



OFFICE OF THE CITY AUDITOR COLORADO SPRINGS, COLORADO

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18-35 LART Funds Used for Airport Advertising

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Purpose

The purpose of this audit was to ensure Lodgers and Automobile Rental Tax (LART) funds were expended as authorized to promote the Colorado Springs Airport. The Audit reviewed calendar years 2016 and 2017.

Highlights

Based on our review, we conclude LART funds were expended as authorized to promote the Colorado Springs Airport. The funds were utilized to place digital advertising for the years 2016 and 2017.

Revenues resulting from the City's lodging and automobile rental tax were deposited into the LART Fund. The LART Fund was administered by City Council, with the assistance of the LART Citizen's Advisory Committee. The LART funding objective was to provide funds for marketing and other qualified expenses to support special events that attract visitors to the City and to the Pikes Peak Region, provide economic and cultural benefit, enhance the quality of life in the City, engage the community, and encourage tourist activity.

In 2016 and 2017, LART awarded \$150,000 each year to provide advertising for the Airport. In those years, the Colorado Springs Conventions and Visitors Bureau (CVB) Center contracted with an advertising agency to place digital promotions. In 2016 and 2017, CVB provided \$70,000 and \$25,000 respectively, of additional monies to support Airport advertising.

Our review verified the supporting documentation for payments to the advertising agency. We determined that the agency provided support for the number of times the ads appeared and were selected or clicked on by users. The promotion effort was limited to advertising placement and did not extend to analysis of any correlation with Airport passenger traffic.

The marketing campaigns for both years were comprised of digital advertising across various website domains. The marketing was targeted to regions with Airports offering direct flights to Colorado Springs. In 2016, for the Airport marketing campaign as a whole, there were over 28 million instances that the related digital ads appeared to prospective travelers. In 2017, the ads were available for viewing over 21 million times.

We would like to thank the City Council and CVB staff for their assistance during this audit.

This audit was conducted in conformance with the International Standards for the Professional Practice of Internal Auditing, a part of the Professional Practices Framework promulgated by the Institute of Internal Auditors.