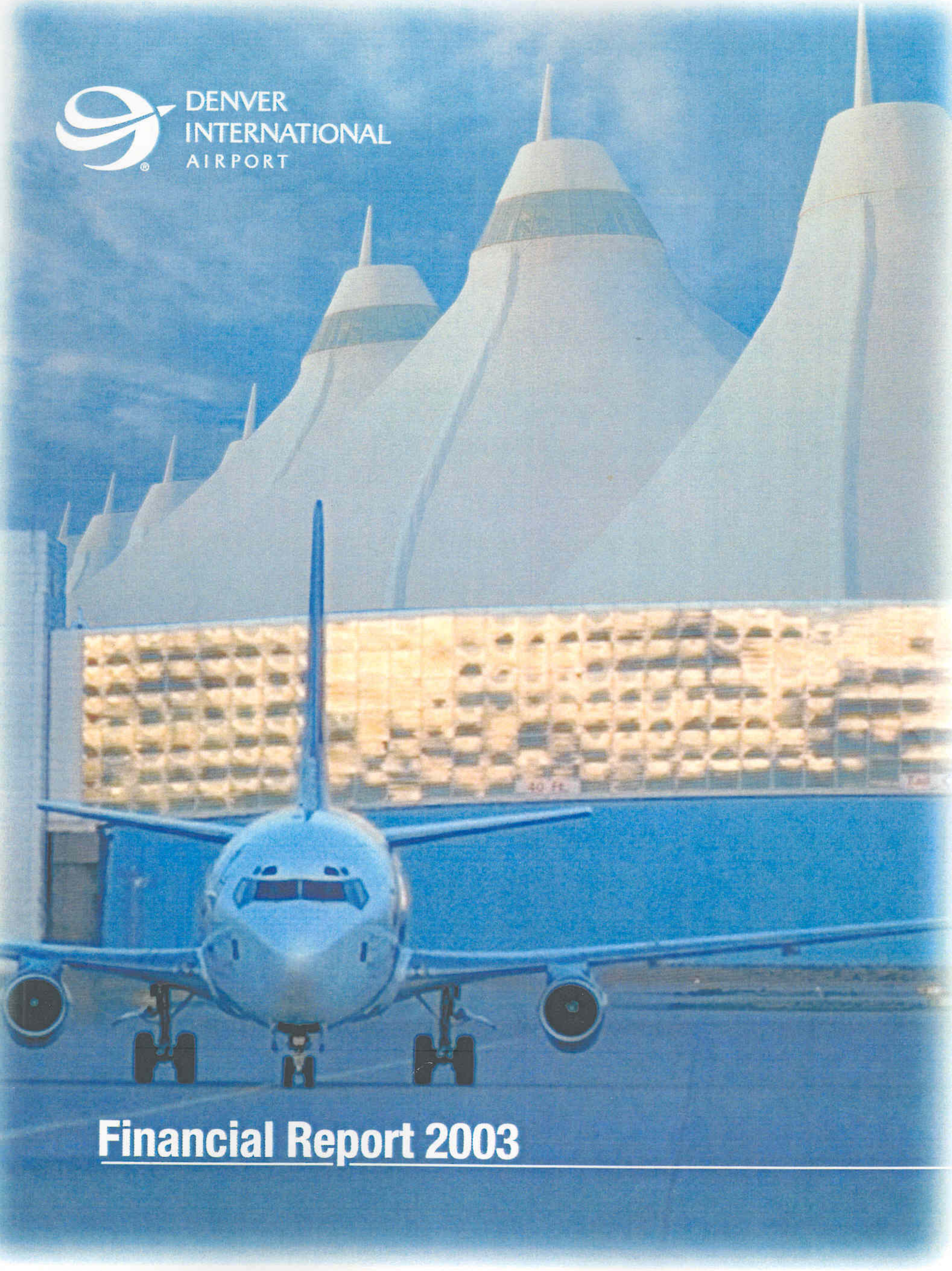
DENVER INTERNATIONAL AIRPORT



Financial Report 2003

City and County of Denver, Colorado
Municipal Airport System
Annual Financial Report
December 31, 2003 and 2002

TABLE OF CONTENTS

City and County of Denver, Colorado
Municipal Airport System
Introduction
December 31, 2003 and 2002

INTRODUCTION

The Municipal Airport System is organized as a department of the City and County of Denver, Colorado (the City). The Municipal Airport System includes the Denver International Airport (the Airport) and the former Stapleton International Airport (Stapleton). The Municipal Airport System is headed by the Co-Managers of Aviation who reports directly to the Mayor. The senior management team is further comprised of four deputy managers. This report was prepared by the Airport's Finance Section in collaboration with other Airport personnel to afford a better understanding of Denver International Airport than the annual financial statements typically provide.

Description of the Airport

Situated approximately 24 miles northeast of downtown Denver, the Airport is the primary air carrier airport serving the Denver region. According to Airport Council International, in 2003 the Airport was the fifth busiest airport in the United States and the tenth busiest in the world, serving nearly 38 million passengers. The Airport site comprises approximately 33,800 acres (53 square miles) of land, an area larger than the island of Manhattan. The passenger Terminal Complex is reached via Pẽna Boulevard, a 12-mile dedicated access road from Interstate 70. The Airport has six runways—four oriented north-south and two oriented east-west. Five runways are 12,000 feet long and 150 feet wide. A sixth runway opened in the fall of 2003. This new runway is 16,000 feet long and 200 feet wide, allowing for nonstop, jumbo jet service to the Orient.

The passenger terminal complex includes a "landside" terminal and three "airside" concourses. The Landside Terminal accommodates passenger ticketing, baggage claim, concessions, and other facilities and is served by terminal curbside roads for public and private vehicles. Automobile parking facilities are provided in two public parking structures adjacent to the Landside Terminal and in surface parking lots. Spaces are also provided for employee parking.

Passengers travel between the Landside Terminal and three airside concourses via an underground Automated Guideway Transit System (AGTS). In addition, there is a pedestrian passenger bridge to Concourse A. The airside concourses (Concourses A, B, and C) provide 89 full service jet gates for large jet aircraft and up to 55 parking positions for regional/commuter airline aircraft.

Air Traffic

Located close to the geographic center of the United States mainland, Denver has long been a major air transportation hub. Airline service within the United States is provided nonstop between Denver and more than 100 cities. Denver's natural geographic advantage as a connecting hub location has been enhanced by the capabilities of the Airport to accommodate aircraft landings and takeoffs in virtually all weather conditions. In 2003, nearly 38 million passengers traveled through the Airport, of which approximately 55% originated their air journeys in Denver and 45% connected between flights. The Denver Metropolitan Area, with a population of more than 2.4 million, is the primary region served by the Airport. The Denver Metropolitan Area comprises Adams, Arapahoe, Boulder, Broomfield, Denver, Douglas and Jefferson counties. As shown in Table 1, currently 32 airlines provide scheduled passenger service at the Airport: 17 major/national airlines, 11 regional/commuter airlines, and 4 foreign-flag airlines. In addition, several passenger charter and all-cargo airlines, including Airborne Express, DHL Worldwide Express, Emery Worldwide, FedEx, and United Parcel Service provide service at the Airport.

Table 1
SCHEDULED PASSENGER AIRLINES SERVING DENVER
March 2004

Major/national	*Regional/commuter*
AirTran Airways	Air Midwest/Mesa
Alaska Airlines	Air Wisconsin (UAX)
Allegiant Airlines	Big Sky Airlines
America West Airlines	Casino Airlines
American Airlines	Great Lakes Aviation
American Trans Air (ATA)	Horizon Air
Champion Airlines	Mesa Airlines/Frontier Jet Express
Continental Airlines	Mesa Airlines/America West Express
Delta Air Lines	Miami International Airlines
Frontier Airlines	Skywest/UAX
JetBlue Airways	Sun Country
Midwest Express Airlines	
Northwest Airlines	***Foreign-flag***
Ryan International Airlines	Air Canada (1)
Spirit Airlines	British Airways
United Airlines (1)	Lufthansa German Airlines
US Airways (1)	Mexicana de Aviacion

(1) US Airways filed for bankruptcy protection in August 2002 and emerged from bankruptcy on March 31, 2003. United filed for bankruptcy protection in December 2002, and Air Canada filed for bankruptcy protection on April 2003.

Source: Airport management records April 2004.

Airlines' Rates, Fees and Charges

The Airport has a hybrid rate structure. Rates charged to the airlines for landing fees are residual in nature, i.e., the Airport recovers its costs of operating the airfield. Airline space rentals are compensatory wherein any unrecovered costs serve to reduce the airline revenue credit described below. Non-airline cost centers are compensatory. This means that to the extent non-airline revenues exceed the cost of providing the space and services, the Airport earns a profit. Under the airline use and lease agreements, net revenue is shared between the Airport and airlines, with the airlines receiving 75% of the net (up to a $40 million cap per year). The 25% that the Airport receives is deposited in the Airport's capital improvement account and can be used by the Airport for any lawful Airport purpose. The net revenue available for sharing since the Airport opened is reflected in Table 2 below.

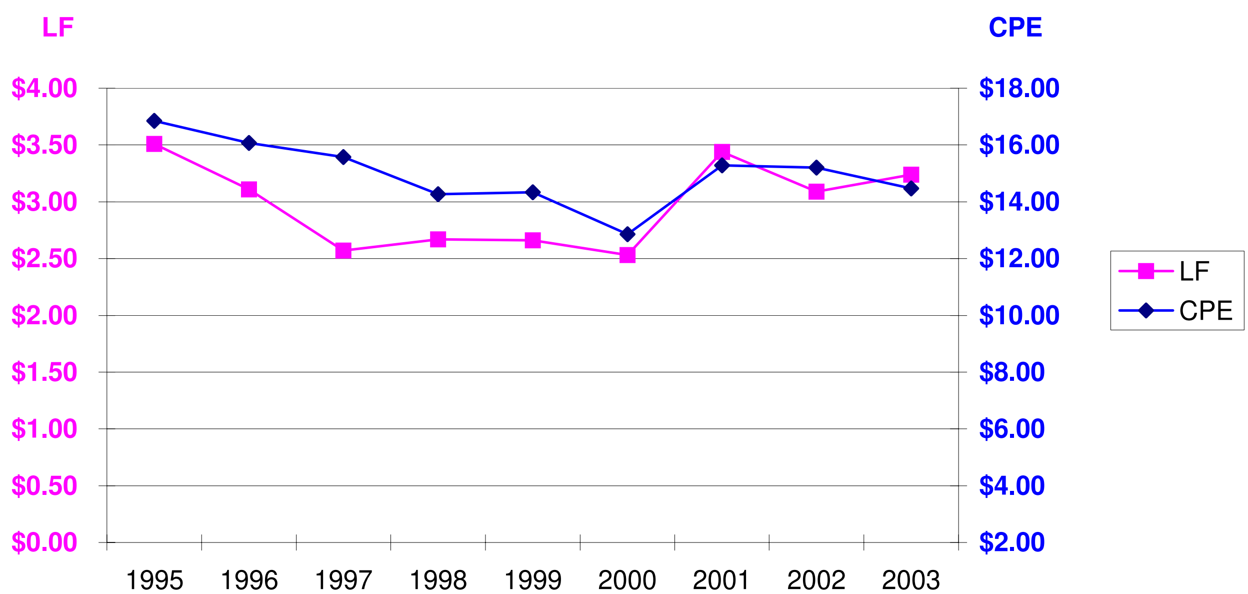
City and County of Denver, Colorado
Municipal Airport System
Introduction
December 31, 2003 and 2002

Table 2
NET REVENUE AVAILABLE FOR SHARING

Year	Net Revenue Available for Sharing (000)	Airport Share (000)
1995	$ 18,472	$ 3,694
1996	34,771	6,954
1997	26,555	5,311
1998	58,551	18,551
1999	55,058	15,058
2000	65,534	25,534
2001	45,332	10,953
2002	38,771	8,924
2003	59,026	19,026

(Source: Airport Management)

Through 2000, the airline rates, fees and charges at DIA showed a steady decline. As a result of the September 11, 2001 terrorist attacks (September 11 Events) and the resulting decline in flight activity and enplaned passengers, airport costs for 2002 and 2001 showed increases as depicted in the graph below. Overall costs for 2003 again showed a decline.



LF = Landing Fee - Cost per 1000 lbs. landed weight
CPE = Cost per enplaned passenger

Cash Management

The Airport's cash is under the control of the City and County of Denver Treasurer who invests the funds pursuant to the City's investment policy. At December 31, 2003 and 2002, cash and investments totaled approximately $1,059.1 million and $895.7 million, respectively. Current investment vehicles include U.S. government securities, high-grade commercial paper, and repurchase agreements. In 2003 and 2002, the City received a fee of $402,830 and $373,010, respectively, from the Airport for performing the cash management function.

Events and Other Factors Affecting the Airport

The Airport, like all major airports in the United States, was affected by the September 11, 2001 Events and the resulting impact on the air transportation industry, as well as the economic slowdown which commenced prior to September 11, and the ongoing hostilities in the Middle East. While the effect of these events on the Airport's airline tenants continues to linger, the Airport itself saw a recovery in 2003, a recovery that gained momentum toward year end and has continued through the first quarter of 2004.

Passenger traffic was up 5.2% in 2003 compared with a national average decline of 2.8% as reported by the Air Transport Association, an airline industry trade association. The December 2003 traffic level of over 3.3 million was the highest December in the Airport's history. This trend continued in January, February and March of 2004 each setting passenger traffic records. Year to date through March 2004, passenger traffic was up 15.0% compared to 2.7% nationally.

Activity-based revenues at the Airport (e.g. landing fees, Passenger Facility Charges (PFCs), concession, car rental and parking revenues) increased 3.5% in 2003 compared to 2002, largely as the result of increases in parking revenues and in passenger traffic.

Increased Security Measures

The Aviation and Transportation Security Act (the "Aviation Security Act") was enacted by Congress in November 2001, and in part formed the Transportation Security Administration (TSA), which has taken over responsibility from the airlines for passenger screening. TSA required security awareness programs for airport employees and, after December 31, 2002, screening of all checked baggage by explosive detection systems (EDS), and operation of a system to screen, inspect or, otherwise, to ensure the security of all cargo. The Airport, like most of the airports, was not supplied a sufficient number of explosive detection systems by TSA by the December 31, 2002 deadline. As a result, interim measures to screen all checked baggage were put in place and approved by the TSA.

In May 2003, the Airport signed an agreement to have an EDS integrated into the existing baggage system for an estimated cost of $95 million. Construction was put on hold until the TSA agreed to fund a significant portion of the cost. In September 2003, the TSA signed a letter of intent to fund 75% of the $95 million over a four year period. Based on these assurances, construction commenced and will be competed within 16 months.

United

On December 9, 2002, United filed for bankruptcy protection under Chapter 11 of the Bankruptcy Code. The Chapter 11 filing permits United to continue operations while developing a plan of reorganization to address existing debt, capital and cost structures.

Following months of good faith negotiations, the City and United reached agreement regarding the affirmation of United's use and lease agreement. The conditions of the affirmation were memorialized in a stipulated order that was filed with and accepted by the bankruptcy court on November 11, 2003. The full text of the stipulated order is available on the Airport's web site, www.flydenver.com. The major provisions of the order are as follows:

- The Airport will construct a variety of capital projects totaling approximately $137 million, including a regional jet facility on Concourse B and an expansion of Concourse A.
- The Airport will reduce United's leasehold by approximately 160,000 square feet.
- United will pay its full pre-petition debt of roughly $13.6 million.
- Airport provisions that will allow Airport management to maximize the use of existing Airport facilities.

While the Airport can not predict the ultimate outcome of United's bankruptcy proceedings, the affirmation of its lease is nonetheless a strong signal of United's commitment to its Denver hub operations.

United Special Facility Bonds

In 1992 the City issued approximately $261 million of special facility bonds on behalf of United. Repayment of these bonds is the sole responsibility of United. The proceeds of the bonds were used to finance the construction of various United specific facilities on Airport premises. On April 1, 2003, United failed to make its semi-annual lease payment of approximately $9 million, claiming that the payment required by the Special Facilities Lease was a disguised financing. The Airport together with several other airports filed suit on behalf of its bondholders to enforce the payments under the special facilities lease. In April 2004 the court ruled in favor of the Airport that the Special Facilities Lease was in fact a true lease. United has placed three lease payments of approximately $9 million each, in escrow, while it appeals the ruling.

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 is 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.

Deloitte.

Deloitte & Touche LLP
Suite 3600
555 Seventeenth St.
Denver, CO 80202-3942
USA

Tel: +1 303 292 5400
Fax: +1 303 312 4000
www.deloitte.com

INDEPENDENT AUDITORS' REPORT

The Honorable John H. Hickenlooper, Mayor
Members of the City Council and the 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") as of and for the year ended December 31, 2003, as listed in the table of contents. These financial statements are the responsibility of the Airport System's management. Our responsibility is to express an opinion on these financial statements based on our audit. The financial statements for the year ended December 31, 2002 were audited by other auditors whose report dated June 12, 2003, expressed an unqualified opinion on those statements.

We conducted our audit 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note A, the financial statements present only the City and County of Denver, Municipal Airport System Enterprise Fund and do not purport to, and do not, present fairly the financial position of the City and County of Denver, Colorado, as of December 31, 2003 and 2002, and the changes in its financial position and its cash flows, for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Airport System as of December 31, 2003, and the changes in its financial position and its cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The Management's Discussion and Analysis on pages __ through __ is not a required part of the basic financial statements but is supplementary information required by the Government Accounting Standards Board. This supplementary information is the responsibility of the Airport System's management. We have applied certain limited procedures which consisted principally of inquires of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit such information and we do not express an opinion on it.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Airport System's basic financial statements. The Introduction, the Schedule of Assets, Liabilities, and Net Assets as of December 31, 2003, the Schedule of

Revenues, Expenses, and Changes in Net Assets for the year ended December 31, 2003, the Schedule of Compliance with Rate Maintenance Covenant as defined in the 1984 Airport System General Bond Ordinance for the year ended December 31, 2003; the Schedule of Required Deposits to the Bond Account, Bond Reserve Account, and the Operation and Maintenance Reserve Account as defined in the 1984 Airport System General Bond Ordinance for the year ended December 31, 2003; the Summary of Insurance Coverage as of December 31, 2003; and information included in the Statistical Section under the heading "Annual Financial Information" contained in Schedules I through VI are presented for purposes of additional analysis and are not a required part of the basic financial statements. The Schedule of Assets, Liabilities, and Net Assets as of December 31, 2003, the Schedule of Revenues, Expenses, and Changes in Net Assets for the year ended December 31, 2003, contained in the Supplementary Information section, have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The information included in the Introduction, the Schedule of Compliance with Rate Maintenance Covenant as defined in the 1984 Airport System General Bond Ordinance for the year ended December 31, 2003; the Schedule of Required Deposits to the Bond Account, Bond Reserve Account, and the Operation and Maintenance Reserve Account as defined in the 1984 Airport System General Bond Ordinance for the year ended December 31, 2003; the Summary of Insurance Coverage as of December 31, 2003; and information included in the Statistical Section under the heading "Annual Financial Information" contained in Schedules I through VI have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Deloitte & Touche LLP

June 22, 2004

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following discussion and analysis of the financial performance of and activity of the Municipal Airport System (the Airport System) of the City and County of Denver, Colorado (the City) provides an introduction and understanding of the basic financial statements of the Municipal Airport System as of and for the years ended December 31, 2003 and 2002. The Municipal 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

The operating revenues at the Airport were $447.5 million, an increase of .8% for the period ending December 31, 2003, as compared to December 31, 2002. The increase in revenue was primarily related to the increase in passenger traffic, parking revenues and landing fee rates.

Operating expenses decreased by $36.2 million (15.2%) for the period ending December 31, 2003, as compared to December 31, 2002. The significant decrease was attributable to the recognition of the Adams County Noise Penalty settlement that was accrued for 2002 of $14.5 million compared to $2.5 million in 2003, the payment of previously recognized bad debt related to United's pre-petition, and other reductions resulting from budgetary control and fiscal restraint.

OVERVIEW OF THE FINANCIAL STATEMENTS

The Airport System is an enterprise fund of the City. 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.

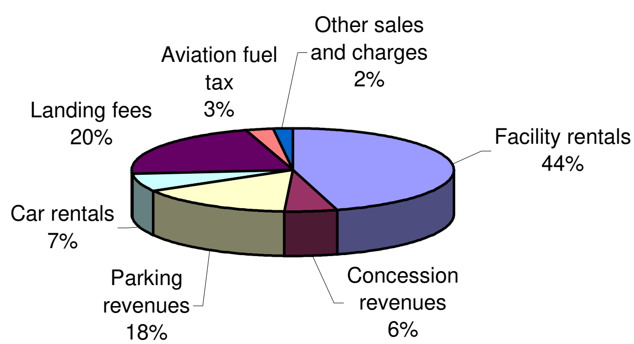
The Airport System's financial statements consist of a statement of net assets, a statement of revenues, expenses and changes in net assets, a statement of cash flows, and notes to those financial statements. The statement of net assets presents information on the Airport System's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Airport System is improving or deteriorating. The statement of revenues, expenses and changes in net assets presents information showing how the Airport System's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as 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 only 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.

OPERATING REVENUES

Operating revenues totaled $447.5 million for the year ended December 31, 2003, a .8% increase from 2002.

	2003 Revenues (000's)	2002 Revenues (000's)
Operating revenues:		
Facility rentals	$197,925	$204,867
Concession revenues	25,933	23,977
Parking revenues	80,380	77,619
Car rentals	33,530	31,551
Landing fees	88,473	86,865
Aviation fuel tax	12,104	10,644
Other sales and charges	9,133	8,398
Total Operating Revenues	$447,478	$443,921

Operating Revenues 2003



Operating revenues increased by .8% from $443.9 million in 2002 to $447.5 million in 2003, primarily due to increases in parking and landing fee revenues. Facility rentals decreased by $6.9 million due to an increase in the net revenue share returned to the airlines. The airlines' revenue share was the maximum of $40.0 million in 2003 as compared to $30.0 million in 2002. This was offset by an increase in rates for the baggage space rent and new airline entrants leasing space at DIA. The other significant airline revenue increase was in landing fees of which $1.6 million was attributable to the increase in rates per 1,000 pounds landed weight from $3.10 for signatory airlines and $3.72 for non-signatory airlines in 2002, to $3.265 for signatory airlines and $3.918 for non-signatory airlines in 2003. The increase in the landing fee is attributable to the removal of the subsidy put in place in 2002 to assist the airlines following September 11, 2001 Events.

Concession revenues between 2003 and 2002, increased $2.0 million or 8.2%. Gains were seen in food and beverage service and retail concessions as a result of an increase in passenger traffic. Car rental revenues increased by $2.0 million or 6.3% to $33.5 million and parking revenues increased by $2.76 million or 3.6%, also due to an increase in passenger traffic.

The Airport's activities increased in three areas and decreased slightly in Cargo and Landed Weight, for years ended December 31, 2003 and 2002, as follows:

	2003	2002	Change
Enplanements	18,760,879	17,829,564	5.2%
Total Passengers	37,505,138	35,652,084	5.2%
Aircraft Operations	510,275	509,229	.2%
Cargo (in lbs)	717,419,422	731,855,253	(2.0)%
Landed Weight (in thousands)	27,180,768	28,036,724	(3.1)%

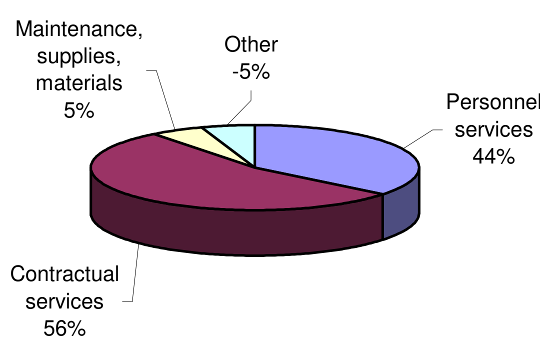
Enplaned passengers increased 5.2% in 2003 compared to 2002. For the first three months of 2004, enplaned passengers increased 14.6% compared to the same period in 2003.

OPERATING EXPENSES

Operating expenses totaled approximately $202.3 million in for the year ended December 31, 2003, a 15.2% decrease from 2002. The decrease in landed weight is attributable to the down gauging of aircraft size.

	2003 Expenses (000's)	2002 Expenses (000's)
Operating expenses:		
Personnel services	$ 88,414	$ 86,490
Contractual services	112,339	129,732
Maintenance, supplies and materials	11,160	12,654
Bad debt (revenue)/expense	(9,615)	9,608
Total Operating Expenses	$202,298	$238,484

Operating Expenses 2003



Operating expenses decreased by 15.2% from $238.5 million in 2002 to $202.3 million in 2003. Reductions in contractual services and maintenance, and supplies and materials expense resulting from budget cuts and continued fiscal restraint, were partially offset by snow overtime as a result of the March 2003 blizzard, remarketing fees due to the issue of new auction rate bonds, and indirect costs for the City auditor, police and fire. The repayment of United's pre-petition debt reduced bad debt.

Personnel services increased by $1.9 million or 2% to $88.4 million in 2003, compared to $86.4 million in 2002. The most significant increase in personnel expense was permanent salaries and snow overtime due to the March 2003 blizzard. In 2003, the Airport collected a payment of $.8 million, a 75% reimbursement, from the Federal Emergency Management Agency (FEMA), for eligible expense as a result of the blizzard.

Because of uncertainties surrounding United Airlines and continued depressed traffic levels, departments were asked to reduce their respective 2003 budgets by 6% and identify an additional 4% reduction to be held until the United Airlines situation became clearer (the additional cuts were not reinstated). The budget cuts are reflected in the contractual services and maintenance and supplies and materials expense which decreased as well as a smaller increase, than originally budgeted, in personnel services..

DEPRECIATION AND AMORTIZATION

Depreciation and amortization expense increased $19.1 million or 15.2%. Of the amount, $8.9 million was attributable to assets placed in service in 2003 (including the sixth runway). The remainder reflects a one time adjustment to recognize the depreciation on assets previously placed in physical service but not moved from construction in progress.

SUMMARY OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

The change in net assets is an indicator of whether the overall fiscal condition of the Airport has improved or deteriorated during the year 2003. For year ended December 31, 2003 net assets increased by $5.7 million, compared to an increase of $51.1 million in 2002. Income from operations increased $20.6 million or 25.9% primarily due to the increase in operating revenues of $3.6 million and a decrease in operating expenses of $36.2 million, offset by an increase in depreciation and amortization of $19.0 million.

Total nonoperating expenses, net, increased by $15.4 million to $135.2 million. The increase was due primarily to a decrease in investment income of $16.1 million or 38% due to a decrease in yields. In 2003, there was a decrease of $4.2 million or 92% in non-capital grants received from the federal government. The increase in Passenger Facility Charges (PFCs) of $1.3 million or 2.1% was due to an increase in passenger traffic. Interest expense decreased by $3.9 million or 1.9% as the result of both lower interest rates realized from debt refunding and a decline in variable interest rates paid on several series of outstanding senior and subordinate bonds.

In 2003 and 2002, capital grants totaled $32.7 million and $84.1 million, respectively, while capital PFCs totaled $7.9 million and $7.0 million, respectively. The decrease in capital grants and capital PFCs is due to the completion of the sixth runway which was heavily grant funded.

The following is a summary of the Revenues, Expenses and Changes in Net Assets for 2003 and 2002:

	2003 (000's)	2002 (000's)
Operating Revenues	$ 447,478	$ 443,921
Operating Expenses	(202,298)	(238,484)
Operating Income before depreciation and amortization	245,180	205,437
Depreciation and amortization	(144,758)	(125,692)
Operating Income	100,422	79,745
Nonoperating Revenues	90,191	109,138
Nonoperating Expenses	(225,462)	(228,983)
Capital Contributions	40,542	91,152
Increase in Net Assets	$ 5,693	$ 51,052

SUMMARY OF NET ASSETS

Net Assets may serve over time as a useful indicator of the Airport's financial position. The Airport's assets exceeded liabilities by $653.1 million as of December 31, 2003, a $5.7 million increase in net assets from the prior year.

Seventy percent of the Airport's 2003 net assets, are restricted for future debt service and capital construction. $401.5 million represents the bond reserve account and bond accounts that are externally restricted for debt service. $57.7 million represents Stapleton and sixth runway capital projects.

The remaining net assets include unrestricted net assets of $388.2 million which may be used to meet any of the Airport's ongoing operations. Management of the Airport System has internally designated $67.3 million of its unrestricted net asset amounts, as allowed for in the 1984 Airport System General Bond Ordinance as supplemented and amended, to help meet debt covenant coverage requirements. In addition, ($194.4) million represents the Airport's investment in capital assets, less the related indebtedness outstanding used to acquire those capital assets.

The following is a summary of the net assets as of December 31, 2003 and 2002:

	December 31, 2003 (000's)	December 31, 2002 (000's)
ASSETS:		
Current assets	$ 364,001	$ 339,057
Restricted assets	758,218	614,313
Long-term receivables	572	1,866
Capital assets	3,525,772	3,565,450
Bond issue costs, net	95,132	81,458
Assets held for disposition	38,338	46,969
Total assets	4,782,033	4,649,113
LIABILITIES:		
Current liabilities	203,263	162,482
Current liabilities payable from restricted assets	103,415	101,317
Current deferred rent	12,633	23,068
Long-term debt	3,760,565	3,714,831
Note payable	45,973	0
Capital lease	3,113	37
Total liabilities	4,128,962	4,001,735
NET ASSETS:		
Invested in capital assets, net of related debt	(194,411)	(100,011)
Restricted	459,197	418,413
Unrestricted	388,285	328,975
TOTAL NET ASSETS	$ 653,071	$ 647,378

CAPITAL ASSETS AND LONG TERM DEBT ACTIVITY

As of December 31, 2003, the Airport had approximately $4.0 billion in outstanding bonded debt, both senior and subordinate, paying fixed and variable rates. The total annual debt service (principal and interest) was approximately $290.8 million in 2003. Over the past three years, the Airport has called in and refunded over $2 billion in high interest debt originally issued in the early 1990s. This has resulted in a cumulative present value debt service savings of approximately $567.0 million.

The Airport's senior lien debt is currently rated by Standard & Poors, Moody's, and Fitch at A, A2 and A, respectively, all with a negative outlook at year end 2003. In the first quarter of 2004 based on the Airport's strong operational and financial performance, Standard & Poors and Fitch removed the negative ratings outlooks. Moody's removed its negative outlook in June 2004.

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. The debt service coverage ratio for the year ended December 31, 2003 was 163% of total debt service.

As of December 31, 2003, the Airport had outstanding contractual commitments of approximately $105.6 million and had made over $93.0 million in contractual payments for the year then ended. For 2002, the Airport had significant construction commitments of approximately $95.0 million at December 31, and had made over $180.0 million in contractual payments.

Excluding the commitments under the aforementioned Stipulated Order, the Airport's current 2004-2009 Capital Program includes approximately $334.9 million of planned projects as well as approximately $849.9 million of "Demand Responsive Projects" which will be undertaken based upon the demand for and the financial viability of such projects.

The 2004-2009 Capital Programs are expected to be financed with a combination of Airport Revenue bonds, Commercial Paper, Equipment Loans, federal grants, Passenger Facility Charges (PFCs) and Airport System monies.

The PFC program in 1992 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 FAA approved the Airport's application for an increase in the rate of PFC from $3.00 to $4.50, the revenues from which are to be used for qualified costs of the Airport, including associated debt service. The Airport increased the PFC rate from $3.00 to $4.50 effective April 1, 2001. As of December 31, 2003, a total of $574.0 million has been remitted to the Airport (including interest earned on late payments), $85.0 million has been expended on approved projects, $482.0 million has been used to pay debt service on the Airport's general airport revenue bonds and $7.0 million is unexpended. The Airport's authorization to impose the PFC expires on the earlier of January 1, 2030 or upon the collection of the $3.4 billion authorized amount of PFC revenues.

ECONOMIC FACTORS

The Airport, like all major airports in the United States, was affected by the September 11, 2001 Events and the resulting impact on the air transportation industry, as well as the economic slowdown which commenced prior to September 11, 2001 and the ongoing hostilities in the Middle East. While the effect on the Airport's airline tenants continues to linger, the Airport itself saw a recovery in 2003, a recovery that gained momentum toward year end and continued through the first quarter of 2004.

Passenger traffic was up 5.2% in 2003 compared with a national average decline of 2.8% as reported by the ATA. The December 2003 traffic level of over 3.3 million was the highest December in the Airport's history. This trend continued with January, February and March of 2004 each setting passenger traffic records. Year to date through March 2004 passenger traffic is up 15.0% compared to 2.7% nationally. Much of this passenger growth is attributed to the increased service of low cost carriers in the Denver market.

The increased passenger levels have translated into improved financial results. As previously discussed, operating revenue was up .8%. Furthermore, fiscal controls implemented post September 11, 2001 led to a significant decrease in operating expenses. The net result was operating income of $101.6 million, an increase of 27.5%, the second highest in the Airport's history. Revenues Available for Sharing, the net revenue that is split 75%/25% with the signatory airlines under the use and lease agreements, was over $59.0 million, its second highest level ever. The airlines will receive the maximum allocation of $40.0 million, with the balance flowing to the Airport's Capital Fund for discretionary purposes.

The reaffirmation by United Airlines of its use and lease agreement was well received by the financial community. Both Standard and Poors and Fitch rating agencies used the event as final justification for removing their negative outlooks from the Airport's credit rating. The improved financial condition and outlook has allowed the Airport the opportunity to double its letter of credit capacity at a reduced cost.

Last year's addition of the sixth runway will accommodate additional flight operations this coming summer, allowing the Airport to avoid the congestion expected at several other major hub airports. Airport management has been working with local Transportation Security Administration personnel to ensure the continued adequate staffing of security checkpoints through the busy summer months. The addition of mainline gates on Concourse A will provide Frontier the capacity to continue its growth strategy. These factors should contribute toward sustained strong passenger traffic and financial results at the Airport in 2004.

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 Office, Denver International Airport, Airport Office Building, 8th Floor, 8500 Pena Boulevard, Denver, CO 80249-6340. Copies are available on-line at www.flydenver.com.

City and County of Denver, Colorado
Municipal Airport System
Statements of Net Assets
As of December 31, 2003 and 2002

	2003	2002
ASSETS		
Current assets:		
Cash and cash equivalents	$ 136,289,973	$ 159,792,024
Investments	193,749,932	141,415,908
Accounts receivable (net of allowance for doubtful accounts $2,002,580 and $12,056,032)	17,610,580	20,893,241
Accrued interest receivable	4,581,430	4,274,461
Current portion of long-term receivables	1,808,552	1,902,140
Inventories	4,369,692	4,844,773
Prepaid expenses and other	5,591,161	5,934,113
Total current assets	$ 364,001,320	339,056,660
Restricted assets:		
Cash and cash equivalents	369,375,986	244,937,593
Investments	359,667,661	349,525,287
Accrued interest receivable	459,406	560,077
Grants receivable	19,112,939	13,539,127
Passenger facility charges receivable	9,601,794	5,750,633
Total restricted assets	758,217,786	614,312,717
Long-term receivables, net of current portion	571,934	1,866,255
Capital assets:		
Buildings	1,590,332,030	1,550,511,425
Improvements other than buildings	1,980,295,792	1,636,751,071
Machinery and equipment	653,553,122	610,929,986
	4,224,180,944	3,798,192,482
Less accumulated depreciation	(1,087,331,213)	(950,018,936)
	3,136,849,731	2,848,173,546
Construction in progress	93,617,003	426,155,684
Land, land rights and air rights	295,305,625	291,120,908
Total property, plant and equipment	3,525,772,359	3,565,450,138
Bond issue costs, net of accumulated amortization	95,131,601	81,458,412
Assets held for disposition	38,337,829	46,968,837
Total assets	$4,782,032,829	$ 4,649,113,019

City and County of Denver, Colorado
Municipal Airport System
Statements of Net Assets, continued
As of December 31, 2003 and 2002

LIABILITIES AND NET ASSETS	2003	2002
Current liabilities:		
Vouchers payable	$ 23,517,972	$ 19,604,031
Due to other City agencies	16,304,601	7,516,133
Compensated absences payable	6,004,403	5,533,560
Current portion of long-term debt	101,940,000	90,180,000
Other liabilities	55,495,888	39,648,534
Total current liabilities	203,262,864	162,482,258
Current liabilities payable from restricted assets:		
Vouchers payable	17,881,254	25,439,202
Retainages payable	17,044,977	20,549,994
Accrued interest and matured coupons	28,739,313	27,394,157
Notes Payable	14,026,508	0
Other liabilities	25,722,889	27,933,972
Total current liabilities payable from restricted assets	103,414,941	101,317,325
Deferred rent	12,632,747	23,068,310
Long-term debt:		
Revenue bonds, net of current portion	4,026,610,000	3,988,475,000
Less: deferred loss on bond refunding	(252,164,609)	(261,403,720)
Less: unamortized discounts	(13,880,637)	(12,240,600)
Total long-term debt	3,760,564,754	3,714,830,680
Note payable	45,973,492	0
Capital lease liability, net of current portion	3,113,631	36,903
Total liabilities	4,128,962,429	4,001,735,476
Net Assets:		
Invested in capital assets, net of debt	(194,411,405)	(100,011,183)
Restricted for:		
Capital projects	57,708,438	38,793,605
Debt service	401,488,264	379,620,037
Unrestricted	388,285,103	328,975,084
Total net assets	653,070,400	647,377,543
Total liabilities and net assets	$ 4,782,032,829	$ 4,649,113,019

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

City and County of Denver, Colorado
Municipal Airport System
Statements of Revenues, Expenses and Changes in Net Assets
For the Years Ended December 31, 2003 and 2002

	2003	2002
Operating revenues:		
Facility rentals	$ 197,925,153	$ 204,867,227
Concession revenues	25,933,123	23,977,188
Parking revenues	80,380,533	77,618,573
Car rentals	33,530,250	31,550,625
Landing fees	88,472,628	86,865,339
Aviation fuel tax	12,103,690	10,644,390
Other sales and charges	9,132,690	8,398,096
Total operating revenues	447,478,067	443,921,438
Operating expenses:		
Personnel services	88,414,243	86,490,453
Contractual services	112,338,508	129,731,846
Maintenance, supplies and materials	11,160,453	12,653,647
Bad debt (revenue) expense	(9,614,895)	9,608,460
Total operating expenses	202,298,309	238,484,406
Operating income before depreciation and amortization	245,179,758	205,437,032
Depreciation and amortization	144,757,991	125,692,387
Operating income	100,421,767	79,744,645
Nonoperating revenues (expenses):		
Passenger facility charges	64,056,749	62,729,779
Investment income	25,761,844	41,840,321
Interest expense	(204,364,075)	(208,266,810)
Grants	372,640	4,568,384
Other expense	(21,098,373)	(20,716,422)
Total nonoperating expenses, net	(135,271,215)	(119,844,748)
Change in net assets before capital contributions	(34,849,448)	(40,100,103)
Capital Contributions:		
Capital grants	32,654,396	84,139,571
Capital passenger facility charges	7,887,909	7,012,521
Change in net assets	5,692,857	51,051,989
Net assets, beginning of year	647,377,543	596,325,554
Net assets, end of year	$ 653,070,400	$ 647,377,543

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

City and County of Denver, Colorado
Municipal Airport System
Statements of Cash Flows
For the Years Ended December 31, 2003 and 2002

	2003	2002
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	$ 467,057,863	$ 449,245,265
Payments to suppliers	(114,569,068)	(173,740,298)
Payments to employees	(87,708,241)	(86,023,795)
Net cash provided by operating activities	$ 264,780,554	189,481,172
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Miscellaneous nonoperating payments	(6,201,268)	(10,157,642)
Operating grants received	1,164,414	3,951,544
Net cash used by non capital financing activities	(5,036,854)	(6,206,098)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Proceeds from debt	140,666,698	101,911,432
Proceeds from note payable	59,916,750	0
Principal paid on capital debt	(90,180,000)	(76,985,000)
Interest paid on capital debt	(204,277,810)	(196,940,065)
Bond issue costs	(15,998,646)	(10,140,645)
Passenger facility charges	68,093,497	70,955,596
Capital grant receipts	26,288,810	71,417,785
Purchases of capital assets	(111,278,078)	(168,212,099)
Payments to escrow for current refunding of debt	(2,632,000)	(13,653,141)
Proceeds from sale of capital assets	(1,105,472)	2,279,802
Property proceeds from sale of assets held for disposition	8,631,008	2,412,103
Net cash used by capital and related financing activities	(121,875,243)	(216,954,232)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of investments	(5,952,169,259)	(6,337,028,655)
Proceeds from sales and maturities of investments	5,889,692,861	6,243,024,879
Interest and dividends on investments	25,544,283	35,129,399
Net cash provided (used) by investing activities	(36,932,115)	(58,874,377)
Net increase (decrease) in cash and cash equivalents	100,936,342	(92,553,535)
Cash and cash equivalents – beginning of the year	404,729,617	497,283,152
Cash and cash equivalents – end of the year	$ 505,665,959	$ 404,729,617

City and County of Denver, Colorado
Municipal Airport System
Statements of Cash Flows continued
For the Years Ended December 31, 2003 and 2002

	2003	2002
Reconciliation of Operating Income to Net Cash Provided by Operating Activities		
Operating income	$100,421,767	$ 79,744,645
Adjustments to reconcile operating income to net cash		
Provided by operating activities:		
Depreciation and amortization	144,757,991	125,692,387
Change in assets and liabilities:		
Receivables, net of allowance	4,670,570	(5,874,932)
Inventories	475,081	(876,454)
Prepaid expenses and other	342,952	549,306
Accounts and other payables	3,913,941	(1,531,318)
Deferred rent	(10,435,563)	3,860,282
Due to other City agencies	8,788,468	(11,319,394)
Accrued expenses	11,845,347	(763,350)
Net cash provided by operating activities	$264,780,554	$189,481,172

Non Cash Activities

The Airport System issued bonds in the amount of $286,965,000 and of $581,565,000 in 2003 and 2002 in order to refund debt and fund capital projects. Proceeds of $158,534,161 and $600,394,950 for 2003 and 2002 respectively, were deposited immediately into an irrevocable trust for the defeasance of outstanding revenue bond principal and accrued interest amounts.

The Airport System entered into a capital lease agreement for runway equipment with GE Capital Public Finance of $6,347,267.

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

A. Organization and Reporting Entity

Nature of Operations

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

Denver International consists of a landside terminal building, 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 G for further discussion.

Reporting Entity

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

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

B. Summary of Significant Accounting Policies

Basis of Accounting

The Airport System is an enterprise fund of the City, and as such is an integral part of the City. An enterprise fund is established to account for operations that are financed and operated in a manner similar to private business enterprises, where the intent is that costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

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

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

Cash and Cash Equivalents

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

Investments

Investments are reported at fair value, which is primarily determined based on quoted market prices at December 31, 2003. The Airport System's investments are maintained in segregated pools such as U.S. Treasury Securities, U.S. Agency Securities, commercial paper and repurchase agreements.

Inventories

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

Capital Assets

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

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

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

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

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

Assets Held for Disposition

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

Compensated Absences Payable

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

Deferred Rent

Deferred rent is recorded when rental payments are received by the Airport System prior to a legal claim to them. Included in deferred rent are customer credits and deposits.

Net Assets

Seventy percent of the Airport's 2003 net assets, are restricted for future debt service and capital construction. $401,488,264 represents the bond reserve account and bond accounts that are externally restricted for debt service. $57,708,438 represents net assets restricted for the Stapleton and sixth runway capital projects.

The remaining net assets include unrestricted net assets of $388,285,103 which may be used to meet any of the Airport's ongoing operations. Management of the Airport System has internally designated $67,267,320 of its unrestricted net asset amounts, as allowed for in the 1984 Airport System General Bond Ordinance as supplemented and amended, to help meet debt covenant coverage requirements. In addition, ($194,411,405) represents the Airport's investment in capital assets, less the related indebtedness outstanding used to acquire those capital assets.

Operating Revenues and Expenses

The statement of revenues, expenses and changes in net assets 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 Denver International's principal ongoing operations. The principal operating revenues of the Airport System are charges to airline tenants. Operating expenses include the cost of providing services, administrative costs, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses or capital contributions. Such items include grants from the federal government and Stapleton demolition and remediation expenses.

Rates and Charges

The Airport System establishes annually, as adjusted semi-annually, airline rentals, landing fees, and other charges sufficient to recover the costs of operations, maintenance, and debt service related to the airfield and the space rented by the airlines. Any differences between airline revenues collected and actual costs allocated to the airlines' leased space are credited or billed to the airlines. As of December 31, 2003, the Airport System had accrued a liability of $14,206,562 and as of December 31, 2002, accrued a receivable of $11,731,017 for such amounts.

For the years ended December 31, 2000 through 2005, 75% of Net Revenues (as defined by the bond ordinance) remaining at the end of each year is to be credited in the following year to the passenger airlines signatory to use and lease agreements; and thereafter it is 50%, capped at $40,000,000 for all years. The estimated Net Revenues credited to the airlines for the years ended December 31, 2003 and 2002, were $40,000,000 and $26,773,271, respectively. Liabilities for these amounts were accrued as of December 31, 2003 and 2002 respectively.

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 and liabilities 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.

C. Cash, Cash Equivalents, and Investments

At December 31, 2003 and 2002, respectively, the carrying amount of the Airport System's deposits were $242,784 and $1,926,480, and the bank balance was $367,828. Of the bank balance at December 31, 2002, $314,796 was insured and collateralized with securities held by banks in their trust departments in the City's name in accordance with the State's Public Deposit Protection Act.

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

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

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

At December 31, 2003 and 2002, all of the Airport System's investments were in category 1, except for commercial paper which is category 3. The Airport System's investments are maintained in segregated pools and consist of the following:

	2003 Fair Value	2002 Fair Value
U. S. Treasury Securities	$ 136,047,189	$256,177,129
U. S. Agency Securities	193,749,932	281,073,684
Commercial Paper	369,375,986	133,495,690
Repurchase Agreements	359,667,661	222,997,829
	1,058,840,768	893,744,332
Deposits	242,784	1,926,480
Total	$1,059,083,552	$895,670,812

Investment income earned on the Airport System's pooled cash and investments is allocated to the participating Airport System funds based upon the average investment balances of each fund. Investment income for 2003 and 2002 is comprised of interest income and a net unrealized gain on investments of $2,196,746 and $5,045,513, respectively.

The Airport System may enter into securities lending transactions with broker-dealers and other entities (borrowers) who must provide collateral that will be returned for the same securities in the future. The Airport System must maintain custody of the collateral securities. The collateral securities cannot be pledged or sold by the Airport unless the borrower defaults. The Airport system requires borrowers, at the time of the initial transaction, to provide collateral securities with a market value of 102 percent of the market value of the securities lent. Additional collateral must be provided by the next business day if the value of the collateral falls to less than 100 percent of the market value of the securities lent. No more than 20 percent of the Airport's investment portfolio may be used in securities lending transactions. The Airport System does not have credit risk exposure on securities lending transactions because borrowers provide more in collateral than they receive in underlying securities, and all transactions are settled on a delivery versus payment basis. The Airport System earns a fee on each securities lending transaction, which is negotiated with the borrower at the inception of each transaction. As of December 31, 2003, there were no outstanding securities lending transactions.

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

	2003	2002
Operations and maintenance reserve	$ 42,153,825	$ 37,988,588
Bond interest and retirement	459,245,149	420,763,166
Acquisition, construction and replacement	227,537,369	135,603,822
Deposits	107,304	107,304
	$729,043,647	$594,462,880

D. Accounts Receivables

Management of the Airport System 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, 2003 and 2002, an allowance of $2,002,580 and $12,056,032, has been established. On December 18, 2003, United repaid its prepetition receivables in the amount of $12,821,550. No amount is reserved for United in 2003.

E. Capital Assets

Changes in capital assets for the year ended December 31, 2003 and 2002 were as follows: (000's)

2003

	Balance January 1, 2003	Additions	Transfers of Completed Proj.	Retirements	Balance December 31, 2003
Buildings	$ 1,550,511	$ 0	$ 39,821	$ 0	$ 1,590,332
Improvements other than buildings	1,636,751	0	343,545	0	1,980,296
Machinery and equipment	610,930	9,099	42,074	(8,550)	653,553
	3,798,192	9,099	425,440	(8,550)	4,224,181
Less accumulated depreciation	(950,019)	(144,758)	0	7,446	(1,087,331)
	2,848,173	(135,659)	425,440	(1,104)	3,136,850
Construction in progress	426,156	92,901	(425,440)	0	93,617
Land, land rights and air rights	291,121	4,185	0	0	295,306
Total capital assets	$ 3,565,450	$ (38,573)	$ 0	$ (1,104)	$ 3,525,773

2002

	Balance January 1, 2002	Additions	Transfers of Completed Proj.	Retirements	Balance December 31, 2002
Buildings	$ 1,543,366	$ 426	$ 6,815	$ (96)	$ 1,550,511
Improvements other than buildings	1,627,559	241	8,956	(5)	1,636,751
Machinery and equipment	602,895	15,859	2,003	(9,827)	610,930
	3,773,820	16,526	17,774	(9,928)	3,798,192
Less accumulated depreciation	(831,762)	(125,319)	0	7,062	(950,019)
	2,942,058	(108,793)	17,774	(2,866)	2,848,173
Construction in progress	263,178	180,753	(17,774)	0	426,156
Land, land rights and air rights	291,120	1	0	0	291,121
Total capital assets	$ 3,496,356	$ 71,960	$ 0	$ (2,866)	$ 3,565,450

F. Long-Term Receivables

Long-term receivables consist of the following:

	2003	2002
Due from Continental Airlines, Inc.	$1,866,256	$3,086,191
Due from concessionaires	514,230	682,204
Total	2,380,486	3,768,395
Less: current portion	(1,808,552)	(1,902,140)
Long-term receivables	$ 571,934	$1,866,255

The amounts due from Continental Airlines, Inc. consist of costs incurred related to improvements to Concourse C at Stapleton. Of the amount due for improvements at Stapleton, $1,245,781 is due in monthly installments of $71,340, including interest at 10.3% through July 2005. The remaining $620,475 is due in equal installments, including interest at 8.5%, through July 2005.

G. Assets Held for Disposition

Stapleton consists of approximately 2,200 acres of land and various buildings and roadways. The City ceased aviation operations at Stapleton upon the opening of Denver International on February 28, 1995, and is proceeding to dispose of the Stapleton property. Certain portions of Stapleton were acquired with proceeds from federal grants, which provide for the return of certain federal funds. In addition, certain portions of the property are also subject to deed restrictions, under which the property 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 Denver International. The City intends to seek such releases and, in accordance with certain use and lease agreements, use any net proceeds from sales of Stapleton to retire or defease subordinate debt.

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

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

Revenues in the capital account.

In May 2000, the Airport System issued Series 2000B Subordinate Commercial Paper Notes in an aggregate principal amount of $30,789,000. The proceeds of these notes are to be used to pay costs associated with certain expenses associated with the disposition of Stapleton, as noted above, and are being amortized over a 25-year term. The 2000B subordinate commercial paper notes were refunded in October 2002 with the 2002D Airport System Revenue Bonds.

As a result of the long-term nature of the development plan, the timing and ultimate amount of net proceeds from the disposition of Stapleton's existing plant and improvements is not presently determinable. The carrying value of Stapleton is $38,337,829 and $46,968,837 at December 31, 2003 and 2002, respectively. The net realizable value of future proceeds is expected to be greater than the current carrying value.

H. Due to Other City Agencies

The City provides various services to the Airport System, including data processing, investing, budgeting, police and fire, and engineering. Billings from the City, both direct and indirect, during 2003 and 2002 totaled $38,662,972 and $37,678,176 respectively, and are included in operating expenses. The outstanding liability to the City and its related agencies in connection with these services totaled $16,304,601 and $7,516,133 at December 31, 2003 and 2002, respectively.

I. Long-Term Debt

The Airport System has issued bonds collateralized by and payable from Airport System Net Revenues, as defined in the 1984 Airport System General Bond Ordinance as supplemented and amended (Bond Ordinance) and the 1990 Airport System General Subordinate Bond Ordinance as supplemented and amended (Subordinate Bond Ordinance). Interest is payable semi-annually. The maturity dates, interest rates, and principal amounts outstanding as of December 31, 2003 are as follows:

Bond	**Maturity**	**Interest Rate**	**Amount Outstanding**
Airport System Revenue Bonds			
Series 1990A			
Capital Appreciation Bonds	November 15, 2004 and 2005	8.55%	$ 26,905,000
Series 1991A			
Term Bonds	November 15, 2008	14.00%	26,500,000
Series 1991D			
Capital Appreciation Bonds	Annually November 15, 2004 to 2006	7.85-7.95%	39,765,000
Term Bonds	November 15, 2013	7.75%	102,600,000
Series 1992F,G	November 15, 2025	Weekly	51,500,000

Bond	Maturity	Interest Rate	Amount Outstanding
Airport System Revenue Bonds			
Series 1994A Serial Bonds	Annually November 15, 2004 to 2006	7.40-7.50%	10,100,000
Term Bonds	November 15, 2023	7.50%	82,555,000
Series 1995A	Annually November 15, 2017 to 2025	5.60-5.70%	230,760,000
Series 1995B Serial Bonds	Annually November 15, 2004 to 2011	5.20-5.75%	27,800,000
Term Bonds	November 15, 2017	5.75%	64,915,000
Series 1995C Serial Bonds	Annually November 15, 2004 to 2009	5.00-5.50%	16,675,000
Term Bonds	November 15, 2012, 2016 and 2025	5.60-6.50%	82,240,000
Series 1996A Term Bonds	November 15, 2016 and 2025	5.50-5.75%	146,110,000
Series 1996B Serial Bonds	Annually November 15, 2004 to 2012	5.75-6.25%	74,915,000
Term Bonds	November 15, 2015	5.75%	34,165,000
Series 1996C Serial Bonds	Annually November 15, 2004 to 2011	5.125-6.00%	73,600,000
Term Bonds	November 15, 2013	5.50%	26,015,000
Series 1996D Term Bonds	November 15, 2025	5.50%	142,790,000
Series 1997E Serial Bonds	Annually November 15, 2011 to 2015	5.125-6.00%	105,020,000
Term Bonds	November 15, 2017, 2023 and 2025	5.25-5.50%	310,685,000
Series 1998A Term Bonds	November 15, 2025	5.00%	206,665,000

Bond	Maturity	Interest Rate	Amount Outstanding
Airport System Revenue Bonds			
Series 1998B Term Bonds	November 15, 2025	5.00%	103,395,000
Series 2000A Serial Bonds	Annually November 15, 2004 to 2019	4.75-6.00%	270,120,000
Term Bonds	November 15, 2023	5.625%	31,495,000
Series 2000B	November 15, 2025	Weekly	200,000,000
Series 2000C	November 15, 2025	Weekly	100,000,000
Series 2001A Serial Bonds	Annually November 15, 2004 to 2017	5.00-5.625%	351,255,000
Series 2001B Serial Bonds	Annually November 15, 2013 to 2016	4.70-5.50%	16,675,000
Series 2001D Serial Bonds	Annually November 15, 2004 to 2024	4.50-5.50%	66,330,000
Series 2002A1-A3	November 15, 2032	Flexible	294,000,000
Series 2002C	November 15, 2025	Weekly	48,000,000
Series 2002D	November 15, 2005	Weekly	19,800,000
Series 2002E Serial Bonds	November 15, 2023	4.00-5.50%	201,355,000
Airport System Subordinate Revenue Bonds			
Series 2003A Term Bonds	November 15, 2026 and 2031	5.00%	$ 161,965,000
Series 2003B Serial Bonds	Annually November 15, 2016 to 2020	5.75%	24,540,000
Term Bonds	November 15, 2033	5.00-5.50%	100,460,000
Series 2001C1-C4	November 15, 2022	Flexible	200,000,000
Economic Defeasance LOI 1998/1999	November 15, 2013, 2024 and 2025	6.125-7.75%	54,880,000
Total revenue bonds			$ 4,128,550,000
Less: current portion			(101,940,000)
Long-term revenue bonds			$ 4,026,610,000

Most of the Airport System bonds are subject to certain mandatory redemption requirements commencing subsequent to 2003.

Changes in long-term debt for the years ended December 31, 2003 and 2002 were as follows: (000's)

2003

	Balance January 1, 2003	Additions	Refunded Debt	Retirements	Balance December 31, 2003
Senior and subordinate bonds	$ 4,023,775	$ 298,465	$ 158,390	$ 90,180	$ 4,073,670
Economic defeasance LOI 1998/1999	54,880	0	0	0	54,880
Total debt	$ 4,078,655	$ 298,465	$ 158,390	$ 90,180	$ 4,128,550
Less: current portion					(101,940)
Long-term debt					$ 4,026,610

2002

	Balance January 1, 2002	Additions	Refunded Debt	Retirements	Balance December 31, 2002
Senior and subordinate bonds	$ 3,983,287	$ 693,765	$ 576,292	$ 76,985	$ 4,023,775
Economic defeasance LOI 1998/1999	54,880	0	0	0	54,880
Total debt	$ 4,038,167	$ 693,765	$ 576,292	$ 76,985	$ 4,078,655
Less: current portion					(90,180)
Long-term debt					$ 3,988,475

Swap Agreements
The Airport System has entered into interest rate swap agreements in order to lock in interest rate savings and protect against rising interest rates.

Summary of Interest Rate Swap Transactions

Counterparty	Trade Date	Effective Date	Notional Amount ($mm)	Termination Date	Associated Debt Series	Payable Swap Rate	Variable Receivable Swap Rate	Fair Values December 31, 2003
1998 Swap Agreements								
Goldman Sachs Capital Markets, L.P.	1/23/98	10/5/00	$100	11/15/25	2000B	4.7600%	Bond Rate	$(13,352,727)
Lehman Bros. Special Financing Inc.	1/23/98	10/5/00	$100	11/15/25	2000B	4.7600%	Bond Rate	$(13,352,727)
Societe Generale, New York Branch	1/23/98	10/5/00	$100	11/15/25	2000C	4.7190%	Bond Rate	$(12,838,188)
1999 Swap Agreements								
Goldman Sachs Capital Markets, L.P.	7/23/99	10/5/01	$100	11/1/22	2001C1-4	5.6179%	BMA	$(18,510,020)
Merrill Lynch Capital Services, Inc.	7/23/99	10/5/01	$50	11/1/22	2001C1-4	5.5529%	BMA	$ (8,866,392)
RFPC, LTD.	7/23/99	10/5/01	$50	11/1/22	2001C1-4	5.6229%	BMA	$ (9,282,078)
2002 Swap Agreements								
Goldman Sachs Capital Markets, L.P.	4/12/02	4/16/02	$100	11/1/22	2001C1-4	BMA	76.33% LIBOR	$ (1,608,090)
RFPC, LTD.	4/12/02	4/16/02	$100	11/1/22	2001C1-4	BMA	76.00% LIBOR	$ (1,811,219)
								$(79,621,442)

Payments by the Airport System to counterparties relating to these swap agreements, including termination payments, are Subordinate Obligations, subordinate to debt service payments on the Airport System's Senior Bonds, and on parity with the Airport System's Subordinate Bonds.

Risks Associated with the Swap Agreements
From the Airport System's perspective, the following risks are generally associated with its swap agreements:

Credit Risk – All of the Airport System's swap agreements rely upon the performance of swap counterparties. The Airport System is exposed to the risk of these counterparties being unable to fulfill their financial obligations to the Airport System. The Airport System measures the extent of this risk based upon the credit ratings of the each counterparty and the fair value of the swap agreement. If the Airport System 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 Investors Service or Fitch; or, under certain circumstances, provide collateral. The Airport System is obligated, under the swap agreements, to provide such surety policy or credit support if the unsecured and unenhanced ratings of the Airport System'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, 2003, the ratings of the Airport System's Senior Bonds were A by Standard & Poor's (with a negative outlook), A2 by Moody's Investors Service (with a negative Outlook) and A by Fitch (with a negative outlook). Failure of either the Airport System 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, 2003 are as follows:

Counterparty (Credit Support Provider)	Ratings of the Counterparty or its Credit Support Provider		
	S&P	Moody's	Fitch
Goldman Sachs Capital Markets, L.P. (Goldman Sachs Group, Inc.)	A+	Aa3	AA-
Lehman Brothers Special Financing Inc. (Lehman Brothers Holdings Inc.)	A	A1	A+
Merrill Lynch Capital Services, Inc. (Merrill Lynch & Co., Inc.)	A+	Aa3	AA-
RFPC, LTD. (Ambac Assurance Corp.)	AAA	Aaa	AAA
Societe Generale, New York Branch	AA-	Aa3	AA-

Termination Risk – Any party to the Airport System's swap agreements may terminate the swap if the other party fails to perform under the terms of the contract. Additionally, the Airport System 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 System could be liable to the counterparty for a payment equal to the swap's fair value. If any of the Airport System's swap agreements are terminated, the associated variable rate bonds would either no longer be hedged with a synthetic fixed interest rate or nature of the basis risk associated with the swap agreement may change. The Airport System is not aware of any event that would lead to a termination event with respect to any of its swap agreements.

Basis Risk – Each of the Airport System's swap agreements are associated with certain debt obligations. The debt associated with each of the swap agreements pays interest at variable interest rates. The Airport System receives variable payments under its swap agreements. To the extent these variable payments are not equal to the variable interest payments on the associated debt, there will either be a net loss or net benefit to the Airport System. The nature of this risk for each of the Airport System's series of swaps is discussed more specifically in the descriptions of these swap agreements below.

Description of the Swap Agreements and Associated Debt

The 1998 Swap Agreements and Associated Debt On January 1, 1998, the Airport System entered into interest rate swap agreements (the "1998 Swap Agreements") with three financial institutions in order to take advantage of and secure prevailing interest rates in contemplation of the future refunding of certain senior bonds through the Airport System's issuance of variable rate bonds on or before October 4, 2000. Each 1998 Swap Agreement has a notional amount of $100 million and provides for certain payments to or from each financial institution equal to the difference between a fixed rate payable by the Airport System under each Agreement and the prevailing floating rate on certain of the Airport System's variable rate bonds payable by the respective financial institutions. Upon the occurrence of certain events, a counterparty to a 1998 Swap Agreement may elect to apply an alternative variable rate, 70% of the London Interbank Offered Rate for one month deposits of U.S. dollars ("LIBOR") plus .10%, instead of the variable rate payable on the associated debt. Events that could trigger the right of the counterparty to apply the alternative rate include, among other things, a downgrade of the short term ratings of the associated debt to below A-1+ by S&P, VMIG-1 by Moody's or F-1+by Fitch or the long term ratings of the bonds are downgraded to below one of the highest two rating categories of any two of S&P, Moody's or Fitch, or an event of taxability. An event of taxability includes, among other things, a change in tax law that causes the relationship between the Bond Markets Association Index ("BMA") and LIBOR such that the daily average BMA Index as a percentage of daily average LIBOR exceeds 80% for a period of 90 consecutive days or 75% for a period of 120 consecutive days. The effect of a counterparty applying the alternative rate would be to increase the basis risk for the swap. There would be a greater likelihood of differences between the variable rate paid by the Airport System on the associated debt and variable payments received from the counterparty under the swap.

In August 2000, the Airport System issued the Series 2000B and the Series 2000C Bonds in order to refund a portion of the Series 1990A Bonds, and treated such Agreements as relating to the payments due on the Series 2000B Bonds and the Series 2000C Bonds (the associated debt), thereby effectively converting the floating rates of the Series 2000B Bonds and the Series 2000C Bonds to a fixed interest rate. The average fixed rate payable by the Airport System under the 1998 Swap Agreements is 4.7463%. The 1998 Swap Agreements became effective on October 4, 2000, and payments under these Agreements commenced on November 1, 2000.

The 1999 Swap Agreements and Associated Debt. On July 28, 1999, the Airport System entered into interest rate Swap Agreements (the "1999 Swap Agreements") with three financial institutions in order to take advantage of and secure prevailing interest rates in contemplation of the future refunding of a portion of the Series 1991A Bonds and Series 1991D Bonds through the Airport System's issuance of variable rate bonds on or before October 4, 2001. The 1999 Swap Agreements have notional amounts of $100 million, $50 million and $50 million, respectively, and provide for certain payments to or from each financial institution equal to the difference between a fixed rate payable by the Airport System under each Agreement and the Bond Market Association Index payable by the respective financial institutions. Historically, average BMA index has been lower than the variable interest rate the Airport System pays on the associated debt. The Airport System attributes this difference to the fact that the associated debt is subject to the alternative minimum tax. This means that, on average, the Airport System pays more in interest on the associated debt than it receives under the 1999 Swap Agreements. This basis risk is modified when the 1999 Swap Agreements and associated debt are considered together with the 2002 Swap Agreements.

On October 4, 2001, the Airport System issued the Series 2001C1-C4 to refund a portion of the Series 1991A Bonds and Series 1991D Bonds. The net effect of the 1999 Swap Agreements, when considered together with the floating rate Series 2001C1-C4 Subordinate Bonds, is that the Airport System will effectively pay a fixed rate, plus or minus the difference between the actual rate on the Series 2001C1-C4 Subordinate Bonds and the Bond Market Association Index, on $200 million of obligations. The average fixed rate payable by the Airport System under the 1999 Swap Agreements is 5.6029%. The 1999 Swap Agreements became effective on October 4, 2001, and payments under these Agreements commenced on November 1, 2001.

The 2002 Swap Agreements and Associated Debt. On April 11, 2002, the Airport System entered into interest rate Swap Agreements (the "2002 Swap Agreements") with two financial institutions in order to effectively change the amounts it receives under the 1999 Swap Agreements from the Bond Market Association Index ("BMA") to a percentage of the London Interbank Offered Rate for one month deposits of U.S. dollars ("LIBOR"). The 2002 Swap Agreements have a notional amount of $200 million, and provide for certain payments to or from each financial institution equal to the difference between BMA payable by the Airport System and a percentage of LIBOR payable by the respective financial institutions. The net effect of the 2002 Swap Agreements, when considered together with the 1999 Swap Agreements, is that the Airport System will receive a percentage of LIBOR, rather than BMA, to offset the actual rate paid on the Series 2001C1-C4 bonds. The average percentage of LIBOR received by the Airport System under the 2002 Swap Agreements is 76.165%. Together with the 1999 Swap Agreements and the associated debt, the Airport System is exposed to basis risk in the form of differences between the variable interest it pays on the associated debt and 76.165% of LIBOR received under the 2002 Swap Agreements. The 2002 Swap Agreements became effective on April 15, 2002 and payments under these Agreements will commence on May 1, 2002.

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

In February of 2003, the Airport issued additional Airport System Subordinate Commercial Paper 2000A Notes, with outstanding principals of $11,500,000.

On May 1, 2003, the Airport issued $286,965,000 of Airport System Revenue Bond Series 2003A and 2003B in a fixed rate mode for the purpose of funding capital improvements and currently refunding $44,345,000, $25,000,000 and $89,045,000 of the Airport System Subordinate Bonds 1997A, 1997B and 2000A Commercial Paper Notes, respectively.

J. Demand Bonds

Included in long-term debt are $51,500,000, $200,000,000, $100,000,000, $200,000,000, $294,000,000, $48,000,000 and $19,800,000 of Airport System Revenue Bonds Series 1992F, G, 2000B, 2000C, 2001C1-C4, 2002A1-A3, 2002C and 2002D respectively, which bear interest at flexible or weekly rates and are subject to mandatory redemption upon conversion of the interest rate to a different rate type or rate period.

Irrevocable letters of credit were issued as collateral for the Series 1992F, 1992G, 2002C and 2002D revenue bonds in the amounts as follows:

Bonds	Par Amount Outstanding	Letter of Credit Amount	Annual Commitment Fee[1]	Letter of Credit Expiration Date
Series 1992F	28,100,000	31,059,400	0.370%	September 24, 2009
Series 1992G	23,400,000	25,829,467	0.370%	September 24, 2009
Series 2002C	48,000,000	51,232,000	0.370%	October 8, 2009
Series 2002D	19,800,000	21,133,200	0.370%	October 8, 2009

[1]Commitment fees are payable quarterly on the Letter of Credit amount.

Irrevocable Letters of Credit in the amount of $318,400,000 were issued, together with municipal bond insurance policies, as collateral for the $300,000,000 Series 2000B and 2000C revenue bonds. The Letters of Credit are scheduled to terminate on August 24, 2006 and the Airport System is required to pay a quarterly commitment fee equal to 0.32% per annum on the total amount of the Letters of Credit. The municipal bond insurance policies covering principal and interest for the life of the Series 2000B and 2000C bonds were issued. The Airport System paid an initial premium for these insurance policies on the closing date of the 2000B and 2000C revenue bonds covering premiums due through August 24, 2002. Beginning on August 24, 2002, the Airport System is required to pay an annual insurance premium equal to 0.070% of the outstanding par amount of the 2000B and 2000C revenue bonds.

As of December 31, 2003 and 2002, no amounts have been drawn under any of the letter of credit agreements.

K. Bond Ordinance Provisions

Additional Bonds
The Airport System 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 System.

Airport System Revenue Bonds
Under the terms of the Bond Ordinance, the Series 1990A, 1991A, 1991D, 1992F, 1992G, 1994A, 1995A, 1995B, 1995C, 1996A, 1996B, 1996C, 1996D, 1997E, 1998A 1998B, 2000A, 2000B, 2000C, 2001A, 2001B, 2001D, 2002A-A3, 2002C, 2002D, 2002E, 2003A and 2003B (the Senior Bonds) are collateralized by a first lien on the Net Revenues of the Airport System. Under the terms of the Subordinate Bond Ordinance, the Series 2001C1-C4 Bonds are collateralized by Net Revenues of the Airport System subordinate to the Senior Bonds.

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

L. Debt Service Requirements

Debt service requirements of the Airport System to maturity as of December 31, 2003 are as follows:

Year	Principal	Interest
2004	$ 101,940,000	$220,888,247
2005	108,750,000	216,939,012
2006	99,305,000	212,565,853
2007	104,510,000	207,357,817
2008	100,405,000	200,644,908
2009-2013	631,160,000	905,079,393
2014-2018	876,585,000	697,285,558
2019-2023	1,179,180,000	425,921,631
2024-2028	688,070,000	113,045,125
2029-2033	183,765,000	28,838,500
Total	$4,073,670,000	$3,228,566,044

Debt service requirements, for the economic defeasance noted above, of the Airport System to maturity as of December 31, 2003 are as follows:

Year	Principal	Interest
2004	$ -	$ 3,601,900
2005	-	3,601,900
2006	-	3,601,900
2007	-	3,601,900
2008	-	3,601,900
2009-2013	14,800,000	18,009,500
2014-2018		12,274,500
2019-2023	-	12,274,500
2024-2025	40,080,000	3,436,125
Total	$54,880,000	$64,004,125

M. Denver International Special Facility Revenue Bonds

To finance the acquisition and construction of various facilities at Denver International, the City issued three series of Special Facility Revenue Bonds. These bonds are special limited obligations of the City, payable and secured by a pledge of certain revenues to be received from lease agreements for these facilities. The bonds do not constitute a debt or pledge of the full faith and credit of the City or the Airport System, and accordingly, have not been reported in the accompanying financial statements. As of December 31, 2003 and 2002, Special Facility Revenue Bonds outstanding totaled $380,855,000 and $385,160,000, respectively. In April and October 2003, United Airlines failed to make its facilities lease payment of $8,986,000 to the paying agent which in turn has led to a failure of the paying agent to make the interest payment of the same amount as required under the related $261,415,000 of Special Facility Bonds. The City, together with several other airports, filed suit on behalf of its bondholders to enforce the payments under the Special Facilities Lease. In April 2004, the court ruled in favor of the City that the Special Facilities Lease was in fact a true lease. United has placed three lease payments of $8,986,000 in escrow while it appeals the ruling.

N. Notes Payable

The Airport System entered into a $60 million dollar Master Installment Purchase Agreement with Siemens Financial Services on November 5, 2003 to fund the reimbursable portion of the construction of the in-line EDS baggage screening system. Payments are due annually in advance beginning December 30, 2004. An interest rate of 3.4% based on a 30/360 calculation. The payment schedule relating to loan requirements as of December 31, 2003 are as follows:

Year	Principal	Interest
2004	$14,026,508	$2,351,667
2005	14,815,076	1,563,099
2006	15,318,789	1,059,386
2007	15,839,627	538,547
	$60,000,000	$5,512,699

O. Capital Lease

The Airport System entered into a Capital Lease agreement for runway equipment with GE Capital Public Finance. Future minimum lease obligations, together with the present value of the net minimum lease payments, as of December 31, 2003 are as follows.

Year	Amount
2004	$2,115,756
2005	2,115,756
2006	1,057,877
Total minimum lease payments	5,289,389
Less: Amount representing interest	(220,694)
Present value of lease payments	$5,068,695

The related net book value of equipment under the capital lease obligation as of December 31, 2003 is a follows:

	2003
Equipment	$6,009,746
Less: accumulated depreciation	(1,159,776)
Net book value	$4,849,970

P. Pension Plan

Plan Description

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

The Denver Employees Retirement Plan (DERP) is a single-employer, defined benefit plan established by the City to provide pension benefits for its employees. The DERP is administered by the DERP Board of Trustees in accordance with sections 18.401 through

18.422 of the City's Revised Municipal Code. These Code sections establish the plan, provide complete information on the DERP, and vest the authority for the benefit and contribution provision with the City Council. The DERP Board of Trustees acts as the trustee of the plan's assets.

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

Denver Employees Retirement Plan
777 Pearl Street
Denver, Colorado 80203

Pension Plan's Funding Policy and Annual Pension Cost

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

	DERP	DERP HEALTH BENEFITS
Contribution rates (as a percentage of covered payroll):		
City	8.61%	.86%
Plan members	.49%	.04%
Annual pension cost	$52,146	$4,710
Total contributions made	$45,899	$4,568
Actuarial valuation date	1-01-03	1-01-03
Actuarial cost method	Entry age	Entry age
Amortization method	Level % of payroll-closed	Level % of payroll-closed
Remaining amortization period	7 years	7 years
Asset valuation method	5 year smooth mkt.	5 year smooth mkt.
Actuarial assumptions:		
Investment rate of return*	8.0%	8.0%
Projected salary increases*	4.1-8.7%	4.1-8.7%
*Includes inflation at	4.0%	4.0%
Cost of living adjustments	None	None
Health insurance benefit inflation	-	-%

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

	Year Ended December 31	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
DERP	2001	43,725	100.0	$ -
	2002	49,067	96.3	-
	2003	47,436	96.2	-
DERP Health Benefits	2001	6,009	100.0	-
	2002	3,661	97.1	-
	2003	4,710	97.0	-

Q. Deferred Compensation Plan

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

All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights are (until paid or made available to the employees or other beneficiary) 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.

R. Commitments and Contingencies

Commitments

At December 31, 2003 and 2002, the Airport System has the following contractual commitments for construction and professional services:

	2003	2002
Construction Projects	$22,014,795	$ 53,986,102
Projects Related to Operations—Denver International	71,859,820	28,719,771
Projects Related to Operations—Stapleton	11,720,333	12,285,345
Total Commitments	$105,594,948	$ 94,991,218

Noise Litigation

The City and Adams County entered into an Intergovernmental Agreement for Denver International dated April 21, 1988 (the "Intergovernmental Agreement"). The Intergovernmental Agreement establishes maximum levels of noise that should not be exceeded on an average annual basis at various grid points surrounding the Airport. In January 1998, the Board of County Commissioners of Adams County and the Cities of Aurora, Brighton, Commerce City and Thornton filed a complaint against the City in Jefferson County District Court alleging that the City violated the terms of the Intergovernmental Agreement seeking, among other things, an unspecified amount of damages under the Intergovernmental Agreement for violations of that agreement that occurred in 1995, 1996 and 1997. The District Court rendered summary judgment in favor of the City regarding all claims for relief with respect to violations of the Intergovernmental Agreement that allegedly occurred in 1996 and 1997. Judgment against the City in the amount of $4.0 million, for eight noise level violations of the Intergovernmental Agreement that occurred in 1995, was entered by the District Court, and the District Court subsequently awarded the plaintiffs prejudgment interest in the amount of $1.31 million. The City unsuccessfully appealed the judgment both to the Colorado Court of Appeals and the Colorado Supreme Court, and in March 2002 the City paid and satisfied the judgment plus interest thereon, in the total amount of $6.3 million, from the Airport's Capital Fund.

In March 2001, the Board of County Commissioners of Adams County and the Cities of Aurora, Brighton, Commerce City and Thornton filed an additional complaint against the City in Jefferson County District Court alleging that the City violated the terms of the Intergovernmental Agreement and seeking, among other things, damages under the Intergovernmental Agreement in the amount of $500,000 for each Class II category noise violation under the Intergovernmental Agreement that occurred between February 28, 1996 and February 27, 1998. The City and plaintiffs have settled this case.

The City agreed to pay $26.5 million plus interest thereon for the noise violations covering the period February 28, 1996 through February 27, 2001. As part of the settlement, the plaintiffs agreed to waive any claims for alleged noise violations covering the period February 28, 2001 through February 27, 2002. In November 2002 the City paid and satisfied the settlement plus interest thereon, in the total amount of $34.2 million from the Airport's Capital Fund.

No complaints have been filed against the City alleging violations of the Intergovernmental Agreement for events subsequent to February 27, 2002. However, no assurance can be given that such complaints will not be filed, or that, if such complaints are filed, the City would not suffer materially adverse judgments. As such, as of December 31, 2003, the Airport accrued $2.5 million in the accompanying financial statements.

Claims and Litigation

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

Defeased Bonds

The Airport has defeased certain Airport System Revenue Bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the accompanying financial statements. As of December 31, 2003 and 2002, $49,425,000 and $761,719,949, respectively, of bonds outstanding are considered defeased.

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 2003 and 2002 was $35,016,700 and $32,800,000 respectively. Minimum future rentals due from concession tenants are as follows, for the years ending December 31:

2004	$ 35,177,600
2005	34,077,500
2006	33,010,800
2007	32,069,100
2008	31,032,900
Thereafter	152,416,900
Total minimum future rentals	$ 317,784,800

Leases with airlines for terms of 10 and 30 years can be terminated by the airline if the airline's cost per enplaned passenger exceeds $25 and $20 (in 1990 dollars), respectively. Current costs per enplaned passenger do not exceed these limits for either 2003 or 2002. Rental rates for airlines are established under a ratemaking methodology whereby a compensatory method is used to set terminal rental rates and a residual method is used to set landing fees. Rentals, fees, and charges must generate gross revenues together with other available funds sufficient to meet the rate maintenance covenant per the bond ordinance.

S. Insurance

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

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

The 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. On August 1, 1991, a separate insurance program was established by the City to insure all contract labor working on site at the Airport. The program provides medical and indemnity payments as required by law for on-the-job related injuries for all non-City employees and builders' risk, general liability and professional liability for all applicable construction and consulting firms working on site at the Airport. The insurance program covers only incidents incurred prior to September 1994.

Deductibles under this insurance program are: (1) workers' compensation liability of $250,000 per occurrence; and (2) general liability, builders' risk, and professional liability insurance of $25,000, $100,000 and $1,000,000 per occurrence, respectively. Other current liabilities payable from restricted assets includes $336,960 and $537,476, respectively, accrued for fully developed projected losses, including losses incurred but not reported, due to claims filed prior to December 31, 2003 and 2002.

T. Significant Concentration of Credit Risk

The Airport derives a substantial portion of its operating revenues from airlines' landing and facility rental fees. For the years ended December 31, 2003 and 2002, United Airlines represented approximately 57% and 63% respectively of the Airport System's operating revenue. Frontier Airlines represented 16% and 9% of the Airport System's operating revenue. No other airline represented more than 10% of the Airport System's operating revenues. The Airport System requires performance bonds to support airlines and concession accounts receivables.

U. United Airlines

The dominant air carrier at the Airport is United, one of the world's largest airlines. The Airport currently is the second largest connecting hub in United's route system, both in terms of passengers and flight operations. Pursuant to the United Use and Lease Agreement, United currently leases 51 of the 89 full service gates at the Airport. In addition, United together with its United Express commuter, account for over 60% of enplaned passengers at the Airport in 2003 and 2002. On December 9, 2002, United filed for bankruptcy protection under Chapter 11 of the bankruptcy code. The Chapter 11 filing permits United to continue operations while developing a plan of reorganization to address existing debt, capital and cost structures. United Airlines continues to fly at the Airport and in the first three months of 2003 continued to account for over 60% of enplaned passengers at the Airport.

Following months of good faith negotiations, the City and United reached agreement regarding the affirmation of United's Use and Lease Agreement. The conditions of the affirmation were memorialized in a stipulated order that was filed and accepted by the bankruptcy court on November 11, 2003.

V. Subsequent Events

The Airport System entered into two Master Installment Purchase Agreements; one with Siemens Financial Services for $20 million and one with GE Capital Public Finance Incorporated for $13 million, both on March 12, 2004.

City and County of Denver, Colorado
Municipal Airport System
Schedule of Compliance with Rate Maintenance Covenant
As Defined in the 1984 Airport System General Bond Ordinance
Airport Revenue Account
Year Ended December 31, 2003

Gross Revenue:	
Facility rentals	$255,079,022
Concession income	25,933,123
Parking income	80,380,533
Car rental income	33,530,250
Landing fees	90,714,331
Aviation fuel tax	12,103,690
Other sales and charges	9,132,690
Interest income	20,080,412
Miscellaneous income	613,274
Gross Revenues as Defined in the Ordinance	527,567,325
Operation and Maintenance Expenses:	
Personnel services	88,414,242
Contractual services	108,771,082
Maintenance, supplies and materials	11,156,332
Bad Debt	(9,614,895)
Miscellaneous expense	2,846,386
Operation and Maintenance Expenses as Defined in the Ordinance	201,573,147
Net Revenue	325,994,178
Other Available Funds	50,807,000
Net Revenue Plus Other Available Funds as Defined in the Ordinance	376,801,178
Debt Service Requirements as defined in the ordinance (1)	$230,546,956
Coverage (Net Revenue Plus Other Available Funds as a Percentage of Debt Service Requirements)	163%

(1) Net of irrevocably committed Passenger Facility Charges of $58,316,000 applied under Supplemental Bond Ordinance.

Audited. See accompanying independent auditors' report.

City and County of Denver, Colorado
Municipal Airport System
Schedule of Required Deposits to the Bond Account,
Bond Reserve Account and the Operation and Maintenance
Reserve Account as Defined in the 1984
Airport System General Bond Ordinance
Year Ended December 31, 2002

I. BOND ACCOUNT

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

(a) Interest Account:

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

Bond Series	Interest Payment Date	Balance Interest Due	Required Interest Account Balance at December 31, 2003
Series 1991A	05/15/04	$1,855,000	$ 309,167
Series 1991D	05/15/04	3,975,750	662,625
Series 1992F-G	01/01/04	214,631	214,631
Series 1994A	05/15/04	3,471,463	578,577
Series 1995A-B	05/15/04	9,185,589	1,530,931
Series 1995C	05/15/04	2,837,444	472,907
Series 1996A	05/15/04	4,057,931	676,322
Series 1996B	05/15/04	3,199,340	533,223
Series 1996C	05/15/04	2,749,199	458,200
Series 1996D	05/15/04	3,926,725	654,454
Series 1997E	05/15/04	11,168,913	1,861,485
Series 1998A	05/15/04	5,166,625	861,104
Series 1998B	05/15/04	2,584,875	430,813
Series 2000A	05/15/04	8,739,722	1,456,620
Series 2000B	01/01/04	793,333	793,333
Series 2000C	01/01/04	393,250	393,250
Series 2001A	05/15/04	9,580,085	1,596,681
Series 2001B	05/15/04	456,563	76,094
Series 2001D	05/15/04	1,732,275	288,713
Series 2002A	05/15/04	1,225,000	1,225,000
Series 2002C	05/15/04	400,000	400,000
Series 2002D	05/15/04	165,000	165,000
Series 2002E	05/15/04	5,075,688	845,948
Series 2003A	05/15/04	4,049,125	674,854
Series 2003C	05/15/04	3,279,525	546,588
			$17,706,520

Unaudited. See accompanying independent auditors' report.

City and County of Denver, Colorado
Municipal Airport System
Schedule of Required Deposits to the Bond Account,
Bond Reserve Account and the Operation and Maintenance
Reserve Account as Defined in the 1984
Airport System General Bond Ordinance
Year Ended December 31, 2003
continued

(b) Principal Account

Required deposit – monthly, 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, an amount which if made in substantially equal installments thereafter would be sufficient to pay the next maturing installment of principal of such Serial Bonds.

Bond Series	Principal Payment Date	Principal Payment	Required Principal Account Balance at December 31, 2003
Series 1990A	11/15/04	$ 13,455,000	$ 1,121,250
Series 1991D	11/15/04	13,255,000	1,104,583
Series 1992 F, G	12/31/04	1,100,000	91,667
Series 1994A	11/15/04	2,700,000	225,000
Series 1995B	11/15/04	2,205,000	183,750
Series 1995C	11/15/04	2,445,000	203,750
Series 1996B	11/15/04	6,475,000	539,583
Series 1996C	11/15/04	4,775,000	397,917
Series 2000A	11/15/04	10,705,000	892,083
Series 2001A	11/15/04	23,030,000	1,919,167
Series 2001D	11/15/04	2,185,000	182,083
Series 2002A	11/15/04	6,325,000	527,083
Series 2002C	11/15/04	1,100,000	91,667
Series 2002D	11/15/04	9,600,000	800,000
Series 2002E	11/15/04	2,585,000	215,417
Total Principal Account Requirement			$ 8,495,000

(c) Sinking Account

Required deposit - monthly, to the Bond Sinking Account, commencing on the first day of the twelfth calendar month prior to the date on which the City is required to pay any Term Bonds, one twelfth of the amount necessary to pay the redemption price or principal of such Term Bonds scheduled to be retired in any year by mandatory redemption, at fixed maturity or otherwise, except to the extent any other monies, including without limitation, monies in any escrow account, are available therefore. There are no mandatory sinking account redemptions in 2003.

Unaudited. See accompanying independent auditors' report.

City and County of Denver, Colorado
Municipal Airport System
Schedule of Required Deposits to the Bond Account,
Bond Reserve Account and the Operation and Maintenance
Reserve Account as Defined in the 1984
Airport System General Bond Ordinance
Year Ended December 31, 2003
continued

(d) Redemption Account

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

As of December 31, 2003, the redemption account had a balance of $4.0 million.

(e) Bond Account Summary

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

Aggregate required Bond Account balance	$26,201,520
Bond Account balance at December 31, 2003	$26,201,521

City and County of Denver, Colorado
Municipal Airport System
Schedule of Required Deposits to the Bond Account,
Bond Reserve Account and the Operation and Maintenance
Reserve Account as Defined in the 1984
Airport System General Bond Ordinance
Year Ended December 31, 2003
continued

II. 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 the Bond Reserve Account, an amount equal to the maximum annual interest payable on all outstanding Senior Bonds of the Airport System. The amount deposited to the Bond Reserve Account at December 31, 2003 is $326,446,943. The minimum Bond Reserve Account requirement is $326,446,942.

III. OPERATION AND MAINTENANCE RESERVE ACCOUNT

An amount equal to two times the monthly average operating and maintenance costs of the preceding year. The City is required to make equal monthly transfers sufficient to fully fund the Operations and Maintenance Reserve Account by January 1, 2004.

Computation of Minimum Operation and Maintenance Reserve:

2002 Operation and Maintenance Expenses	$216,791,101
Minimum Operations and Maintenance Reserve requirement for 2003	$ 36,131,850
Operation and Maintenance Reserve Account balance at December 31, 2003 (1)	$ 42,153,825

(1) Under the Supplemental Bond Ordinance effective September 9, 2003, the City may increase the operating and maintenance reserve account balance to an amount equal to three times the prior years monthly average. The City is in the process of increasing the reserve.

City and County of Denver, Colorado
Municipal Airport System
Summary of Insurance Coverage

Summary of Insurance Coverage as of December 31, 2003

Policy Number	Company	Item Covered	Expiration Date	Annual Premium	Coverage
51200	Federal Insurance Company	Airport Property (Primary)	01-01-04	$ 945,703	$ 60,000,000
PEC000656201	Indian Harbor Insurance Co.	Pollution and Remediation Legal Liability	12-23-04	180,365	50,000,000
CLP3002861	Allianz Insurance Company	Property 3rd Excess Layer	01-01-04	185,000	185,000,000
DP127103	London Underwriters	Property 1st Excess Layer	01-01-04	240,000	20,000,000
DP130403	London Underwriters	Property 3rd Excess Layer	01-01-04	150,000	150,000,000
CICA1802	Commonwealth Insurance	Property 1st Excess Layer	01-01-04	240,000	20,000,000
FL687	FM Global	Property 2nd Excess Layer	01-01-04	987,916	500,000,000
RMP198800232	Continental Casualty	Property 3rd Excess Layer	01-01-04	15,000	15,000,000
FBP2273926	Hartford Steam Boiler	Boiler and Machinery	01-01-04	131,381	100,000,000
L9900338	Lloyds of London	Excess Airport Owners and Operators Liability	01-01-04	228.858	150,000,000
L900163	Lloyds of London	Excess Airport Owners and Operators Liability	01-01-04	152,571	300,000,000
AAPN00054288	ACE Property and Casualty	Primary Airport Owners and Operators General Liability	01-01-04	531,801	350,250,000
810755G5462IND02	Travelers Indemnity	Hired and Non-Owned Auto Liability	01-01-04	343	1,000,000

Unaudited. See accompanying independent auditors' report.

City and County of Denver, Colorado
Municipal Airport System
Summary of Insurance Coverage

Summary of Insurance Coverage as of December 31, 2003

Policy Number	Company	Item Covered	Expiration Date	Annual Premium	Coverage
4587706	American International Specialty Lines Insurance	Directors & Officers Liability	01-01-04	$15,120	$5,000,000
660826X3389COF03	Charter Oak Fire Ins. (Travelers Ins.)	General Liability	01-01-04	68,974	6,000,000
XSR39306201	Clarendon American	Excess Auto	01-01-04	126,959	1,000,000
RMP251916069	CNA	Property 1st Excess Layer	01-01-04	120,000	10,000,000
XPP9308347-00	Zurich American	Property 3rd Excess Layer	01-01-04	50,000	50,000,000

Unaudited. See accompanying independent auditors' report.

CITY AND COUNTY OF DENVER, COLORADO

MUNICIPAL AIRPORT SYSTEM

SCHEDULE OF ASSETS, LIABILITIES AND NET ASSETS

December 31, 2003

	Airport Revenue Account	Capital Improvement Account	Project Account	Bond Account	Bond Reserve Account	Stapleton Account	Totals
Current assets:							
Cash and cash equivalents	$ 98,606,500	$ 37,683,473	$	$	$	$	$ 136,289,973
Investments	189,448,034	4,301,898					193,749,932
Accounts receivable, net	12,912,441	4,698,139					17,610,580
Accrued interest receivable	596,169	554,865			3,430,396		4,581,430
Current portion of long-term receivables	1,649,444	159,108					1,808,552
Inventories	4,369,692						4,369,692
Prepaid expenses and other	57,431					5,533,730	5,591,161
	307,639,711	47,397,483			3,430,396	5,533,730	364,001,320
Restricted assets:							
Cash and cash equivalents	53,469,969	4,067,783	201,286,475		89,867,272	20,684,487	369,375,986
Investments	6,960,070		85,926,399	30,201,521	236,579,671		359,667,661
Accrued interest receivable			458,366			1,040	459,406
Grants Receivable	25,566		19,087,373				19,112,939
Passenger facility charges receivable	9,601,794						9,601,794
	70,057,399	4,067,783	306,758,613	30,201,521	326,446,943	20,685,527	758,217,786
Long-term receivables	571,934						571,934
Capital assets							
Buildings	1,590,332,030						1,590,332,030
Improvements other than buildings	1,980,295,792						1,980,295,792
Machinery and equipment	652,682,558	807,064				63,500	653,553,122
	4,223,310,380	807,064				63,500	4,224,180,944
Less accumulated depreciation	(1,087,331,213)						(1,087,331,213)
	3,135,979,167	807,064				63,500	3,136,849,731
Contstruction-in-progress		10,999,901	82,617,102				93,617,003
Land, land rights and air rights		295,305,625					295,305,625
	3,135,979,167	307,112,590	82,617,102			63,500	3,525,772,359
Bond issue costs, net of accumulated amortization			92,796,871	2,334,730			95,131,601
Assets held for dispostion - SIA	38,337,829						38,337,829
Total assets	$ 3,552,586,040	$ 358,577,856	$ 482,172,586	$ 32,536,251	$ 329,877,339	$ 26,282,757	$ 4,782,032,829

See accompanying independent auditors' report.

CITY AND COUNTY OF DENVER, COLORADO
MUNICIPAL AIRPORT SYSTEM
SCHEDULE OF ASSETS, LIABILITIES AND NET ASSETS, CONTINUED
December 31, 2003

	Airport Revenue Account	Capital Improvement Account	Project Account	Bond Account	Bond Reserve Account	Stapleton Account	Totals
Current liabilities:							
Vouchers payable	$ 21,346,614	$ 2,171,358	$	$	$	$	$ 23,517,972
Due to other City agencies	16,280,617	1,460	22,524				16,304,601
Compensated absences payable	6,004,403						6,004,403
Current portion of long-term debt			101,940,000				101,940,000
Other	55,495,888						55,495,888
	99,127,522	2,172,818	101,962,524				203,262,864
Current liabilities payable from restricted assets:							
Vouchers payable			15,223,995			2,657,259	17,881,254
Retainages payable	360,274	1,953,176	13,123,362			1,608,165	17,044,977
Accrued interest payable			28,739,313				28,739,313
Notes payable			14,026,508				14,026,508
Other current liabilities	2,413,387	8,530,239	2,563,921			12,215,342	25,722,889
	2,773,661	10,483,415	73,677,099			16,480,766	103,414,941
Current deferred rent, net	12,632,747						12,632,747
Long-term debt:							
Revenue bonds payable, net of current portion			4,026,610,000				4,026,610,000
Less deferred loss on bond refunding			(252,164,609)				(252,164,609)
Less unamortized discounts			(13,880,637)				(13,880,637)
			3,760,564,754				3,760,564,754
Notes payable			45,973,492				45,973,492
Capitalized lease	25,133	3,088,498					3,113,631
Total liablilities	114,559,063	15,744,731	3,982,177,869			16,480,766	4,128,962,429
Net assets							
Invested in capital assets, net of debt	3,136,849,731	307,112,590	(3,638,085,980)	(351,246)		63,500	(194,411,405)
Restricted for:							
Capital projects			30,727,334			26,981,104	57,708,438
Debt service	42,153,825			32,887,497	326,446,942		401,488,264
Unrestricted	259,023,421	35,720,535	107,353,363		3,430,397	(17,242,613)	388,285,103
Total net assets	3,438,026,977	342,833,125	(3,500,005,283)	32,536,251	329,877,339	9,801,991	653,070,400
Total liabilities and net assets	$ 3,552,586,040	$ 358,577,856	$ 482,172,586	$ 32,536,251	$ 329,877,339	$ 26,282,757	$ 4,782,032,829

See accompanying independent auditors' report.

CITY AND COUNTY OF DENVER, COLORADO

MUNICIPAL AIRPORT SYSTEM

SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

Year Ended December 31, 2003

	Airport Revenue Account	Capital Improvement Account	Project Account	Bond Account	Bond Reserve	Stapleton Account	Totals
Operating revenues:							
Facility rentals	$ 197,925,153	$	$	$	$	$	$ 197,925,153
Concession income	25,933,123						25,933,123
Parking income	80,380,533						80,380,533
Car Rental income	33,530,250						33,530,250
Landing fees	88,472,628						88,472,628
Aviation fuel tax	12,103,690						12,103,690
Other sales and charges	9,129,046	3,644					9,132,690
	447,474,423	3,644					447,478,067
Operating expenses:							
Personnel services	88,414,243						88,414,243
Contractual services	108,771,082	3,567,426					112,338,508
Maintenance, supplies & materials	11,156,333	4,120					11,160,453
Other expense	(9,614,895)						(9,614,895)
	198,726,763	3,571,546					202,298,309
Operating income (loss) before depreciation	248,747,660	(3,567,902)					245,179,758
Depreciation	144,757,991						144,757,991
Operating income (loss)	103,989,669	(3,567,902)					100,421,767
Nonoperating income (expenses):							
Passenger facility charges	64,056,749						64,056,749
Interest on investments	4,428,250	1,985,501	10,464,509		8,853,625	29,959	25,761,844
Interest expense	(1,175,285)		(203,188,790)				(204,364,075)
Grants	372,640						372,640
Miscellaneous income (expense)	(1,904,721)	177,964	(13,706,668)			(5,664,948)	(21,098,373)
Debt coverage transfer	50,807,000	(50,807,000)					0
	116,584,633	(48,643,535)	(206,430,949)		8,853,625	(5,634,989)	(135,271,215)
Income (loss) before operating transfers	220,574,302	(52,211,437)	(206,430,949)		8,853,625	(5,634,989)	(34,849,448)
Transfers in (out), net	127,775,087	19,961,514	(142,732,700)	3,585,626	(9,885,101)	1,295,574	0
Net income (loss)	348,349,389	(32,249,923)	(349,163,649)	3,585,626	(1,031,476)	(4,339,415)	(34,849,448)
Capital grants			32,654,396				32,654,396
Capital passenger facitlity			7,887,909				7,887,909
Changes in net assets	348,349,389	(32,249,923)	(308,621,344)	3,585,626	(1,031,476)	(4,339,415)	5,692,857
Net assets, beginning of year	3,089,677,588	375,083,048	(3,191,383,939)	28,950,625	330,908,815	14,141,406	647,377,543
Net assets, end of year	$ 3,438,026,977	$ 342,833,125	$ (3,500,005,283)	$ 32,536,251	$ 329,877,339	$ 9,801,991	$ 653,070,400

See accompaning independent auditors' report.

City and County of Denver, Colorado
Municipal Airport System
Annual Financial Information

I. Condensed Schedule of Revenues and Expenses (in $ thousands):

	1999	2000	2001	2002	2003
Operating revenues	$442,894	$ 438,340	$ 450,695	$ 443,921	$ 447,478
Operating expenses	195,292	191,389	223,408	238,484	202,298
Operating Income before Depreciation And Amortization	247,602	246,951	227,287	205,437	245,180
Depreciation and Amortization	120,393	150,631	151,796	125,692	144,758
Operating Income	127,209	96,320	75,491	79,745	100,422
NonOperating Revenues (Expenses)	(183,654)	(158,277)	(124,391)	(119,845)	(135,271)
Capital Contributions	0	0	13,735	91,152	40,542
Change in net assets	$(56,445)	$(61,957)	($ 35,165)	$ 51,052	$ 5,693

II. Passenger Data:

A. Enplaned passengers by major airline category:

Year	Major National Airlines	% Chg	Regional/ Commuter Airlines	% Chg	Charter/ Miscellaneous Airlines	% Chg	Totals	% Chg
1999	18,406,437	3.3	337,691	(16.7)	287,081	31.7	19,031,209	3.2
2000	18,684,319	1.5	386,526	14.5	322,151	12.2	19,392,996	1.9
2001	17,353,447	(7.1)	328,909	(14.9)	363,753	12.9	18,046,109	(6.9)
2002	16,805,378	(3.2)	669,432	104	354,754	(2.5)	17,829,564	(1.2)
2003	17,289,677	2.9	1,395,391	108	75,811	(78.6)	18,760,879	5.2

Unaudited. See accompanying independent auditors' report.

B. Enplaned passengers by airline:

Airline	2002	Percent of Total	2003	Percent of Total
United	9,731,974	58.6%	9,574,689	51.0%
United Express	1,430,504	8.2	1,720,720	9.2
	11,162,478	66.8%	11,295,409	60.2%
American	968,895	5.7	1,042,889	5.5
America West	290,308	1.6	341,317	1.8
Continental	524,913	2.8	517,149	2.8
Delta	831,380	4.7	788,924	4.2
Frontier	1,959,761	8.6	2,729,240	14.5
Northwest	524,870	2.7	517,022	2.8
TWA	190,208	1.2	0	0
USAir	344,569	2.1	368,434	2.0
Other	1,032,182	3.8	1,160,486	6.2
Totals	17,829,564	100.0%	18,760,879	100.0%

C. Originating and connecting enplaned passengers for the year ended December 31, 2003:

Airline	Originating	Connecting	Total
United	3,542,634	6,032,055	9,574,689
United Express	449,169	1,271,551	1,720,720
Other	6,273,667	1,191,803	7,465,470
Totals	10,265,470	8,495,409	18,760,879
Percent of Total	54.7%	45.3%	100.0%

Unaudited. See accompanying independent auditors' report.

City and County of Denver, Colorado
Municipal Airport System
Annual Financial Information, continued

III. Aircraft Operations:

A. Historical aircraft operations:

Year	Air Carrier	Commuter	Taxi/Gen Aviation	Military	Total	Percent Change
1999	341,074	111,467	19,736	1,055	473,332	(4.1)
2000	362,824	119,799	16,846	982	500,451	5.7
2001	370,072	142,662	14,855	920	528,509	5.6
2002	338,049	157,777	12,416	987	509,229	(3.9)
2003	323,610	174,092	11,228	1,345	510,275	.2

IV. Historical Passenger Facility Charge Revenues (in thousands):

1999	48,430
2000	51,482
2001	61,988
2002	69,742
2003	71,945

V. Enplaned Cargo Operations (in pounds):

Year	Air Mail	Freight and Express	Total	Percent Change
1999	168,505,468	314,616,473	483,121,941	4.2
2000	171,803,661	319,537,612	491,341,273	1.7
2001	106,841,965	260,170,245	367,012,210	(25.3)
2002	95,573,027	283,241,306	378,814,333	3.2
2003	107,426,615	271,792,093	379,218,708	.1

Unaudited. See accompanying independent auditors' report.

VI. Historical Net Revenues and Debt Service Coverage under the Bond Ordinance (in thousands):

	1999	2000	2001	2002	2003
Gross Revenue	$522,098	$530,694	$526,631	$499,435	527,567
Operation & Maintenance Expenses	186,596	192,384	211,272	216,791	201,573
Net Revenue	335,502	338,310	315,359	282,644	325,994
Other Available Funds	67,247	55,620	54,558	46,751	50,807
Total amount available for Debt Service Requirements	$402,749	$393,930	$369,917	$329,395	$376,801
Debt Service Requirements	$272,083	$255,837	$248,375	$225,286	$230,547
Debt service coverage	148%	154%	149%	146%	163%