



2016

FOR THE YEAR ENDED JUNE 30

COMPREHENSIVE ANNUAL FINANCIAL REPORT

OKLAHOMA CITY DEPARTMENT OF AIRPORTS



# **OKLAHOMA CITY DEPARTMENT OF AIRPORTS**

**A DEPARTMENT OF THE CITY OF OKLAHOMA CITY, OKLAHOMA**

## **COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**FOR THE YEAR ENDED JUNE 30, 2016**

**PREPARED BY THE DEPARTMENT OF AIRPORTS  
FINANCE DIVISION  
OKLAHOMA CITY, OKLAHOMA**



# OKLAHOMA CITY DEPARTMENT OF AIRPORTS

## COMPREHENSIVE ANNUAL FINANCIAL REPORT

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# INTRODUCTORY SECTION

CONTAINING THE FOLLOWING SUBSECTIONS:

**LETTER OF TRANSMITTAL**

**ORGANIZATION CHART**

**PRINCIPAL OFFICERS**

**CERTIFICATE OF ACHIEVEMENT**









The City of  
**OKLAHOMA CITY**  
DEPARTMENT OF AIRPORTS

November 16, 2016

Honorable Mayor and City Council  
Trustees of the Oklahoma City Airport Trust

We are pleased to present the Oklahoma City Department of Airports' (Department) Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2016. This report was prepared by the Department's Finance Division, using accounting principles generally accepted in the United States of America (US GAAP). The accuracy, completeness and fairness of the presented information are the responsibility of the Department. We believe that the information presented is accurate in all material respects and that all necessary disclosures are included to enable the reader to gain an understanding of the Department's financial activity.

Management's Discussion and Analysis (MD&A) in the Financial Section of this report contains a narrative introduction, overview, and analysis to accompany the basic financial statements. This letter of transmittal is designed to complement MD&A and should be read in conjunction with it.

**The Reporting Entity**

The Department combines and reports on the financial transactions of the Oklahoma City Airports Trust (Trust), a discrete component unit of The City of Oklahoma City (City) and the Airports Fund, a non-major enterprise fund of the City. References to the Department include the Trust and the Airports Fund unless specifically designated otherwise.

The Trust is a public trust established in 1956 pursuant to Title 60 of the Oklahoma Statutes, Section 176 et seq. to provide a means of financing and administering the construction of the City's airports and air navigation facilities. The Trust is a legal entity separate and distinct from the City; however, the City is the sole beneficiary of the Trust. Despite the legal distinction and due to the integral relationship, the Trust's financial position is reported as a component unit of the City through the Department of Airports.

The documents establishing and describing the legal and operational relationship between the City and the Trust provide that all City owned airport-related assets (as of the date of inception, as well as property acquired thereafter) would be leased to the Trust and that the Trust will lease or otherwise manage the related property and improvements financed by the Trust.

All user fees and revenues generated from the Trust estate are deposited to the Trust and are used to repay the revenue bonds or other debt instruments issued by the Trust. The Trust does not have the power to levy taxes and the City has no obligation for debt issued by the Trust.

Cash transfers are made monthly from the Trust to the Airports Fund for certain maintenance and operating expenses and salaries of all Department employees paid by the City to support the operations of the airport system. Assets contributed to the Department from the City are recorded along with their applicable annual depreciation in the Airports Fund for internal accounting purposes.

# **OKLAHOMA CITY, OKLAHOMA, DEPARTMENT OF AIRPORTS**

## **Transmittal Letter**

***June 30, 2016***

Fund structure has been designed to comply with legal requirements of the Oklahoma Statutes and the legal requirements of various bond indentures. All revenues generated by these assets will accrue to the Trust to such date all indebtedness authorized by the Bond Indenture and Supplemental Bond Indentures have been paid or provision for payment thereof have been made, whichever event shall happen later. Currently, this date is July 1, 2043. The Trustees must secure prior approval from the Mayor and City Council on the terms of any contract or lease agreement of any of the facilities of the airports, and the amount of any uniform rate, fee or charge to be imposed. The Trustees may authorize the issuance of revenue bonds only with the consent of the Mayor and City Council.

The persons occupying the office of the Mayor and City Manager, as well as a City Council member and two independent trustees who are citizens and residents of the City appointed by the Mayor and confirmed by the Council, serve as trustees of the Trust. The Director of Airports is designated by the City Manager and serves as General Manager of the Trust.

The City's airport system is comprised of Will Rogers World Airport (a small hub commercial airport) and Wiley Post Airport and Clarence E. Page Airport (general aviation airports).

### **Economic Conditions and Outlook**

The airport system primarily serves central and western Oklahoma and serves as an exciting aviation gateway to Oklahoma City which enhances and compliments the City's redevelopment projects. Local population and the economy of the service area have a direct impact on passenger and cargo activity and aircraft operations because of the origin-destination needs of the users. The state of Oklahoma continues to grow at a modest pace.

The per capita personal income growth from the first quarter 2014 through first quarter 2015 grew at rates in excess of 3%. Weakness in the state's economy will manifest itself in a marked slowdown in personal income growth. Per capita personal income growth slowed considerably in the second half of 2015 and will continue to struggle for the remainder of 2016. Oklahoma City per capita personal income is estimated to grow .9% in 2017, and Oklahoma per capita is estimated to grow 2.1% in 2017.

Unemployment in Oklahoma was at 4.8%, slightly below the national rate of 4.9% at the end of fiscal 2016. The 2016 Greater Oklahoma City Economic Forecast reported that while the Oklahoma City metro benefited from economic diversity in 2015, Oklahoma City will continue to be hampered by low oil and natural gas prices throughout 2016. Metro job growth is expected to remain flat at about 1% in 2016. Oklahoma City was fortunate to be somewhat sheltered from the brunt on job declines in 2015, and avoiding a change to this trend will be the biggest challenge for Oklahoma City in 2016. The Oklahoma City MSA population grew at faster than average rates (6.3%) from 2010 to 2014; slowing down in 2015. The population growth in 2016 is projected to barely grow at 1%; returning to the long term average of 1.5% in 2017. It is important to evaluate the broader economic picture, and recognize how the past five years of successes in economic development can point toward positive conditions for the future.

### **Capital Planning**

The Department participates in the capital planning process along with other City departments. The City adopts policies and procedures for the coordination of public improvements of all City-related entities through a Capital Improvement Plan (CIP). The goal of the CIP is to improve service to the community by adopting a CIP, which will not jeopardize financial condition and will fund capital improvements at a realistic and achievable level. The CIP consists of a general five-year plan, which is updated annually.

## **OKLAHOMA CITY, OKLAHOMA, DEPARTMENT OF AIRPORTS**

### **Transmittal Letter**

***June 30, 2016***

Each year, the Department hosts a joint planning conference for tenants of the City's three airports and interested Federal Aviation Administration (FAA) officials. Input during the conference helps the Department identify projects, assess possible funding sources, and determine timeframe's for planning the implementation of the projects based on critical needs and funding sources.

Capital projects at the City's three airports are all funded through the Trust. As part of the annual budget cycle, construction projects are listed along with their estimated project life begin and end years, estimated costs for the budget year, and an estimated total project cost. The Trust's 2017 capital budget is \$68,300,650.

The capital plan for Will Rogers World Airport includes the following projects: (1) The realignment of Portland Avenue for \$3,350,000, (2) the early site development for terminal expansion for \$2,681,000, (3) terminal expansion for \$10,000,000, (4) roadway and garage signage replacement for \$3,000,000, (5) parking revenue control system for \$3,700,000, (6) new surface parking lot for \$2,000,000, (7) purchase various equipment for \$2,970,000, and (7) various other improvements for \$10,025,000.

The capital plan for the general aviation airports includes the following projects at Wiley Post Airport: (1) WPA airfield improvements phase III for \$2,669,060, and (2) various other improvements for \$1,388,890. C. E. Page Airport has one project for replacing the hangar 4C roof for \$200,000.

The capital plan for the Mike Monroney Aeronautical Center located at Will Rogers World Airport includes various building improvement projects for \$17,803,700, and various other infrastructure improvements for \$8,513,000.

Sources of funds to purchase, construct, and improve these capital assets will come from federal grants, revenue bond proceeds, oil and gas revenues, and operating revenues.

### **Internal Control Structure and Budgetary Controls**

The internal control structure of the Department is designed to provide reasonable assurance that the assets of the Department are protected from loss, theft or misuse and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with US GAAP. 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 valuation of costs and benefits requires estimates and judgments by management.

The Department prepares annual budgets for the Trust and the Airports Fund. Certain maintenance and operating expenses and salaries for all Department employees are budgeted in the Airports Fund. This appropriated budget is prepared on the cash and expenditures/encumbrances basis and is subject to budget requirements under the City Charter and Oklahoma Municipal Budget Act. Remaining airport-related expenses are budgeted in the Trust. The Oklahoma Statutes require public trusts to prepare annual budgets and submit them to the beneficiary of the Trust.

### **Financial Policies**

The Trust's financial policies are shaped by state law and bond indentures and are established by the Trustees. The Airports Fund financial policies are shaped by state law and established by City Council. Financial policies include budgeting and financial planning, capital planning, revenue, investment, debt management, procurement, and accounting and auditing. Annual operating and capital budgets for the Airports Fund and the Trust are reflective of the established policies. The Department has been evaluating

**OKLAHOMA CITY, OKLAHOMA, DEPARTMENT OF AIRPORTS**

**Transmittal Letter**

**June 30, 2016**

revenue policies and undertaken a project to establish a leasing policy that will require market based lease rates to include a cost recovery component for airport funded infrastructure improvements.

**Independent Audit**

The financial records of the Department are audited each year by an independent certified public accountant. The accounting firm of Allen, Gibbs & Houlik, L.C. was selected to perform the fiscal year 2016 audit. The report of independent certified public accountants is included in the financial section of this report.

**Certificate of Achievement for Excellence in Financial Reporting**


The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Oklahoma City Department of Airports for its CAFR for the fiscal year ended June 30, 2015. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports. In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. Such reports must satisfy both GAAP and applicable legal requirements.


A Certificate of Achievement is valid for a period of one year only. The Department has received a Certificate of Achievement for the last twenty-four fiscal years ended 1992 – 2015. We believe our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to GFOA.

**Acknowledgments**

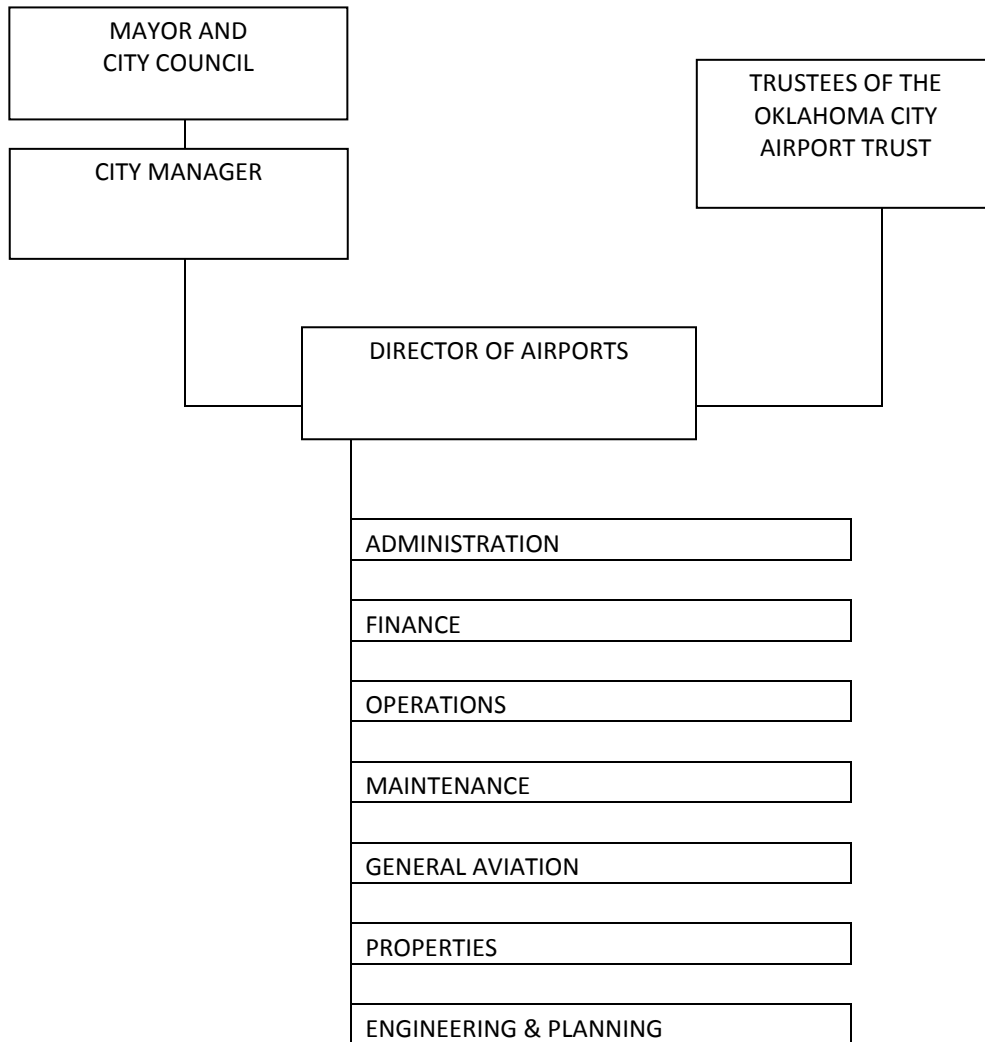
The quality of the financial information in this CAFR is a result of the dedicated service that the Department's Finance Division staff provides to the Department throughout the year. We extend our appreciation to the Division for the commitment they have made toward financial integrity of the Oklahoma City airports. We also extend our thanks to all members of the airport staff for their dedication in supporting our City's aviation system.

Respectfully submitted,

  
Mark D. Kranenburg, AAE  
Director of Airports

  
Kim Sotomayor, MSA  
Business Manager

ORGANIZATION CHART



**OKLAHOMA CITY, OKLAHOMA, DEPARTMENT OF AIRPORTS**

**Principal Officials**

*June 30, 2016*

**Mayor and City Council**

Mick Cornett, Mayor  
James Greiner, Ward 1  
Ed Shadid, Ward 2  
Larry McAtee, Ward 3  
Pete White, Ward 4  
David Greenwell, Ward 5  
Margaret S. "Meg" Salyer, Ward 6  
John A. Pettis Jr., Ward 7  
Mark K. Stonecipher, Ward 8

**Trustees of the Oklahoma City Airport Trust**

Larry McAtee, Chairman, Trustee-Council Member  
Kirk Humphreys, Vice Chairman, Independent Trustee  
Mick Cornett, Trustee-Mayor  
David Greenwell, Surrogate Trustee-Mayor  
James D. Couch, Trustee-City Manager  
Dennis Clowers, Surrogate Trustee-City Manager  
Terry Salmon, Independent-Trustee

**City Manager's Office**

James D. Couch, City Manager  
Dennis Clowers, Assistant City Manager

**Department of Airports**

Mark D. Kranenburg, Director  
Scott L. Keith, Assistant Director  
Kim Sotomayor, Business Manager  
Jim B. Thrash, Operations Manager  
Kristy Slater, General Aviation Manager  
John Storms, Civil Engineer IV  
Pamela Newell, Properties Manager  
Don Kortemeier, Maintenance Manager  
Karen Carney, Marketing & Public Information



Government Finance Officers Association

**Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting**

Presented to

**Oklahoma City  
Department of Airports**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2015**

Executive Director/CEO

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# FINANCIAL SECTION

CONTAINING THE FOLLOWING SUBSECTIONS:  
**REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**BASIC FINANCIAL STATEMENTS**  
**REQUIRED SUPPLEMENTARY INFORMATION**





## INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees  
**Oklahoma City Department of Airports**  
Oklahoma City, Oklahoma

### **Report on the Financial Statements**

We have audited the accompanying basic financial statements of the business-type activities and each major fund of the Oklahoma City Department of Airports (the Department), which includes a discretely presented component unit and a non-major enterprise fund of the City of Oklahoma City, Oklahoma (the City), as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the Department's basic financial statements listed on the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and each major fund of the Department as of June 30, 2016, and the respective changes in financial position and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Emphasis of Matter***

As discussed in Note 2, the financial statements of the Department are intended to present the financial position, the changes in financial position, cash flows of only that portion of the discretely presented component units (the Oklahoma City Airport Trust), and the non-major enterprise funds (the Airports Fund) of the City of Oklahoma City, Oklahoma that is attributable to the transactions of the Department. They do not purport to, and do not, present fairly the financial position of the City of Oklahoma City, Oklahoma as of June 30, 2016, the changes in its financial position, or, where applicable, its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

### ***Other Matters***

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the required supplementary information listed on the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### ***Supplementary and Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Department's basic financial statements. The accompanying budget versus actual schedule, introductory and statistical sections as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The budget versus actual schedule is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

#### ***Prior-Year Comparative Information***

The basic financial statements of the Department, as of and for the year ended June 30, 2015, were audited by other auditors, whose report, dated December 4, 2015, expressed unmodified opinions on those statements. The financial statements include summarized prior-year comparative information. Such information does not include a presentation in accordance with accounting principles generally accepted in the United States of America. Accordingly, such information should

be read in conjunction with the Department's financial statements for the year ended June 30, 2015, from which such summarized information was derived.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 16, 2016 on our consideration of the Department's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Department's internal control over financial reporting and compliance.

*Allen, Gibbs & Houlik, L.C.*  
CERTIFIED PUBLIC ACCOUNTANTS

November 16, 2016  
Wichita, KS

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

Within this section of the Oklahoma City Department of Airports (Department) annual financial report, the Department's management provides narrative discussion and analysis of the financial activities of the Department for the fiscal years ended June 30, 2016 and 2015. The Department's financial performance is discussed and analyzed within the context of the accompanying financial statements and disclosures following this section.

Management's Discussion and Analysis (MD&A) introduces the Department's basic financial statements. The basic financial statements of the Department comprise two components: (1) department-wide financial statements of the Oklahoma City Department of Airports; and (2) notes to the financial statements. The Oklahoma City Airport Trust (Trust) and Airports Fund are both reported as major funds in the Department's Comprehensive Annual Financial Report (CAFR). However, the Trust is a discrete component unit of the City of Oklahoma City (City) within the City's CAFR. The Airports Fund is reported as a non-major fund within the City's CAFR.

The City's airport system is comprised of Will Rogers World Airport (WRWA), Wiley Post Airport (WPA), and Clarence E. Page Airport (CEPA).

### **Department-wide Financial Statements**

The Statement of Net Position presents information that includes all the Department's assets, liabilities, and deferred outflows and inflows of resources with the difference reported as "net position". Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Department as a whole is improving or deteriorating.

The Statement of Revenues, Expenses, and Change in Net Position reports how the Department's net position changed during the current fiscal year. All current year revenues and expenses are included regardless of when cash is received or paid.

The Statement of Cash Flows reports the inflows and outflows of the Department's cash.

### **Fund Financial Statements**

A fund is an accountability unit used to maintain control over resources segregated for specific activities and objectives. The Department uses funds to ensure and demonstrate compliance with laws, regulations, and legal restrictions.

Fund statements provide both long-term and short-term financial information consistent with the focus provided by the department-wide financial statements, but with more detail.

**OKLAHOMA CITY, OKLAHOMA, DEPARTMENT OF AIRPORTS**  
**Management's Discussion and Analysis**  
**June 30, 2016**

**Financial Position Summary and Highlights**

The following table provides a summary of the Department's net position for the following years:

	2016	2015	2014	\$ Change		% Change	
				2016	2015	2016	2015
<b>Assets:</b>							
Current and other assets	\$ 166,984,466	\$ 178,808,245	\$ 198,096,537	\$ (11,823,779)	\$ (19,288,292)	(6.6) %	(9.7) %
Capital assets	476,779,041	453,374,352	421,104,831	23,404,689	32,269,521	5.2	7.7
Total assets	<u>643,763,507</u>	<u>632,182,597</u>	<u>619,201,368</u>	<u>11,580,910</u>	<u>12,981,229</u>	1.8	2.1
Deferred Outflows of Resources	896,524	1,086,198	828,668	(189,674)	257,530	(17.5)	31.1
<b>Liabilities:</b>							
Current liabilities	19,839,991	22,548,311	33,124,518	(2,708,320)	(10,576,207)	(12.0)	(31.9)
Noncurrent liabilities	89,242,977	97,299,161	104,956,201	(8,056,184)	(7,657,040)	(8.3)	(7.3)
Total liabilities	<u>109,082,968</u>	<u>119,847,472</u>	<u>138,080,719</u>	<u>(10,764,504)</u>	<u>(18,233,247)</u>	(9.0)	(13.2)
Deferred Inflows of Resources	953,298	2,257,102	50,367	(1,303,804)	2,206,735	(57.8)	4,381.3
<b>Net Position:</b>							
Net investment in capital assets	382,440,123	354,975,104	325,767,028	27,465,019	29,208,076	7.7	9.0
Restricted	58,806,609	63,109,263	59,888,028	(4,302,654)	3,221,235	(6.8)	5.4
Unrestricted	93,377,033	93,079,852	96,243,894	297,181	(3,164,042)	0.3	(3.3)
Total net position	<u>\$ 534,623,765</u>	<u>\$ 511,164,219</u>	<u>\$ 481,898,950</u>	<u>\$ 23,459,546</u>	<u>\$ 29,265,269</u>	4.6	6.1

An analysis of changes in assets, liabilities and deferred outflows and inflows of resources for the year ended June 30, 2016 is as follows in approximate amounts:

- The net decrease in current and other assets less current liabilities of approximately \$9,115,000 is primarily the result of the following: (1) decrease of \$335,000 related to current bonds payable, (2) increase of \$1,297,000 related to escrow amounts for improvements to tenant facilities as required by tenant leases, (3) decrease of \$1,744,000 related to assets restricted for debt service payments, (4) decrease of \$5,187,000 in PFC assets set aside for future debt service payments, (5) increase of \$1,516,000 in CFC assets for the operations and maintenance of the Conrac facility and busses as required by tenant leases, (6) a decrease of \$8,230,000 related to assets restricted for capital projects, and (7) an increase of \$3,568,000 related to operations.
- The increase in capital assets of approximately \$23,405,000 is primarily the result of the following: (1) capital asset acquisitions during the year of \$50,191,000 (2) depreciation of \$23,299,000 (3) disposition of assets with net book value of \$247,000 and (4) transfer assets of \$3,240,000.
- The decrease in noncurrent liabilities of approximately \$8,056,000 is the result of the following: (1) net decrease of \$7,745,000 due to the redemption of revenue bonds, (2) increase of \$47,000 related to compensated absences, and (3) increase of \$324,000 related to OPEB obligations. Other items contributing to the change in long-term liabilities relate to amortization of bond discounts, premiums, the deferred amounts from refunding bonds, and the change in presentation of deferred amounts from pension.

**OKLAHOMA CITY, OKLAHOMA, DEPARTMENT OF AIRPORTS**  
**Management's Discussion and Analysis**  
**June 30, 2016**

An analysis of changes in assets, liabilities and deferred outflows and inflows of resources for the year ended June 30, 2015 is as follows in approximate amounts:

- The net decrease in current and other assets less current liabilities of approximately \$8,712,000 is primarily the result of the following: (1) increase of \$13,540,000 related to current bonds payable, (2) increase of \$8,136,000 related to escrow amounts for improvements to tenant facilities as required by tenant leases, (3) decrease of \$8,282,000 related to assets restricted for debt service payments, (4) increase of \$1,523,000 in PFC assets set aside for future debt service payments, (5) increase of \$2,461,000 in CFC assets set aside for future debt service payments, (6) a decrease of \$18,178,000 related to assets restricted for capital projects, and (7) an increase of \$800,000 related to operations.
- The increase in capital assets of approximately \$32,270,000 is primarily the result of the following: (1) capital asset acquisitions during the year of \$54,284,000 (2) depreciation of \$21,927,000 and (3) disposition of assets with a net book value of \$88,000.
- The decrease in noncurrent liabilities of approximately \$7,657,000 is the result of the following: (1) net decrease of \$7,695,000 due to the redemption of revenue bonds, (2) increase of \$81,000 related to compensated absences, and (3) increase of \$386,000 related to OPEB obligations. Other items contributing to the change in long-term liabilities relate to amortization of bond discounts, premiums, the deferred amounts from refunding bonds, and the change in presentation of deferred amounts from pension.

An analysis of components of net position for the years ended June 30, 2016 and 2015 is as follows:

- Approximately seventy-two percent of the Department's net position represents its investment in capital assets, net of related debt. The Department uses its capital assets to provide facilities for the servicing of aircraft, or for the comfort and accommodations of air travelers, or for use by aviation authorities or agencies of other government entities. Although the Department's investment in its capital assets is reported net of related debt, the resources required to pay the debt are provided primarily from operations. The increase is primarily attributable to completing airfield, building, and infrastructure improvement projects at both Will Rogers World Airport and CE Page, and on-going construction improvement projects funded by capital grants at all three airports.
- Restricted net position represents resources that are subject to external restrictions as to how they can be used as required by bond indentures, contractual agreements with tenants, or by federal and state regulations. For the year ended 2016 restricted net position for debt service decreased approximately \$5,415,000 from the prior year and restricted net position for maintenance and capital assets increased approximately \$1,112,000 from the prior year.
- Unrestricted net position may be used to meet any of the Department's ongoing operations. Although these funds are not externally restricted, it is the intent of the Trustees and the Department's management to utilize available funds for capital projects at the City's three airports and continuing operations.



**OKLAHOMA CITY, OKLAHOMA, DEPARTMENT OF AIRPORTS**  
**Management's Discussion and Analysis**  
**June 30, 2016**

**Financial Operations Summary and Highlights**

The following table provides a summary of the Department's changes in revenues, expenses, contributions, and donated assets for the following years:

				\$ Change		% Change	
	2016	2015	2014	2016	2015	2016	2015
<b>Operating revenues</b>							
Parking	\$ 10,739,480	\$ 11,040,207	\$ 10,962,305	\$ (300,727)	\$ 77,902	(2.7)%	0.7%
Landing fees	7,790,758	7,210,739	7,152,728	580,019	58,011	8.0	0.8
Rental Income	13,387,647	15,654,995	22,065,540	(2,267,348)	(6,410,545)	(14.5)	(29.1)
Other, net	19,998,549	19,549,536	19,398,723	449,013	150,813	2.3	0.8
	51,916,434	53,455,477	59,579,296	(1,539,043)	(6,123,819)	(2.9)	(10.3)
<b>Nonoperating revenues</b>							
Investment income	823,150	441,967	647,767	381,183	(205,800)	86.2	(31.8)
Oil and gas royalties	936,090	2,019,412	2,958,796	(1,083,322)	(939,384)	(53.6)	(31.7)
Refunds & Reimbursements	268,230	1,140,342	1,105,198	(872,112)	35,144	(76.5)	3.2
Passenger facility charges	7,098,192	7,338,801	7,199,252	(240,609)	139,549	(3.3)	1.9
Customer facility charges	4,906,530	4,891,573	4,818,253	14,957	73,320	0.3	1.5
Grants income	195,840	262,800	328,320	(66,960)	(65,520)	(25.5)	(20.0)
Other Nonoperating revenues	21,306	9,797	17,784	11,509	(7,987)	117.5	(44.9)
Total nonoperating revenues	14,249,338	16,104,692	17,075,370	(1,855,354)	(970,678)	(11.5)	(5.7)
Total revenues	66,165,772	69,560,169	76,654,666	(3,394,397)	(7,094,497)	(4.9)	(9.3)
<b>Operating expenses</b>							
Personal services	10,269,437	9,619,805	9,801,524	649,632	(181,719)	6.8	(1.9)
Maintenance, operations, and contractual services	17,286,421	16,075,938	15,959,524	1,210,483	116,414	7.5	0.7
Material and supplies	1,506,824	1,568,587	1,717,949	(61,763)	(149,362)	(3.9)	(8.7)
Depreciation	23,299,388	21,926,967	21,684,600	1,372,421	242,367	6.3	1.1
Total operating expenses	52,362,070	49,191,297	49,163,597	3,170,773	27,700	6.4	0.1
<b>Nonoperating expenses</b>							
Interest	2,210,053	3,752,718	5,523,683	(1,542,665)	(1,770,965)	(41.1)	(32.1)
Amortization	(123,335)	(164,871)	(193,214)	41,536	28,343	(25.2)	(14.7)
Bond issue costs	-	-	563,431	-	(563,431)	-	(100.0)
Bond insurance	16,491	16,862	17,193	(371)	(331)	(2.2)	(1.9)
Loss on disposition of assets	121,232	36,211	28,371	85,021	7,840	234.8	27.6
Total nonoperating expenses	2,224,441	3,640,920	5,939,464	(1,416,479)	(2,298,544)	(38.9)	(38.7)
Total expenses	54,586,511	52,832,217	55,103,061	1,754,294	(2,270,844)	3.3	(4.1)
Income before capital grants, contributions, donated assets, and transfers	11,579,261	16,727,952	21,551,605	(5,148,691)	(4,823,653)	(30.8)	(22.4)
Capital contributions, grants	15,120,699	11,173,450	5,050,411	3,947,249	6,123,039	35.3	121.2
Capital asset contributions	-	750,000	-	(750,000)	750,000	(100.0)	-
Transfers between department funds	(3,240,414)	-	(4,221)	(3,240,414)	4,221	-	(100.0)
Change in net position	23,459,546	28,651,402	26,597,795	(5,191,856)	2,053,607	(18.1)	7.7
Total net position, beginning of year previously reported	511,164,219	481,898,950	455,301,155	29,265,269	26,597,795	6.1	5.8
Change in accounting principle	-	613,867	-	(613,867)	613,867	-	-
Total net position, beginning of year restated	511,164,219	482,512,817	455,301,155	28,651,402	27,211,662	5.9	6.0
Total net position, ending	\$ 534,623,765	\$ 511,164,219	\$ 481,898,950	\$ 23,459,546	\$ 29,265,269	4.6	6.1

### **Financial Operations Summary and Highlights**

An analysis of changes in revenues and expenses for the year ended June 30, 2016 is as follows:

- Parking revenues decreased due to a decrease in activity.
- Landing fees increased due to new rate calculations.
- Rental income decreased due to bonds backed by lease rental payments reaching final maturity.
- Other income increased due to increased insurance fees, maintenance fees, and new airline rates.
- Investment income increased during the fiscal year primarily due to the rising interest rates.
- Oil and gas royalties decreased due to the fluctuation in activity for oil and natural gas produced on airport properties.
- Refunds and Reimbursements decreased due to a reduction in reimbursements for storm damage repairs on capital projects.
- Passenger facility charges decreased due to decreased passenger activity.
- Personal service expense increased due to an increase in salaries and benefits.
- Maintenance, operations, and contractual services increased due to an increase in janitorial, parking management, ARFF services, and other maintenance contracts.
- Depreciation expense increased due to completed construction on various capital projects which were placed in service during the fiscal year.
- Interest expense decreased due to the retirement of debt.
- Capital contributions decreased as the Department did not receive a capital asset contribution, and the Department transferred the airport funded portion of South Portland project to the City.

An analysis of changes in revenues and expenses for the year ended June 30, 2015 is as follows:

- Parking revenues increased due to a slight increase in activity.
- Landing fees increased due to a change in rate calculations.
- Rental income decreased due to bonds backed by lease rental payments reaching final maturity.
- Other income increased due to increased insurance fees, new airline rate methodology, and a decrease to airport property damage reimbursements.
- Investment income decreased during the fiscal year primarily due to the declining interest rates.
- Oil and gas royalties decreased due to the fluctuation in activity for oil and natural gas produced on airport properties.
- Refunds and Reimbursements increased due to reimbursement for storm damage repairs on capital projects.
- Customer facility charges increased due to the increased rental car activity.
- Depreciation expense increased due to completed construction on various capital projects which were placed in service during the fiscal year.
- Interest expense decreased due to the retirement of debt.
- Capital contributions increased as the Department received more in grant reimbursements from the Federal Aviation Administration and Department of Homeland Security for eligible construction project expenditures.

**OKLAHOMA CITY, OKLAHOMA, DEPARTMENT OF AIRPORTS**

**Management's Discussion and Analysis**

**June 30, 2016**

**Capital Acquisitions and Construction Activities**

During 2016, the Department incurred approximately \$50,191,000 for capital activities, compared to \$54,284,000 during the prior year. This included \$170,000 for art, \$66,000 for airport improvements, \$645,000 for mobile equipment, \$385,000 for equipment, and the balance for construction projects. During the year approximately \$85,373,000 in multi-year construction projects were completed and transferred to depreciable assets. Completed projects in approximate amounts were:

<b>Location</b>	<b>Project Description</b>	<b>Amount</b>
WRWA:	Fiber Path to Maintenance	\$ 194,290
	Consolidated Rental Car Facility	41,243,041
	Consolidated Rental Car Shuttle Buses	3,121,637
	Checked Baggage Inspection System	16,571,171
	Crash Phone System	295,329
	Tunnel Enhancement	1,140,570
	Taxiways C and G Asphalt Ends Replacement	8,387,979
	United Office Build-out	194,580
	Terminal Generator	5,068,151
	Hangar 1 Upper Roof Replacement	625,454
	Hangar 1C Roof Replacement	55,317
	Cargo Annex Renovation	501,780
	WPA:	Airfield Improvements Phase I
MMAC:	Air Traffic Building Roof Replacement	1,879,899
	Academy Headquarters Roof Replacement	466,711
	Radar Training Facility Roof Replacement	917,103
	Flight Standards Building Light Replacement	325,562
	Multipurpose Building Chiller Replacement	785,818
		<u>\$ 85,373,365</u>

Acquisitions are generally funded from revenue bond proceeds, oil and gas revenues, federal and state grants, and from operations. Additional information on the Department's capital assets can be found in Note 4, Capital Assets, and Note 10, Commitments and Contingencies, of the notes to the financial statements.

**Long-Term Debt**

Junior Lien 30 and Junior Lien 29B Revenue Bonds are backed by a combination of passenger facility charge revenues and lease revenues. Junior Lien 31 Revenue Bonds are backed by a combination of customer facility charge revenues and lease revenues. The last principal payment is scheduled for July 1, 2043.

**OKLAHOMA CITY, OKLAHOMA, DEPARTMENT OF AIRPORTS**  
**Management's Discussion and Analysis**  
**June 30, 2016**

Changes in gross revenue bonds payable for the fiscal years ended June 30, 2016 and 2015 are as follows:

	<b>2016</b>	<b>2015</b>	<b>\$ Change</b>	<b>% Change</b>
Balance, beginning of year	\$ 99,650,000	\$ 120,600,000	\$ 20,950,000	17.4 %
Issue	-	-	-	-
Retired	<u>(7,410,000)</u>	<u>(20,950,000)</u>	<u>(13,540,000)</u>	64.6
Balance, end of year	<u>\$ 92,240,000</u>	<u>\$ 99,650,000</u>	<u>\$ 7,410,000</u>	7.4

Ratings on the Trust's revenue bonds are as follows:

	<b>Moody's</b>	<b>S&amp;P</b>	<b>Insured</b>
All Junior Lien Series (29th, 30th, and 31st)	A2	A+	Aaa\AAA

Additional information regarding the revenue bonds can be found in Note 5, Liabilities, of the notes to the financial statements. Information regarding debt service coverage is presented in the Statistical Section of this report.

**Economic Factors**

While Oklahoma's economy is still somewhat dependent on the energy sector, it has performed relatively well when compared with other oil and gas states facing the same downturn in oil prices. The energy sector will continue to be a drag on the Oklahoma economy for the rest of 2016, and possibly contribute modestly to growth in the 2017. As expected, the current oil and gas environment will continue to have an impact on the Oklahoma City metro economy. In 2016, OG&E announced it will postpone the construction of a new headquarters building in the downtown area. On a positive note, the sale of the second largest office building in the metro is moving forward with plans to convert into a mix of hotels and apartments, along with more parking and retail. From 2010 to 2014, the Oklahoma City population growth was 6.3% and began to slow in 2015 with 1.2% growth rate. Population growth in 2016 is expected to be less than 1%, but return to the long-run average of 1.5% in 2017. Per capita personal income growth is projected to contract in 2016 and have modest growth in 2017 of 0.9%. Oklahoma Unemployment rose slightly in 2016 to 4.8% due to the continued decline in the energy sector, but is expected to modestly improve in 2017 with a rebound in total employment.

Oklahoma City's commercial airport, Will Rogers World Airport, on average has enplaned passenger increases of 2% per year. However, enplaned passengers decreased 1% in fiscal year 2016 compared to fiscal year 2015. The slight decline in enplaned passengers can be somewhat attributed to the slowdown in the oil and gas sector. Passenger activity is expected to remain flat for fiscal 2017.

**Contacting the Department's Financial Management**

This financial report is designed to provide a general overview of the Department's finances, comply with finance-related laws and regulations, and demonstrate the Department's commitment to public accountability. If you have questions about this report or would like to request additional information, contact the Airport's Finance Division at 7100 Terminal Drive, Unit 937, Oklahoma City, Oklahoma 73159-0937.

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**OKLAHOMA CITY, OKLAHOMA, DEPARTMENT OF AIRPORTS**

**Statement of Net Position**

*June 30, 2016 with summarized comparative information for June 30, 2015*

	2016			2015
	OKLAHOMA CITY AIRPORT TRUST	AIRPORTS FUND	TOTAL	TOTAL
<b>ASSETS</b>				
Current Assets:				
Pooled cash	\$ -	\$ 94,103	\$ 94,103	\$ 62,569
Non-pooled cash	604,214	-	604,214	847,210
Investments	129,613,724	1,914,645	131,528,369	129,621,146
Accounts receivable, net	1,478,973	7,560	1,486,533	1,636,599
Passenger facility charges receivable	757,265	-	757,265	754,291
Customer facility charges receivable	452,079	-	452,079	466,843
Interest receivable	402	6,595	6,997	5,652
Royalties receivable	92,188	-	92,188	157,661
Inventory	-	1,034,038	1,034,038	1,013,996
Due from City funds	51,355	-	51,355	923,957
Due from component units	-	-	-	543,144
Due from other governments	4,019,734	-	4,019,734	4,162,194
Prepays	39,181	-	39,181	42,126
Total current assets	<u>137,109,115</u>	<u>3,056,941</u>	<u>140,166,056</u>	<u>140,237,388</u>
Noncurrent assets:				
Net pension asset	-	2,277,303	2,277,303	3,021,495
Investments	23,116,287	-	23,116,287	34,147,714
Intergovernmental advance	1,369,834	-	1,369,834	1,330,526
Advance (to)/from other City funds	(97,648)	97,648	-	-
Prepays	54,986	-	54,986	71,122
Capital assets:				
Land	14,465,751	16,114,538	30,580,289	30,580,289
Art	450,420	-	450,420	168,016
Construction in progress	38,459,339	-	38,459,339	78,149,789
Other capital assets, net of accumulated depreciation	405,149,079	2,139,914	407,288,993	344,476,258
Total noncurrent assets	<u>482,968,048</u>	<u>20,629,403</u>	<u>503,597,451</u>	<u>491,945,209</u>
<b>Total assets</b>	<u>620,077,163</u>	<u>23,686,344</u>	<u>643,763,507</u>	<u>632,182,597</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred amount from refunding, net of accumulated amortization of \$6,938,821 and \$6,792,562	536,344	-	536,344	682,410
Deferred outflow employer contributions	-	360,180	360,180	403,788
Total deferred outflows	<u>\$ 536,344</u>	<u>\$ 360,180</u>	<u>\$ 896,524</u>	<u>\$ 1,086,198</u>

(continued)

See accompanying notes to financial statements.

**OKLAHOMA CITY, OKLAHOMA, DEPARTMENT OF AIRPORTS**

**Statement of Net Position**

*June 30, 2016 with summarized comparative information for June 30, 2015*

	2016			2015
	OKLAHOMA CITY AIRPORT TRUST	AIRPORTS FUND	TOTAL	TOTAL
<b>LIABILITIES</b>				
Current liabilities:				
Retainage and accounts payable	\$ 7,325,379	\$ 7,238	\$ 7,332,617	\$ 10,788,045
Wages and benefits payable	-	392,404	392,404	305,998
Due to City funds	8,635	20,187	28,822	795
Compensated absences	-	562,521	562,521	478,931
Unearned revenue	1,248,852	-	1,248,852	913,252
Pollution remediation obligation	74,962	-	74,962	31,171
Bond interest payable	2,454,813	-	2,454,813	2,620,119
Bonds payable	7,745,000	-	7,745,000	7,410,000
<b>Total current liabilities</b>	<b>18,857,641</b>	<b>982,350</b>	<b>19,839,991</b>	<b>22,548,311</b>
Noncurrent liabilities:				
Compensated absences	-	1,057,761	1,057,761	1,010,966
OPEB obligation	-	2,814,669	2,814,669	2,490,690
Unearned revenue	286,180	-	286,180	715,451
Bonds payable:				
Bonds payable	84,495,000	-	84,495,000	92,240,000
Unamortized bond discount/premium, net	589,367	-	589,367	842,054
Bonds payable, net of unamortized discount/premium	85,084,367	-	85,084,367	93,082,054
<b>Total non-current liabilities</b>	<b>85,370,547</b>	<b>3,872,430</b>	<b>89,242,977</b>	<b>97,299,161</b>
<b>Total liabilities</b>	<b>104,228,188</b>	<b>4,854,780</b>	<b>109,082,968</b>	<b>119,847,472</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred amount from refunding, net of accumulated amortization \$182,688 and \$156,233	7,189	-	7,189	23,902
Deferred pension inflows	-	946,109	946,109	2,233,200
<b>Total deferred inflows</b>	<b>\$ 7,189</b>	<b>\$ 946,109</b>	<b>\$ 953,298</b>	<b>\$ 2,257,102</b>
<b>NET POSITION</b>				
Net Investment in capital assets	\$ 364,194,488	\$ 18,245,635	\$ 382,440,123	\$ 354,975,104
Restricted for construction	21,657	-	21,657	216,881
Restricted for debt service	20,782,026	-	20,782,026	26,196,690
Restricted for maintenance	38,002,926	-	38,002,926	36,695,692
Unrestricted	93,377,033	-	93,377,033	93,079,852
<b>Total net position</b>	<b>\$ 516,378,130</b>	<b>\$ 18,245,635</b>	<b>\$ 534,623,765</b>	<b>\$ 511,164,219</b>

See accompanying notes to financial statements.

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**OKLAHOMA CITY, OKLAHOMA, DEPARTMENT OF AIRPORTS**  
**Statement of Revenues, Expenses, and Change in Net Position**  
**For the Year Ended June 30, 2016 with summarized comparative information for June 30, 2015**

	2016			2015
	OKLAHOMA CITY AIRPORT TRUST	AIRPORTS FUND	TOTAL	TOTAL
Operating revenues:				
Parking	\$ 10,739,480	\$ -	\$ 10,739,480	\$ 11,040,207
Landing fees	7,790,758	-	7,790,758	7,210,739
Rental income	13,387,647	-	13,387,647	15,654,995
Proprietary payments (to) from component unit	(16,227,733)	16,227,733	-	-
Other, net	19,998,549	-	19,998,549	19,549,536
Total operating revenues	<u>35,688,701</u>	<u>16,227,733</u>	<u>51,916,434</u>	<u>53,455,477</u>
Operating expenses:				
Personal services	-	10,269,437	10,269,437	9,619,805
Maintenance, operations, and contractual services	12,228,406	5,058,015	17,286,421	16,075,938
Materials and supplies	1,078,455	428,369	1,506,824	1,568,587
Depreciation	22,814,444	484,944	23,299,388	21,926,967
Total operating expenses	<u>36,121,305</u>	<u>16,240,765</u>	<u>52,362,070</u>	<u>49,191,297</u>
Operating Income (Loss)	<u>(432,604)</u>	<u>(13,032)</u>	<u>(445,636)</u>	<u>4,264,180</u>
Nonoperating revenues (expenses):				
Investment income				
Interest	4,393	21,114	25,507	180,450
Increase in fair value of investments	797,643	-	797,643	261,517
Oil and gas royalties	936,090	-	936,090	2,019,412
Refunds and Reimbursements	268,230	-	268,230	1,140,342
Passenger facility charges	7,098,192	-	7,098,192	7,338,801
Customer facility charges	4,906,530	-	4,906,530	4,891,573
Operating grants	195,840	-	195,840	262,800
Other nonoperating revenue	4,694	16,612	21,306	9,797
Interest expense	(2,210,053)	-	(2,210,053)	(3,752,718)
Amortization	123,335	-	123,335	164,871
Bond insurance	(16,491)	-	(16,491)	(16,862)
Gain (loss) on disposition of assets	(241,519)	120,287	(121,232)	(36,211)
Net nonoperating revenues (expenses)	<u>11,866,884</u>	<u>158,013</u>	<u>12,024,897</u>	<u>12,463,772</u>
Income (loss) before capital grants, contributions and transfers between City funds	<u>11,434,280</u>	<u>144,981</u>	<u>11,579,261</u>	<u>16,727,952</u>
Capital grants and contributions	15,120,699	-	15,120,699	11,173,450
Capital asset contributions	-	-	-	750,000
Transfers between City funds	(3,240,414)	-	(3,240,414)	-
Change in Net Position	<u>23,314,565</u>	<u>144,981</u>	<u>23,459,546</u>	<u>28,651,402</u>
Total net position, beginning of year	493,063,565	18,100,654	511,164,219	481,898,950
Change in Accounting Principal	-	-	-	613,867
Total net position, beginning of year restated	<u>493,063,565</u>	<u>18,100,654</u>	<u>511,164,219</u>	<u>482,512,817</u>
Total net position, end of year	<u>\$ 516,378,130</u>	<u>\$ 18,245,635</u>	<u>\$ 534,623,765</u>	<u>\$ 511,164,219</u>

See accompanying notes to financial statements.

**OKLAHOMA CITY, OKLAHOMA, DEPARTMENT OF AIRPORTS**

**Statement of Cash Flow**

*For the Year Ended June 30, 2016 with summarized comparative information for June 30, 2015*

	2016			2015
	OKLAHOMA CITY AIRPORT TRUST	AIRPORTS FUND	TOTAL	TOTAL
Cash flows from operating activities:				
Cash received from charges	\$ 51,979,687	\$ -	\$ 51,979,687	\$ 55,534,503
Cash received from oil and gas royalties	1,001,563	-	1,001,563	2,098,994
Cash payments to suppliers for goods and services	(11,426,968)	(5,629,123)	(17,056,091)	(14,452,169)
Cash payments to employees	-	(10,227,959)	(10,227,959)	(9,685,595)
Proprietary payments (to) from component unit	(15,828,064)	15,828,064	-	-
Net cash provided (used) by operating activities	<u>25,726,218</u>	<u>(29,018)</u>	<u>25,697,200</u>	<u>33,495,733</u>
Cash flow from noncapital financing activities:				
Operating grants received	392,400	-	392,400	87,840
Transfers received from (paid to) other City funds	1,095,396	-	1,095,396	2,380,427
Net cash provided (used) by noncapital financing activities	<u>1,487,796</u>	<u>-</u>	<u>1,487,796</u>	<u>2,468,267</u>
Cash flow from capital and related financing activities:				
Intergovernmental advance (payment)	(1,328,664)	-	(1,328,664)	2,017,574
Advance payable - Gulfstream	104,856	-	104,856	(95,967)
Acquisition and construction of capital assets	(50,373,231)	(495,375)	(50,868,606)	(51,581,529)
Capital grants received	15,066,599	-	15,066,599	10,367,527
Interest paid on bonds	(5,064,999)	-	(5,064,999)	(6,072,010)
Principal paid on bonds	(7,410,000)	-	(7,410,000)	(20,950,000)
Proceeds from sale of capital assets	4,569	136,899	141,468	62,721
Passenger facility charges	7,095,218	-	7,095,218	7,466,794
Customer facility charges	4,921,661	-	4,921,661	4,895,541
Net cash provided (used) by capital and related financing activities	<u>(36,983,991)</u>	<u>(358,476)</u>	<u>(37,342,467)</u>	<u>(53,889,349)</u>
Cash flows from investing activities:				
Interest on investments	4,015	20,148	24,163	263,463
Proceeds from sale of investments	70,894,582	-	70,894,582	144,294,472
Purchase of investments	(61,371,616)	-	(61,371,616)	(127,131,940)
Change in pooled investments	-	398,880	398,880	(581,934)
Net cash provided (used) by investing activities	<u>9,526,981</u>	<u>419,028</u>	<u>9,946,009</u>	<u>16,844,061</u>
Net increase (decrease) in cash	(242,996)	31,534	(211,462)	(1,081,288)
Cash, beginning	<u>847,210</u>	<u>62,569</u>	<u>909,779</u>	<u>1,991,067</u>
Cash, ending	\$ <u>604,214</u>	\$ <u>94,103</u>	\$ <u>698,317</u>	\$ <u>909,779</u>

See accompanying notes to financial statements.

**OKLAHOMA CITY, OKLAHOMA, DEPARTMENT OF AIRPORTS**

**Statement of Cash Flow**

***For the Year Ended June 30, 2016 with summarized comparative information for June 30, 2015***

	2016			2015
	OKLAHOMA CITY AIRPORT TRUST	AIRPORTS FUND	TOTAL	TOTAL
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:				
Operating income (Loss)	\$ (432,604)	\$ (13,032)	\$ (445,636)	\$ 4,264,180
Adjustment to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation	22,814,444	484,944	23,299,388	21,926,967
Non-operating revenues (expenses):				
Oil and gas royalties	936,090	-	936,090	2,019,412
Changes in assets and liabilities:				
(Increase) decrease in accounts receivable	156,926	(7,229)	149,697	2,395,681
(Increase) decrease in royalties receivable	65,473		65,473	79,246
(Increase) decrease in due from City funds	-	(354,006)	(354,006)	(25,480)
(Increase) decrease in inventory	-	(20,042)	(20,042)	(58,402)
(Increase) decrease in prepaid assets	2,946	-	2,946	2,961
(Increase) decrease in advance (to) from other funds	407,513	-	407,513	(3,263)
Increase (decrease) in accounts payable	1,825,309	(161,130)	1,664,179	3,413,245
Increase (decrease) in wages and benefits payable	-	86,405	86,405	35,180
Increase (decrease) in compensated absences	-	130,384	130,384	91,466
Increase (decrease) in net pension asset	-	(499,291)	(499,291)	(1,192,084)
Increase (decrease) in OPEB liability	-	323,979	323,979	999,647
Increase (decrease) in pollution remediation	43,791	-	43,791	15,806
Increase (decrease) in deferred revenue	(93,670)	-	(93,670)	(468,829)
Total adjustments	<u>26,158,822</u>	<u>(15,986)</u>	<u>26,142,836</u>	<u>29,231,553</u>
Net cash provided (used) by operating activities	\$ <u>25,726,218</u>	\$ <u>(29,018)</u>	\$ <u>25,697,200</u>	\$ <u>33,495,733</u>
Noncash investing, capital and financing activities:				
Net increase (decrease) in fair value of investments	\$ 797,643	\$ -	\$ 797,643	\$ 261,517
Noncash capital contribution	-	-	-	750,000

See accompanying notes to financial statements.

## **1. ORGANIZATION**

The financial transactions of the Oklahoma City Airport Trust (Trust), a discrete component unit of The City of Oklahoma City (City), and the Airports Fund, a non-major enterprise fund of the City, have been functionally combined and reported as the Oklahoma City Department of Airports (Department).

The Trust is a public trust established in 1956 pursuant to Title 60 of the Oklahoma Statutes section 176 et seq. to provide a means of financing and administering the construction of airports and air navigation facilities of the City. In the same year, the City, beneficiary of the Trust, signed a lease agreement with the Trust, which provides that all airport-related assets owned by the City or acquired thereafter would be leased to the Trust and that the Trust will lease or otherwise manage the related property and improvements financed by the Trust.

The term of the lease is currently July 1, 2043, or until all indebtedness authorized by the Bond Indenture and Supplemental Bond Indentures have been paid or provisions of the payment thereof have been made, whichever event shall happen later. Under the provisions of the lease, surplus revenues of the Trust derived from the operation of the Trust Estate are to be paid to the City as rent and are to be used by the City for any lawful purpose. In 1988, a joint resolution of the City Council and the Trustees of the Trust established the Airports Fund in order for the Department to meet maintenance, operation and salary expenses. Grant Assurance 25 along with Section 47107 of Title 49, United States Code established proper use of airport revenue is vital to an airport's ability to be self-sustaining. In accordance with federal law, revenues generated by a federally obligated airport must be expended for capital and operating costs of the airport. The establishment of the Airports Fund in 1988 ensures the prevention of revenue diversion, and cash transfers are made monthly from the Trust to the Airports Fund for certain maintenance and operating expenses and all salary expenses of the Department. Any excess funds remaining in the Trust are available for preservation and maintenance of the Trust Estate.

One hundred and twenty full-time City employees serve the Department. Employee's salaries and benefits, as well as certain maintenance, contractual items, and supplies are paid through the Airports Fund. Assets contributed to the Department from the City are recorded along with their applicable annual depreciation in the Airports Fund for internal accounting.

The City's airport system consists of Will Rogers World Airport, Wiley Post Airport, and Clarence E. Page Airport. The Director of Airports administers the day-to-day operations of the airport system with the support of the Department employees. The Director reports to the Trustees and the City Manager.

## **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

### Reporting Entity

The Trust is a discrete component unit of the City. This conclusion is based on the following: The Trust has "substantively the same governing body"; however the City does not have the financial accountability. Bond debt of the Trust is not the debt of the City; therefore, the City is not expected to use any resources to pay the total outstanding debt of the Trust.

## **OKLAHOMA CITY, OKLAHOMA, DEPARTMENT OF AIRPORTS**

### **Notes to Financial Statements**

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The Trust is a legal entity separate and distinct from the City; however the City is the sole beneficiary of the Trust. However, the Trust does not provide exclusive benefit to the City as services are provided to external parties, i.e. the traveling public.

#### Measurement Focus, Basis for Accounting, and Financial Statement Presentation

The Trust and the Airports Fund are both major funds of the reporting entity and are combined and reported as the Department.

The measurement focus is on the flow of economic resources and the accrual basis of accounting whereby, revenues are recognized when earned and expenses are recorded when incurred, regardless of the timing of related cash flows.

Operating income includes revenues and expenses related to the primary continuing operations of the Department. Principal operating revenues include charges to customers for services and rentals of Department-owned facilities. Principal operating expenses are the costs of providing services, or facilities, and include administrative expenses and depreciation of capital assets. Other revenues and expenses are classified as nonoperating in the financial statements.

When both restricted and unrestricted resources are available for use, it is the Department's policy to use restricted resources first, and then unrestricted resources as needed. Restricted assets and liabilities payable from restricted assets current in nature are reported with current assets and liabilities in the financial statements. See information describing restricted assets later in this section.

#### Implementation of New Accounting Standards

Effective July 1, 2015, the System implemented GASB statement number 72, Fair Value Measurement and Application. This statement is designed to enhance comparability of financial statements among governments by requiring consistent definitions of fair value and accepted valuation techniques in the measurement of fair value. It also provides additional disclosure to provide information about the impact of fair value measurements on financial position.

#### Budgetary Controls

An annual budget is prepared for the Airports Fund and submitted to and adopted by the City Council in June of each year for the succeeding fiscal year according to the City Charter and the Oklahoma Municipal Budget Act. The Airports Fund appropriated budget is prepared on the cash and expenditures/encumbrances basis. Revenues are budgeted by source in the year receipt is expected. Expenditures and encumbrances are budgeted in the year applicable purchase orders are expected to be issued. The legal level of control for expenditures is at the character level (personal services, maintenance and operations, commodities, capital outlay, and debt service). Management can transfer within individual levels without City Council approval. Transfers between characters are subject to City Council approval. Revisions to the budget were made throughout the year. City Council may amend the appropriated budget. Unencumbered appropriations lapse at fiscal year-end.

The Trust budget is submitted to and adopted by the Trustees of the Trust and filed with the City in June of each year for the succeeding fiscal year according to budget provisions for public trusts of the Oklahoma Statutes. The Trust is not required to demonstrate statutory compliance with its annual operating budget.

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Deposits and Investments

The City Council updated and adopted a formal deposit and investment policies in March 2011. These policies apply to all City funds not contained in public trusts; therefore, these deposit and investment policies apply to the Airports Fund. The Trust has a separately adopted investment policy.

The deposits of the Airports Fund are pooled with other City deposits and are under the custody of the City Treasurer. The Department's portion of the pool is displayed on the statement of net position as "Pooled cash".

The deposits of the Trust are made directly to the trustee bank. The deposits and investments of the Trust are held separately from those under the custody of the City Treasurer. These are reflected as "Non-pooled cash" and "Investments", some of which are restricted assets.

Investments are reported at fair value based on quoted market prices. Cash deposits are reported at carrying amount that reasonably estimates fair value.

Additional deposit and investment information is presented in Note 3.

Receivables

Receivables include amounts due from tenants for the use of airport facilities under rental and concession agreements, royalties, and passenger facility charges. All receivables are current and therefore due within one year. Receivables are reported net of an allowance for uncollectible accounts and revenues net of uncollectibles. Allowances are reported when accounts are determined to be uncollectible based on the facts and circumstances of each receivable. Allowances for uncollectible accounts are netted against accounts receivable and revenues.

Receivables are as follows:

Miscellaneous accounts receivable	\$	83,084
Billed accounts receivable		450,986
Unbilled accounts receivable		885,756
Credit card receivables		59,147
Allowance for uncollectible accounts receivable		-
	\$	<u>1,478,973</u>

Inventory

Inventory is recorded at the lower of cost or market on a first-in, first-out basis.

Intergovernmental Advance

The Trust has two active reimbursable agreements with the Federal Aviation Administration (FAA) to fund capital projects with Senior Lien Maintenance funds for improvements to a Trust owned building. The agreements are for the portions of the projects that the Trust is responsible for according to the lease with the FAA. Any funds that are not used will be refunded to the Trust.

The Trust entered into a reimbursable agreement with the Federal Aviation Administration (FAA) to fund the flight inspection of the PAPI system at Wiley Post Airport. An aircraft damaged the PAPI

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system at Wiley Post Airport, and the system was repaired. The FAA has determined that the PAPI must be flight inspected before it can commission the equipment for use.

Due from City Funds

The Trust entered into a participation agreement with the City of Oklahoma City to fund a portion of the relocation, widening and improvements to Portland Avenue. Construction is complete, but there is additional work being done to the roadway under the participation agreement. The roadway has been transferred to the City. Any funds that are not used once all work is complete will be refunded to the Trust.

Restricted Assets

Assets acquired from revenue bond proceeds are restricted for capital projects. Passenger Facility Charges (PFC) collections are either restricted for capital projects on a pay-as-you-go basis or restricted for debt service on PFC backed revenue bonds. Other assets are restricted contractually for operations. Assets restricted for acquisition or construction of noncurrent assets and assets restricted for liquidation of noncurrent debt are reported as noncurrent assets in the financial statements.

Capital Assets and Depreciation

Property and equipment are stated at actual or estimated historical cost, net of accumulated depreciation. Contributions of assets from airport lessees are recorded at acquisition value at the date donated. The Department generally capitalizes assets with a cost of \$7,500 or more as purchases and construction outlays occur. Depreciation is computed on a straight-line method over the estimated useful lives as follows:

Buildings	10-50 years
Improvements	10-50 years
Furniture, fixtures, and equipment	5-20 years

Maintenance and repairs are charged to operations, while renewals and betterments are capitalized. When property and equipment is disposed of, the cost and applicable accumulated depreciation are removed from the respective accounts and the resulting gain or loss is recorded as a nonoperating item in the Statement of Revenues, Expenses and Change in Net Position.

Cost incurred during construction of long-lived assets is recorded as construction in progress and are not depreciated until placed in service. The Department capitalizes interest as a component of capital assets constructed for its own use.

Additional capital asset and depreciation information is presented in Note 4.

Interest Capitalization

Interest costs are capitalized as part of the historical cost of acquiring certain assets. To qualify for interest capitalization, assets must require a period of time to get them ready for their intended purpose. Interest earned on proceeds of tax-exempt borrowing arrangements restricted to the acquisition of qualifying assets is offset against interest costs in determining the amount to be capitalized. Total interest expense net amortization of discount and premium incurred was \$4,786,291 and \$5,706,812, for the years ended June 30, 2016 and 2015, respectively. Of these amounts,

## **OKLAHOMA CITY, OKLAHOMA, DEPARTMENT OF AIRPORTS**

### **Notes to Financial Statements**

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\$2,699,573 and \$1,954,094 was included as part of the cost of capital assets under construction for the years ended June 30, 2016 and 2015, respectively.

#### Bond Discounts and/or Premiums

The related bond discounts or premiums from issuing bonds are being amortized over the term of the respective bonds using a method which approximates the effective interest method.

#### Deferred Outflows of Resources and Deferred Inflows of Resources

In addition to assets and liabilities, the statement of net position may report separate sections of deferred outflows of resources and deferred inflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period which will not be recognized as an outflow of resources until that time. Deferred inflows of resources represent an acquisition of net position that applies to a future period which will not be recognized as an inflow of resources until that time.

#### Risk Management

The Department's risk management activities are recorded in the City Risk Management fund, Oklahoma City Municipal Facilities Authority (OCMFA) service fund and the Oklahoma City Postemployment Benefit Trust (OCPEBT). The purpose of these funds is to administer employee life, health, property and liability, workers' compensation, unemployment, and disability insurance programs of the City, in which the Department participates. These funds account for the risk financing activities of the Department and constitute a transfer of risk from the Department.

The Department pays premiums to the City and has no other cost or liabilities related to risk management activities. Costs and liabilities for commercial insurances, stop-loss insurance, and claims paid are recorded in the City Risk Management Fund and OCMFA Services Fund. Retiree health insurance claim costs and liabilities are reported in OCPEBT. See Note 6.

#### Passenger Facility Charges (PFC) Revenue

Passenger Facility Charges have been levied at the rate of \$3 (July 1, 1997 through March 31, 2010) and \$4.50 (since April 1, 2010) per enplaned passenger, under FAA approved applications to impose and use \$136,283,571 for construction and debt payments of FAA approved improvements. Under the approved applications, collections extend until December 31, 2020. Total cumulative PFC revenues remitted to the Department through the years ended June 30, 2016 and 2015 were \$104,121,092 and \$97,025,875, respectively. PFC revenues earned by the Department for the years ended June 30, 2016 and 2015 were \$7,098,192 and \$7,338,801, respectively. PFC revenues are recognized as earned and are included in non-operating revenues.

#### Customer Facility Charges (CFC) Revenue

Pursuant to a Joint Resolution adopted by the Trust and the City, the collection of a Customer Facility Charge began July 1, 2012. The CFC is charged at a rate of \$4.50 per rental car transaction day, and is to be collected by on-airport rental car companies renting an automobile to an airport customer from either a location on airport premises or from a location off-airport but with an airport customer. CFC revenues may be used for any legal use to sustain, maintain, or expand the rental car program. CFC revenues earned by the Department for the year ended June 30, 2016 and 2015 were \$4,906,530 and \$4,891,573 respectively. CFC revenues are recognized as earned and are included in non-operating



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revenues. While CFC revenues are included in non-operating revenues, these revenues pay for both operating and non-operating expenses. Those operating expenses consist of shuttle bus and facility maintenance and operations.

Rental Income

Property is leased to commercial airlines, car rental companies, concessionaires, several fixed base operators who service the airline industry, the FAA, and other Federal and state agencies. All leases are non-cancelable operating leases. Property leased, or held for lease, to others was approximately \$510,985,793 and \$498,894,000 as of June 30, 2016 and 2015, respectively. Accumulated depreciation on this leased property was approximately \$272,387,230 and \$275,974,000 as of June 30, 2016 and 2015, respectively.

Minimum rentals on non-cancelable operating leases are as follows:

<b>Year</b>	<b>Amount</b>
2017	\$ 28,255,534
2018	24,166,119
2019	10,752,530
2020	10,488,633
2021	9,491,286
2022-2026	35,443,200
2027-2031	2,591,764
2032-2036	1,489,806
2037-2041	337,534
2042-2046	143,957
2047-2051	157,286
2051-2053	37,766
Total	<u>\$ 123,355,415</u>

Several of the leases include rental amounts that are determined annually based on formulas prescribed in the individual lease agreements. The minimum future rentals for these leases were determined using the rates in effect at June 30, 2016.

Several leases require the lessee to remit a percentage of its revenue as the rental charge. Under leases of this type, minimum annual guaranteed income is included in the future minimum rental amounts above. Rental income for 2016 and 2015 received through these leases was approximately \$7,832,000 and \$8,215,000, respectively. Although the actual income to be received in future periods cannot be known due to the nature of these leases, management does not anticipate a significant decrease in these rental amounts.

Compensated Absences

Full-time, permanent employees are granted vacation benefits in varying amounts to specified maximums depending on tenure with the City. Sick leave accrues to full-time, permanent employees to specified maximums. Generally, after one year of service, employees are entitled to a percentage of their sick leave balance and all accrued vacation leave upon termination. The estimated liability for vested vacation and sick leave benefits are charged to expense and the corresponding liability.

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Use of Estimates

The preparation of financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures; accordingly, actual results could differ from those estimates.

Prior Year Information

The financial statements include certain prior year summarized comparative totals. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Department's financial statements for the year ended June 30, 2015, from which the summarized totals were derived.

Defined Benefit Pension Plan

The Trust's full-time employees are eligible to participate in the City's Employee Retirement System (ERS). For purposes of measuring the net pension asset, deferred outflows of resources and deferred inflows of resources related to pensions and pension expense, information about the fiduciary net position of the ERS and additions to/deductions from the ERS's fiduciary net position have been determined on the same basis as they are reported by the ERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**3. DEPOSITS AND INVESTMENTS**

Deposits

Custodial credit risk for deposits is the risk that in the event of a bank failure, the City's deposits may not be returned or the City will not be able to recover collateral securities in the possession of an outside party. The City policy requires deposits to be 110% secured by collateral valued at market or par, whichever is lower, less the amount of the Federal Deposit Insurance Corporation insurance. Pooled deposits funds may be invested in certificates of deposit in institutions with an established record of fiscal health and service, as determined by a rating of C minus or above by independent rating agencies. Collateral agreements must be approved prior to deposit of funds as provided by law. The City Council approves and designates a list of authorized depository institutions by resolution. Investing is performed in accordance with the formally adopted investment policies of the City that comply with State statutes and the City Charter. These policies apply to the Airport's Cash Fund.

The Trust deposits as required by the Bond Indenture and Supplemental Bond Indentures are to be maintained by the trustee banks specified in the indentures. Trust deposits are continuously secured for the benefit of the Trust in the manner prescribed by Federal Law for the securing of trust funds. Deposits of the Trust and the City are insured or collateralized with securities held by the City, its agent, or by the pledging financial institution's trust department or agent in the name of the City or Trust as applicable.

Investments

Credit risk is the risk that an issuer or other counter party to an investment will not fulfill its obligations. The Trust adopted a policy for investing Trust monies related to the Bond Indenture, with

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the exception of the Construction Account of the Trust, in general obligations of the United States with maturities not to exceed a term of five years or the intended date of use of said monies. Construction Account monies are required by the Bond Indenture to be invested in general obligations of the Federal government with terms not exceeding six months.

Trust requirements for investing monies related to the Separate Lease Indentures provide that investments shall mature not later than the intended date of the use of such monies. Investments under the Separate Lease Indentures are permitted in (1) obligations of the United States including Federal agencies, (2) certain Federal mortgage associations, banks, and cooperatives, (3) certain housing authority bonds and notes secured by contracts with the United States, (4) obligations of states or municipalities backed by the full faith and credit of the state or municipality provided that the rating of the obligations equal or exceed the rating of the Separate Lease Indenture Bonds, (5) repurchase agreements with banks which are members of the Federal Deposit Insurance Corporation and provided certain other criteria are satisfied, (6) certificates of deposit provided certain criteria are satisfied, (7) obligations or investment contracts with national or state banking institutions meeting certain criteria, and (8) money market funds which are 100% backed or collateralized by the foregoing securities.

Investments are categorized within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset; the hierarchy requires an entity to maximize the use of observable inputs when measuring fair value. The following describes three levels of inputs that may be used to measure fair value:

*Level 1* - Inputs to the valuation methodology are quoted prices available in active markets for identical investments as of the reporting date;

*Level 2* - Inputs to the valuation methodology are other than quoted prices in active markets, which are either directly or indirectly observable as of the reporting date, and fair value can be determined through the use of models or other valuation methodologies; and

*Level 3* - Inputs to the valuation methodology are unobservable inputs in situations where there is little or no market activity for the asset or liability and the reporting entity makes estimates and assumptions related to the pricing of the asset or liability including assumptions regarding risk.

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

U.S. Treasury money market funds and U.S. Treasury strips are valued using quoted market prices, and therefore are classified as Level 1.

<b>Restricted Deposits and Investments</b>	<b>2016</b>	<b>2015</b>
Bond principal and interest accounts	\$ 1,984,431	\$ 3,219,021
Junior Lien 31 Construction account	2,818,662	10,864,335
	<u>\$ 4,803,093</u>	<u>\$ 14,083,356</u>

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As of June 30, 2016, the Trust had the following investments:

<b>Type of Investment</b>	<b>Fair Value/Carrying Amount</b>	<b>Cost</b>	<b>Ratings (1)</b>	<b>Weighted Average Days to Maturity</b>	<b>Hierarchy</b>
U.S. Treasury Money Market Fund	\$ 50,224,786	\$ 50,224,786	N/A	22	Level 1
U.S. Treasury Strips	102,505,226	102,166,517	N/A	806	Level 1
<b>Total Investments</b>	<b>\$ 152,730,012</b>	<b>\$ 152,391,303</b>			

(1) Ratings are provided where applicable to indicate associated Credit Risk

As of June 30, 2015, the Trust had the following investments:

<b>Type of Investment</b>	<b>Fair Value/Carrying Amount</b>	<b>Cost</b>	<b>Ratings (1)</b>	<b>Weighted Average Days to Maturity</b>
U.S. Treasury Money Market Fund	\$ 80,621,294	\$ 80,621,294	N/A	44
U.S. Treasury Strips	80,834,041	80,800,104	N/A	810
<b>Total Investments</b>	<b>\$ 161,455,335</b>	<b>\$ 161,421,398</b>		

(1) Ratings are provided where applicable to indicate associated Credit Risk

The Airports Fund pooled investments as of June 30, 2016 were \$1,914,645. The Airports Fund participates in the City's investment pool which had the following investments as of June 30, 2016:

<b>Type of City Pooled Investments</b>	<b>Fair Value/Carrying Amount</b>	<b>Cost</b>	<b>Ratings (1)</b>	<b>Weighted Average Months to Maturity</b>	<b>Hierarchy</b>
Money Market funds	\$ 11,301,000	\$ 11,301,000	AAA	1.47	Level 1
U.S. Treasury Notes	199,865,000	200,004,000	N/A	16.67	Level 2
Fannie Mae	285,182,000	283,697,000	AA/Aaa	17.23	Level 2
Federal obligations	330,652,000	329,897,000	AA/Aaa	14.89	Level 1
Commercial paper	11,950,000	11,991,000	N/A	1.07	Level 2
<b>Total Investments</b>	<b>\$ 838,950,000</b>	<b>\$ 836,890,000</b>			

(1) Ratings are provided where applicable to indicate associated Credit Risk

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The Airports Fund pooled investments as of June 30, 2015 were \$2,313,525. The Airports Fund participates in the City's investment pool which had the following investments as of June 30, 2015:

Type of City Pooled Investments	Fair Value/Carrying Amount		Ratings (1)	Weighted Average Months to Maturity
	Amount	Cost		
Money Market funds	\$ 2,708,000	\$ 2,708,000	AAA	2
U.S. Treasury Notes	236,806,000	237,360,000	N/A	24
Fannie Mae	239,519,000	240,507,000	AA+/Aaa	17
Federal obligations	310,366,000	311,456,000	AA/Aaa	15
Commercial paper	57,453,000	57,414,000	N/A	3
Total Investments	<u>\$ 846,852,000</u>	<u>\$ 849,445,000</u>		

(1) Ratings are provided where applicable to indicate associated Credit Risk

Interest rate risk is the risk that changes in interest will adversely affect the fair value of an investment. Investments held for longer periods are subject to increased risk of adverse interest rate changes. Trust investments are diversified to minimize the risk of loss resulting from over-concentration of assets in a specific maturity period. Investments are made in anticipation of cash flow requirements. Interest rate risk and concentration of credit risk are not addressed by bond indentures or investment policies.

Custodial credit risk is the risk that, in the event of the failure of the counter party, the Trust will not be able to recover the value of its investments or collateral securities in the possession of an outside party. Investments are insured or registered, with securities held by the entity or its agent in the entity's name.

**4. CAPITAL ASSETS**

As of June 30, 2016 capital assets consist of the following:

Depreciable capital assets	Balance			Balance June 30, 2016
	July 1, 2015	Increases	Decreases	
Buildings	\$ 503,198,312	\$ 20,575,393	\$ (562,977)	\$ 523,210,728
Improvements	298,635,165	42,974,744	(3,061,753)	338,548,156
Furniture, fixtures, and equipment	27,105,094	22,869,075	(2,882,657)	47,091,512
Total depreciable capital assets	<u>828,938,571</u>	<u>86,419,212</u>	<u>(6,507,387)</u>	<u>908,850,396</u>
Less accumulated depreciation				
Buildings	263,798,409	11,809,290	(562,976)	275,044,723
Improvements	205,657,599	8,157,159	(3,061,753)	210,753,005
Furniture, fixtures, and equipment	15,006,305	3,332,939	(2,575,569)	15,763,675
Total accumulated depreciation	<u>484,462,313</u>	<u>23,299,388</u>	<u>(6,200,298)</u>	<u>501,561,403</u>
Depreciable capital assets, net of accumulated depreciation	<u>\$ 344,476,258</u>	<u>\$ 63,119,824</u>	<u>\$ (307,089)</u>	<u>\$ 407,288,993</u>
<b>Nondepreciable capital assets</b>				
Land	\$ 30,580,289	\$ -	\$ -	\$ 30,580,289
Art	168,016	282,404	-	450,420
Construction in progress	78,149,789	48,923,328	(88,613,778)	38,459,339

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**June 30, 2016**

As of June 30, 2015 capital assets consist of the following:

	<b>Balance</b>				<b>Balance</b>
	<b>July 1, 2014</b>	<b>Increases</b>	<b>Decreases</b>		<b>June 30, 2015</b>
<b>Depreciable capital assets</b>					
Buildings	\$ 501,985,673	\$ 1,780,564	\$ (567,925)		\$ 503,198,312
Improvements	296,615,404	2,501,575	(481,814)		298,635,165
Furniture, fixtures, and equipment	26,705,367	3,326,395	(2,926,668)		27,105,094
Total depreciable capital assets	<u>825,306,444</u>	<u>7,608,534</u>	<u>(3,976,407)</u>		<u>828,938,571</u>
Less accumulated depreciation					
Buildings	252,561,295	11,799,554	(562,440)		263,798,409
Improvements	198,231,320	7,897,610	(471,331)		205,657,599
Furniture, fixtures, and equipment	15,631,372	2,229,803	(2,854,870)		15,006,305
Total accumulated depreciation	<u>466,423,987</u>	<u>21,926,967</u>	<u>(3,888,641)</u>		<u>484,462,313</u>
Depreciable capital assets, net of accumulated depreciation	<u>\$ 358,882,457</u>	<u>\$ (14,318,433)</u>	<u>\$ (87,766)</u>		<u>\$ 344,476,258</u>
<b>Nondepreciable capital assets</b>					
Land	\$ 30,580,289	\$ -	\$ -		\$ 30,580,289
Art	168,016	-	-		168,016
Construction in progress	31,474,069	51,726,647	(5,050,927)		78,149,789

**5. LIABILITIES**

Compensated Absences

Changes in compensated absences for the fiscal year are as follows:

	<b>Balance</b>			<b>Balance</b>	<b>Due within</b>
	<b>July 1, 2015</b>	<b>Increases</b>	<b>Decreases</b>	<b>June 30, 2016</b>	<b>one year</b>
Compensated absences	\$ 1,489,897	\$ 909,807	\$ (779,422)	\$ 1,620,282	\$ 562,521

Pollution Remediation

The former Gulfstream Manufacturing Facility located at Wiley Post Airport has certain environmental conditions that may have been caused by certain aviation manufacturing activities prior to the Trust's ownership. During Gulfstream's occupation of the premises, the Trust acquired legal title to the property in a sale-leaseback arrangement, but never operated the site. Some additionally noted environmental conditions on OCAT's property near the former Gulfstream facility discovered during the site investigation may be from an upgradient off-site source. The Trust voluntarily entered the entire site into the Oklahoma Department of Environmental Quality's Voluntary Cleanup Program through a MACO Agreement. The Trust has an Allocation Agreement with the former tenants/owners where the Trust assumes an allocable share of the site characterization and any necessary and reasonable remediation expenses. For the remainder of the fiscal year, the Trust has recorded a liability of approximately \$74,962 as of June 30, 2016, for its allocable share of the site assessment and characterization based upon estimated costs remaining for completion of site characterization and continued monitoring activities. An evaluation of any necessary remediation alternatives is in process. Since it is early in the evaluation process, there is not a reasonable estimate of the cost for remediation at this time. The Trust will bear only the costs of remediation for its allocable share when the appropriate remediation activities are determined and approved.

**OKLAHOMA CITY, OKLAHOMA, DEPARTMENT OF AIRPORTS**

**Notes to Financial Statements**

***June 30, 2016***

Subsequent to year end, on October 6, 2016 the Oklahoma Department of Environmental Quality approved a voluntary consent order for interim remedial measures. The Trust estimates its allocable share for the implementation of interim remedial activities is \$196,000.

Revenue Bonds Payable

The Trust has at various times issued bonds for the purpose of financing the construction of certain facilities and improvements for the airports and air navigation facilities of the City. The bonds that have been issued by the Trustees are of three types, Senior Lien Bonds and Junior Lien Bonds issued pursuant to the Bond Indenture and Separate Lease Revenue Bonds issued pursuant to separate indentures.

Twenty series of Senior Lien Bonds have been issued pursuant to the Bond Indenture and supplemental indentures thereto. The Senior Lien Bonds are secured by a mortgage lien on all facilities constructed with the bond proceeds and the Trust's leasehold interest in and to the City's airports, together with all buildings and improvements, including all lease rentals and other Trust revenues derived there from, and all property pledged as security under supplemental bond indentures to the Bond Indenture. As of June 30, 2016, no Senior Lien bonds are outstanding.

Thirty-One series of Junior Lien Bonds have been issued pursuant to supplemental bond indentures to the Bond Indenture, and are secured by a pledge of the gross revenues of the Airports, subject to the debt service requirements of any outstanding Senior Lien Bonds. The bond proceeds were used to construct various facilities at the Airports. Three Junior Lien series are still outstanding as of June 30, 2016. The Bond Indenture and its supplements require the use of a project account, bond (sinking) account, and various construction accounts. These accounts are held by a Trustee bank and managed pursuant to terms of the Bond Indenture. The Bond Indenture provides that gross revenues from operations will be deposited into the project account and transfers will be made to the other accounts for current requirements on a monthly basis.

The bonds are generally subject to prior redemption in part or in whole at the option of the Trustees. However, certain minimum redemptions are to be made as set forth in the various bond indentures in the event there are any available funds. Certain bonds are subject to a redemption premium of up to 5% of par value, as described in the various bond indentures, if redeemed prior to scheduled dates. Management believes the Trust has complied with all bond covenants at June 30, 2016.

Proceeds from tax-exempt bonds issued after September 1, 1986 are subject to the 1986 Tax Reform Act. The Trust complies with Internal Revenue Service regulations in order to maintain tax-exempt status on the bonds. The Trust has no arbitrage rebate liability at June 30, 2016.

**OKLAHOMA CITY, OKLAHOMA, DEPARTMENT OF AIRPORTS**  
**Notes to Financial Statements**  
**June 30, 2016**

A summary of changes in bonds payable as of June 30, 2016 is as follows:

Description	Balance			Balance June 30, 2016	Due within one year
	July 1, 2015	Issued	Retired		
<b>Junior Lien Bonds:</b>					
Twenty-ninth Series A	\$ 15,855,000	\$ -	\$ 1,055,000	\$ 14,800,000	\$ 1,095,000
Twenty-ninth Series B	31,760,000	-	-	31,760,000	-
Thirtieth Series	12,420,000	-	5,690,000	6,730,000	5,980,000
Thirty-first Series	39,615,000	-	665,000	38,950,000	670,000
Total	<u>99,650,000</u>	<u>-</u>	<u>7,410,000</u>	<u>92,240,000</u>	<u>7,745,000</u>
Less current maturities				(7,745,000)	
Long-term portion				84,495,000	
Less unamortized discount				(89,968)	
Add unamortized premium				679,335	
Total				<u>\$ 85,084,367</u>	

Additional information on revenue bond issues is as follows:

Description	Original		Issue Date	Final Maturity Date
	Amount Issued	Interest Rate		
<b>Junior Lien Bonds:</b>				
Twenty-ninth Series A	21,420,000	3.50 - 4.20 %	2/20/2007	7/1/2026
Twenty-ninth Series B	31,760,000	5.00	2/20/2007	7/1/2021
Thirtieth Series	28,675,000	3.00 - 5.00	3/3/2011	7/1/2017
Thirty-first Series	39,615,000	.985 - 6.86	9/25/2013	7/1/2043

Additional information on revenue bond issues is as follows:

Fiscal Year	Principal	Interest	Total
2017	7,745,000	4,733,326	12,478,326
2018	7,420,000	4,387,045	11,807,045
2019	8,115,000	4,028,734	12,143,734
2020	8,505,000	3,640,181	12,145,181
2021	8,910,000	3,228,926	12,138,926
2022-2026	18,640,000	12,306,100	30,946,100
2027-2031	7,115,000	9,669,959	16,784,959
2032-2036	7,435,000	7,602,122	15,037,122
2037-2041	10,315,000	4,620,382	14,935,382
2042-2044	8,040,000	851,669	8,891,669
	<u>\$ 92,240,000</u>	<u>\$ 55,068,444</u>	<u>\$ 147,308,444</u>

**6. RELATED PARTY TRANSACTIONS**

The Department reimburses the City for the cost of providing the Department with security, insurance, water and other services. Amounts charged by other City departments are expensed during the period incurred. Amounts charged by other City departments for fiscal years ended June 30, 2016 and 2015, were \$5,592,679 and \$5,698,216, respectively.



**7. RETIREMENT PLAN**

All full-time employees of the Department participate in the City's Employees Retirement System (OCERS), a single-employer defined benefit public employee retirement system. The Department's covered payroll was \$6,323,862 and \$6,824,569 for the years ended June 30, 2016 and 2015, respectively. The total payroll for all Department employees was \$7,329,824 and \$6,961,703 for the years ended June 30, 2016 and 2015, respectively.

Eligibility, Contribution Methods, Benefit Provisions

Year established and governing authority	1958; City Council Ordinance
Determination of contribution requirements	Actuarially determined
Employer contributions	5.88% of covered payroll
Plan members contributions	6.00% of covered payroll
Funding of administrative costs	Investment earnings
Period required to vest	5 years
Post-retirement benefit increases	Cost of living adjustments are compounded annually; increases must be approved by the OCERS board
Eligibility for distribution	30 years credited service regardless of age, or age 60 with 10 years (Pre 3/67 hires), or 25 years of credited service regardless of age, or age 65 with 5 years (Post 3/67 hires), or age 55 with 5 years on a reduced basis, or 5 years service, with benefits to begin at age 65 (60) with (10 years if Pre 3/67 hire)

Benefit Provisions

Benefit provisions include both duty and non-duty disability retirement and death benefits. Average Final Compensation (AFC) determines the retirement benefit and is calculated as the highest 36 months of earned employee compensation (excluding compensation for unused vacation and sick leave and amounts elected to be deferred under Section 125 of the Internal Revenue Code) during the last 60 months of service. Generally, the normal retirement benefit is 2% of AFC for each full year of service, plus 1/12 of 2% for each whole month of a partial year of service to a maximum of 100% of AFC. There are modifications to the normal retirement benefit for the early and deferred retirement, duty and non-duty disability, and death benefits.

Post-Retirement Adjustments

OCERS pension benefits may be adjusted annually for changes in the Consumer Price Index. The maximum adjustment is 2% compounded annually. All pension benefit adjustments must be approved by the OCERS Board.

**OKLAHOMA CITY, OKLAHOMA, DEPARTMENT OF AIRPORTS**

**Notes to Financial Statements**

**June 30, 2016**

Plan Membership

Non-vested active members	833
Fully-vested active members	1,667
Retirees and beneficiaries currently receiving benefits	1,380
Terminated plan members entitled to but not yet receiving benefits	82
	<hr/>
	3,962
	<hr/>

Actuarial Methods and Assumptions

Valuation date	12/31/2014
Provisions for:	
Disability benefits	Yes
Death benefits	Yes
Actuarial cost method	Individual entry age
Amortization method	Level percentage of payroll
Amortization period	28 years, closed
Actuarial asset valuation method	4-year smoothed market
Actuarial assumptions	
Investment rate of return	7.5%
Projected salary increases	3.75% to 7.25%
Post-retirement increases (max)	2%
Inflation	3%
Source of mortality assumptions	RP 2000 mortality table projected to 2010 was used in this valuation
Experience study	Actuarial assumptions were based upon results of an experience study covering the period January 1, 2008 through December 31, 2012

Projections of benefits for financial reporting purposes are based on the substantive plan (the Plan as understood by OCERS and Plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between OCERS and Plan members to that point. Actuarial calculations reflect a long-term perspective. The actuarial methods and assumptions use techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of calculations.

For December 31, 2014, OCERS actuarial valuation, the inflation rate decreased from 3.8% to 3.0%.

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future and that actuarially determined amounts are subject to continual revision as results are compared to past expectations and new estimates are made about the future.

The OCERS issues a separate stand-alone report which can be obtained from the City's Accounting Services Division at 100 N. Walker, Oklahoma City, Oklahoma 73102.

Reserves

There are no assets legally reserved for purposes other than the payment of plan member benefits.

**OKLAHOMA CITY, OKLAHOMA, DEPARTMENT OF AIRPORTS**

**Notes to Financial Statements**

**June 30, 2016**

Concentrations

The plan held no individual investments (other than U.S. Government and U.S. Government guaranteed obligations) whose market value exceeds 5% or more of net position available for benefits. There are no long-term contracts for contributions.

Net Pension Asset (Liability)

The departmental share of net pension asset is allocated using the departments share of employer contributions for the payroll ending June 30, 2016. The department portion for 2016 was 4.86%.

	<b>Total</b>	<b>Airports Fund Share</b>
Total pension liability	\$ (623,305,000)	\$ (30,292,667)
Fiduciary net position	670,164,000	32,569,970
Net pension asset (liability)	<u>\$ 46,859,000</u>	<u>\$ 2,277,303</u>

Plan fiduciary net position as a percentage of total pension liability	107.52%	107.52%
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Rate of Return

The annual money-weighted rate of return on pension plan investments, net of pension plan investment expenses was 4.10%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested. The annual money-weighted rate of return on pension plan investments for June 30, 2014 was 17.10%.

Long-term Expected Rate of Return

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

**OKLAHOMA CITY, OKLAHOMA, DEPARTMENT OF AIRPORTS**

**Notes to Financial Statements**

*June 30, 2016*

	<b>Long-Term Expected Real Rate of Return</b>	<b>Target Allocation</b>
	<hr/>	<hr/>
Core bonds	2.80%	5.00%
Core plus	3.07%	7.50%
Global bonds	2.63%	7.50%
Absolute return	4.37%	5.00%
U.S. large cap equity	7.80%	20.00%
U.S. small cap equity	9.09%	10.00%
International developed equity	8.79%	10.00%
Emerging market equity	10.14%	5.00%
Long / short equity	7.64%	10.00%
Private equity	10.43%	5.00%
Core real estate	5.51%	6.00%
Opportunistic real estate	8.80%	4.00%
Commodities	3.91%	5.00%
		<hr/>
		100.00%

Discount rate

A single discount rate of 7.5% was used to measure the total pension liability. This single discount rate was based on the expected rate of return on pension plan investments of 7.5%. The projections of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between the actuarially determined contributions rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of Net Pension Liability to Changes in the Discount Rate

		<b>OCERS</b>	<b>Airports Fund Share</b>	<b>OCERS Net</b>	<b>Airports Fund</b>
	<b>Rate</b>	<b>Total Pension Liability</b>	<b>Total Pension Liability</b>	<b>Pension Asset (Liability)</b>	<b>Share</b>
1% decrease	6.50%	\$ 700,497,000	\$ 34,044,154	\$ (30,333,000)	\$ 1,654,546
Current single discount rate	7.50	623,306,000	30,292,672	46,858,000	1,472,224
1% increase	8.50	558,242,000	27,130,561	111,922,000	1,318,545

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the years ended June 30, 2016 and 2015, the Department recognized pension expenses of \$(95,729) and \$(160,244), respectively. At June 30, 2016, the Department reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

**OKLAHOMA CITY, OKLAHOMA, DEPARTMENT OF AIRPORTS**

**Notes to Financial Statements**

**June 30, 2016**

	2016	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 351,741
Net difference between projected and actual earnings on pension plan investments	-	594,368
Trust's contributions made subsequent to the measurement date of the net pension asset	360,180	-
<b>Total</b>	<b>\$ 360,180</b>	<b>\$ 946,109</b>

At June 30, 2016, the Department reported \$360,180 as deferred outflows of resources related to pensions resulting from department contributions subsequent to the measurement date and prior to year-end that will be recognized as a reduction of the net pension liability as of June 30, 2017. Other amounts reported as deferred inflows of resources at June 30, 2016, related to pensions will be recognized in pension expense as follows:

2017	\$ 340,006
2018	340,006
2019	340,006
2020	(164,900)
2021	61,916
Thereafter	29,075
	<u>\$ 946,109</u>

The required supplementary information schedules of funding progress immediately following the notes to the financial statements presents certain ten-year trend information for as many years for which information measured in conformity with the requirements of GASB 68 is available.

**Related-Party Transactions**

As of June 30, 2016, the OCERS' investments include purchased judgments against the City in the amount of \$2,273,000. The judgments earn interest at rates of 5.25%. State statute permits OCERS to purchase judgments rendered against the City throughout the year. In November of each year, the City (through the property tax levy process) pays the OCERS for the principal amount and earned interest for each purchased judgment.

**8. DEFINED CONTRIBUTION SINGLE EMPLOYER PENSION PLANS**

The Department participates in two of the City's defined contribution plans administered by the International City Manager's Association Retirement Corporation (ICMA Retirement). Plan provisions and contribution requirements are established or amended by City Council resolution. Participants of the first plan are comprised of eligible employees hired before September 1, 2001. The Department and participants are required to contribute 8.35% and 6% of annual covered payroll, respectively. Participants of the second plan are comprised of eligible employees hired after September 1, 2001. The Department and participants are required to contribute 7% and 6% of annual covered payroll,

**OKLAHOMA CITY, OKLAHOMA, DEPARTMENT OF AIRPORTS**

**Notes to Financial Statements**

**June 30, 2016**

respectively. For the fiscal year ended June 30, 2016 actual contributions by the Department and plan participants were \$19,834 and \$11,929, respectively.

These two plans include 97 participants comprised of City Council Appointees and management personnel. Participants of the first plan vest at service inception and are entitled to 100% of vested contributions. Participants of the second plan vest after 5 years of service. The plans are money purchase plans qualified under section 401 of the Internal Revenue Code.

**9. OTHER POST-EMPLOYMENT BENEFITS (OPEB)**

Plan Description

The City provides post-employment healthcare benefits for retired employees and their dependents through the City of Oklahoma City Post-retirement Medical Plan (the City OPEB Plan), a single-employer defined benefit healthcare plan. The benefits, coverage levels, employee contributions and employer contributions are governed by the City and can be amended by the City through its personnel manual and union contracts. The City OPEB Plan covers all current retirees who elected post-retirement medical coverage through the City of Oklahoma City and future retired general employees.

The City OPEB Plan issues a separate report that can be obtained from the City's Human Resource Department at 420 W. Main, Suite 110, Oklahoma City, OK 73102.

Funding Policies, Contribution Methods and Benefit Provisions

Year established and governing authority	2008; City Council Ordinance
Determination of contribution requirements	City Policy
Contribution rates:	
Employer	56% of premium
Plan members	44% of premium
Funding of administrative costs	Investment earnings
Period required to vest	5 years
Eligibility for distribution	General employees are eligible for membership in the Plan if they retire from the City on or after age 55 with 5 years of service or at any age with 25 years of service.

Funding Policy

Beginning January 1, 2016, the employer contribution rate changed from 58% of premium to 56% of premium for retirees under 65. The retirees were responsible for paying the remaining balance of the premium.

Benefit Provided

The City provides medical benefits either through a fully insured health plan or through a self-insured Group Indemnity Plan. Benefits include general inpatient and outpatient medical services and prescription drug coverage. Additional benefits for dental, life and vision are available with no subsidy from the City. Coverage for dependents can continue upon the death of the retiree. Spouses and

**OKLAHOMA CITY, OKLAHOMA, DEPARTMENT OF AIRPORTS**

**Notes to Financial Statements**

**June 30, 2016**

eligible dependents of employees who die in active service while eligible for benefits can receive coverage.

Membership

As of the last actuarial date, membership consisted of:

Retirees and beneficiaries currently receiving benefits	3,563
Active members	<u>2,169</u>
Total	<u><u>5,732</u></u>

Annual Required Contributions - Actuarial Assumptions

Provisions for:

Disability benefits	Yes
Death benefits	Yes
Valuation date	7/1/15
Actuarial cost method	Projected unit credit with linear proration to decrement
Amortization method/period	Level percentage of payroll 30 years, open
Actuarial asset valuation method	4-year smoothed market

Actuarial Assumptions

Investment rate of return	4.90%
Inflation	3.00%
Blended discount rate method	The discount rate is based on the expected long-term return on the investments that are used to finance the benefit programs
Projected salary increases	3.00%
Health care trend rate	4.50% (4.50% for Medicare age)
Mortality table	RP 2000 combined mortality table projected to 2010 using scale AA

Projections of benefits for financial reporting purposes are based on the substantive plan (the Plan as understood by the City and Plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the City and Plan members to that point. Actuarial calculations reflect a long-term perspective. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

Actuarial Changes

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future and actuarially determined amounts are subject to continual revision as results are compared to past expectations and new estimates are made about the future.

In the July 1, 2015, actuarial valuation, adjustments have been made to the AAL and normal cost for actual premium increases from 2014 to 2015, which increased the City's liabilities on a net basis as the reduction in pre-Medicare liabilities is more than offset by the increase in Medicare liabilities.

**OKLAHOMA CITY, OKLAHOMA, DEPARTMENT OF AIRPORTS**

**Notes to Financial Statements**

**June 30, 2016**

Annual OPEB Costs and Net OPEB Obligation

The net OPEB obligation (NOO) as June 30, 2016, was calculated as follows:

	<b>OPEB Trust</b>	<b>Airports Fund Share</b>
Annual required contribution	\$ 33,371,000	\$ 836,000
Interest on Net OPEB obligation	6,855,000	172,000
Adjustment of Annual Required	<u>(6,293,000)</u>	<u>(158,000)</u>
Annual OPEB cost	33,933,000	850,000
Contributions made	<u>(17,811,000)</u>	<u>(527,000)</u>
Increase in Net OPEB obligation	16,122,000	323,000
Net OPEB obligation, Beginning of year	<u>139,611,000</u>	<u>2,491,000</u>
Net OPEB obligation, End of year	<u>\$ 155,733,000</u>	<u>\$ 2,814,000</u>

Trend Information

The City had an actuarial valuation performed to determine the projected liabilities as the employer's annual required contribution (ARC).

<b>Year Ended</b>	<b>Annual OPEB Cost</b>	<b>Employer Contributions</b>	<b>Percentage of Annual OPEB Cost Contributed</b>	<b>Net OPEB Obligation</b>
2016	\$ 33,934,000	\$ 17,811,000	52.50%	\$ 155,733,000
2015	36,412,000	18,816,000	51.70	139,611,000
2014	34,407,000	19,619,000	57.00	122,015,000

Department Amounts

<b>Year Ended</b>	<b>Annual OPEB Cost</b>	<b>Employer Contributions</b>	<b>Percentage of Annual OPEB Cost Contributed</b>	<b>Net OPEB Obligation</b>
2016	\$ 850,000	\$ 527,000	62.00%	\$ 2,814,000
2015	917,000	531,000	57.90	2,491,000
2014	641,000	532,000	83.00	2,105,000

Reserves

There are no assets legally reserved for purposes other than the payment of Plan member benefits. The Plan held no individual investments (other than U.S. government and U. S. government guaranteed obligations) whose market value exceeds 5% or more of net assets available for benefits. There are no long-term contracts for contributions.

Funded Status and Funding Progress

Actuarial Value of Plan Assets (AVA)	\$ 39,337,000
Actuarial Accrued Liability (AAL)	440,232,000
Unfunded Actuarial Accrued Liability (UAAL)	400,895,000
Funded Ratio (AVA/AAL)	9%
Covered Payroll (Active Plan Members)	219,484,000
UAAL as a Percentage of Covered Payroll	182.70%



**OKLAHOMA CITY, OKLAHOMA, DEPARTMENT OF AIRPORTS**

**Notes to Financial Statements**

***June 30, 2016***

The required supplementary information schedules of funding progress, immediately following the notes to the financial statements presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits. OCPEBT issues a separate stand-alone report which may be obtained from Finance Department, Accounting Services Division, 100 N. Walker, Suite 300, Oklahoma City, OK 73102.

**10. COMMITMENTS AND CONTINGENCIES**

Engineering and construction contracts relating to construction or major repairs in progress aggregated approximately \$33,978,000 and \$31,211,000 as of June 30, 2016 and 2015, respectively. These contracts will be paid in future periods as work is performed. Payment will be made with proceeds remaining from past bond issues, oil and gas royalties, operating revenues, and Federal grants to be received.

Federal grant expenses are subject to audit by the FAA, the purpose of which is to ensure compliance with conditions precedent to the granting of funds. Any liability for reimbursement that may arise, as the result of these audits, is not believed to be material by management. Outstanding Federal and State grant awards for improvements on approved projects were \$12,699,887 and \$17,838,732, as of June 30, 2016 and 2015, respectively. The Federal grant funds are not available to the Department until expenses are incurred and therefore, are not recorded as receivables.

The Trust is subject to various legal proceedings that arise in the ordinary course of business. It is the opinion of management that the disposition or ultimate resolution of such legal proceedings are not likely to have a material adverse impact on the financial net position, results of operations, and cash flow of the Trust.

**11. SUBSEQUENT EVENTS**

Subsequent events have been evaluated through the date of the independent auditors report.

**OKLAHOMA CITY EMPLOYEE RETIREMENT SYSTEM**

Schedule of Proportionate Shares Net Pension Liability (Asset)

	<u>2016</u>	<u>2015</u>
Proportionate Share	4.86%	4.92%
Proportionate share of the net pension liability (asset)	\$ (2,277,303)	(3,021,495)
Covered - employee payroll	\$ 6,323,860	\$ 6,824,569
Net pension liability (asset) as a percentage of covered - employee payroll	(36.01%)	(44.27%)
Plan fiduciary net position as a percentage of total pension liability	107.52%	110.29%

Schedule of Employer Contributions

FY Ending June 30,	Actuarially		Contributions Deficiency (Excess)(a-b)	Covered Payroll (c)	Actual Contribution As a Percentage of Covered Payroll (b/c)
	Determined Contribution (ADC) (a)	Contributions in Relation to ADC (b)			
2016	\$ 400,027	\$ 398,860	\$ 1,166	\$ 6,323,860	6%
2015	436,502	436,502	-	6,824,569	6

**OKLAHOMA CITY OTHER POST EMPLOYMENT BENEFITS (1)**

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
7/1/15	\$ 39,337,000	\$ 440,232,000	\$ 440,895,000	9%	\$ 219,484,000	183%
7/1/14	34,028,000	474,681,000	440,653,000	7	213,091,000	207
7/1/13	26,316,000	451,029,000	424,713,000	6	203,860,000	208

Schedule of Employer Contributions

Fiscal Year	Employer Contributions	Annual Required Contribution (ARC)	Percentage Contributed
2016	\$ 17,811,000	\$ 33,371,000	53%
2015	18,816,000	35,920,000	52
2014	19,619,000	33,976,000	58

# BUDGET VERSUS ACTUAL SCHEDULE

THIS SCHEDULE PRESENTS A BUDGET VERSUS ACTUAL COMPARISON FOR THE AIRPORTS FUND FOR WHICH AN ANNUAL APPROPRIATED BUDGET IS ADOPTED.





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**OKLAHOMA CITY, OKLAHOMA, DEPARTMENT OF AIRPORTS**

**Airports Fund**

**Schedule of Revenues, Expenditures, Encumbrances, and Changes in Fund Balance**

**Budget and Actual (Non-GAAP Budgetary Basis)**

**For the Year Ended June 30, 2016**

	Original Budget	Revisions	Revised Budget
<b>REVENUES</b>			
Interest income	\$ 15,822	\$ -	\$ 15,822
Other Income	-	-	-
Total revenues before prior year fund balance	15,822	-	15,822
Prior year fund balance:			
Reappropriated for prior year encumbrances	-	-	-
Total revenues and prior year fund balance	15,822	-	15,822
<b>EXPENDITURES AND ENCUMBRANCES</b>			
Personal services	10,136,184	10,000	10,146,184
Contractual services	6,028,381	(10,000)	6,018,381
Supplies	701,932	-	701,932
Capital outlay	500,000	-	500,000
Expenditures and encumbrances related to prior year budget (2)	-	-	-
Total expenditures and encumbrances	17,366,497	-	17,366,497
Deficiency of revenues over expenditures and encumbrances	(17,350,675)	-	(17,350,675)
<b>OTHER FINANCING SOURCES</b>			
Transfers from other funds			
Net other financing sources (uses)	17,350,675	-	17,350,675
	17,350,675	-	17,350,675
Excess of revenues and other sources over expenditures and encumbrances	-	\$ -	-
Fund balance, beginning (Non-GAAP budgetary basis)	1,933,276		1,933,276
Less prior year fund balance (1)	-		-
Fund balance, ending (Non-GAAP budgetary basis)	\$ 1,933,276		\$ 1,933,276
<b>ADJUSTMENTS TO GENERALLY ACCEPTED ACCOUNTING PRINCIPLES</b>			
Current year encumbrances included in expenditures			
Accounts receivable			
Reserve for inventories			
Net pension asset			
Deferred pension outflows			
Revenue accruals			
Capital assets, net of depreciation			
Accounts Payable			
Compensated absences			
Other post employment benefits			
Deferred pension inflows			
Change in Advance to/from other funds			
<b>Airports Cash Fund balance, ending (GAAP basis) (3)</b>			
<b>Airports Capital Assets Fund balance, ending (GAAP basis) (3)</b>			
<b>Airports Fund balance, ending (GAAP basis)</b>			

- (1) Budgeted carryover reflects a portion of fund balance carried over from prior years. It is not a revenue of the current period, but is presented as revenue only for budgetary purposes.
- (2) Expenditures paid against prior year encumbrances were less than the original encumbrances, which increased available ending fund balance.
- (3) The Airports Cash Fund and the Airports Capital Assets Fund are combined and reported as the Airports fund in this report.

Expenditures	Encumbrances	Total Actual	Variance Favorable (Unfavorable)
		\$ 20,668	\$ 4,846
		150,155	150,155
		<u>170,823</u>	<u>155,001</u>
		-	-
		<u>170,823</u>	<u>155,001</u>
\$ 9,787,793	\$ -	9,787,793	358,391
5,584,590	1,894	5,586,484	431,897
448,413	11,087	459,500	242,432
499,813	-	499,813	187
-	-	-	-
<u>\$ 16,320,609</u>	<u>12,981</u>	<u>16,333,590</u>	<u>1,032,907</u>
		(16,162,767)	1,187,908
		15,819,581	-
		15,819,581	(1,531,094)
		(343,186)	343,186
		1,933,276	-
		-	-
		<u>1,590,090</u>	<u>\$ 343,186</u>
		12,982	
		-	
		1,034,038	
		2,277,303	
		360,180	
		(19,957)	
		2,029,383	
		19,959	
		(1,620,282)	
		(2,814,669)	
		(946,109)	
		<u>97,648</u>	
		2,020,566	
		16,225,069	
		<u>\$ 18,245,635</u>	

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# STATISTICAL SECTION

THIS PART OF THE DEPARTMENT'S CAFR PRESENTS DETAILED INFORMATION AS A CONTEXT FOR UNDERSTANDING WHAT THE INFORMATION IN THE FINANCIAL STATEMENT, NOTE DISCLOSURES AND REQUIRED SUPPLEMENTARY INFORMATION SAYS ABOUT THE AIRPORTS OVERALL FINANCIAL HEALTH. THE CONTENTS OF THE SECTION RELATE TO:

**FINANCIAL TRENDS**—These schedules contain trend information to help the reader understand how the Department's financial performance and well-being have changed over time.

**REVENUE CAPACITY**—These schedules contain information to help the reader assess the factors affecting the Department's ability to generate its rental rates and charges.

**DEBT CAPACITY**—These schedules present information to help the reader assess the affordability of the Department's current level of outstanding debt and the Department's ability to issue additional debt in the future.

**DEMOGRAPHIC AND ECONOMIC INFORMATION**—These schedules offer demographic and economic indicators to help the reader understand the environment within which the Department's financial activities take place and to help make comparisons over time and with other governments.

**RATING INFORMATION**—These schedules contain information about the Department's operations and resources to help the reader understand how the Department's financial information relates to the services the Department provides and the activities it performs.





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**OKLAHOMA CITY, OKLAHOMA, DEPARTMENT OF AIRPORTS**

**Net Position and Changes in Net Position**

***Last ten fiscal years***

	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>
<b>Operating revenues:</b>				
Landing fees	\$ 7,790,758	\$ 7,210,738	\$ 7,152,728	\$ 7,024,001
Other aircraft fees	2,784,646	2,478,747	2,439,028	2,394,241
Building rents	5,989,716	8,181,439	14,768,054	15,361,205
Parking revenues	10,739,480	11,040,207	10,962,305	10,023,542
Concession fees	2,205,039	2,138,070	2,086,491	2,035,324
Car rental commissions	5,376,852	5,664,322	5,594,192	5,137,368
Land rents	2,021,079	1,809,234	1,703,293	1,898,020
Maintenance, utility and insurance fees	13,945,149	13,861,611	13,853,789	13,578,706
Other	1,063,715	1,071,109	1,019,416	994,265
Total operating revenues	<u>51,916,434</u>	<u>53,455,477</u>	<u>59,579,296</u>	<u>58,446,672</u>
<b>Nonoperating revenues:</b>				
Investment Income	823,150	441,967	647,767	617,954
Oil and gas royalties	936,090	2,019,412	2,958,796	2,509,712
Passenger facility charges	7,098,192	7,338,801	7,199,252	7,364,701
Customer facility charges	4,906,530	4,891,573	4,818,253	4,506,156
Operating grants income	195,840	262,800	328,320	224,918
Other nonoperating revenues	289,536	1,150,139	1,122,982	9,690
Total nonoperating revenues	<u>14,249,338</u>	<u>16,104,692</u>	<u>17,075,370</u>	<u>15,233,131</u>
<b>Total Revenues</b>	<u>66,165,772</u>	<u>69,560,169</u>	<u>76,654,666</u>	<u>73,679,803</u>
<b>Operating expenses:</b>				
Personal services	10,269,437	9,619,805	9,801,524	9,181,703
Maintenance, operations, and contractual services	17,286,421	16,075,940	15,959,524	14,368,584
Materials and supplies	1,506,824	1,568,587	1,717,949	1,376,306
Depreciation	23,299,388	21,926,967	21,684,600	20,478,414
Total operating expenses	<u>52,362,070</u>	<u>49,191,299</u>	<u>49,163,597</u>	<u>45,405,007</u>
<b>Nonoperating expenses:</b>				
Interest expense	2,210,053	3,752,718	5,523,683	5,121,660
Amortization	(123,335)	(164,871)	(193,214)	(206,727)
Payments to City funds	-	-	-	-
Bond Insurance	16,491	16,862	17,193	17,503
Other expenses	121,232	36,211	591,802	1,893,395
Total nonoperating expenses	<u>2,224,441</u>	<u>3,640,920</u>	<u>5,939,464</u>	<u>6,825,831</u>
<b>Total Expenses</b>	<u>54,586,511</u>	<u>52,832,219</u>	<u>55,103,061</u>	<u>52,230,838</u>
Capital contributions, grants	15,120,699	11,173,450	5,050,411	9,409,881
Capital asset contribution	-	750,000	-	-
Donated Assets	-	-	-	-
Transfers between City funds	(3,240,414)	-	(4,221)	-
<b>Increase in Net Position</b>	<u>\$ 23,459,546</u>	<u>\$ 28,651,400</u>	<u>\$ 26,597,795</u>	<u>\$ 30,858,846</u>
<b>Net Position at Year-End</b>				
Net investment in capital assets	382,440,123	354,975,104	325,767,028	318,022,197
Restricted for construction	21,657	216,881	505,230	864,478
Restricted for debt service	20,782,026	26,196,690	30,472,168	26,493,184
Restricted for maintenance	38,002,926	36,695,692	28,910,630	22,939,168
Unrestricted	93,377,033	93,079,852	96,243,894	86,982,128
<b>Total Net Position (1)</b>	<u>\$ 534,623,765</u>	<u>\$ 511,164,219</u>	<u>\$ 481,898,950</u>	<u>\$ 455,301,155</u>

(1) GASB 63 was implemented in fiscal year 2013 along with GASB 65. These GASB statements changed the classification and calculations of net position. Years 2011 through 2006 have not been restated for the impacts of these GASB statements. In 2015, the Department implemented GASB 68. Years 2014 through 2006 have not been restated for the impacts of this GASB statement.

	2012	2011	2010	2009	2008	2007
\$	6,835,170	\$ 6,924,831	\$ 6,477,192	\$ 5,599,435	\$ 6,383,195	\$ 5,897,784
	2,365,761	2,118,706	1,941,066	2,206,013	2,722,124	2,354,284
	17,678,091	22,470,025	22,938,179	23,773,947	24,735,971	24,919,930
	9,804,277	9,259,742	7,624,268	6,483,384	6,965,859	6,461,347
	1,792,818	1,937,188	1,852,376	1,781,462	1,805,081	1,546,083
	4,979,821	4,565,970	3,914,401	3,837,845	3,763,254	3,373,730
	1,604,330	1,491,459	1,323,939	1,313,797	1,220,212	1,197,440
	11,213,097	6,943,578	6,557,797	5,761,819	5,598,690	5,623,058
	989,924	1,559,972	868,771	953,770	1,272,205	1,115,501
	<u>57,263,289</u>	<u>57,271,471</u>	<u>53,497,989</u>	<u>51,711,472</u>	<u>54,466,591</u>	<u>52,489,157</u>
	647,961	818,289	1,018,916	1,930,101	4,478,824	5,145,526
	2,820,798	2,968,830	2,567,709	2,341,859	3,493,361	2,617,649
	7,210,909	7,055,522	5,170,911	4,489,113	5,133,202	4,912,518
	-	-	-	-	-	-
	403,054	440,268	448,185	440,965	334,194	-
	49,129	386,223	39,489	-	-	-
	<u>11,131,851</u>	<u>11,669,132</u>	<u>9,245,210</u>	<u>9,202,038</u>	<u>13,439,581</u>	<u>12,675,693</u>
	<u>68,395,140</u>	<u>68,940,603</u>	<u>62,743,199</u>	<u>60,913,510</u>	<u>67,906,172</u>	<u>65,164,850</u>
	8,417,255	8,002,625	7,736,677	7,593,852	6,332,528	6,096,608
	14,800,764	13,888,354	13,721,815	13,925,529	13,391,437	13,144,287
	1,328,835	1,398,612	1,355,518	1,255,003	1,361,037	1,183,468
	<u>21,238,540</u>	<u>21,571,778</u>	<u>20,514,004</u>	<u>19,588,271</u>	<u>20,251,446</u>	<u>18,863,700</u>
	<u>45,785,394</u>	<u>44,861,369</u>	<u>43,328,014</u>	<u>42,362,655</u>	<u>41,336,448</u>	<u>39,288,063</u>
	6,690,475	8,389,506	9,362,559	10,438,253	12,342,311	12,827,853
	(165,560)	152,881	130,897	149,641	171,600	208,773
	-	-	-	-	-	-
	17,822	-	-	-	-	-
	-	-	-	49,790	69,296	53,546
	<u>6,542,737</u>	<u>8,542,387</u>	<u>9,493,456</u>	<u>10,637,684</u>	<u>12,583,207</u>	<u>13,090,172</u>
	<u>52,328,131</u>	<u>53,403,756</u>	<u>52,821,470</u>	<u>53,000,339</u>	<u>53,919,655</u>	<u>52,378,235</u>
	7,505,159	5,804,051	8,907,338	8,515,369	5,282,612	4,737,308
	-	-	-	-	-	-
	(2,872,287)	-	-	-	-	-
	-	-	-	399,928	-	-
\$	<u>20,699,881</u>	<u>21,340,898</u>	<u>18,829,067</u>	<u>16,828,468</u>	<u>19,269,129</u>	<u>17,523,923</u>
	296,325,773	282,438,969	271,640,181	254,446,734	236,903,699	228,854,505
	861,658	1,571,566	2,131,661	584,728	1,438,995	1,431,995
	26,104,542	25,473,781	24,626,588	24,276,528	24,656,966	24,983,267
	19,840,192	17,421,223	17,481,646	19,347,857	19,964,075	16,914,353
	81,310,144	77,408,358	67,092,923	65,488,085	64,351,729	55,862,215
\$	<u>424,442,309</u>	<u>404,313,897</u>	<u>382,972,999</u>	<u>364,143,932</u>	<u>347,315,464</u>	<u>328,046,335</u>

**OKLAHOMA CITY, OKLAHOMA, DEPARTMENT OF AIRPORTS**

**Changes in Cash and Cash Equivalents**

***Last ten fiscal years***

	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>
Cash flows from operating activities:				
Cash received from charges	\$ 51,979,687	\$ 55,534,503	\$ 59,648,742	\$ 60,039,905
Cash received from oil and gas royalties	1,001,563	2,098,994	2,927,804	2,514,571
Cash payments to suppliers for goods and services	(17,056,091)	(14,452,169)	(14,398,231)	(16,805,729)
Cash payments to employees	(10,227,959)	(9,685,595)	(9,394,574)	(8,803,749)
Net cash provided by operating activities	<u>25,697,200</u>	<u>33,495,733</u>	<u>38,783,741</u>	<u>36,944,998</u>
Cash flows from noncapital financing activities:				
Operating grants received	392,400	87,840	329,040	268,442
Other non-operating revenue	1,095,396	2,380,427	14,868	-
Liquidated Damages	-	-	-	-
Net cash provided (used) by noncapital financing activities	<u>1,487,796</u>	<u>2,468,267</u>	<u>343,908</u>	<u>268,442</u>
Cash flows from capital and related financing activities:				
Intergovernmental advance	(1,328,664)	2,017,574	2,374,349	1,648,009
Advance Payable - Gulfstream	104,856	(95,967)	(106,986)	(22,103)
Acquisition and construction of capital assets	(50,868,606)	(51,581,529)	(28,192,785)	(25,398,156)
Capital grants received	15,066,599	10,367,527	3,246,308	9,523,886
Capital contributions	-	-	-	-
Interest paid on bonds	(5,064,999)	(6,072,010)	(6,291,138)	(6,087,095)
Principal paid on bonds	(7,410,000)	(20,950,000)	(13,370,000)	(19,215,000)
Proceeds from sale of capital assets	141,468	62,721	53,825	10,890
Deferred revenue	-	-	-	-
Bond redemption	-	-	-	-
Proceeds from bond refunding/issues	-	-	39,615,000	-
Transfer to sinking fund	-	-	-	-
Bond issuance costs	-	-	(563,431)	-
Transfer to escrow agent	-	-	-	-
Passenger facility charges	7,095,218	7,466,794	7,093,852	6,587,178
Customer facility charges	4,921,661	4,895,541	4,882,262	3,971,335
Net cash provided (used) by capital and related financing activities	<u>(37,342,467)</u>	<u>(53,889,349)</u>	<u>8,741,256</u>	<u>(28,981,056)</u>
Cash flows from investing activities:				
Interest on investments	24,163	263,463	502,444	532,883
Proceeds from sale of investments	70,894,582	144,294,472	40,571,000	56,227,000
Purchase of investments	(61,371,616)	(127,131,940)	(88,298,335)	(65,237,880)
Change in pooled investments	398,880	(581,934)	(449,634)	223,160
Net cash provided (used) by investing activities	<u>9,946,009</u>	<u>16,844,061</u>	<u>(47,674,525)</u>	<u>(8,254,837)</u>
Net increase (decrease) in cash and cash equivalents	(211,462)	(1,081,288)	194,380	(22,453)
Cash, beginning of year (1)(2)	<u>909,779</u>	<u>1,991,067</u>	<u>1,796,687</u>	<u>1,819,140</u>
Cash, end of year (1)(2)	<u>\$ 698,317</u>	<u>\$ 909,779</u>	<u>\$ 1,991,067</u>	<u>\$ 1,796,687</u>

(1) Pooled cash equivalents are reported as investments beginning in fiscal year 2007.

(2) GASB 63 was implemented in fiscal year 2013 along with GASB 65. These GASB statements changed the classification and calculations of net position. Years 2011 through 2007 have not been restated for the impacts of these GASB statements.

	2012 (Restated)	2011	2010	2009	2008	2007
\$	55,525,812	\$ 57,229,152	\$ 53,270,391	\$ 52,133,024	\$ 54,806,188	\$ 52,093,772
	2,950,211	2,893,522	2,487,445	2,620,596	3,289,450	2,648,383
	(16,326,012)	(15,490,738)	(14,843,942)	(14,758,225)	(15,115,075)	(13,908,383)
	<u>(8,250,041)</u>	<u>(7,785,452)</u>	<u>(7,208,653)</u>	<u>(7,122,127)</u>	<u>(6,097,545)</u>	<u>(6,019,233)</u>
	<u>33,899,970</u>	<u>36,846,484</u>	<u>33,705,241</u>	<u>32,873,268</u>	<u>36,883,018</u>	<u>34,814,539</u>
	670,184	181,695	448,185	440,965	259,793	-
	-	-	-	-	-	-
	-	<u>390,000</u>	-	<u>399,928</u>	-	-
	<u>670,184</u>	<u>571,695</u>	<u>448,185</u>	<u>840,893</u>	<u>259,793</u>	-
	(7,712,012)	598,594	(413,885)	(2,773,442)	(1,490,751)	-
	(325,478)	394,721	-	-	-	-
	(18,192,283)	(11,937,224)	(22,142,436)	(26,949,346)	(17,306,389)	(17,660,820)
	7,337,406	6,884,162	5,956,333	10,316,195	2,696,592	8,766,325
	-	-	1,034,233	-	-	-
	(7,146,344)	(9,562,443)	(10,438,945)	(11,653,499)	(12,525,028)	(13,374,520)
	(17,740,000)	(17,655,000)	(17,770,000)	(17,960,000)	(18,045,000)	(16,820,000)
	34,735	32,225	18,773	37,300	18,700	-
	-	2,861,803	-	-	-	-
	-	(2,980,000)	-	-	-	-
	-	29,843,387	-	-	-	55,194,967
	-	437,206	-	-	-	(646,616)
	-	(312,151)	-	-	(538)	-
	-	(29,958,335)	-	-	-	(36,748,792)
	7,134,987	7,040,874	5,036,184	4,369,831	5,180,881	4,986,107
	-	-	-	-	-	-
	<u>(36,608,989)</u>	<u>(24,312,181)</u>	<u>(38,719,743)</u>	<u>(44,612,961)</u>	<u>(41,471,533)</u>	<u>(16,303,349)</u>
	578,692	633,317	727,822	1,156,471	2,895,503	5,057,568
	25,308,000	50,308,000	72,776,134	102,764,606	141,700,565	251,568,471
	(24,261,607)	(63,889,267)	(68,237,451)	(93,272,929)	(139,663,981)	(275,191,280)
	<u>435,196</u>	<u>410,463</u>	<u>198,156</u>	<u>(554,175)</u>	<u>(9,542)</u>	<u>(2,020,884)</u>
	<u>2,060,281</u>	<u>(12,537,487)</u>	<u>5,464,661</u>	<u>10,093,973</u>	<u>4,922,545</u>	<u>(20,586,125)</u>
	21,446	568,511	898,344	(804,827)	593,823	(2,074,935)
	<u>1,797,694</u>	<u>1,229,183</u>	<u>330,839</u>	<u>1,135,666</u>	<u>541,843</u>	<u>2,616,778</u>
\$	<u>1,819,140</u>	\$ <u>1,797,694</u>	\$ <u>1,229,183</u>	\$ <u>330,839</u>	\$ <u>1,135,666</u>	\$ <u>541,843</u>

# OKLAHOMA CITY, OKLAHOMA, DEPARTMENT OF AIRPORTS

## Revenue Sources

### Last ten fiscal years

	2016	2015	2014	2013
Passenger airline revenue:				
Landing fees	\$ 7,113,080	\$ 6,591,816	\$ 6,533,798	\$ 6,430,507
Terminal rental	2,313,596	2,246,914	2,084,837	2,408,154
Bag claim area	1,041,140	1,036,013	1,060,052	1,060,086
Ground rental (3)	5,250	6,750	4,463	2,250
Airport gate fee	42,772	28,598	13,447	30,338
Passenger boarding bridges	300,965	262,909	226,408	208,464
Scheduled airline aviation fuel (4)	-	-	-	-
Utilities	93,516	83,189	82,923	136,983
Security	1,122,926	828,482	786,292	722,651
Total passenger airline revenue	<u>12,033,245</u>	<u>11,084,671</u>	<u>10,792,220</u>	<u>10,999,433</u>
Other aeronautical revenue:				
Landing fees-freighters	677,678	618,922	618,930	593,495
Apron rental	-	-	-	-
Apron maintenance	179,688	178,312	176,963	175,077
Nonscheduled aviation fuel	1,661,720	1,650,263	1,652,731	1,671,590
Utilities	-	-	-	-
Cargo building rental	121,743	145,580	184,029	200,748
Hangar rental	1,195,694	1,181,331	1,167,996	1,134,904
Ground rental	1,356,843	1,351,660	1,286,112	1,236,539
Maintenance fees	375,007	391,251	386,588	367,947
Insurance fees	65,993	62,223	56,326	56,872
Other aeronautical revenue	81,507	45,614	45,395	45,287
Security Reimbursement from Federal Gov't (5)	195,840	262,800	328,320	224,918
Total other aeronautical revenue	<u>5,911,713</u>	<u>5,887,956</u>	<u>5,903,390</u>	<u>5,707,377</u>
Total aeronautic revenue	17,944,958	16,972,627	16,695,610	16,706,810
Nonaeronautical revenue:				
Building rentals-separate lease facilities	-	2,260,177	9,040,711	9,341,509
Building rentals-Senior Lien facilities	-	-	-	-
Building rentals-other facilities	640,472	671,113	649,885	645,974
Concessions	2,205,038	2,138,070	2,086,492	2,035,324
Parking	10,739,480	11,040,207	10,962,305	10,023,542
Rental car commissions	5,376,852	5,664,322	5,594,192	5,137,368
Maintenance, utility, and insurance fees	13,388,859	12,296,116	13,283,439	12,909,201
Other nonaeronautical revenue	1,816,614	1,675,645	1,594,982	1,871,862
Total nonaeronautical revenue	<u>34,167,315</u>	<u>35,745,650</u>	<u>43,212,006</u>	<u>41,964,780</u>
Non-operating revenue:				
Investment income	823,150	441,967	647,767	617,955
Revenues from natural resources	936,090	2,019,412	2,958,796	2,509,712
Passenger facility charges	7,098,192	7,338,801	7,199,252	7,364,701
Customer facility charges	4,906,530	4,891,573	4,818,253	4,506,156
Other non-operating revenue	289,537	1,150,139	1,122,982	9,690
Total non-operating revenue	<u>14,053,499</u>	<u>15,841,892</u>	<u>16,747,050</u>	<u>15,008,214</u>
Total revenue (1)	\$ 66,165,772	\$ 68,560,169	\$ 76,654,666	\$ 73,679,804
Capital contributions, grants (2)	15,120,699	11,173,450	5,050,411	9,409,881
Capital asset contribution	-	750,000	-	-
Transfers between City funds	(3,240,414)	-	(4,221)	-
Total revenues, contributions, and transfers (6)	<u>\$ 78,046,057</u>	<u>\$ 80,483,619</u>	<u>\$ 81,700,856</u>	<u>\$ 83,089,685</u>

- (1) Revenues in this schedule are reported according to FAA guidelines for Form 5100-127, Operating and Financial Summary. The classifications of revenues on this report may not agree with like classifications elsewhere in the CAFR.
- (2) In 2011 FAA requires capital grants to be moved from Non-operating to Operating other aeronautical Revenue on Form 5100-127.
- (3) In 2011 FAA requires Ground Rental to be reported separately under Passenger airline revenue on the Form 5100-127.
- (4) In 2011 FAA requires Aviation Fuel to be reported combined under Other aeronautical revenue on the Form 5100-127.
- (5) Due to changes in 5100 in FY 2011 this was moved from Non-Operating Revenue to Operating Other Aeronautical Revenue.
- (6) GASB 63 was implemented in fiscal year 2013 along with GASB 65. These GASB statements changed the classification and calculations of net position. Years 2012 through 2006 have not been restated for the impacts of these GASB statements as the FAA 127 report will not be re-filed.



	2012	2011	2010	2009	2008	2007
\$	6,244,742	\$ 6,317,473	\$ 5,885,713	\$ 4,993,203	\$ 5,805,095	\$ 5,390,835
	2,353,052	2,215,677	2,427,239	2,169,804	2,681,449	2,251,135
	1,062,211	1,015,831	909,833	887,174	850,278	692,345
	4,875	3,500	-	-	-	-
	29,990	52,858	50,109	41,189	114,060	18,263
	188,640	198,117	203,344	186,692	133,492	95,081
	-	-	293,669	334,010	377,519	346,318
	149,575	146,321	132,883	167,276	136,428	156,019
	624,176	529,690	468,439	698,380	883,290	679,031
	<u>10,657,261</u>	<u>10,479,467</u>	<u>10,371,229</u>	<u>9,477,728</u>	<u>10,981,611</u>	<u>9,629,027</u>
	590,428	607,357	591,479	606,233	578,100	506,949
	-	-	-	25,002	100,008	100,008
	174,384	202,400	223,090	224,058	218,575	206,411
	1,741,585	1,589,017	1,178,958	1,148,621	1,361,306	1,228,927
	-	-	-	-	-	-
	194,649	204,575	183,189	165,097	220,879	210,345
	1,233,081	2,195,059	2,094,294	2,110,489	2,157,271	2,286,737
	1,210,034	1,054,838	936,255	911,574	877,800	794,146
	340,699	358,323	335,491	335,312	343,859	349,074
	50,078	44,704	41,814	41,255	46,919	66,077
	44,746	44,204	45,017	45,288	45,288	45,288
	403,054	440,268	-	-	-	-
	<u>5,982,738</u>	<u>6,740,745</u>	<u>5,629,587</u>	<u>5,612,929</u>	<u>5,950,005</u>	<u>5,793,962</u>
	16,639,999	17,220,212	16,000,816	15,090,657	16,931,616	15,422,989
	10,243,902	10,243,902	10,243,902	10,243,902	10,243,902	10,243,902
	1,386,931	4,181,971	5,750,397	6,543,246	6,543,246	6,543,246
	647,418	1,837,826	816,155	1,192,099	1,424,509	2,198,914
	1,793,225	1,937,187	1,852,376	1,781,462	2,053,674	1,801,348
	9,804,277	9,259,742	7,624,268	6,483,384	6,621,341	6,149,921
	4,979,821	4,565,970	3,914,401	3,837,845	4,279,621	3,872,044
	10,565,958	6,933,846	5,898,767	5,102,702	4,755,315	4,745,650
	1,604,812	1,531,083	1,396,907	1,422,410	1,608,867	1,511,143
	<u>41,026,344</u>	<u>40,491,527</u>	<u>37,497,173</u>	<u>36,607,050</u>	<u>37,530,475</u>	<u>37,066,168</u>
	647,962	818,288	1,018,916	1,930,101	4,478,824	5,145,526
	2,820,798	2,968,830	2,567,709	2,341,859	3,493,361	2,617,649
	7,210,909	7,055,522	5,170,911	4,489,113	5,133,202	4,912,518
	-	-	-	-	-	-
	52,262	386,224	487,674	492,030	338,694	-
	<u>10,731,931</u>	<u>11,228,864</u>	<u>9,245,210</u>	<u>9,253,103</u>	<u>13,444,081</u>	<u>12,675,693</u>
\$	68,398,274	\$ 68,940,603	\$ 62,743,199	\$ 60,950,810	\$ 67,906,172	\$ 65,164,850
	7,505,159	5,804,051	8,907,338	8,515,369	5,282,612	4,737,308
	-	-	-	-	-	-
	-	-	-	399,928	-	-
\$	<u>75,903,433</u>	<u>74,744,654</u>	<u>71,650,537</u>	<u>69,866,107</u>	<u>73,188,784</u>	<u>69,902,158</u>

**OKLAHOMA CITY, OKLAHOMA, DEPARTMENT OF AIRPORTS**

**Principal Revenue Sources**

**Last ten fiscal years**

	2016	2015	2014	2013
Principal revenue sources:				
Building rentals-separate lease facilities (1)	\$ -	\$ 2,260,177	\$ 9,040,711	\$ 9,341,509
Passenger airline revenue (2)	12,033,245	11,084,669	10,792,217	10,999,433
Building rentals-senior lien facilities (3)	-	-	-	-
Parking (4)	10,739,480	11,040,207	10,962,305	10,023,542
Maintenance fees (5)	13,389,931	13,323,627	13,337,304	13,005,826
Passenger facility charges (PFC) (6)	7,098,192	7,338,801	7,199,252	7,364,701
Customer facility charges (CFC)(8)	4,906,530	4,891,573	4,818,253	4,506,156
Investment income (7)	823,150	441,967	647,767	617,955
Total principal revenue sources	<u>\$ 48,990,528</u>	<u>\$ 50,381,021</u>	<u>\$ 56,797,809</u>	<u>\$ 55,859,122</u>
Total revenues	66,165,772	69,560,169	76,654,666	73,679,804
Percentage of principal revenues to total revenues:				
Building rentals-separate lease facilities (1)	0.0%	3.2%	11.8%	12.7%
Passenger airline revenue (2)	18.2%	15.9%	14.1%	14.9%
Building rentals-senior lien facilities (3)	0.0%	0.0%	0.0%	0.0%
Parking (4)	16.2%	15.9%	14.3%	13.6%
Maintenance fees (5)	20.2%	19.2%	17.4%	17.7%
Passenger facility charges (PFC) (6)	10.7%	10.6%	9.4%	10.0%
Customer facility charges (CFC)(8)	7.4%	7.0%	6.3%	6.1%
Investment income (7)	1.2%	0.6%	0.8%	0.8%
Total principal revenue percentages	<u>73.9%</u>	<u>72.4%</u>	<u>74.1%</u>	<u>75.8%</u>

(1) The lease on the Separate Lease Federal Bureau of Prisons (FBOP) facility requires the Federal government to provide rentals in equal semi-annual installments at the rate of 1% above the average interest cost of the bonds sufficient to fully amortize debt service on the Separate Lease FBOP bonds.

(2) Enplaned passengers	1,867,336	1,886,219	1,847,283	1,845,055
Airline revenue per enplaned passenger	\$ 6.44	\$ 5.88	\$ 5.84	\$ 5.96
Percentage of airline revenues - airfield charges	59.1%	59.5%	60.5%	58.6%
Percentage of airline revenues - terminal charges	40.8%	40.5%	39.5%	41.4%

(3) The lease on the Senior Lien facilities requires the Federal government to provide rentals in equal monthly installments sufficient to fully amortize debt service of the Senior Lien bonds.

(4) Public parking revenues	10,350,363	10,499,579	10,430,550	9,516,987
Number of revenue transactions	733,585	751,344	769,889	725,592
Public parking revenue per transaction	\$ 14.11	\$ 13.97	\$ 13.55	\$ 13.12

Public parking revenue = parking revenues net of rental car ready space revenue and employee parking lot revenue. Certain public parking rates were changed effective December 1, 2009. Short- term parking garage rates did not change and are set at no charges for the first hour and \$1.00 per hour thereafter with no maximum charges. Daily rates were increased as follows for the long-term parking lots: Remote Shuttle Lot - \$4.00; North Parking Lot - \$5.00; Covered Parking Lot \$6.00; and Long-Term Garage - \$7.00. Previously the rates for all long-term lots provided for a maximum of \$5.00 per day up to \$25.00 per seven-day week.

(5) Leases with tenants provide for maintenance fees based upon a specified rate per square foot or percentage of the appraised value of the facility.

(6) PFC revenue per enplaned passenger	\$ 3.80	\$ 3.89	\$ 3.90	\$ 3.99
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PFC's per enplaned passenger were levied at \$3 per passenger since July 1, 1997 and increased to \$4.50 effective April 1, 2010. These revenues are restricted to pay a portion of the Junior Lien 29B and Junior Lien 30 debt service.

(7) Average cash and investments	\$ 160,010,805	\$ 173,378,821	\$ 157,820,823	\$ 128,730,490
Average interest rate on cash and investments	0.5%	0.4%	0.4%	0.5%

(8) Customer facility charge is levied at \$4.50 per transaction day since July 1, 2012.

	2012	2011	2010	2009	2008	2007
\$	10,243,902	\$ 10,243,902	\$ 10,243,902	\$ 10,243,902	\$ 10,243,902	\$ 10,243,902
	10,657,261	10,784,570	10,371,229	9,477,728	10,981,611	9,629,027
	1,386,931	4,181,971	5,750,397	6,543,246	6,543,246	6,543,246
	9,804,277	9,259,742	7,624,268	6,483,384	6,965,859	6,461,347
	11,213,097	6,401,134	6,032,131	5,175,285	5,023,248	4,922,160
	7,210,909	7,055,522	5,170,911	4,489,113	5,133,202	4,912,518
	-	-	-	-	-	-
	647,960	818,288	1,018,916	1,930,101	4,478,824	5,145,526
\$	<u>51,164,337</u>	<u>\$ 48,745,129</u>	<u>\$ 46,211,754</u>	<u>\$ 44,342,759</u>	<u>\$ 49,369,892</u>	<u>\$ 47,857,726</u>
	68,398,274	68,940,603	62,743,199	60,950,810	67,906,172	65,164,850
	15.0%	14.9%	16.3%	16.8%	15.1%	15.7%
	15.6%	15.6%	16.5%	15.5%	16.2%	14.8%
	2.0%	6.1%	9.2%	10.7%	9.6%	10.0%
	14.3%	13.4%	12.2%	10.6%	10.3%	9.9%
	16.4%	9.3%	9.6%	8.5%	7.4%	7.6%
	10.5%	10.2%	8.2%	7.4%	7.6%	7.5%
	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
	0.9%	1.2%	1.6%	3.2%	6.6%	7.9%
	<u>74.7%</u>	<u>70.7%</u>	<u>73.6%</u>	<u>72.7%</u>	<u>72.8%</u>	<u>73.4%</u>
	1,824,313	1,748,379	1,694,060	1,730,874	1,913,747	1,799,199
	\$ 5.84	\$ 6.17	\$ 6.12	\$ 5.48	\$ 5.74	\$ 5.35
	58.6%	57.3%	59.6%	56.2%	56.3%	59.6%
	41.4%	40.4%	40.4%	43.8%	43.7%	40.4%
	9,271,862	8,726,192	7,250,785	6,155,956	6,621,342	6,152,487
	760,305	741,082	707,362	751,666	847,652	868,402
	\$ 12.19	\$ 11.77	\$ 10.25	\$ 8.19	\$ 7.81	\$ 7.08
	\$ 3.95	\$ 4.04	\$ 3.05	\$ 2.59	\$ 2.68	\$ 2.73
	\$ 125,007,241	\$ 119,111,651	\$ 113,870,816	\$ 120,085,363	\$ 124,395,231	\$ 112,293,079
	0.5%	0.7%	0.9%	1.6%	3.6%	4.6%

**OKLAHOMA CITY, OKLAHOMA, DEPARTMENT OF AIRPORTS**  
**Schedule of Bond Debt Service Coverage**  
**Last ten fiscal years**

	2016	2015*	2014	2013
Gross Revenues	\$ 81,165,239	\$ 81,466,672	\$ 81,780,690	\$ 83,089,685
Adjustments per Original Bond Indenture (1)	<u>(22,220,482)</u>	<u>(23,664,003)</u>	<u>(20,715,356)</u>	<u>(26,185,418)</u>
Gross revenue as provided in the Original Bond Indenture	<u>58,944,757</u>	<u>57,802,669</u>	<u>61,065,334</u>	<u>56,904,267</u>
Expenses per Original Bond Indenture	28,935,450	27,215,564	27,572,972	26,819,986
Adjustments per Original Bond Indenture (2)	<u>(11,261)</u>	<u>(22,868)</u>	<u>(12,542)</u>	<u>(86,732)</u>
Expenses net of adjustments as provided in the Original Bond Indenture	<u>28,924,189</u>	<u>27,192,696</u>	<u>27,560,430</u>	<u>26,733,254</u>
Net revenues	30,020,568	30,609,973	33,504,904	30,171,013
Transfers from escrow	-	-	-	-
Total available for debt service coverage	<u>\$ 30,020,568</u>	<u>\$ 30,609,973</u>	<u>\$ 33,504,904</u>	<u>\$ 30,171,013</u>
Senior Lien debt service requirements	\$ -	\$ -	\$ -	\$ 4,960,480
Bank fees	-	-	-	250
Net Senior Lien debt service requirements	-	-	-	4,960,730
Available for Junior Lien requirements	30,020,568	30,609,973	33,504,904	25,210,283
Passenger Facility Charge (PFC) revenue available for Junior Lien debt service requirements	5,786,510	5,816,351	5,812,360	5,809,885
Total available for Junior Lien debt requirements	<u>\$ 35,807,078</u>	<u>\$ 36,426,324</u>	<u>\$ 39,317,264</u>	<u>\$ 31,020,168</u>
Junior Lien requirements	\$ 6,698,422	\$ 6,833,888	\$ 3,918,213	\$ 4,745,818
PFC backed revenue bond debt	5,786,510	5,816,351	5,812,360	5,809,885
Bank fees	<u>11,261</u>	<u>11,958</u>	<u>12,542</u>	<u>9,747</u>
Net Junior Lien debt service requirements	<u>\$ 12,496,193</u>	<u>\$ 12,662,197</u>	<u>\$ 9,743,115</u>	<u>\$ 10,565,450</u>
Senior Lien debt service coverage				
Gross	NA	NA	NA	11.47
Net	NA	NA	NA	6.08
Junior Lien debt service coverage				
Gross	5.18	5.02	6.86	5.47
Net	2.87	2.88	4.04	2.94
Junior Lien gross debt coverage requirement (4)	1.50	1.50	1.50	1.50
Junior Lien gross debt coverage margin	3.68	3.52	5.36	3.97

(1) Revenues of the Trust pledged to the payment of debt under the Original Bond Indenture and supplemental bond indentures exclude certain interest earnings and certain Trust revenues pledged to the trust estates created pursuant to the Separate Lease Revenue Bond Indentures.

(2) Expenses exclude trustee bank fees and expenses related to the trust estates created pursuant to the Separate Lease Revenue Bond Indentures.

(3) Certain bond indentures require part of the proceeds from the issuance of bonds to be set aside to pay interest on the bonds during the period of construction. The amount of capitalized interest available for debt service will not agree to the amount of interest capitalized as part of the historical cost of the asset as reported in Note 2 to the financial statements.

(4) The Original Bond Indenture provides that gross revenues of the trust estate less the Senior Lien debt service requirements must be at least 1.5 times the Junior Lien debt service requirements to issue additional Junior Lien bonds.

\* Correction made to 2015 Debt coverage due to the incorrect Junior Lien debt service requirements used in the fiscal year 2015 CAFR.

2012	2011	2010	2009	2008	2007
\$ 75,900,300 <u>(25,389,422)</u>	\$ 74,744,654 <u>(23,254,441)</u>	\$ 71,650,537 <u>(24,478,948)</u>	\$ 69,779,017 <u>(23,609,461)</u>	\$ 73,207,484 <u>(21,779,800)</u>	\$ 69,902,158 <u>(21,040,781)</u>
<u>50,510,878</u>	<u>51,490,213</u>	<u>47,171,589</u>	<u>46,169,556</u>	<u>51,427,684</u>	<u>48,861,377</u>
24,546,088 <u>(83,154)</u>	23,289,591 <u>(199,409)</u>	22,814,010 <u>(84,654)</u>	22,774,383 <u>(56,404)</u>	21,085,002 <u>(87,907)</u>	20,424,364 <u>(66,314)</u>
<u>24,462,934</u>	<u>23,090,182</u>	<u>22,729,356</u>	<u>22,717,979</u>	<u>20,997,095</u>	<u>20,358,050</u>
26,047,944	28,400,031	24,442,233	23,451,577	30,430,589	28,503,327
-	-	-	-	550,520	550,520
<u>\$ 26,047,944</u>	<u>\$ 28,400,031</u>	<u>\$ 24,442,233</u>	<u>\$ 23,451,577</u>	<u>\$ 30,981,109</u>	<u>\$ 29,053,847</u>
\$ 4,970,480 <u>2,000</u>	\$ 5,468,770 <u>2,000</u>	\$ 6,345,286 <u>2,165</u>	\$ 6,358,423 <u>2,642</u>	\$ 6,371,648 <u>3,088</u>	\$ 6,385,232 <u>3,539</u>
<u>4,972,480</u>	<u>5,470,770</u>	<u>6,347,451</u>	<u>6,361,065</u>	<u>6,374,736</u>	<u>6,388,771</u>
21,075,464	22,929,261	18,094,782	17,090,512	24,606,373	22,665,076
5,562,547	5,879,865	4,315,968	5,414,299	5,360,713	5,306,513
<u>\$ 26,638,011</u>	<u>\$ 28,809,126</u>	<u>\$ 22,410,750</u>	<u>\$ 22,504,811</u>	<u>\$ 29,967,086</u>	<u>\$ 27,971,589</u>
\$ 4,541,507 5,562,547 <u>11,993</u>	\$ 5,581,918 5,879,865 <u>12,386</u>	\$ 7,537,333 4,315,968 <u>14,862</u>	\$ 7,806,070 5,414,299 <u>16,469</u>	\$ 8,792,153 5,360,713 <u>18,947</u>	\$ 8,436,288 5,306,513 <u>19,027</u>
<u>\$ 10,116,047</u>	<u>\$ 11,474,169</u>	<u>\$ 11,868,163</u>	<u>\$ 13,236,838</u>	<u>\$ 14,171,813</u>	<u>\$ 13,761,828</u>
10.16	9.41	7.43	7.26	8.07	7.65
5.24	5.19	3.85	3.69	4.86	4.55
5.05	4.52	3.80	3.42	3.56	3.47
2.63	2.51	1.89	1.70	2.11	2.03
1.50	1.50	1.50	1.50	1.50	1.50
3.55	3.02	2.30	1.92	2.06	1.97

# OKLAHOMA CITY, OKLAHOMA, DEPARTMENT OF AIRPORTS

## Debt Ratios

### Last ten fiscal years

	2016	2015	2014	2013
Junior Lien (JL) Bonds - Passenger Use Facilities:				
22B Terminal, Air Cargo, Parking Garage	\$ -	\$ -	\$ -	\$ -
27B Terminal Renovation/Expansion	-	-	-	-
28 Parking Garage, Tunnel, Surface Lot	-	-	-	-
29A 5 Story Parking Garage	14,800,000	15,855,000	16,870,000	17,845,000
29B Terminal Renovation/Expansion	31,760,000	31,760,000	31,760,000	31,760,000
30 Terminal Renovation/Expansion	6,730,000	12,420,000	17,885,000	23,285,000
31 Consolidated Rental Car Facility	38,950,000	39,615,000	39,615,000	-
Total JL Bonds - Passenger Use Facilities	\$ 92,240,000	\$ 99,650,000	\$ 106,130,000	\$ 72,890,000
Percentage of Total Outstanding Debt	100.0%	100.0%	88.0%	77.3%
Enplaned Passengers	1,867,336	1,886,219	1,847,283	1,845,055
Debt per Enplaned Passenger (1)	\$ 49.40	\$ 52.83	\$ 57.45	\$ 39.51
Junior Lien Bonds - Other Facilities:				
21 Gulfstream Complex	\$ -	\$ -	\$ -	\$ -
22A Metro-Tech Aviation Career Center	-	-	-	-
23 5300 Portland Building	-	-	120,000	235,000
24 AAR Hangar 3A	-	-	-	-
25 US Customs Service	-	-	-	-
26 US Marshals Service	-	-	-	-
Total JL Bonds - Other Facilities	\$ -	\$ -	\$ 120,000	\$ 235,000
Percentage of Total Outstanding Debt	0.0%	0.0%	0.1%	0.2%
Percentage rentals to outstanding debt (2)	0.0%	0.0%	0.0%	0.0%
Senior Lien Bonds - Mike Monroney Aeronautical Center				
Percentage of Total Outstanding Debt	0.0%	0.0%	0.0%	0.0%
Percentage rentals to outstanding debt (3)	0.0%	0.0%	0.0%	0.0%
Total Junior and Senior Lien Bonds	\$ 92,240,000	\$ 99,650,000	\$ 106,250,000	\$ 73,125,000
Total Debt per Enplaned Passenger	\$ 49.40	\$ 52.83	\$ 57.52	\$ 39.63
Separate Lease Bonds				
Percentage of Total Outstanding Debt	0.0%	0.0%	11.9%	22.5%
Percentage rentals to outstanding debt (4)	0.0%	0.0%	100.0%	100.0%
Total	\$ 92,240,000	\$ 99,650,000	\$ 120,600,000	\$ 94,355,000
Less current maturities	(7,745,000)	(7,410,000)	(20,950,000)	(13,370,000)
Long-term portion	84,495,000	92,240,000	99,650,000	80,985,000
Less unamortized discount	(89,968)	(105,737)	(144,906)	(218,806)
Add unamortized premium	679,335	947,791	1,271,625	1,648,858
Total outstanding debt	85,084,367	93,082,054	100,776,719	82,415,052

Generally, rates and charges to users/lessees are established to provide rentals sufficient to pay the indebtedness on the bonds specific to the user/lessee of the facility. However, the Original Bond Indenture provides that gross revenues of the Trust Estate are pledged first to the debt service requirements of the Senior Lien bonds and second to the Junior Lien bonds.

- (1) Passengers indirectly fund debt related to the passenger use facilities such as public parking areas and the terminal through parking fees, airline ticket purchases, passenger facility charges, retail and food purchases, and car rentals.
- (2) One outstanding Junior Lien bond issue has leases effective whereby rentals are insufficient to pay the specific bonded indebtedness on the facility, the 5300 Portland Building.
- (3) The lease with the Federal government, Federal Aviation Administration, provides for lease rentals sufficient to fully pay the principal and interest on the bonds when due.
- (4) The leases with the Federal government under the Separate Lease Bond Indentures provide for lease rentals sufficient to fully pay the principal and interest on the bonds when due.

	2012	2011	2010	2009	2008	2007
\$	-	-	845,000	1,050,000	1,270,000	1,480,000
	-	4,695,000	38,185,000	42,395,000	46,380,000	50,045,000
	-	-	-	-	1,675,000	3,265,000
	18,785,000	19,695,000	20,575,000	21,420,000	21,420,000	21,420,000
	31,760,000	31,760,000	31,760,000	31,760,000	31,760,000	31,760,000
	28,565,000	28,675,000	-	-	-	-
	-	-	-	-	-	-
\$	<u>79,110,000</u>	<u>84,825,000</u>	<u>91,365,000</u>	<u>96,625,000</u>	<u>102,505,000</u>	<u>107,970,000</u>
	69.7%	64.6%	59.7%	56.6%	54.3%	52.2%
	1,824,313	1,748,379	1,694,060	1,730,874	1,913,747	1,799,119
	\$ 43.36	\$ 48.52	\$ 53.93	\$ 55.82	\$ 53.56	\$ 60.01
\$	-	-	-	-	440,000	1,590,000
	-	-	-	-	-	590,000
	340,000	440,000	535,000	625,000	710,000	795,000
	-	-	3,325,000	3,650,000	3,960,000	4,255,000
	-	-	-	440,000	855,000	1,250,000
	715,000	1,395,000	2,035,000	2,640,000	3,210,000	3,750,000
\$	<u>1,055,000</u>	<u>1,835,000</u>	<u>5,895,000</u>	<u>7,355,000</u>	<u>9,175,000</u>	<u>12,230,000</u>
	0.9%	1.4%	3.9%	4.3%	4.9%	5.9%
	67.8%	77.5%	100.0%	94.1%	91.4%	88.2%
\$	4,810,000	9,340,000	14,080,000	19,385,000	24,385,000	29,105,000
	4.2%	7.1%	9.2%	11.4%	12.9%	14.1%
	100.0%	100%	100.0%	100.0%	100.0%	100.0%
\$	<u>84,975,000</u>	<u>96,000,000</u>	<u>111,340,000</u>	<u>123,365,000</u>	<u>136,065,000</u>	<u>149,305,000</u>
	\$ 46.58	\$ 54.91	\$ 65.72	\$ 71.27	\$ 71.10	\$ 82.99
\$	28,595,000	35,310,000	41,595,000	47,340,000	52,600,000	57,405,000
	25.2%	26.9%	0.0%	27.7%	27.9%	29.2%
	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
	<u>113,570,000</u>	<u>131,310,000</u>	<u>152,935,000</u>	<u>170,705,000</u>	<u>188,665,000</u>	<u>206,710,000</u>
	<u>(19,215,000)</u>	<u>(17,740,000)</u>	<u>(17,655,000)</u>	<u>(17,770,000)</u>	<u>(17,960,000)</u>	<u>(18,045,000)</u>
	<u>94,355,000</u>	<u>113,570,000</u>	<u>135,280,000</u>	<u>152,935,000</u>	<u>170,705,000</u>	<u>188,665,000</u>
	<u>(316,000)</u>	<u>(436,000)</u>	<u>(590,650)</u>	<u>(757,538)</u>	<u>(943,374)</u>	<u>(1,147,222)</u>
	<u>2,078,786</u>	<u>2,535,353</u>	<u>2,073,468</u>	<u>2,374,556</u>	<u>2,699,342</u>	<u>3,055,464</u>
\$	<u>96,117,786</u>	<u>115,669,353</u>	<u>136,762,818</u>	<u>154,552,018</u>	<u>172,460,968</u>	<u>190,573,242</u>

**OKLAHOMA CITY, OKLAHOMA, DEPARTMENT OF AIRPORTS**  
**Summary Schedule of Debt Service Requirements**

<b>Fiscal Year</b>	<b>Junior Lien</b>
<b>End</b>	<b>Requirements</b>
2017	\$ 12,478,326
2018	11,807,045
2019	12,143,734
2020	12,145,181
2021	12,138,926
2022	12,125,531
2023	4,708,338
2024	4,711,099
2025	4,701,736
2026	4,699,396
2027	4,700,512
2028	3,026,152
2029	3,022,636
2030	3,018,251
2031	3,017,408
2032	3,016,636
2033	3,010,776
2034	3,009,510
2035	3,003,424
2036	2,996,777
2037	2,997,413
2038	2,989,817
2039	2,988,475
2040	2,982,700
2041	2,976,978
2042	2,970,623
2043	2,962,949
2044	2,958,098
	<u>\$ 147,308,447</u>



**OKLAHOMA CITY, OKLAHOMA, DEPARTMENT OF AIRPORTS**

**Primary Origin and Destination Passenger Markets**

*Last two fiscal years*

2016					2015				
Rank	Market	Trip Length (1)	Airport Note Below	Total O & D Passengers	Rank	Market	Trip Length (1)	Airport Note Below	Total O & D Passengers
1	Houston	SH	(2)	239,465	1	Houston	SH	(2)	271,991
2	Denver	SH		202,655	2	Denver	SH		238,246
3	Los Angeles Basin	LH	(3)	164,985	3	Los Angeles Basin	LH	(3)	176,099
4	Washington/Baltimore	LH	(4)	159,068	4	Washington/Baltimore	LH	(4)	156,539
5	Las Vegas	MH		143,079	5	Las Vegas	MH		135,414
6	Atlanta	MH		122,361	6	Atlanta	MH		126,748
7	New York	LH	(5)	118,814	7	Chicago	MH	(7)	125,520
8	Chicago	MH	(7)	115,544	8	New York	LH	(5)	109,828
9	Orlando	LH	(11)	96,721	9	Phoenix	MH		96,961
10	Phoenix	MH		90,740	10	Orlando	LH	(11)	95,457
11	Seattle	LH		87,045	11	Dallas/Fort Worth	SH	(6)	86,127
12	Dallas/Fort Worth	SH	(6)	82,973	12	San Francisco Bay Area	LH	(9)	81,811
13	Bay Area	LH	(9)	82,610	13	Seattle	LH		63,653
14	South Florida	LH	(8)	60,201	14	South Florida	LH	(8)	56,305
15	Metro Boston	LH	(10)	54,129	15	San Diego	LH		52,704
16	St. Louis	SH		49,935	16	St. Louis	SH		49,215
17	San Diego	LH		48,783	17	Metro Boston	LH	(10)	49,183
18	San Antonio	SH		42,476	18	San Antonio	SH		45,762
19	Salt Lake City	MH		41,673	19	Salt Lake City	MH		44,255
20	Charlotte	MH		41,046	20	Charlotte	MH		41,307

- (1) SH = Short Haul = 0 to 500 miles. MH = Medium Haul = 501 to 1,000 miles. LH = Long Haul = over 1,000 miles
- (2) Includes Hobby and Intercontinental
- (3) Includes Los Angeles, Orange County, Long Beach, Ontario and Burbank
- (4) Includes Baltimore, Dulles, and Reagan-National
- (5) Includes JFK, LaGuardia, and Newark
- (6) Includes DFW and Dallas Love
- (7) Includes Midway and O'Hare
- (8) Includes Fort Lauderdale, Miami, and West Palm Beach
- (9) Includes Oakland, San Francisco, and San Jose
- (10) Includes Boston, Manchester, and Providence
- (11) Includes Orlando International, Sanford

**Source:** U.S. DOT, Origin-Destination Passenger Survey, via Diio online portal as of June 30, 2016

**OKLAHOMA CITY, OKLAHOMA, DEPARTMENT OF AIRPORTS**  
**Will Rogers World Airport and Wiley Post Airport Summarized Statistics**  
**Last ten fiscal years**

<b>Will Rogers World Airport</b>	<b>2016</b>	<b>Percent</b>	<b>2015</b>	<b>Percent</b>	<b>2014</b>	<b>2013</b>
<b>Aircraft Operations (1)</b>						
Commercial	51,318	43.14%	51,964	44.86%	54,236	56,226
Itinerant military	23,347	19.62%	19,575	16.90%	20,423	17,114
Local military	16,433	13.81%	17,248	14.89%	19,574	13,921
Itinerant civil	25,754	21.65%	25,420	21.95%	25,514	24,779
Local civil	2,116	1.78%	1,625	1.40%	1,586	1,241
Total operations	118,968	100%	115,832	100%	121,333	113,281
Change from previous year						
All operations	2.71%		-4.53%		7.11%	-11.24%
Commercial operations	-1.24%		-4.19%		-3.54%	0.50%
<b>Passenger Traffic</b>						
Enplanements	1,867,336		1,886,219		1,847,283	1,845,055
Deplanements	1,873,498		1,883,844		1,852,599	1,847,689
Total passengers	3,740,834		3,770,063		3,699,882	3,692,744
Change from previous year	-0.78%		1.90%		0.19%	1.12%
<b>Freight and Mail (in pounds)</b>						
Freight and mail - enplaned	25,541,493		27,607,848		29,206,429	28,566,115
Freight and mail - deplaned	36,195,845		35,537,324		34,084,425	38,794,580
Total freight and mail	61,737,338		63,145,172		63,290,854	67,360,695
Change from previous year	-2.23%		-0.23%		-6.04%	3.73%
<b>Landed Weights (in thousand pounds)</b>						
Passenger airlines landed weights	2,235,065		2,251,616		2,241,550	2,321,934
Change from previous year	-0.74%		0.45%		-3.46%	1.72%
<b>Wiley Post Airport</b>						
<b>Aircraft Operations (1)</b>						
Itinerant military	1,731	2.47%	1,862	2.71%	2,435	3,666
Local military	660	0.94%	946	1.37%	1,342	910
Itinerant civil	52,426	74.80%	50,548	73.45%	49,295	58,145
Local civil	15,271	21.79%	15,464	22.47%	15,727	19,344
Total operations	70,088	100%	68,820	100%	68,799	82,065
Change from previous year	1.84%		0.03%		-16.17%	1.47%

(1) Operations include aircraft landings and take-offs.

Source: Department of Airports Activity Reports

2012	2011	2010	2009	2008	2007
55,944	54,662	54,890	56,470	68,362	61,100
21,244	20,266	22,257	26,654	18,063	13,197
23,988	25,705	20,838	27,472	18,020	15,523
25,108	24,319	23,503	27,053	25,462	23,036
1,342	1,396	1,443	1,208	1,130	1,174
127,626	126,348	122,931	138,857	131,037	114,030
1.01%	2.78%	-11.47%	5.97%	14.91%	5.27%
2.35%	-0.42%	-2.80%	-17.40%	11.89%	-0.51%
1,824,313	1,748,379	1,694,060	1,730,874	1,913,747	1,799,119
1,827,530	1,754,495	1,699,994	1,743,756	1,925,401	1,816,446
3,651,843	3,502,874	3,394,054	3,474,630	3,839,148	3,615,565
4.25%	3.21%	-2.32%	-9.49%	6.18%	-0.30%
29,857,754	29,289,537	31,390,686	33,657,285	33,263,203	30,960,941
40,113,944	38,630,696	36,871,022	38,270,912	41,066,048	40,349,262
69,971,698	67,920,233	68,261,708	71,928,197	74,329,251	71,310,203
3.02%	-0.50%	-5.10%	-3.23%	4.23%	-4.00%
2,282,732	2,192,078	2,145,195	2,170,470	2,521,879	2,279,261
4.14%	2.19%	-1.16%	-13.93%	10.64%	-1.76%
3,979	3,342	2,272	1,591	1,824	1,935
1,467	1,303	1,254	596	767	348
57,861	57,537	53,411	55,882	57,171	56,447
17,567	15,975	12,584	13,764	18,126	15,583
80,874	78,157	69,521	71,833	77,888	74,313
3.48%	12.42%	-3.22%	-7.77%	4.81%	11.23%



2012	2011	2010	2009	2008	2007
-	-	-	-	-	-
4,776	4,240	4,483	4,481	4,964	5,017
499	3,269	3,283	3,389	3,839	3,435
5,601	5,569	4,863	3,245	3,693	3,740
-	-	-	214	2,654	580
812	1,056	1,478	1,127	1,150	1,094
-	-	819	2,579	2,440	2,559
7,211	7,075	6,555	6,920	7,343	6,542
7,170	4,323	4,105	3,715	4,515	4,044
-	-	-	94	35	-
-	-	-	115	797	836
-	-	-	-	252	304
79	57	67	62	88	45
26,148	25,589	25,653	25,941	31,770	28,196
2.18%	-0.25%	-1.11%	-18.35%	12.68%	0.08%

2012	2011	2010	2009	2008	2007
-	-	-	-	-	-
383,170	360,301	356,956	371,083	381,566	380,095
61,951	149,485	159,538	169,140	188,437	176,156
319,057	297,170	246,482	166,240	182,225	201,287
-	-	-	10,482	73,205	8,626
76,438	73,385	95,325	91,347	68,864	54,191
-	-	34,795	111,064	107,572	118,244
658,425	631,813	559,696	559,129	559,988	527,050
321,143	233,059	237,939	230,737	254,079	234,797
-	-	-	11,462	4,985	-
-	-	-	7,169	52,067	52,266
-	-	-	-	36,804	43,881
4,129	3,166	3,329	3,021	3,955	2,526
1,824,313	1,748,379	1,694,060	1,730,874	1,913,747	1,799,119
1,827,530	1,754,495	1,699,994	1,743,756	1,925,401	1,816,446
3,651,843	3,502,874	3,394,054	3,474,630	3,839,148	3,615,565
4.25%	3.21%	-2.32%	-9.49%	6.18%	-0.30%

**OKLAHOMA CITY, OKLAHOMA, DEPARTMENT OF AIRPORTS**  
**Will Rogers World Airport Aircraft Landed Weights by Airline**  
**Last ten fiscal years**

Landed Weights (1)	2016	Percent	2015	Percent	2014	2013
<b>Signatory Airlines</b>						
Alaska	27,371	1.22%	-	0.00%	-	-
American	511,120	22.87%	530,682	20.93%	469,235	458,519
Continental	-	0.00%	-	0.00%	-	-
Delta	400,922	17.94%	371,920	16.30%	365,270	364,473
ExpressJet	-	0.00%	-	0.00%	-	-
Frontier	-	0.00%	51,975	3.82%	85,648	83,057
Northwest	-	0.00%	-	0.00%	-	-
Southwest Airlines	800,162	35.80%	826,748	38.22%	856,802	936,146
United	468,175	20.95%	455,775	20.01%	448,591	472,360
<b>Non-Signatory Airlines</b>						
Allegiant	21,427	0.96%	8,271	0.45%	9,977	-
America West	-	0.00%	-	0.00%	-	-
Champion Air	-	0.00%	-	0.00%	-	-
Others	5,888	0.26%	6,245	0.27%	6,027	7,379
<b>Total landed weights</b>	<b>2,235,065</b>	<b>100.00%</b>	<b>2,251,616</b>	<b>100.00%</b>	<b>2,241,550</b>	<b>2,321,934</b>
Change from previous year	-0.74%		0.45%		-3.46%	1.72%

(1) In thousand pounds.

(2) Effective rates for the various years are:

<u>Signatory</u> <u>Rates/1000 lbs.</u>	<u>Start Date</u>	<u>End Date</u>
\$ 2.3128	1/1/2007	12/31/2007
\$ 2.4356	1/1/2008	12/31/2008
\$ 2.2422	1/1/2009	12/31/2009
\$ 2.5652	1/1/2010	12/31/2010
\$ 2.8505	1/1/2011	12/31/2011
\$ 2.8484	1/1/2012	12/31/2012
\$ 2.8485	1/1/2013	10/31/2014
\$ 2.9100	11/1/2014	6/30/2015
\$ 3.0900	7/1/2015	6/30/2016

Source: Department of Airports Activity Reports

<b>2012</b>	<b>2011</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>
-	-	-	-	-	-
457,500	410,685	413,889	418,661	451,037	458,190
22,769	169,507	175,741	183,117	210,856	194,989
393,493	367,646	289,102	176,582	211,738	237,466
-	-	-	9,431	113,882	27,642
86,731	86,210	111,710	104,247	95,657	80,496
-	-	40,491	138,522	126,403	135,268
871,776	851,700	791,046	827,292	860,882	758,618
439,905	298,891	314,518	283,036	337,697	284,300
-	-	-	13,113	4,883	-
-	-	-	8,135	56,168	46,150
-	-	-	-	40,336	48,658
10,558	7,439	8,698	8,334	12,340	7,484
<b>2,282,732</b>	<b>2,192,078</b>	<b>2,145,195</b>	<b>2,170,470</b>	<b>2,521,879</b>	<b>2,279,261</b>
4.14%	2.19%	-1.16%	-13.93%	10.64%	-1.76%

**OKLAHOMA CITY, OKLAHOMA, DEPARTMENT OF AIRPORTS**  
**Will Rogers World Airport Average Monthly Activity by Passenger Airline**  
*Last ten fiscal years*

	<b>Average Number of Passengers Deplaning Monthly</b>	<b>Average Landed Weight Monthly In Thousand Lbs.</b>	<b>Average Number of Daily Flights Into Oklahoma City</b>
<b>Signatory Airlines</b>			
Alaska	2,105	2,281	1
American	36,263	42,593	17
Delta	27,695	33,410	11
Southwest Airlines	55,933	66,680	18
United	32,262	39,015	18
<b>Non-Signatory Airlines</b>			
Allegiant Air	2,020	2,143	-
Others	220	589	-
Totals	<u>156,498</u>	<u>186,711</u>	<u>65</u>

	<b>Average Number of Passengers Boarding Monthly</b>	<b>Average Freight Poundage Shipped Monthly Out of Oklahoma City</b>	<b>Number of Months In Service During Fiscal Year</b>
<b>Signatory Airlines</b>			
Alaska	2,006	-	12
American	35,902	1,181	12
Delta	27,497	-	12
Southwest Airlines	56,109	28,862	12
United	32,164	5,402	12
<b>Non-Signatory Airlines</b>			
Allegiant Air	2,102	-	10
Others	213	-	10
Totals	<u>155,993</u>	<u>35,445</u>	

Source: Department of Airports Activity Reports



**OKLAHOMA CITY, OKLAHOMA, DEPARTMENT OF AIRPORTS**

**Top Employers and Major Tenants**

**Top Employers in the Primary Air Trade Area  
Current Year and Nine Years Ago**

Employers in Air Trade Area:	2016			2007		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Local Governments (1)	54,400	1	8.72 %	42,100	1	7.45 %
State Government (1)	45,700	2	32.00	38,000	2	6.72
Federal Government (1)	27,700	3	4.44	27,000	3	4.78
Tinker Air Force Base (1)	24,000	4	3.85	24,000	4	4.25
OU - Norman Campus	12,700	5	2.03			
FAA Aeronautical Center	7,000	6	1.12	5,600	7	0.99
Integrus Health (2)	6,000	7	0.96	6,200	5	1.10
Hobby Lobby Stores Inc.	5,100	8	0.82	2,522	14	0.45
OU Health Science Center	5,000	9	0.80	4,200	9	0.74
City of Oklahoma City	4,700	10	0.75	4,320	8	0.76
Oklahoma City Public Schools				5,900	6	1.04
Hertz Corporation				3,400	10	0.60
Totals	<u>192,300</u>		<u>55.49 %</u>	<u>163,242</u>		<u>28.88 %</u>

Source: Greater OKC Chamber and the Center for Applied Economic Research - Oklahoma State University

(1) Local, State, and Federal, as well as Tinker Air Force Base include both civilian and non-civilian employees

(2) Integrus Health includes Integrus Medical Center and Integrus Baptist Medical Center.

**Major Tenants at Airports:**

- AAR Oklahoma, Inc.
- American Airlines
- ARINC
- Atlantic Aviation
- Avis Rent-A-Car Systems, Inc.
- Board of Education of Metro Area Vocational Technical School District
- Delta Airlines
- Paradies-Kambers, LLC.
- Trajen
- Southwest Airlines
- The Hertz Corporation
- U.S. Department of Justice - Federal Bureau of Prisons
- U.S. Department of Justice - U.S. Marshals Service
- U.S. Department of Transportation - Federal Aviation Administration
- U.S. Department of Treasury - U.S. Customs Service
- United Airlines

Source: Department of Airports Revenue Reports

**OKLAHOMA CITY, OKLAHOMA, DEPARTMENT OF AIRPORTS****Department Employees*****Last ten fiscal years***

<b>Division</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>
Administration	15	11	11	10	7	7	7	7	7	4
Finance	6	7	7	7	6	6	6	6	5	5
Operations	10	10	10	10	9	10	10	10	9	9
Maintenance	59	59	59	58	56	57	57	57	55	56
General Aviation	9	9	9	9	9	9	9	9	9	8
Business and Properties	6	9	9	9	9	6	6	6	6	5
Planning and Development	15	13	13	12	12	10	10	10	10	11
Total Employees	<u>120</u>	<u>118</u>	<u>118</u>	<u>115</u>	<u>108</u>	<u>105</u>	<u>105</u>	<u>105</u>	<u>101</u>	<u>98</u>

Source: Department of Airports Budget Reports

**OKLAHOMA CITY, OKLAHOMA, DEPARTMENT OF AIRPORTS**  
**Will Rogers World Airport Capital Asset Information**  
*June 30, 2016*

<b>Location:</b>	8 miles southwest of downtown Oklahoma City, the capital of the State of Oklahoma		
<b>Area:</b>	7,956 acres		
<b>Elevation:</b>	1,295 ft.		
<b>Airport Code:</b>	KOKC		
<b>Runways:</b>	17L/35R	North/South	9,800 x 150 ft. ILS/VOR
	17R/35L	North/South	9,800 x 150 ft. ILS/VOR
	13/31	Northwest/Southeast	7,800 x 150 ft. VOR
<b>Terminal:</b>	Airlines		191,065 sq. ft
	Tenants		35,720 sq. ft
	Public/common		113,310 sq. ft
	Mechanical		49,688 sq. ft
	Administration		19,925 sq. ft
		Total Terminal Square Footage	<u>409,708 sq. ft</u>
	Number of passenger gates		17
	Number of loading bridges		17
	Number of concessionaires in terminal		2
	Number of rental car agencies in terminal		8
<b>Apron:</b>	Commercial Airlines		3,302,580 sq. ft
	FBO		1,456,203 sq. ft
<b>Parking:</b>	Garage		2,789
	Short-term		285
	Long-term		4,241
	Employees		432
		Total Parking Spaces	<u>7,747</u>
<b>Cargo:</b>	Air Cargo Building		55,295 sq. ft
	Air Cargo Annex		16,220 sq. ft
	U.S. Post Office		36,467 sq. ft
<b>International:</b>	N/A		
<b>Tower:</b>	TRACON 24/7 - 365		
<b>Fixed Base Operators:</b>	AAR Aircraft Services		
	Atlantic Aviation		

Source: Department of Airports Planning and Development Division.

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

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To the Board of Trustees  
**Oklahoma City Department of Airports**  
Oklahoma City, Oklahoma

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities and each major fund of the Oklahoma City Department of Airports (the Department) as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the Department's basic financial statements and have issued our report thereon dated November 16, 2016.

### **Internal Control over Financial Reporting**

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

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

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

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Department's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However,

providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Purpose of this Report**

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

*Allen, Gibbs & Houlik, L.C.*  
CERTIFIED PUBLIC ACCOUNTANTS

November 16, 2016  
Wichita, KS