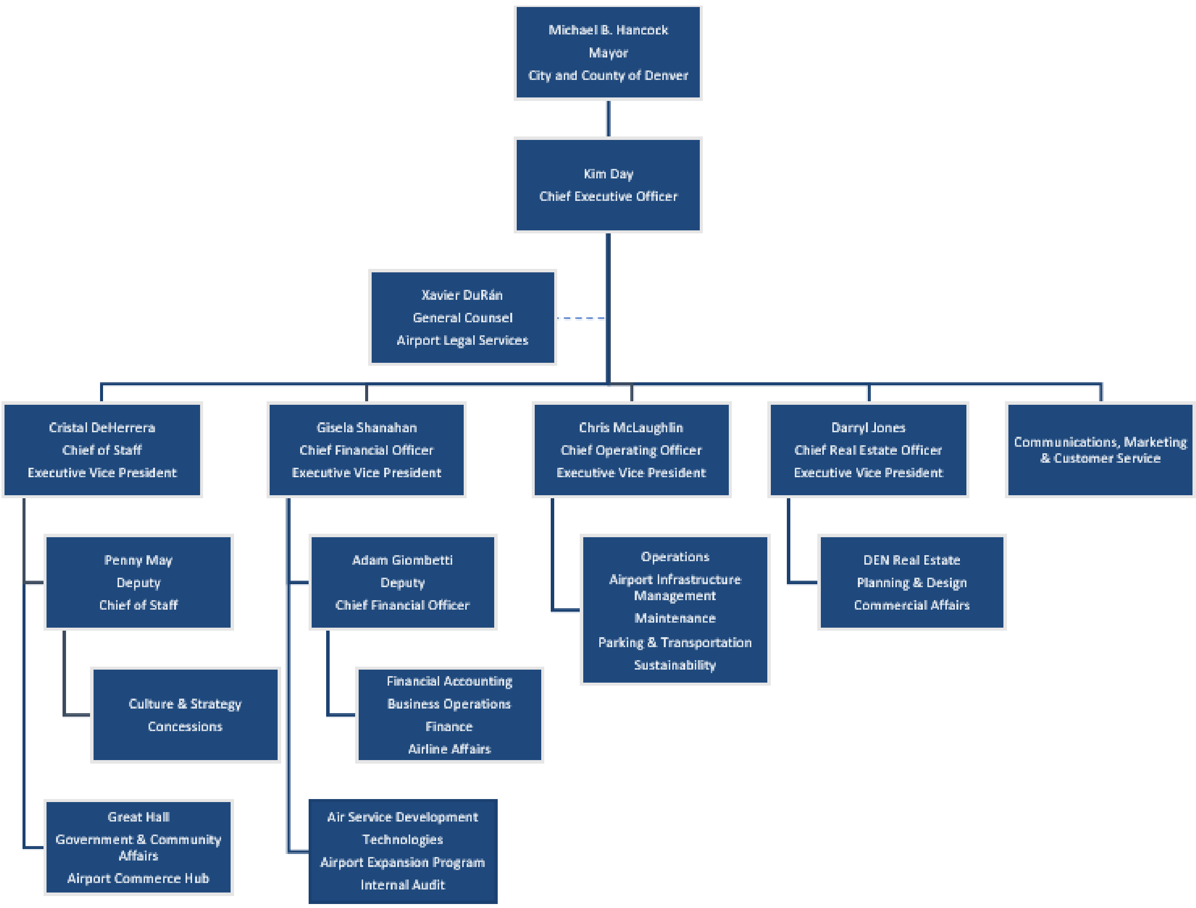
Cabinet Officials

Allegra "Happy" Haynes	Deputy Mayor, Manager/Executive Director of the Department of Parks and Recreation
Brendan J. Hanlon	Chief Financial Officer, as the Manager of Finance/ex officio Treasurer
Kristin M. Bronson, Esq.	City Attorney
Laura Aldrete	Manager/Executive Director of Community Planning and Development
Eulois Cleckley	Manager/Executive Director of the Department of Public Works
Kim Day	Manager/Chief Executive Officer of the Department of Aviation
Donald J. Mares	Manager/Executive Director of the Department of Human Services
Robert M. McDonald	Manager/Executive Director of the Department of Public Health and Environment
Troy Riggs	Manager/Executive Director of the Department of Safety
Brandon Gainey	Manager/Executive Director of the Department of General Services

Department of Aviation

Gisela Shanahan	Executive Vice President/Chief Financial Officer
Cristal Torres DeHerrera	Executive Vice President/Chief of Staff
Chris McLaughlin	Executive Vice President/Chief Operating Officer
Darryl Jones	Executive Vice President/Chief Real Estate Officer
Xavier S.L. DuRán, Esq.	General Counsel
Adam Giombetti	Deputy Chief Financial Officer
Penny May	Deputy Chief of Staff

Denver International Airport
Organizational Chart
as of December 31, 2019



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Independent Auditor's Report

Audit Committee
City and County of Denver
Denver, Colorado

We have audited the accompanying financial statements of the City and County of Denver, Colorado Municipal Airport System (the Airport System), an enterprise fund of the City and County of Denver, Colorado (the City), as of and for the years ended December 31, 2019 and 2018 and the related notes to the financial statements, which collectively comprise the Airport System'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.

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Airport System as of December 31, 2019 and 2018, and the respective changes in financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matters

As discussed in Note 1, the financial statements of the Airport System are intended to present the financial position and the changes in financial position and cash flows of only those portions of the business-type activities of the City that are attributable to the transactions of the Airport System. They do not purport to, and do not, present fairly the financial position of the City as of December 31, 2019 and 2018, the changes in its financial position, or, where applicable, its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

As discussed in Note 24(d), subsequent to June 19, 2020, the original issuance date of the Independent Auditor's Report, as described below, the financial statements have been revised to reflect the accrual of a judgment rendered against the Airport System. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, pension and other postemployment information as listed in the table of contents 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, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our 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.

Audit Committee
City and County of Denver

Other Information

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

BKD, LLP

Denver, Colorado
June 19, 2020, except for Note 24(d) as to which the date is June 30, 2020

2019 ANNUAL FINANCIAL REPORT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

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

The following discussion and analysis of the financial performance and activities of the Municipal Airport System (Airport System) of the City and County of Denver (the City) provides an introduction and understanding of the basic financial statements of the Airport System as of and for the twelve months ended December 31, 2019, 2018 and 2017. The Airport System includes the Denver International Airport (the Airport) and the former Stapleton International Airport (Stapleton). This discussion has been prepared by management and should be read in conjunction with the financial statements and the notes thereto, which follow this section.

Financial Highlights

Operating revenue at the Airport totaled $867.8 million, an increase of $59.4 million, or 7.4%, for the twelve-month period ended December 31, 2019, as compared to the twelve-month period ended December 31, 2018. Airline revenue totaled $386.5 million, up $28.4 million, or 7.9%, driven by rate increases through the rates and charges structure due to an increase in operating expenses related to continued passenger growth. Non-airline revenue totaled $481.3 million, up $31.0 million, or 6.9%, primarily due to an increase in total passengers driving more concession and car rental sales, in parking revenues due to a rate increase and in hotel revenues due to a strong hotel occupancy and average room rates. Non-airline revenue represented 55.5% of total operating revenue.

Operating expenses, exclusive of depreciation and amortization, totaled $584.5 million for the twelve-month period ended December 31, 2019, an increase of $110.2 million, or 23.2%, as compared to the twelve-month period ended December 31, 2018. The increase compared to the prior year was primarily driven by increases in contractual services and personnel costs for snow removal as well as additional city services for police and fire. Also, contributing to the increase in operating expenses are legal claim reserve and repairs and maintenance related to roadwork and parking lot repairs.

Overview of the Financial Statements

The Airport's financial statements consist of its statements of net position, statements of revenues, expenses, and changes in net position, statements of cash flows, and notes to the financial statements. The statements of net position present information on the Airport's assets, deferred outflows of resources, liabilities, deferred inflows of resources and net position. The statements of revenues, expenses, and changes in net position present information showing how the Airport's net position changed during the year. All changes in net position are reported when the underlying event giving rise to the change occurs, regardless of the timing of the cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods. The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the financial statements.

This report also includes required supplementary information for the Airport's pension information, other postemployment benefit plan and other information presented for the purposes of additional analysis.

The Governmental Accounting Standards Board (GASB) allows the Airport to present comparative financial statements but requires that the Airport's MD&A address both years presented in the comparative financial statements. Therefore, the Airport's MD&A presents three years of comparative data – the current year, the prior year and the year preceding the prior year (i.e., 2019, 2018 and 2017). During 2018, the Airport adopted GASB 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* (GASB 75). This GASB was effective for fiscal years beginning after June 15, 2017. The implementation of GASB 75 required the Airport to record beginning net Other Postemployment Benefits (OPEB) liability and deferred inflows and outflows of resources related to OPEB with the effect of a reduction of $18.7 million on the beginning of 2018 unrestricted net position. The 2017 financial statements were not restated as it was not practical to do so because the actuarial data required to restate was not available. Additional information related to the Airport's OPEB plan can be found in note 18.

Summary of Revenues, Expenses, and Changes in Net Position

The following is a summary of the revenues, expenses, and changes in net position for the years ended December 31, 2019, 2018, and 2017 ($ in thousands):

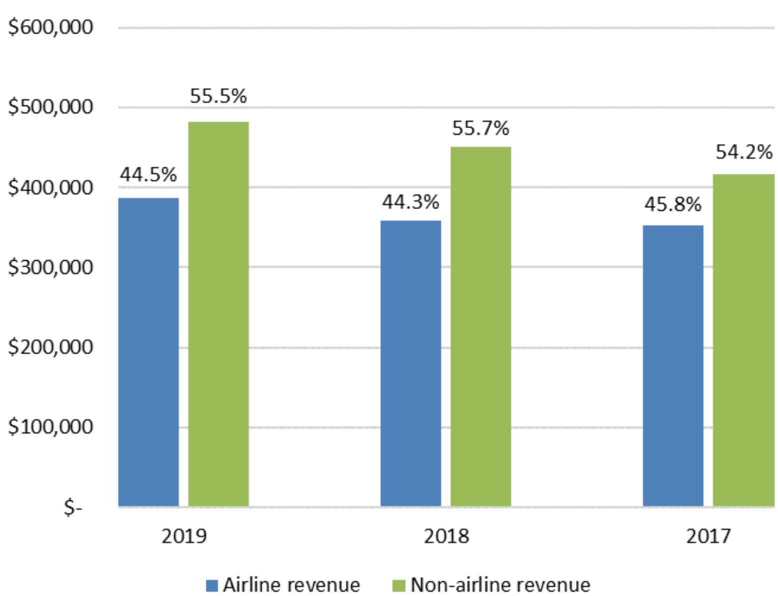
	2019	2018	2017	2019 / 2018 $ change	2019 / 2018 % change
Operating revenue	$ 867,793	$ 808,360	$ 768,925	$ 59,433	7.4%
Less: operating expenses	584,472	474,314	453,532	110,158	23.2%
Operating income before depreciation and amortization	283,321	334,046	315,393	(50,725)	(15.2%)
Less: depreciation and amortization	203,321	193,009	183,351	10,312	5.3%
Operating income	80,000	141,037	132,042	(61,037)	(43.3%)
Add: nonoperating revenues	328,075	233,844	189,763	94,231	40.3%
Less: nonoperating expenses	274,903	237,631	188,152	37,272	15.7%
Add: capital grants and contributions	15,301	26,730	55,879	(11,429)	(42.8%)
Increase in net position before special item	148,473	163,980	189,532	(15,507)	(9.5%)
Special item	(65,793)	-	-	(65,793)	(100.0%)
Increase in net position	82,680	163,980	189,532	(81,300)	(49.6%)
Net position, beginning of year	1,168,965	1,023,673	834,141	145,292	14.2%
Cumulative effect of change in accounting principle	-	(18,688)	-	18,688	(100.0%)
Net position, beginning of year, as adjusted	1,168,965	1,004,985	834,141	163,980	16.3%
Net position, end of period	$ 1,251,645	$ 1,168,965	$ 1,023,673	82,680	7.1%

Summary of Operating Revenues

The following is a summary of operating revenues for the years ended December 31, 2019, 2018, and 2017 ($ in thousands):

	2019	2018	2017	2019 / 2018 $ change	2019 / 2018 % change
Operating revenue:					
Airline revenue					
Facility rentals	$ 210,836	$ 196,065	$ 180,443	$ 14,771	7.5%
Landing fees	175,636	161,981	171,708	13,655	8.4%
Total airline revenue	386,472	358,046	352,151	28,426	7.9%
Non-airline revenue					
Parking	203,502	189,890	176,006	13,612	7.2%
Concession	85,703	83,297	68,269	2,406	2.9%
Car Rental	80,348	72,621	71,806	7,727	10.6%
Hotel	62,088	53,304	47,412	8,784	16.5%
Aviation fuel tax	25,464	25,039	25,993	425	1.7%
Ground transportation	19,997	17,313	12,449	2,684	15.5%
Other sales and charges	4,219	8,850	14,839	(4,631)	(52.3%)
Total non-airline revenue	481,321	450,314	416,774	31,007	6.9%
Total operating revenue	$ 867,793	$ 808,360	$ 768,925	$ 59,433	7.4%

Total Operating Revenues
for the years ended December 31, 2019, 2018 and 2017
(% of total)



2019/2018

The Airport's activities changed as described below for the year ended December 31, 2019, as compared to 2018:

	2019	2018	Percentage change
Passengers (in thousands)	69,016	64,495	7.0%
Enplanements (in thousands)	34,513	32,259	7.0%
Landed weight (in millions lbs)	37,668	35,216	7.0%
Aircraft operations (in thousands)[1]	640	603	6.1%
Cargo (in thousand tons)	336	307	9.4%

[1] Aircraft operations are takeoffs, landings, or other communications with the control tower.

Total airline revenues at the Airport were $386.5 million, an increase of $28.4 million, or 7.9%, for the year ended December 31, 2019, as compared to the year ended December 31, 2018.

Facility rental revenue increased by $14.8 million, or 7.5%, due to an increase in the terminal complex rental rate in 2019, related to additional maintenance and professional services to support the continued passenger growth and utilization.

Landing fee revenue increased by $13.7 million, or 8.4%. The landing fee revenue is based on cost recovery and landed weights. The increase was driven by an increase in snow removal costs and airfield maintenance costs.

Total non-airline revenues at the Airport were $481.3 million, an increase of $31.0 million, or 6.9%, for the year ended December 31, 2019, as compared to the year ended December 31, 2018.

Parking revenue increased by $13.6 million, or 7.2%, primarily due to a rate increase and increased parking duration in the garage parking facilities. Effective September 1, 2019, there was an increase in hourly and daily rates for all parking facilities except for the shuttle lots. Garage rates increased to $28 (formerly $25 per day) and the economy rate increased to $17 per day (formerly $16 per day).

Concession revenue increased by $2.4 million, or 2.9%, driven by an increase in sales and terminal advertising revenue.

Car rental revenue increased by $7.7 million, or 10.6%, primarily due to an increase in O&D passengers, coupled with an increase in number of transaction days.

Hotel revenue increased by $8.8 million, or 16.5%, primarily due to an increase in occupancy rate from 75.7% to 86.7%, combined with a 7.9% increase in average room rates.

Aviation fuel tax revenue increased by approximately $0.4 million, or 1.7% due to an increase in gallons sold. Fuel tax revenues are comprised of both excise and sales tax collections. The Airport receives $0.02 per gallon from excise tax collections, and 65% of the 2.9% sales tax collections.

Ground transportation revenue increased $2.7 million, or 15.5%, driven by increased utilization of transportation network companies (TNCs).

Other sales and charges revenue decreased by $4.6 million, or 52.3%, due to various operational and revenue sources.

2018/2017

The Airport's activities changed as described below for the year ended December 31, 2018, as compared to 2017:

	2018	2017	Percentage change
Passengers (in thousands)	64,495	61,379	5.1%
Enplanements (in thousands)	32,259	30,714	5.0%
Landed weight (in millions lbs)	35,216	33,884	3.9%
Aircraft operations (in thousands)(1)	603	582	3.6%
Cargo (in thousand tons)	307	292	5.1%

(1) Aircraft operations are takeoffs, landings, or other communications with the control tower.

Total airline revenues at the Airport were $358.0 million, an increase of $5.9 million, or 1.7%, for the year ended December 31, 2018, as compared to the year ended December 31, 2017.

Facility rental revenue increased by $15.6 million, or 8.7%, resulting from an increase in the terminal complex rental rate in 2018, as well as an increase in the costs related to the Automatic Guideway Transit System (AGTS) due to increased passenger traffic growth and utilization of the airport.

Landing fee revenue decreased by $9.7 million, or 5.7%, driven by the decrease in airfield debt service requirements.

Total non-airline revenues at the Airport were $450.3 million, an increase of $33.5 million, or 8.0%, for the year ended December 31, 2018, as compared to the year ended December 31, 2017.

Parking revenue increased by $13.9 million, or 7.9%, primarily due to rate increases in the garage and economy parking lots, which went into effect February 15, 2018. Garage rates increased to $25 per day (formerly $24), and economy lot rates increased to $16 per day (formerly $13) for the first three days then the rate reduces to $15 for subsequent days.

Concession revenue increased by $15.0 million, or 22.0%, due to a 5.0% increase in total enplaned passengers, as well as a 3.2% increase in sales per enplanement. Additional factors driving the year-over-year increase include the continued refresh of existing concession locations, and an increase in advertising revenues.

Car rental revenue increased by $0.8 million, or 1.1%, primarily due to an increase in O&D passengers.

Hotel revenue increased by $5.9 million, or 12.4%, primarily due to an increase in total occupancy from 69.9% to 75.7%, combined with a 5.2% increase in average room rates.

Aviation fuel tax revenue decreased by approximately $1.0 million, or 3.7%. Fuel tax revenues are comprised of both excise and sales tax collections. The Airport receives $0.02 per gallon from excise tax collections, and 65% of the 2.9% sales tax collections.

Ground transportation revenue increased $4.9 million, or 39.1%, due to growth of transportation network companies, as well as an increase in O&D passenger traffic. In addition, approximately $1.0 million of the year-over-year increase is attributable to the result of a one-time adjustment to ground transportation revenue.

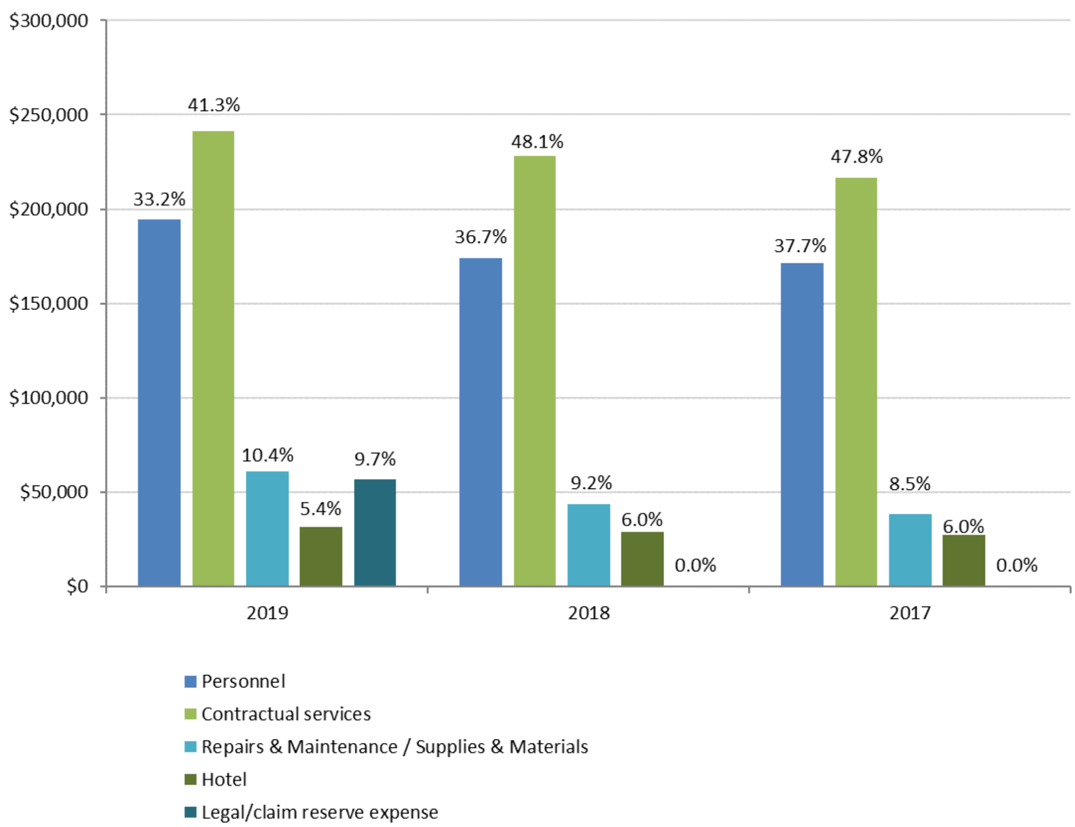
Other sales and charges revenue decreased by $6.0 million, or 40.4%, due to lower various operational and revenue sources, combined with a decrease in interest charged.

Summary of Operating Expenses

The following is a summary of operating expenses before depreciation and amortization for the years ended December 31, 2019, 2018, and 2017 ($ in thousands):

	2019	2018	2017	2019 / 2018 $ change	2019 / 2018 % change
Personnel	$ 194,317	$ 173,979	$ 171,151	$ 20,338	11.7%
Contractual services	241,264	227,918	216,501	13,346	5.9%
Repair and maintenance projects	32,296	19,423	14,071	12,873	66.3%
Maintenance, supplies, and materials	28,649	24,378	24,452	4,271	17.5%
Hotel	31,446	28,616	27,357	2,830	9.9%
Legal/claim reserve expense	56,500	-	-	56,500	100.0%
Total operating expenses	$ 584,472	$ 474,314	$ 453,532	$ 110,158	23.2%

Operating Expenses before Depreciation and Amortization
for the years ended December 31, 2019, 2018 and 2017
(% of total)



2019/2018

Operating expenses, exclusive of depreciation and amortization, were $584.5 million for the year ended December 31, 2019, an increase of $110.2 million, or 23.2%, as compared to the same period in 2018.

Personnel increased $20.3 million, or 11.7%, primarily driven by increases in police and fire compensation of approximately $2.8 million, increase in annual merit and benefit costs, and higher labor costs associated with snow removal. Also contributing to the increase is an increase in GASB 68 Pension expenses of approximately $8.8 million.

Contractual services overall increased $13.3 million, or 5.9%, primarily due to increased maintenance and snow removal services and other key professional and city services contracts to support continued passenger growth. One of the key drivers for the change in operational call out procedures as well as significant increase in snowfall during the 2018-2019 snow season.

Project repair and maintenance increased by $12.9 million, or 66.3%, due to more non-capitalizable project expenditures. The increase is attributed to roadwork and certain parking lot paving repairs.

Maintenance, supplies, and materials increased $4.3 million, or 17.5%, due to increase in snow removal and de-icing related expenses.

Hotel expenses increased $2.8 million, or 9.9%, due to an increase in operating costs associated with an increase in occupancy rate from 75.7% to 86.7% when compared to the prior year.

Legal/claim reserve expense increased by $56.5 million, 100.0%, due to claim litigation judgment for 2014-2016 and additional claims for 2017-2018. This is further discussed in subsequent events note 24(d).

2018/2017

Operating expenses, exclusive of depreciation and amortization, were $474.3 million for the year ended December 31, 2018, an increase of $20.8 million, or 4.6%, as compared to year ended December 31, 2017.

Personnel expenses increased by $2.8 million, or 1.7%, primarily driven by annual merit and benefit cost increases, as well as increases in police and fire compensation.

Contractual services expenses increased by $11.4 million, or 5.3%, primarily due to increased maintenance services and other key professional services contracts to support continued passenger growth.

Repair and maintenance expenses increased by $5.4 million, or 38.0%, due to more non-capitalizable project expenditures.

Maintenance, supplies, and materials expenses remained flat year-over-year.

Hotel expenses increased by $1.3 million, or 4.6%, due to an increase in occupancy over the prior year.

Nonoperating Revenues and Expenses, Capital Grants and Capital Contributions

2019/2018

Total nonoperating revenues increased by $94.2 million, or 40.3%, primarily due to an increase in investment income resulting from bond proceeds associated with the Airport System Subordinate Revenue Series 2018A (AMT) Bonds and 2018B (Non-AMT) Bonds.

Total nonoperating expenses increased $37.3 million, or 15.7%, primarily due to interest expense associated with the Airport System Subordinate Revenue Series 2018A (AMT) Bonds and 2018B (Non-AMT) Bonds.

In 2019 and 2018, capital grants totaled $15.3 million and $26.7 million, respectively. The 2018 capital grants included Transportation Security Administration grant funding for a capital project to improve the throughput of the checked baggage handling system. The 2019 capital grants included pavement rehab on the airfield as well as infrastructure grants.

2018/2017

Total nonoperating revenues increased by $44.1 million, or 23.2%, primarily due to increases in passenger facility charges, as a result of increases in enplanements. In addition, investment income increased resulting from bond proceeds issued with the Airport System Subordinate Revenue Series 2018A (AMT) bonds (Series 2018A) and 2018B (Non-AMT) bonds (Series 2018B).

Total nonoperating expenses increased by $49.5 million, or 26.3%, primarily due to interest expense associated with the Series 2018A bonds and Series 2018B bonds.

In 2018 and 2017, capital grants totaled $26.7 million and $55.9 million, respectively. The decrease in 2018 from 2017 was driven by Transportation Security Administration grant funding for a capital project to improve the throughput of the checked baggage handling system. The majority of this capital contribution was based on costs incurred in 2017.

Special Item

2019/2018

GASB issued pronouncement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – For State and Local Governments* (GASB 34). GASB 34 defines Special Item as transactions or other events within the control of management that are significant and either unusual in nature or infrequent in occurrence. On August 12, 2019, the City, for and on behalf of the Airport, exercised its right to terminate the Great Hall Agreement for convenience, with an effective termination date of November 12, 2019. A portion of the cost associated with the termination payments were determined not to be capitalizable costs. See note 20(b) for more information.

Summary of Net Position

The following is a summary of the assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position as of December 31, 2019, 2018 and 2017 ($ in thousands):

	2019	2018	2017	2019 / 2018 $ change	2019 / 2018 % change
Assets:					
Current assets, unrestricted[1]	$ 279,147	$ 346,850	$ 220,362	$ (67,703)	(19.5%)
Current assets, restricted	547,238	1,116,062	244,878	(568,824)	(51.0%)
Noncurrent investments, unrestricted	835,682	503,915	446,630	331,767	65.8%
Noncurrent Investments, restricted	2,052,930	2,168,124	926,510	(115,194)	(5.3%)
Long-term receivables	30,548	29,716	29,018	832	2.8%
Capital assets, net	4,224,698	3,826,587	3,651,252	398,111	10.4%
Bond insurance costs, net	329	384	439	(55)	(14.3%)
Interest rate swaps	4,589	13,226	27,686	(8,637)	(65.3%)
Total assets	7,975,161	8,004,864	5,546,775	(29,703)	(0.4%)
Deferred outflows of resources	131,372	119,394	156,426	11,978	10.0%
Liabilities:					
Current liabilities, unrestricted	293,992	215,707	196,299	78,285	36.3%
Current liabilities, restricted	281,820	257,538	244,343	24,282	9.4%
Bonds payable, noncurrent	5,955,004	6,215,968	3,941,423	(260,964)	(4.2%)
Interest rate payable swaps, noncurrent	36,097	78,388	119,484	(42,291)	(54.0%)
Notes payable, noncurrent	2,235	4,427	7,600	(2,192)	(49.5%)
Compensated absences payable, noncurrent	7,579	7,751	7,421	(172)	(2.2%)
Net pension liability	191,995	140,679	153,874	51,316	36.5%
Net OPEB liability	21,315	18,548	-	2,767	14.9%
Claim litigation reserves	56,500	-	-	56,500	100.0%
Total liabilities	6,846,537	6,939,006	4,670,444	(92,469)	(1.3%)
Deferred inflows of resources	8,351	16,287	9,084	(7,936)	(48.7%)
Net position (deficit)					
Net investment in capital assets (deficit)	(157,375)	(29,619)	78,760	(127,756)	431.3%
Restricted	490,723	507,237	487,601	(16,514)	(3.3%)
Unrestricted	918,297	691,347	457,312	226,950	32.8%
Total net position	$1,251,645	$1,168,965	$1,023,673	$ 82,680	7.1%

[1] Accounts receivable net of allowance for doubtful accounts of $2,599, $3,442, and $2,151 respectively

2019/2018

Total assets decreased by $29.7 million, or 0.4% compared to December 31, 2018. This was primarily due to a decrease of $406.8 million, or 10.2%, in total cash and investments, as well as by a decrease of $16.5 million, or 27.2%, in accounts receivable. The decrease was offset by the net increase in capital assets of $398.1 million, or 10.4%. The decrease in total cash and investments is primarily driven by cash outflows related to the 2018-2022 capital program and partial use of Airport funds to refund Series 2008C2 and 2008C3 Bonds. These decreases in cash and investments are partially offset by cash received from operational activities. The decrease in accounts receivable is reflective of an increase in collections. The net increase in capital assets is due to additional capital assets entering service and additions to construction in progress related to the 2018-2022 capital program.

Total deferred outflows of resources increased by $12.0 million, or 10.0% primarily due to pension adjustments as required by GASB Statement No.68 *Accounting and Financial Reporting for Pension* (GASB 68)and GASB Statement No.75 *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* (GASB 75). The increase was offset by the amortization of deferred losses on bond refundings, as well as the change in fair value of hedging activities.

Total liabilities decreased by $92.5 million, or 1.3%, compared to December 31, 2018. This decrease was primarily due to schedule bond principal payments of $198.8 million, a $41.6 million decrease in noncurrent bonds payable due to bond refunding of the series 2008C2 and 2008C3 Bonds, as well as a $42.3 million, or 54.0%, decrease in noncurrent interest rate payable on swaps as a result of some swap terminations. These decreases were offset by an increase in current vouchers payable of $65.7 due to accruals related to capital expenditures for the 2018-2022 capital program as well as claim litigation reserve accrual of $56.5 million (see note 24(d) for further detail).

Total deferred inflows of resources decreased by $8.0 million, or 48.7%, primarily due to the adjustments as required under GASB 68 and GASB 75. This decrease was offset by the amortization of deferred gain on bond refundings.

The Airport's 2019 total net position is $1.3 billion, of which 39.2% is restricted for future debt service and capital construction. The bond reserve account and bond accounts that are externally restricted represent $476.9 million for debt service and $13.8 million for capital projects.

As of December 31, 2019, the remaining net position consist of unrestricted balance of $918.3 million and a deficit net investment in capital assets of ($157.4) million. Unrestricted net position may be used to meet any of the Airport's ongoing operational needs, as such, management of the Airport has internally designated $65.8 million of its unrestricted net position amount, as allowed in the 1984 Airport System General Bond Ordinance as supplemented and amended, to help meet debt coverage requirements. The deficit in investment results because the outstanding debt exceeds the net book value of the capital assets financed by the related debt.

2018/2017

Total assets increased by $2.5 billion, or 44.3%, compared to December 31, 2017. This was primarily due to an increase of $2.3 billion, or 134.5%, in total cash and investments, as well as an increase of $175.3 million, or 4.8%, in total capital assets. The increase in total cash and investments is due to the issuance of Series 2018A and Series 2018B Bonds for $2.5 billion. The increase in total capital assets is due to additional capital assets entering service and additions to construction in progress related to the 2018-2022 capital program.

Total deferred outflows of resources decreased by $37.0 million, or 23.7%, due to the amortization of deferred losses on bond refundings, as well as pension adjustments as required under GASB Statement No. 68 *Accounting and Financial Reporting for Pensions* (GASB 68) and the implementation of GASB 75.

Total liabilities increased by $2.3 billion, or 48.6%, compared to December 31, 2017. This was primarily due to a $2.3 billion, or 57.7%, increase in noncurrent bonds payable as a result of the issuance of Series 2018A and Series 2018B Bonds, as well as a $18.5 million increase due to the implementation of GASB 75. This increase was partially offset by a $41.1 million, or 34.4%, decrease in interest rate swaps, a $13.2 million, or 8.6%, decrease in net pension liabilities, and a $9.8 million, or 75.8%, decrease in restricted vouchers payable.

Total deferred inflows of resources increased by $7.2 million, or 79.3%, due to pension adjustments as required under GASB 68 and the implementation of GASB 75.

The Airport's 2018 total net position is $1.2 billion, of which 43.4% is restricted for future debt service and capital construction. The bond reserve account and bond accounts that are externally restricted represent $496.0 million for debt service and $11.3 million for capital projects.

The remaining net position consist of unrestricted balance of $691.3 million which may be used to meet any of the Airport's ongoing operational needs. Management of the Airport has internally designated $65.8 million of its unrestricted net position amount, as allowed in the 1984 Airport System General Bond Ordinance, as supplemented and amended, to help meet debt coverage requirements.

In addition, ($29.6) million represent the Airport's net investment in capital assets. The deficit in investment results because the outstanding debt exceeds the net book value of the capital assets financed by the related debt.

Long-Term Debt

As of December 31, 2019, the Airport had approximately $5.8 billion in outstanding senior and subordinate bonded debt, bearing fixed and variable interest rates. The total annual debt service (principal and interest) was $489.3 million in 2019. Annual debt service for 2020 will be $476.4 million, which includes approximately $111.1 million to be funded from bond capitalized interest accounts.

The Airport's senior lien debt is currently rated by Standard & Poor's, Moody's, and Fitch at A+, A1, and AA-, respectively, with each of the rating agencies giving the Airport a stable outlook. The Airport's subordinate lien debt is currently rated by Standard & Poor's, Moody's, and Fitch at A, A2, and A+, respectively with a stable outlook for Standard & Poor's and Fitch and positive outlook for Moody's. The industry has been impacted by COVID-19 and as a result the Airport's rating outlooks have been updated. On March 26, 2020, Standard & Poor's changed the senior and subordinate lien debt outlook from stable to negative. On March 31, 2020, Fitch change the senior and subordinate lien debt outlook from stable to negative. On April 16, 2020, Moody's changed the senior and subordinate lien debt outlook from positive to stable.

The Airport's governing bond ordinances (the bond ordinance) require that the Airport's net revenues plus other available funds, as defined in the bond ordinance, be sufficient to provide debt service coverage of 125% of the annual debt service requirement on senior bonds and 110% of the aggregate annual debt service requirements on senior and subordinate bonds, and junior liens. The debt service coverage ratio on all bonds for the years ended December 31, 2019 and 2018 were 184% and 196% of total debt service, respectively.

On April 28, 2020, the Airport extended the credit facility and reimbursement agreements with Bank of America for the Series 1992 F, G, Series 2002C and Series 2009C bonds through April 28, 2023. See note 11 to the financial statements for additional information.

On December 18, 2019, the Airport fully terminated the 2002 Swap Agreement with Goldman Sachs Bank. There was no cost to the Airport for the termination and it yielded a de minimis net cash inflow.

On November 15, 2019, the Airport issued the Airport System Subordinate Revenue Bonds Series 2019C (Non-AMT) (Series 2019C) and Series 2019D (Non-AMT) (Series 2019D) for $120.0 million and $83.7 million, respectively. The Series 2019C and Series 2019D proceeds coupled with Airport contributions of approximately $15.3 million were used to refund the Series 2009A and Series 2016B Bonds, terminate the 2006A Swap Agreements with JP Morgan Chase Bank, and fund the costs of issuance.

On August 20, 2019, the Airport issued the Airport System Subordinate Revenue Bonds Series 2019A (AMT) (Series 2019A) and Series 2019B (Taxable) (Series 2019B) for $145.9 million and $22.7 million, respectively. The Series 2019A and Series 2019B proceeds coupled with Airport contributions of approximately $54.7 million were used to refund the Series 2008C2 and Series 2008C3 Bonds, terminate the 1998 Swap Agreements with Goldman Sachs Capital Markets, L.P. and Societe Generale, New York Branch, and fund the costs of issuance.

On March 13, 2019, the Airport fully terminated the 2005 and 2006B Swap Agreements with the Royal Bank of Canada and Piper Jaffray Financial Projects, LLC. There was no cost to the Airport for the terminations and it yielded a net cash inflow of $1.19 million.

On December 7, 2018, the Airport fully terminated the 2005 and 2006B Swap Agreements with Jackson Financial Products, LLC. There was no cost to the Airport for the terminations and it yielded a net cash inflow of $1.16 million.

On August 28, 2018, the Airport issued Subordinate Bonds (i) $2.3 billion of Series 2018A (AMT) Bonds and (ii) $184.4 million of Series 2018B (Non-AMT) Bonds. Combined, these two transactions will be used to assist in funding the 2018-2022 Capital Program, pay off the Airport System Subordinate Revenue Bonds Series 2017C (AMT), the Subordinate Bond Reserve Requirement, provided funds for capitalized interest and pay cost of issuance.

Capital Assets

As of December 31, 2019 and 2018, the Airport had $4.2 billion and $3.8 billion, respectively, in total capital assets, net of accumulated depreciation. The net accumulated depreciation is approximately $3.6 billion in 2019 and $3.4 billion in 2018.

The projects included in the 2018-2022 Capital Program are expected to be periodically evaluated by the Airport with respect to their timing, costs, availability of funding, Airport cash position, any environmental issues that may arise and other factors that might affect the implementation of the 2018-2022 Capital Program. Accordingly, projects currently included in the 2018-2022 Capital Program, their timing and costs are subject to change and are reflected below.

The 2018-2022 Capital Program identifies capital projects with a total cost of approximately $3.5 billion in the following areas of the Airport:

	in billions
Concourse A, B, C	$ 2.3
Jeppesen Terminal	0.8
Airside	0.3
Landside	0.1
TOTAL	**$ 3.5**

Concourse A, B, C:

Major projects include the concourse gate expansion, as well as renewal of existing facilities including but not limited to hold-room, signage and wayfinding upgrades, remodeling of the public restrooms, ramp replacement, and the conveyance replacement program. This includes the design and construction of new gates and associated apron, airfield, and roadway improvements on Concourse A, B and C, as well as increase the amount of airline and concessions space on each concourse. It is the Airport's current expectation that most of the additional gates and space will be revenue-producing in the near and longer term due to current airline demand.

Jeppesen Terminal:

Major projects include the Great Hall project, baggage system upgrades, additional AGTS train sets and the AGTS car replacement program. Major projects in connection with the baggage handling system improvements consist of the development of two new checked bag resolution areas that will replace the nine existing locations; installation of new conventional baggage conveyors and individual carrier system to move bags identified for additional screening between the screening areas to the new checked bag resolution areas; modifications to the run out belts and equipment in the airline use area of level 6 and associated rights of way to accommodate upgrades; and replacement and update of baggage handling system controls, automatic tag readers, and baggage handling reporting systems to meet the latest TSA requirements. The Great Hall project includes renovations to Jeppesen Terminal designed to, among other things, enhance security of the passengers and the Airport, improve passenger flow and increase and improve concessions areas.

After termination of the Development Agreement with Great Hall Developers, who were granted an exclusive right for the renovation and reconfiguration of a portion of the Great Hall Project, see note 20(b), the Airport projects that the design and construction costs of the Great Hall Project will remain at the original budgeted amount of $770 million which includes $120 million of contingency costs. This budgeted amount includes a portion of the termination payment that represents project value costs that were originally part of the construction budget. In order to meet the original construction budget, the Airport is working to reduce the scope of the Great Hall Project without compromising the original project goals to enhance security of passengers and the Airport, improve passenger flow and increase and improve concessions areas. The construction costs are anticipated to be funded with proceeds of the Series 2018 Subordinate Bonds, amounts on deposit in the Capital Fund, and future bond issuances. Subsequent to the Net Position date of December 31, 2019, the procurement process was completed, and the construction of the Great Hall Project resumed in the first quarter of 2020. Upon completion of the Great Hall Project, the City, for and on behalf of the Airport, expects to operate any commercial development in the Jeppesen Terminal and retain 100 percent of the revenues generated. Additional information related to the Great Hall project can be found in note 20 (Commitments and Contingencies) to the financial statements.

Airside:

Major projects include rehabilitation of certain runways, taxiways, and apron areas as part of the Airport's pavement management system; improvements to airfield drainage, safety areas, and airfield service roads; rehabilitation and installation of lighting; certain safety area upgrades and airfield planning studies. Airside projects are partly funded through the Federal Aviation Administration's Airport Improvement Program.

Landside:

Major projects include the east bound Peña Boulevard reconstruction, realignment and various sections of roadway as well as annual pavement rehabilitation to replace deteriorating concrete. In addition, this includes the replacement of the revenue control system, which will improve parking services.

DEN Real Estate:

Major Airport revised its land development plan which reduced the Airport's infrastructure investment requirement. Additional information related to the Airport's capital assets can be found in note 6.

Passenger Facility Charges (PFCs)

In 1992, the PFC program authorized the imposition of a fee of $3.00 per enplaned passenger and the use of this funding for approved projects, with certain qualifying airports permitted to charge a maximum PFC of $4.50. In 2000, the Federal Aviation Administration (FAA) approved the Airport's application for an increase in the PFC fee from $3.00 to $4.50, the revenues from which are to be used for qualified costs of the Airport, including associated debt service and approved capital projects. The Airport increased the PFC rate from $3.00 to $4.50 effective April 1, 2001. As of December 31, 2019, a total of $2.2 billion has been remitted to the Airport (including interest earned), of which $106.2 million has been expended on approved projects. $2.1 billion has been used to pay debt service on the Airport's general airport revenue bonds, and $35.3 million is unexpended. The Airport's authorization to impose the PFC expires on the earlier of February 1, 2029, or upon collection of the authorized maximum PFC total of $3.2 billion. On May 2, 2019, the FAA approved through Final Agency Decision the City's application to impose additional PFC collections at DEN. As a result of the decision, the PFC rate will remain the same, at $4.50, but the authorized maximum PFC collection total increased by $244.4 million to $3.5 billion through February 1, 2029. The decision is to fund already approved capital projects.

Customer Facility Charges (CFCs)

Effective January 1, 2014, the Airport imposed a CFC of two dollars and fifteen cents ($2.15) per Rental Car Transaction Day. The CFC is imposed pursuant to the provisions of Chapter 5 and Sections 5-15 and 5-16 of the Revised Municipal Code of the City and County of Denver. The CFC shall be established through a cost recovery methodology based on the estimated costs associated with the management of, improvements to, and expansion of the existing rental car facility area and related transportation facilities and the planning and design of future phases of the rental car program.

COVID-19

The outbreak of a new strain of coronavirus ("COVID-19") spread across the globe, including the United States. As a result of COVID-19, the U.S. government and governments of other countries issued travel restrictions and warnings for numerous countries. Various government agencies and others warned against travel and large group events, and numerous states issued stay-home orders curtailing non-essential travel. The Governor of the State of Colorado issued an Executive Order for all people to stay home starting on March 25, 2020 effective through April 11, 2020 and was extended to April 26,2020 as did the Mayor of the City through May 8, 2020, except to meet essential needs. The Airport will continue its operations as an essential service, which includes all services (i.e. concessions, rental car, etc.). The Airport is experiencing a reduction in passengers and operations as a result of impact of COVID-19. The Airport is proactively implementing a number of measures intended to mitigate operational and financial impacts of the COVID-19 pandemic. DEN has instituted a hiring freeze, is focusing on essential expenditures and is reprioritizing capital projects and programs to position the airport for a strong recovery.

The Airport will be eligible to receive approximately $269.1 million through the Coronavirus Aid, Relief and Economic Security (CARES) Act stimulus package, which was signed into law on March 27, 2020. Under the CARES Act, the FAA distributes funds to airports based on enplanements and other metrics related to cash reserves and debt service. Funding received through the CARES Act will be used to prevent, prepare for and respond to the impacts of the COVID-19 pandemic. There is no deadline by which the funds must be used. On April 28, 2020, The City, for and on behalf of the Airport, executed the CARES Act Grant with the FAA and is eligible to receive $269.1 million. The Airport plans to designate these funds to be used for debt service.

Budgetary Highlights

	2019 Budget	2019 Actual	% Over / (Under)	2018 Budget	2018 Actual	% Over / (Under)
Operating revenues						
Airline revenues	$ 380,202	$ 386,472	1.6%	$ 376,460	$ 358,046	(4.9%)
Non-airline revenues	452,600	481,321	6.3%	416,715	450,314	8.1%
Total operating revenues	832,802	867,793	4.2%	793,175	808,360	1.9%
Total operating expenses[(1)]	489,020	479,183	(2.0%)	470,801	454,891	(3.4%)
Total operating income	$ 343,782	$ 388,610	13.0%	$ 322,374	$ 353,469	9.6%

[(1)] Operating expenses exclusive of repair and maintenance of projects, GASB 68, GASB 75, and legal claim reserve.

2019

Actual operating revenues at the Airport were $867.8 million, which were $35.0 million, or 4.2% higher than the budget of $832.8 million, for the year ended December 31, 2019. The increase was primarily driven by non-airline revenue due to higher than anticipated passenger traffic along with general rate increases, and additional maintenance to support passenger growth. Operating expenses were in line with the proposed budget.

2018

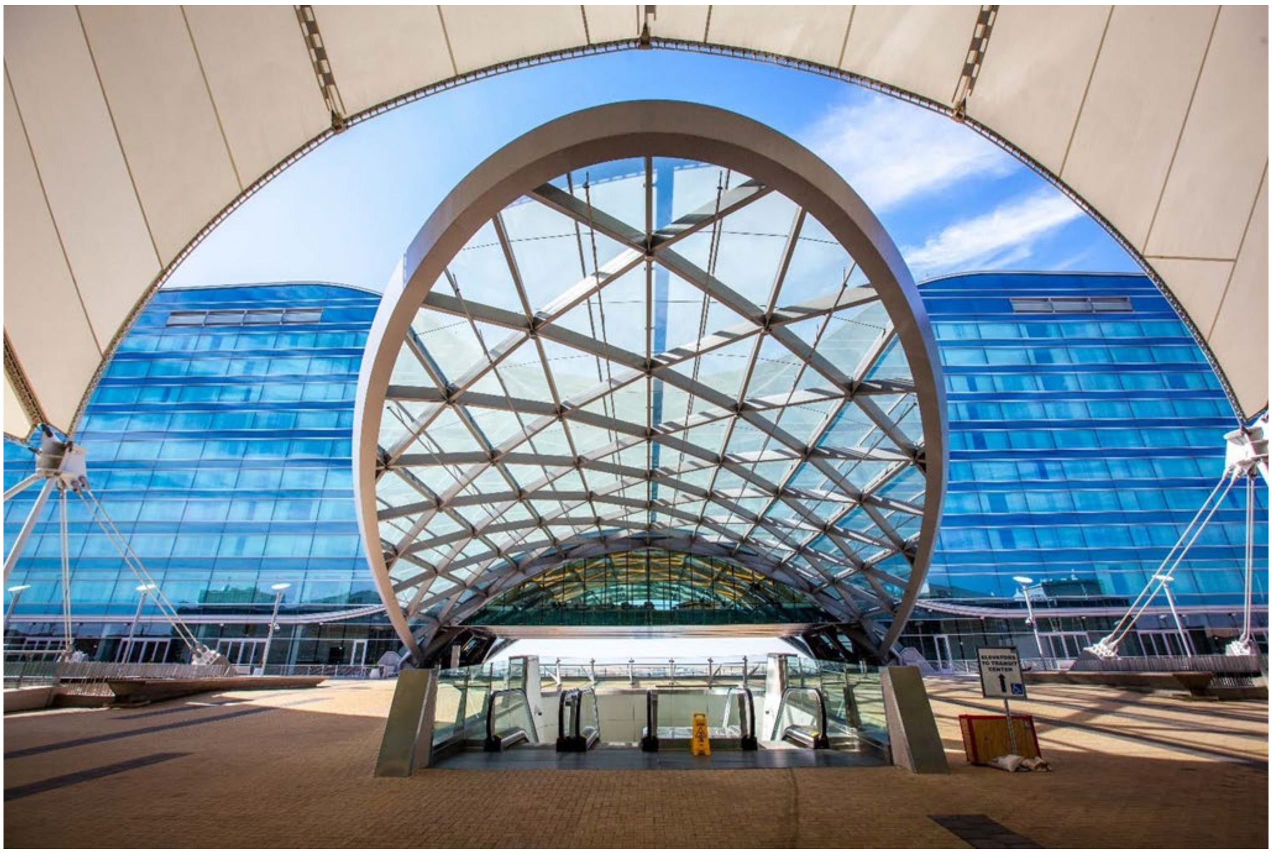
Actual operating revenues at the Airport were $808.4 million, which were $15.2 million, or 1.9% higher than the budget of $793.2 million, for the year ended December 31, 2018. The increase was primarily driven by non-airline revenue due to higher than anticipated passenger traffic along with general rate increases, partially offset by a decrease in airline revenues resulting from lower than expected operating expenses.

Operating expenses were under budget primarily due to vacant positions, savings in contractual services, City indirect cost savings, as well as savings in snow removal chemicals.

Request for Information

This financial report is designed to provide a general overview of the Airport's finances for all those with an interest. Questions concerning any of the information presented in this report or requests for additional information should be addressed to the Finance Department, Denver International Airport, Airport Office Building, 8th Floor, 8500 Pena Boulevard, Denver, CO 80249-6340.

2019 ANNUAL FINANCIAL REPORT
FINANCIAL STATEMENTS



Statements of Net Position

December 31, 2019 and 2018 ($ in thousands)

	2019	2018
Assets		
Current assets:		
Cash and cash equivalents	$ 28,948	$ 21,763
Investments	169,964	226,536
Accounts receivable,		
net of allowance of $2,599 and $3,442, respectively	44,250	60,745
Accrued interest receivable	6,220	5,264
Grants receivable	7,417	9,423
Customer facility charges receivable	1,929	3,000
Other receivables	6,078	6,094
Inventories	10,613	11,538
Prepaid expenses and other	3,728	2,487
Total current unrestricted assets	279,147	346,850
Restricted assets:		
Cash and cash equivalents	87,543	104,402
Investments	417,532	974,686
Accrued interest receivable	12,541	11,218
Prepaid expenses and other	13,836	11,265
Passenger facility charges receivable	15,786	14,491
Total current restricted assets	547,238	1,116,062
Total current assets	826,385	1,462,912
Noncurrent assets:		
Investments - unrestricted	835,682	503,915
Long-term receivables, net of current portion in other receivables	30,548	29,716
Capital assets (depreciable):		
Buildings and Improvements	5,637,968	5,580,138
Machinery and equipment	974,696	908,973
	6,612,664	6,489,111
Less: accumulated depreciation and amortization	3,572,991	3,400,441
	3,039,673	3,088,670
Capital assets (non-depreciable):		
Art	7,344	7,166
Capacity rights	12,400	12,400
Construction in progress	869,515	422,585
Land, land rights and air rights	295,766	295,766
Total capital assets	4,224,698	3,826,587
Prepaid bond insurance	329	384
Interest rate swaps	4,589	13,226
Investments - restricted	2,052,930	2,168,124
Total noncurrent assets	7,148,776	6,541,952
Total assets	7,975,161	8,004,864
Deferred outflows of resources	131,372	119,394
Total assets and deferred outflows	$ 8,106,533	$ 8,124,258

See accompanying notes to financial statements

Statements of Net Position

December 31, 2019 and 2018 ($ in thousands)

	2019	2018
Liabilities		
Current liabilities:		
Unrestricted:		
Vouchers payable	$ 158,471	$ 92,724
Due to other city agencies	31,468	24,360
Compensated absences payable	2,579	2,391
Other liabilities	21,473	15,599
Revenue credit payable	40,000	40,000
Advance rent	40,001	40,633
Total current unrestricted liabilities	293,992	215,707
Restricted:		
Vouchers payable	2,329	3,125
Retainages payable	26,832	15,573
Accrued interest and matured coupons	29,114	31,563
Notes payable	2,192	3,173
Other liabilities	5,063	5,279
Revenue bonds	216,290	198,825
Total current restricted liabilities	281,820	257,538
Total current liabilities	575,812	473,245
Noncurrent liabilities:		
Bonds payable:		
Revenue bonds, net of current portion	5,541,130	5,806,690
Plus: net unamortized premiums	413,874	409,278
Total bonds payable, noncurrent	5,955,004	6,215,968
Interest rate swaps	36,097	78,388
Notes payable	2,235	4,427
Compensated absences payable	7,579	7,751
Net pension liability	191,995	140,679
Net OPEB liability	21,315	18,548
Claim litigation reserves	56,500	-
Total noncurrent liabilities	6,270,725	6,465,761
Total liabilities	6,846,537	6,939,006
Deferred inflows of resources	8,351	16,287
Net Position		
Net investment in capital assets (deficit)	(157,375)	(29,619)
Restricted for:		
Capital projects	13,835	11,264
Debt service	476,888	495,973
Unrestricted	918,297	691,347
Total net position	1,251,645	1,168,965
Total liabilities, deferred inflows and net position	$ 8,106,533	$ 8,124,258

See accompanying notes to financial statements

Statements of Revenues, Expenses, and Changes in Net Position

Years Ended December 31, 2019 and 2018 ($ in thousands)

	2019	2018
Operating revenues:		
Facility rentals	$ 210,836	$ 196,065
Parking	203,502	189,890
Landing fees	175,636	161,981
Concession	85,703	83,297
Car rental	80,348	72,621
Hotel	62,088	53,304
Aviation fuel tax	25,464	25,039
Ground transportation	19,997	17,313
Other sales and charges	4,219	8,850
Total operating revenues	867,793	808,360
Operating expenses:		
Personnel	194,317	173,979
Contractual services	241,264	227,918
Repair and maintenance projects	32,296	19,423
Maintenance, supplies and materials	28,649	24,378
Hotel	31,446	28,616
Legal/claim reserve expense	56,500	-
Total operating expenses	584,472	474,314
Operating income, before depreciation and amortization	283,321	334,046
Depreciation and amortization	203,321	193,009
Operating income	80,000	141,037
Nonoperating revenues (expenses):		
Passenger facility charges	132,484	123,907
Customer facility charges	21,525	20,019
Investment income	171,096	73,802
Interest expense	(270,394)	(214,799)
Other revenues (expenses)	(1,539)	(6,716)
Total nonoperating revenues (expenses), net	53,172	(3,787)
Change in net position before capital grants and contributions and special item	133,172	137,250
Capital grants and contributions	15,301	26,730
Change in net position before special item	148,473	163,980
Special item	(65,793)	-
Change in net position	82,680	163,980
Net position, beginning of year, as previously reported	1,168,965	1,023,673
Cumulative effect on change in accounting principle	-	(18,688)
Net position, beginning of year, as adjusted	1,168,965	1,004,985
Net position, end of year as of December 31	$ 1,251,645	$ 1,168,965

See accompanying notes to financial statements

Statements of Cash Flows

Years Ended December 31, 2019 and 2018 ($ in thousands)

	2019	2018
Cash flows from operating activities:		
Receipts from customers	$ 887,667	$ 793,127
Payments to suppliers	(304,109)	(275,556)
Interfund activity payments to other funds	(21,318)	(16,004)
Payments to employees	(177,250)	(165,067)
Net cash provided by operating activities	384,990	336,500
Cash flows from capital and related financing activities:		
Proceeds from issuance of debt	412,325	2,798,813
Principal paid on notes payable and capital leases	(3,173)	(3,564)
Principal paid on revenue bonds	(188,460)	(186,140)
Interest paid on revenue bonds	(290,570)	(214,139)
Bond insurance and issue costs paid	(897)	(9,561)
Interest paid on notes payable	(113)	(29)
Capital grant receipts	17,306	48,086
Passenger Facility Charges	131,189	123,606
Customer Facility Charges	22,596	21,194
Purchases of capital assets	(463,954)	(363,458)
Purchase of capital assets - Great Hall Termination	(92,102)	-
Payment of Special Item	(41,258)	-
Payments to escrow for current refunding of debt	(431,950)	-
Payments on current refundings of debt	-	(300,000)
Proceeds from sale of capital assets	511	874
Net cash provided by (used in) capital and related financing activities	(928,550)	1,915,682
Cash flows from investing activities:		
Purchases of investments	(2,134,790)	(2,408,129)
Proceeds from sales and maturities of investments	2,605,017	133,485
Proceeds from sales of assets held for dispostion	183	5,295
Net swap termination receipts (payments)	(32,061)	1,161
Payments to maintain assets held for disposal	(29)	(8,965)
Interest and dividends on investments and cash equivalents	95,566	44,313
Net cash provided by (used in) investing activities	533,886	(2,232,840)
Net increase (decrease) in cash and cash equivalents	(9,674)	19,342
Cash and cash equivalents, beginning of year	126,165	106,823
Cash and cash equivalents, end of period	$ 116,491	$ 126,165

(continued)

Statements of Cash Flows

Years Ended December 31, 2019 and 2018 ($ in thousands)

	2019	2018
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	$ 80,000	$ 141,037
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation and amortization	203,321	193,009
Changes in assets and liabilities:		
Receivables, net of allowance	16,495	(14,806)
Due from other city agencies	-	3,727
Inventories	925	860
Prepaid expenses and other	(1,267)	(880)
Deferred outflows - pension	(27,350)	12,969
Deferred outflows - OPEB	(1,926)	673
Vouchers and other payables	516	(10,133)
Deferred rent	(632)	(5,120)
Due to other city agencies	7,108	15,942
Compensated absences	17	281
Net pension liability	51,315	(13,194)
Net OPEB liability	2,767	(140)
Deferred inflows - pension	(7,814)	6,564
Deferred inflows - OPEB	(643)	1,251
Claim litigation reserve	56,500	-
Other operating liabilities	5,658	4,460
Net cash provided by operating activities	$ 384,990	$ 336,500

Noncash activities:

	2019	2018
Unrealized gain (loss) on investments	$ 73,074	$ (6,673)
Unrealized gain on interest rate swaps	396	22,244
Amortization of bond premiums, deferred losses on bond refundings, and prepaid bond insurance	18,737	8,164
Transfer of capital asset from other government	109	4,235
Capital assets in vouchers payable and retainage payable	98,500	76,804
Capital assets in vouchers payable - Great Hall Termination	29,461	-
Vouchers payable - special item	24,534	-
Net loss on disposal of capital assets	(3,209)	(16,355)

See accompanying notes to financial statements

2019 ANNUAL FINANCIAL REPORT
NOTES TO FINANCIAL STATEMENTS

(1) Organization and Reporting Entity

(a) Nature of Operations

Pursuant to Article XX of the State of Colorado Constitution and the City and County of Denver, Colorado (the City) Charter, the City acquired, owns, operates, and maintains certain airport facilities. These facilities include Denver International Airport (DEN) and certain assets of Stapleton International Airport (Stapleton) and are referred to herein as the City and County of Denver Municipal Airport System (the Airport or Airport System). The Airport is operated as the Department of Aviation, with a Chief Executive Officer appointed by and reporting to the Mayor.

DEN consists of a landside terminal building, hotel, transit center, three airside concourses, six runways, roadways, and ancillary facilities on a 53-square mile site. Stapleton was closed to all air traffic on February 27, 1995. See note 7 for further discussion.

(b) Reporting Entity

The accompanying financial statements present only the Airport enterprise fund and are not intended to present fairly the financial position of the City, the changes in its financial position, or where applicable, its cash flows in conformity with accounting principles generally accepted in the United States of America.

(2) Summary of Significant Accounting Policies

(a) Basis of Accounting

The Airport 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 an activity that is financed with debt secured solely by a pledge of net revenues from fees and charges of the activity or when laws and regulations require that the activity's costs of providing services, including capital costs (such as depreciation or capital debt service), be recovered with fees and charges rather than with taxes or similar revenues. The pricing policies of the activity establish fees and charges designed to recover its costs, including capital costs (such as depreciation or debt service).

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (US GAAP). As an enterprise fund, the Airport uses the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized as incurred (flow of economic resources measurement focus).

(b) Cash and Cash Equivalents

City investments attributed to the Airport that have original maturities of three months or less from the purchase date are classified as cash equivalents. See note 4 for further discussion.

(c) Investments

Investments, which the City manages, are reported at fair value, which is primarily determined based on significant other observable inputs at December 31, 2019 and 2018. The Airport's investments are maintained in pools at the City and include municipal securities, commercial paper, corporate bonds, multi-national fixed income, structured products, U.S. Treasury securities, and U.S. Agency securities. The City and County of Denver investment policy can be viewed at https:// www.denvergov.org/content/dam/denvergov/Portals/344/documents/transparency/investments/Investment_Policy.pdf.

(d) Inventories

Inventories consist of materials and supplies valued at cost.

(e) Capital Assets

Capital assets are recorded at historical cost and consist of buildings, roadways, airfield improvements, machinery and equipment, infrastructure, intangibles, land, and land rights at DEN. Donated capital assets are reported at their acquisition value as of the date of acquisition. Repairs and maintenance are expensed as incurred, unless they have the effect of improving or extending the life of an asset, in which case they are capitalized as part of the cost of the asset. Costs associated with ongoing construction activities of DEN 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. The total capitalized interest incurred for fiscal year 2018 was $8.8 million. Effective January 1, 2019, the City adopted Governmental Accounting Standards Board (GASB) Statement No. 89, *Accounting for Interest Cost incurred before the End of the Construction Period*, and no longer capitalizes interest costs.

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

Buildings	20 - 40 years
Roadways	30 - 40 years
Runways/taxiways	30 - 40 years
Other improvements	15 - 40 years
Major system equipment	15 - 25 years
Vehicles and other equipment	5 - 10 years
Intangibles	3 - 5 years

(f) Prepaid Bond Insurance, Deferred Gains (Losses) on Bond Refundings, and Unamortized Premiums (Discounts)

Bond insurance premiums are recorded as assets and amortized over the life of the insurance policy using the effective interest method. Premiums (discounts) on bonds payable are recorded as liabilities or contra-liabilities and amortized over the life of bonds using the effective interest method. Unamortized premiums on bonds are recorded as an addition to the face amount of the bonds payable. Gains (losses) on bond refundings are deferred and amortized over the life of the old bonds, or the remaining life of the refunding bonds, whichever is shorter, using the effective interest rate method. Gains (losses) on bond refundings are recorded as deferred inflows or outflows of resources, respectively.

(g) *Compensated Absences Payable*

Accumulated vested sick and vacation benefits are recorded as an expense and a liability as benefits accrue to employees. The Airport uses the vesting method for estimating sick leave compensated absences payable.

(h) *Advance Rent*

Advance rent is recorded when rental payments are received by the Airport, for periods subsequent to the reporting period and prior to when the Airport has a legal right claim to the payments as revenue. Included in advance rent are customer credits and deposits.

(i) *Pensions and Other Postemployment Benefits (OPEB)*

For purposes of recording the net pension and OPEB liability, deferred outflows of resources and deferred inflows of resources relating to pension and OPEB, and pension and OPEB expense, information about the fiduciary net position of the Denver Employees' Retirement Plan (DERP) and additions to/reductions from DERP's fiduciary net position have been determined on the same basis as they are reported by DERP. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

(j) *Net Position*

2019

The Airport assets and deferred outflows exceeded liabilities and deferred inflows by $1.3 billion as of December 31, 2019, a $82.7 million increase in net position from December 31, 2018. Of the Airport's 2019 net position, 39.2% are restricted for future debt services and capital construction. The bond reserve account and bond accounts represent $476.9 million and are externally restricted for debt service. The net position restricted for capital projects represent $13.8 million.

The remaining net position included unrestricted net position of $918.3 billion which may be used to meet any of the Airport's ongoing operations. Management of the Airport internally designated $65.8 million of its unrestricted net position amount, as allowed for in the 1984 Airport System General Bond Ordinance, as supplemented and amended, to help meet debt covenant coverage requirements.

In addition, ($157.4) million represents the Airport's investment in capital assets less the related debt outstanding to finance those capital assets. The deficit in investment results because the outstanding debt exceeds the net book value of the capital assets financed by the related debt.

2018

The Airport assets and deferred outflows exceeded liabilities and deferred inflows by $1.2 billion as of December 31, 2018, a $145.3 million increase in net position from the prior year-end. Of the Airport's 2018 net position, 43.4% are restricted for future debt services and capital construction. The bond accounts represent $496.0 million and are externally restricted for debt service. The net position restricted for capital projects represent $11.3 million.

The remaining net position included unrestricted net position of $691.3 million which may be used to meet any of the Airport's ongoing operations. Management of the Airport has internally designated $65.8 million of its unrestricted net position amount, as allowed for in the 1984 Airport System General Bond Ordinance, as supplemented and amended, to help meet debt covenant coverage requirements.

In addition, ($29.6) million represents the Airport's investment in capital assets less the related debt outstanding to finance those capital assets. The deficit in investment results because the outstanding debt exceeds the net book value of the capital assets financed by the related debt.

(k) Restricted and Unrestricted Resources

Uses of restricted and unrestricted resources are made on a case-by-case basis by management depending on overall requirements. Generally, management applies restricted resources and then unrestricted resources when both restricted and unrestricted resources are available to pay an expense.

(l) Operating Revenues and Expenses

The statements of revenues, expenses, and changes in net position distinguish operating revenues and expenses from nonoperating activity and capital contributions. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with DEN's principal ongoing operations. The principal operating revenues of the Airport are charges to airline tenants for facility rentals, landing fees and parking. Operating expenses include the cost of providing services, administrative costs, and depreciation on capital assets.

(m) Nonoperating Revenues and Expenses

All revenues and expenses not meeting the above definition of operating revenues and expenses are reported as nonoperating revenues and expenses or capital contributions. Such items include Passenger Facility Charges (PFCs), Car Rental Customer Facility Fees (CFCs), interest expense, investment income, and Stapleton demolition and remediation expenses.

(n) Governmental Grants

The Airport periodically receives grant revenues from federal agencies which are either for capital projects or operating purposes. Revenue is considered earned as the related approved capital outlays or expenses are incurred by the Airport. Revenues from capital grants are reported as capital contributions on the statements of revenues, expenses, and changes in net position, and revenues from operating grants are reported as operating revenues.

(o) Rates and Charges

The Airport establishes annually, as adjusted semi-annually, airline facility rentals, landing fees, and other charges sufficient to recover the costs of operations (excluding certain debt service payments), maintenance, and debt service related to the airfield and the space rented by the airlines. Any differences between amounts collected from and actual costs allocated to the airlines' leased space are credited or billed to the airlines.

50% of Net Revenues (as defined by the bond ordinance) remaining at the end of the year with an annual cap of $40.0 million are to be credited in the following year to the airline rates and charges. The Net Revenues credited to the airlines totaled $40.0 million for 2018 and estimated net revenues credited to the airlines through December 31, 2019 totaled $40.0 million. As of December 31, 2019 and 2018, a liability was accrued for $40.0 million and $40.0 million, respectively, and is reported in the statements of net position as revenue credit payable.

(p) Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows, liabilities, and deferred inflows at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ significantly from those estimates.

(q) Reclassifications

Certain reclassifications have been made to the 2018 financial statements to conform to the 2019 financial statement presentation. These reclassifications had no effect on the change in total net position.

(r) Special Item

GASB issued pronouncement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – For State and Local Governments* (GASB 34). GASB 34 defines Special Item as transactions or other events within the control of management that are significant and either unusual in nature or infrequent in occurrence. On August 12, 2019, the City, for and on behalf of the Airport, exercised its right to terminate the Great Hall Agreement for convenience, with an effective termination date of November 12, 2019. A portion of the cost associated with the termination payments were determined to not be capitalizable and have been recorded as a Special Item on the Statement of Revenues, Expenses and Changes in Net Position. See note 20(b) for more information.

(s) Revisions

Presentation of defeased bonds in note 9(c) was revised to eliminate defeased bonds which had been redeemed for the year ended December 31, 2018. The revision decreased the amount disclosed by $307.7 million to $32.2 million. The revision had no impact on the Statement of Net Position or Statement of Revenues, Expenses, and Changes in Net Position for the year ended December 31, 2018.

(3) New Accounting Standards

Effective GASB statements impacting the Airport.

Issued in April 2018, GASB Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements* (GASB 88), is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. This Statement defines debt for purposes of disclosure in notes to financial statements as a liability that arises from a contractual obligation to pay cash (or other assets that may be used in lieu of cash) in one or more payments to settle an amount that is fixed at the date the contractual obligation is established. This Statement requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses. Implementation of this statement is effective fiscal year 2019. On April 14, 2020, GASB issued an Exposure Draft on Postponement of the Effective Dates of Certain Authoritative Guidance. On May 6, 2020, GASB issued GASB Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*, which postpones GASB 88's effective date to reporting periods beginning after June 15, 2019. Accordingly, the Airport elected to defer implementation of GASB 88 for fiscal year 2019 financial reporting.

Issued in June 2018, GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period* (GASB 89), is to (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. This Statement establishes accounting requirements for interest cost incurred before the end of a construction period. Such interest cost includes all interest that previously was accounted for in accordance with the requirements of paragraphs 5–22 of Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements,* which are superseded by this Statement. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. This Statement also reiterates that in financial statements prepared using the current financial resources measurement focus, interest cost incurred before the end of a construction period should be recognized as an expenditure on a basis consistent with governmental fund accounting principles. Implementation of this statement is effective for fiscal year 2020. On April 14, 2020, GASB issued an Exposure Draft on Postponement of the Effective Dates of Certain Authoritative Guidance. On May 6, 2020, GASB issued GASB Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*, which postpones GASB 89's effective date to reporting periods beginning after December 15, 2020. The Airport elected to early implement this standard in fiscal year 2019. The adoption of GASB 89 did not have an impact on the Airport's net position at December 31, 2019.

Issued in June 2017, GASB Statement No. 87, *Leases*, is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. Implementation of this statement is effective for fiscal year 2020. On April 14, 2020, GASB issued Exposure Draft on Postponement of the Effective Dates of Certain Authoritative Guidance. On May 6, 2020, GASB issued GASB Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*, which postpones GASB 87 effective date to reporting periods beginning after June 15, 2021.

Issued in January 2017, GASB Standard No. 84, *Fiduciary Activities*, is to improve guidance regarding the identification of fiduciary activities for the accounting and reporting purposes and how those activities should be reported. Implementation of this statement is effective for fiscal year 2019. The adoption of this standard had no effect on the Airport's financial statements. On April 14, 2020, GASB issued Exposure Draft on Postponement of the Effective Dates of Certain Authoritative Guidance. On May 6, 2020, GASB issued GASB Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*, which postpones GASB 84 effective date to reporting periods beginning after December 15, 2019.

(4) Cash and Cash Equivalents

(a) Deposits

As a department of the City and County of Denver (the City), the Airport System's deposits are pooled with the City's. Deposits are subject to, and are in accordance with, the State of Colorado's Public Deposit Protection Act (the PDPA). In addition, the City's Investment Policy (the Policy) requires that certificates of deposit be purchased from institutions that are certified as eligible public depositories. Under the PDPA, all uninsured deposits exceeding the amount insured by the FDIC, are to be fully collateralized with specific approved securities identified in the act valued at 102% of the deposits. The eligible collateral pledged must be held in custody by any Federal Reserve Bank, or branch thereof, or held in escrow by some other bank in a manner as the banking commissioner shall prescribe by rule and regulation, or may be segregated from the other assets of the eligible public depository and held in its own trust department. All collateral so held must be clearly identified as being security maintained or pledged for the aggregate amount of public deposits accepted and held on deposit by the eligible public depository. Deposits collateralized under the PDPA are considered collateralized with securities held by the pledging financial institution's trust department or agent in the "City's name." At December 31, 2019, the amount of the Airport's deposits was $30.6 million. At December 31, 2018, the amount of the Airport's deposits was $32.6 million.

(b) Investments

The Airport's investments are managed by the City and are subject to the Policy of the City. The objectives of the City's Policy, in order of priority are to maintain principal, to ensure the availability of funds to meet obligations promptly, and to maximize yield on the investment portfolio. The City's Policy applies to all investment activity of the City under the control of the Chief Financial Officer (CFO), including investments of certain monies related to business-type activities, and trust and agency funds. The City's Policy does not apply to the investments of the deferred compensation plan or component units. Other monies that may from time to time be deposited with the CFO for investment shall also be administered in accordance with the Policy.

The City Charter, Section 2.5.3(c), and Denver Revised Municipal Code, Section 20-21, authorizes the type of investments that the City can hold. The Policy generally requires that investments shall be managed in accordance with portfolio theory management principles to compensate for actual or anticipated changes in market interest rates. To the extent possible, investment maturity will be matched with anticipated cash flow requirements of each investment pool. Additionally, to the extent possible, investments will be diversified by security type and obligor. This diversification is required in order that potential losses on individual securities do not exceed the income generated from the remainder of the portfolio. Deviations from expectations shall be reported in a timely fashion and appropriate action taken to control adverse developments.

At December 31, 2019 and 2018, respectively, the Airport's cash, cash equivalents, and investment balances were as follows ($ in thousands):

	December 31, 2019	December 31, 2018
Cash and cash equivalents (including cash on hand)	$ 116,491	$ 126,165
Municipal securities	139,952	114,827
Commercial paper	74,111	47,143
Corporate bonds	537,541	497,015
Multinational fixed income	380,314	292,617
Structured products	331,324	304,766
U.S. treasury securities	774,346	1,561,057
U.S. agency securities	1,238,520	1,055,836
	$ 3,592,599	$ 3,999,426

Fair Value Measurement: The Airport categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

At December 31, 2019, the Airport has the following recurring fair value measurements ($ in thousands):

	Fair value measurements			
Asset	**Fair value**	**Level 1**	**Level 2**	**Level 3**
Commercial paper	$ 74,111	$ -	$ 74,111	$ -
Corporate bonds	537,541	-	537,541	-
Multinational fixed income	380,314	-	380,314	-
Municipal bonds	139,952	-	139,952	-
Structured products	331,324	-	331,324	-
U.S. agency securities	1,238,520	-	1,238,520	-
U.S. treasury securities	774,346	-	774,346	-
Total investments	3,476,108	-	3,476,108	-
Net derivative instruments interest rate swaps	$ 31,508	$ -	$ 31,508	$ -

At December 31, 2018, the Airport has the following recurring fair value measurements ($ in thousands):

	Fair value measurements			
Asset	**Fair value**	**Level 1**	**Level 2**	**Level 3**
Commercial paper	$ 47,143	$ -	$ 47,143	$ -
Corporate bonds	497,015	-	497,015	-
Multinational fixed income	292,617	-	292,617	-
Municipal bonds	114,827	-	114,827	-
Structured products	304,766	-	304,766	-
U.S. agency securities	1,055,836	-	1,055,836	-
U.S. treasury securitities	1,561,057	-	1,561,057	-
Total investments	3,873,261	-	3,873,261	-
Net derivative instruments interest rate swaps	$ 65,162	$ -	$ 65,162	$ -

The City invests in two Local Government Investment Pools, CSAFE and Colotrust. CSAFE and Colotrust are regulated by state statute so that the funds held are fully collateralized. As of December 31, 2019, the Airport has balances of $20.6 million and $65.3 million in CSAFE and Colotrust, respectively. As of December 31, 2018, the Airport has balances of $17.8 million and $75.8 million in CSAFE and Colotrust, respectively. CSAFE measures all of its investments at $1 net asset per share or amortized cost. Additionally, Colotrust adheres to FASB and reports its investments in accordance with ASC 820. Colotrust maintains a stable net asset value of $1 per share using the fair value method.

A reconciliation of cash, cash equivalents, and investment balances as shown in the basic financial statements as of December 31, 2019 and 2018, is as follows ($ in thousands):

	December 31, 2019	December 31, 2018
Unrestricted cash and cash equivalents	$ 28,948	$ 21,763
Unrestricted investments	1,005,646	730,451
Restricted cash equivalents	87,543	104,402
Restricted investments	2,470,462	3,142,810
	$ 3,592,599	$ 3,999,426

Interest Rate Risk: Interest rate risk is the risk that changes in the financial market rates of interest will adversely affect the value of an investment. The City manages interest rate risk for investments under the control of the CFO by limiting their maximum maturity of investments. Commercial paper can have a maximum maturity of 270 days. U.S. Treasury and Agency securities can have a maximum maturity of 10 years. Structured products, such as Mortgage Pass-Through Securities and Collateralized Mortgage Obligations can have a maximum of 31 years.

At December 31, 2019, the Airport's investment balances and maturities, in years, for those investments subject to interest rate risk were as follows ($ in thousands):

	Investments maturity in years				
Investment type	**Fair value**	**Less than 1**	**1-5**	**6-10**	**10+**
Commercial paper	$ 74,111	$ 74,111	$ -	$ -	$ -
Municipal securities	139,952	19,202	112,850	7,900	-
U.S. treasury securities	774,346	169,734	475,263	129,349	-
U.S. agency securities	1,238,520	181,742	889,846	166,932	-
Corporate bonds	537,541	103,892	433,649	-	-
Multinational fixed income	380,314	32,326	284,860	63,128	-
Structured products	331,324	6,489	282,449	39,282	3,104
Total	$ 3,476,108	$ 587,496	$ 2,478,917	$ 406,591	$ 3,104

At December 31, 2018, the Airport's investment balances and maturities, in years, for those investments subject to interest rate risk were as follows ($ in thousands):

		Investments maturity in years		
Investment type	**Fair value**	**Less than 1**	**1-5**	**6-10**
Commercial paper	$ 47,143	$ 47,143	$ -	$ -
Municipal securities	114,827	15,410	93,183	6,234
U.S. treasury securities	1,561,057	884,594	572,706	103,757
U.S. agency securities	1,055,836	122,164	776,414	157,258
Corporate bonds	497,015	91,468	405,547	-
Multinational fixed income	292,617	28,231	231,114	33,272
Structured products	304,766	12,211	255,204	37,351
Total	$ 3,873,261	$ 1,201,221	$ 2,334,168	$ 337,872

As of December 31, 2019, the Airport System's portfolio included callable U. S. Agency securities and Municipal Bonds with a total fair value of $40.8 million. If a callable investment is purchased at a discount, the maturity date is assumed to be the maturity date of the investment. If the investment is bought at a premium, the maturity date is assumed to be the call date.

Credit Quality Risk: Credit quality risk is the risk that an issuer or other counterparty to a debt security will not fulfill its obligation to the City. Moody's, Standard & Poor's, and Fitch are the three primary Nationally Recognized Securities Rating Organizations (NRSRO) that assess this risk and assign a credit quality rating for most investments. Obligations of the U.S. government or obligations explicitly guaranteed by the U.S. government are assigned credit quality ratings AAA or its equivalent. Of the City's investments at December 31, 2019, commercial paper, U.S. Agency securities and local government investment pools were subject to credit quality risk. The City's Policy requires that commercial paper be rated by at least two of the NRSRO's and have a minimum short-term rating of A-1, P-1, and or F-1 at the time of purchase. The Policy also requires the local government investment pools be in conformity with Title 24, Article 75 Part 7 of the Colorado Revised Statutes and have an office in Denver.

As of December 31, 2019, the Airport's investments complied with the City's Policy. More than 5% of airport investments in U.S. Agency securities are in individual issuers: Federal Home Loan Bank 15.46%, Federal National Mortgage Association 10.42% and International Bank for Reconstruction and Development 6.01%.

Custodial Credit Risk: Custodial credit risk for investments is the risk that, in the event of failure, the Airport System will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Investments are exposed to custodial credit risk if they are uninsured, are not registered in the City's name, and are held by either the counterparty to the investment purchase or are held by the counterparty's trust department or agent but not held in the City's name.

None of the Airport System's investments owned at December 31, 2019, were subject to custodial credit risk.

Concentration of Credit Risk: Concentration of credit risk is the risk of loss attributed to the magnitude of the City's investment in a single type of investment, or in a single issuer. The City's Policy states that a maximum of 5% of the portfolio, based on market value, may be invested in commercial paper, municipal securities, corporate debt obligations, or certificates of deposit issued by any one provider. The Policy limits investments in money market funds, local government investment pool and supranationals to 10% per provider. Investments in money market funds, local government investment pools are limited to 25% of total investments with asset-back securities and municipal securities limited to 15% of the portfolio. Corporate bonds are limited to 20% of total investments and federal agency securities limited to 80% of the portfolio.

Foreign Currency Risk: Foreign Currency risk is the risk that changes in exchange rates will adversely affect their value of an investment or deposit. The City's Policy does not allow for investments in foreign currency.

As of December 31, 2019, all investments complied with this policy.

(5) Accounts Receivable

(a) Allowance for Doubtful Accounts

Management of the Airport reviews accounts receivables periodically and an allowance for doubtful accounts has been established based upon management's assessment of the probability of collection. As of December 31, 2019 and 2018, an allowance of $2.6 million and $3.4 million, respectively, was established.

(b) Loan Receivable

Included in long-term receivable is approximately $5.6 million notes receivable related to solar panel installation and approximately $24.9 million loans due from two districts. The Districts are reimbursing the Airport for funding the construction and infrastructure of the rail station at 61st Boulevard and Pena Boulevard for infrastructure work around the Airport property. Each loan bears interest at 5.0% with interest compounded and due semiannually on June 1st and December 1st with principal due annually on December 1st. The outstanding loan balance plus any accrued and unpaid interest, included in the table below, will be repaid from ad valorem taxes. The loans are capped at $41.6 million. The projected future collections are as follows ($ in thousands):

	Amount
Year:	
2020	$ 55
2021	119
2022	137
2023	172
2024	224
2025-2029	4,045
2030-2034	8,221
2035-2039	9,996
2040-2044	11,037
2045-2048	7,564
Total	$ 41,570

(6) Capital Assets

Changes in capital assets for the years ended December 31, 2019 and 2018 were as follows ($ in thousands):

	2019				
	January 1, 2019	Additions	Transfers and reclassifications	Reductions	December 31, 2019
Depreciable:					
Buildings and improvements	$ 4,337,753	$ 42	$ (31,587)	$ (6,677)	$ 4,299,531
Machinery and equipment	908,973	398	90,370	(25,045)	974,696
Infrastructure and land improvements	1,214,261	-	93,211	(1,467)	1,306,005
Intangibles	28,124	-	5,100	(792)	32,432
	6,489,111	440	157,094	(33,981)	6,612,664
Less accumulated depreciation and amortization	(3,400,441)	(203,321)	-	30,771	(3,572,991)
	3,088,670	(202,881)	157,094	(3,210)	3,039,673
Nondepreciable:					
Art	7,166	-	178	-	7,344
Capacity rights	12,400	-	-	-	12,400
Construction in progress	422,585	613,919	(157,272)	(9,717)	869,515
Land, land rights, and air rights	295,766	-	-	-	295,766
Total capital assets	$ 3,826,587	$ 411,038	$ -	$ (12,927)	$ 4,224,698

	2018				
	January 1, 2018	Additions	Transfers and reclassifications	Reductions	December 31, 2018
Depreciable:					
Buildings and improvements	$ 4,220,383	$ 170	$ 127,025	$ (9,825)	$ 4,337,753
Machinery and equipment	885,000	284	38,044	(14,355)	908,973
Infrastructure and land improvements	1,219,512	4,078	12,698	(22,027)	1,214,261
Intangibles	27,052	-	2,080	(1,008)	28,124
	6,351,947	4,532	179,847	(47,215)	6,489,111
Less accumulated depreciation and amortization	(3,242,642)	(193,581)	-	35,782	(3,400,441)
	3,109,305	(189,049)	179,847	(11,433)	3,088,670
Nondepreciable:					
Art	7,165	-	1	-	7,166
Capacity rights	12,400	-	-	-	12,400
Construction in progress	226,616	381,613	(179,848)	(5,796)	422,585
Land, land rights, and air rights	295,766	-	-	-	295,766
Total capital assets	$ 3,651,252	$ 192,564	$ -	$ (17,229)	$ 3,826,587

(7) Disposal of Stapleton

The City ceased aviation operations at Stapleton upon the opening of DEN on February 28, 1995 and all property has been disposed. 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 would revert to the United States government. 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 DEN. The City intends to continue to seek such releases and, in accordance with certain Use & Lease Agreements, use any net proceeds from sales of Stapleton to retire or defease subordinate debt.

The current and anticipated costs accrued in restricted other liabilities for the environmental liability for Stapleton were $2.8 million at December 31, 2019 and 2018. The Airport has accrued $4.5 million of insurance recoveries in accounts receivable at December 31, 2019 and 2018. The Airport did not receive any insurance recovery payments for 2019 and 2018.

(8) Due to Other City Agencies

The City provides various services to the Airport, including data processing, investing, financial services, budgeting, engineering, and personnel (including airport police and fire salaries). Billings from the City, both direct and indirect, during 2019 and 2018 totaled $67.5 million and $60.5 million, respectively, and have been included in operating expenses. The outstanding liability to the City and its related agencies in connection with these services totaled $31.5 million and $24.4 million at December 31, 2019 and 2018, respectively.

(9) Bonds Payable

Changes in long-term debt for the years ended December 31, 2019 and 2018 were as follows ($ in thousands):

	2019					
	January 1, 2019	Additions	Refunded debt	Retirements	December 31, 2019	Amounts due within one year
Airport System revenue bonds	$ 5,965,435	$ 372,315	$ (431,950)	$ (188,460)	$ 5,717,340	$ 216,290
Economic defeasance	40,080	-	-	-	40,080	-
Plus unamortized net premiums	409,278	40,010	-	(35,414)	413,874	-
Total bond debt	$ 6,414,793	$ 412,325	$ (431,950)	$ (223,874)	6,171,294	$ 216,290
Less current portion					(216,290)	
Noncurrent portion					$ 5,955,004	

	2018					
	January 1, 2018	Additions	Refunded debt	Retirements	December 31, 2018	Amounts due within one year
Airport System revenue bonds	$ 3,925,500	$ 2,526,075	$ (300,000)	$ (186,140)	$ 5,965,435	$ 198,825
Economic defeasance	40,080	-	-	-	40,080	-
Plus unamortized net premiums	161,983	272,738	-	(25,443)	409,278	-
Total bond debt	$ 4,127,563	$ 2,798,813	$ (300,000)	$ (211,583)	6,414,793	$ 198,825
Less current portion					(198,825)	
Noncurrent portion					$ 6,215,968	

The Airport has issued bonds, bearing fixed and variable interest rates, collateralized by and payable from Airport 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 on fixed rate bonds is payable semi-annually. The variable rate bonds are issued in weekly mode (except for the Series 2007G1-G2 Bonds which are currently in a daily mode). Auction rate bonds carry interest rates that are periodically reset for 7-day periods. As such, the actual interest rate on the bonds will vary based on market conditions in the short-term tax-exempt bond market.

The maturity dates, interest rates, and principal amounts outstanding as of December 31, 2019 and December 31, 2018 are as follows ($ in thousands):

			Amount outstanding	
Bond	Maturity	Interest rate	December 31, 2019	December 31, 2018
Airport system revenue bonds				
Series 1992F, G*	November 15, 2020 to 2022, and 2024 to 2031	1.648%	$ 32,000	$ 34,900
Series 2002C*	November 15, 2020 to 2023, and 2026 to 2031	1.648%	23,400	26,200
Series 2007F1-F2**	November 15, 2021 to 2025	1.240%	70,775	75,550
Series 2007G1-G2*	November 15, 2020 to 2031	2.096%	109,100	119,400
Series 2008B*	November 15, 2020 to 2031	1.944%	45,600	50,600
Series 2008C1*	November 15, 2020 to 2031	1.944%	79,100	86,800
Series 2008C2-C3*	November 15, 2020 to 2031	-	-	200,000
Series 2009A	November 15, 2036	-	-	150,480
Series 2009B	November 15, 2036 to 2039	6.414%	65,290	65,290
Series 2009C*	November 15, 2020 to 2022, and 2026 to 2031	1.658%	87,355	100,955
Series 2010A	November 15, 2020 to 2032	4.00-5.00%	134,005	150,050
Series 2011A	November 15, 2020 to 2023	4.00-5.25%	137,990	182,420
Series 2011B	November 15, 2024	4.00-5.00%	9,010	9,010
Series 2012A	November 15, 2020 to 2043	3.00-5.00%	260,620	261,645
Series 2012B	November 15, 2020 to 2043	4.00-5.00%	487,360	492,925
Series 2012C	November 15, 2026	3.592%	30,285	30,285
Series 2013A	November 15, 2020 to 2043	4.00-5.50%	304,220	308,400
Series 2013B	November 15, 2020 to 2043	3.00-5.25%	369,905	375,890
Series 2015A	November 15, 2020, 2021, and 2023 to 2035	2.20%	131,855	148,175
Series 2016A	November 15, 2020, 2021, 2023 to 2025, and 2031 to 2032	5.00%	219,575	223,735
Series 2016B*	December 1, 2026 to 2031	-	-	92,390
Series 2017A	November 15, 2020 to 2024, and 2026 to 2030	4.00 - 5.00%	210,110	232,980
Series 2017B	November 15, 2033	5.00%	21,280	21,280
Series 2018A	December 1, 2020 to 2048	3.75-5.25%	2,338,220	2,341,710
Series 2018B	December 1, 2020 to 2048	3.50-5.00%	184,130	184,365
Series 2019A	November 15, 2020 to 2022, 2024 and 2025	1.37%	145,875	-
Series 2019B	November 15, 2020	2.12%	16,550	-
Series 2019C	November 15, 2026 to 2036	5.00%	120,005	-
Series 2019D	November 15, 2026 to 2031	5.00%	83,725	-
LOI 1998/1999	November 15, 2024 and 2025	6.125%	40,080	40,080
Total revenue bonds			5,757,420	6,005,515
Less current portion			(216,290)	(198,825)
Net unamortized premiums			413,874	409,278
Total bonds payable noncurrent			$ 5,955,004	$ 6,215,968

* Variable rates are as of December 31, 2019
** Auction rates are as of December 31, 2019

Most of the Airport term bonds are subject to certain mandatory redemption requirements and most of the Airport bonds are subject to certain optional redemption provisions. Certain of the Airport bonds are subject to certain mandatory sinking fund redemption requirements.

(a) Economic Defeasances

On November 1, 1999, the Airport entered into an economic defeasance of $54.9 million of Airport Revenue Bonds through the use of certain 1998 and 1999 federal grant proceeds from the United States Department of Transportation under a 1990 Letter of Intent. These funds were set aside in special escrow accounts (Escrow A and Escrow B) held by the City. Escrow A proceeds will be used to pay principal and interest on $40.1 million of the Series 1992C Bonds maturing on November 15, 2025. Escrow B proceeds were used to pay principal and interest on $14.8 million of the Series 1991D Bonds which matured on November 15, 2013.

The economically defeased bonds are considered outstanding for the purposes of the General Bond Ordinance and were not considered legal defeasances or in-substance defeasances under accounting principles generally accepted in the United States of America and, therefore, the bonds remain outstanding in the accompanying financial statements.

(b) Bond Issuances

On November 15, 2019, the Airport issued the Airport System Subordinate Revenue Bonds Series 2019C (Non-AMT) (Series 2019C) and Series 2019D (Non-AMT) (Series 2019D) for $120.0 million and $83.7 Million, respectively. The Series 2019C and Series 2019D proceeds coupled with Airport contributions of approximately $15.3 million were used to refund the Series 2009A and Series 2016B Bonds, terminate the 2006A Swap Agreements with JP Morgan Chase Bank, and fund the costs of issuance. The issuance yielded an approximate net present value savings of $41.5 million.

On August 20, 2019, the Airport issued the Airport System Subordinate Revenue Bonds Series 2019A (AMT) (Series 2019A) and Series 2019B (Taxable) (Series 2019B) for $145.9 million and $22.7 million, respectively. The Series 2019A and Series 2019B proceeds coupled with Airport contributions of approximately $54.7 million were used to refund the Series 2008C2 and Series 2008C3 Bonds, terminate the 1998 Swap Agreements with Goldman Sachs Capital Markets, L.P. and Societe Generale, New York Branch, and fund for costs of issuance. The Series 2019A and Series 2019B Bonds are scheduled to mature on November 15, 2031 and November 15, 2020, respectively, and bear fixed interest of 1.37% and 2.12%, respectively. The Series 2019A Bonds have a Mandatory Tender of $25.9 million due on November 15, 2025. The issuance yielded an approximate net present value savings of $1.5 million.

On August 28, 2018, the Airport issued Subordinate Bonds (i) $2,341.7 million of Series 2018A (AMT) Bonds and (ii) $184.4 million of Series 2018B (Non-AMT) Bonds. Combined, these two transactions will be used to assist in funding the 2018-2022 Capital Program, pay off the Airport System Subordinate Revenue Bonds Series 2017C (AMT), the Subordinate Bond Reserve Requirement, capitalized interest and pay cost of issuance.

(c) Defeased Bonds

The Airport has defeased certain 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, 2019 and 2018, $32.2 million of bonds outstanding are considered defeased.

(10) Bond and Notes Payable Debt Service Requirements

(a) Bonds Payable

Bond debt service requirements of the Airport for bonds payable to maturity as of December 31, 2019 are as follows ($ in thousands):

	Principal	Interest
Year:		
2020	$ 216,290	$ 257,698
2021	220,500	249,430
2022	244,790	241,447
2023	262,125	232,445
2024	269,310	221,751
2025-2029	1,258,010	949,287
2030-2034	1,096,665	666,484
2035-2039	864,380	436,353
2040-2044	756,150	230,072
2045-2049	529,120	64,423
Total	$ 5,717,340	$ 3,549,390

Debt service requirements for the economic defeasance LOI of the Airport to maturity as of December 31, 2019, are as follows ($ in thousands):

	Principal	Interest
Year:		
2020	$ -	$ 2,455
2021	-	2,455
2022	-	2,455
2023	-	2,455
2024	24,060	2,455
2025	16,020	981
Total	$ 40,080	13,256

(b) Notes Payable and Capital Lease

Notes Payable – The Airport entered into a $20.5 million Master Installment Purchase Agreement with Sovereign Leasing, LLC on January 10, 2012, to finance capital equipment purchases, at a rate of 1.9595% based on a 30/360 calculation for 2012.

The payment schedule relating to note requirements as of December 31, 2019 is as follows ($ in thousands):

	Principal	Interest
Year:		
2020	2,192	71
2021	2,235	27
Total	$ 4,427	$ 98

Capital Lease – The Airport entered into an Installment Purchase Agreement on January 5, 2016 for $4.1 million to finance various capital equipment purchases at a rate of 1.19%. The final payment of this obligation was processed during the first quarter of 2019. Net assets under capital leases at December 31, 2019 and 2018, totaled $0.08 million and $1.2 million, respectively, with accumulated depreciation of $5.9 million and $4.7 million, respectively.

Changes in notes payable and capital lease for the years ended December 31, 2019 and 2018 were as follows ($ in thousands):

	Balance January 1, 2019	Additions	Retirements	Balance December 31, 2019	Amounts due within one year
Notes payable	$ 6,576	$ -	$ (2,149)	$ 4,427	$ 2,192
Capital Lease payable	1,024	-	(1,024)	-	-
Total	$ 7,600	$ -	$ (3,173)	$ 4,427	$ 2,192
Less current portion				(2,192)	
Noncurrent portion				$ 2,235	

	Balance January 1, 2018	Additions	Retirements	Balance December 31, 2018	Amounts due within one year
Notes payable	$ 8,684	$ -	$ (2,108)	$ 6,576	$ 2,149
Capital Lease payable	2,509	-	(1,485)	1,024	1,024
Total	$ 11,193	$ -	$ (3,593)	$ 7,600	$ 3,173
Less current portion				(3,173)	
Noncurrent portion				$ 4,427	

(11) Demand Bonds

Included in long-term debt are $32.0 million of Series 1992F, G; $23.4 million of Series 2002C, $45.6 million of Series 2008B, $79.1 million of Series 2008C1, $87.4 million of Series 2009C and $109.1 million of Series 2007G1-G2 of Airport Revenue Bonds Series. The Series 2008C2-C3 were refunded on August 20, 2019, with the Series 2019A-B Bonds coupled with an Airport contribution. These Bonds are currently Credit Facility Bonds which bear interest at rates indexed to 1-month LIBOR and are subject to mandatory redemption when the credit facilities and reimbursement agreements supporting them expire and upon the occurrence of certain other events of default. These agreements will either be extended, replaced, or the bonds will be refunded prior to the expiration date.

On July 29, 2011 and August 8, 2011, the Airport entered into a liquidity facility and reimbursement agreement with Wells Fargo, who purchased the Series 2008B and 2008C1 Bonds, respectively, at a floating rate indexed to 1-month LIBOR. On December 11, 2015, this agreement was amended, and the expiration date was extended to December 11, 2020.

On August 31, 2011, the Airport entered into a liquidity facility and reimbursement agreement with Royal Bank of Canada, who purchased the Series 2008C2-C3 Bonds at a floating rate index to 1-month LIBOR. On August 29, 2014, this agreement was amended, but expired on August 20, 2019 with the issuance of Series 2019A and 2019B Bonds.

On October 1, 2012, the Airport entered into a credit facility and reimbursement agreement with U.S. Bank National Association, who purchased the Series 2009C Bonds at a floating rate indexed to 1-month LIBOR. This agreement was to expire on April 30, 2017. On April 28, 2017, the Airport entered into a credit facility and reimbursement agreement with Bank of America, N.A., who purchased the Series 2009C Bonds at a floating indexed to 1-month LIBOR. This agreement expires on April 28, 2020. On April 28, 2020, the Airport amended the agreement to extend the expiration date to April 28, 2023 and the floating rate index changes to SIFMA index rate.

On October 24, 2014, the Airport entered into credit facility and reimbursement agreements with Bank of America Preferred Funding Corporation who purchased the Series 1992F, G Bonds at a floating rate indexed to 1-month LIBOR. These agreements expired on September 25, 2017. These agreements were extended to expire on September 25, 2020. On April 28, 2020, the Airport amended the agreement to extend the expiration date to April 28, 2023. The index shall remain the 1-month LIBOR rate with the option to change to the SIFMA index rate prior to September 25, 2020. On September 25, 2020, the floating rate index changes to the SIFMA index rate.

On September 25, 2014, the Airport entered into credit facility and reimbursement agreements with Bank of America Preferred Funding Corporation, who purchased the Series 2002C Bonds at a floating rate indexed to 1-month LIBOR. This agreement expired on September 25, 2017. These agreements were extended to expire on September 25, 2020. On April 28, 2020, the Airport amended the agreement to extend the expiration date to April 28, 2023. The index shall remain the 1-month LIBOR rate with the option to change to the SIFMA index rate prior to September 25, 2020. On September 25, 2020, the floating rate index changes to the SIFMA index rate.

On November 1, 2014, the Airport entered into credit facility and reimbursement agreements with BMO Harris Investment Corp. who purchased the Series 2007G1-G2 Bonds at a floating rate indexed to 1-month LIBOR. This agreement expires on December 1, 2023.

On August 20, 2019, the Airport entered into credit facility and reimbursement agreements with State Street Public Leasing Corporation, who purchased the Series 2019A-B Bonds at a fixed interest rate. The Series 2019A (AMT) matures on November 15, 2031 with a Mandatory Tender of $25.9 million due on November 15, 2025, and the Series 2019B (Taxable) matures on November 15, 2020.

(12) Bond Ordinance Provisions

(a) Additional Bonds

The Airport may issue additional parity and subordinate bonds, subject to certain coverage and other provisions, for the purpose of acquiring, improving or equipping facilities related to the Airport.

(b) Airport Revenue Bonds

Under the terms of the Bond Ordinance, all bond series (the Senior Bonds) are collateralized by a first lien on the Net Revenues of the Airport. Under the terms of the Subordinate Bond Ordinance, outstanding Commercial Paper is collateralized by Net Revenues of the Airport subordinate to the Senior Bonds.

The Airport is required by the Bond Ordinance 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 prior to the issuance of additional bonds. The Airport is in compliance with the bond covenants listed in the bond ordinance.

(13) Swap Agreements

The Airport has entered into interest rate swap agreements in order to protect against rising interest rates. The 1999 and 2009A swap agreements all pay fixed–receive variable rate cash flow hedges, with the variable payment from the counterparty based on the USD-SIFMA Municipal Swap Index and the variable rate of the bonds. The rest of the Airport's swap agreements are considered investment derivatives in accordance with the provisions of GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments* (GASB 53). Additionally, investment income on these derivatives has also been recognized in accordance with GASB 53. The City does not enter into derivative transactions for investment purposes, nor does the City Charter allow for the investment in derivative investments.

On December 18, 2019, the Airport fully terminated the 2002 Swap Agreement with Goldman Sachs Bank. There was no cost to the Airport for the termination and it yielded a de minimis net cash inflow.

On November 6, 2019, the Airport fully terminated the 2006A Swap Agreement with JP Morgan Chase Bank at a cost of $10.6 million. The termination was funded from Series 2019D Bonds proceeds.

On August 20, 2019, the Airport fully terminated the 1998 Swap Agreements with Goldman Sachs Capital Markets, L.P. and Societe Generale, New York Branch at a cost of $11.3 million and $11.4 million, respectively, and was funded from Series 2019B Bonds proceeds.

On March 13, 2019, the Airport fully terminated the 2005 and 2006B Swap Agreements with the Royal Bank of Canada and Piper Jaffray Financial Projects, LLC. There was no cost to the airport for these terminations and yielded a net cash inflow of $1.19 million.

On December 7, 2018, the Airport fully terminated the 2005 and 2006B Swap Agreements with Jackson Financial Products, LLC. There was no cost to the Airport for these terminations and yielded a net cash inflow of $1.16 million.

The fair value balances and notional amounts of the swaps outstanding at December 31, 2019 and 2018 and the changes in the fair value of such swaps for the periods then ended, are as follows ($ in thousands):

Counterparty	Effective date	Notional amount (in millions)	Bond/swap termination date	Associated debt series	Payable swap rate	Variable receivable swap rate	Changes in fair value: Classification	Changes in fair value: Amount	Fair value 12/31/2019	
1998 Swap Agreements										
Goldman Sachs Capital Markets, L.P.	10/4/2000	$ -	8/20/2019	-	-	-	Deferred Outflow	$ -	$ -	(5)
							Investment Income	$ 1,748		
Societe Generale, New York Branch	10/4/2000	$ -	8/20/2019	-	-	-	Deferred Outflow	$ -	-	(5)
							Investment Income	$ 1,992		
1999 Swap Agreements										
Goldman Sachs Capital Markets, L.P.	10/4/2001	$ 92	11/1/2022	(1)	5.6179%	SIFMA	Deferred Outflow	$ 1,850	(5,225)	
							Investment Income	$ (2,488)		
Merrill Lynch Capital Services, Inc.	10/4/2001	$ 46	11/1/2022	(1)	5.5529%	SIFMA	Deferred Outflow	$ 925	(2,575)	
							Investment Income	$ (1,217)		
2002 Swap Agreements										
Goldman Sachs Capital Markets, L.P.	4/15/2002	$ 92	12/18/2019	-	-	-	Investment Income	$ 261	-	(7)
2005 Swap Agreements										
Royal Bank of Canada	11/15/2006	$ -	3/13/2019	-	-	-	Investment Income	$ (3)	-	(4)
JP Morgan Chase Bank, N.A.	11/15/2006	$ 42	11/15/2025	2016A,(3)	3.6874%	70% LIBOR	Investment Income	$ 281	(4,044)	
Piper Jaffray Financial Products, Inc.	11/15/2006	$ -	3/13/2019	-	-	-	Investment Income	$ (3)	-	(4)
2006A Swap Agreements										
JP Morgan Chase Bank, N.A.	11/15/2007	$ 114	11/6/2019	-	-	-	Investment Income	$ 583	-	(6)
GKB Financial Services Corp.	11/15/2007	$ 38	11/15/2025	2007F-G(2)	4.0085%	70% LIBOR	Investment Income	$ (35)	(3,315)	
2006B Swap Agreements										
Royal Bank of Canada	11/15/2006	$ -	3/13/2019	-	-	-	Investment Income	$ 12	-	(4)
JP Morgan Chase Bank, N.A.	11/15/2006	$ 42	11/15/2025	2016A	SIFMA	4.0855%	Investment Income	$ (278)	4,589	
Piper Jaffray Financial Products, Inc.	11/15/2006	$ -	3/13/2019	-	-	-	Investment Income	$ (2)	-	(4)
2008A Swap Agreement										
Royal Bank of Canada	12/18/2008	$ 76	11/15/2025	2007F-G(2)	4.0085%	70% LIBOR	Investment Income	$ (69)	(6,631)	
2008B Swap Agreement										
Loop Financial Products I LLC	1/8/2009	$ 90	11/15/2025	2008C1(2)	4.7600%	70% LIBOR + 0.1%	Investment Income	$ (229)	(11,679)	
2009A Swap Agreement										
Loop Financial Products I LLC	1/12/2010	$ 46	11/15/2022	(1)	5.6229%	SIFMA	Deferred Outflow	$ 1,331	(2,628)	
							Investment Income	$ (948)		
Total									$ (31,508)	

(1) Swaps associated with Series 2009C, 2008B and a portion of the 2002C Bonds
(2) A portion of the Series 2002C bonds are additionally associated with these swaps
(3) Previously associated with 2007D. Swaps currently associated with Series 2017A
(4) Swaps were terminated 3/13/2019
(5) Swaps were terminated 8/20/2019
(6) Swaps were terminated 11/6/2019
(7) Swaps were terminated 12/18/2019

Counterparty	Effective date	Notional amount (in millions)	Bond/swap termination date	Associated debt series	Payable swap rate	Variable receivable swap rate	Changes in fair value Classification	Amount	Fair value 12/31/2018
1998 Swap Agreements									
Goldman Sachs Capital Markets, L.P.	10/4/2000	$ 90	11/15/2025	2008C2-C3	4.7600%	70% LIBOR + 0.10%	Deferred Outflow	$ (1,145)	$ (9,978)
							Investment Income	$ (2,473)	
Societe Generale, New York Branch	10/4/2000	$ 90	11/15/2025	2008C2-C3	4.7190%	70% LIBOR + 0.10%	Deferred Outflow	$ (1,145)	(9,837)
							Investment Income	$ (2,436)	
1999 Swap Agreements									
Goldman Sachs Capital Markets, L.P.	10/4/2001	$ 92	11/1/2022	(1)	5.6179%	SIFMA	Deferred Outflow	$ (1,471)	(7,730)
							Investment Income	$ (2,744)	
Merrill Lynch Capital Services, Inc.	10/4/2001	$ 46	11/1/2022	(1)	5.5529%	SIFMA	Deferred Outflow	$ (735)	(3,801)
							Investment Income	$ (1,342)	
2002 Swap Agreements									
Goldman Sachs Capital Markets, L.P.	4/15/2002	$ 92	11/1/2022	(1)	SIFMA	76.33% LIBOR	Investment Income	$ (212)	321
2005 Swap Agreements									
Royal Bank of Canada	11/15/2006	$ 42	11/15/2025	2016A,(3)	3.6560%	70% LIBOR	Investment Income	$ (1,261)	(3,703)
JP Morgan Chase Bank, N.A.	11/15/2006	$ 42	11/15/2025	2016A,(3)	3.6874%	70% LIBOR	Investment Income	$ (1,274)	(3,762)
Jackson Financial Products, LLC	11/15/2006	$ -	12/7/2018				Investment Income	$ (3,175)	- (4)
Piper Jaffray Financial Products, Inc.	11/15/2006	$ 42	11/15/2025	2016A,(3)	3.6560%	70% LIBOR	Investment Income	$ (1,261)	(3,703)
2006A Swap Agreements									
JP Morgan Chase Bank, N.A.	11/15/2007	$ 114	11/15/2025	2007F-G(2)	4.0085%	70% LIBOR	Investment Income	$ (3,982)	(10,051)
GKB Financial Services Corp.	11/15/2007	$ 38	11/15/2025	2007F-G(2)	4.0085%	70% LIBOR	Investment Income	$ (1,327)	(3,350)
2006B Swap Agreements									
Royal Bank of Canada	11/15/2006	$ 42	11/15/2025	2016A	SIFMA	4.0855%	Investment Income	$ 1,238	4,297
JP Morgan Chase Bank, N.A.	11/15/2006	$ 42	11/15/2025	2016A	SIFMA	4.0855%	Investment Income	$ 1,216	4,310
Jackson Financial Products, LLC	11/15/2006	$ -	12/7/2018				Investment Income	$ 3,086	- (4)
Piper Jaffray Financial Products, Inc.	11/15/2006	$ 42	11/15/2025	2016A	SIFMA	4.0855%	Investment Income	$ 1,218	4,298
2008A Swap Agreement									
Royal Bank of Canada	12/18/2008	$ 76	11/15/2025	2007F-G(2), 2016B	4.0085%	70% LIBOR	Investment Income	$ (2,653)	(6,700)
2008B Swap Agreement									
Loop Financial Products I LLC	1/8/2009	$ 90	11/15/2025	2008C1(2)	4.7600%	70% LIBOR + 0.1%	Investment Income	$ (3,823)	(11,908)
2009A Swap Agreement									
Loop Financial Products I LLC	1/12/2010	$ 46	11/15/2022	(1)	5.6229%	SIFMA	Deferred Outflow	$ (1,057)	(3,865)
							Investment Income	$ (1,038)	
Total									$ (65,162)

(1) Swaps associated with Series 2009C, 2008B and a portion of the 2002C Bonds
(2) A portion of the Series 2002C bonds are additionally associated with these swaps
(3) Previously associated with 2007D. Swaps currently associated with Series 2017A
(4) Swaps were terminated 12/7/2018

Payments by the Airport to counterparties relating to these swap agreements, including termination payments, are Subordinate Obligations, subordinate to debt service payments on the Airport's Senior Bonds, and on parity with the Airport's Subordinate Bonds. Fair values were calculated using the mid-market LIBOR and SIFMA swap curves as of December 31, 2019 and 2018. Fair values represent the difference between the present value of the fixed payments and the present value of the floating payments, at forward floating rates as of December 31, 2019. When the present value of payments to be made by the Airport exceeds the present value of payments to be received, the swap has a negative value to the Airport. When the present value of payments to be received by the Airport exceeds that of payments to be made, the swap has a positive value to the Airport.

(a) Risks Associated with the Swap Agreements

The following risks are generally associated with swap agreements:

Credit Risk – All of the Airport's swap agreements rely upon the performance of swap counterparties. The Airport is exposed to the risk of these counterparties being unable to fulfill their financial obligations to the Airport. The Airport measures the extent of this risk based upon the credit ratings of the counterparty and the fair value of the swap agreement. If the Airport delivers a surety policy or other credit support document guaranteeing its obligations under the Swap Agreement that is rated in the highest rating category of either Standard & Poor's, Moody's Investors Service or Fitch, for any swap agreement, the counterparty to that agreement is obligated to either be rated, or provide credit support securing its obligations under the swap agreement rated in the highest rating category of either Standard & Poor's, Moody's Investor Service or Fitch; or under certain circumstances, provide collateral. The Airport is obligated, under the swap agreements, to provide such surety policy or credit support if the unsecured and unenhanced ratings of the Airport's Senior Bonds is below any two of BBB by Standard & Poor's, Baa2 by Moody's Investors Service or BBB by Fitch.

As of December 31, 2019, the ratings of the Airport's Senior Bonds were A+ by Standard & Poor's (with a stable outlook), A1 by Moody's Investors Service (with a stable outlook) and AA- by Fitch (with a stable outlook). Therefore, no surety policy or credit has been provided to the counterparties by the Airport. Failure of either the Airport or the counterparty to provide credit support or collateral, as described in the swap agreements, is a termination event under the swap agreements (see termination risk below).

The ratings of the counterparties, or their credit support providers, as of December 31, 2019 are as follows:

	Ratings of the counterparty or its credit support provider		
Counterparty (credit support provider)	**S&P**	**Moody's**	**Fitch**
Goldman Sachs Capital Markets, L.P.			
(Goldman Sachs Group, Inc.)	BBB+	A3	A
JP Morgan Chase Bank, N.A.	A+	Aa2	AA
LOOP Financial Products, LLC			
(Deutsche Bank, AG, New York Branch)	BBB+	A3	BBB
Merrill Lynch Capital Services, Inc.			
(Merrill Lynch & Co., Inc.)	A-	A2	A+
Royal Bank of Canada	AA-	Aa2	AA
Societe Generale, New York Branch	A	A1	A+
GKB Financial Services Corporation II, Inc.			
(Societe Generale New York Branch)	A	A1	A+

As of December 31, 2019, there was no risk of loss for the swap agreements that had negative fair values. For the swap agreements that had positive fair values, the risk of loss is the amount of the derivatives' fair value.

Termination Risk – Any party to the Airport's swap agreements may terminate the swap if the other party fails to perform under the terms of the contract. Additionally, the Airport may terminate any of its swap agreements at any time at its sole discretion. Further, certain credit events can lead to a termination event under the swap agreements (see Credit Risk above). If, at the time of termination, the swap has a negative fair value, the Airport could be liable to the counterparty for a payment equal to the swap's fair value. If any of the Airport's swap agreements are terminated, the associated variable rate bonds would either no longer be hedged with a synthetic fixed interest rate or the nature of the basis risk associated with the swap agreement may change. The Airport is not aware of any existing event that would lead to a termination event with respect to any of its swap agreements.

Interest Rate Risk – The Airport is exposed to interest rate risk in that as the variable rates of the swap agreements decrease, the Airport's net payments on the swap agreements increase.

Basis Risk – Each of the Airport's swap agreements is associated with certain debt obligations or other swaps. The Airport pays interest at variable interest rates on some of the associated debt obligations and associated swaps. The Airport receives variable payments under some of its swap agreements. To the extent the variable rate on the associated debt or the associated swap paid by the Airport is based on an index different than that used to determine the variable payments received by the Airport under the swap agreement, there may be an increase or decrease in the synthetic interest rate intended under the swap agreement. The nature of this risk for each of the Airport's series of swaps is discussed more specifically in the descriptions of these swap agreements below.

(b) Swap Payments and Associated Debt

Interest Rate Swap Profile (all rates as of December 31, 2019):

Swaps	**1999, 2009A**	**2005, 2006B**	**2006A, 2008B**	**2008B**
Associated debt	**2002C, 2008B, 2009C**	**2016A**	**2007G1-G2**	**2008C1**
Payment to counterparty:	5.6029%	5.2974%	4.0085%	4.7600%
Payment from counterparty:	1.6100%	5.3193%	1.2338%	1.4359%
Net swap payment:	3.9929%	-0.0219%	2.7748%	3.3241%
Associated bond interest rate:	1.3638%	5.0000%	2.0960%	1.9440%
Net swap & bond payment:	5.3567%	4.9782%	4.8707%	5.2681%

As rates vary, variable rate bond interest payments and net swap payments will vary. As of December 31, 2019, debt service requirements of the related variable rate debt and net swap payments for the Airport's cash flow hedges (1998, 1999, and 2009A Swap Agreements), assuming current interest rates remain the same, for their terms, were as follows ($ in thousands):

	Principal	Interest	Interest rate swaps net	Total
Year:				
2020	$ 23,100	$ 1,871	$ 5,479	$ 30,450
2021	22,560	1,565	3,477	27,602
2022	16,700	1,273	1,311	19,284
2023	5,500	1,049	-	6,549
2024	5,800	942	-	6,742
2025-2029	43,300	3,003	-	46,303
2030-2031	20,255	378	-	20,633
Total	137,215	10,081	10,267	157,563

*Note: the amortization of the notional amounts on the swaps no longer match the amortization on the bonds (the duration of the bonds is longer than the swaps)

Bond principal reflects the hedged portion on 12/31/2019

Variable Rate Bonds and Swap payments are calculated using rates in effect on December 31, 2019.

(14) Denver International Airport Special Facility Revenue Bonds

To finance the acquisition and construction of various facilities at DEN, 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, and accordingly, have not been reported in the accompanying financial statements. In October 2017, the City issued Special Facility Revenue Bonds (Series 2017) on a current refunding of the Special Facilities Airport Revenue Bonds (Series 2007A). The Series 2017 proceeds were used to pay off the outstanding balance of the Series 2007A series and closing costs. At December 31, 2019 and 2018, Special Facility Revenue Bonds outstanding totaled to $250.6 million.

(15) Compensated Absences

Employees may accumulate earned but unused benefits up to specified maximum. The changes in compensated absences for 2019 and 2018 are as follows ($ in thousands):

	Balance January 1, 2019	Additions	Retirements	Balance December 31, 2019	Amounts due within one year
Compensated absences payable	$ 10,142	$ 8,502	$ (8,486)	$ 10,158	$ 2,579
Less current				(2,579)	
Noncurrent portion				$ 7,579	

	Balance January 1, 2018	Additions	Retirements	Balance December 31, 2018	Amounts due within one year
Compensated absences payable	$ 9,860	$ 8,700	$ (8,418)	$ 10,142	$ 2,391
Less current				(2,391)	
Noncurrent portion				$ 7,751	

(16) Deferred Outflow and Inflow of Resources

A deferred outflow of resources is a consumption of net position by the Airport that is applicable to a future reporting period and a deferred inflow of resources is an acquisition of net position by the Airport that is applicable to a future reporting period. Both deferred inflows and outflows of resources are reported in the statements of net position, but are not recognized in the financial statements as revenues and expenses until the period to which they relate. Deferred outflows of resources of the Airport consist of accumulated decreases in fair value of hedging derivatives, deferred losses on refunding and certain pension and OPEB related deferrals. Deferred inflows of resources are comprised of deferred gain on refundings, and certain pension and OPEB related deferrals.

The composition of deferred outflows and inflows are as follows as of December 31 ($ in thousands):

	December 31, 2019	December 31, 2018
Accumulated decrease in fair value of hedging activities	$ 4,106	$ 5,303
Deferred loss on refunding of debt	75,102	91,202
GASB 68 pension deferred outflow	48,757	21,407
GASB 75 deferred outflow		
DERP OPEB	2,483	751
DERP implicit rate	924	731
Total deferred outflows	$ 131,372	$ 119,394
Deferred gain on refunding of debt	$ 4,072	$ 3,549
GASB 68 pension deferred inflow	3,568	11,383
GASB 75 deferred inflow		
DERP OPEB	348	1,014
DERP implicit rate	363	341
Total deferred inflows	$ 8,351	$ 16,287

(17) Pension Plan

Substantially all of DEN's employees are covered under the City and County of Denver's pension plan, the Denver Employees' Retirement Plan (DERP). The net pension liability is calculated annually, based on the measurement date, for the citywide financial statements and is allocated to the Airport as of the end of the fiscal year.

Plan Description - The Denver Employees' Retirement Plan (DERP) administers a cost-sharing multiple-employer defined benefit plan to eligible members. DERP is administered by the DERP Retirement Board in accordance with Sections 18- 401 through 18-430.7 of the City's Revised Municipal Code. Amendments to the plan are made by ordinance. These code sections establish the plan, provide complete information on DERP, and vests the authority for the benefit and contribution provisions with the City Council. The DERP Retirement Board acts as the trustee of the Plan's assets.

The Plan provides retirement, death and disability benefits for its members and their beneficiaries. Members who were hired before September 1, 2004, and retire at or after age 65 (or at age 55 if the sum of their age and credited service is at least 75) are entitled to an annual retirement benefit, in an amount equal to 2.0% of their final average salary for each year of credited service, payable monthly for life. Effective for employees hired after September 1, 2004, the formula multiplier was reduced to 1.5%. Final average salary is based on the member's highest salary during a 36 consecutive month period of credited service. Members with five years of credited service may retire at or after age 55 and receive a reduced retirement benefit.

For members who were hired on or after July 1, 2011, they must be age 60 and have combined credited service of at least 85 in order to receive a normal retirement prior to age 65. Final average salary is based on the member's highest salary during a 60 consecutive month period of credited service. Five-year vesting is required of all employees in order to qualify for a benefit, regardless of their age at the time of termination of employment.

Annual cost of living adjustments are granted on an ad hoc basis. The estimated cost of benefit and contribution provisions is determined annually by an independent actuary, recommended by the plan's Board, and enacted into ordinance by Denver City Council.

The Plan is accounted for using the economic resources measurement focus and the accrual basis of accounting. DERP issues a publicly available comprehensive annual financial report that can be obtained at https://www.derp.org/.

Funding Policy - The City contributes 12.5% of covered payroll and employees make a pre-tax contribution of 8.0% in accordance with Section 18-407 of the Revised Municipal Code of the City. The City's contributions to DERP for the years ended December 31, 2019 and 2018, were $83.3 million and $75.1 million, respectively, which equaled the required contributions. The Airport's share of the total contributions is $11.9 million and $10.9 million for the years ended December 31, 2019 and 2018 respectively.

Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions - At December 31, 2019 and 2018, DEN reported a liability of $192.0 million and $140.7 million, respectively, for its proportionate share of the net pension liability related to DERP. The net pension liabilities were measured as of December 31, 2018 and 2017, respectively, and the total pension liabilities used to calculate the net pension liabilities were determined by actuarial valuations as of those respective dates. Member census data for the year preceding the measurement period was used in developing each actuarial valuation. Standard actuarial roll forward techniques were then used to project the total pension liability to the measurement date. The Airport's proportion of the net pension liability was based on contributions to DERP relative to the total contributions of participating employers to DERP.

At December 31, 2018, the Airport's proportion was 12.72593%, which was an increase of 0.731% from its proportion measured as of December 31, 2017. As of December 31, 2017, the Airport's proportion was 11.99493%, which was a decrease of 0.6234% from its proportion measured as of December 31, 2016.

The components of the Airport's net pension liability related to DERP as of December 31, 2019 and 2018, respectively, are presented below ($ in thousands):

	2019	2018
Total pension liability	$ 454,490	$ 407,617
Plan fiduciary net position	(262,495)	(266,938)
Net pension liability	$ 191,995	$ 140,679

The change in net pension liability for the year ended December 31, 2019 was ($ in thousands):

Beginning balance	Additions	Reductions	Ending balance
$ 140,679	$ 63,266	$ (11,950)	$ 191,995

The change in net pension liability for the year ended December 31, 2018 was ($ in thousands):

Beginning balance	Additions	Reductions	Ending balance
$ 153,874	$ 20,675	$ (33,870)	$ 140,679

For the years ended December 31, 2019 and 2018, pension expense recognized by the Airport was $28.1 million and $19.3 million, respectively. At December 31, 2019, DEN reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources ($ in thousands):

Sources:	Deferred outflows of resources	Deferred inflows of resources
Difference between expected and actual experience	$ 2,428	$ -
Changes of assumptions or other inputs	17,026	-
Net difference between projected and actual earnings on pension plan investments	11,237	-
Changes in proportion and differences between contributions recognized and proportionate share of contributions	6,129	3,568
Contributions subsequent to the measurement date	11,937	-
Total	$ 48,757	$ 3,568

At December 31, 2018, DEN reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources ($ in thousands):

Sources:	Deferred outflows of resources	Deferred inflows of resources
Difference between expected and actual experience	$ 2,710	$ -
Changes of assumptions or other inputs	7,451	-
Net difference between projected and actual earnings on pension plan investments	-	4,450
Changes in proportion and differences between contributions recognized and proportionate share of contributions	373	6,933
Contributions subsequent to the measurement date	10,873	-
Total	$ 21,407	$ 11,383

At December 31, 2019 and 2018, the Airport reported $11.9 million and $10.9 million, respectively, as deferred outflows of resources related to pensions resulting from Airport contributions subsequent to the measurement date that will be recognized as a reduction of the net pension liability in the following year.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as presented below ($ in thousands):

Year:	Deferred inflows/ outflows of resources
2020	$ 13,717
2021	9,093
2022	4,416
2023	6,025
2024	-
Thereafter	-
Total	$ 33,251

The total pension liability in the December 31, 2018 and 2017 actuarial valuations were determined using the actuarial assumptions as follows:

2018	DERP
Investment rate of return	7.50%
Salary increases	3.00% to 7.00%
Inflation	2.50%

2017	DERP
Investment rate of return	7.50%
Salary increases	3.00% to 7.00%
Inflation	2.50%

Mortality rates were based on the RP-2014 Combined Mortality Table via scale AA to 2020, with multipliers specific to gender and payment status of employee.

The latest experience study was conducted in 2018 covering the 5-year period of January 1, 2013 to December 31, 2017. At the time, the recommended mortality table was expected to produce a margin of 10% on the retired male mortality experience and 5% on the retired female experience.

The long-term expected rate of return on pension plan investments was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return were adopted by the plan's trustees after considering input from the plan's investment consultant and actuary(s).

For each major asset class that is included in the pension plan's target asset allocation as of December 31, 2018 and 2017 these best estimates are summarized in the following table:

2018

Asset class	Target allocation	Long-term expected real rate of return
US equities	**22.50%**	
Large cap	12.00%	3.80%
Large cap value	3.50%	4.30%
Large cap growth	3.50%	3.80%
Small cap value	1.25%	4.50%
Small cap growth	2.25%	4.00%
International equity	**23.50%**	
International large cap	2.00%	4.30%
International large cap value	4.00%	5.30%
International large cap growth	4.00%	4.80%
International small cap value	5.50%	4.80%
Emerging markets	8.00%	6.30%
Fixed income	**20.50%**	
Governments	5.00%	0.50%
Core fixed income	6.50%	1.00%
Emerging market debt	2.50%	4.30%
Private debt	4.00%	5.00%
Distress debt	2.50%	6.50%
Real estate	**8.00%**	
Non-core real estate	3.20%	5.80%
Core real estate	4.80%	3.80%
Alternatives	**25.50%**	
Hedge funds	5.00%	3.30%
MLP	7.00%	6.30%
Private equity	7.00%	6.50%
Private energy	5.50%	6.50%
Timber	1.00%	3.00%
Total	**100.00%**	

2017		
Asset class	Target allocation	Long-term expected real rate of return
US Equities	**22.50%**	
Large cap	12.00%	4.90%
Large cap value	3.50%	5.30%
Large cap growth	3.50%	4.70%
Small cap value	2.20%	5.50%
Small cap growth	1.30%	5.00%
International Equity	**23.50%**	
International large cap	2.00%	5.80%
International large cap value	4.00%	6.30%
International large cap growth	4.00%	5.50%
International small cap value	5.50%	6.00%
Emerging markets	8.00%	7.80%
Fixed Income	**20.50%**	
Governments	5.00%	0.60%
Core fixed income	6.50%	1.10%
Emerging market debt	2.50%	4.60%
Private debt	4.00%	7.50%
Distress debt	2.50%	7.50%
Real Estate	**8.00%**	
Non-core real estate	3.20%	5.90%
Core real estate	4.80%	4.10%
Alternatives	**25.50%**	
Hedge funds	5.00%	2.60%
MLP	7.00%	7.20%
Private equity	7.00%	7.50%
Private energy	5.50%	7.30%
Timber	1.00%	3.60%
Total	**100.00%**	

Discount Rate - A single discount rate of 7.50% and 7.50% was used to measure the total pension liability at December 31, 2018 and 2017, respectively. This single discount rate was based on the expected rate of return on pension plan investments of 7.50% and 7.50%, respectively. The projection of cash flows used to determine this single rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Regarding the sensitivity of the net pension liability to changes in the single discount rate, the following presents the plan's net pension liability, calculated using a single discount rate of 7.50%, as well as what the Plan's net pension liability would be if it were calculated using a single discount rate that is 1-percentage point lower or 1-percentage point higher ($ in thousands):

2019	1 % decrease 6.50%	Current discount rate 7.50%	1% increase 8.50%
Proportionate share of net pension liability	$ 241,159	$ 191,995	$ 150,624

Pension Plan Fiduciary Net Position: Detailed information about DERP's fiduciary net position is available in DERP's separately issue of financial reports at https://www.derp.org/.

(18) Plan Postemployment Healthcare Benefits under GASB Statement No. 75

The Airport has two Other Postemployment Healthcare Benefit (OPEB) plans: Denver Employees Retirement Plan (DERP) and DERP Implicit Rate Subsidy. The liability associated with these plans is calculated annually, based on the measurement date, for the citywide financial statements and is allocated to the Airport as of the end of the fiscal year as follows:

	2019	2018
DERP OPEB plan net OPEB liability	$ 13,594	$ 10,855
DERP implicit rate subsidy OPEB plan total OPEB liability	7,721	7,693
Total/Net OPEB liability	$ 21,315	$ 18,548

DERP OPEB Plan Description - The Denver Employees Retirement Plan (the Plan) administers a cost-sharing multiple-employer defined benefit plan providing pension and postemployment health benefits to eligible members. The Plan was established in 1963 by the City. During 1996, the Denver Health and Hospital Authority (DHHA) was created and joined the Plan as a contractual entity. In 2001, the Plan became closed to new entrants from DHHA. All risks and costs are shared by the City and DHHA. There is a single actuarial evaluation performed annually that covers both the pension and postemployment health benefits. All assets of the Plan are funds held in trust by the Plan for its members for the exclusive purpose of paying pension and postemployment health benefits.

Sections 18-401 through 18-430.7 of the City's Revised Municipal Code should be referred to for complete details of the Plan. DERP issues a publicly available comprehensive annual financial report that can be obtained at https://www.derp.org/.

Benefits Provided - The Plan provides retirement, death, and disability benefits for its members and their beneficiaries. Members who were hired before September 1, 2004 and retire at or after age 65 (or at age 55 if the sum of their age and credited service is at least 75) are entitled to an annual retirement benefit, in an amount equal to 2.0% of their final average salary for each year of credited service, payable monthly for life. Effective for employees hired on or after September 1, 2004, the formula multiplier was reduced to 1.5%. Final average salary is based on the member's highest salary during consecutive 36-month period of credited service. Members with five years of credited service may retire at or after age 55 and receive a reduced retirement benefit.

For members who were hired on or after July 1, 2011, they must be age 60 and have combined credited service of at least 85 in order to receive a normal retirement prior to age 65. Final average salary is based on the member's highest salary during a consecutive 60-month period of credited service. Five-year vesting is required for all employees in order to qualify for a benefit, regardless of their age at the time of termination of employment. Annual cost-of-living adjustments are granted on an ad hoc basis. The estimated cost of benefit and contribution provisions is determined annually by an independent actuary, recommended by the Plan's Board, and enacted into ordinance by the Denver City Council.

The health benefits account was established by City Ordinance in 1991 to provide, beginning January 1, 1992, post-employment health care benefits in the form of a premium reduction to retired members, their spouses and dependents, spouses and dependents of decreased active and retired members, and members of the Plan awaiting approval of retirement applications. During 2018 and 2017, the monthly health insurance premium reduction was $12.50 per year of service for retired participants not yet eligible for Medicare, and $6.25 per year of service for retirees eligible for Medicare. The health insurance premium reduction can be applied to the payment of medical, dental, and/or vision insurance premiums. The benefit recipient pays any remaining portion of the premiums.

Contributions - The Airport is required to contribute at a rate of 1.26% of annual covered payroll. The contribution requirements for the Airport are established under the City's Revised Municipal Code. For the year ended December 31, 2019 and 2018, contributions to the DERP OPEB plan were $0.7 million.

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB - At December 31, 2019, the Airport reported a liability of $13.6 million for its proportionate share of the net OPEB liability. The net OPEB liability for DERP was measured as of December 31, 2018, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of January 1, 2018. Standard update procedures were used to roll-forward the total OPEB liability to December 31, 2018. The Airport's proportion of the net OPEB liability was based on contributions to DERP for the calendar year 2018 relative to the total contributions of participating employers to the DERP.

At December 31, 2018, the Airport reported a liability of $10.9 million for its proportionate share of the net OPEB liability. The net OPEB liability for DERP was measured as of December 31, 2017, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of January 1, 2017. Standard update procedures were used to roll-forward the total OPEB liability to December 31, 2017. The Airport's proportion of the net OPEB liability was based on contributions to DERP for the calendar year 2017 relative to the total contributions of participating employers to the DERP.

At December 31, 2018, the Airport's proportion was 12.99774% percent for OPEB, which was an increase of 0.65141% from its proportion measured as of December 31, 2017. At December 31, 2017, the Airport's proportion was 12.34633% percent for OPEB, which was an increase of 0.662% from its proportion measured as of December 31, 2016.

The components of the Airport's proportionate share of the net OPEB liability related to DERP as of December 31, 2019 and 2018 are presented below ($ in thousands):

OPEB plan	2019	2018
Total OPEB liability	$ 22,350	$ 20,095
Plan fiduciary net position	(8,756)	(9,240)
Net OPEB liability	$ 13,594	$ 10,855

For the year ended December 31, 2019 and 2018, the Airport recognized OPEB expense for the DERP plan of $0.3 million and $0.5 million, respectively.

A summary of the Airport's deferred outflows of resources and deferred inflows of resources related to OPEB as of December 31, 2019, is presented below ($ in thousands):

Sources	Deferred outflows of resources	Deferred inflows of resources
OPEB plan:		
Difference between expected and actual experience	$ 63	$ -
Changes of assumptions or other inputs	793	-
Net difference between projected and actual earnings on OPEB plan investments	387	-
Changes in proportion and differences between contributions recognized and proportionate share of contributions	543	348
Contributions subsequent to the measurement date	697	-
Total	$ 2,483	$ 348

A summary of the Airport's deferred outflows of resources and deferred inflows of resources related to OPEB as of December 31, 2018, is presented below ($ in thousands):

Sources	Deferred outflows of resources	Deferred inflows of resources
OPEB plan:		
Net difference between projected and actual earnings on OPEB plan investments	$ -	$ 535
Changes in proportion	77	479
Contributions subsequent to the measurement date	674	-
Total	$ 751	$ 1,014

At December 31, 2019 and 2018, the Airport reported $0.7 million, respectively, as deferred outflows of resources related to OPEB, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net OPEB liability in the following year ended. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized as presented below ($ in thousands):

Year	Deferred inflows and outflows of resources
OPEB plan:	
2020	$ 349
2021	349
2022	384
2023	356
2024	-
Thereafter	-
	$ 1,438

The total OPEB liability in the January 1, 2018 actuarial valuation was determined using the following actuarial cost method, actuarial assumptions and other inputs presented below:

OPEB plan	DERP
Valuation date	January 1, 2018
Measurement date	December 31, 2018
Experience study	Conducted in 2018 covering the 5-year period of January 1, 2013 to December 31, 2017
Actuarial method	Entry age normal
Long-term investment rate of return	7.50%
Discount rate	7.50%
Projected salary increases	3.00% to 7.00%
Inflation	2.50%
Mortality	RP-2014 Combined Mortality Table (genderspecific) projected with the Ultimate MP Scale with a multiplier of 110% male and 105% female

The total OPEB liability in the January 1, 2017 actuarial valuation was determined using the following actuarial cost method, actuarial assumptions and other inputs presented below:

OPEB plan	**DERP**
Valuation date	January 1, 2017
Measurement date	December 31, 2017
Experience study	Conducted in 2013 covering the 5-year period of January 1, 2008 to December 31, 2012
Actuarial method	Entry age normal
Long-term investment rate of return	7.50%
Real wage growth	1.10%
Discount rate	7.50%
Projected salary increases	3.00% to 7.00%
Inflation	2.50%
Mortality	Scale AA to 2020, with multipliers specific to gender and payment status of employee

The target allocation and best estimates of geometric real rates of return for each major asset class are summarized below as of December 31, 2018 and 2017:

2018

Asset class	Target allocation	Long-term expected real rate of return
US Equities	**22.50%**	
Large cap	12.00%	4.90%
Large cap value	3.50%	5.30%
Large cap growth	3.50%	4.70%
Small cap value	2.20%	5.50%
Small cap growth	1.30%	5.00%
International Equity	**23.50%**	
International large cap	2.00%	5.80%
International large cap value	4.00%	6.30%
International large cap growth	4.00%	5.50%
International small cap value	5.50%	6.00%
Emerging markets	8.00%	7.80%
Fixed Income	**20.50%**	
Governments	5.00%	0.60%
Core fixed income	6.50%	1.10%
Emerging market debt	2.50%	4.60%
Private debt	4.00%	7.50%
Distress debt	2.50%	7.50%
Real Estate	**8.00%**	
Non-core real estate	3.20%	5.90%
Core real estate	4.80%	4.10%
Alternatives	**25.50%**	
Hedge funds	5.00%	2.60%
MLP	7.00%	7.20%
Private equity	7.00%	7.50%
Private energy	5.50%	7.30%
Timber	1.00%	3.60%
Total	**100.00%**	

2017		
Asset class	**Target allocation**	**Long-term expected real rate of return**
US Equities	**22.50%**	
Large cap	12.00%	4.90%
Large cap value	3.50%	5.30%
Large cap growth	3.50%	4.70%
Small cap value	2.20%	5.50%
Small cap growth	1.30%	5.00%
International Equity	**23.50%**	
International large cap	2.00%	5.80%
International large cap value	4.00%	6.30%
International large cap growth	4.00%	5.50%
International small cap value	5.50%	6.00%
Emerging markets	8.00%	7.80%
Fixed Income	**20.50%**	
Governments	5.00%	0.60%
Core fixed income	6.50%	1.10%
Emerging market debt	2.50%	4.60%
Private debt	4.00%	7.50%
Distress debt	2.50%	7.50%
Real Estate	**8.00%**	
Non-core real estate	3.20%	5.90%
Core real estate	4.80%	4.10%
Alternatives	**25.50%**	
Hedge funds	5.00%	2.60%
MLP	7.00%	7.20%
Private equity	7.00%	7.50%
Private energy	5.50%	7.30%
Timber	1.00%	3.60%
Total	**100.00%**	

Discount Rate – At December 31, 2019 and 2018, a single discount rate of 7.50% was used to measure the total OPEB liability. This single discount rate was based on the expected rate of return on OPEB plan investments of 7.50%. The projection of cash flows used to determine this single rate assumed that plan member and employer contributions will be made at the current contribution rate. Based on these assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Sensitivity of the Airport's proportionate share of the net OPEB liability to changes in the Discount Rate - Below presents the net OPEB liability as of December 31, 2019 and 2018 using the current discount rate applicable to the DERP benefit structure, as well as if it were calculated using a discount rate that is one percentage point lower or one percentage point higher ($ in thousands):

2019	1% decrease	Current discount rate	1% increase
DERP OPEB plan			
Discount rate	6.50%	7.50%	8.50%
Proportionate share of net liability	$ 15,796	$ 13,594	$ 11,722

2018	1% decrease	Current discount rate	1% increase
DERP OPEB plan			
Discount rate	6.50%	7.50%	8.50%
Proportionate share of net liability	$ 12,758	$ 10,855	$ 9,222

As the Plan is paid at a fixed dollar value, there is not an actuarially adjusted value for healthcare costs and thus Health Cost Trend Rates are not applicable to this Plan.

OPEB Plan Fiduciary Net Position - Detailed information about the DERP's fiduciary net position is available in DERP's comprehensive annual financial report which can be obtained at https://www.derp.org/.

DERP Implicit Rate Subsidy OPEB Plan

DERP Implicit Subsidy Plan Description - The City acts in a single-employer capacity by providing health insurance to eligible Career Service retirees and their qualified dependents through the City's group insurance plans. The claims experience of active employees and pre-Medicare retirees is co-mingled in setting premium rates for the plans in which City employees and retirees participate. To be eligible, a retiree must be a minimum of 55 years of age if hired prior to July 1, 2011, and a minimum of 60 years of age if hired after July 1, 2011, with 5 years of service and have begun receiving their pension benefit. Coverage ceases when one reaches Medicate age.

Benefit Payments - DERP retirees are responsible for 100.00% of the blended premium rate. The Airport's required contribution toward the implicit rate subsidy is based on a pay-as-you-go financing. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB 75 to pay benefits. For the year ended, December 31, 2019 and 2018, benefit payments were $0.7 million and $0.6 million, respectively.

Participation Rate DERP Implicit Subsidy Plan - As authorized by section 18-412 of the City's Revised Municipal Code, DERP retirees are allowed to participate in the health insurance programs offered to active employees.

Participating active employees: 50% of active DERP employees currently covered in the City's medical plans are assumed to continue their current medical plan election in retirement.

Actives not currently participating: 25% of active DERP employees not currently covered by a City healthcare plan are assumed to elect coverage in the Kaiser DHMO plan at or before retirement.

Vested terminated employees: 40% of vested terminated employees with 16 or more years of City/County service are assumed to elect coverage in the Kaiser DHMO plan when they retire and begin their pension benefits.

Retired participants: Existing medical plan elections are assumed to be continued through retirement until the earlier of the retiree's death or the date he or she becomes eligible for Medicare.

Spouse Coverage

Active participants: 25% of those assumed to elect coverage in retirement are assumed to be married participants electing coverage for their spouse until their death. Husbands are assumed to be 3 years older than their wives.

Retired participants: Existing elections for spouse coverage are assumed to be maintained through retirement. Actual spouse information is used where available; otherwise the assumptions for spouses of active employees are applied.

Excise tax on high-cost plans

2018 Thresholds	**Ages 55-64**	**All Other Ages**
Single	11,850	10,200
Other than Single	30,950	27,500

Note: Thresholds for disability retirements are assumed to be set at a level high enough to prevent taxation on disabled retiree benefits

The Patient Protection and Affordable Care Act (ACA) included a 40% excise tax on high-cost employer sponsored health coverage. The tax applied to the aggregate annual cost of any employee's applicable coverage that exceeds a dollar limit. Implementation of this tax had been delayed by subsequent legislation to 2022. This excise tax was repealed by Senate Amendment to H.R. 1865, Further Consolidate Appropriations Act, 2020, and signed by the President on December 20, 2019. Although this change occurred after the valuation date and measurement date, we changed our assumptions, now assuming the City will longer bear any such excise tax liability.

Employees covered by benefit terms at December 31, 2018 and December 31, 2017, the date of the latest actuarial valuation:

	2018	**2017**
Inactive employees currently receiving benefit payments	1,124	1,107
Inactive employees entitled to but not yet receiving benefit payments	306	323
Active employees	8,755	8,422
Total	10,185	9,852

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB - The Airport's proportionate share is determined by the Airport's contributions for the measurement period divided by total contributions of all employer entities for the measurement period. The Airport's proportionate share of the implicit rate subsidy total OPEB liability related to DERP as of December 31, 2019 and 2018 are as follows ($ in thousands):

Implicit rate subsidy	**2019**	**2018**
Total OPEB liability	$ 7,721	$ 7,693

For the year ended December 31, 2019, the Airport recognized OPEB expense of $0.5 million for the implicit rate subsidy. A summary of the Airport's deferred outflows of resources and deferred inflow of resources related to OPEB as of December 31, 2019 is presented below ($ in thousands):

Sources	**Deferred outflows of resources**	**Deferred inflows of resources**
Implicit rate subsidy:		
Difference between expected and actual experience	$ 54	$ -
Changes of assumptions - future economic or demographic factors	181	-
Changes in proportion	28	363
Benefit payments subsequent to the measurement date	661	-
Total	$ 924	$ 363

For the year ended December 31, 2018, the Airport recognized OPEB expense of $0.5 million for the implicit rate subsidy. A summary of the Airport's deferred outflows of resources and deferred inflow of resources related to OPEB as of December 31, 2018 is presented below ($ in thousands):

Sources	**Deferred outflows of resources**	**Deferred inflows of resources**
Implicit rate subsidy:		
Changes of assumptions - future economic or demographic factors	$ 113	$ -
Changes in proportion	26	341
Benefit payments subsequent to the measurement date	592	-
Total	$ 731	$ 341

As of December 31, 2019 and 2018, the $0.7 million and $0.6 million, respectively, reported as deferred outflows of resources related to the implicit rate subsidy, resulting from benefit payments subsequent to the measurement date, will be recognized as a reduction of the total implicit rate subsidy OPEB liability in the year ended December 31, 2020. Other amounts reported as deferred outflows of recourses and deferred inflows of resources related to OPEB for the implicit rate subsidy will be recognized as presented below ($ in thousands):

Year	Deferred inflows and outflows of resources
Implicit rate subsidy:	
2020	$ (18)
2021	(18)
2022	(18)
2023	(18)
2024	(18)
Thereafter	(11)
	$ (101)

The implicit rate subsidy liability in the December 31, 2018 actuarial valuation was determined using the following actuarial cost method, actuarial assumptions and other inputs presented below:

Implicit rate subsidy	DERP
Valuation date	December 31, 2018
Measurement date	December 31, 2018
Actuarial method	Entry age normal
Asset valuation method	Market value of assets
Discount rate	3.56% as of December 31, 2017 4.11% as of December 31, 2018
Participants valued	Only current active employees under age 65, non-medicare retired participants and covered spouses are valued. No future entrants are considered in this valuation
Projected salary increases	3.00% per year
Inflation	2.50%
Mortality	RP-2000 MacLeod Watts Scale 2018 projected generationally from 2000
Healthcare cost trend rates	Medical plan premiums and claims costs by are assumed to 7.0% in 2021 and fluctuates until the ultimate rate of 4% in 2076
Medicare eligibility	Absent contrary data, all individuals are assumed to be eligible for Medicate Parts A and B at age 65.
Demographic assumptions	Based on most recent (January 2016) actuarial valuation of the Denver Employees Retirement Plan, except for a different basis used to project future mortality improvements (rates of retirement, termination, disability and mortality).

The implicit rate subsidy liability in the December 31, 2017 actuarial valuation was determined using the following actuarial cost method, actuarial assumptions and other inputs presented below:

Implicit rate subsidy	DERP
Valuation date	December 31, 2016, rolled forward to the measurement date
Measurement date	December 31, 2017
Actuarial method	Entry age normal
Asset valuation method	Market value of assets
Discount rate	3.78% as of December 31, 2016, 3.56% as of December 31, 2017
Participants valued	Only current active employees under age 65, non-medicare retired participants and covered spouses are valued. No future entrants are considered in this valuation
Projected salary increases	3.25% per year
Inflation	2.75%
Mortality	RP-2000 MacLeod Watts Scale 2017 projected generationally from 2000
Healthcare cost trend rates	Medical plan premiums and claims costs by are assumed to increase 1.05% each January 1 of 2017-2021. On January 1, 2022 and later the rate is 5%
Medicare eligibility	Absent contrary data, all individuals are assumed to be eligible for Medicate Parts A and B at age 65.
Demographic assumptions	Based on most recent (January 2016) actuarial valuation of the Denver Employees Retirement Plan, except for a different basis used to project future mortality improvements (rates of retirement, termination, disability and mortality).

Discount Rate - When the financing of OPEB liabilities is on a pay-as-you-go basis, GASB 75 requires that the discount rate used for valuing liabilities be based on the yield or index rate for 20-year, tax exempt general obligation municipal bonds with an average rating of AA/Aa or higher (or equivalent quality on another rating scale). As such, a 4.11% and 3.56% discount were used to measure the implicit rate liability as, of December 31, 2018 and 2017, based on the published rates of the applicable municipal bond index.

Sensitivity of the Airport's Proportionate Share of the Implicit Rate Subsidy OPEB Total Liability to Changes in the Discount Rate - Below presents total OPEB liability as of December 31, 2019 and 2018 using the discount rate applicable to the DERP benefit structure, as well as if it were calculated using a discount rate that is one percentage point lower or one percentage point higher ($ in thousands):

2019	1% decrease	Current discount rate	1% increase
Implicit rate subsidy:			
Discount rate	3.11%	4.11%	5.11%
Proportionate share of total liability	$ 8,326	$ 7,721	$ 7,175

2018	1% decrease	Current discount rate	1% increase
Implicit rate subsidy:			
Discount rate	2.56%	3.56%	4.56%
Proportionate share of total liability	$ 8,313	$ 7,693	$ 7,131

Sensitivity of the total implicit rate subsidy OPEB liability to changes in the healthcare cost trend rates as of December 31, 2019 and 2018 presented below ($ in thousands):

2019	**1% decrease**	**Current trend rate**	**1% increase**
Change in healthcare cost trend rates:			
Total OPEB liability	$ 7,098	$ 7,721	$ 8,449

2018	**1% decrease**	**Current trend rate**	**1% increase**
Change in healthcare cost trend rates:			
Total OPEB liability	$ 6,943	$ 7,693	$ 8,633

(19) 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 an unforeseeable emergency. The Plan's publicly available financial report can be obtained by contacting the City of Denver Controller's Office at 201 West Colfax Avenue, Department 1109, Denver, Colorado, 80202.

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) held in trust by the City for the exclusive benefit 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.

The City can at any time elect to amend, modify, or terminate the Plan. However, notice must be given to all participants at least 45 days prior to the effective date of an amendment. No amendments will deprive the participants of any benefits they were entitled to prior to the change. If the Plan is terminated, all amounts then credited to the participants are to be paid out by the administrators under the normal withdrawal requirements and procedures.

(20) Commitments and Contingencies

(a) Commitments

As of December 31, 2019, the Airport had remaining construction project contract capacity totaling $1.8 billion, of which $640.5 million has been encumbered but not yet incurred, with the remaining $1.2 billion expected to be committed and incurred to complete current approved capital projects.

(b) Great Hall Project Developments

The City, for and on behalf of the Airport, is undertaking renovations to Jeppesen Terminal including the Great Hall (an open area of approximately 1 million square feet located on Levels 5 and 6 of Jeppesen Terminal) designed to, among other things, enhance security of the passengers and the Airport, improve passenger flow and increase and improve concessions areas. The City, for and on behalf of the Airport, granted to Denver Great Hall LLC, a Delaware limited liability company (the Great Hall Developer) an exclusive right to design, construct, finance, operate and maintain certain specified areas within Jeppesen Terminal, including the renovation and reconfiguration of a portion of the Great Hall (the Great Hall Project), pursuant to the Development Agreement dated August 24, 2017 (the Great Hall Agreement) between the City, for and on behalf of the Airport, and the Great Hall Developer. On August 12, 2019, the City, for and on behalf of the Airport, exercised its right to terminate the Great Hall Agreement for convenience, which termination became effective November 12, 2019. As a result of such termination, the City, for and on behalf of the Airport, owed a termination payment to the Great Hall Developer in an amount determined pursuant to the terms of the Great Hall Agreement. The termination payment consists of several components: (1) a net lender liability payment reimbursing Great Hall Developers for costs of design, construction and management work completed through the Termination Date (paid partially from reserve funds available from the prior issuance of Revenue Bonds (Denver International Airport Great Hall Project) Series 2017 by the Public Finance Authority on behalf of Great Hall Developer); (2) an equity payment equal to the return that Great Hall Developer's equity members expected to receive on their investment in Great Hall Developer; (3) contractor breakage costs representing the costs incurred by Great Hall Developer and its contractors because of the termination of the Great Hall Agreement that would not have been incurred but for the termination of the Great Hall Agreement; (4) redundancy costs representing reimbursements to Great Hall Developer for costs incurred in terminating employees who will not continue with Great Hall Developer or an affiliate of Great Hall Developer after termination of the Great Hall Agreement; and (5) transition costs representing the amount spent by Great Hall Developer to wind down the work and transition the Great Hall Project to the City, for and on behalf of the Department.

The City, for and on behalf of the Airport, entered into a Final Agreement Regarding Termination dated March 13, 2020 (the Termination Agreement) with Great Hall Developer, Ferrovial Agroman West, LLC and Great Hall Builders, LLC (Great Hall Builders) to settle all disputes among the parties to the Termination Agreement relating to the Great Hall Agreement, resolve certain relief event claims filed by Great Hall Developer on its own behalf and on behalf of Great Hall Builders under the Great Hall Agreement and settle the final amount of the total Termination Payment. As set forth in the Termination Agreement, the City, for and on behalf of the Airport, has made a series of payments toward the Termination Payment which, together with the amount referenced in the prior paragraph, resulted in the full and final Termination Payment amount of $183.7 million. This amount falls within the estimated range of the Termination Payment of $170.0 million to $210.0 million previously disclosed by the City, for and on behalf of the Airport. Pursuant to the Termination Agreement, no other payments are due from the City, for and on behalf of the Airport, as a result of the termination of the Great Hall Agreement and all claims for payments against the City, for and on behalf of the Airport, have been dismissed, see note 24(b) – Subsequent Events.

As of December 31, 2019, the Airport recorded a total cost incurred of $187.4 million related to the termination of the Great Hall Agreement, of which $50.4 million are accrued cost paid after December 31, 2019 on the Statement of Net Position. This cost included the $183.7 million related to the termination to Great Hall Partners and $3.7 million in additional costs related to the termination of the agreement. For the year ended December 31, 2019, the Airport recorded $65.8 million of the $187.4 million as Special Item on the Statement of Revenue, Expenses, and Changes in Net Position. This amount represents costs incurred determined not to be capitalizable.

(c) Noise Litigation

The City and Adams County entered into an intergovernmental agreement for DEN dated April 21, 1988 (the Intergovernmental Agreement). The Intergovernmental Agreement establishes maximum levels of noise that should not be exceeded on an average annual basis at various grid points surrounding the Airport. Penalties must be paid to Adams County when these maximums are exceeded.

For 2019, no penalty notice has been filed and no amount has been determined to be due. Included in the financial statements are accrued penalties for 2017-2018 in the amount of $23.0 million.

(d) Claims and Litigation

On July 2, 2018, the Board of County Commissioners of Adams County filed a civil complaint against the City, related to the Airport, in the Jefferson County District Court of Colorado, which was amended on July 20, 2018 to include the City of Aurora and the City of Brighton as plaintiffs (the Complaint). The Complaint seeks, among other things, a declaration from the Court that the City is in breach of the Adams County Intergovernmental Agreement (IGA) as a result of the City's continued use of noise modeling system known as ARTSMAP, which the Complaint alleges is not sufficient to measure compliance with Noise Standards agreed to under the IGA. In conjunction with this declaratory relief, the Complaint seeks an injunction of the City's continued use of ARTSMAP and specific performance including, among other things, (i) use of an alternative noise monitoring system and for the City to recalculate and re-report the annual calculation of compliance with the Noise Standards for 2014 through 2018 and future years using such alternative noise monitoring system, (ii) installation of additional noise monitoring terminals in and around the Airport to sufficiently measure compliance with the Noise Standards under the IGA; and (iii) supply of a terminal at the Adams County offices to allow real-time, continuous monitoring of such alternative noise monitoring system data. On May 21, 2019, Adams County, the City of Thornton, the City of Aurora and the City of Brighton (the "Plaintiffs") filed a Third Amended Complaint (the "Amended Complaint") which, in addition to allegations made in the Original Complaint, alleges between 93 and 108 Class II violations in 2014 through 2016 that remained uncured in the succeeding calendar year and, in addition to the relief sought in the Original Complaint, seeks (i) a mandatory Court order requiring the City to implement reasonable, non-discriminatory rules and regulations concerning airport operations to achieve and maintain compliance with the Noise Standards and (ii) if the Court does not make such order, an award of liquidated damages of $500,000 for each Class II violation that occurred during 2014, 2015 and 2016 that remained uncured in the succeeding calendar year. The trial concluded on October 4, 2019. Written closing arguments and proposed findings were submitted in November 2019. The Court has not issued a ruling as of the date of this disclosure. If the Court grants the relief sought, The City may be required to make changes to the operations of the Airport and flight procedures that could materially adversely affect Net Revenues and may be required to make noise mitigation payments to the Claimants, which payments could be substantial. No assurance can be given regarding the outcome of this litigation or whether The Claimants may file additional claims in the future alleging new violations. On June 19, 2020, the Court issued Findings of Fact and Conclusion (Order) see note 24(d) – Subsequent Events.

(e) Denver International Assets under Operating Leases

The Airport 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 income under operating leases for 2019 and 2018 was $92.9 million and $91.7 million, respectively.

Minimum future rentals due from concession tenants are as follows for the years ending December 31 ($ in thousands):

2020	$	58,551
2021		45,059
2022		39,712
2023		34,191
2024		28,450
2025-2029		55,451
2030-2033		4,030
Total	$	265,444

The United lease provides that it can be terminated by the airline if the airline's cost per enplaned passenger exceeds $20 in 1990 dollars. Current costs per enplaned passenger did not approach this limit for 2019. 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.

(f) Federal Grants

Under the terms of the federal grants, periodic audits are required, and certain costs may be questioned as not being appropriate expenditures under the terms of the grants. Such audits could lead to reimbursement to the grantor agencies. The Airport management believes disallowances, if any, will be immaterial to its financial position and activities of the Airport.

(21) Insurance

The Department of Aviation is exposed to various risks of loss related to torts; thefts of, damage to, and destruction of assets; errors and omissions; and natural disasters. The Department of Aviation has purchased commercial insurance for the various risks.

Employees of the City and County of Denver (including all Department of Aviation employees) 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 City's 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.

In 2011, the Department of Aviation established an Owner Controlled Insurance Program (OCIP) to insure all contractors and subcontractors working on the Hotel Transit Center Project. The program included general liability, worker's compensation, builder's risk, contractor's pollution and Owners Protection Professional Liability. In 2013, the airport established a Rolling Owner Controlled Insurance Program (ROCIP) for selected Capital Improvement Projects from 2013-2017. In 2016, ROCIP II was established for selected Capital Improvement Projects from 2016-2021. In 2017, ROCIP III was established for selected Capital Improvement Projects from 2017-2022. Combined ROCIP program experience has generated cost savings to the Department of Aviation.

(22) Significant Concentration of Credit Risk

The Airport derives a substantial portion of its operating revenue from facility rental fees and airline landing fees (airline operating revenue). For the years ended December 31, 2019 and 2018, the United Airlines group represented approximately, 44.6%, and 43.8% of the Airport's airline operating revenue, respectively. Southwest Airlines represented 22.7% and 24.4% for the same periods, respectively. No other airline represented more than 10% of the Airport's airline operating revenue. The Airport requires performance bonds or other financial instruments to support airlines and concession accounts receivables.

(23) United Airlines

The dominant air carrier at DEN is United Airlines, one of the world's largest airlines. Pursuant to the United Use & Lease Agreement, United currently leases 53 full-service contact gates on Concourse B and 15 ground loading positions. In addition, United together with its United Express commuter affiliates, accounted for 44.7% and 43.5% of enplaned passengers at the Airport in 2019 and 2018, respectively.

(24) Subsequent Events

(a) COVID-19

The outbreak of a new strain of coronavirus ("COVID-19") spread across the globe, including the United States. As a result of COVID-19, the U.S. government and governments of other countries issued travel restrictions and warnings for numerous countries. Various government agencies and others warned against travel and large group events, and numerous states issued stay-home orders curtailing non-essential travel. The Governor of the State of Colorado issued an Executive Order for all people to stay home starting on March 25, 2020 effective through April 11, 2020 and was extended to April 26, 2020 as did the Mayor of the City through May 8, 2020, except to meet essential needs. The Airport will continue its operations as an essential service, which includes all services (i.e. concessions, rental car, etc.). The Airport is experiencing a reduction in passengers and operations as a result of impact of COVID-19. The Airport is proactively implementing a number of measures intended to mitigate operational and financial impacts due to the COVID-19 pandemic. DEN has instituted a hiring freeze, is focusing on essential expenditures and is reprioritizing capital projects and programs to position the airport for a strong recovery.

The Airport will be eligible to receive approximately $269.1 million through the Coronavirus Aid, Relief and Economic Security (CARES) Act stimulus package, which was signed into law on March 27. Under the CARES Act, the FAA distributes funds to airports based on enplanements and other metrics related to cash reserves and debt service. Funding received through the CARES Act will be used to prevent, prepare for and respond to the impacts of the COVID-19 pandemic. There is no deadline by which the funds must be used. On April 28, 2020, The City, for and on behalf of the Airport, executed the CARES Act Grant for $269.1 million.

On April 16, 2020, Moody's revised the Airport senior and subordinate lien bonds from positive to stable.

On March 31, 2020, Fitch issued "Rating Actions on U.S. Large Airports and Major Hubs Amid Coronavirus Disruptions." As a result, Fitch rating outlook on the Airport rating for the 1st (senior) lien and 2nd (subordinate) lien bonds were adjusted from stable to negative.

On March 26, 2020, S&P Global issued "Ratings Outlook on the U.S. Transportation Infrastructure Issuers Revised to Negative Due to COVID-19 Pandemic." As a result, the S&P rating outlook on the Airport 1st lien and 2nd lien bonds were adjusted from a stable to negative.

(b) Great Hall Project Termination Payment

On March 20, 2020, the City on behalf of the Airport filed a Voluntary Event Notice Relating to Great Hall Project Termination Payment. This disclosure is available at https://emma.msrb.org/ER1317070-ER1026269-ER1432758.pdf. On March 17, 2020, the Airport made a final settlement payment of $21.5 million relating to the termination of the Great Hall Agreement.

(c) Bankruptcy Filing

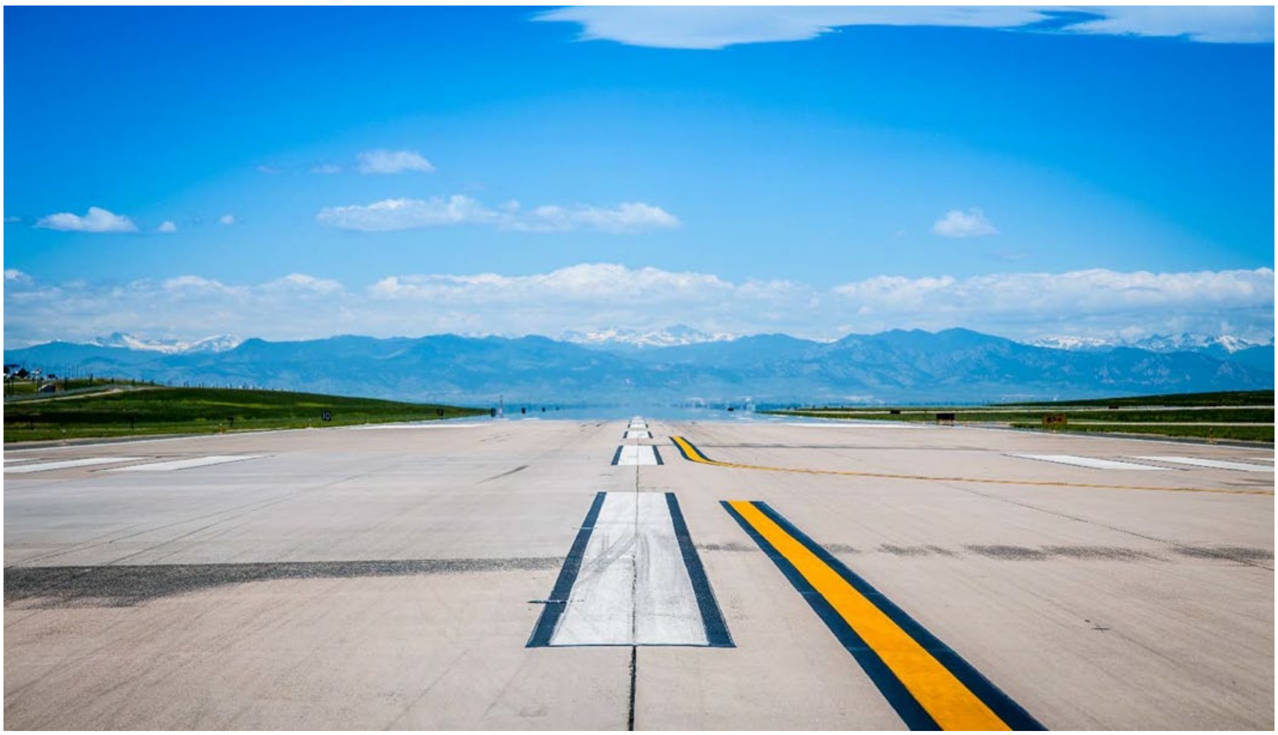
On May 22, 2020, The Hertz Corporation (which includes Hertz Car Rental, Dollar Car Rental and Thrifty Car Rental) filed a Voluntary Petition with the United States Bankruptcy Court under Chapter 11 of the Bankruptcy Code. The impact to the Airport revenues is not known at this point.

On May 27, 2020, Advantage Holdco, Inc. (which includes Advantage Rent a Car and E-Z Rent-A-Car) filed a Voluntary Petition with the United States Bankruptcy Court under Chapter 11 of the Bankruptcy Code. The impact to the Airport revenues is not known at this point.

(d) Claim Judgment

On June 19, 2020, the Jefferson County District Court of Colorado issued Findings of Fact and Conclusion (Order) related to the claim filed by the Complaint and ruled in favor of the Complaint's claim with respect to (i) the City's use of an alternative noise monitoring system and (ii) Class II violations for 2014, 2015, and 2016 for the judgment amount of $33.5 million plus interest. The City is evaluating the Order and available options. The City also accrued $23.0 million for these same penalties pertaining to the years 2017 and 2018. These obligations are included in claim litigation reserve.

2019 ANNUAL FINANCIAL REPORT
REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)



SCHEDULE OF AIRPORT PROPORTIONATE SHARE NET PENSION LIABILITY

DECEMBER 31, 2019 AND 2018 ($ IN THOUSANDS)

	2019*	2018	2017	2016	2015
DEN proportionate share of the net pension liability	12.725930%	11.994930%	12.618330%	13.400670%	13.13003%
DEN proportionate share of the net pension liability	$ 191,995	$ 140,679	$ 153,869	$ 158,033	$ 115,000
DEN covered payroll	$ 92,132	$ 88,612	$ 85,209	$ 84,601	$ 75,901
DEN proportionate share of the net pension liability as a percentage of its covered payroll	208.39%	158.76%	180.58%	186.80%	151.51%
Plan fiduciary net position as a percentage of the total pension liability	57.76%	65.49%	62.26%	62.26%	70.11%

Notes: Information is not available prior to 2015. In future reports, additional years will be added until 10 years of historical data are presented.

Information presented in this schedule has been determined as of the Airport's measurement date (December 31, one year prior to the most recent fiscal year-end) of the collective net pension liability in accordance with Governmental Accounting Standards Board Statement No. 68.

*Changes in assumptions: None
*Changes in benefits: None

SCHEDULE OF AIRPORT CONTRIBUTIONS
NET PENSION LIABILITY
DECEMBER 31, 2019 AND 2018 ($ IN THOUSANDS)

	2019*	2018	2017	2016	2015
Contractually required contribution	$ 11,937	$ 10,873	$ 9,513	$ 9,176	$ 9,109
Contributions in relation to the contractually required contribution	11,937	10,873	9,513	9,176	9,109
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
DEN covered payroll	$ 97,266	$ 92,132	$ 88,612	$ 85,209	$ 84,601
Contributions as a percentage of covered payroll	12.27%	11.80%	10.74%	10.77%	10.77%

Notes: Information is not available prior to 2015. In future reports, additional years will be added until 10 years of historical data are presented.

Information presented in this schedule has been determined as of the Airport's most recent fiscal year-end (December 31) in accordance with Governmental Accounting Standards Board Statement No. 68.

*Changes in assumptions: None
*Changes in benefits: None

OTHER POSTEMPLOYMENT BENEFIT PLANS
SCHEDULE OF AIRPORT PROPORTIONATE SHARE
NET OPEB LIABILITY
DECEMBER 31, 2019 ($ IN THOUSANDS)

OPEB	2019*	2018*
DEN proportion of the net OPEB liability	12.997740%	12.346330%
DEN proportionate share of the net OPEB liability	$ 13,594	$ 10,855
DEN covered payroll	$ 97,266	$ 70,981
DEN proportionate share of the net OPEB liability as a percentage of its covered payroll	13.98%	15.29%
Plan fiduciary net position as a percentage of the total OPEB liability	39.2%	46.0%

Notes: Information is not available prior to 2018. In future reports, additional years will be added until 10 years of historical data are presented.

Information present in this schedule has been determined as of the Airport's measurement date (December 31, one year prior to the most recent fiscal year-end) of the collective net OPEB liabilities in accordance with Governmental Accounting Standards Board Statement No. 75.

*Changes in benefits: None
*Changes in assumptions:
The latest experience study was conducted in 2018 covering the 5-year period of January 1, 2013 to December 31, 2017. At this time, the recommended mortality table was expected to produce a margin of 10% on the male mortality experience and 5% on the retired female experience.

OTHER POSTEMPLOYMENT BENEFIT PLANS
SCHEDULE OF AIRPORT EMPLOYER CONTRIBUTIONS
NET OPEB LIABILITY
DECEMBER 31, 2019 ($ IN THOUSANDS)

OPEB	2019	2018
Actuarially required contribution	$ 644	$ 539
Contributions in relation to the actuarially required contribution	697	674
Contribution deficiency (excess)	(53)	(135)
DEN covered payroll	$ 97,266	$ 92,132
Contributions as a percentage of covered payroll	0.7%	0.7%

Notes: Information is not available prior to 2018. In future reports, additional years will be added until 10 years of historical data are presented.

Information presented in this schedule has been determined as of the Airport's most recent fiscal year-end (December 31) in accordance with Governmental Accounting Standards Board Statement No. 75.

OTHER POSTEMPLOYMENT BENEFIT PLANS
SCHEDULE OF AIRPORT PROPORTIONATE SHARE
IMPLICIT RATE SUBSIDY
DECEMBER 31, 2019 ($ IN THOUSANDS)

Implicit rate subsidy	2019*	2018*
DEN proportion of the total liability	9.687901%	9.788102%
DEN proportionate share of the total liability	$ 7,721	$ 7,693
DEN covered-employee payroll	$ 97,266	$ 57,996
DEN proportionate share of the total liability as a percentage of its covered-employee payroll	7.94%	13.26%

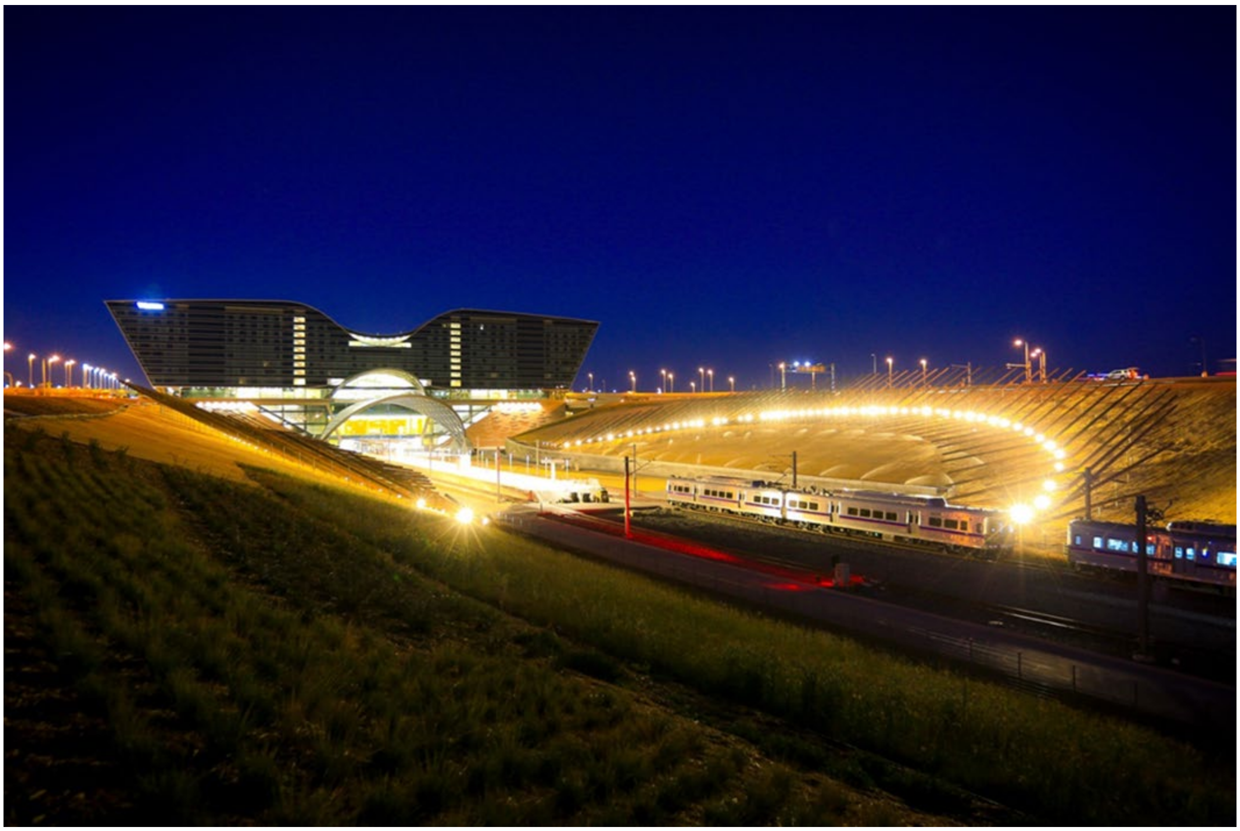
Notes: Information is not available prior to 2018. In future reports, additional years will be added until 10 years of historical data are presented.

Information present in this schedule has been determined as of the Airport's measurement date (December 31, one year prior to the most recent fiscal year-end) of the collective total implicit rate subsidy OPEB liabilities in accordance with Governmental Accounting Standards Board Statement No. 75.

*Changes in benefits: None
*Changes in assumptions:
The latest experience study was conducted in 2018 covering the 5-year period of January 1, 2013 to December 31, 2017. At this time, the recommended mortality table was expected to produce a margin of 10% on the male mortality experience and 5% on the retired female experience.

See note 18 for further detail.

2019 ANNUAL FINANCIAL REPORT
OTHER INFORMATION (UNAUDITED)



SCHEDULE OF COMPLIANCE WITH RATE MAINTENANCE COVENANT AS DEFINED IN THE 1984 AIRPORT SYSTEM GENERAL BOND ORDINANCE
AIRPORT REVENUE ACCOUNT
YEAR ENDED DECEMBER 31, 2019 ($ IN THOUSANDS)

Gross revenues:	
Facility rentals	$ 249,814
Concession income	85,703
Parking income	203,502
Car rental income	80,348
Landing fees	178,593
Aviation fuel tax	25,464
Other sales and charges	24,216
Customer facility fee revenue	21,525
Interest income	39,248
Designated passenger facility charges	131,434
Hotel	62,088
Miscellaneous income	916
Total gross revenues	**$ 1,102,851**
Operation and maintenance (O&M) expenses:	
Personnel services	$ 176,946
Contractual services	241,264
Maintenance, supplies, and materials	28,649
Hotel	31,446
Total O&M expenses	**$ 478,305**
Net revenues	$ 624,546
Other available funds	68,365
Net revenues plus other available funds	**$ 692,911**
Net debt service requirements - senior bonds	**$ 273,460**
Debt service coverage - senior bonds	**253%**
Debt service coverage - all bonds:	
Debt service requirements - subordinate bonds	$ 102,805
Net debt service requirements - senior bonds	273,460
Net debt service requirements - all bonds	**$ 376,265**
Debt service coverage - all bonds	**184%**

Note: Debt service requirements are net of capitalized interest.

See accompanying independent auditor's report

SCHEDULE OF REQUIRED DEPOSITS TO THE BOND ACCOUNT, BOND RESERVE ACCOUNT, AND THE OPERATIONAL AND MAINTENACE RESERVE ACCOUNT AS DEFINED IN THE 1984 AIRPORT SYSTEM GENERAL BOND ORDINANCE

YEAR ENDED DECEMBER 31, 2019

(1) Bond Account

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

(a) Interest Account

The required monthly deposit to the Bond Interest Account, commencing on the first day of the month immediately succeeding the issuance of any bonds, is an amount which, if made in substantially equal installments, would be sufficient to pay the next maturing installment of interest on such series bonds ($ in thousands).

Bond Series	Interest Payment Date	Balance Interest Due	Required Interest Acctount Balance at 12/31/2019
Series 1992F-G	01/01/20	$ 46	$ 46
Series 2002C	01/01/20	33	33
Series 2007F1-F2	01/01/20	82	82
Series 2007G1-G2	01/01/20	203	203
Series 2008B	01/01/20	75	75
Series 2008C1	01/01/20	130	130
Series 2009B	05/15/20	2,094	523
Series 2009C	01/01/20	126	126
Series 2010A	05/15/20	3,327	832
Series 2011A	05/15/20	3,602	900
Series 2011B	05/15/20	225	56
Series 2012A	05/15/20	6,135	1,534
Series 2012B	05/15/20	11,565	2,891
Series 2012C	05/15/20	544	136
Series 2013A	05/15/20	8,058	2,015
Series 2013B	05/15/19	9,431	2,358
Series 2015A	05/15/19	1,464	366
Series 2016A	05/15/20	5,489	1,372
Series 2017A	05/15/20	5,178	1,294
Series 2017B	05/15/20	532	133
Series 2018A	06/01/19	56,607	9,435
Series 2018B	06/01/19	4,404	734
Series 2019A	05/15/20	999	250
Series 2018B	05/15/20	175	44
Series 2019C	05/15/20	3,000	750
Series 2019D	05/15/20	2,093	523
			$ 26,841

SCHEDULE OF REQUIRED DEPOSITS TO THE BOND ACCOUNT, BOND RESERVE ACCOUNT, AND THE OPERATIONAL AND MAINTENACE RESERVE ACCOUNT AS DEFINED IN THE 1984 AIRPORT SYSTEM GENERAL BOND ORDINANCE

YEAR ENDED DECEMBER 31, 2019

Principal Account

The required monthly deposit to the Bond 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, is an amount which, if made in substantially equal installments, would be sufficient to pay the next maturing installment of principal of such Serial Bonds ($ in thousands).

Bond series	Principal Payment Date	Balance Principal Due	Required Principal Account Balance at 12/31/2019
1992F-G	11/15/20	$ 3,100	$ 388
2002C	11/15/20	3,000	375
2007G1-G2	11/15/20	9,100	1,138
2008B	11/15/20	5,200	650
2008C1	11/15/20	8,200	1,025
2009C	11/15/20	14,900	1,863
2010A	11/15/20	19,220	2,403
2011A	11/15/20	49,700	6,213
2012A	11/15/20	1,055	132
2012B	11/15/20	5,955	744
2016A	11/15/20	9,145	1,143
2017A	11/15/20	24,015	3,002
2013A	11/15/20	4,390	549
2013B	11/15/20	6,285	786
2015A	11/15/20	14,200	1,775
2018A	12/01/20	9,425	785
2018B	12/01/20	245	20
2019A	11/15/20	12,605	1,576
2019B	11/15/20	16,550	2,069
			$ 26,636

(b) Sinking Account

The required monthly deposit to the Bond Sinking Account, commencing on the first day of the 12th calendar month prior to the date on which the City is required to pay any Term Bonds, is 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.

SCHEDULE OF REQUIRED DEPOSITS TO THE BOND ACCOUNT, BOND RESERVE ACCOUNT, AND THE OPERATIONAL AND MAINTENACE RESERVE ACCOUNT AS DEFINED IN THE 1984 AIRPORT SYSTEM GENERAL BOND ORDINANCE

YEAR ENDED DECEMBER 31, 2019

(c) Redemption Account

The required deposit to the Bond Redemption Account, on or prior to any date on which the Airport exercises its option to call for prior redemption of any Bonds, is 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, 2019, the redemption account had a balance of $28.7 million for the sixth runway and baggage system.

(d) Bond Account Summary

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

Bond account balance at December 31, 2019	$	54,421
Aggregate required bond account balance		53,478
Overfunded	$	943

(2) Bond Reserve Account

The City is required, after making required monthly deposits to the Interest, Principal, Sinking Account, and Redemption accounts of the Bond Account, to apply Net Revenues to fund the Bond Reserve Account, in an amount equal to the maximum annual interest and principal payable on all outstanding Senior Bonds of the Airport, as defined in the General Bond Ordinance. The amount deposited to the Bond Reserve Account at December 31, 2019 is $527.5 million. The minimum Bond Reserve Account requirement for both Senior and Subordinate Lien Bonds is $515.2 million.

(3) Operation and Maintenance Reserve Account

The operation and maintenance reserve account balance must be funded at an amount equal to no less than two months and no more than four months of the prior year operating expenses. Airport management funds the reserve based on three months of the prior year operating expenses. The operation and maintenance expenses noted below is presented as defined within the 1984 Airport System General Bond Ordinance ($ in thousands).

2018 Operation and Maintenance expenses	$	445,801
Minimum operations and maintenance reserve requirement for 2018	$	74,300
Operation and maintenance reserve account balance at December 31, 2019		109,412
Overfunded	$	35,112

2019 ANNUAL FINANCIAL REPORT
STATISTICAL SECTION (UNAUDITED)

This section details historical information for supporting reader's understanding of financial statements and note disclosures presented in DEN's Annual Financial Report.

CONTENTS

FINANCIAL TRENDS

This data is intended to help the reader understand how the DEN's financial position has changed over time. Schedules included are:

(1) Summary of Net Position

(2) Summary of Changes in Net Position

(3) Summary of Operating Expenses

(4) Summary of Nonoperating Income and Expenses

REVENUE CAPACITY

This data is intended to help the reader understand the major DEN's revenue sources. Schedules included are:

(5) Summary of Operating Revenues

(6) Market Share of Air Carriers/Enplaned Passengers by Airline

(7) Historical Passenger Facility Charge Revenues

Additional information effecting airport revenue capacity is provided in the Operating Information Section below.

DEBT CAPACITY

This data is intended to help the reader assess DEN's ability to service existing debt and ability to issue additional debt in the future. Schedules included are:

(8) Outstanding Debt Principal by Type

(9) Debt Service Coverage under the Bond Ordinance

DEMOGRAPHIC AND ECONOMIC INFORMATION

This data contains demographic and economic indicators to help the reader understand the environment within which DEN's financial activities take place. Schedules included are:

(10) City and County of Denver Demographic and Economic Statistics

(11) City and County of Denver Principal Employers

OPERATING INFORMATION

This data offers information about DEN's operations and resources to help the reader understand how DEN's financial information relates to the services it provides and activities it performs. Schedules included are:

(12) Passenger and Operating Statistics

(13) Enplaned Passengers by Major Airline Category

(14) Aircraft Operations

(15) Landed Weight

(16) Enplaned Cargo Operations

(17) Career Service Employees

(18) Nature, Volume and Usage of Capital Assets

(19) Summary of Insurance Coverage

(1) Summary of Net Position

Years Ended 2010 - 2019
($ in thousands)

Purpose: This schedule provides information on the restricted and unrestricted components of net position for the last ten years of DEN's operations.

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Net investment (deficit) in capital assets	$ (157,375)	$ (29,619)	$ 78,760	$(141,151)	$(626,147)	$(730,285)	$(719,304)	$ (560,746)	$ (649,695)	$(388,461)
Restricted for capital projects	13,835	11,264	2,708	10,153	32,479	23,119	16,086	22,669	18,562	22,959
Restricted for debt service	476,888	495,973	484,893	456,744	636,529	642,318	653,222	634,649	605,183	643,063
Unrestricted net position	918,297	691,347	457,312	508,395	682,592	764,259	623,519	456,464	571,024	277,462
Total net position	$1,251,645	$1,168,965	$1,023,673	$ 834,141	$ 725,453	$ 699,411	$ 573,523	$ 553,036	$ 545,074	$ 555,023

Source: Airport annual financial reports and management records

(2) Summary of Changes in Net Position

Years Ended 2010 - 2019
($ in thousands)

Purpose: This statement provides information on operating revenues and expenses, nonoperating income, capital contributions, and changes in net position for the last ten years of DEN's operations.

	2019	2018 (3)	2017	2016	2015 (2)	2014	2013	2012 (1)	2011	2010
Operating revenues	$ 867,793	$ 808,360	$ 768,925	$ 742,529	$ 687,536	$ 711,491	$ 661,637	$ 624,673	$ 602,769	$ 601,402
Operating expenses excluding depreciation	584,472	474,314	453,532	469,810	436,803	413,563	431,935	388,171	392,862	409,865
Income before depreciation/ amortization	283,321	334,046	315,393	272,719	250,733	297,928	229,702	236,502	209,907	191,537
Depreciation and amortization	203,321	193,009	183,351	179,692	163,714	183,560	184,721	178,567	179,070	181,496
Operating income	80,000	141,037	132,042	93,027	87,019	114,368	44,981	57,935	30,837	10,041
Nonoperating revenues (expenses)	53,172	(3,787)	1,611	12,108	9,106	(9,013)	(55,906)	(46,259)	(75,488)	(87,795)
Income before capital contributions	133,172	137,250	133,653	105,135	96,125	105,355	(10,925)	11,676	(44,651)	(77,754)
Capital contributions/grants/transfers	15,301	26,730	55,879	3,553	20,483	20,533	31,412	22,996	34,702	30,200
Change in net position before special item	148,473	163,980	189,532	108,688	116,608	125,888	20,487	34,672	(9,949)	(47,554)
Special item (4)	(65,793)	-	-	-	-	-	-	-	-	-
Change in net position	$ 82,680	$ 163,980	$ 189,532	$ 108,688	$ 116,608	$ 125,888	$ 20,487	$ 34,672	$ (9,949)	$ (47,554)

(1) Restated for GASB 65, *Items Previously Reported as Assets and Liabilities*
(2) Restated for GASB 68, *Accounting and Financial Reporting for Pension*
(3) Restated for GASB 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pension*
(4) Special Item was recorded as defined in GASB 34, *Basic Financial Statements – and Management's Discussion and Analysis – For State and Local Governments,* as related to the termination of the Great Hall Agreement.

Source: Airport annual financial reports and management records

(3) Summary of Operating Expenses

Years Ended 2010 - 2019
($ in thousands)

Purpose: This statement provides information on operating expenses by type for the last ten years of DEN's operations.

	2019	2018 (3)	2017	2016	2015 (2)	2014	2013	2012	2011	2010
Personnel	$ 194,317	$ 173,979	$ 171,151	$ 165,114	$ 148,518	$ 134,699	$ 125,608	$ 120,334	$ 115,648	$ 112,230
Contractual services	241,264	227,918	216,501	212,699	197,459	194,712	194,666	175,420	174,203	172,492
Repair and maintenance projects	32,296	19,423	14,071	37,514	55,358	57,049	81,234	68,047	79,951	105,943
Maintenance, supplies and material	28,649	24,378	24,452	27,547	32,911	27,103	30,427	24,370	23,060	19,200
Hotel (1)	31,446	28,616	27,357	26,936	2,557	-	-	-	-	-
Legal/claim reserve expense	56,500	-	-	-	-	-	-	-	-	-
Total operating expenses	$ 584,472	$ 474,314	$ 453,532	$ 469,810	$ 436,803	$ 413,563	$ 431,935	$ 388,171	$ 392,862	$ 409,865

(1) Hotel opened November 19, 2015
(2) Adopted GASB 68, *Accounting and Financial Reporting for Pension*
(3) Adopted GASB 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pension*

Source: Airport annual financial reports and management records

(4) Summary of Nonoperating Income and Expenses

Years Ended 2010 - 2019
($ in thousands)

Purpose: This statement provides information on nonoperating income and expenses by source/type/activity for the last ten years of DEN's operations.

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Passenger facility charges	$ 132,484	$ 123,907	$ 118,333	$ 114,230	$ 106,007	$ 103,959	$ 103,032	$ 105,472	$ 103,210	$ 102,595
Customer facility charges (1)	21,525	20,019	19,492	19,884	18,598	17,215	-	-	-	-
Investment income	171,096	73,802	46,779	39,274	40,648	44,030	25,205	46,899	32,490	47,752
Interest income	(270,394)	(214,799)	(188,152)	(156,481)	(169,413)	(176,177)	(183,359)	(190,347)	(209,599)	(225,054)
Grants (2)	-	-	873	686	622	516	481	675	401	401
Other revenues (expenses)	(1,539)	(6,716)	4,286	(5,485)	12,644	1,444	(1,265)	(8,958)	(1,990)	(13,489)
Total nonoperating revenues (expenses)	$ 53,172	$ (3,787)	$ 1,611	$ 12,108	$ 9,106	$ (9,013)	$ (55,906)	$ (46,259)	$ (75,488)	$ (87,795)

(1) Customer Facility Charges imposed on on-airport rental car companies effective January 1, 2014.
(2) These grants represent operation reimbursements and have been included in operating revenues.

Source: Airport annual financial reports and management records

(5) Summary of Operating Revenues

Years Ended 2010 - 2019
($ in thousands)

Purpose: This statement provides information on operating income by revenue type for the last ten years of DEN's operations.

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Airline revenues:										
Facility rentals	$ 210,836	$ 196,065	$ 180,443	$ 198,407	$ 194,004	$ 235,774	$ 214,251	$ 211,411	$ 212,408	$ 231,603
Landing fees	175,636	161,981	171,708	150,850	147,379	147,841	137,549	127,346	116,506	120,054
Total airline revenues	386,472	358,046	352,151	349,257	341,383	383,615	351,800	338,757	328,914	351,657
Non-airline revenues:										
Parking	203,502	189,890	176,006	176,949	178,478	167,851	159,465	137,912	132,728	123,673
Concession	85,703	83,297	68,269	67,408	59,677	55,863	52,022	49,592	47,499	43,398
Car rental	80,348	72,621	71,806	66,727	65,309	59,655	50,002	47,222	46,353	44,181
Hotel (1)	62,088	53,304	47,412	43,262	3,205	-	-	-	-	-
Aviation fuel tax	25,464	25,039	25,993	18,892	19,458	26,298	28,101	32,783	28,892	23,681
Ground transportation (2)	19,997	17,313	12,449	10,594	9,669	-	-	-	-	-
Other sales and charges	4,219	8,850	14,839	9,440	10,357	18,209	20,247	18,407	18,383	14,812
Total non-airline revenues	481,321	450,314	416,774	393,272	346,153	327,876	309,837	285,916	273,855	249,745
Total operating revenues	$ 867,793	$ 808,360	$ 768,925	$ 742,529	$ 687,536	$ 711,491	$ 661,637	$ 624,673	$ 602,769	$ 601,402

(1) Hotel was opened in November 2015
(2) Ground transportation revenue were not significant and included in other sales and charges before 2015

Source: Airport annual financial reports and management records

(6) Market Share of Air Carriers/Enplaned Passengers by Airline

Years Ended 2017 - 2019

Purpose: This schedule provides information on enplaned passengers by air carrier for the last three years of DEN's operations.

	2019			2018			2017			2016			2015		
Airline	Number	Percent of Total	Increase/ Decrease	Number	Percent of Total	Increase/ Decrease	Number	Percent of Total	Increase/ Decrease	Number	Percent of Total	Increase/ Decrease	Number	Percent of Total	Increase/ Decrease
United/United Express	15,436,452	44.7%	10.0%	14,027,769	43.5%	8.1%	12,976,883	42.3%	6.0%	12,246,077	42.0%	7.2%	11,420,973	39.2%	5.2%
Southwest	9,467,075	27.4%	0.9%	9,386,197	29.1%	2.7%	9,137,172	29.7%	6.7%	8,565,381	29.4%	8.0%	7,929,104	27.2%	12.2%
Frontier	4,176,993	12.1%	13.0%	3,696,254	11.5%	5.6%	3,501,127	11.4%	-1.9%	3,567,393	12.2%	6.2%	3,360,127	11.5%	-31.9%
American	1,632,621	4.7%	0.8%	1,619,744	5.0%	-3.8%	1,682,943	5.5%	2.4%	1,644,265	5.6%	0.1%	1,642,461	5.6%	6.8%
Delta	1,837,221	5.3%	6.3%	1,728,487	5.4%	5.7%	1,635,708	5.3%	9.8%	1,490,271	5.1%	11.7%	1,333,693	4.6%	13.0%
Other	1,962,592	5.8%	9.0%	1,800,766	5.5%	1.2%	1,780,178	5.8%	9.4%	1,626,817	5.7%	22.1%	1,332,571	4.7%	14.7%
Total enplanements	34,512,954	100.0%	7.0%	32,259,217	100.0%	5.0%	30,714,011	100.0%	5.4%	29,140,204	100.0%	7.9%	27,018,929	92.8%	1.1%

	2014			2013			2012			2011			2010		
Airline	Number	Percent of Total	Increase/ Decrease	Number	Percent of Total	Increase/ Decrease	Number	Percent of Total	Increase/ Decrease	Number	Percent of Total	Increase/ Decrease	Number	Percent of Total	Increase/ Decrease
United/United Express	10,860,408	31.5%	1.9%	10,659,186	33.0%	-0.9%	10,760,076	35.0%	-4.8%	11,305,874	38.8%	-6.4%	12,083,313	41.5%	-0.3%
Southwest	7,064,833	20.5%	5.1%	6,721,126	20.8%	6.7%	6,301,166	20.5%	9.5%	5,756,081	19.8%	17.3%	4,908,539	16.8%	28.9%
Frontier	4,932,132	14.3%	-1.6%	5,014,710	15.5%	-13.9%	5,825,717	19.0%	-0.6%	5,858,631	20.1%	5.2%	5,570,401	19.1%	-3.7%
American	1,537,392	4.5%	4.1%	1,476,796	4.6%	0.2%	1,473,351	4.8%	7.4%	1,372,443	4.7%	3.8%	1,322,155	4.5%	5.1%
Delta	1,179,878	3.4%	-1.8%	1,200,920	3.7%	-1.2%	1,215,718	4.0%	-1.3%	1,231,122	4.2%	-2.9%	1,267,512	4.3%	4.7%
Other	1,162,041	3.5%	-4.2%	1,212,569	3.7%	18.8%	1,020,963	3.3%	9.6%	931,614	3.3%	6.7%	873,002	3.1%	-8.3%
Total enplanements	26,736,684	77.7%	1.7%	26,285,307	81.3%	-1.2%	26,596,991	86.6%	0.5%	26,455,765	90.9%	1.7%	26,024,922	89.3%	3.6%

Source: Airport annual financial reports and management records

(7) Historical Passenger Facility Charge Revenues

Years Ended 2010 - 2019
($ in thousands)

Purpose: This schedule provides information on passenger facility charge revenues for the last ten years of DEN's operations.

Fiscal Year	PFC Revenue
2010	102,595
2011	103,210
2012	105,472
2013	103,032
2014	103,959
2015	106,007
2016	114,230
2017	118,333
2018	123,907
2019	132,484

Source: Airport annual financial reports and management records

(8) Outstanding Debt Principal by Type

Years Ended 2010 - 2019
($ in thousands)

Purpose: This schedule provides information on outstanding bond debt principal net of unamortized premiums and discounts for the last ten years of DEN's operations.

	Senior Bonds		Subordinate Bonds			Total
Fiscal Year	Fixed Rate	Variable Rate	Fixed Rate	Variable Rate	Defeasances	Outstanding Debt
2010	2,686,556	1,099,090	-	46,940	142,959	3,975,545
2011	2,776,951	899,880	-	-	101,864	3,778,695
2012	2,917,129	894,780	-	-	85,511	3,897,420
2013	2,792,915	885,280	719,915	-	43,285	4,441,395
2014	2,669,330	852,505	719,915	-	43,275	4,285,025
2015	2,320,520	841,130	910,760	-	40,080	4,112,490
2016	2,122,220	833,640	894,955	-	40,080	3,890,895
2017	1,930,890	824,525	870,085	300,000	40,080	3,965,580
2018	1,820,100	786,795	3,358,540	-	40,080	6,005,515
2019	1,575,525	447,330	3,548,610	145,875	40,080	5,757,420

Source: Airport annual financial reports and management records

(9) Debt Service Coverage under the Bond Ordinance

Years Ended 2010 - 2019
($ in thousands)

Purpose: This schedule provides information on compliance with rate maintenance covenant as defined in the 1984 Airport System General Bond Ordinance for the last ten years of DEN's operations.

	2019 (2)	2018	2017	2016	2015	2014	2013	2012	2011	2010
Gross revenues	$ 1,102,851	$ 945,206	$ 895,963	$ 863,126	$ 808,781	$ 803,620	$ 743,101	$ 713,279	$ 702,157	$ 668,885
Operation and maintenance expenses	478,305	445,801	425,005	417,140	381,445	355,769	349,987	318,394	312,278	302,881
Net revenues	624,546	499,405	470,958	445,986	427,336	447,851	393,114	394,885	389,879	366,004
Other available funds	68,365	43,901	47,090	51,574	56,908	54,834	50,409	51,685	57,528	57,449
Total amount available for debt service requirements	692,911	543,306	518,048	497,560	484,244	502,685	443,523	446,570	447,407	423,453
Senior bonds:										
Debt service requirements	$ 273,460	$ 175,605	$ 188,360	$ 206,295	$ 201,279	$ 219,334	$ 202,758	$ 209,520	$ 197,421	$ 197,349
Debt service coverage	253%	309%	275%	241%	241%	229%	219%	213%	227%	215%
All Bonds:										
Debt service requirements	$ 376,265	$ 276,949	$ 282,251	$ 294,914	$ 262,516	$ 268,422	$ 242,816	$ 247,563	$ 235,356	$ 235,244
Debt service coverage (1)	184%	196%	184%	169%	184%	187%	183%	180%	190%	180%

(1) The Airport's governing bond ordinances require that the Airport's net revenues plus other available funds, as defined in the bond ordinance, be sufficient to provide debt service coverage of 125% of the annual debt service requirement on senior bonds and 110% of the aggregate annual debt service requirements on senior and subordinate bonds, and junior liens.

(2) Beginning in Fiscal Year 2019 and thereafter, all PFC revenues received by the City (net of the PFC collection fees retained by airlines) are being included in Gross Revenues for purposes of the Bond Ordinances until such time as the Manager gives written notice to the Treasurer to stop including all or a portion of PFCs in Gross Revenues.

Source: Airport annual financial reports and management records

(10) City and County of Denver Demographics and Economic Statistics

Years Ended 2010 - 2019

Purpose: This schedule provides information on certain City and County of Denver demographic and economic statistics for the last ten years.

Fiscal Year	Population	Personal Income ($ in millions)	Per Capita Personal Income	Unemployment Rate
2010	600,158	30,515	50,845	10.00%
2011	619,968	33,811	54,537	9.20%
2012	634,265	35,721	56,319	8.20%
2013	649,495	36,999	56,967	7.00%
2014	663,862	41,743	62,880	4.30%
2015	682,545	46,617	68,299	3.70%
2016	693,060	46,612	67,256	3.00%
2017	693,292	47,289	69,862	3.00%
2018	716,492	46,897	68,377	3.00%
2019	727,211	not available	not available	2.50%

Source: U.S. Bureau of Labor Statistics, Local Area Unemployment Statistics
U.S. Census Bureau
U.S. Department of Commerce

(11) City and County of Denver Principal Employers

Years Ended 2010 - 2019

Purpose: This schedule provides information on the principal employers for the current year and the year nine years prior.

Principal Employer	2019 Employees	2019 Rank	2019 Percent of Total City Employment	2010 Employees	2010 Rank	2010 Percent of Total City Employment
Denver Public Schools #1	13,051	1	2.7%	10,698	1	3.0%
City and County of Denver	11,695	2	2.5%	10,035	2	2.8%
State of Colorado Central Payroll	9,879	3	2.1%	9,503	3	2.7%
Denver Health and Hospitality Authority	7,396	4	1.6%	5,512	4	1.6%
Deloitte Consulting LLP	7,314	5	1.6%			
United Airlines, Inc.	6,744	6	1.5%	4,204	5	1.2%
CHC Payroll Agent, Inc. (HCA HealthOne)	4,698	7	1.0%	3,477	8	1.0%
University of Denver	4,241	8	0.9%	3,448	9	1.0%
U.S.D.A National Finance Center	3,904	9	0.8%	3,925	6	1.1%
University of Colorado (Central)	3,435	10	0.7%			
Quest Corporation				3,524	7	1.0%
Frontier Airlines, Inc.				3,445	10	1.0%
Total	72,357		15.4%	57,771		16.4%

Source: City and County of Denver - December 31, 2019 Comprehensive Annual Financial Report

(12) Passengers and Operating Statistics

Years Ended 2010 - 2019

Purpose: This schedule provides passenger statistics, information on aircraft operations, landed weight and enplaned cargo for the last ten years of DEN's operations.

Fiscal Year	Enplaned Passengers		Aircraft Operations		Landed Weight (million lbs.)		Enplaned Cargo (in tons)	
	Number	Increase/ Decrease	Number	Increase/ Decrease	Number	Increase/ Decrease	Number	Increase/ Decrease
2010	26,024,922	3.6%	635,445	3.8%	33,275	1.8%	120,855	9.2%
2011	26,455,765	1.7%	634,680	(0.1%)	32,512	(2.3%)	121,245	0.3%
2012	26,596,991	0.5%	618,257	(2.6%)	31,889	(1.9%)	113,867	(6.1%)
2013	26,285,307	(1.2%)	586,860	(5.1%)	30,603	(4.0%)	111,386	(2.2%)
2014	26,736,684	1.7%	575,161	(2.0%)	30,351	(0.8%)	114,729	3.0%
2015	27,018,929	1.1%	547,648	(4.8%)	30,055	(1.0%)	119,332	4.0%
2016	29,140,204	7.9%	572,520	4.5%	32,421	7.9%	114,705	(3.9%)
2017	30,714,011	5.4%	582,486	1.7%	33,884	4.5%	119,424	4.1%
2018	32,259,217	5.0%	603,403	3.6%	35,216	3.9%	129,131	8.1%
2019	34,512,954	7.0%	640,098	6.1%	37,668	7.0%	142,819	10.6%

Source: Airport annual financial reports and management records

(13) Enplaned Passengers by Major Airline Category

Years Ended 2010 - 2019

Purpose: This schedule provides information on the enplaned passengers by major airline category for the last ten years of DEN's operations.

Fiscal Year		Major/International Number	Major/International Percent of Total	Regional/Commuter Number	Regional/Commuter Percent of Total	Charter/Miscellaneous Number	Charter/Miscellaneous Percent of Total	Total Number	Total Increase/ Decrease
2010		21,032,064	80.8%	4,666,047	17.9%	326,811	1.3%	26,024,922	3.6%
2011		21,709,430	82.1%	4,439,841	16.8%	306,494	1.1%	26,455,765	1.7%
2012		21,984,133	82.7%	4,323,837	16.3%	289,021	1.0%	26,596,991	0.5%
2013		21,618,114	82.2%	4,436,819	16.9%	230,374	0.9%	26,285,307	(1.2%)
2014	(1)	21,962,984	82.1%	4,767,207	17.8%	6,493	minimal	26,736,684	1.7%
2015		22,713,090	84.1%	4,296,830	15.9%	9,009	minimal	27,018,929	1.1%
2016		24,979,910	85.7%	4,155,887	14.3%	4,407	minimal	29,140,204	7.9%
2017		26,758,785	87.1%	3,953,656	12.9%	1,570	minimal	30,714,011	5.4%
2018		27,951,205	86.6%	4,306,957	13.4%	1,055	minimal	32,259,217	5.0%
2019		29,909,994	86.7%	4,601,264	13.3%	1,696	minimal	34,512,954	7.0%

(1) In 2014, the airport adjusted the methodology of classifying the airlines between each category based on the type of operation. This primarily included adjusting United Express international operations from Miscellaneous to Regional.

Purpose: This schedule provides information on the percentage of enplaned passengers by domestic and international airlines.

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Domestic	96.3%	96.8%	96.7%	96.3%	95.8%	95.9%	96.1%	95.8%	95.4%	95.4%
International	3.7%	3.2%	3.3%	3.7%	4.2%	4.1%	3.9%	4.2%	4.6%	4.6%

Source: Airport annual financial reports and management records

(14) Aircraft Operations

Years Ended 2010 - 2019

Purpose: This schedule provides information on aircraft operations for the last ten years of DEN's operations.

	Air Carrier		Commuter		Taxi/General Aviation/ Military		Total
Fiscal Year	Number	Percent of Total	Number	Percent of Total	Number	Percent of Total	Number
2010	468,962	73.8%	162,646	25.6%	3,837	0.6%	635,445
2011	452,223	71.3%	178,742	28.2%	3,715	0.5%	634,680
2012	443,389	71.7%	170,809	27.6%	4,059	0.7%	618,257
2013	420,073	71.6%	162,719	27.7%	4,068	0.7%	586,860
2014	422,178	73.4%	148,436	25.8%	4,547	0.8%	575,161
2015	424,930	77.6%	118,147	21.6%	4,571	0.8%	547,648
2016	445,019	77.7%	122,982	21.5%	4,519	0.8%	572,520
2017	461,992	79.3%	116,305	20.0%	4,189	0.7%	582,486
2018	462,276	76.6%	137,027	22.7%	4,100	0.7%	603,403
2019	487,725	76.2%	148,223	23.2%	4,150	0.6%	640,098

Source: Airport annual financial reports and management records

(15) Landed Weight

Years Ended 2010 - 2019
(in million lbs.)

Purpose: This schedule provides information on landed weight for the last ten years of DEN's operations.

Fiscal Year	Passenger Number	Passenger Percent of Total	Cargo/Other Number	Cargo/Other Percent of Total	Total Number
2010	32,053	96.3%	1,222	3.7%	33,275
2011	31,305	96.3%	1,207	3.7%	32,512
2012	30,685	96.2%	1,204	3.8%	31,889
2013	29,343	95.9%	1,260	4.1%	30,603
2014	29,036	95.7%	1,315	4.3%	30,351
2015	28,692	95.5%	1,363	4.5%	30,055
2016	30,996	95.6%	1,425	4.4%	32,421
2017	32,492	95.9%	1,392	4.1%	33,884
2018	33,725	95.8%	1,491	4.2%	35,216
2019	36,020	95.6%	1,648	4.4%	37,668

Source: Airport management records

(16) Enplaned Cargo Operations

Years Ended 2010 - 2019
(in tons)

Purpose: This schedule provides information on cargo operations for the last ten years of DEN's operations.

	Freight and Express		Air Mail		Total
Fiscal Year	Number	Percent of Total	Number	Percent of Total	Number
2010	111,024	91.9%	9,831	8.1%	120,855
2011	111,939	92.3%	9,306	7.7%	121,245
2012	105,180	92.4%	8,687	7.6%	113,867
2013	104,477	93.8%	6,909	6.2%	111,386
2014	106,766	93.1%	7,963	6.9%	114,729
2015	107,447	90.0%	11,885	10.0%	119,332
2016	103,688	90.4%	11,017	9.6%	114,705
2017	105,749	88.5%	13,675	11.5%	119,424
2018	117,377	90.9%	11,754	9.1%	129,131
2019	134,861	94.4%	7,958	5.6%	142,819

Source: Airport annual financial reports and management records

(17) Career Service Employees

Years Ended 2010 - 2019

Purpose: This schedule provides information on the number of career service employees eligible for paid time off for the last ten years of DEN's operations as of December 31.

Fiscal Year	Total Employees
2010	972
2011	983
2012	1,001
2013	1,035
2014	1,097
2015	1,125
2016	1,190
2017	1,151
2018	1,104
2019	1,133
Average Annual Increase (Decrease)	1.3%

Source: Airport management records

(18) Nature, Volume, and Usage of Capital Assets

Year Ended 2019

Purpose: This schedule provides information on the nature, volume, and usage of DENs capital assets for the year ended 2019.

Airport Information:	
Official name	Denver International Airport
Airport code	DEN
Ownership/operator	City and County of Denver/Department of Aviation
Distance from downtown Denver	24 miles
Elevation	5,434 feet
Total airport area	33,800 acres (53 square miles)

Demand for Services:	
Airlines	26
Destinations served	215 direct destinations including 26 international destinations in 12 countries
Daily flight operations	640,098
Annual passengers	5th busiest airport serving 69.0 million passengers

Major Capital Assets:	
Terminal Complex	The terminal complex has a landside terminal, three airside concourses, the airport office building, and the Hotel and Transit Center. Within these concourses, there are 111 full-service gates and 24 ground loading positions. The airport was designed to facilitate expansion to more than 250 full-service gates either through lengthening of the existing or the construction of two additional concourses. The airport is currently expanding number of gates across all three concourses.

(continued)

Major Capital Assets:	
Terminal Complex	Jeppesen Terminal: Encompasses app. 1.2 million square feet (exclusive of international customs facilities, terminal support area and mechanical/electrical spaces), and includes ticketing, baggage claims, screening facilities, and other support services. It is currently being renovated and reconfigured to improve the security screening area, curbside space, and commercial concessions.
	Concourse A: Encompasses app. 1.36 million square feet and 28 full-service contact gates, of which eight gates are configured for international flights, as well as facilities dedicated to commuter airline operations.
	Concourse B: Encompasses app. 2.1 million square feet and 54 full-service gates plus facilities dedicated for commuter airline operations.
	Concourse C: Encompasses app. 0.9 million square feet and 29 full-service gates of which two gates are configured for international flights.
	Hotel and Transit Center: It includes 519-room Westin Denver International Airport hotel, a 37,500 square feet conference center, an 82,000 square foot open-air plaza, and a train station to serve RTD's commuter rail service to downtown Denver.
Other facilities	Various other facilities include general aviation facilities, remote facilities for rental car companies, facilities constructed and used by cargo carriers, a U.S Postal Service sorting and distribution facility and other airport warehousing, offices and distribution facilities and infrastructures.

(continued)

Major Capital Assets:	
Runways	There are six runways - four oriented north-south and two oriented east-west. Five runways are 12,000 feet long and 150 feet wide. The sixth runway is 16,000 feet long and 200 feet wide. The airfield has substantial expansion capacity to accommodate up to 12 runways.
Automated guideway transit system (AGTS)	The terminal and concourses are connected by an underground AGTS that consists of 31 train cars and transports about 110,000 passengers daily.
Parking capacity	There are two multi-level parking garages adjacent to Jeppesen Terminal, as well as close-in and remote surface parking lots that provide a total of 47,626 parking spaces Garage parking: 16,683 Economy parking: 9,249 Shuttle parking: 17,354 Pena station parking: 800 Employee parking: 8,445
Car rental facilities	Six onsite rental car companies provide services at the airport. They collectively represent twelve brands: Advantage, Alamo, Avis, Budget, Dollar, Enterprise, EZ, Fox, Hertz, National, Payless and Thrifty. Each company maintains its own customer service cent shuttle bus fleet, and auto care facility. Off-site, or remote operators, also serve DEN passengers. Current brands authorized to operate from off-airport locations are ACE, Airport Van Rental (AVR), Economy, and Sixt.

Source: Airport management records

(19) Summary of Insurance Coverage

Year Ended 2019

Purpose: This schedule provides information on insurance coverage in place as of year ended 2019.

Policy Number	Company	Item Covered	Expiration Date	Annual Premium	Coverage
AP-086448700-59	AIG	Airport Owner's Liability	5/1/2020	$ 495,155	$ 500,000,000
106510089 (primary)	Travelers	Cyber Liability	5/1/2020	$ 185,302	$ 20,000,000
B1262F10987418 (excess)	Ptarmigan				
ERAG93E16	Aspen	Environmental Liability	5/1/2020	$ 105,266	$ 10,000,000
LHR763372	Landmark	Professional Liability (CDL)	5/1/2020	$ 2,575	$ 1,000,000
1038092	FM Global	Property	5/1/2020	$ 1,765,896	$ 4,000,000,000

Source: Airport management records