

COMPREHENSIVE ANNUAL FINANCIAL REPORT



FOR THE YEAR ENDED JUNE 30, 2014

OKLAHOMA CITY DEPARTMENT OF AIRPORTS - A COMPONENT UNIT OF OKLAHOMA CITY, OKLAHOMA



OKLAHOMA CITY DEPARTMENT OF AIRPORTS

A COMPONENT UNIT OF OKLAHOMA CITY, OKLAHOMA

COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED JUNE 30, 2014

**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

December 4, 2014

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, 2014. 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 airports and air navigation facilities of the City. 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, 2014

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 steady pace. The per capita personal income growth has grown consistently and is respectably positioned relative to surrounding states.

Unemployment in Oklahoma was at 4.5%, well below the national rate of 6.1% at the end of fiscal 2014. The 2014 Greater Oklahoma City Economic Forecast reported Oklahoma City's economy continues to exhibit more strength than any other economy in the state. Oklahoma City's continued strength though less than ideal national economic conditions speaks to both returns of successful development initiatives and a favorable economic geography in the heart of the rapidly growing I-35 corridor. The Oklahoma City MSA population continues to grow faster than average rates. The metro population is expected to grow at a pace of 1.6%, and personal incomes growth is projected to be 4.6% in 2014. Oklahoma City's future is bright with many economic opportunities. According to Forbes, Oklahoma City ranks ninth among America's most affordable cities. The turn in the national economy during third quarter 2013 looks to be sustainable and indicates stronger growth for the state in 2014.

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, 2014

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 timeframes 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 2015 capital budget is \$89,426,000.

The capital plan for Will Rogers World Airport includes the following projects: (1) the design and development for construction of a consolidated rental car facility at \$23,000,000, (2) replacement of the outbound baggage system with a checked baggage inspection system at \$5,565,000, (3) the realignment of Portland Avenue at \$6,486,000, (4) replacement of terminal generator at \$5,321,000, (5) repair Taxiway C & G Asphalt Portions with Concrete at \$6,341,000, (6) the purchase of various equipment for \$3,001,000, (7) various airfield improvement projects for \$4,284,000, and (8) various other improvements for \$15,107,000.

The capital plan for the general aviation airports includes the following projects at Wiley Post Airport: (1) airfield electrical homerun circuit at \$704,000, (2) runway 17R/35L edge lights, pavement rehab and signage at \$1,533,000, (3) runway 17L/35R pavement rehab at \$613,000, and (4) various other improvements for \$1,504,000. C. E. Page Airport has one project for replacing the rotating beacon tower for \$101,000.

The capital plan for the Mike Monroney Aeronautical Center located at Will Rogers World Airport includes various building improvement projects for \$13,351,000, and various other infrastructure improvements for \$2,515,000.

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.

OKLAHOMA CITY, OKLAHOMA, DEPARTMENT OF AIRPORTS

Transmittal Letter

June 30, 2014

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 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 BKD LLP was selected to perform the fiscal year 2014 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

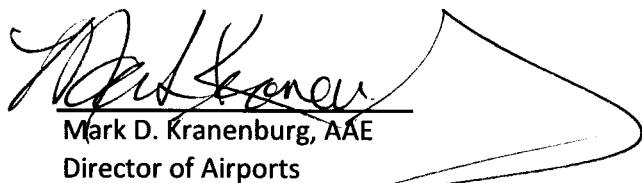
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Oklahoma City Department of Airports for its CAFR for the fiscal year ended June 30, 2013. The Certificate of Achievement is a prestigious 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.

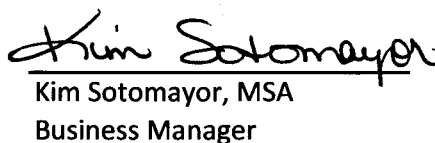
A Certificate of Achievement is valid for a period of one year only. The Department has received a Certificate of Achievement for the last twenty-two fiscal years ended 1992 – 2013. We believe our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to GFOA.

Acknowledgments

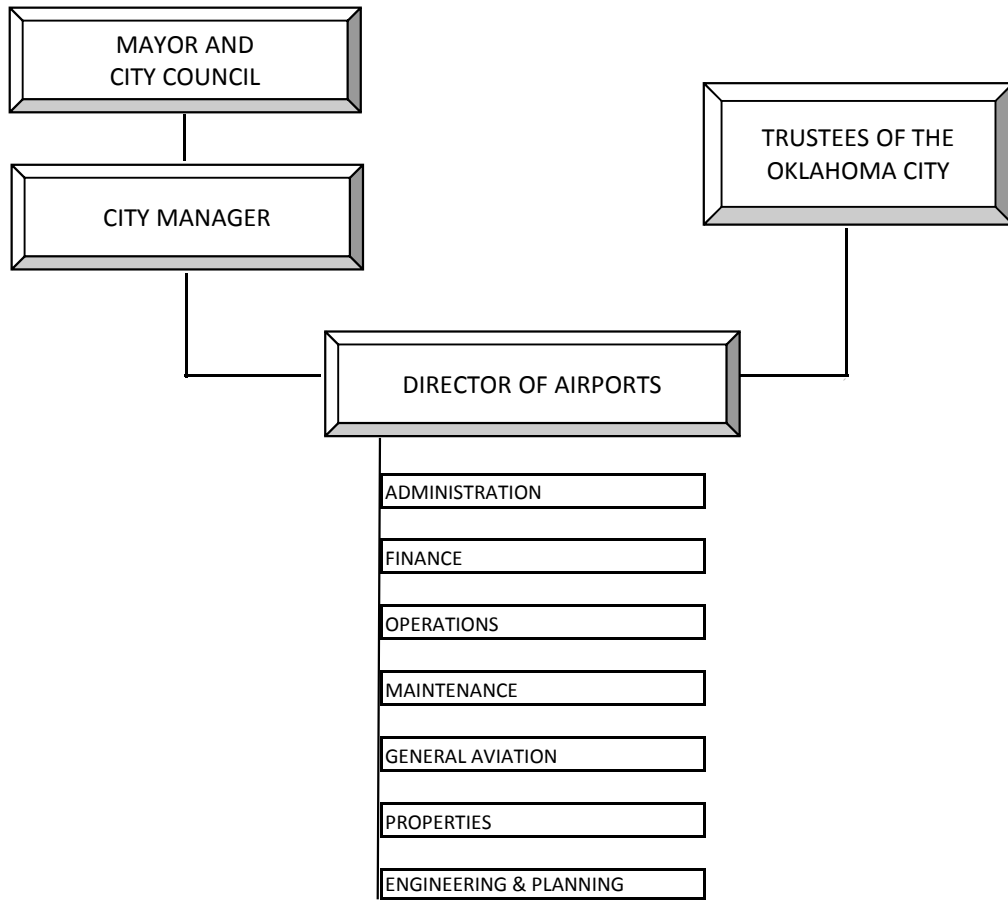
The quality of the financial information in this CAFR is a result of the dedicated service that the Department's Finance Division staff provides to the Department throughout the year. We extend our appreciation to the Division for the commitment they have made toward financial integrity of the Oklahoma 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, 2014

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
Patrick J. Ryan, 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, Acting 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
Oklahoma**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2013

Executive Director/CEO

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

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, 2014, and the related notes to the financial statements, which collectively comprise the Department's basic financial statements listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express 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 2014 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, 2014, and the respective changes in financial position and cash flows thereof 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 net position, the changes in net position and the cash flows of only that portion of the business-type activities and major funds of the City that is attributable to the transactions of the Department. They do not purport to, and do not, present fairly the net position of the City as of June 30, 2014, the changes in its net position or its cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and pension and other postemployment information listed in the table of contents be presented to supplement the basic financial statements. Such information, although not 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 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, listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information 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. The 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the basic financial statements as a whole. The 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. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 4, 2014, on our consideration of the Department's internal control over financial reporting and 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.

BKD, LLP

Oklahoma City, Oklahoma
December 4, 2014

OKLAHOMA CITY, OKLAHOMA, DEPARTMENT OF AIRPORTS

Management's Discussion and Analysis

June 30, 2014

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, 2014 and 2013. 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, 2014

Financial Position Summary and Highlights

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

	2014	2013	2012 (Restated)	\$ Change		% Change	
				2014	2013	2014	2013
Assets:							
Current and other assets	\$ 198,096,537	\$ 148,522,237	\$ 142,117,416	\$ 49,574,300	\$ 6,404,821	33%	4.5%
Capital assets	421,104,831	413,807,247	410,056,215	7,297,584	3,751,032	1.8	0.9
Total assets	<u>619,201,368</u>	<u>562,329,484</u>	<u>552,173,631</u>	<u>56,871,884</u>	<u>10,155,853</u>	10.1	1.8
Deferred Outflows of Resources	<u>828,668</u>	<u>974,734</u>	<u>1,146,005</u>	<u>(146,066)</u>	<u>(171,271)</u>		
Liabilities:							
Current liabilities	33,124,518	21,325,542	28,304,727	11,798,976	(6,979,185)	55.3	(24.7)
Noncurrent liabilities	104,956,201	86,591,210	100,441,023	18,364,991	(13,849,813)	21.2	(13.8)
Total liabilities	<u>138,080,719</u>	<u>107,916,752</u>	<u>128,745,750</u>	<u>30,163,967</u>	<u>(20,828,998)</u>	28.0	(16.2)
Deferred Inflows of Resources	<u>50,367</u>	<u>86,313</u>	<u>131,577</u>	<u>(35,946)</u>	<u>(45,264)</u>		
Net Position:							
Net investment in capital assets	328,155,360	318,022,197	296,325,773	10,133,163	21,696,424	3.2	7.3
Restricted	59,536,970	50,296,830	46,806,392	9,240,140	3,490,438	18.4	7.5
Unrestricted	94,206,620	86,982,128	81,310,144	7,224,492	5,671,984	8.3	7.0
Total net position	<u>\$ 481,898,950</u>	<u>\$ 455,301,155</u>	<u>\$ 424,442,309</u>	<u>\$ 26,597,795</u>	<u>\$ 30,858,846</u>	5.8	7.3

An analysis of changes in assets, liabilities and deferred outflows and inflows of resources for the year ended June 30, 2014 is as follows in approximate amounts:

- The net increase in current and other assets less current liabilities of approximately \$37,775,000 is primarily the result of the following: (1) decrease of \$7,580,000 related to current bonds payable, (2) increase of \$5,620,000 related to escrow amounts for improvements to tenant facilities as required by tenant leases, (3) decrease of \$1,504,000 related to assets restricted for debt service payments, (4) increase of \$1,387,000 in PFC assets set aside for future debt service payments, (5) increase of \$4,180,000 in CFC assets set aside for future debt service payments, (6) increase of \$28,333,000 related to assets restricted for capital projects, and (7) an increase of \$7,289,000 related to operations.
- The increase in capital assets of approximately \$7,298,000 is primarily the result of the following: (1) capital asset acquisitions during the year of \$29,065,000 (2) depreciation of \$21,685,000 and (3) disposition of assets with a net book value of \$82,000.
- The increase in noncurrent liabilities of approximately \$18,365,000 is the result of the following: (1) net increase of \$18,362,000 due to the issuance and redemption of revenue bonds, (2) increase of \$103,000 related to compensated absences, and (3) increase of \$330,000 related to OPEB obligations. Other items contributing to the change in long-term liabilities relate to amortization of bond discounts, premiums and the change of presentation of deferred amounts from refunding bonds.

OKLAHOMA CITY, OKLAHOMA, DEPARTMENT OF AIRPORTS

Management's Discussion and Analysis

June 30, 2014

An analysis of changes in assets, liabilities and deferred outflows and inflows of resources for the year ended June 30, 2013 is as follows in approximate amounts:

- The net increase in current and other assets less current liabilities of approximately \$13,384,000 is primarily the result of the following: (1) decrease of \$5,845,000 related to current bonds payable, (2) increase of \$3,099,000 related to escrow amounts for improvements to tenant facilities as required by tenant leases, (3) decrease of \$5,673,000 related to assets restricted for debt service payments, (4) increase of \$1,555,000 in PFC assets set aside for future debt service payments, (5) increase of \$4,506,000 in CFC assets set aside for future debt service payments, (6) decrease of \$3,000 related to assets restricted for capital projects, and (7) an increase of \$4,055,000 related to operations.
- The increase in capital assets of approximately \$3,751,000 is primarily the result of the following: (1) capital asset acquisitions during the year of \$26,135,000 (2) depreciation of \$20,478,000, and (3) disposition of assets with a net book value of \$1,906,000.
- The decrease in noncurrent liabilities of approximately \$13,850,000 is the result of the following: (1) decrease of \$13,370,000 due to redemption of revenue bonds, (2) increase of \$146,000 related to compensated absences, and (3) increase of \$137,000 related to OPEB obligations. Other items contributing to the change in long-term liabilities relate to amortization of bond discounts, premiums and the change of presentation of deferred amounts from refunding bonds.

An analysis of components of net position for the years ended June 30, 2014 and 2013 is as follows:

- Approximately sixty-eight 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 2014 restricted net position for debt service increased approximately \$3,979,000 from the prior year and restricted net position for maintenance and capital assets increased approximately \$5,261,000 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, 2014

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:

	2014	2013	2012 (Restated)	\$ Change		% Change	
				2014	2013	2014	2013
Operating revenues							
Parking	\$ 10,962,305	\$ 10,023,542	\$ 9,804,277	\$ 938,763	\$ 219,265	9.37%	2.2%
Landing fees	7,152,728	7,024,001	6,835,170	128,727	188,831	1.8	2.8
Rental Income	22,065,540	26,103,507	27,796,645	(4,037,967)	(1,693,138)	(15.5)	(6.1)
Other, net	19,398,723	15,295,622	12,827,197	4,103,101	2,468,425	26.8	19.2
	<u>59,579,296</u>	<u>58,446,672</u>	<u>57,263,289</u>	<u>1,132,624</u>	<u>1,183,383</u>	<u>1.9</u>	<u>2.1</u>
Nonoperating revenues							
Investment income	647,767	617,954	647,961	29,813	(30,007)	4.8	(4.6)
Oil and gas royalties	2,958,796	2,509,712	2,820,798	449,084	(311,086)	17.9	(11.0)
Refunds & Reimbursements	1,105,198	-	-	1,105,198	-	100.0	0.0
Passenger facility charges	7,199,252	7,364,701	7,210,909	(165,449)	153,792	(2.2)	2.1
Customer facility charges	4,818,253	4,506,156	-	312,097	4,506,156	6.9	100.0
Grants income	328,320	224,918	403,054	103,402	(178,136)	46.0	(44.2)
Other Nonoperating revenues	17,784	9,690	-	8,094	9,690	83.5	100.0
Gain on disposition of assets	-	-	49,129	-	(49,129)	0.0	(100.0)
Total nonoperating revenues	<u>17,075,370</u>	<u>15,233,131</u>	<u>11,131,851</u>	<u>1,842,239</u>	<u>4,101,280</u>	<u>12.1</u>	<u>36.8</u>
Total revenues	<u>76,654,666</u>	<u>73,679,803</u>	<u>68,395,140</u>	<u>2,974,863</u>	<u>5,284,663</u>	<u>4.0</u>	<u>7.7</u>
Operating expenses							
Personal services	9,801,524	9,181,703	8,417,255	619,821	764,448	6.8	9.1
Maintenance, operations, and contractual services	15,959,524	14,368,584	14,800,764	1,590,940	(432,180)	11.1	(2.9)
Material and supplies	1,717,949	1,376,306	1,328,835	341,643	47,471	24.8	3.6
Depreciation	21,684,600	20,478,414	21,238,540	1,206,186	(760,126)	5.9	(3.6)
Total operating expenses	<u>49,163,597</u>	<u>45,405,007</u>	<u>45,785,394</u>	<u>3,758,590</u>	<u>(380,387)</u>	<u>8.3</u>	<u>(0.8)</u>
Nonoperating expenses							
Interest	5,523,683	5,121,660	6,690,475	402,023	(1,568,815)	7.8	(23.4)
Amortization	(193,214)	(206,727)	(165,560)	13,513	(41,167)	(6.5)	24.9
Bond issue costs	563,431	-	-	563,431	-	100.0	0.0
Bond insurance	17,193	17,503	17,822	(310)	(319)	(1.8)	0.0
Loss on disposition of assets	28,371	1,893,395	-	(1,865,024)	1,893,395	(98.5)	0.0
Total nonoperating expenses	<u>5,939,464</u>	<u>6,825,831</u>	<u>6,542,737</u>	<u>(886,367)</u>	<u>283,094</u>	<u>(13.0)</u>	<u>4.3</u>
Total expenses	<u>55,103,061</u>	<u>52,230,838</u>	<u>52,328,131</u>	<u>2,872,223</u>	<u>(97,293)</u>	<u>5.5</u>	<u>(0.2)</u>
Income before capital grants, contributions, donated assets, and transfers	21,551,605	21,448,965	16,067,009	102,640	5,381,956	0.5	33.5
Capital contributions, grants	5,050,411	9,409,881	7,505,159	(4,359,470)	1,904,722	(46.3)	25.4
Donated assets	-	-	(2,872,287)	-	2,872,287	0.0	(100.0)
Transfers between Department funds	(4,221)	-	-	(4,221)	-	(100.0)	0.0
Change in net position	<u>26,597,795</u>	<u>30,858,846</u>	<u>20,699,881</u>	<u>(4,261,051)</u>	<u>10,158,965</u>	<u>(13.8)</u>	<u>49.1</u>
Total net position, beginning of year previously reported	455,301,155	424,442,309	403,742,428	30,858,846	20,699,881	7.3	5.1
Total net position, ending	<u>\$481,898,950</u>	<u>\$455,301,155</u>	<u>\$424,442,309</u>	<u>\$ 26,597,795</u>	<u>\$ 30,858,846</u>	<u>5.8</u>	<u>7.3</u>

Financial Operations Summary and Highlights

An analysis of changes in revenues and expenses for the year ended June 30, 2014 is as follows:

- Parking revenues increased due to increased activity while off-airport parking operation was rebuilt.
- Landing fees increased due to a slight increase in cargo landing weight.
- Rental income decreased due to bonds backed by lease rental payments reaching final maturity.
- Other income increased due to increased maintenance fees on the facilities at the Mike Monroney Aeronautical Center (MMAC).
- Investment income increased during the fiscal year primarily due to the increase in investments offset by declining interest rates.
- Oil and gas royalties increased 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 increased due to the issuance of new debt.
- Capital contributions decreased as the Department received less in grant reimbursements from the Federal Aviation Administration for eligible construction project expenditures.

An analysis of changes in revenues and expenses for the year ended June 30, 2013 is as follows:

- Parking revenues increased due to increased passenger activity.
- Landing fees increased due to increased landing activities and landed weight.
- Rental income decreased due to bonds backed by lease rental payments reaching final maturity.
- Other income increased due to increased maintenance fees on the facilities at the Mike Monroney Aeronautical Center (MMAC).
- 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.
- Passenger facility charges increased due to the increased passenger activity.
- Customer facility charges were implemented July 1, 2012, and had a full year of collections.
- Depreciation expense decreased due to a combination of completed construction on various capital projects which were placed in service during the fiscal year, and the retirement of assets.
- Interest expense decreased due to the continued decrease in interest expense on remaining bonds outstanding.
- Loss on disposal of assets increased due to retirement of assets that were not fully depreciated.
- Capital contributions increased as the Department received grant reimbursements from the Federal Aviation Administration for eligible construction project expenditures.

OKLAHOMA CITY, OKLAHOMA, DEPARTMENT OF AIRPORTS**Management's Discussion and Analysis****June 30, 2014****Capital Acquisitions and Construction Activities**

During 2014, the Department incurred approximately \$28,983,000 for capital activities, compared to \$26,135,000 during the prior year. This included \$144,000 for buildings, \$901,000 for mobile equipment, \$159,000 for buses, \$271,000 for equipment, and the balance for construction projects. During the year approximately \$13,886,000 in multi-year construction projects were completed and transferred to depreciable assets. Completed projects in approximate amounts were:

Location	Project Description	Amount
WRWA:	Network Phase II Redundant Fiber	\$ 27,531
	FIDS Workstation & Server Equipment	169,018
	CCTV - 3rd Floor	17,784
	Exit Lane Security System	28,527
	2 & 5 Story Parking Garage Renovations	5,115,950
	Environmental Assessment	455,807
	Lighting Upgrades/Improvements Rwy 17L/35R	1,397,660
	Pipe Insulation Terminal	124,084
	Hangar 2 Fascia Replacement	164,937
	Hangar 3 Fascia Replacement	160,049
	AMAG at Air Cargo	40,768
	Carpet Replacement Terminal	327,589
	Hangar 1 Clamshell	433,171
	Hangar 1 Boiler	161,912
	Waterline Terminal	34,278
	Roof Repair S Field Maint. Building	44,504
WPA:	CCTV	15,083
	Carpet FAA lease facility	43,990
	Hangar 3 Door Track Replacement	54,852
MMAC:	Roadways & Parking Lot Improvements	2,433,105
	Flight Standards Building Reroof	1,107,294
	ARB Electrical Vault	311,794
	Electrical Upgrades	1,216,345
		<u>\$13,886,032</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 and lease revenues. All other revenue bonds of the Trust will be paid from tenant lease payments to the Trust. The last principal payment is scheduled for July 1, 2043.

OKLAHOMA CITY, OKLAHOMA, DEPARTMENT OF AIRPORTS

Management's Discussion and Analysis

June 30, 2014

Changes in gross revenue bonds payable for the fiscal years ended June 30, 2014 and 2013 are as follows:

	2014	2013	\$ Change	% Change
Balance, beginning of year	\$ 94,355,000	\$113,570,000	\$(19,215,000)	-16.9%
Issue	39,615,000	-	39,615,000	100.0
Retired	(13,370,000)	(19,215,000)	5,845,000	-30.4
Balance, end of year	<u>\$ 120,600,000</u>	<u>\$ 94,355,000</u>	<u>\$ 26,245,069</u>	27.8

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

	Moody's	S&P	Insured
All Junior Lien Series (23rd, 26th, 29th, 30th, and 31st)	A2	A+	Aaa\AAA
Federal Bureau of Prisons (1992, 1995 issues)		A-	

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

Oklahoma continues to grow at a steady pace. More than 6,500 new primary jobs were created in the greater Oklahoma City metro, which include companies like GE Global Research, Paycom, Terex, and AT&T. This success is often attributed to a business-friendly, low-cost environment. Oklahoma City has seen growth rates of greater than 3% in the areas of construction, retail, and leisure and hospitality sectors. Per capita personal income growth is projected to grow at an annual rate of 4.6% in 2014 and 2015. Job growth for the Oklahoma City metro is forecasted hold steady in 2014 at 2.5%.

Oklahoma City's commercial airport, Will Rogers World Airport, has seen an average increase of 2.9% per year in enplaned passengers from FY 2011 to FY 2013. The number of enplaned passengers were flat in FY 2014 when compared to FY 2013. The increases are attributable to positive economic growth in the greater metro area, along with the addition of new non-stop air service. Increased passenger activity is a direct correlation to increased rental car revenues, as well as food and retail revenues.

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, 2014 with summarized comparative information for June 30, 2013

	2014			2013
	OKLAHOMA CITY AIRPORT TRUST	AIRPORTS FUND	TOTAL	TOTAL
ASSETS				
Current Assets:				
Pooled cash	\$ -	\$ 3,278	\$ 3,278	\$ 51,462
Non-pooled cash	1,987,789	-	1,987,789	1,745,225
Investments	119,749,269	1,731,590	121,480,859	110,333,801
Accounts receivable, net	4,031,308	-	4,031,308	4,233,468
Passenger facility charges receivable	882,923	-	882,923	777,523
Customer facility charges receivable	470,812	-	470,812	534,821
Interest receivable	83,373	5,292	88,665	88,279
Royalties receivable	237,242	-	237,242	206,251
Inventory	-	955,593	955,593	967,838
Due from City funds	2,239,457	-	2,239,457	388,089
Due from component units	1,790,400	-	1,790,400	-
Due from other governments	3,181,312	-	3,181,312	1,377,929
Prepays	45,087	-	45,087	48,009
Total current assets	134,698,972	2,695,753	137,394,725	120,752,695
Noncurrent assets:				
Investments	58,607,079	-	58,607,079	21,432,152
Intergovernmental advance	2,007,120	-	2,007,120	6,232,916
Advance (to)/from other City funds	(1,350,231)	1,350,231	-	-
Prepays	87,613	-	87,613	104,474
Capital assets:				
Land	14,465,751	16,114,538	30,580,289	30,580,289
Art	168,016	-	168,016	-
Construction in progress	31,474,069	-	31,474,069	17,793,023
Other capital assets, net of accumulated depreciation	356,840,477	2,041,980	358,882,457	365,433,935
Total noncurrent assets	462,299,894	19,506,749	481,806,643	441,576,789
Total assets	596,998,866	22,202,502	619,201,368	562,329,484
DEFERRED OUTFLOWS OF RESOURCES				
Deferred amount from refunding, net of accumulated amortization of \$6,646,497 and \$6,475,226				
	\$ 828,668	\$ -	\$ 828,668	\$ 974,734

(continued)

OKLAHOMA CITY, OKLAHOMA, DEPARTMENT OF AIRPORTS

Statement of Net Position

June 30, 2014 with summarized comparative information for June 30, 2013

	<u>2014</u>			<u>2013</u>
	OKLAHOMA CITY AIRPORT TRUST	AIRPORTS FUND	TOTAL	TOTAL
LIABILITIES				
Current liabilities:				
Retainage and accounts payable	\$ 7,202,208	\$ 268,560	\$ 7,470,768	\$ 4,223,664
Wages and benefits payable	-	270,818	270,818	309,662
Due to City funds	7,963	3,265	11,228	2,397
Compensated absences	-	468,581	468,581	455,382
Unearned revenue	952,811	-	952,811	656,252
Pollution remediation obligation	15,365	-	15,365	106,252
Bond interest payable	2,984,947	-	2,984,947	2,201,933
Bonds payable	20,950,000	-	20,950,000	13,370,000
Total current liabilities	<u>32,113,294</u>	<u>1,011,224</u>	<u>33,124,518</u>	<u>21,325,542</u>
Noncurrent liabilities:				
Compensated absences	-	929,851	929,851	827,296
OPEB obligation	-	2,104,910	2,104,910	1,774,870
Unearned revenue	1,144,721	-	1,144,721	1,573,992
Bonds payable:				
Bonds payable	99,650,000	-	99,650,000	80,985,000
Unamortized bond				
discount/premium, net	1,126,719	-	1,126,719	1,430,052
Bonds payable, net of unamortized				
discount/premium	<u>100,776,719</u>	<u>-</u>	<u>100,776,719</u>	<u>82,415,052</u>
Total non-current liabilities	<u>101,921,440</u>	<u>3,034,761</u>	<u>104,956,201</u>	<u>86,591,210</u>
Total liabilities	<u>134,034,734</u>	<u>4,045,985</u>	<u>138,080,719</u>	<u>107,916,752</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred amount from refunding, net				
of accumulated amortization				
\$156,233 and \$120,277	<u>\$ 50,367</u>	<u>\$ -</u>	<u>\$ 50,367</u>	<u>\$ 86,313</u>
NET POSITION				
Net Investment in capital assets	\$309,998,843	\$18,156,517	\$ 328,155,360	\$ 318,022,197
Restricted for construction	505,230	-	505,230	864,478
Restricted for debt service	30,472,168	-	30,472,168	26,493,184
Restricted for maintenance	28,559,572	-	28,559,572	22,939,168
Unrestricted	94,206,620	-	94,206,620	86,982,128
Total net position	<u>\$463,742,433</u>	<u>\$18,156,517</u>	<u>\$ 481,898,950</u>	<u>\$ 455,301,155</u>

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, 2014 with summarized comparative information for June 30, 2013

	2014			2013
	OKLAHOMA CITY AIRPORT TRUST	AIRPORTS FUND	TOTAL	TOTAL
Operating revenues:				
Parking	\$ 10,962,305	\$ -	\$ 10,962,305	\$ 10,023,542
Landing fees	7,152,728	-	7,152,728	7,024,001
Rental income	22,065,540	-	22,065,540	26,103,507
Proprietary payments (to) from component unit	(16,657,188)	16,657,188	-	-
Other, net	19,398,723	-	19,398,723	15,295,622
	<u>42,922,108</u>	<u>16,657,188</u>	<u>59,579,296</u>	<u>58,446,672</u>
Total operating revenues				
Operating expenses:				
Personal services	-	9,801,524	9,801,524	9,181,703
Maintenance, operations, and contractual services	10,138,582	5,820,942	15,959,524	14,368,584
Materials and supplies	1,165,016	552,933	1,717,949	1,376,306
Depreciation	21,249,074	435,526	21,684,600	20,478,414
	<u>32,552,672</u>	<u>16,610,925</u>	<u>49,163,597</u>	<u>45,405,007</u>
Total operating expenses				
Operating income (loss)	<u>10,369,436</u>	<u>46,263</u>	<u>10,415,699</u>	<u>13,041,665</u>
Nonoperating revenues (expenses):				
Investment income				
Interest	500,273	2,557	502,830	519,726
Increase in fair value of investments	144,937	-	144,937	98,228
Oil and gas royalties	2,958,796	-	2,958,796	2,509,712
Refunds and Reimbursements	1,105,198	-	1,105,198	-
Passenger facility charges	7,199,252	-	7,199,252	7,364,701
Customer facility charges	4,818,253	-	4,818,253	4,506,156
Operating grants	328,320	-	328,320	224,918
Other nonoperating revenue	13,907	3,877	17,784	9,690
Interest expense	(5,523,683)	-	(5,523,683)	(5,121,660)
Amortization	193,214	-	193,214	206,727
Bond issue costs	(563,431)	-	(563,431)	-
Bond insurance	(17,193)	-	(17,193)	(17,503)
Gain (loss) on disposition of assets	(93,979)	65,608	(28,371)	(1,893,395)
	<u>11,063,864</u>	<u>72,042</u>	<u>11,135,906</u>	<u>8,407,300</u>
Net nonoperating revenues (expenses)				
Income (loss) before capital grants, contributions and transfers between City funds	21,433,300	118,305	21,551,605	21,448,965
Capital grants and contributions	5,050,411	-	5,050,411	9,409,881
Transfers between City funds	-	(4,221)	(4,221)	-
	<u>26,483,711</u>	<u>114,084</u>	<u>26,597,795</u>	<u>30,858,846</u>
Change in net position				
Total net position, beginning of year, previously reported	<u>437,258,722</u>	<u>18,042,433</u>	<u>455,301,155</u>	<u>424,442,309</u>
Total net position, end of year	<u>\$ 463,742,433</u>	<u>\$ 18,156,517</u>	<u>\$ 481,898,950</u>	<u>\$455,301,155</u>

See accompanying notes to financial statements.

OKLAHOMA CITY, OKLAHOMA, DEPARTMENT OF AIRPORTS

Statement of Cash Flows

For the Year Ended June 30, 2014 with summarized comparative information for June 30, 2013

	2014			2013
	OKLAHOMA CITY AIRPORT TRUST	AIRPORTS FUND	TOTAL	TOTAL
Cash flows from operating activities:				
Cash received from charges	\$59,648,742	\$ -	\$59,648,742	\$60,039,905
Cash received from oil and gas royalties	2,927,804	-	2,927,804	2,514,571
Cash payments to suppliers for goods and services	(8,062,533)	(6,335,698)	(14,398,231)	(16,805,729)
Cash payments to employees	-	(9,394,574)	(9,394,574)	(8,803,749)
Proprietary payments (to) from component unit	(16,613,976)	16,613,976	-	-
Net cash provided (used) by operating activities	<u>37,900,037</u>	<u>883,704</u>	<u>38,783,741</u>	<u>36,944,998</u>
Cash flow from noncapital financing activities:				
Operating grants received	329,040	-	329,040	268,442
Transfers received from (paid to) other City funds	15,212	(344)	14,868	-
Net cash provided (used) by noncapital financing activities	<u>344,252</u>	<u>(344)</u>	<u>343,908</u>	<u>268,442</u>
Cash flow from capital and related financing activities:				
Proceeds from issuance of revenue bonds	39,615,000	-	39,615,000	-
Intergovernmental advance (payment)	2,374,349	-	2,374,349	1,648,009
Advance payable - Gulfstream	(106,986)	-	(106,986)	(22,103)
Acquisition and construction of capital assets	(27,670,406)	(522,379)	(28,192,785)	(25,398,156)
Capital grants received	3,246,308	-	3,246,308	9,523,886
Interest paid on bonds	(6,291,138)	-	(6,291,138)	(6,087,095)
Principal paid on bonds	(13,370,000)	-	(13,370,000)	(19,215,000)
Bond issuance costs	(563,431)	-	(563,431)	-
Proceeds from sale of capital assets	15,450	38,375	53,825	10,890
Passenger facility charges	7,093,852	-	7,093,852	6,587,178
Customer facility charges	4,882,262	-	4,882,262	3,971,335
Net cash provided (used) by capital and related financing activities	<u>9,225,260</u>	<u>(484,004)</u>	<u>8,741,256</u>	<u>(28,981,056)</u>
Cash flows from investing activities:				
Interest on investments	500,350	2,094	502,444	532,883
Proceeds from sale of investments	40,571,000	-	40,571,000	56,227,000
Purchase of investments	(88,298,335)	-	(88,298,335)	(65,237,880)
Change in pooled investments	-	(449,634)	(449,634)	223,160
Net cash provided (used) by investing activities	<u>(47,226,985)</u>	<u>(447,540)</u>	<u>(47,674,525)</u>	<u>(8,254,837)</u>
Net increase (decrease) in cash	242,564	(48,184)	194,380	(22,453)
Cash, beginning	1,745,225	51,462	1,796,687	1,819,140
Cash, ending	<u>\$ 1,987,789</u>	<u>\$ 3,278</u>	<u>\$ 1,991,067</u>	<u>\$ 1,796,687</u>

See accompanying notes to financial statements.

OKLAHOMA CITY, OKLAHOMA, DEPARTMENT OF AIRPORTS

Statement of Cash Flows

For the Year Ended June 30, 2014 with summarized comparative information for June 30, 2013

	2014			2013
	OKLAHOMA CITY AIRPORT TRUST	AIRPORTS FUND	TOTAL	TOTAL
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:				
Operating income (loss)	\$10,369,436	\$ 46,263	\$10,415,699	\$ 13,041,665
Adjustment to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation	21,249,074	435,526	21,684,600	20,478,414
Non-operating revenues (expenses):				
Oil and gas royalties	2,958,796	-	2,958,796	2,509,712
Changes in assets and liabilities:				
(Increase) decrease in accounts receivable	202,160	-	202,160	1,982,578
(Increase) decrease in royalties receivable	(30,992)	-	(30,992)	4,859
(Increase) decrease in due from City funds	-	868	868	2,397
(Increase) decrease in inventory	-	12,247	12,247	(21,801)
(Increase) decrease in prepaid assets	2,922	-	2,922	(26,750)
(Increase) decrease in advance (to) from other funds	43,212	(43,212)	-	-
Increase (decrease) in accounts payable	3,329,027	25,063	3,354,090	(1,035,854)
Increase (decrease) in wages and benefits payable	-	(38,844)	(38,844)	59,036
Increase (decrease) in compensated absences	-	115,753	115,753	182,432
Increase (decrease) in OPEB liability	-	330,040	330,040	136,486
Increase (decrease) in pollution remediation	(90,887)	-	(90,887)	21,169
Increase (decrease) in deferred revenue	(132,711)	-	(132,711)	(389,345)
Total adjustments	27,530,601	837,441	28,368,042	23,903,333
Net cash provided (used) by operating activities	\$37,900,037	\$ 883,704	\$38,783,741	\$ 36,944,998
Noncash investing, capital and financing activities:				
Net increase (decrease) in fair value of investments	\$ 144,937	\$ -	\$ 144,937	\$ 98,228

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 fifteen 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:

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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.

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, 2013 the Trust implemented Governmental Accounting Standards Board (GASB) statement number 66, Technical Corrections. This statement enhances the usefulness of financial reports by resolving conflicting accounting and financial reporting guidance that could diminish the consistency of financial reporting. GASB 66 amends both GASB Statement No. 10, Accounting and Financial Reporting for Risk Financing and Related Insurance Issues, and GASB Statement No. 62, *The Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*.

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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.

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 in debt securities are reported at fair value based on quoted market prices. Investments in guaranteed investment contracts are reported at cost. 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.

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Receivables are as follows:

Miscellaneous accounts receivable	\$	236,586
Billed accounts receivable		130,912
Unbilled accounts receivable		3,582,535
Credit card receivables		81,297
Allowance for uncollectible accounts receivable		(22)
	\$	<u>4,031,308</u>

Inventory

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

Intergovernmental Advance

The Trust entered into a reimbursable agreement with the Federal Aviation Administration (FAA) to fund a capital project with Senior Lien Maintenance funds for improvements to a Trust owned building. The agreement is for the portions of the project 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 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. Any funds that are not used will be refunded to the Trust. At the completion of the construction of the roadway the asset will be donated to Public Works, a department in the City of Oklahoma City.

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.

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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 fair market 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 \$6,395,277 and \$5,650,510, for the years ended June 30, 2014 and 2013, respectively. Of these amounts, \$871,594 and \$735,577 was included as part of the cost of capital assets under construction for the years ended June 30, 2014 and 2013, 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 with 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 and the governmental fund balance 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.

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Risk Management

The Department's risk management activities are recorded in the City Risk Management fund, Oklahoma 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, 2014 and 2013 were \$89,558,443 and \$82,464,592, respectively. PFC revenues earned by the Department for the years ended June 30, 2014 and 2013 were \$7,199,252 and \$7,364,701, 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, 2014 and 2013 were \$4,818,253 and \$4,506,156, respectively. CFC revenues are recognized as earned and are included in non-operating revenues.

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 \$499,893,000 and \$493,175,000 as of June 30, 2014 and 2013, respectively. Accumulated depreciation on this leased property was approximately \$267,479,000 and \$255,522,000 as of June 30, 2014 and 2013, respectively.

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

Year	Amount
2015	\$ 26,136,637
2016	18,400,785
2017	18,049,581
2018	17,760,788
2019	4,519,145
2020-2024	15,022,597
2025-2029	4,312,597
2030-2034	1,188,990
2035-2039	406,632
2040-2044	138,625
2045-2049	151,955
2050-2053	101,747
Total	<u>\$ 106,190,079</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, 2014.

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 2014 and 2013 received through these leases was approximately \$8,084,000 and \$7,599,000, 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.

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, 2013, from which the summarized totals were derived.

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. However, a balance of \$466,405 held by Bank of New York is not collateralized.

Investments

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

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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.

Restricted Deposits and Investments	2014	2013
Bond principal and interest accounts	\$ 3,481,764	\$ 4,159,949
Bond reserve accounts	8,141,000	8,141,000
Junior Lien 31 Construction account	31,570,017	-
	<u>\$ 43,192,781</u>	<u>\$ 12,300,949</u>

As of June 30, 2014, the Trust had the following investments:

Type of Investment	Fair Value/Carrying Amount	Cost	Ratings (1)	Weighted Average Days to Maturity
U.S. Treasury Money Market Fund	\$ 89,976,431	\$ 89,976,431	AAA	46
U.S. Treasury Strips	80,705,917	80,569,008	N/A	599
Guaranteed Investment Contracts	7,674,000	7,674,000	A-	124
Total Investments	<u>\$ 178,356,348</u>	<u>\$ 178,219,439</u>		

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

As of June 30, 2013, the Trust had the following investments:

Type of Investment	Fair Value/Carrying Amount	Cost	Ratings (1)	Weighted Average Days to Maturity
U.S. Treasury Money Market Fund	\$ 48,247,541	\$ 48,247,541	AAA	33
U.S. Treasury Strips	74,562,534	74,478,069	N/A	517
Guaranteed Investment Contracts	7,674,000	7,674,000	A-	489
Total Investments	<u>\$ 130,484,075</u>	<u>\$ 130,399,610</u>		

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

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The Airports Fund pooled investments as of June 30, 2014 were \$1,731,590. The Airports Fund participates in the City's investment pool which had the following investments as of June 30, 2014:

Type of City Pooled Investment	Fair Value/Carrying Amount	Cost	Ratings (1)	Weighted Average Months to Maturity
Money Market funds	\$ 194,000	\$ 194,000	AAA	2
U.S. Treasury Notes	386,232,000	390,396,000	N/A	19
Fannie Mae	129,915,000	130,363,000	AA+/Aaa	19
Federal obligations	164,187,000	164,716,000	AA/Aaa	17
Commercial paper	47,975,000	47,950,000	A1/P1	3
Certificates of deposits				
Total Investments	<u>\$ 728,503,000</u>	<u>\$ 733,619,000</u>		

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

The Airports Fund pooled investments as of June 30, 2013 were \$1,281,878. The Airports Fund participates in the City's investment pool which had the following investments as of June 30, 2013:

Type of City Pooled Investment	Fair Value/Carrying Amount	Cost	Ratings (1)	Weighted Average Months to Maturity
Money Market funds	\$19,092,000	\$ 19,092,000	AAA/Aaa	2
U.S. Treasury Notes	225,455,000	228,957,000	N/A	19
Fannie Mae	205,035,000	206,181,000	AA+/Aaa	19
Federal obligations	181,490,000	184,247,000	AA/Aaa	14
Commercial paper	22,481,000	22,475,000	A1+/P1	3
Certificates of deposits	250,000	250,000	N/A	2
Total Investments	<u>\$653,803,000</u>	<u>\$661,202,000</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 counterparty, 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.

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4. CAPITAL ASSETS

As of June 30, 2014 capital assets consist of the following:

	Balance			Balance
Depreciable capital assets	July 1, 2013	Increases	Decreases	June 30, 2014
Buildings	\$492,762,360	\$ 9,444,765	(\$221,452)	\$501,985,673
Improvements	294,204,613	2,770,301	(359,510)	296,615,404
Furniture, fixtures, and equipment	23,993,978	3,000,253	(288,864)	26,705,367
Total depreciable capital assets	<u>810,960,951</u>	<u>15,215,319</u>	<u>(869,826)</u>	<u>825,306,444</u>
Less accumulated depreciation				
Buildings	241,245,597	11,525,639	(209,941)	252,561,295
Improvements	190,405,792	8,076,601	(251,073)	198,231,320
Furniture, fixtures, and equipment	13,875,627	2,082,360	(326,615)	15,631,372
Total accumulated depreciation	<u>445,527,016</u>	<u>21,684,600</u>	<u>(787,629)</u>	<u>466,423,987</u>
Depreciable capital assets, net of accumulated depreciation	<u>\$365,433,935</u>	<u>\$ (6,469,281)</u>	<u>\$ (82,197)</u>	<u>\$358,882,457</u>
Nondepreciable capital assets				
Land	\$ 30,580,289	\$ -	\$ -	\$ 30,580,289
Art	-	168,016	-	168,016
Construction in progress	17,793,023	27,567,078	(13,886,032)	31,474,069

As of June 30, 2013 capital assets consist of the following:

	Balance			Balance
Depreciable capital assets	July 1, 2012	Increases	Decreases	June 30, 2013
Buildings	\$501,321,580	\$ 10,362,513	(\$18,921,733)	\$492,762,360
Improvements	283,551,735	14,487,627	(3,834,749)	294,204,613
Furniture, fixtures, and equipment	19,510,551	5,996,458	(1,513,031)	23,993,978
Total depreciable capital assets	<u>804,383,866</u>	<u>30,846,598</u>	<u>(24,269,513)</u>	<u>810,960,951</u>
Less accumulated depreciation				
Buildings	247,492,268	10,827,725	(17,074,396)	241,245,597
Improvements	186,032,834	8,162,684	(3,789,726)	190,405,792
Furniture, fixtures, and equipment	13,887,107	1,488,005	(1,499,485)	13,875,627
Total depreciable capital assets	<u>447,412,209</u>	<u>20,478,414</u>	<u>(22,363,607)</u>	<u>445,527,016</u>
Depreciable capital assets, net of accumulated depreciation	<u>\$356,971,657</u>	<u>\$ 10,368,184</u>	<u>\$ (1,905,906)</u>	<u>\$365,433,935</u>
Nondepreciable capital assets				
Land	\$ 30,580,289	\$ -	\$ -	\$ 30,580,289
Construction in progress	22,504,269	25,054,293	(29,765,539)	17,793,023

5. LIABILITIES

Compensated Absences

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

	Balance			Balance	Due within
	July 1, 2013	Increases	Decreases	June 30, 2014	one year
Compensated absences	\$ 1,282,678	\$ 755,362	\$ (639,608)	\$ 1,398,432	\$ 465,581

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 were determined to 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 \$15,365 as of June 30, 2014, 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.

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, 2014, 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. Five Junior Lien series are still outstanding as of June 30, 2014.

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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.

On November 1, 1992, and June 1, 1995, the Trustees issued separate lease revenue bonds pursuant to a separate bond indenture (1992 Indenture) for the purpose of constructing the Federal Transfer Center for the Federal Bureau of Prisons (FBOP). Lease payments deposited to the accounts created under this 1992 Indenture secure the debt payments on this facility only and the Trust has no obligation for the debt beyond the payments received under this lease.

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, 2014.

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, 2014.

A summary of changes in bonds payable as of June 30, 2014 is as follows:

Description	Balance July 1, 2013	Issued	Retired	Balance June 30, 2014	Due within one year
Junior Lien Bonds:					
Twenty-third Series	\$ 235,000	\$ -	\$ 115,000	\$ 120,000	\$ 120,000
Twenty-ninth Series A	17,845,000	-	975,000	16,870,000	1,015,000
Twenty-ninth Series B	31,760,000	-	-	31,760,000	-
Thirtieth Series	23,285,000	-	5,400,000	17,885,000	5,465,000
Thirty-first Series	-	39,615,000	-	39,615,000	-
Junior Lien Bonds Total	<u>73,125,000</u>	<u>39,615,000</u>	<u>6,490,000</u>	<u>106,250,000</u>	<u>6,600,000</u>
Separate Lease Bonds:					
1992 Federal Bureau of Prisons	20,325,000	-	6,445,000	13,880,000	13,880,000
1995 Federal Bureau of Prisons	905,000	-	435,000	470,000	470,000
Separate Lease Bonds Total	<u>21,230,000</u>	<u>-</u>	<u>6,880,000</u>	<u>14,350,000</u>	<u>14,350,000</u>
Total	<u>\$ 94,355,000</u>	<u>\$ 39,615,000</u>	<u>\$ 13,370,000</u>	<u>\$ 120,600,000</u>	<u>\$ 20,950,000</u>
Less current maturities				(20,950,000)	
Long-term portion				99,650,000	
Less unamortized discount				(144,906)	
Add unamortized premium				1,271,625	
Total				<u>\$ 100,776,719</u>	

OKLAHOMA CITY, OKLAHOMA, DEPARTMENT OF AIRPORTS**Notes to Financial Statements****June 30, 2014**

Additional information on revenue bond issues is as follows:

Description	Original Amount Issued	Interest Rate	Issue Date	Final Maturity Date
Junior Lien Bonds:				
Twenty-third Series	\$ 1,535,000	3.50 - 5.35	12/1/1993	7/1/2014
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
Separate Lease Bonds:				
1992 FBOP	76,775,000	6.50 - 9.80	11/1/1992	11/1/2014
1995 FBOP	4,670,000	6.55 - 7.50	6/1/1995	11/1/2014

Additional information on revenue bond issues is as follows:

Fiscal Year	Principal	Interest	Total
2015	20,950,000	4,875,587	25,825,587
2016	7,410,000	5,078,207	12,488,207
2017	7,745,000	4,738,910	12,483,910
2018	7,420,000	4,395,063	11,815,063
2019	8,115,000	4,038,327	12,153,327
2020-2025	33,570,000	17,060,413	50,630,413
2026-2031	9,600,000	12,080,188	21,680,188
2032-2037	9,235,000	9,105,846	18,340,846
2038-2044	16,555,000	4,842,474	21,397,474
	<u>\$ 120,600,000</u>	<u>\$ 66,215,015</u>	<u>\$ 186,815,015</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, 2014 and 2013, were \$5,216,192 and \$4,701,927, 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 \$6,055,714 and \$5,649,116 for the years ended June 30, 2014 and 2013, respectively. The total payroll for all Department employees was \$6,711,910 and \$6,254,872 for the years ended June 30, 2014 and 2013, respectively.

OKLAHOMA CITY, OKLAHOMA, DEPARTMENT OF AIRPORTS

Notes to Financial Statements

June 30, 2014

Eligibility, Contribution Methods, Benefit Provisions

Year established and governing	1958; City Council Ordinance
Determination of contribution requirements	Actuarially determined
Employer contributions	8.0% of covered payroll
Plan members contributions	6.0% of covered payroll
Eligible to participate	Full-time Department employees
Funding of administrative costs	Investment earnings
Period required to vest	5 years
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)
Cost of living benefit increases	Cost of living adjustments are compounded annually; increases must be approved by the OCERS Board
Provisions for:	
Disability benefits	Yes
Death benefits	Yes

Plan Membership

Non-vested active members	761
Fully vested active members	1,726
Retirees and beneficiaries currently receiving benefits	1,345
Terminated plan members entitled to but not yet receiving benefits	82
Total	<u>3,914</u>

Actuarial Methods and Assumptions

Actuarial methods and assumptions used to determine the annual required contribution (ARC) are as follows:

Valuation date	12/31/13
Actuarial cost method	Individual entry age
Amortization method	Level percentage of payroll
Amortization period (1)	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%
Cost of living benefit increases (max)	2%
Inflation	3.75%
Other	RP 2000 mortality table projected to 2010

(1) For December 31, 2013 OCERS actuarial valuation, the amortization period changed from 29 years closed, to 28 years closed.

OKLAHOMA CITY, OKLAHOMA, DEPARTMENT OF AIRPORTS**Notes to Financial Statements****June 30, 2014**

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.

Annual Pension Cost, Net Pension Obligation (NPO), and Trend Information

Fiscal Year	City's Annual Pension Cost	Percentage Contributed	NPO	Airports Fund	Airports	Airports Cost
				Annual Pension Cost	Percentage Contributed	As a Percentage of City's Pension Cost
2014	\$ 8,872,000	100%	\$ -	\$ 433,186	100%	4.88%
2013	11,320,000	100	-	535,454	100	4.73
2012	9,165,000	100	-	447,624	100	4.88

Funding Status

The required schedule of funding progress as of the last actuarial date was as follows:

Actuarial value of plan assets (AVA)	\$ 589,527,000
Actuarial accrued liability (AAL)	581,866,000
Unfunded actuarial accrued liability (UAAL)	(7,661,000)
Funded ratio (AVA/AAL)	101%
Covered payroll (active Plan members)	119,457,000
UAAL as a percentage of covered payroll	-6.41%

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.

Plan Assets

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 five percent or more of net assets available for benefits. There are no long-term contracts for contributions.

Related-Party Transactions

As of June 30, 2014, the OCERS' investments include purchased judgments against the City in the amount of \$2,576,000. 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, respectively. For the fiscal year ended June 30, 2014 actual contributions by the Department and plan participants were \$18,041 and \$10,835, respectively.

These two plans include 112 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	60% of premium
Plan members	40% 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.

OKLAHOMA CITY, OKLAHOMA, DEPARTMENT OF AIRPORTS

Notes to Financial Statements

June 30, 2014

Funding Policy

Effective January 1, 2014, the employer contribution changed from 62% to 60% of the premium. The retirees and their dependents premium percentage changed from 38% to 40%.

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. Coverage for dependents can continue upon the death of the retiree. Spouses 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	2,074
Active members	<u>3,311</u>
Total	<u><u>5,385</u></u>

Annual Required Contributions - Actuarial Assumptions

Provisions for:

Disability benefits	Yes
Death benefits	Yes
Valuation date	7/1/13
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	4.5% (5% 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.

OKLAHOMA CITY, OKLAHOMA, DEPARTMENT OF AIRPORTS

Notes to Financial Statements

June 30, 2014

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

In the July 1, 2014 actuarial valuation, adjustments have been made to the AAL and normal cost for actual premium increases from 2013 to 2014, 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.

Annual OPEB Costs and Net OPEB Obligation

The net OPEB obligation (NOO) as June 30, 2014, was calculated as follows:

	OPEB Trust	Airports Fund Share
Annual required contribution	\$ 33,976,000	\$ 862,000
Interest on Net OPEB obligation	5,265,000	134,000
Adjustment of Annual Required	(4,834,000)	(134,000)
Annual OPEB cost	<u>34,407,000</u>	<u>862,000</u>
Contributions made	(19,619,000)	(532,000)
Increase in Net OPEB obligation	<u>14,788,000</u>	<u>330,000</u>
Net OPEB obligation, Beginning of year	<u>107,227,000</u>	<u>1,775,000</u>
Net OPEB obligation, End of year	<u><u>\$ 122,015,000</u></u>	<u><u>\$ 2,105,000</u></u>

Trend Information

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

Year Ended	Annual OPEB Cost	Employer Contributions	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2014	\$ 34,407,000	\$ 19,619,000	57.0%	\$ 122,015,000
2013	33,258,000	19,905,000	59.9	107,227,000
2012	36,494,000	20,065,000	55.0	93,874,000

Department Amounts

Year Ended	Annual OPEB Cost	Employer Contributions	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2014	\$ 862,000	\$ 532,000	61.72%	\$ 2,105,000
2013	641,000	505,000	78.78	1,775,000
2012	718,000	467,000	65.04	1,388,000

OKLAHOMA CITY, OKLAHOMA, DEPARTMENT OF AIRPORTS

Notes to Financial Statements

June 30, 2014

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

The funded status of the plan as of July 1, 2013, was as follows:

Actuarial Value of Plan Assets (AVA)	\$ 26,316,000
Actuarial Accrued Liability (AAL)	451,029,000
Unfunded Actuarial Accrued Liability (UAAL)	424,713,000
Funded Ratio (AVA/AAL)	6.0%
Covered Payroll (Active Plan Members)	203,860,000
UAAL as a Percentage of Covered Payroll	208.3%

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. OCEBET 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 \$43,963,000 and \$28,350,000 as of June 30, 2014 and 2013, 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 \$17,724,922 and \$22,438,338, as of June 30, 2014 and 2013, 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. RECENTLY ISSUED GOVERNMENTAL ACCOUNTING STANDARDS BOARD (GASB) PRONOUNCEMENTS

The GASB recently issued the following statements not yet required to be adopted by the Trust:

GASB Statement No. 68 – Financial Reporting for Pension Plans – An Amendment of GASB Statement No. 27. This statement establishes standards of accounting and financial reporting for defined pension benefit pensions and defined contribution pensions provided to the employees of state and local governmental employers that are administered through trusts or equivalent arrangements. GASB 68 amends GASB Statement No. 27, Accounting for Pensions by State and Local Governmental Employers. The provisions of GASB 68 are effective for periods beginning after June 15, 2014, and would be applied on a prospective basis. The Trust has not yet determined the potential impact, if any; this statement could have on its financial statements.

GASB Statement No. 69 – Government Combinations and Disposals of Government Operations. This statement establishes accounting and financial reporting standards related to government combinations and disposals of government operations. The term, "government combinations," includes a variety of transactions referred to as mergers, acquisitions, and transfers of operations. This standard is effective for government combinations and disposals of government operations occurring in financial reporting periods beginning after December 15, 2013, and should be applied on a prospective basis. The Trust has not yet determined the potential impact, if any; this statement could have on its financial statements.

12. SUBSEQUENT EVENTS

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

OKLAHOMA CITY, OKLAHOMA, DEPARTMENT OF AIRPORTS

Required Supplementary Information

June 30, 2014

OKLAHOMA CITY EMPLOYEE RETIREMENT SYSTEM

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) entry age	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
12/31/13	\$ 589,527,000	\$ 581,866,000	\$ (7,661,000)	101%	\$ 119,457,000	-6%
12/31/12	547,686,000	553,588,000	5,902,000	99	114,933,000	5
12/31/11	514,499,000	593,922,000	79,423,000	87	109,293,000	73
12/31/10	524,731,000	566,834,000	42,103,000	93	102,915,000	41
12/31/09	529,137,000	556,427,000	27,290,000	95	110,408,000	25
12/31/08	528,664,000	519,234,000	(9,430,000)	102	105,566,000	-9

Schedule of Employer Contributions

Fiscal Year	Annual Required Contribution (ARC)	Percentage Contributed
2014	\$ 8,872,000	100%
2013	11,320,000	100
2012	9,615,000	100
2011	7,133,000	100
2010	5,586,000	100
2009	5,464,000	100

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
7/1/13	\$ 26,316,000	\$ 451,029,000	\$ 424,713,000	6%	\$ 203,860,000	208%
7/1/12	19,199,000	433,863,000	414,664,000	4	197,923,000	210
7/1/11	15,018,000	483,932,000	468,914,000	3	180,552,000	260

Schedule of Employer Contributions

Fiscal Year	Employer Contributions	Annual Required Contribution (ARC)	Percentage Contributed
2014	\$ 19,619,000	\$ 33,976,000	58%
2013	19,905,000	32,881,000	61
2012	20,065,000	36,182,000	55

(1) The City's other post-employment benefit trust plan was created June 17, 2008. Historical data does not exist for years before 2008.

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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, 2014

	Original Budget	Revisions	Revised Budget
REVENUES			
Interest income	\$ 4,468	\$ -	\$ 4,468
Other Income	-	-	-
Total revenues before prior year fund balance	<u>4,468</u>	<u>-</u>	<u>4,468</u>
Prior year fund balance:			
Reappropriated for prior year encumbrances	-	55,574	55,574
Total revenues and prior year fund balance	<u>4,468</u>	<u>55,574</u>	<u>60,042</u>
EXPENDITURES AND ENCUMBRANCES			
Personal services	9,498,908	(40,000)	9,458,908
Contractual services	6,979,886	4,000	6,983,886
Supplies	742,932	37,000	779,932
Capital outlay	500,000	54,574	554,574
Expenditures and encumbrances related to prior year budget (2)	-	-	-
Total expenditures and encumbrances	<u>17,721,726</u>	<u>55,574</u>	<u>17,777,300</u>
Deficiency of revenues over expenditures and encumbrances	(17,717,258)	-	(17,717,258)
OTHER FINANCING SOURCES			
Transfers from other funds	17,717,258	-	17,717,258
Net other financing sources (uses)	<u>17,717,258</u>	<u>-</u>	<u>17,717,258</u>
Excess of revenues and other sources over expenditures and encumbrances	-	<u>\$ -</u>	-
Fund balance, beginning (Non-GAAP budgetary basis)	691,467		691,467
Less prior year fund balance (1)	-		55,574
Fund balance, ending (Non-GAAP budgetary basis)	<u>\$ 691,467</u>		<u>\$ 747,041</u>

ADJUSTMENTS TO GENERALLY ACCEPTED ACCOUNTING PRINCIPLES

- Current year encumbrances included in expenditures
- Reserve for inventories
- Revenue accruals
- Capital assets, net of depreciation
- Compensated absences
- Other post employment benefits
- Change in Advance to/from other funds

Airports Cash Fund balance, ending (GAAP basis) (3)

Airports Capital Assets Fund balance, ending (GAAP basis) (3)

Airports Fund balance, ending (GAAP basis)

- (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. Beginning budgetary fund balance is then reduced by the budgeted carryover to reflect budgetary ending fund balance.
- (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)
		\$ 11,084	\$ 6,616
		46,965	46,965
		<u>58,049</u>	<u>53,581</u>
		-	(55,574)
		<u>58,049</u>	<u>(1,993)</u>
\$ 8,830,936	\$ -	8,830,936	(627,972)
6,353,199	149,967	6,503,166	(480,720)
542,833	8,476	551,309	(228,623)
522,379	30,525	552,904	(1,670)
(55,574)	-	(55,574)	(55,574)
<u>\$ 16,193,773</u>	<u>\$ 188,968</u>	<u>16,382,741</u>	<u>(1,394,559)</u>
		(16,324,692)	(1,396,552)
		16,613,976	(1,103,282)
		<u>16,613,976</u>	<u>(1,103,282)</u>
		289,284	289,284
		691,467	-
		-	(55,574)
		\$ 980,751	<u>\$ 233,710</u>
		188,968	
		955,594	
		27,797	
		1,913,007	
		(1,398,432)	
		(2,104,910)	
		1,350,231	
		<u>1,913,006</u>	
		16,243,511	
		<u>\$ 18,156,517</u>	

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STATISTICAL SECTION (UNAUDITED)

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

	2014	2013	2012 (Restated)	2011
Operating revenues:				
Landing fees	\$ 7,152,728	\$ 7,024,001	\$ 6,835,170	\$ 6,924,831
Other aircraft fees	2,439,028	2,394,241	2,365,761	2,118,706
Building rents	14,768,054	15,361,205	17,678,091	22,470,025
Parking revenues	10,962,305	10,023,542	9,804,277	9,259,742
Concession fees	2,086,491	2,035,324	1,792,818	1,937,188
Car rental commissions	5,594,192	5,137,368	4,979,821	4,565,970
Land rents	1,703,293	1,898,020	1,604,330	1,491,459
Maintenance, utility and insurance fees	13,853,789	13,578,706	11,213,097	6,943,578
Other	1,019,416	994,265	989,924	1,559,972
Total operating revenues	59,579,296	58,446,672	57,263,289	57,271,471
Nonoperating revenues:				
Investment Income	647,767	617,954	647,961	818,289
Oil and gas royalties	2,958,796	2,509,712	2,820,798	2,968,830
Passenger facility charges	7,199,252	7,364,701	7,210,909	7,055,522
Customer facility charges	4,818,253	4,506,156	-	-
Operating grants income	328,320	224,918	403,054	440,268
Other nonoperating revenues	1,122,982	9,690	49,129	386,223
Total nonoperating revenues	17,075,370	15,233,131	11,131,851	11,669,132
Total Revenues	76,654,666	73,679,803	68,395,140	68,940,603
Operating expenses:				
Personal services	9,801,524	9,181,703	8,417,255	8,002,625
Maintenance, operations, and contractual services	15,959,524	14,368,584	14,800,764	13,888,354
Materials and supplies	1,717,949	1,376,306	1,328,835	1,398,612
Depreciation	21,684,600	20,478,414	21,238,540	21,571,778
Total operating expenses	49,163,597	45,405,007	45,785,394	44,861,369
Nonoperating expenses:				
Interest expense	5,523,683	5,121,660	6,690,475	8,389,506
Amortization	(193,214)	(206,727)	(165,560)	152,881
Payments to City funds	-	-	-	-
Bond Insurance	17,193	17,503	17,822	-
Other expenses	591,802	1,893,395	-	-
Total nonoperating expenses	5,939,464	6,825,831	6,542,737	8,542,387
Total Expenses	55,103,061	52,230,838	52,328,131	53,403,756
Capital contributions, grants	5,050,411	9,409,881	7,505,159	5,804,051
Donated Assets	-	-	(2,872,287)	-
Transfers between City funds	(4,221)	-	-	-
Increase in Net Position	\$ 26,597,795	\$ 30,858,846	\$ 20,699,881	\$ 21,340,898
Net Position at Year-End				
Net investment in capital assets	328,155,360	318,022,197	296,325,773	282,438,969
Restricted for construction	505,230	864,478	861,658	1,571,566
Restricted for debt service	30,472,168	26,493,184	26,104,542	25,473,781
Restricted for maintenance	28,559,572	22,939,168	19,840,192	17,421,223
Unrestricted	94,206,620	86,982,128	81,310,144	77,408,358
Total Net Position (1)	\$ 481,898,950	\$ 455,301,155	\$ 424,442,309	\$ 404,313,897

(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 2005 have not been restated for the impacts of these GASB statements.

	2010	2009	2008	2007	2006	2005
\$	6,477,192	\$ 5,599,435	\$ 6,383,195	\$ 5,897,784	\$ 5,847,250	\$ 4,884,888
	1,941,066	2,206,013	2,722,124	2,354,284	2,164,130	2,092,902
	22,938,179	23,773,947	24,735,971	24,919,930	24,216,719	26,229,689
	7,624,268	6,483,384	6,965,859	6,461,347	6,177,511	5,702,567
	1,852,376	1,781,462	1,805,081	1,546,083	1,230,150	997,634
	3,914,401	3,837,845	3,763,254	3,373,730	3,213,692	3,021,007
	1,323,939	1,313,797	1,220,212	1,197,440	1,147,516	1,153,717
	6,557,797	5,761,819	5,598,690	5,623,058	4,852,648	3,955,068
	868,771	953,770	1,272,205	1,115,501	1,011,490	810,670
	<u>53,497,989</u>	<u>51,711,472</u>	<u>54,466,591</u>	<u>52,489,157</u>	<u>49,861,106</u>	<u>48,848,142</u>
	1,018,916	1,930,101	4,478,824	5,145,526	4,017,827	2,756,925
	2,567,709	2,341,859	3,493,361	2,617,649	2,909,454	2,302,883
	5,170,911	4,489,113	5,133,202	4,912,518	4,867,999	4,629,911
	-	-	-	-	-	-
	448,185	440,965	334,194	-	-	-
	39,489	-	-	-	-	17,150
	<u>9,245,210</u>	<u>9,202,038</u>	<u>13,439,581</u>	<u>12,675,693</u>	<u>11,795,280</u>	<u>9,706,869</u>
	<u>62,743,199</u>	<u>60,913,510</u>	<u>67,906,172</u>	<u>65,164,850</u>	<u>61,656,386</u>	<u>58,555,011</u>
	7,736,677	7,593,852	6,332,528	6,096,608	5,672,069	5,295,050
	13,721,815	13,925,529	13,391,437	13,144,287	12,755,681	11,453,417
	1,355,518	1,255,003	1,361,037	1,183,468	1,006,828	768,362
	20,514,004	19,588,271	20,251,446	18,863,700	16,938,503	15,385,675
	<u>43,328,014</u>	<u>42,362,655</u>	<u>41,336,448</u>	<u>39,288,063</u>	<u>36,373,081</u>	<u>32,902,504</u>
	9,362,559	10,438,253	12,342,311	12,827,853	13,728,584	14,171,846
	130,897	149,641	171,600	208,773	267,479	298,335
	-	-	-	-	503,982	477,259
	-	-	-	-	-	-
	-	49,790	69,296	53,546	-	36,708
	<u>9,493,456</u>	<u>10,637,684</u>	<u>12,583,207</u>	<u>13,090,172</u>	<u>14,500,045</u>	<u>14,984,148</u>
	<u>52,821,470</u>	<u>53,000,339</u>	<u>53,919,655</u>	<u>52,378,235</u>	<u>50,873,126</u>	<u>47,886,652</u>
	8,907,338	8,515,369	5,282,612	4,737,308	9,503,209	11,915,433
	-	-	-	-	-	-
	-	399,928	-	-	-	-
\$	<u>18,829,067</u>	<u>16,828,468</u>	<u>19,269,129</u>	<u>17,523,923</u>	<u>20,286,469</u>	<u>16,348,723</u>
	271,640,181	254,446,734	236,903,699	228,854,505	219,177,904	191,845,421
	2,131,661	584,728	1,438,995	1,431,995	1,417,162	1,078,176
	24,626,588	24,276,528	24,656,966	24,983,267	24,762,413	28,583,408
	17,481,646	19,347,857	19,964,075	16,914,353	13,534,860	16,801,004
	67,092,923	65,488,085	64,351,729	55,862,215	51,630,073	51,904,359
\$	<u>382,972,999</u>	<u>364,143,932</u>	<u>347,315,464</u>	<u>328,046,335</u>	<u>310,522,412</u>	<u>290,212,368</u>

OKLAHOMA CITY, OKLAHOMA, DEPARTMENT OF AIRPORTS

Changes in Cash and Cash Equivalents

Last ten fiscal years

	2014	2013	2012	2011
Cash flows from operating activities:			(Restated)	
Cash received from charges	\$ 59,648,742	\$ 60,039,905	\$ 55,525,812	\$ 57,229,152
Cash received from oil and gas royalties	2,927,804	2,514,571	2,950,211	2,893,522
Cash payments to suppliers for goods and services	(14,398,231)	(16,805,729)	(16,326,012)	(15,490,738)
Cash payments to employees	(9,394,574)	(8,803,749)	(8,250,041)	(7,785,452)
Net cash provided by operating activities	<u>38,783,741</u>	<u>36,944,998</u>	<u>33,899,970</u>	<u>36,846,484</u>
Cash flows from noncapital financing activities:				
Operating grants received	329,040	268,442	670,184	181,695
Other non-operating revenue	14,868	-	-	-
Liquidated Damages	-	-	-	390,000
Net cash provided (used) by noncapital financing activities	<u>343,908</u>	<u>268,442</u>	<u>670,184</u>	<u>571,695</u>
Cash flows from capital and related financing activities:				
Intergovernmental advance	2,374,349	1,648,009	(7,712,012)	598,594
Advance Payable - Gulfstream	(106,986)	(22,103)	(325,478)	394,721
Acquisition and construction of capital assets	(28,192,785)	(25,398,156)	(18,192,283)	(11,937,224)
Capital grants received	3,246,308	9,523,886	7,337,406	6,884,162
Capital contributions	-	-	-	-
Interest paid on bonds	(6,291,138)	(6,087,095)	(7,146,344)	(9,562,443)
Principal paid on bonds	(13,370,000)	(19,215,000)	(17,740,000)	(17,655,000)
Proceeds from sale of capital assets	53,825	10,890	34,735	32,225
Deferred revenue	-	-	-	2,861,803
Bond redemption	-	-	-	(2,980,000)
Proceeds from bond refunding/issues	39,615,000	-	-	29,843,387
Transfer to sinking fund	-	-	-	437,206
Bond issuance costs	(563,431)	-	-	(312,151)
Transfer to escrow agent	-	-	-	(29,958,335)
Passenger facility charges	7,093,852	6,587,178	7,134,987	7,040,874
Customer facility charges	4,882,262	3,971,335	-	-
Net cash used by capital and related financing activities	<u>8,741,256</u>	<u>(28,981,056)</u>	<u>(36,608,989)</u>	<u>(24,312,181)</u>
Cash flows from investing activities:				
Interest on investments	502,444	532,883	578,692	633,317
Proceeds from sale of investments	40,571,000	56,227,000	25,308,000	50,308,000
Purchase of investments	(88,298,335)	(65,237,880)	(24,261,607)	(63,889,267)
Change in pooled investments	(449,634)	223,160	435,196	410,463
Net cash provided (used) by investing activities	<u>(47,674,525)</u>	<u>(8,254,837)</u>	<u>2,060,281</u>	<u>(12,537,487)</u>
Net increase (decrease) in cash and cash equivalents	194,380	(22,453)	21,446	568,511
Cash, beginning of year (1)(2)	<u>1,796,687</u>	<u>1,819,140</u>	<u>1,797,694</u>	<u>1,229,183</u>
Cash, end of year (1)(2)	<u>\$ 1,991,067</u>	<u>\$ 1,796,687</u>	<u>\$ 1,819,140</u>	<u>\$ 1,797,694</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 2005 have not been restated for the impacts of these GASB statements.

2010	2009	2008	2007	2006	2005
\$ 53,270,391	\$ 52,133,024	\$ 54,806,188	\$ 52,093,772	\$ 49,738,215	\$ 48,655,048
2,487,445	2,620,596	3,289,450	2,648,383	2,837,474	2,252,558
(14,843,942)	(14,758,225)	(15,115,075)	(13,908,383)	(13,744,335)	(12,220,258)
(7,208,653)	(7,122,127)	(6,097,545)	(6,019,233)	(5,628,566)	(5,346,945)
<u>33,705,241</u>	<u>32,873,268</u>	<u>36,883,018</u>	<u>34,814,539</u>	<u>33,202,788</u>	<u>33,340,403</u>
448,185	440,965	259,793	-	-	-
-	-	-	-	-	-
-	399,928	-	-	(503,982)	(477,259)
<u>448,185</u>	<u>840,893</u>	<u>259,793</u>	<u>-</u>	<u>(503,982)</u>	<u>(477,259)</u>
(413,885)	(2,773,442)	(1,490,751)	-	-	-
-	-	-	-	-	-
(22,142,436)	(26,949,346)	(17,306,389)	(17,660,820)	(35,942,010)	(30,469,046)
5,956,333	10,316,195	2,696,592	8,766,325	6,541,793	11,084,606
1,034,233	-	-	-	-	-
(10,438,945)	(11,653,499)	(12,525,028)	(13,374,520)	(14,570,965)	(15,699,080)
(17,770,000)	(17,960,000)	(18,045,000)	(16,820,000)	(19,200,000)	(17,360,000)
18,773	37,300	18,700	-	23,575	17,150
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	55,194,967	-	-
-	-	-	(646,616)	-	-
-	-	(538)	-	-	-
-	-	-	(36,748,792)	-	-
5,036,184	4,369,831	5,180,881	4,986,107	4,816,174	4,558,857
-	-	-	-	-	-
<u>(38,719,743)</u>	<u>(44,612,961)</u>	<u>(41,471,533)</u>	<u>(16,303,349)</u>	<u>(58,331,433)</u>	<u>(47,867,513)</u>
727,822	1,156,471	2,895,503	5,057,568	3,857,886	2,426,869
72,776,134	102,764,606	141,700,565	251,568,471	271,216,085	132,814,880
(68,237,451)	(93,272,929)	(139,663,981)	(275,191,280)	(249,082,422)	(120,469,332)
198,156	(554,175)	(9,542)	(2,020,884)	-	-
<u>5,464,661</u>	<u>10,093,973</u>	<u>4,922,545</u>	<u>(20,586,125)</u>	<u>25,991,549</u>	<u>14,772,417</u>
898,344	(804,827)	593,823	(2,074,935)	358,922	(231,952)
330,839	1,135,666	541,843	2,616,778	2,257,856	2,489,808
<u>\$ 1,229,183</u>	<u>\$ 330,839</u>	<u>\$ 1,135,666</u>	<u>\$ 541,843</u>	<u>\$ 2,616,778</u>	<u>\$ 2,257,856</u>

OKLAHOMA CITY, OKLAHOMA, DEPARTMENT OF AIRPORTS

Revenue Sources

Last ten fiscal years

	2014	2013	2012	2011
Passenger airline revenue:				
Landing fees	\$ 6,533,798	\$ 6,430,507	\$ 6,244,742	\$ 6,317,473
Terminal rental	2,084,837	2,408,154	2,353,052	2,215,677
Bag claim area	1,060,052	1,060,086	1,062,211	1,015,831
Ground rental (3)	4,463	2,250	4,875	3,500
Airport gate fee	13,447	30,338	29,990	52,858
Passenger boarding bridges	226,408	208,464	188,640	198,117
Scheduled airline aviation fuel (4)	-	-	-	-
Utilities	82,923	136,983	149,575	146,321
Security	786,292	722,651	624,176	529,690
Total passenger airline revenue	<u>10,792,220</u>	<u>10,999,433</u>	<u>10,657,261</u>	<u>10,479,467</u>
Other aeronautical revenue:				
Landing fees-freighters	618,930	593,495	590,428	607,357
Apron rental	-	-	-	-
Apron maintenance	176,963	175,077	174,384	202,400
Nonscheduled aviation fuel	1,652,731	1,671,590	1,741,585	1,589,017
Utilities	-	-	-	-
Cargo building rental	184,029	200,748	194,649	204,575
Hangar rental	1,167,996	1,134,904	1,233,081	2,195,059
Ground rental	1,286,112	1,236,539	1,210,034	1,054,838
Maintenance fees	386,588	367,947	340,699	358,323
Insurance fees	56,326	56,872	50,078	44,704
Other aeronautical revenue	45,395	45,287	44,746	44,204
Security Reimbursement from Federal Gov't (5)	328,320	224,918	403,054	440,268
Total other aeronautical revenue	<u>5,903,390</u>	<u>5,707,377</u>	<u>5,982,738</u>	<u>6,740,745</u>
Total aeronautical revenue	16,695,610	16,706,810	16,639,999	17,220,212
Nonaeronautical revenue:				
Building rentals-separate lease facilities	9,040,711	9,341,509	10,243,902	10,243,902
Building rentals-Senior Lien facilities	-	-	1,386,931	4,181,971
Building rentals-other facilities	649,885	645,974	647,418	1,837,826
Concessions	2,086,492	2,035,324	1,793,225	1,937,187
Parking	10,962,305	10,023,542	9,804,277	9,259,742
Rental car commissions	5,594,192	5,137,368	4,979,821	4,565,970
Maintenance, utility, and insurance fees	13,283,439	12,909,201	10,565,958	6,933,846
Other nonaeronautical revenue	1,594,982	1,871,862	1,604,812	1,531,083
Total nonaeronautical revenue	<u>43,212,006</u>	<u>41,964,780</u>	<u>41,026,344</u>	<u>40,491,527</u>
Non-operating revenue:				
Investment income	647,767	617,955	647,962	818,288
Revenues from natural resources	2,958,796	2,509,712	2,820,798	2,968,830
Passenger facility charges	7,199,252	7,364,701	7,210,909	7,055,522
Customer facility charges	4,818,253	4,506,156	-	-
Other non-operating revenue	1,122,982	9,690	52,262	386,224
Total non-operating revenue	<u>16,747,050</u>	<u>15,008,214</u>	<u>10,731,931</u>	<u>11,228,864</u>
Total revenue (1)	\$ 76,654,666	\$ 73,679,804	\$ 68,398,274	\$ 68,940,603
Capital contributions, grants (2)	5,050,411	9,409,881	7,505,159	5,804,051
Transfers between City funds	(4,221)	-	-	-
Total revenues, contributions, and transfers (6)	<u>\$ 81,700,856</u>	<u>\$ 83,089,685</u>	<u>\$ 75,903,433</u>	<u>\$ 74,744,654</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 2005 have not been restated for the impacts of these GASB statements as the FAA 127 report will not be re-filed.

	2010	2009	2008	2007	2006	2005
\$	5,885,713	\$ 4,993,203	\$ 5,805,095	\$ 5,390,835	\$ 5,377,443	\$ 4,482,991
	2,427,239	2,169,804	2,681,449	2,251,135	1,654,027	1,352,555
	909,833	887,174	850,278	692,345	693,994	669,728
	-	-	-	-	-	-
	50,109	41,189	114,060	18,263	-	15,578
	203,344	186,692	133,492	95,081	62,234	28,095
	293,669	334,010	377,519	346,318	246,656	236,797
	132,883	167,276	136,428	156,019	231,627	56,131
	468,439	698,380	883,290	679,031	685,470	685,523
	<u>10,371,229</u>	<u>9,477,728</u>	<u>10,981,611</u>	<u>9,629,027</u>	<u>8,951,451</u>	<u>7,527,398</u>
	591,479	606,233	578,100	506,949	469,807	401,897
	-	25,002	100,008	100,008	100,008	100,008
	223,090	224,058	218,575	206,411	204,920	207,029
	1,178,958	1,148,621	1,361,306	1,228,927	1,131,995	1,070,574
	-	-	-	-	44,725	45,208
	183,189	165,097	220,879	210,345	204,994	208,921
	2,094,294	2,110,489	2,157,271	2,286,737	2,265,059	2,305,189
	936,255	911,574	877,800	794,146	801,033	815,741
	335,491	335,312	343,859	349,074	341,816	339,623
	41,814	41,255	46,919	66,077	63,762	53,303
	45,017	45,288	45,288	45,288	40,101	40,572
	<u>5,629,587</u>	<u>5,612,929</u>	<u>5,950,005</u>	<u>5,793,962</u>	<u>5,668,220</u>	<u>5,588,065</u>
	16,000,816	15,090,657	16,931,616	15,422,989	14,619,671	13,115,463
	10,243,902	10,243,902	10,243,902	10,243,902	10,243,902	10,243,902
	5,750,397	6,543,246	6,543,246	6,543,246	6,543,246	8,867,886
	816,155	1,192,099	1,424,509	2,198,914	2,514,794	2,503,367
	1,852,376	1,781,462	2,053,674	1,801,348	1,473,332	1,213,633
	7,624,268	6,483,384	6,621,341	6,149,921	6,177,512	5,702,567
	3,914,401	3,837,845	4,279,621	3,872,044	3,213,692	3,021,007
	5,898,767	5,102,702	4,755,315	4,745,650	3,880,548	3,129,281
	1,396,907	1,422,410	1,608,867	1,511,143	1,077,370	911,717
	<u>37,497,173</u>	<u>36,607,050</u>	<u>37,530,475</u>	<u>37,066,168</u>	<u>35,124,396</u>	<u>35,593,360</u>
	1,018,916	1,930,101	4,478,824	5,145,526	4,017,827	2,756,925
	2,567,709	2,341,859	3,493,361	2,617,649	3,026,493	2,442,202
	5,170,911	4,489,113	5,133,202	4,912,518	4,867,999	4,629,911
	-	-	-	-	-	-
	487,674	492,030	338,694	-	23,575	17,150
	<u>9,245,210</u>	<u>9,253,103</u>	<u>13,444,081</u>	<u>12,675,693</u>	<u>11,935,894</u>	<u>9,846,188</u>
\$	62,743,199	\$ 60,950,810	\$ 67,906,172	\$ 65,164,850	\$ 61,679,961	\$ 58,555,011
	8,907,338	8,515,369	5,282,612	4,737,308	9,503,209	11,915,433
	-	399,928	-	-	-	-
\$	<u>71,650,537</u>	<u>69,866,107</u>	<u>73,188,784</u>	<u>69,902,158</u>	<u>71,183,170</u>	<u>70,470,444</u>

OKLAHOMA CITY, OKLAHOMA, DEPARTMENT OF AIRPORTS

Principal Revenue Sources

Last ten fiscal years

	2014	2013	2012 (Restated)	2011
Principal revenues sources:				
Building rentals-separate lease facilities (1)	\$ 9,040,711	\$ 9,341,509	\$ 10,243,902	\$ 10,243,902
Passenger airline revenue (2)	10,792,217	10,999,433	10,657,261	10,784,570
Building rentals-senior lien facilities (3)	-	-	1,386,931	4,181,971
Parking (4)	10,962,305	10,023,542	9,804,277	9,259,742
Maintenance fees (5)	13,337,304	13,005,826	11,213,097	6,401,134
Passenger facility charges (PFC) (6)	7,199,252	7,364,701	7,210,909	7,055,522
Customer facility charges (CFC)(8)	4,818,253	4,506,156	-	-
Interest income (7)	647,767	617,955	647,960	818,288
Total principal revenue sources	<u>\$ 56,797,809</u>	<u>\$ 55,859,122</u>	<u>\$ 51,164,337</u>	<u>\$ 48,745,129</u>

Total revenues \$ 76,654,666 \$ 73,679,804 68,398,274 68,940,603

Percentage of principal revenues to total revenues:

Building rentals-separate lease facilities (1)	11.8%	12.7%	15.0%	14.9%
Passenger airline revenue (2)	14.1%	14.9%	15.6%	15.6%
Building rentals-senior lien facilities (3)	0.0%	0.0%	2.0%	6.1%
Parking (4)	14.3%	13.6%	14.3%	13.4%
Maintenance fees (5)	17.4%	17.7%	16.4%	9.3%
Passenger facility charges (PFC) (6)	9.4%	10.0%	10.5%	10.2%
Customer facility charges (CFC)(8)	6.3%	6.1%	0.0%	0.0%
Interest income (7)	0.8%	0.8%	0.9%	1.2%
Total principal revenue percentages	<u>74.1%</u>	<u>75.8%</u>	<u>74.7%</u>	<u>70.7%</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	1,847,283	1,845,055	1,824,313	1,748,379
Airline revenue per enplaned passenger	\$5.84	\$5.96	\$5.84	\$6.17
Percentage of airline revenues - airfield charges	60.5%	58.6%	58.6%	57.3%
Percentage of airline revenues - terminal charges	39.5%	41.4%	41.4%	40.4%

(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	10,430,550	9,516,987	9,271,862	8,726,192
Number of revenue transactions	769,889	725,592	760,305	741,082
Public parking revenue per transaction	\$13.55	\$13.12	\$12.19	\$11.77

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	\$3.90	\$3.99	\$3.95	\$4.04
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PFCs 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	\$157,820,823	\$128,730,490	\$125,007,241	\$119,111,651
Average interest rate on cash and investments	0.4%	0.5%	0.5%	0.7%

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

	2010	2009	2008	2007	2006	2005
\$	10,243,902	\$ 10,243,902	\$ 10,243,902	\$ 10,243,902	\$ 10,243,902	\$ 10,243,902
	10,371,229	9,477,728	10,981,611	9,629,027	8,951,451	7,527,398
	5,750,397	6,543,246	6,543,246	6,543,246	6,543,246	8,867,886
	7,624,268	6,483,384	6,965,859	6,461,347	6,177,511	5,702,567
	6,032,131	5,175,285	5,023,248	4,922,160	4,142,423	3,388,664
	5,170,911	4,489,113	5,133,202	4,912,518	4,867,999	4,629,911
	-	-	-	-	-	-
	1,018,916	1,930,101	4,478,824	5,145,526	4,017,827	2,756,925
\$	46,211,754	\$ 44,342,759	\$ 49,369,892	\$ 47,857,726	\$ 44,944,359	\$ 43,117,253
	62,743,199	60,950,810	67,906,172	65,164,850	61,679,961	58,555,011
	16.3%	16.8%	15.1%	15.7%	16.6%	17.5%
	16.5%	15.5%	16.2%	14.8%	14.5%	12.9%
	9.2%	10.7%	9.6%	10.0%	10.6%	15.1%
	12.2%	10.6%	10.3%	9.9%	10.0%	9.7%
	9.6%	8.5%	7.4%	7.6%	6.7%	5.8%
	8.2%	7.4%	7.6%	7.5%	7.9%	7.9%
	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
	1.6%	3.2%	6.6%	7.9%	6.5%	4.7%
	73.6%	72.7%	72.8%	73.4%	72.8%	73.6%

1,694,060	1,730,874	1,913,747	1,799,199	1,809,354	1,736,722
\$6.12	\$5.48	\$5.74	\$5.35	\$4.95	\$4.33
59.6%	56.2%	56.3%	59.6%	62.8%	62.7%
40.4%	43.8%	43.7%	40.4%	37.2%	37.3%

7,250,785	\$6,155,956	\$6,621,342	\$6,152,487	\$5,868,099	\$5,396,109
707,362	751,666	847,652	868,402	894,998	896,533
\$10.25	\$8.19	\$7.81	\$7.08	\$6.56	\$6.02

\$3.05	\$2.59	\$2.68	\$2.73	\$2.69	\$2.67
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\$113,870,816	\$120,085,363	\$124,395,231	\$112,293,079	\$111,124,453	\$87,421,473
0.9%	1.6%	3.6%	4.6%	3.6%	3.2%

OKLAHOMA CITY, OKLAHOMA, DEPARTMENT OF AIRPORTS

Schedule of Bond Debt Service Coverage

Last ten fiscal years

	2014	2013	2012	2011
Gross revenues	\$ 81,780,690	\$ 83,089,685	\$ 75,900,300	\$ 74,744,654
Adjustments per Original Bond Indenture (1)	(20,715,356)	(26,185,418)	(25,389,422)	(23,254,441)
Gross revenues as provided in the Original Bond Indenture	<u>61,065,334</u>	<u>56,904,267</u>	<u>50,510,878</u>	<u>51,490,213</u>
Expenses per Original Bond Indenture	27,572,972	26,819,986	24,546,088	23,289,591
Adjustments per Original Bond Indenture (2)	(12,542)	(86,732)	(83,154)	(199,409)
Expenses net of adjustments as provided in the Original Bond Indenture	<u>27,560,430</u>	<u>26,733,254</u>	<u>24,462,934</u>	<u>23,090,182</u>
Net revenues	33,504,904	30,171,013	26,047,944	28,400,031
Transfers from escrow	-	-	-	-
Total available for debt service coverage	<u>\$ 33,504,904</u>	<u>\$ 30,171,013</u>	<u>\$ 26,047,944</u>	<u>\$ 28,400,031</u>
Senior Lien debt service requirements	\$ -	\$ 4,960,480	\$ 4,970,480	\$ 5,468,770
Bank fees	-	250	2,000	2,000
Net Senior Lien debt service requirements	<u>-</u>	<u>4,960,730</u>	<u>4,972,480</u>	<u>5,470,770</u>
Available for Junior Lien requirements	33,504,904	25,210,283	21,075,464	22,929,261
Passenger Facility Charge (PFC) revenue available for Junior Lien debt service requirements	5,812,360	5,809,885	5,562,547	5,879,865
Total available for Junior Lien debt requirements	<u>\$ 39,317,264</u>	<u>\$ 31,020,168</u>	<u>\$ 26,638,011</u>	<u>\$ 28,809,126</u>
Junior Lien requirements	\$ 3,918,213	\$ 4,745,818	\$ 4,541,507	\$ 5,581,918
PFC backed revenue bond debt	5,812,360	5,809,885	5,562,547	5,879,865
Bank fees	12,542	9,747	11,993	12,386
Capitalized interest available (3)	-	-	-	-
Net Junior Lien debt service requirements	<u>\$ 9,743,115</u>	<u>\$ 10,565,450</u>	<u>\$ 10,116,047</u>	<u>\$ 11,474,169</u>
Senior Lien debt service coverage				
Gross	NA	11.47	10.16	9.41
Net	NA	6.08	5.24	5.19
Junior Lien debt service coverage				
Gross	6.86	5.47	5.05	4.52
Net	4.04	2.94	2.63	2.51
Junior Lien gross debt coverage requirement (4)	1.50	1.50	1.50	1.50
Junior Lien gross debt coverage margin	5.36	3.97	3.55	3.02

(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.

	2010	2009	2008	2007	2006	2005
\$	71,650,537	\$ 69,779,017	\$ 73,207,484	\$ 69,902,158	\$ 71,183,171	\$ 70,470,444
	(24,478,948)	(23,609,461)	(21,779,800)	(21,040,781)	(25,543,207)	(27,479,165)
	47,171,589	46,169,556	51,427,684	48,861,377	45,639,964	42,991,279
	22,814,010	22,774,383	21,085,002	20,424,364	19,434,578	17,516,829
	(84,654)	(56,404)	(87,907)	(66,314)	(51,274)	(54,755)
	22,729,356	22,717,979	20,997,095	20,358,050	19,383,304	17,462,074
	24,442,233	23,451,577	30,430,589	28,503,327	26,256,660	25,529,205
	-	-	550,520	550,520	550,520	550,520
\$	24,442,233	\$ 23,451,577	\$ 30,981,109	\$ 29,053,847	\$ 26,807,180	\$ 26,079,725
\$	6,345,286	\$ 6,358,423	\$ 6,371,648	\$ 6,385,232	\$ 8,303,903	\$ 8,728,158
	2,165	2,642	3,088	3,539	4,940	5,691
	6,347,451	6,361,065	6,374,736	6,388,771	8,308,843	8,733,849
	18,094,782	17,090,512	24,606,373	22,665,076	18,498,337	17,345,876
	4,315,968	5,414,299	5,360,713	5,306,513	5,204,950	5,102,588
\$	22,410,750	\$ 22,504,811	\$ 29,967,086	\$ 27,971,589	\$ 23,703,287	\$ 22,448,464
\$	7,537,333	\$ 7,806,070	\$ 8,792,153	\$ 8,436,288	\$ 10,186,661	\$ 9,132,888
	4,315,968	5,414,299	5,360,713	5,306,513	5,204,950	5,102,588
	14,862	16,469	18,947	19,027	18,764	19,173
	-	-	-	-	-	(1,675,775)
\$	11,868,163	\$ 13,236,838	\$ 14,171,813	\$ 13,761,828	\$ 15,410,375	\$ 12,578,874
	7.43	7.26	8.07	7.65	5.49	4.92
	3.85	3.69	4.86	4.55	3.23	2.99
	3.80	3.42	3.56	3.47	2.76	3.13
	1.89	1.70	2.11	2.03	1.54	1.78
	1.50	1.50	1.50	1.50	1.50	1.50
	2.30	1.92	2.06	1.97	1.26	1.63

OKLAHOMA CITY, OKLAHOMA, DEPARTMENT OF AIRPORTS

Debt Ratios

Last ten fiscal years

	2014	2013	2012	2011
Junior Lien (JL) Bonds - Passenger Use Facilities:				
22B Terminal, Air Cargo, Parking Garage	\$ -	\$ -	\$ -	\$ -
27A Terminal Renovation/Expansion	-	-	-	-
27B Terminal Renovation/Expansion	-	-	-	4,695,000
28 Parking Garage, Tunnel, Surface Lot	-	-	-	-
29A 5 Story Parking Garage	16,870,000	17,845,000	18,785,000	19,695,000
29B Terminal Renovation/Expansion	31,760,000	31,760,000	31,760,000	31,760,000
30 Terminal Renovation/Expansion	17,885,000	23,285,000	28,565,000	28,675,000
31 Consolidated Rental Car Facility	39,615,000			
Total JL Bonds - Passenger Use Facilities	<u>\$ 106,130,000</u>	<u>\$ 72,890,000</u>	<u>\$ 79,110,000</u>	<u>\$ 84,825,000</u>
Percentage of Total Outstanding Debt	88.0%	77.3%	69.7%	64.6%
Enplaned Passengers	1,847,283	1,845,055	1,824,313	1,748,379
Debt per Enplaned Passenger (1)	\$57.45	\$39.51	\$43.36	\$48.52
Junior Lien Bonds - Other Facilities:				
21 Gulfstream Complex	\$ -	\$ -	\$ -	\$ -
22A Metro-Tech Aviation Career Center	-	-	-	-
23 5300 Portland Building	120,000	235,000	340,000	440,000
24 AAR Hangar 3A	-	-	-	-
25 US Customs Service	-	-	-	-
26 US Marshals Service	-	-	715,000	1,395,000
Total JL Bonds - Other Facilities	<u>\$ 120,000</u>	<u>\$ 235,000</u>	<u>\$ 1,055,000</u>	<u>\$ 1,835,000</u>
Percentage of Total Outstanding Debt	0.1%	0.2%	0.9%	1.4%
Percentage rentals to outstanding debt (2)	0.0%	0.0%	67.8%	77.5%
Senior Lien Bonds - Mike Monroney Aeronautical Center	\$ -	\$ -	4,810,000	9,340,000
Percentage of Total Outstanding Debt	0.0%	0.0%	4.2%	7.1%
Percentage rentals to outstanding debt (3)	0.0%	0.0%	100.0%	100.0%
Total Junior and Senior Lien Bonds	<u>\$ 106,250,000</u>	<u>\$ 73,125,000</u>	<u>\$ 84,975,000</u>	<u>\$ 96,000,000</u>
Total Debt per Enplaned Passenger	\$57.52	\$39.63	\$46.58	\$54.91
Separate Lease Bonds	\$ 14,350,000	\$ 21,230,000	\$ 28,595,000	\$ 35,310,000
Percentage of Total Outstanding Debt	11.9%	22.5%	25.2%	26.9%
Percentage rentals to outstanding debt (4)	100.0%	100.0%	100.0%	100.0%
Total Outstanding Debt	<u>\$ 120,600,000</u>	<u>\$ 94,355,000</u>	<u>\$ 113,570,000</u>	<u>\$ 131,310,000</u>

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.

	2010	2009	2008	2007	2006	2005
\$	845,000	\$ 1,050,000	\$ 1,270,000	\$ 1,480,000	\$ 1,680,000	\$ 1,870,000
	-	-	-	-	35,520,000	35,520,000
	38,185,000	42,395,000	46,380,000	50,045,000	53,405,000	56,490,000
	-	-	1,675,000	3,265,000	4,785,000	7,940,000
	20,575,000	21,420,000	21,420,000	21,420,000	-	-
	31,760,000	31,760,000	31,760,000	31,760,000	-	-
	-	-	-	-	-	-
\$	91,365,000	\$ 96,625,000	\$ 102,505,000	\$ 107,970,000	\$ 95,390,000	\$ 101,820,000
	59.7%	56.6%	54.3%	52.2%	45.0%	45.2%
	1,694,060	1730874	1,913,747	1,799,119	1,809,354	1,736,722
	53.93	\$55.82	\$53.56	\$60.01	\$52.72	\$58.63
\$	-	\$ -	\$ 440,000	\$ 1,590,000	\$ 2,665,000	\$ 3,675,000
	-	-	-	590,000	1,150,000	1,690,000
	535,000	625,000	710,000	795,000	875,000	950,000
	3,325,000	3,650,000	3,960,000	4,255,000	4,535,000	4,805,000
	-	440,000	855,000	1,250,000	1,620,000	1,970,000
	2,035,000	2,640,000	3,210,000	3,750,000	4,260,000	4,745,000
\$	5,895,000	\$ 7,355,000	\$ 9,175,000	\$ 12,230,000	\$ 15,105,000	\$ 17,835,000
	3.9%	4.3%	4.9%	5.9%	7.1%	7.9%
	100.0%	94.1%	91.4%	88.2%	87.0%	86.3%
\$	14,080,000	\$ 19,385,000	\$ 24,385,000	\$ 29,105,000	\$ 39,590,000	\$ 39,590,000
	9.2%	11.4%	12.9%	14.1%	18.7%	17.6%
	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
\$	111,340,000	\$ 123,365,000	\$ 136,065,000	\$ 149,305,000	\$ 150,085,000	\$ 159,245,000
	\$65.72	\$71.27	\$71.10	\$82.99	\$82.95	\$91.69
\$	41,595,000	\$ 47,340,000	\$ 52,600,000	\$ 57,405,000	\$ 61,805,000	\$ 65,825,000
	-	27.7%	27.9%	27.8%	29.2%	29.2%
	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
\$	152,935,000	\$ 170,705,000	\$ 188,665,000	\$ 206,710,000	\$ 211,890,000	\$ 225,070,000

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

Fiscal Year	Junior Lien	Separate Lease
End	Requirements	Revenue Bonds
	Requirements	Requirements
2015	\$ 10,775,727	\$ 15,049,860
2016	12,488,207	-
2017	12,483,910	-
2018	11,815,063	-
2019	12,153,327	-
2020	12,156,928	-
2021	12,152,109	-
2022	12,140,418	-
2023	4,724,604	-
2024	4,728,703	-
2025	4,727,651	-
2026	4,726,810	-
2027	4,729,573	-
2028	3,057,010	-
2029	3,055,293	-
2030	3,054,980	-
2031	3,056,522	-
2032	3,058,294	-
2033	3,054,978	-
2034	3,056,574	-
2035	3,057,446	-
2036	3,054,401	-
2037	3,059,153	-
2038	3,055,673	-
2039	3,058,961	-
2040	3,057,988	-
2041	3,057,411	-
2042	3,056,544	-
2043	3,054,701	-
2044	3,056,196	-
	<u>\$ 171,765,155</u>	<u>\$ 15,049,860</u>

OKLAHOMA CITY, OKLAHOMA, DEPARTMENT OF AIRPORTS

Primary Origin and Destination Passenger Markets

Last two fiscal years

2014				2013			
Rank	Market	Trip Length (1)	Total O&D Passengers	Rank	Market	Trip Length (1)	Total O&D Passengers
1	Houston (2)	SH	258,871	1	Houston (2)	SH	261,110
2	Denver	SH	230,310	2	Denver	SH	232,060
3	Los Angeles Basin (3)	LH	159,255	3	LA Basin (3)	LH	157,698
4	Las Vegas	MH	148,909	4	Las Vegas	MH	153,338
5	Washington/Baltimore (4)	LH	145,072	5	Washington/Baltimore (4)	LH	149,364
6	Atlanta	MH	133,171	6	Chicago (7)	MH	114,996
7	Chicago (7)	MH	124,097	7	New York (5)	LH	109,390
8	Metro Orlando (11)	LH	114,526	8	Phoenix	MH	106,596
9	New York (5)	LH	106,449	9	Dallas (6)	SH	99,968
10	Phoenix	MH	100,197	10	Orlando	LH	92,012
11	Metro Dallas/Fort Worth (6)	SH	88,252	11	Atlanta	MH	80,364
12	San Francisco Bay Area (9)	LH	79,667	12	San Francisco Bay Area (9)	LH	75,364
13	Seattle	LH	61,598	13	Seattle	LH	63,560
14	San Diego	LH	56,439	14	St. Louis	SH	61,208
15	St. Louis	SH	53,319	15	San Diego	LH	56,974
16	San Antonio	SH	50,772	16	South Florida (8)	LH	53,662
17	South Florida (8)	LH	50,352	17	San Antonio	SH	49,892
18	Salt Lake City	MH	47,874	18	Metro Boston (10)	LH	49,224
19	Metro Boston (10)	LH	46,406	19	Kansas City	SH	45,306
20	Minneapolis-St. Paul	MH	37,544	20	Salt Lake City	MH	44,624

(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, 2014

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

Will Rogers World Airport	2014	Percent	2013	Percent	2012	2011
Aircraft Operations (1)						
Commercial	54,236	44.70%	56,226	49.63%	55,944	54,662
Itinerant military	20,423	16.83%	17,114	15.11%	21,244	20,266
Local military	19,574	16.13%	13,921	12.29%	23,988	25,705
Itinerant civil	25,514	21.03%	24,779	21.87%	25,108	24,319
Local civil	1,586	1.31%	1,241	1.10%	1,342	1,396
Total operations	<u>121,333</u>	<u>100%</u>	<u>113,281</u>	<u>100%</u>	<u>127,626</u>	<u>126,348</u>
Change from previous year						
All operations	7.11%		(11.24%)		1.01%	2.78%
Commercial operations	(3.54%)		.50%		2.35%	(.42%)
Passenger Traffic						
Enplanements	1,847,283		1,845,055		1,824,313	1,748,379
Deplanements	1,852,599		1,847,689		1,827,530	1,754,495
Total passengers	<u>3,699,882</u>		<u>3,692,744</u>		<u>3,651,843</u>	<u>3,502,874</u>
Change from previous year	.19%		1.12%		4.25%	3.21%
Freight and Mail (in pounds)						
Freight and mail - enplaned	29,206,429		28,566,115		29,857,754	29,289,537
Freight and mail - deplaned	34,084,425		38,794,580		40,113,944	38,630,696
Total freight and mail	<u>63,290,854</u>		<u>67,360,695</u>		<u>69,971,698</u>	<u>67,920,233</u>
Change from previous year	(6.04%)		(3.73%)		3.02%	(.50%)
Landed Weights (in thousand pounds)						
Passenger airlines landed weights	<u>2,241,550</u>		<u>2,321,934</u>		<u>2,282,732</u>	<u>2,192,078</u>
Change from previous year	(3.46%)		1.72%		4.14%	2.19%
Wiley Post Airport						
Aircraft Operations (1)						
Itinerant military	2,435	3.54%	3,666	4.47%	3,979	3,342
Local military	1,342	1.95%	910	1.11%	1,467	1,303
Itinerant civil	49,295	71.65%	58,145	70.85%	57,861	57,537
Local civil	15,727	22.86%	19,344	23.57%	17,567	15,975
Total operations	<u>68,799</u>	<u>100%</u>	<u>82,065</u>	<u>100%</u>	<u>80,874</u>	<u>78,157</u>
Change from previous year	(16.17%)		1.47%		3.48%	12.42%

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

Source: Department of Airports Activity Reports

2010	2009	2008	2007	2006	2005
54,890	56,470	68,362	61,100	61,414	60,624
22,257	26,654	18,063	13,197	11,377	11,819
20,838	27,472	18,020	15,523	10,068	7,181
23,503	27,053	25,462	23,036	24,597	26,565
1,443	1,208	1,130	1,174	862	1,795
122,931	138,857	131,037	114,030	108,318	107,984
(11.47%)	5.97%	14.91%	5.27%	.31%	(22.06%)
(2.80%)	(17.40%)	11.89%	(.51%)	1.30%	(4.50%)
1,694,060	1,730,874	1,913,747	1,799,119	1,809,354	1,736,722
1,699,994	1,743,756	1,925,401	1,816,446	1,816,962	1,734,794
3,394,054	3,474,630	3,839,148	3,615,565	3,626,316	3,471,516
(2.32%)	(9.49%)	6.18%	(.30%)	4.46%	4.36%
31,390,686	33,657,285	33,263,203	30,960,941	34,110,742	31,851,313
36,871,022	38,270,912	41,066,048	40,349,262	40,169,184	40,504,525
68,261,708	71,928,197	74,329,251	71,310,203	74,279,926	72,355,838
(5.10%)	(3.23%)	4.23%	(4.00%)	2.66%	1.43%
2,145,195	2,170,470	2,521,879	2,279,261	2,320,190	2,284,303
(1.16%)	(13.93%)	10.64%	(1.76%)	1.57%	(6.39%)
2,272	1,591	1,824	1,935	758	230
1,254	596	767	348	918	1,072
53,411	55,882	57,171	56,447	60,095	57,409
12,584	13,764	18,126	15,583	21,946	25,610
69,521	71,833	77,888	74,313	83,717	84,321
(3.22%)	(7.77%)	4.81%	(11.23%)	(.72%)	23.74%

OKLAHOMA CITY, OKLAHOMA, DEPARTMENT OF AIRPORTS

Will Rogers World Airport Aircraft Landings by Airline

Last ten fiscal years

Passenger Airline Landings	2014	Percent	2013	Percent	2012	2011
Signatory Airlines						
American	5,245	20.87%	4,884	18.66%	4,776	4,240
Continental	-	0.00%	-	0.00%	499	3,269
Delta	4,164	16.57%	4,959	18.94%	5,601	5,569
ExpressJet	-	0.00%	-	0.00%	-	-
Frontier	655	2.61%	746	2.85%	812	1,056
Northwest	-	0.00%	-	0.00%	-	-
Southwest	7,114	28.31%	7,660	29.26%	7,211	7,075
United	7,833	31.17%	7,871	30.07%	7,170	4,323
Non-Signatory Airlines						
Allegiant	71	0.28%	-	0.00%	-	-
America West	-	0.00%	-	0.00%	-	-
Champion Air	-	0.00%	-	0.00%	-	-
Others	51	0.20%	57	0.22%	79	57
Total passenger airline landings	25,133	100%	26,177	100%	26,148	25,589
Change from previous year	(3.99%)		.11%		2.18%	(.25%)

Source: Department of Airports Activity Reports

Will Rogers World Airport Passenger Traffic by Airline

Last ten fiscal years

Enplaned Passengers	2014	Percent	2013	Percent	2012	2011
Signatory Airlines						
American	392,849	0.21	381,609	20.68%	383,170	360,301
Continental	-	0.00%	-	0.00%	61,951	149,485
Delta	299,749	16.23%	305,564	16.56%	319,057	297,170
Express Jet	-	0.00%	-	0.00%	-	-
Frontier	82,295	4.45%	79,739	4.32%	76,438	73,385
Northwest	-	0.00%	-	0.00%	-	-
Southwest	676,351	36.61%	680,578	36.89%	658,425	631,813
United	382,913	20.73%	394,879	21.40%	321,143	233,059
Non-Signatory Airlines						
Allegiant Air	9,195	0.50%	-	0.00%	-	-
America West/US Airways	-	0.00%	-	0.00%	-	-
Champion	-	0.00%	-	0.00%	-	-
Others	3,931	0.21%	2,686	0.15%	4,129	3,166
Total enplaned passengers	1,847,283	100%	1,845,055	100%	1,824,313	1,748,379
Deplaned Passengers (1)	1,852,599		1,847,689		1,827,530	1,754,495
Total Passengers	3,699,882		3,692,744		3,651,843	3,502,874
Change from previous year	.19%		1.12%		4.25%	3.21%

(1) Oklahoma City is an Origin and Destination Airport. Therefore, deplaning passengers and market percentage by airline are comparable to enplaning passengers and market percentage of airline.

Source: Department of Airports Activity Reports

2010	2009	2008	2007	2006	2005
4,483	4,481	4,964	5,017	5,772	6,249
3,283	3,389	3,839	3,435	3,283	3,277
4,863	3,245	3,693	3,740	3,963	4,677
-	214	2,654	580	-	-
1,478	1,127	1,150	1,094	1,068	981
819	2,579	2,440	2,559	2,606	2,612
6,555	6,920	7,343	6,542	6,420	6,425
4,105	3,715	4,515	4,044	3,179	3,189
-	94	35	-	187	168
-	115	797	836	969	172
-	-	252	304	246	253
67	62	88	45	480	139
25,653	25,941	31,770	28,196	28,173	28,142
(1.11%)	(18.35%)	12.68%	.08%	.11%	(4.34%)

2010	2009	2008	2007	2006	2005
356,956	371,083	381,566	380,095	388,482	379,927
159,538	169,140	188,437	176,156	165,651	160,960
246,482	166,240	182,225	201,287	227,294	244,637
-	10,482	73,205	8,626	-	-
95,325	91,347	68,864	54,191	50,380	46,961
34,795	111,064	107,572	118,244	123,989	138,735
559,696	559,129	559,988	527,050	511,986	489,227
237,939	230,737	254,079	234,797	222,940	206,261
-	11,462	4,985	-	20,040	17,340
-	7,169	52,067	52,266	58,474	8,340
-	-	36,804	43,881	39,031	39,543
3,329	3,021	3,955	2,526	1,087	4,791
1,694,060	1,730,874	1,913,747	1,799,119	1,809,354	1,736,722
1,699,994	1,743,756	1,925,401	1,816,446	1,816,962	1,734,794
3,394,054	3,474,630	3,839,148	3,615,565	3,626,316	3,471,516
(2.32%)	(9.49%)	6.18%	(.30%)	4.46%	(4.36%)

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

Landed Weights (1)	2014	Percent	2013	Percent	2012	2011
Signatory Airlines						
American	469,235	20.93%	458,519	19.75%	457,500	410,685
Continental	-	0.00%	-	0.00%	22,769	169,507
Delta	365,270	16.30%	364,473	15.70%	393,493	367,646
ExpressJet	-	0.00%	-	0.00%	-	-
Frontier	85,648	3.82%	83,057	3.58%	86,731	86,210
Northwest	-	0.00%	-	0.00%	-	-
Southwest Airlines	856,802	38.22%	936,146	40.32%	871,776	851,700
United	448,591	20.01%	472,360	20.34%	439,905	298,891
Non-Signatory Airlines						
Allegiant	9,977	0.45%	-	0.00%	-	-
America West	-	0.00%	-	0.00%	-	-
Champion Air	-	0.00%	-	0.00%	-	-
Others	6,027	0.27%	7,379	0.32%	10,558	7,439
Total landed weights	2,241,550	100%	2,321,934	100%	2,282,732	2,192,078
Change from previous year	(3.46%)		1.72%		4.14%	2.19%

(1) In thousand pounds.

(2) Effective rates for the various years are:

<u>Signatory Rates/1000 lbs.</u>	<u>Start Date</u>	<u>End Date</u>
\$1.8150	01/01/05	12/31/05
\$2.2346	01/01/06	12/31/06
\$2.3128	01/01/07	12/31/07
\$2.4356	01/01/08	12/31/08
\$2.2422	01/01/09	12/31/09
\$2.5652	01/01/10	12/31/10
\$2.8505	01/01/11	12/31/11
\$2.8484	01/01/12	12/31/12
\$2.8485	01/01/13	10/31/14

Source: Department of Airports Activity Reports

2010	2009	2008	2007	2006	2005
413,889	418,661	451,037	458,190	461,359	452,963
175,741	183,117	210,856	194,989	185,948	187,174
289,102	176,582	211,738	237,466	272,708	300,855
-	9,431	113,882	27,642	-	-
111,710	104,247	95,657	80,496	71,680	61,991
40,491	138,522	126,403	135,268	167,673	198,789
791,046	827,292	860,882	758,618	747,538	738,719
314,518	283,036	337,697	284,300	279,294	258,030
-	13,113	4,883	-	26,075	23,029
-	8,135	56,168	46,150	64,888	9,515
-	-	40,336	48,658	39,386	40,495
8,698	8,334	12,340	7,484	3,641	12,743
2,145,195	2,170,470	2,521,879	2,279,261	2,320,190	2,284,303
(1.16%)	(13.93%)	10.64%	(1.76%)	1.57%	(6.39%)

OKLAHOMA CITY, OKLAHOMA, DEPARTMENT OF AIRPORTS
Will Rogers World Airport Average Monthly Activity by Passenger Airline
Fiscal year ended June 30, 2014

	Average Number of Passengers Deplaning Monthly	Average Landed Weight Monthly In Thousand Lbs.	Average Number of Daily Flights Into Oklahoma City
Signatory Airlines			
American	33,178	39,103	14
Delta	24,989	30,439	11
Frontier	6,873	7,137	2
Southwest Airlines	55,888	71,400	20
United	32,414	37,383	21
Non-Signatory Airlines			
Allegiant Air	1,193	1,247	-
Others	269	548	-
Totals	<u>154,804</u>	<u>187,257</u>	<u>68</u>

	Average Number of Passengers Boarding Monthly	Average Freight Poundage Shipped Monthly Out of Oklahoma City	Number of Months In Service During Fiscal Year
Signatory Airlines			
American	32,737	3,002	12
Delta	24,979	-	12
Frontier	6,858	99	12
Southwest Airlines	56,363	38,832	12
United	31,909	3,168	12
Non-Signatory Airlines			
Allegiant Air	1,149	-	8
Others	357	-	11
Totals	<u>154,352</u>	<u>45,101</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:	2014			2005		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Local Governments (1)	55,100	1	8.96%	40,800	1	7.80%
State Government (1)	43,900	2	7.14	38,400	2	7.34
Federal Government (1)	27,334	3	4.45	27,400	3	5.24
Tinker Air Force Base (1)	27,000	4	4.39	26,000	4	4.97
FAA Aeronautical Center	7,500	6	1.22	5,600	7	1.07
OU - Norman Campus	11,900	5	1.94	-		0.00
Integrus Health (2)	6,000	7	0.98	5,850	6	1.12
Oklahoma City Public Schools	-		0.00	5,900	5	1.13
City of Oklahoma City	4,500	8	0.73	4,535	8	0.87
OU Health Science Center	4,200	9	0.68	3,200	10	0.61
SBC Communications	-		0.00	3,560	9	0.68
Hobby Lobby Stores, Inc.	4,000	10	0.65	-		0.00
Totals	191,434		22.27	161,245		23.11

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

Division	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Administration	11	10	7	7	7	7	7	4	4	4
Finance	7	7	6	6	6	6	5	5	5	5
Operations	10	10	9	10	10	10	9	9	9	9
Maintenance	59	58	56	57	57	57	55	56	55	55
General Aviation	9	9	9	9	9	9	9	8	8	8
Business and Properties	9	9	9	6	6	6	6	5	5	5
Planning and Development	13	12	12	10	10	10	10	11	11	11
Total Employees	<u>118</u>	<u>115</u>	<u>108</u>	<u>105</u>	<u>105</u>	<u>105</u>	<u>101</u>	<u>98</u>	<u>97</u>	<u>97</u>

Source: Department of Airports Budget Reports

OKLAHOMA CITY, OKLAHOMA, DEPARTMENT OF AIRPORTS
Will Rogers World Airport Capital Asset Information
June 30, 2014

Location:	8 miles southwest of downtown Oklahoma City, the capital of the State of Oklahoma		
Area:	7,956 acres		
Elevation:	1,295 ft.		
Airport Code:	KOKC		
Runways:	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
Terminal:	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</u> sq. ft
	Number of passenger gates		17
	Number of loading bridges		17
	Number of concessionaires in terminal		2
	Number of rental car agencies in terminal		8
Apron:	Commercial Airlines		3,302,580 sq. ft
	FBO		1,456,203 sq. ft
Parking:	Garage		2,733
	Short-term		285
	Long-term		4,241
	Rental Cars		378
	Employees		432
	Total Parking Spaces		<u>8,069</u>
Cargo:	Air Cargo Building		55,295 sq. ft
	Air Cargo Annex		16,220 sq. ft
	U.S. Post Office		36,467 sq. ft
International:	N/A		
Tower:	TRACON 24/7 - 365		
Fixed Base Operators:	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 the Financial Statements Performed in
Accordance with *Government Auditing Standards***

Board of Trustees
Oklahoma City Department of Airports
Oklahoma City, Oklahoma

We have audited, 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, the basic financial statements 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), which comprise the statement of net position as of June 30, 2014, and the related statements of revenues, expenses and change in net position and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 4, 2014, which contained an *Emphasis of Matter* paragraph regarding departmental reporting.

Internal Control over Financial Reporting

Management of the Department is responsible for establishing and maintaining effective internal control over financial reporting (internal control). In planning and performing our audit, we considered the Department's internal control to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion 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 a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Department'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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses as defined above. 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*.

The Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards* of the City should be read in conjunction with this report.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and 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.

BKD, LLP

Oklahoma City, Oklahoma
December 4, 2014