



**COMPREHENSIVE
ANNUAL
FINANCIAL
REPORT**

FOR THE YEAR ENDED JUNE 30, 2018

OKLAHOMA CITY DEPARTMENT OF AIRPORTS

OKLAHOMA CITY DEPARTMENT OF AIRPORTS

A DEPARTMENT OF THE CITY OF OKLAHOMA CITY, OKLAHOMA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2018

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

OKLAHOMA CITY DEPARTMENT OF AIRPORTS

COMPREHENSIVE ANNUAL FINANCIAL REPORT

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CONTAINING THE FOLLOWING SUBSECTIONS:

LETTER OF TRANSMITTAL

ORGANIZATION CHART

PRINCIPAL OFFICIALS

CERTIFICATE OF ACHIEVEMENT

INTRODUCTORY SECTION





The City of
OKLAHOMA CITY
DEPARTMENT OF AIRPORTS

November 19, 2018

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, 2018. 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 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. References to the Department include the Trust and the Airports Fund unless specifically designated otherwise.

The Trust is a public trust established in 1956 pursuant to Title 60 of the Oklahoma Statutes, Section 176 et seq. to provide a means of financing and administering the construction of the City's airports and air navigation facilities. The Trust is a legal entity separate and distinct from the City; however, the City is the sole beneficiary of the Trust. Despite the legal distinction and due to the integral relationship, the Trust's financial position is reported as a discretely presented 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, 2018

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.

Oklahoma's increased economic activity and crude oil prices returned Oklahoma's economy to growth by the end of 2017. The recovery in commodity prices and economic activity returned per capita income growth to Oklahoma. Oklahoma's per capita is estimated to grow 6.4% in 2018 and 5.4% in 2019. Oklahoma City's per capita is estimated to grow 2.1% in 2018 and 2.2% in 2019.

The 2018 Greater Oklahoma City Economic Forecast reported that the metro ended 2017 with an annual average unemployment rate for the year at 3.9%. While Oklahoma City is no longer ranked among the lowest ten unemployment rates for large metros, it does continue to be competitive. In 2017 Oklahoma City metro had its largest labor force in history at 677,000. Since 2010, the Oklahoma City MSA population has continued to grow at a pace twice that of the nation. It is important to evaluate the broader economic picture and consider risks to the local economy such as global economics, and political and regulatory uncertainty associated with the current administration. However, it is still important to recognize how the past several years of successes in economic development in the Oklahoma City metro and at the airport can point toward positive conditions for the future.

Capital Planning

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

Each year, the Department hosts a joint planning conference for tenants of the City's three airports and Federal Aviation Administration (FAA) officials. Input during the conference helps the Department identify

OKLAHOMA CITY, OKLAHOMA, DEPARTMENT OF AIRPORTS

Transmittal Letter

June 30, 2018

projects, assess possible funding sources, and determine time frames 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 2019 capital budget is \$83,814,000.

The capital plan for Will Rogers World Airport includes the following projects: (1) Terminal expansion for \$25,002,000, (2) roadway and garage signage replacement for \$4,717,000, (3) hangar 1 and 1C improvements for \$4,509,000, (4) fleet storage expansion - rental car center for \$4,030,000, (5) upper deck structural repairs for \$2,500,000, and (6) various other improvements for \$7,267,000.

The capital plan for the general aviation airports includes the following projects at Wiley Post Airport: (1) WPA terminal mechanical systems and plumbing for \$500,000, (2) WPA FAA building mechanical systems and plumbing for \$500,000 and (3) various other improvements for \$1,626,000. C. E. Page Airport has no planned projects in FY 2019.

The capital plan for the Mike Monroney Aeronautical Center located at Will Rogers World Airport includes various projects for \$33,163,000.

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

Internal Control Structure and Budgetary Controls

The internal control structure of the Department is designed to provide reasonable assurance that the assets of the Department are protected from loss, theft or misuse and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with US GAAP. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and, (2) the valuation of costs and benefits requires estimates and judgments by management.

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

Financial Policies

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

OKLAHOMA CITY, OKLAHOMA, DEPARTMENT OF AIRPORTS

Transmittal Letter

June 30, 2018

The financial records of the Department are audited each year by an independent certified public accountant. The accounting firm of Allen, Gibbs & Houlik, L.C. was selected to perform the fiscal year 2018 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, 2017. 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-six fiscal years ended 1992 – 2017. 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



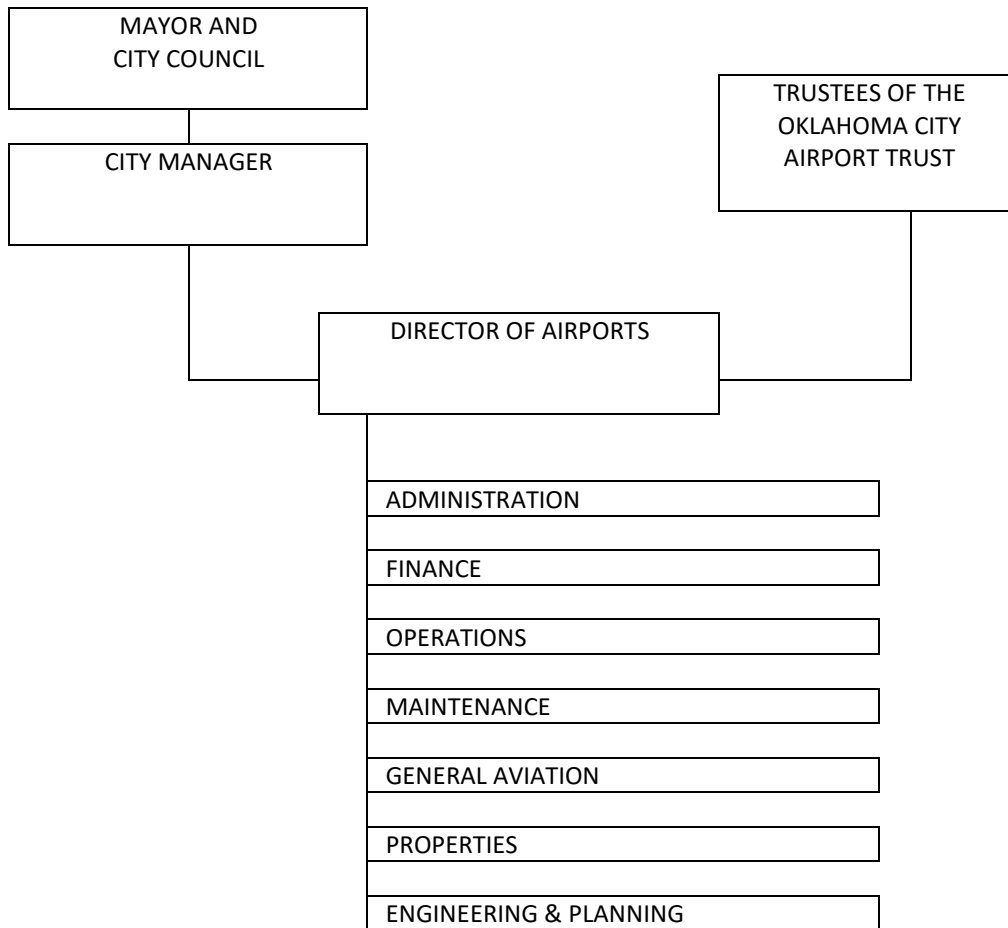
Tara Summerlin
Business Manager

OKLAHOMA CITY, OKLAHOMA, DEPARTMENT OF AIRPORTS

Organization Chart

June 30, 2018

ORGANIZATION CHART



OKLAHOMA CITY, OKLAHOMA, DEPARTMENT OF AIRPORTS

Principal Officials

June 30, 2018

Mayor and City Council

Mick Cornett, Mayor
James Greiner, Ward 1
Ed Shadid, Ward 2
Larry McAtee, Ward 3
Todd Stone, Ward 4
David Greenwell, Ward 5
Margaret S. "Meg" Salyer, Ward 6
Lee E. Cooper Jr., Ward 7
Mark K. Stonecipher, Ward 8

Trustees of the Oklahoma City Airport Trust

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

City Manager's Office

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

Department of Airports

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



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

Oklahoma City Department of Airports

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2017

Christopher P. Morill

Executive Director/CEO

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FINANCIAL SECTION

CONTAINING THE FOLLOWING SUBSECTIONS:

- INDEPENDENT AUDITOR'S REPORT
- MANAGEMENT'S DISCUSSION AND ANALYSIS
- BASIC FINANCIAL STATEMENTS
- REQUIRED SUPPLEMENTARY INFORMATION

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities and each major fund of the Oklahoma City Department of Airports (Department), which includes a discretely presented component unit and a non-major enterprise fund of the City of Oklahoma City, Oklahoma (City), as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Department's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and each major fund of the Department as of June 30, 2018, and the respective changes in financial position and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matters

As discussed in Note 2, the financial statements of the Department are intended to present the financial position, the changes in financial position, cash flows of only that portion of the discretely presented component unit (the Oklahoma City Airport Trust), and the non-major enterprise fund (the Airports Fund) of the City of Oklahoma City, Oklahoma that is attributable to the transactions of the Department. They do not purport to, and do not, present fairly the financial position of the City of Oklahoma City, Oklahoma as of June 30, 2018, the changes in its financial position, or, where applicable, its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

As discussed in Note 9, in 2018, the Department adopted Government Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting by Employers for Post-Employment Benefits Other Than Pensions*. Our opinion is not modified with respect to this matter.

Other Matters

Prior-Year Comparative Information

The financial statements include summarized prior-year comparative information. Such information does not include a presentation in accordance with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Department's financial statements for the year ended June 30, 2017, from which such summarized information was derived.

Required Supplementary Information

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

Supplementary and Other Information

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

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 19, 2018 on our consideration of the Department's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Department's internal control over financial reporting and compliance.

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

November 19, 2018
Wichita, KS

MANAGEMENT'S DISCUSSION AND ANALYSIS

Within this section of the Oklahoma City Department of Airports (Department) annual financial report, the Department's management provides narrative discussion and analysis of the financial activities of the Department for the fiscal years ended June 30, 2018 and 2017. 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 discretely presented 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, 2018

Financial Position Summary and Highlights

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

	2018	2017	2016	\$ Change		% Change	
				2018	2017	2018	2017
Assets:							
Current and other assets	\$ 172,825,453	\$ 158,345,358	\$ 166,984,466	\$ 14,480,095	\$ (8,639,108)	9.1%	(5.2)%
Capital assets	469,040,989	478,007,245	476,779,041	(8,966,256)	1,228,204	(1.9)	0.3
Total assets	<u>641,866,442</u>	<u>636,352,603</u>	<u>643,763,507</u>	<u>5,513,839</u>	<u>(7,410,904)</u>	0.9	(1.2)
Deferred Outflows of Resources	<u>1,815,127</u>	<u>3,024,567</u>	<u>896,524</u>	<u>(1,209,440)</u>	<u>2,128,043</u>	(40.0)	237.4
Liabilities:							
Current liabilities	14,870,202	17,902,772	19,839,991	(3,032,570)	(1,937,219)	(16.9)	(9.8)
Noncurrent liabilities	81,594,510	81,800,275	89,242,977	(205,765)	(7,442,702)	(0.3)	(8.3)
Total liabilities	<u>96,464,712</u>	<u>99,703,047</u>	<u>109,082,968</u>	<u>(3,238,335)</u>	<u>(9,379,921)</u>	(3.2)	(8.6)
Deferred Inflows of Resources	<u>2,030,634</u>	<u>855,102</u>	<u>953,298</u>	<u>1,175,532</u>	<u>(98,196)</u>	137.5	(10.3)
Net Position:							
Net investment in capital assets	392,540,380	389,774,402	382,440,123	2,765,978	7,334,279	0.7	1.9
Restricted	69,826,955	60,984,820	58,806,609	8,842,135	2,178,211	14.5	3.7
Unrestricted	82,818,888	88,059,799	93,377,033	(5,240,911)	(5,317,234)	(6.0)	(5.7)
Total net position	<u>\$ 545,186,223</u>	<u>\$ 538,819,021</u>	<u>\$ 534,623,765</u>	<u>\$ 6,367,202</u>	<u>\$ 4,195,256</u>	1.2	0.8

An analysis of changes in assets, liabilities and deferred outflows and inflows of resources for the year ended June 30, 2018 is as follows in approximate amounts:

- The net increase in current and other assets less current liabilities of approximately \$17,513,000 is primarily the result of the following: (1) decrease of \$620,000 related to current bonds payable, (2) increase of \$6,711,000 related to escrow amounts for improvements to tenant facilities as required by tenant leases, (3) increase of \$116,000 related to assets restricted for debt service payments, (4) increase of \$795,000 in PFC assets set aside for future debt service payments, (5) increase of \$1,064,000 in CFC assets for the operations and maintenance of the Conrac facility and buses as required by tenant leases, (6) an increase of \$9,447,000 related to operations.
- The decrease in net capital assets of approximately \$8,966,000 is primarily the result of the following: (1) capital asset acquisitions during the year of \$18,622,000, (2) depreciation of \$27,388,000, (3) disposition of assets with net book value of \$200,000.
- The increase in noncurrent liabilities of approximately \$1,315,000 is the result of the following: (1) net decrease of \$9,610,000 due to the redemption of revenue bonds, (2) decrease of \$46,000 related to compensated absences, (3) increase of \$9,905,000 related to OPEB obligations, and (4) a decrease in net pension liability. Other items contributing to the change in long-term liabilities relate to amortization of bond discounts, premiums, the deferred amounts from refunding bonds.

An analysis of changes in assets, liabilities and deferred outflows and inflows of resources for the year ended June 30, 2017 is as follows in approximate amounts:

- The net decrease in current and other assets less current liabilities of approximately \$6,702,000 is primarily the result of the following: (1) decrease of \$325,000 related to

OKLAHOMA CITY, OKLAHOMA, DEPARTMENT OF AIRPORTS

Management's Discussion and Analysis

June 30, 2018

current bonds payable, (2) decrease of \$2,683,000 related to escrow amounts for improvements to tenant facilities as required by tenant leases, (3) increase of \$1,292,000 related to assets restricted for debt service payments, (4) increase of \$1,373,000 in PFC assets set aside for future debt service payments, (5) increase of \$1,843,000 in CFC assets for the operations and maintenance of the Conrac facility and buses as required by tenant leases, (6) a decrease of \$2,819,000 related to assets restricted for capital projects, and (7) a decrease of \$5,383,000 related to operations.

- The increase in capital assets of approximately \$1,228,000 is primarily the result of the following: (1) capital asset acquisitions during the year of \$38,396,000, (2) depreciation of \$26,039,000, (3) disposition of assets with net book value of \$658,000, and (4) asset donations of \$10,475,000.
- The decrease in noncurrent liabilities of approximately \$7,443,000 is the result of the following: (1) net decrease of \$7,420,000 due to the redemption of revenue bonds, (2) increase of \$17,000 related to compensated absences, and (3) increase of \$381,000 related to OPEB obligations. Other items contributing to the change in long-term liabilities relate to amortization of bond discounts, premiums, the deferred amounts from refunding bonds, and the change in presentation of deferred amounts from pension.

An analysis of components of net position for the years ended June 30, 2018 and 2017 is as follows:

- Approximately seventy-two percent of the Department's net position represents its investment in capital assets, net of related debt. The Department uses its capital assets to provide facilities for the servicing of aircraft, or for the comfort and accommodations of air travelers, or for use by aviation authorities or agencies of other government entities. Although the Department's investment in its capital assets is reported net of related debt, the resources required to pay the debt are provided primarily from operations. The increase is primarily attributable to completing airfield, building, and infrastructure improvement projects at both Will Rogers World Airport and CE Page, and on-going construction improvement projects funded by capital grants at all three airports.
- Restricted net position represents resources that are subject to external restrictions as to how they can be used as required by bond indentures, contractual agreements with tenants, or by federal and state regulations. For the year ended 2018 restricted net position for debt service increased approximately \$1,975,000 from the prior year and restricted net position for maintenance and capital asset's decreased approximately \$6,867,000 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, 2018

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:

	2018	2017	2016	\$ Change		% Change	
				2018	2017	2018	2017
Operating revenues							
Parking	\$ 13,244,922	\$ 11,758,033	\$ 10,739,480	\$ 1,486,889	\$ 1,018,553	12.6%	9.5%
Landing fees	8,624,918	8,108,973	7,790,758	515,945	318,215	6.4	4.1
Customer facility charges	5,507,073	5,272,543	4,906,530	234,530	366,013	4.4	7.5
Rental Income	14,349,197	13,702,414	13,387,647	646,783	314,767	4.7	2.4
Other, net	21,114,783	20,381,874	19,998,549	732,909	383,325	3.6	1.9
	<u>62,840,893</u>	<u>59,223,837</u>	<u>56,822,964</u>	<u>3,617,056</u>	<u>2,400,873</u>	<u>6.1</u>	<u>4.2</u>
Nonoperating revenues							
Investment income	1,279,868	(162,786)	823,150	1,442,654	(985,936)	(886.2)	(119.8)
Oil and gas royalties	1,264,062	1,105,677	936,090	158,385	169,587	14.3	18.1
Refunds & Reimbursements	86,201	-	268,230	86,201	(268,230)	100.0	(100.0)
Passenger facility charges	7,944,255	7,166,215	7,098,192	778,040	68,023	10.9	1.0
Grants income	262,799	339,320	195,840	(76,521)	143,480	(22.6)	73.3
Other Nonoperating revenues	12,178	5,326	21,306	6,852	(15,980)	128.7	(75.0)
Total nonoperating revenues	<u>10,849,363</u>	<u>8,453,752</u>	<u>9,342,808</u>	<u>2,395,611</u>	<u>(889,056)</u>	<u>28.3</u>	<u>(9.5)</u>
Total revenues	<u>73,690,256</u>	<u>67,677,589</u>	<u>66,165,772</u>	<u>6,012,667</u>	<u>1,511,817</u>	<u>8.9</u>	<u>2.3</u>
Operating expenses							
Personal services	11,028,574	10,936,183	10,269,437	92,391	666,746	0.8	6.5
Maintenance, operations, and contractual services	20,220,895	18,971,452	17,286,421	1,249,443	1,685,031	6.6	9.7
Material and supplies	1,766,475	1,514,057	1,506,824	252,418	7,233	16.7	0.5
Depreciation	27,385,627	26,038,900	23,299,388	1,346,727	2,739,512	5.2	11.8
Total operating expenses	<u>60,401,571</u>	<u>57,460,592</u>	<u>52,362,070</u>	<u>2,940,979</u>	<u>5,098,522</u>	<u>5.1</u>	<u>9.7</u>
Nonoperating expenses							
Interest	2,483,500	2,567,385	2,210,053	(83,885)	357,332	(3.3)	16.2
Amortization	(6,068)	(56,627)	(123,335)	50,559	66,708	(89.3)	(54.1)
Bond issuance	228,309	-	-	228,309	-	100.0	-
Bond insurance	3,722	16,135	16,491	(12,413)	(356)	(76.9)	(2.2)
Loss on disposition of assets	775,453	603,102	121,232	172,351	481,870	28.6	397.5
Total nonoperating expenses	<u>3,484,916</u>	<u>3,129,995</u>	<u>2,224,441</u>	<u>354,921</u>	<u>905,554</u>	<u>11.3</u>	<u>40.7</u>
Total expenses	<u>63,886,487</u>	<u>60,590,587</u>	<u>54,586,511</u>	<u>3,295,900</u>	<u>6,004,076</u>	<u>5.4</u>	<u>11.0</u>
Income before capital grants, contributions, donated assets, and transfers	9,803,769	7,087,002	11,579,261	2,716,767	(4,492,259)	38.3	(38.8)
Capital contributions, grants	6,888,914	7,583,038	15,120,699	(694,124)	(7,537,661)	(9.2)	(49.8)
Donated assets	-	(10,474,784)	(3,240,414)	10,474,784	(7,234,370)	(100.0)	223.3
Change in net position	<u>16,692,683</u>	<u>4,195,256</u>	<u>23,459,546</u>	<u>12,497,427</u>	<u>(19,264,290)</u>	<u>297.9</u>	<u>(82.1)</u>
Total net position, beginning of year previously reported	538,819,021	534,623,765	511,164,219	4,195,256	23,459,546	0.8	4.6
Change in accounting principle	<u>(10,325,481)</u>	<u>-</u>	<u>-</u>	<u>(10,325,481)</u>	<u>-</u>	<u>100.0</u>	<u>-</u>
Total net position, beginning of year restated	528,493,540	534,623,765	511,164,219	(6,130,225)	23,459,546	(1.1)	4.6
Total net position, ending	<u>\$ 545,186,223</u>	<u>\$ 538,819,021</u>	<u>\$ 534,623,765</u>	<u>\$ 6,367,202</u>	<u>\$ 4,195,256</u>	<u>1.2</u>	<u>0.8</u>

Financial Operations Summary and Highlights

An analysis of changes in revenues and expenses for the year ended June 30, 2018 is as follows:

- Parking revenues increased due to an increase in parking transactions.
- Landing fees increased due to an increase in landed weights due to an increase in rates and operations.
- Rental income increased due to new leases and escalations.

OKLAHOMA CITY, OKLAHOMA, DEPARTMENT OF AIRPORTS

Management's Discussion and Analysis

June 30, 2018

- Other income increased due to increased insurance fees and new airline rates.
- Investment income increased during the fiscal year primarily due to the increase in fair market value of investments.
- 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 a reduction in reimbursements for storm damage repairs on capital projects.
- Passenger facility charges increased due to increased passenger activity.
- Personal service expense increased due to an increase in salaries and benefits.
- Maintenance, operations, and contractual services increased due to an increase in janitorial, parking management, ARFF services, and other maintenance contracts.
- Depreciation expense increased due to completed construction on various capital projects which were placed in service during the current fiscal year or a full year of depreciation was recognized in the current fiscal year.
- Interest expense increased due to the reduction of the outstanding bond debt.

An analysis of changes in revenues and expenses for the year ended June 30, 2017 is as follows:

- Parking revenues increased due to an increase in parking rates.
- Landing fees increased due to an increase in landed weights due to a shift to larger aircraft.
- Rental income increased due to new leases and escalations.
- Other income increased due to increased insurance fees and new airline rates.
- Investment income decreased during the fiscal year primarily due to the decrease in fair market value of investments.
- Oil and gas royalties increased due to the fluctuation in activity for oil and natural gas produced on airport properties.
- Refunds and Reimbursements decreased due to a reduction in reimbursements for storm damage repairs on capital projects.
- Passenger facility charges increased due to increased passenger activity.
- Personal service expense increased due to an increase in salaries and benefits.
- Maintenance, operations, and contractual services increased due to an increase in janitorial, parking management, ARFF services, and other maintenance contracts.
- Depreciation expense increased due to completed construction on various capital projects which were placed in service during the current fiscal year or a full year of depreciation was recognized in the current fiscal year.
- Interest expense increased due to the reduction in capitalized interest in current fiscal year.
- Donated assets increased due to the Department transferring the airport funded portion of North Portland project to the City.

Capital Acquisitions and Construction Activities

During 2018, the Department incurred approximately \$18,622,000 for capital activities, compared to \$38,396,000 during the prior year. This included \$3,000 for airport improvements, \$390,000 for equipment, and the balance for construction projects. During the year approximately \$28,441,000 in multi-year construction projects were completed and transferred to depreciable assets. Completed projects in approximate amounts were:

OKLAHOMA CITY, OKLAHOMA, DEPARTMENT OF AIRPORTS
Management's Discussion and Analysis
June 30, 2018

Location	Project Description	Amount
WRWA:	Parking Study - Master Plan 2015	\$ 134,000
	Terminal Apron Pavement Rehabilitation Taxiway K	1,302,000
	Two Story Garage A Repairs - Phase I	559,000
WPA:	Airfield Improvements Phase III	3,460,000
MMAC:	FY 12 and FY 13 Mechanical Projects	12,740,000
	FY 14 Mechanical Projects	1,120,000
	Systems Training Building Renovation	7,845,000
	Thomas P. Stafford Parking Lot Reconstruction	1,035,000
	Thomas P. Stafford Skylight Replacement	86,000
	Radar Training Facility Water Proofing	160,000
		<u>\$ 28,441,000</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 32B Revenue Bonds are backed by a combination of passenger facility charge revenues and lease revenues. Junior Lien 31 Revenue Bonds are backed by a combination of customer facility charge revenues and lease revenues. The last principal payment is scheduled for July 1, 2043.

Changes in gross revenue bonds payable for the fiscal years ended June 30, 2018 and 2017 are as follows:

	2018	2017	\$ Change	% Change
Balance, beginning of year	\$ 84,495,000	\$ 92,240,000	\$ 7,745,000	8.4%
Issue	36,670,000	-	(36,670,000)	-
Retired	(46,900,000)	(7,745,000)	39,155,000	(505.6)
Balance, end of year	<u>\$ 74,265,000</u>	<u>\$ 84,495,000</u>	<u>\$ 10,230,000</u>	12.1

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

	Moody's	S&P	Insured
All Junior Lien Series (30th, 31st, and 32nd)	A2	A+	Aaa\AAA

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

Economic Factors

The population of the Air Trade area is expected to grow at a compound annual growth rate of 1%. The Oklahoma unemployment rate at the end of fiscal year 2018 was 3.9%, while the national unemployment rate was 4%.

OKLAHOMA CITY, OKLAHOMA, DEPARTMENT OF AIRPORTS
Management's Discussion and Analysis
June 30, 2018

Oklahoma City's commercial airport, Will Rogers World Airport, saw a significant increase to enplaned passengers of 10.2% in fiscal year 2018 compared to fiscal year 2017. The increase is attributable to the improvement in the Oklahoma's economy during fiscal year 2018 and added air service.

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, 2018 with summarized comparative information for June 30, 2017

	2018			2017
	OKLAHOMA CITY AIRPORT TRUST	AIRPORTS FUND	TOTAL	TOTAL
ASSETS				
Current Assets:				
Pooled cash	\$ -	\$ 1,268	\$ 1,268	\$ 38,856
Non-pooled cash	561,432	-	561,432	158,793
Investments	133,705,082	467,564	134,172,646	128,059,837
Accounts receivable, net	1,763,191	-	1,763,191	1,452,800
Passenger facility charges receivable	1,202,601	-	1,202,601	1,098,782
Customer facility charges receivable	528,408	-	528,408	497,187
Interest receivable	29,841	1,961	31,802	11,185
Royalties receivable	368,086	-	368,086	102,954
Inventory	-	957,768	957,768	917,789
Due from component units	252,798	-	252,798	53,928
Due from other governments	1,899,260	-	1,899,260	1,936,078
Prepays	17,865	-	17,865	35,345
Total current assets	<u>140,328,564</u>	<u>1,428,561</u>	<u>141,757,125</u>	<u>134,363,534</u>
Noncurrent assets:				
Net pension asset	-	1,315,975	1,315,975	-
Investments	24,828,434	-	24,828,434	23,364,216
Intergovernmental advance	4,471,940	451,979	4,923,919	577,511
Advance (to)/from other City funds	(12,275,171)	12,275,171	-	-
Prepays	-	-	-	40,097
Capital assets:				
Land	14,465,751	16,114,538	30,580,289	30,580,289
Art	450,420	-	450,420	450,420
Construction in progress	28,077,397	-	28,077,397	37,704,043
Other capital assets, net of accumulated depreciation	408,207,222	1,725,661	409,932,883	409,272,493
Total noncurrent assets	<u>468,225,993</u>	<u>31,883,324</u>	<u>500,109,317</u>	<u>501,989,069</u>
Total assets	<u>608,554,557</u>	<u>33,311,885</u>	<u>641,866,442</u>	<u>636,352,603</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred amount from refunding, net of accumulated amortization of \$9,189 and \$84,867				
	84,867	-	84,867	390,279
Deferred outflow employer contributions	-	-	-	2,634,288
Deferred outflow pensions	-	1,265,759	1,265,759	-
Deferred outflow OPEB	-	464,501	464,501	-
Total deferred outflows	<u>\$ 84,867</u>	<u>\$ 1,730,260</u>	<u>\$ 1,815,127</u>	<u>\$ 3,024,567</u>

(continued)

OKLAHOMA CITY, OKLAHOMA, DEPARTMENT OF AIRPORTS
Statement of Net Position
June 30, 2018 with summarized comparative information for June 30, 2017

	2018			2017
	OKLAHOMA CITY AIRPORT TRUST	AIRPORTS FUND	TOTAL	TOTAL
LIABILITIES				
Current liabilities:				
Retainage and accounts payable	\$ 4,672,804	\$ 8,450	\$ 4,681,254	\$ 6,331,737
Wages and benefits payable	-	459,113	459,113	415,317
Due to City funds	10,758	35,437	46,195	20,453
Compensated absences	-	569,923	569,923	589,054
Unearned revenue	733,298	-	733,298	691,837
Pollution remediation obligation	56,546	-	56,546	155,861
Bond interest payable	1,523,873	-	1,523,873	2,278,513
Bonds payable	6,800,000	-	6,800,000	7,420,000
Total current liabilities	<u>13,797,279</u>	<u>1,072,923</u>	<u>14,870,202</u>	<u>17,902,772</u>
Noncurrent liabilities:				
Compensated absences	-	1,029,121	1,029,121	1,074,809
Net OPEB obligation	-	13,100,389	13,100,389	-
OPEB obligation	-	-	-	3,195,557
Net Pension Liability	-	-	-	61,707
Bonds payable:				
Bonds payable	67,465,000	-	67,465,000	77,075,000
Unamortized bond discount/premium, net	-	-	-	393,202
Bonds payable, net of unamortized discount/premium	<u>67,465,000</u>	<u>-</u>	<u>67,465,000</u>	<u>77,468,202</u>
Total non-current liabilities	<u>67,465,000</u>	<u>14,129,510</u>	<u>81,594,510</u>	<u>81,800,275</u>
Total liabilities	<u>81,262,279</u>	<u>15,202,433</u>	<u>96,464,712</u>	<u>99,703,047</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred amount from refunding, net of accumulated amortization \$7,804 and \$38,924				
	31,120	-	31,120	661
Deferred pension inflows	-	863,595	863,595	854,441
Deferred OPEB inflows	-	1,135,919	1,135,919	-
Total deferred inflows	<u>\$ 31,120</u>	<u>\$ 1,999,514</u>	<u>\$ 2,030,634</u>	<u>\$ 855,102</u>
NET POSITION				
Net Investment in capital assets	\$ 374,700,182	\$ 17,840,198	\$ 392,540,380	\$ 389,774,402
Restricted for construction	633,381	-	633,381	477,259
Restricted for debt service	27,064,856	-	27,064,856	25,089,920
Restricted for maintenance	42,128,718	-	42,128,718	35,417,641
Unrestricted	82,818,888	-	82,818,888	88,059,799
Total net position	<u>\$ 527,346,025</u>	<u>\$ 17,840,198</u>	<u>\$ 545,186,223</u>	<u>\$ 538,819,021</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, 2018 with summarized comparative information for June 30, 2017

	2018			2017
	OKLAHOMA CITY AIRPORT TRUST	AIRPORTS FUND	TOTAL	TOTAL
Operating revenues:				
Parking	\$ 13,244,922	\$ -	\$ 13,244,922	\$ 11,758,033
Landing fees	8,624,918	-	8,624,918	8,108,973
Rental income	14,349,197	-	14,349,197	13,702,414
Customer facility charges	5,507,073	-	5,507,073	5,272,543
Proprietary payments (to) from component unit	(16,896,660)	16,896,660	-	-
Other, net	21,114,783	-	21,114,783	20,381,874
Total operating revenues	<u>45,944,233</u>	<u>16,896,660</u>	<u>62,840,893</u>	<u>59,223,837</u>
Operating expenses:				
Personal services	-	11,028,574	11,028,574	10,936,183
Maintenance, operations, and contractual services	15,021,155	5,199,740	20,220,895	18,971,452
Materials and supplies	1,436,048	330,427	1,766,475	1,514,057
Depreciation	26,928,785	456,842	27,385,627	26,038,900
Total operating expenses	<u>43,385,988</u>	<u>17,015,583</u>	<u>60,401,571</u>	<u>57,460,592</u>
Operating Income (Loss)	<u>2,558,245</u>	<u>(118,923)</u>	<u>2,439,322</u>	<u>1,763,245</u>
Nonoperating revenues (expenses):				
Investment income				
Interest	203,239	15,188	218,427	37,541
Increase in fair value of investments	1,061,441	-	1,061,441	(200,327)
Oil and gas royalties	1,264,062	-	1,264,062	1,105,677
Refunds and Reimbursements	86,201	-	86,201	-
Passenger facility charges	7,944,255	-	7,944,255	7,166,215
Operating grants	262,799	-	262,799	339,320
Other nonoperating revenue	1,015	11,163	12,178	5,326
Interest expense	(2,483,500)	-	(2,483,500)	(2,567,385)
Amortization	6,068	-	6,068	56,627
Bond issue costs	(228,309)	-	(228,309)	-
Bond insurance	(3,722)	-	(3,722)	(16,135)
Gain (loss) on disposition of assets	(772,398)	(3,055)	(775,453)	(603,102)
Net nonoperating revenues (expenses)	<u>7,341,151</u>	<u>23,296</u>	<u>7,364,447</u>	<u>5,323,757</u>
Income (loss) before capital grants, contributions and transfers between City funds	9,899,396	(95,627)	9,803,769	7,087,002
Capital grants and contributions	6,888,914	-	6,888,914	7,583,038
Donated assets	-	-	-	(10,474,784)
Change in Net Position	<u>16,788,310</u>	<u>(95,627)</u>	<u>16,692,683</u>	<u>4,195,256</u>
Total net position, beginning of year	520,883,197	17,935,824	538,819,021	534,623,765
Change in Accounting Principle	<u>(10,325,481)</u>	<u>-</u>	<u>(10,325,481)</u>	<u>-</u>
Total net position, beginning of year restated	510,557,716	17,935,824	528,493,540	534,623,765
Total net position, end of year	<u>\$ 527,346,026</u>	<u>\$ 17,840,197</u>	<u>\$ 545,186,223</u>	<u>\$ 538,819,021</u>

See accompanying notes to financial statements.

OKLAHOMA CITY, OKLAHOMA, DEPARTMENT OF AIRPORTS

Statement of Cash Flow

For the Year Ended June 30, 2018 with summarized comparative information for June 30, 2017

	2018			2017
	OKLAHOMA CITY AIRPORT TRUST	AIRPORTS FUND	TOTAL	TOTAL
Cash flows from operating activities:				
Cash received from charges	\$ 57,082,373	\$ -	\$ 57,082,373	\$ 53,138,264
Cash received from customer facility charges	5,475,884	-	5,475,884	5,227,172
Cash received from oil and gas royalties	998,931	-	998,931	1,094,911
Cash payments to suppliers for goods and services	(17,126,733)	(5,518,965)	(22,645,698)	(20,526,460)
Cash payments to employees	-	(10,798,828)	(10,798,828)	(10,515,564)
Proprietary payments (to) from component unit	(15,851,026)	15,851,026	-	-
Net cash provided (used) by operating activities	<u>30,579,429</u>	<u>(466,767)</u>	<u>30,112,662</u>	<u>28,418,323</u>
Cash flow from noncapital financing activities:				
Operating grants received	327,599	-	327,599	209,000
Transfers received from (paid to) other City funds	(112,669)	-	(112,669)	(53,928)
Net cash provided (used) by noncapital financing activities	<u>214,930</u>	<u>-</u>	<u>214,930</u>	<u>155,072</u>
Cash flow from capital and related financing activities:				
Intergovernmental advance (payment)	(4,380,521)	-	(4,380,521)	884,779
Advance payable - Gulfstream	373,237	-	373,237	(171,312)
Acquisition and construction of capital assets	(19,166,453)	(367,715)	(19,534,168)	(37,079,371)
Capital grants received	6,860,932	-	6,860,932	9,797,014
Interest paid on bonds	(4,371,587)	-	(4,371,587)	(4,734,572)
Principal paid on bonds	(46,900,000)	-	(46,900,000)	(7,745,000)
Bond proceeds	36,670,000	-	36,670,000	-
Bond issuance costs	(228,309)	-	(228,309)	-
Proceeds from sale of capital assets	10,607	14,606	25,213	96,073
Passenger facility charges	7,840,436	-	7,840,436	6,824,699
Net cash provided (used) by capital and related financing activities	<u>(23,291,658)</u>	<u>(353,109)</u>	<u>(23,644,767)</u>	<u>(32,127,690)</u>
Cash flows from investing activities:				
Interest on investments	180,914	16,898	197,812	33,352
Proceeds from sale of investments	118,388,700	-	118,388,700	45,655,189
Purchase of investments	(125,669,676)	-	(125,669,676)	(43,316,604)
Change in pooled investments	-	765,390	765,390	681,690
Net cash provided (used) by investing activities	<u>(7,100,062)</u>	<u>782,288</u>	<u>(6,317,774)</u>	<u>3,053,627</u>
Net increase (decrease) in cash	402,639	(37,588)	365,051	(500,668)
Cash, beginning	<u>158,793</u>	<u>38,856</u>	<u>197,649</u>	<u>698,317</u>
Cash, ending	<u>\$ 561,432</u>	<u>\$ 1,268</u>	<u>\$ 562,700</u>	<u>\$ 197,649</u>

See accompanying notes to financial statements.

OKLAHOMA CITY, OKLAHOMA, DEPARTMENT OF AIRPORTS

Statement of Cash Flow

For the Year Ended June 30, 2018 with summarized comparative information for June 30, 2017

	2018			2017
	OKLAHOMA CITY AIRPORT TRUST	AIRPORTS FUND	TOTAL	TOTAL
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:				
Operating income (Loss)	\$ 2,558,245	\$ (118,923)	\$ 2,439,322	\$ 1,763,245
Adjustment to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation	26,928,785	456,842	27,385,627	26,038,900
Non-operating revenues (expenses):				
Oil and gas royalties	1,264,062	-	1,264,062	1,105,677
Changes in assets and liabilities:				
(Increase) decrease in accounts receivable	(341,612)	-	(341,612)	(11,479)
(Increase) decrease in royalties receivable	(265,131)	-	(265,131)	(10,767)
(Increase) decrease in due from City funds	-	49,734	49,734	(842,458)
(Increase) decrease in inventory	-	(39,980)	(39,980)	116,250
(Increase) decrease in prepaid assets	17,479	-	17,479	3,836
(Increase) decrease in advance (to) from other funds	1,055,754	(1,107,342)	(51,588)	311,950
Increase (decrease) in accounts payable	(580,298)	1,448	(578,850)	284,849
Increase (decrease) in wages and benefits payable	-	43,795	43,795	22,914
Increase (decrease) in compensated absences	-	(64,819)	(64,819)	43,581
Increase (decrease) in net pension asset	-	733,126	733,126	(26,766)
Increase (decrease) in OPEB liability	-	(420,649)	(420,649)	380,888
Increase (decrease) in pollution remediation	(99,316)	-	(99,316)	80,899
Increase (decrease) in deferred revenue	41,461	-	41,461	(843,196)
Total adjustments	28,021,184	(347,845)	27,673,339	26,655,078
Net cash provided (used) by operating activities	\$ 30,579,429	\$ (466,768)	\$ 30,112,661	\$ 28,418,323
Noncash investing, capital and financing activities:				
Net increase (decrease) in fair value of investments	\$ 1,061,441	\$ -	\$ 1,061,441	\$ (200,327)
Noncash capital contribution (donation)	-	-	-	(10,474,784)

See accompanying notes to financial statements.

OKLAHOMA CITY, OKLAHOMA, DEPARTMENT OF AIRPORTS

Notes to Financial Statements

June 30, 2018

1. ORGANIZATION

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

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

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

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

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.

OKLAHOMA CITY, OKLAHOMA, DEPARTMENT OF AIRPORTS

Notes to Financial Statements

June 30, 2018

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.

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".

OKLAHOMA CITY, OKLAHOMA, DEPARTMENT OF AIRPORTS

Notes to Financial Statements

June 30, 2018

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

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

Additional deposit and investment information is presented in Note 3.

Receivables

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

Receivables are as follows:

Miscellaneous accounts receivable	\$	-
Billed accounts receivable		382,222
Unbilled accounts receivable		1,207,681
Credit card receivables		173,288
Allowance for uncollectible accounts receivable		-
	\$	<u>1,763,191</u>

Inventory

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

Intergovernmental Advance

The Trust has one active 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.

Restricted Assets

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

Capital Assets and Depreciation

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

OKLAHOMA CITY, OKLAHOMA, DEPARTMENT OF AIRPORTS

Notes to Financial Statements

June 30, 2018

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 of amortization of discount and premium incurred was \$3,595,677 and \$4,500,398, for the years ended June 30, 2018 and 2017, respectively. Of these amounts, \$1,118,245 and \$1,989,640 was included as part of the cost of capital assets under construction for the years ended June 30, 2018 and 2017, respectively.

Bond Discounts and/or Premiums

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

Deferred Outflows of Resources and Deferred Inflows of Resources

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

Risk Management

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

The Department pays premiums to the City and has no other cost or liabilities related to risk management activities. Costs and liabilities for commercial insurances, stop-loss insurance, and claims

OKLAHOMA CITY, OKLAHOMA, DEPARTMENT OF AIRPORTS

Notes to Financial Statements

June 30, 2018

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 \$262,452,615 for construction and debt payments of FAA approved improvements. Under the approved applications, collections extend until October 31, 2035. Total cumulative PFC revenues remitted to the Department through the years ended June 30, 2018 and 2017 were \$118,786,226 and \$110,945,957, respectively. PFC revenues earned by the Department for the years ended June 30, 2018 and 2017 were \$7,944,255 and \$7,166,215, 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, 2018 and 2017 were \$5,507,073 and \$5,272,543 respectively. CFC revenues are recognized as earned. While CFC revenues are included in operating revenues, these revenues pay for both operating and non-operating expenses. Those operating expenses consist of shuttle bus and facility maintenance and operations.

Rental Income

Property is leased to commercial airlines, car rental companies, concessionaires, several fixed base operators who service the airline industry, the FAA, and other Federal and state agencies. All leases are non-cancelable operating leases. Property leased, or held for lease, to others was approximately \$546,011,542 and \$548,948,330 as of June 30, 2018 and 2017, respectively. Accumulated depreciation on this leased property was approximately \$316,015,314 and \$296,490,431 as of June 30, 2018 and 2017, respectively.

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

Year	Amount
2019	\$ 31,268,960
2020	26,155,894
2021	25,138,568
2022	23,365,551
2023	22,870,049
2024-2028	25,871,392
2029-2033	3,921,810
2034-2038	3,095,784
2039-2043	2,093,373
2044-2048	2,221,917
2049-2053	2,007,808
2054-2058	1,836,473
Total	<u>\$ 169,847,579</u>

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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, 2018.

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 2018 and 2017 received through these leases was approximately \$8,443,000 and \$8,088,000, 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, 2017, from which the summarized totals were derived.

Defined Benefit Pension Plan

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

Post-Employment Plans

Effective July 1, 2017 the Airport implemented Governmental Accounting Standards Board (GASB) statement number 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pension Plans. This statement replaces GASB statements 45 as amended and 57. This statement establishes standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expenses/expenditures for other post-employment benefits (OPEB). It also includes note disclosure and required supplementary information requirements for OPEB plans. See Note 9. Change in Accounting Principle for the effects of the adoption of GASB 75.

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Notes to Financial Statements

June 30, 2018

It also includes note disclosure and required supplementary information requirements for OPEB plans. See Note 9. Change in Accounting Principle for the effects of the adoption of GASB 75.

3. DEPOSITS AND INVESTMENTS

Deposits

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

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

Investments

Credit risk is the risk that an issuer or other counter party to an investment will not fulfill its obligations. The Trust adopted a policy for investing Trust monies related to the Bond Indenture, with the exception of the Construction Account of the Trust, in general obligations of the United States with maturities not to exceed a term of five years or the intended date of use of said monies. Construction Account monies are required by the Bond Indenture to be invested in general obligations of the Federal government with terms not exceeding six months.

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

Investments are categorized within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of

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Notes to Financial Statements

June 30, 2018

the asset; the hierarchy requires an entity to maximize the use of observable inputs when measuring fair value. The following describes three levels of inputs that may be used to measure fair value:

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

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

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

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

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

Restricted Deposits and Investments	2018	2017
Bond principal and interest accounts	\$ 2,530,725	\$ 3,116,078

As of June 30, 2018, the Trust had the following investments:

Type of Investment	Fair Value/Carrying Amount	Cost	Ratings (1)	Weighted Average Days to Maturity	Hierarchy
U.S. Treasury Money Market Fund	\$ 32,826,053	\$ 32,826,053	N/A	37	Level 1
U.S. Treasury Strips	125,707,463	125,442,890	N/A	629	Level 1
Total Investments	\$ 158,533,516	\$ 158,268,943			

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

As of June 30, 2017, the Trust had the following investments:

Type of Investment	Fair Value/Carrying Amount	Cost	Ratings (1)	Weighted Average Days to Maturity	Hierarchy
U.S. Treasury Money Market Fund	\$ 47,884,007	\$ 47,884,007	N/A	37	Level 1
U.S. Treasury Strips	102,307,092	102,374,374	N/A	934	Level 1
Total Investments	\$ 150,191,099	\$ 150,258,381			

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

The Airports Fund pooled investments as of June 30, 2018 were \$467,564. The Airports Fund participates in the City's investment pool which had the following investments as of June 30, 2018:

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June 30, 2018

Type of City Pooled Investments	Fair Value/Carrying Amount	Cost	Ratings (1)	Weighted Average Months to Maturity	Hierarchy
Money Market funds	\$ 57,279,000	\$ 57,279,000	AAA/Aaa	1.50	Level 1
U.S. Treasury Notes	290,067,000	291,452,000	AAA/Aaa	14.52	Level 2
Fannie Mae	183,017,000	184,962,000	AA/Aaa	12.26	Level 2
Federal obligations	390,868,000	395,883,000	AA/Aaa	28.63	Level 2
Commercial paper	49,674,000	49,457,000	A1/P1	3.35	Level 2
Total Investments	\$ 970,905,000	\$ 979,033,000			

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

The Airports Fund pooled investments as of June 30, 2017 were \$1,232,954. The Airports Fund participates in the City's investment pool which had the following investments as of June 30, 2017:

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

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

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

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

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4. CAPITAL ASSETS

As of June 30, 2018 capital assets consist of the following:

	Balance			Balance
Depreciable capital assets	July 1, 2017	Increases	Decreases	June 30, 2018
Buildings	\$ 527,715,293	\$ 21,838,987	\$ (366,120)	\$ 549,188,160
Improvements	359,437,934	6,019,655	(1,973)	365,455,616
Furniture, fixtures, and equipment	46,996,667	390,261	(291,838)	47,095,090
Total depreciable capital assets	<u>934,149,894</u>	<u>28,248,903</u>	<u>(659,931)</u>	<u>961,738,866</u>
Less accumulated depreciation				
Buildings	286,290,244	12,661,301	(187,202)	298,764,343
Improvements	219,982,982	11,149,137	(1,972)	231,130,147
Furniture, fixtures, and equipment	18,604,175	3,575,189	(267,871)	21,911,493
Total accumulated depreciation	<u>524,877,401</u>	<u>27,385,627</u>	<u>(457,045)</u>	<u>551,805,983</u>
Depreciable capital assets, net of accumulated depreciation	<u>\$ 409,272,493</u>	<u>\$ 863,276</u>	<u>\$ (202,886)</u>	<u>\$ 409,932,883</u>
Nondepreciable capital assets				
Land	\$ 30,580,289	\$ -	\$ -	\$ 30,580,289
Art	450,420	-	-	450,420
Construction in progress	37,704,043	18,813,869	(28,440,515)	28,077,397

As of June 30, 2017 capital assets consist of the following:

	Balance			Balance
Depreciable capital assets	July 1, 2016	Increases	Decreases	June 30, 2017
Buildings	\$ 523,210,728	\$ 5,923,150	\$ (1,418,585)	\$ 527,715,293
Improvements	338,548,156	21,856,218	(966,440)	359,437,934
Furniture, fixtures, and equipment	47,091,512	900,829	(995,674)	46,996,667
Total depreciable capital assets	<u>908,850,396</u>	<u>28,680,197</u>	<u>(3,380,699)</u>	<u>934,149,894</u>
Less accumulated depreciation				
Buildings	275,044,723	12,200,265	(954,744)	286,290,244
Improvements	210,753,005	10,042,267	(812,290)	219,982,982
Furniture, fixtures, and equipment	15,763,675	3,796,440	(955,940)	18,604,175
Total accumulated depreciation	<u>501,561,403</u>	<u>26,038,972</u>	<u>(2,722,974)</u>	<u>524,877,401</u>
Depreciable capital assets, net of accumulated depreciation	<u>\$ 407,288,993</u>	<u>\$ 2,641,225</u>	<u>\$ (657,725)</u>	<u>\$ 409,272,493</u>
Nondepreciable capital assets				
Land	\$ 30,580,289	\$ -	\$ -	\$ 30,580,289
Art	450,420	-	-	450,420
Construction in progress	38,459,339	37,570,938	(38,326,234)	37,704,043

5. LIABILITIES

Compensated Absences

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

	Balance			Balance	Due within
	July 1, 2017	Increases	Decreases	June 30, 2018	one year
Compensated absences	\$ 1,663,863	\$ 792,282	\$ (857,101)	\$ 1,599,044	\$ 569,923

Pollution Remediation

The former Gulfstream Manufacturing Facility located at Wiley Post Airport has certain environmental conditions that may have been caused by certain aviation manufacturing activities prior to the Trust’s ownership. During Gulfstream’s occupation of the premises, the Trust acquired legal title to the property in a sale-leaseback arrangement, but never operated the site. Some additionally noted environmental conditions on OCAT’s property near the former Gulfstream facility discovered during the site investigation may be from an upgradient off-site source. The Trust voluntarily entered the entire site into the Oklahoma Department of Environmental Quality’s Voluntary Cleanup Program through a MACO Agreement. The Trust has an Allocation Agreement with the former tenants/owners where the Trust assumes an allocable share of the site characterization and any necessary and reasonable remediation expenses. For the remainder of the fiscal year, the Trust has recorded a liability of approximately \$56,546 as of June 30, 2018, for its allocable share of the interim remedial measures and continued monitoring activities.

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, 2018, no Senior Lien bonds are outstanding.

Thirty-Two series of Junior Lien Bonds have been issued pursuant to supplemental bond indentures to the Bond Indenture, and are secured by a pledge of the gross revenues of the Airports, subject to the debt service requirements of any outstanding Senior Lien Bonds. The bond proceeds were used to construct various facilities at the Airports. Three Junior Lien series are still outstanding as of June 30, 2018. 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.

OKLAHOMA CITY, OKLAHOMA, DEPARTMENT OF AIRPORTS

Notes to Financial Statements

June 30, 2018

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.

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, 2018.

A summary of changes in bonds payable as of June 30, 2018 is as follows:

Description	Balance July 1, 2017	Issued	Retired	Balance June 30, 2018	Due within one year
Junior Lien Bonds:					
Twenty-ninth Series A	\$ 13,705,000	\$ -	\$ 13,705,000	\$ -	\$ -
Twenty-ninth Series B	31,760,000	-	31,760,000	-	-
Thirtieth Series	750,000	-	750,000	-	-
Thirty-first Series	38,280,000	-	685,000	37,595,000	700,000
Thirty-second Series A	-	12,165,000	-	12,165,000	950,000
Thirty-second Series B	-	24,505,000	-	24,505,000	5,150,000
Total	\$ 84,495,000	\$ 36,670,000	\$ 46,900,000	\$ 74,265,000	\$ 6,800,000
Less current maturities				(6,800,000)	
Long-term portion				67,465,000	
Less unamortized discount				-	
Add unamortized premium				-	
Total				\$ 67,465,000	

Additional information on revenue bond issues is as follows:

Description	Original Amount Issued	Interest Rate	Issue Date	Final Maturity Date
Junior Lien Bonds:				
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
Thirty-second Series A	12,165,000	1.88	11/15/2017	7/1/2026
Thirty-second Series B	24,505,000	1.88	11/15/2017	7/1/2021

OKLAHOMA CITY, OKLAHOMA, DEPARTMENT OF AIRPORTS
Notes to Financial Statements
June 30, 2018

Additional information on revenue bond issues is as follows:

Fiscal Year	Principal	Interest	Total
2019	6,800,000	2,980,814	9,780,814
2020	9,260,000	2,821,857	12,081,857
2021	9,445,000	2,634,824	12,079,824
2022	7,255,000	2,463,921	9,718,921
2023	2,110,000	2,359,402	4,469,402
2024-2028	10,130,000	10,749,941	20,879,941
2029-2033	6,175,000	8,910,707	15,085,707
2034-2038	8,455,000	6,541,941	14,996,941
2039-2043	11,775,000	3,106,723	14,881,723
2044	2,860,000	98,098	2,958,098
	<u>\$ 74,265,000</u>	<u>\$ 42,668,228</u>	<u>\$ 116,933,228</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, 2018 and 2017, were \$5,713,279 and \$5,652,741, 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 \$7,011,293 and \$6,667,362 for the years ended June 30, 2018 and 2017, respectively. The total payroll for all Department employees was \$7,683,792 and \$7,511,474 for the years ended June 30, 2018 and 2017, respectively.

Eligibility, Contribution Methods, Benefit Provisions

Year established and governing authority	1958; City Council Ordinance
Determination of contribution requirements	Actuarially determined
Employer contributions	5.33% of covered payroll
Plan members contributions	6.00% of covered payroll
Funding of administrative costs	Investment earnings
Period required to vest	5 years
Post-retirement benefit increases	Cost of living adjustments are compounded annually; increases must be approved by the OCERS board
Eligibility for distribution	30 years credited service regardless of age, or age 60 with 20 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 of service with benefits.

OKLAHOMA CITY, OKLAHOMA, DEPARTMENT OF AIRPORTS

Notes to Financial Statements

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Benefit Provisions

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

Post-Retirement Adjustments

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

Plan Membership

Non-vested active members	861
Fully-vested active members	1,645
Retirees and beneficiaries currently receiving benefits	1,491
Terminated plan members entitled to but not yet receiving benefits	108
	<hr/>
	4,105
	<hr/>

Actuarial Methods and Assumptions

Valuation date	12/31/2016
Provisions for:	
Disability benefits	Yes
Death benefits	Yes
Actuarial cost method	Individual entry age
Amortization method	Level percentage of payroll
Amortization period	27 years, closed
Actuarial asset valuation method	4-year smoothed market
Actuarial assumptions	
Investment rate of return	7.4%
Projected salary increases	3.75% to 7.25%
Post-retirement increases (max)	2%
Inflation	2.5%
Source of mortality assumptions	RP-2000 male (unadjusted) and Female (unadjusted) Healthy Life Mortality Table, adjusted for mortality improvements to 2010
Experience study	Actuarial assumptions were based upon results of an experience study covering the period January 1, 2008 through December 31, 2012

Projections of benefits for financial reporting purposes are based on the substantive plan (the Plan as understood by OCERS and Plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between OCERS and Plan members

OKLAHOMA CITY, OKLAHOMA, DEPARTMENT OF AIRPORTS

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to that point. Actuarial calculations reflect a long-term perspective. The actuarial methods and assumptions use techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of calculations.

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

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

Reserves

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

Concentrations

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

Net Pension Asset (Liability)

The departmental share of net pension asset is allocated using the departments share of employer contributions for the payroll ending June 30, 2018. The department portion for 2018 was 5.26%.

	Total	Airports Fund Share
Total pension (asset) liability	\$ (677,114,634)	\$ (35,616,237)
Fiduciary net position	702,133,165	36,932,204
Net pension asset (liability)	<u>\$ 25,018,531</u>	<u>\$ 1,315,967</u>
Plan fiduciary net position as a percentage of total pension liability	103.69%	103.69%

Rate of Return

The annual money-weighted rate of return on pension plan investments, net of pension plan investment expenses was (11.48%). The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Long-term Expected Rate of Return

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

OKLAHOMA CITY, OKLAHOMA, DEPARTMENT OF AIRPORTS
Notes to Financial Statements
June 30, 2018

	Long-Term Expected Real Rate of Return	Target Allocation
Core bonds	2.77%	5.00%
Core plus	3.04%	7.50%
Global bonds	2.55%	7.50%
Absolute return	4.20%	5.00%
U.S. large cap equity	7.45%	20.00%
U.S. small cap equity	8.71%	10.00%
International developed equity	8.45%	10.00%
Emerging market equity	9.72%	5.00%
Long / short equity	7.23%	10.00%
Private equity	10.20%	5.00%
Core real estate	5.88%	6.00%
Opportunistic real estate	9.02%	4.00%
Commodities	2.10%	5.00%
		100.00%

Discount rate

A single discount rate of 7.4% was used to measure the total pension liability. This single discount rate was based on the expected rate of return on pension plan investments of 7.4%. The projections of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between the actuarially determined contributions rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of Net Pension Liability to Changes in the Discount Rate

	Rate	OCERS Total Pension Liability	Airports Fund Share Total Pension Liability	OCERS Net Pension (Asset) Liability	Airports Fund Share
1% decrease	6.40	%\$ 759,407,117	\$ 39,944,814	\$ 57,273,952	\$ 3,012,610
Current single discount rate	7.40	677,114,634	35,616,237	(25,018,531)	(1,315,975)
1% increase	8.40	607,668,423	31,963,359	(94,464,742)	(4,968,845)

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

For the years ended June 30, 2018 and 2017, the Department recognized pension expenses of \$377,312 and \$349,784, respectively. At June 30, 2018, the Department reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

OKLAHOMA CITY, OKLAHOMA, DEPARTMENT OF AIRPORTS

Notes to Financial Statements

June 30, 2018

	2018	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 863,595
Net difference between projected and actual earnings on pension plan investments	624,164	-
Change in assumption	270,412	-
Trust's contributions made subsequent to the measurement date of the net pension asset/liability	371,183	-
Total	<u>\$ 1,265,759</u>	<u>\$ 863,595</u>

At June 30, 2018, the Department reported \$371,183 as deferred outflows of resources related to pensions resulting from department contributions subsequent to the measurement date and prior to year-end that will be recognized as a reduction of the net pension liability as of June 30, 2019. Other amounts reported as deferred inflows of resources at June 30, 2018, related to pensions will be recognized in pension expense as follows:

2019	\$ (124,183)
2020	422,276
2021	176,815
2022	(360,879)
2023	(61,092)
Thereafter	(21,956)
	<u>\$ 30,981</u>

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

Related-Party Transactions

As of June 30, 2018, the OCERS' investments include purchased judgments against the City in the amount of \$4,258,103. The judgments earn interest at rates of 5.75%. 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, 2018 actual contributions by the Department and plan participants were \$21,546 and \$20,416, respectively.

OKLAHOMA CITY, OKLAHOMA, DEPARTMENT OF AIRPORTS

Notes to Financial Statements

June 30, 2018

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	54% of premium
Plan members	46% 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 60 with 15 years of service or at any age with 25 years of service. If hired before 1/1/2017 and employee attains the age of 55 with a minimum of 5 years service on or before 12/31/2016 will be grandfathered in. General employees hired after 1/1/2017 are not eligible for cost sharing.

Funding Policy

Beginning January 1, 2018, the employer contribution rate changed from 56% of premium to 54% of premium for retirees under 65. The retirees were responsible for paying the remaining balance of the premium.

Benefit Provided

The City provides medical benefits either through a fully insured health plan or through a self-insured Group Indemnity Plan. Benefits include general inpatient and outpatient medical services and prescription drug coverage. Additional benefits for dental, life and vision are available with no subsidy

OKLAHOMA CITY, OKLAHOMA, DEPARTMENT OF AIRPORTS

Notes to Financial Statements

June 30, 2018

from the City. Coverage for dependents can continue upon the death of the retiree. Spouses and eligible dependents of employees who die in active service while eligible for benefits can receive coverage.

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

The Department's net OPEB liability of \$13,100,389 was measured as of June 30, 2017, and was determined by an actuarial valuation as of that date. The Department's proportion of the collective OPEBT net OPEB liability is based on the ratio of the Department's total employees relative to the total employees for the City as a whole.

For the year ended June 30, 2018, the Department recognized OPEB expense of \$616,296. At June 30, 2018, the Department reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows (Inflows) of Resources Airport Fund Share	Deferred Outflows (Inflows) of Resources Airport Fund Share
Net difference between projected and actual OPEB plan experience	\$ 98,974	\$ -
Net difference between projected and actual earnings on OPEB plan investments		38,103
Employer contributions	365,527	-
Changes in assumptions		1,097,816
Total	\$ 464,501	\$ 1,135,919

The \$365,527 reported as deferred outflows of resources related to OPEB resulting from Department contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

OKLAHOMA CITY, OKLAHOMA, DEPARTMENT OF AIRPORTS
Notes to Financial Statements
June 30, 2018

Year ended June 30:	Deferred Outflows (Inflows) of Resources Airport Fund Share
2018 \$	100,330
2019	100,330
2020	100,330
2021	100,330
2022	90,804
Thereafter	544,821
	<u>\$ 1,036,945</u>

Membership

As of the last actuarial date, membership consisted of:

Retirees and beneficiaries currently receiving benefits	2,173
Active members	<u>3,479</u>
Total	<u>5,652</u>

Annual Required Contributions - Actuarial Assumptions

Provisions for:

Disability benefits	Yes
Death benefits	Yes
Valuation date	6/30/2017
Actuarial cost method	Entry age normal
Amortization method/period	Level percentage of payroll/30 years, closed
Actuarial asset valuation method	4-year smoothed market
Actuarial Assumptions	
Investment rate of return	7.50%
Inflation	3.75%
Projected salary increases	3.75%
Health care trend rate	8.50% (6.0% for Medicare age)
Ultimate health care trend rate	4.50% (4.5% for Medicare age)
Mortality table	RP 2000 combined mortality table fully generational 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, 2018

Long-Term Expected Rate of Return

The discount rate used to measure the total OPEB liability was 3.75%. Assets were projected using expected benefit payments and expected asset returns. Expected benefit payments by year were discounted using the expected asset return assumption for years in which the assets were sufficient to pay all benefit payments. Any remaining benefit payments after the net position is exhausted are discounted at the 20-year municipal bond rate. Based on those assumptions, the OPEB Plan's fiduciary net position was projected to not be available to make all projected future benefit payments of current plan members after 2018. Therefore, the 20-year municipal bond rate based on a range of indices from 3.13%-3.56% was applied to projected benefit payments after 2018 to determine the total OPEB liability. The discount rate increased from 3.13% on June 30, 2016 to 3.75% on June 30, 2017. These best estimates and the OPEB's target asset allocation are summarized in the following table:

	Long-Term Expected Real Rate of Return	Target Allocation
Deomestic equity	7.50%	60.00%
Domestic bonds	2.50%	30.00%
International equity	8.50%	10.00%
International bonds	3.50%	0.00%
Real estate	4.50%	0.00%
		100.00%

Sensitivity of the net OPEB liability to changes in the discount rate. The following presents the net OPEB liability of the Department, as well as what the Department's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.75%) or 1-percentage-point higher (4.75% than the current discount rate).

	Rate	Total Net OPEB liability	Airport Fund Share Net OPEB liability
1% decrease	2.75 %	\$ 623,260,425	\$ 15,643,837
Current single discount rate	3.75	\$ 523,420,912	\$ 13,100,389
1% increase	4.75	\$ 444,336,732	\$ 11,152,852

Sensitivity of the net OPEB liability to changes in the healthcare cost trend rates. The following presents the net OPEB liability of the Department, as well as what the Department's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (8.50% decreasing to 7.50%) or 1-percentage-point higher (8.50% increasing to 9.50%) than the current healthcare cost trend rates:

OKLAHOMA CITY, OKLAHOMA, DEPARTMENT OF AIRPORTS

Notes to Financial Statements

June 30, 2018

	<u>Rate</u>	<u>Total Net OPEB liability</u>	<u>Airport Fund Share Net OPEB liability</u>
1% decrease	7.5 %	\$ 436,433,248	\$ 10,954,475
Current sigle discount rate	8.5	\$ 523,420,912	\$ 13,100,389
1% increase	9.5	\$ 635,715,336	\$ 15,956,455

Change in Accounting Principle

Effective July 1, 2017, the Trust changed its method of accounting and recongized an additional liability and reduced net position of \$10,325,481 due to the chargeback from the City for the adoption of FASB Statement No. 75, Accounting and Financial Reporting for Post-employment Benefits Other than Pensions. In addition, the Airport City fund recognized an increase in the OPEB liability of \$9,904,832, an increase in deferred outflows of \$397,011 and increase to receivables of \$10,325,481.

Actuarial Changes

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

In the July 1, 2016, actuarial valuation, the health care trend rate was increased to 8.5% from 8.0% for pre-65 retirees and to 6.0% from 5.75% for post 65 retirees.

The required supplementary information schedule of changes in the net OPEB Liability (Asset) and related ratios and the schedule of the Trust's proportionate share net pension Liability (Asset), immediately following the notes to the financial statements presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits. OCPEBT issues a separate stand-alone report which may be obtained from Finance Department, Accounting Services Division, 100 N. Walker, Suite 300, Oklahoma City, OK 73102.

10. COMMITMENTS AND CONTINGENCIES

Engineering and construction contracts relating to construction or major repairs in progress aggregated approximately \$15,628,000 and \$14,711,000 as of June 30, 2018 and 2017, 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 \$1,899,260 and \$2,513,816, as of June 30, 2018 and 2017, respectively. The Federal grant funds are not available to the Department until expenses are incurred and therefore, are not recorded as receivables.

OKLAHOMA CITY, OKLAHOMA, DEPARTMENT OF AIRPORTS

Notes to Financial Statements

June 30, 2018

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

11. SUBSEQUENT EVENTS

Oklahoma City Airport Trust has issued bonds subsequent to June 30, 2018. Oklahoma City Airport Trust issued Junior Lien Bonds Thirty-Three Series for a par amount of \$93,550,000 with a \$7,957,912.12 premium on November 6, 2018. The Junior Lien Tax-Exempt Bonds, Thirty Third Series (AMT) were issued as fully registered bonds in \$5,000 denominations. Interest on the Thirty Third Series Bonds is payable semi-annually on January 1 and July 1 of each year commencing July 1, 2019. The proceeds received from the sale of the Thirty Third Series Bonds will be used to fund the 2018 Project as described as follows. The 2018 Project adds 133,022 square feet of new terminal space and renovates 43,473 square feet of existing terminal space at OKC. The main components of the 2018 Project provide for the construction of a four-gate concourse with increased hold room seating and new passenger boarding bridges to increase the total departure gate count to 21, a mezzanine level circulation deck area, a centralized passenger security screening checkpoint, a large separate hold room area for international or diverted flights, administrative office space, additional concession space (food and retail), technology improvements, and an area for a future customs inspections facility. Public artwork will be procured and integrated into the building construction. The 2018 Project will also renovate existing space to expand greeter lobbies and public circulation areas and include new furniture and fixtures for the new and remodeled areas. The 2018 Project is estimated to cost approximately \$92.1 million and is anticipated to be funded with a portion of the proceeds of the Thirty Third Series Bonds and Trust Revenues, including PFCs.

OKLAHOMA CITY, OKLAHOMA, DEPARTMENT OF AIRPORTS
Required Supplementary Information
June 30, 2018

OKLAHOMA CITY EMPLOYEE RETIREMENT SYSTEM

Schedule of Proportionate Share Net Pension Liability
(Asset)

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Proportionate Share	5.26%	5.26%	4.86%	4.92%
Proportionate share of the net pension liability (asset)	\$ (1,315,975)	\$ 61,707	\$ (2,277,303)	\$ (3,021,495)
Covered - employee payroll	\$ 6,667,362	\$ 6,323,860	\$ 6,824,569	\$ 6,600,335
Net pension liability (asset) as a percentage of covered - employee payroll	(19.73)%	0.97%	(33.37)%	(44.27)%
Plan fiduciary net position as a percentage of total pension liability	103.69%	99.82%	107.52%	110.29%

**The amounts presented for each fiscal year were determined as of the measurement date.*

Schedule of Employer
Contributions

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 320,262	\$ 360,520	\$ 400,027	\$ 436,502
Contributions in relation to the contractually required contribution	361,439	360,520	398,860	436,502
Contribution deficiency (excess)	<u>\$ (41,177)</u>	<u>\$ -</u>	<u>\$ 1,167</u>	<u>\$ -</u>
Department's covered-employee payroll	\$ 6,008,667	\$ 6,667,362	\$ 6,323,860	\$ 6,824,569
Contributions as a percentage of covered-employee payroll	6.02%	5.41%	6.00%	6.40%

Notes to Schedules

Only 2015 through 2018 fiscal year information is presented because the 10-year data is not yet available.

OKLAHOMA CITY OTHER POST-EMPLOYMENT BENEFITS (1)

Schedule of Proportionate Share Net Pension Liability (Asset)

	<u>2018</u>
Proportionate Share	2.51%
Proportionate share of the net OPEB liability (asset)	\$ (13,100,389)
Covered - employee payroll	\$ 6,667,362
Net OPEB liability (asset) as a percentage of covered - employee payroll	2.18%
Plan fiduciary net position as a percentage of total OPEB liability (asset)	8.50%

Notes to Schedules

Only 2018 fiscal year information is presented because the 10-year data is not yet available.

**Schedule of changes in the Net OPEB Liability
(Asset) and related ratios**

2018

Contractually required contribution	\$ 687,889
Contributions in relation to the contractually required contribution	365,527
Contribution deficiency (excess)	<u>\$ 322,362</u>
Departments covered-employee payroll	\$ 6,008,667
Contributions as a percentage of covered employee payroll	6.08%



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, 2018

	Original Budget	Revisions	Revised Budget
REVENUES			
Interest income	\$ 28,658	\$ -	\$ 28,658
Other Income	49,424	-	49,424
Total revenues before prior year fund balance	<u>77,082</u>	-	<u>77,082</u>
Prior year fund balance:			
Reappropriated for prior year encumbrances	-	-	-
Total revenues and prior year fund balance	<u>77,082</u>	-	<u>77,082</u>
EXPENDITURES AND ENCUMBRANCES			
Personal services	10,536,777	-	10,536,777
Contractual services	6,074,897	-	6,074,897
Supplies	701,932	-	701,932
Capital outlay	500,000	-	500,000
Transfers	-	-	-
Total expenditures and encumbrances	<u>17,813,606</u>	-	<u>17,813,606</u>
Deficiency of revenues over expenditures and encumbrances	(17,736,524)	-	(17,736,524)
OTHER FINANCING SOURCES			
Transfers from other funds			
Net other financing sources (uses)	<u>17,736,524</u>	-	<u>17,736,524</u>
	17,736,524	-	17,736,524
Excess of revenues and other sources over expenditures and encumbrances	-	<u>\$ -</u>	-
Fund balance, beginning (Non-GAAP budgetary basis)	1,604,993		1,604,993
Less prior year fund balance (1)	-		-
Fund balance, ending (Non-GAAP budgetary basis)	<u>\$ 1,604,993</u>		<u>\$ 1,604,993</u>
ADJUSTMENTS TO GENERALLY ACCEPTED ACCOUNTING PRINCIPLES			
Current year encumbrances included in expenditures			
Accounts receivable			
Reserve for inventories			
Net pension asset (liability)			
Deferred pension outflows			
Revenue accruals			
Capital assets, net of depreciation			
Accounts Payable			
Compensated absences			
Other post employment benefits			
Deferred pension inflows			
Change in Advance to/from other funds			
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.

(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.

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, 2018

Expenditures	Encumbrances	Total Actual	Variance Favorable (Unfavorable)
		\$ 18,897	\$ (8,761)
		<u>18,713</u>	<u>(30,711)</u>
		37,610	(39,472)
		-	-
		<u>37,610</u>	<u>(39,472)</u>
\$ 10,384,601	\$ -	10,384,601	152,176
5,623,511	1,577	5,625,088	449,809
370,407	8,275	378,682	323,250
361,215	117,306	478,521	21,479
491,776	-	491,776	(491,776)
<u>\$ 17,231,510</u>	<u>127,158</u>	<u>17,358,668</u>	<u>454,938</u>
		(17,321,058)	415,466
		15,840,417	-
		<u>15,840,417</u>	<u>(1,896,107)</u>
		(1,480,642)	(1,480,641)
		1,604,993	-
		-	-
		<u>124,351</u>	<u>\$ (1,480,641)</u>
		127,163	
		-	
		957,768	
		-	
		1,265,759	
		(180,108)	
		1,633,571	
		34,008	
		(1,599,044)	
		-	
		(863,595)	
		133,699	
		<u>1,633,572</u>	
		16,206,626	
		<u>\$ 17,840,198</u>	

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STATISTICAL SECTION

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

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

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

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

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

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

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OKLAHOMA CITY, OKLAHOMA, DEPARTMENT OF AIRPORTS

Net Position and Changes in Net Position

Last ten fiscal years

	2018	2017	2016	2015
Operating revenues:				
Landing fees	\$ 8,624,918	\$ 8,108,973	\$ 7,790,758	\$ 7,210,738
Other aircraft fees	-	2,868,227	2,784,646	2,478,747
Building rents	14,349,197	5,833,572	5,989,716	8,181,439
Parking revenues	13,244,922	11,758,033	10,739,480	11,040,207
Concession fees	-	2,218,839	2,205,039	2,138,070
Car rental commissions	-	5,395,187	5,376,852	5,664,322
Customer facility charges	5,507,073	5,272,543	4,906,530	4,891,573
Land rents	-	2,473,656	2,021,079	1,809,234
Maintenance, utility and insurance fees	-	14,306,131	13,945,149	13,861,611
Other	21,114,783	988,676	1,063,715	1,071,109
Total operating revenues	62,840,893	59,223,837	56,822,964	58,347,050
Nonoperating revenues:				
Investment Income	1,279,868	(162,786)	823,150	441,967
Oil and gas royalties	1,264,062	1,105,677	936,090	2,019,412
Passenger facility charges	7,944,255	7,166,215	7,098,192	7,338,801
Operating grants income	262,799	339,320	195,840	262,800
Other nonoperating revenues	98,379	5,326	289,536	1,150,139
Total nonoperating revenues	10,849,363	8,453,752	9,342,808	11,213,119
Total Revenues	73,690,256	67,677,589	66,165,772	69,560,169
Operating expenses:				
Personal services	11,028,574	10,936,183	10,269,437	9,619,805
Maintenance, operations, and contractual services	20,220,895	18,971,452	17,286,421	16,075,940
Materials and supplies	1,766,475	1,514,057	1,506,824	1,568,587
Depreciation	27,385,627	26,038,900	23,299,388	21,926,967
Total operating expenses	60,401,571	57,460,592	52,362,070	49,191,299
Nonoperating expenses:				
Interest expense	2,483,500	2,567,385	2,210,053	3,752,718
Amortization	(6,068)	(56,627)	(123,335)	(164,871)
Bond Insurance	3,722	16,135	16,491	16,862
Other expenses	1,003,762	603,102	121,232	36,211
Total nonoperating expenses	3,484,916	3,129,995	2,224,441	3,640,920
Total Expenses	63,886,487	60,590,587	54,586,511	52,832,219
Capital contributions, grants	6,888,914	7,583,038	15,120,699	11,173,450
Capital asset contribution	-	-	-	750,000
Donated Assets	-	(10,474,784)	(3,240,414)	-
Transfers between City funds	-	-	-	-
Increase in Net Position	\$ 16,692,683	\$ 4,195,256	\$ 23,459,546	\$ 28,651,400
Net Position at Year-End				
Net investment in capital assets	392,540,380	389,774,402	382,440,123	354,975,104
Restricted for construction	633,381	477,259	21,657	216,881
Restricted for debt service	27,064,856	25,089,920	20,782,026	26,196,690
Restricted for maintenance	42,128,718	35,417,641	38,002,926	36,695,692
Unrestricted	82,818,888	88,059,799	93,377,033	93,079,852
Total Net Position (1)	\$ 545,186,223	\$ 538,819,021	\$ 534,623,765	\$ 511,164,219

(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 2009 have not been restated for the impacts of these GASB statements. In 2015, the Department implemented GASB 68. Years 2014 through 2009 have not been restated for the impacts of this GASB statement.

2014	2013	2012	2011	2010	2009
\$ 7,152,728	\$ 7,024,001	\$ 6,835,170	\$ 6,924,831	\$ 6,477,192	\$ 5,599,435
2,439,028	2,394,241	2,365,761	2,118,706	1,941,066	2,206,013
14,768,054	15,361,205	17,678,091	22,470,025	22,938,179	23,773,947
10,962,305	10,023,542	9,804,277	9,259,742	7,624,268	6,483,384
2,086,491	2,035,324	1,792,818	1,937,188	1,852,376	1,781,462
5,594,192	5,137,368	4,979,821	4,565,970	3,914,401	3,837,845
4,818,253	4,506,156	-	-	-	-
1,703,293	1,898,020	1,604,330	1,491,459	1,323,939	1,313,797
13,853,789	13,578,706	11,213,097	6,943,578	6,557,797	5,761,819
1,019,416	994,265	989,924	1,559,972	868,771	953,770
<u>64,397,549</u>	<u>62,952,828</u>	<u>57,263,289</u>	<u>57,271,471</u>	<u>53,497,989</u>	<u>51,711,472</u>
647,767	617,954	647,961	818,289	1,018,916	1,930,101
2,958,796	2,509,712	2,820,798	2,968,830	2,567,709	2,341,859
7,199,252	7,364,701	7,210,909	7,055,522	5,170,911	4,489,113
328,320	224,918	403,054	440,268	448,185	440,965
1,122,982	9,690	49,129	386,223	39,489	-
<u>12,257,117</u>	<u>10,726,975</u>	<u>11,131,851</u>	<u>11,669,132</u>	<u>9,245,210</u>	<u>9,202,038</u>
<u>76,654,666</u>	<u>73,679,803</u>	<u>68,395,140</u>	<u>68,940,603</u>	<u>62,743,199</u>	<u>60,913,510</u>
9,801,524	9,181,703	8,417,255	8,002,625	7,736,677	7,593,852
15,959,524	14,368,584	14,800,764	13,888,354	13,721,815	13,925,529
1,717,949	1,376,306	1,328,835	1,398,612	1,355,518	1,255,003
21,684,600	20,478,414	21,238,540	21,571,778	20,514,004	19,588,271
<u>49,163,597</u>	<u>45,405,007</u>	<u>45,785,394</u>	<u>44,861,369</u>	<u>43,328,014</u>	<u>42,362,655</u>
5,523,683	5,121,660	6,690,475	8,389,506	9,362,559	10,438,253
(193,214)	(206,727)	(165,560)	152,881	130,897	149,641
17,193	17,503	17,822	-	-	-
591,802	1,893,395	-	-	-	49,790
<u>5,939,464</u>	<u>6,825,831</u>	<u>6,542,737</u>	<u>8,542,387</u>	<u>9,493,456</u>	<u>10,637,684</u>
<u>55,103,061</u>	<u>52,230,838</u>	<u>52,328,131</u>	<u>53,403,756</u>	<u>52,821,470</u>	<u>53,000,339</u>
5,050,411	9,409,881	7,505,159	5,804,051	8,907,338	8,515,369
-	-	-	-	-	-
-	-	(2,872,287)	-	-	-
(4,221)	-	-	-	-	399,928
<u>\$ 26,597,795</u>	<u>\$ 30,858,846</u>	<u>\$ 20,699,881</u>	<u>\$ 21,340,898</u>	<u>\$ 18,829,067</u>	<u>\$ 16,828,468</u>
325,767,028	318,022,197	296,325,773	282,438,969	271,640,181	254,446,734
505,230	864,478	861,658	1,571,566	2,131,661	584,728
30,472,168	26,493,184	26,104,542	25,473,781	24,626,588	24,276,528
28,910,630	22,939,168	19,840,192	17,421,223	17,481,646	19,347,857
96,243,894	86,982,128	81,310,144	77,408,358	67,092,923	65,488,085
<u>\$ 481,898,950</u>	<u>\$ 455,301,155</u>	<u>\$ 424,442,309</u>	<u>\$ 404,313,897</u>	<u>\$ 382,972,999</u>	<u>\$ 364,143,932</u>

OKLAHOMA CITY, OKLAHOMA, DEPARTMENT OF AIRPORTS

Changes in Cash and Cash Equivalents

Last ten fiscal years

	2018	2017	2016	2015
Cash flows from operating activities:				
Cash received from charges	\$ 57,082,373	\$ 53,138,264	\$ 51,979,687	\$ 55,534,503
Cash received from customer facility charges	5,475,884	5,227,172	4,921,661	4,895,541
Cash received from oil and gas royalties	998,931	1,094,911	1,001,563	2,098,994
Cash payments to suppliers for goods and services	(22,645,698)	(20,526,460)	(17,056,091)	(14,452,169)
Cash payments to employees	(10,798,828)	(10,515,564)	(10,227,959)	(9,685,595)
Proprietary Payments (to) from component unit	-	-	-	-
Net cash provided by operating activities	<u>30,112,662</u>	<u>28,418,323</u>	<u>30,618,861</u>	<u>38,391,274</u>
Cash flows from noncapital financing activities:				
Operating grants received	327,599	209,000	392,400	87,840
Other non-operating revenue	-	(53,928)	1,095,396	2,380,427
Transfers recieved from (paid to) other funds	(112,669)	-	-	-
Liquidated Damages	-	-	-	-
Net cash provided (used) by noncapital financing activities	<u>214,930</u>	<u>155,072</u>	<u>1,487,796</u>	<u>2,468,267</u>
Cash flows from capital and related financing activities:				
Intergovernmental advance	(4,380,521)	884,779	(1,328,664)	2,017,574
Advance Payable - Gulfstream	373,237	(171,312)	104,856	(95,967)
Acquisition and construction of capital assets	(19,534,168)	(37,079,371)	(50,868,606)	(51,581,529)
Capital grants received	6,860,932	9,797,014	15,066,599	10,367,527
Capital contributions	-	-	-	-
Interest paid on bonds	(4,371,587)	(4,734,572)	(5,064,999)	(6,072,010)
Principal paid on bonds	(46,900,000)	(7,745,000)	(7,410,000)	(20,950,000)
Proceeds from sale of capital assets	25,213	96,073	141,468	62,721
Deferred revenue	-	-	-	-
Bond redemption	-	-	-	-
Proceeds from bond refunding/issues	36,670,000	-	-	-
Transfer to sinking fund	-	-	-	-
Bond issuance costs	(228,309)	-	-	-
Transfer to escrow agent	-	-	-	-
Passenger facility charges	<u>7,840,436</u>	<u>6,824,699</u>	<u>7,095,218</u>	<u>7,466,794</u>
Net cash provided (used) by capital and related financing activities	<u>(23,644,767)</u>	<u>(32,127,690)</u>	<u>(42,264,128)</u>	<u>(58,784,890)</u>
Cash flows from investing activities:				
Interest on investments	197,812	33,352	24,163	263,463
Proceeds from sale of investments	118,388,700	45,655,189	70,894,582	144,294,472
Purchase of investments	(125,669,676)	(43,316,604)	(61,371,616)	(127,131,940)
Change in pooled investments	<u>765,390</u>	<u>681,690</u>	<u>398,880</u>	<u>(581,934)</u>
Net cash provided (used) by investing activities	<u>(6,317,774)</u>	<u>3,053,627</u>	<u>9,946,009</u>	<u>16,844,061</u>
Net increase (decrease) in cash and cash equivalents	365,051	(500,668)	(211,462)	(1,081,288)
Cash, beginning of year (1)	<u>197,649</u>	<u>698,317</u>	<u>909,779</u>	<u>1,991,067</u>
Cash, end of year (1)	<u>\$ 562,700</u>	<u>\$ 197,649</u>	<u>\$ 698,317</u>	<u>\$ 909,779</u>

(1) GASB 63 was implemented in fiscal year 2013 along with GASB 65. These GASB statements changed the classification and calculations of net position. Years 2011 through 2009 have not been restated for the impacts of these GASB statements.

2014	2013	2012 (Restated)	2011	2010	2009
\$ 59,648,742	\$ 60,039,905	\$ 55,525,812	\$ 57,229,152	\$ 53,270,391	\$ 52,133,024
4,882,262	3,971,335	-	-	-	-
2,927,804	2,514,571	2,950,211	2,893,522	2,487,445	2,620,596
(14,398,231)	(16,805,729)	(16,326,012)	(15,490,738)	(14,843,942)	(14,758,225)
(9,394,574)	(8,803,749)	(8,250,041)	(7,785,452)	(7,208,653)	(7,122,127)
-	-	-	-	-	-
<u>43,666,003</u>	<u>40,916,333</u>	<u>33,899,970</u>	<u>36,846,484</u>	<u>33,705,241</u>	<u>32,873,268</u>
329,040	268,442	670,184	181,695	448,185	440,965
14,868	-	-	-	-	-
-	-	-	-	-	-
-	-	-	390,000	-	399,928
<u>343,908</u>	<u>268,442</u>	<u>670,184</u>	<u>571,695</u>	<u>448,185</u>	<u>840,893</u>
2,374,349	1,648,009	(7,712,012)	598,594	(413,885)	(2,773,442)
(106,986)	(22,103)	(325,478)	394,721	-	-
(28,192,785)	(25,398,156)	(18,192,283)	(11,937,224)	(22,142,436)	(26,949,346)
3,246,308	9,523,886	7,337,406	6,884,162	5,956,333	10,316,195
-	-	-	-	1,034,233	-
(6,291,138)	(6,087,095)	(7,146,344)	(9,562,443)	(10,438,945)	(11,653,499)
(13,370,000)	(19,215,000)	(17,740,000)	(17,655,000)	(17,770,000)	(17,960,000)
53,825	10,890	34,735	32,225	18,773	37,300
-	-	-	2,861,803	-	-
-	-	-	(2,980,000)	-	-
39,615,000	-	-	29,843,387	-	-
-	-	-	437,206	-	-
(563,431)	-	-	(312,151)	-	-
-	-	-	(29,958,335)	-	-
<u>7,093,852</u>	<u>6,587,178</u>	<u>7,134,987</u>	<u>7,040,874</u>	<u>5,036,184</u>	<u>4,369,831</u>
<u>3,858,994</u>	<u>(32,952,391)</u>	<u>(36,608,989)</u>	<u>(24,312,181)</u>	<u>(38,719,743)</u>	<u>(44,612,961)</u>
502,444	532,883	578,692	633,317	727,822	1,156,471
40,571,000	56,227,000	25,308,000	50,308,000	72,776,134	102,764,606
(88,298,335)	(65,237,880)	(24,261,607)	(63,889,267)	(68,237,451)	(93,272,929)
<u>(449,634)</u>	<u>223,160</u>	<u>435,196</u>	<u>410,463</u>	<u>198,156</u>	<u>(554,175)</u>
<u>(47,674,525)</u>	<u>(8,254,837)</u>	<u>2,060,281</u>	<u>(12,537,487)</u>	<u>5,464,661</u>	<u>10,093,973</u>
194,380	(22,453)	21,446	568,511	898,344	(804,827)
<u>1,796,687</u>	<u>1,819,140</u>	<u>1,797,694</u>	<u>1,229,183</u>	<u>330,839</u>	<u>1,135,666</u>
<u>\$ 1,991,067</u>	<u>\$ 1,796,687</u>	<u>\$ 1,819,140</u>	<u>\$ 1,797,694</u>	<u>\$ 1,229,183</u>	<u>\$ 330,839</u>

OKLAHOMA CITY, OKLAHOMA, DEPARTMENT OF AIRPORTS

Revenue Sources

Last ten fiscal years

	2018	2017	2016	2015
Passenger airline revenue:				
Landing fees	\$ 7,823,524	\$ 7,387,706	\$ 7,113,080	\$ 6,591,816
Terminal rental	2,539,849	2,424,401	2,313,596	2,246,914
Bag claim area	1,166,500	1,081,596	1,041,140	1,036,013
Ground rental (3)	5,250	4,500	5,250	6,750
Airport gate fee	35,296	29,574	42,772	28,598
Passenger boarding bridges	301,904	276,176	300,965	262,909
Scheduled airline aviation fuel (4)	-	-	-	-
Utilities	109,449	92,779	93,516	83,189
Security	1,400,710	1,231,031	1,122,926	828,482
Total passenger airline revenue	<u>13,382,482</u>	<u>12,527,763</u>	<u>12,033,245</u>	<u>11,084,671</u>
Other aeronautical revenue:				
Landing fees-freighters	801,394	721,268	677,678	618,922
Apron rental	-	-	-	-
Apron maintenance	185,239	183,320	179,688	178,312
Nonscheduled aviation fuel	1,608,812	1,637,196	1,661,720	1,650,263
Cargo building rental	-	-	121,743	145,580
Hangar rental	1,080,358	1,210,545	1,195,694	1,181,331
Ground rental	1,530,760	1,383,369	1,356,843	1,351,660
Maintenance fees	392,105	385,658	375,007	391,251
Insurance fees	70,717	69,830	65,993	62,223
Other aeronautical revenue	94,067	93,835	81,507	45,614
Security Reimbursement from Federal Gov't (5)	241,200	339,320	195,840	262,800
Total other aeronautical revenue	<u>6,004,652</u>	<u>6,024,341</u>	<u>5,911,713</u>	<u>5,887,956</u>
Total aeronautic revenue	<u>19,387,134</u>	<u>18,552,104</u>	<u>17,944,958</u>	<u>16,972,627</u>
Nonaeronautical revenue:				
Building rentals-separate lease facilities	-	-	-	2,260,177
Building rentals-Senior Lien facilities	-	-	-	-
Building rentals-other facilities	620,434	621,973	640,472	671,113
Concessions	2,397,815	2,218,839	2,205,038	2,138,070
Parking	13,244,922	11,758,032	10,739,480	11,040,207
Rental car commissions	5,704,600	5,395,186	5,376,852	5,664,322
Maintenance, utility, and insurance fees	14,062,186	13,650,351	13,388,859	12,296,116
Other nonaeronautical revenue	7,665,003	7,366,671	6,723,144	6,567,218
Total nonaeronautical revenue	<u>43,694,960</u>	<u>41,011,052</u>	<u>39,073,845</u>	<u>40,637,223</u>
Non-operating revenue:				
Investment income	1,279,870	(162,786)	823,150	441,967
Revenues from natural resources	1,264,062	1,105,677	936,090	2,019,412
Passenger facility charges	7,944,255	7,166,215	7,098,192	7,338,801
Other non-operating revenue	104,288	34,740	289,537	1,150,139
Total non-operating revenue	<u>10,592,475</u>	<u>8,143,846</u>	<u>9,146,969</u>	<u>10,950,319</u>
Total revenue (1)	<u>\$ 73,674,569</u>	<u>\$ 67,707,002</u>	<u>\$ 66,165,772</u>	<u>\$ 68,560,169</u>
Capital contributions, grants (2)	5,117,378	7,583,038	15,120,699	11,173,450
Capital asset contribution	-	-	-	750,000
Transfers between City funds	-	-	-	-
Total revenues, contributions, and transfers (6)	<u>\$ 78,791,947</u>	<u>\$ 75,290,040</u>	<u>\$ 81,286,471</u>	<u>\$ 80,483,619</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 2009 have not been restated for the impacts of these GASB statements as the FAA 127 report will not be re-filed.

	2014	2013	2012	2011	2010	2009
\$	6,533,798	\$ 6,430,507	\$ 6,244,742	\$ 6,317,473	\$ 5,885,713	\$ 4,993,203
	2,084,837	2,408,154	2,353,052	2,215,677	2,427,239	2,169,804
	1,060,052	1,060,086	1,062,211	1,015,831	909,833	887,174
	4,463	2,250	4,875	3,500	-	-
	13,447	30,338	29,990	52,858	50,109	41,189
	226,408	208,464	188,640	198,117	203,344	186,692
	-	-	-	-	293,669	334,010
	82,923	136,983	149,575	146,321	132,883	167,276
	786,292	722,651	624,176	529,690	468,439	698,380
	<u>10,792,220</u>	<u>10,999,433</u>	<u>10,657,261</u>	<u>10,479,467</u>	<u>10,371,229</u>	<u>9,477,728</u>
	618,930	593,495	590,428	607,357	591,479	606,233
	-	-	-	-	-	25,002
	176,963	175,077	174,384	202,400	223,090	224,058
	1,652,731	1,671,590	1,741,585	1,589,017	1,178,958	1,148,621
	184,029	200,748	194,649	204,575	183,189	165,097
	1,167,996	1,134,904	1,233,081	2,195,059	2,094,294	2,110,489
	1,286,112	1,236,539	1,210,034	1,054,838	936,255	911,574
	386,588	367,947	340,699	358,323	335,491	335,312
	56,326	56,872	50,078	44,704	41,814	41,255
	45,395	45,287	44,746	44,204	45,017	45,288
	328,320	224,918	403,054	440,268	-	-
	<u>5,903,390</u>	<u>5,707,377</u>	<u>5,982,738</u>	<u>6,740,745</u>	<u>5,629,587</u>	<u>5,612,929</u>
	16,695,610	16,706,810	16,639,999	17,220,212	16,000,816	15,090,657
	9,040,711	9,341,509	10,243,902	10,243,902	10,243,902	10,243,902
	-	-	1,386,931	4,181,971	5,750,397	6,543,246
	649,885	645,974	647,418	1,837,826	816,155	1,192,099
	2,086,492	2,035,324	1,793,225	1,937,187	1,852,376	1,781,462
	10,962,305	10,023,542	9,804,277	9,259,742	7,624,268	6,483,384
	5,594,192	5,137,368	4,979,821	4,565,970	3,914,401	3,837,845
	13,283,439	12,909,201	10,565,958	6,933,846	5,898,767	5,102,702
	6,413,235	6,378,018	1,604,812	1,531,083	1,396,907	1,422,410
	<u>48,030,259</u>	<u>46,470,936</u>	<u>41,026,344</u>	<u>40,491,527</u>	<u>37,497,173</u>	<u>36,607,050</u>
	647,767	617,955	647,962	818,288	1,018,916	1,930,101
	2,958,796	2,509,712	2,820,798	2,968,830	2,567,709	2,341,859
	7,199,252	7,364,701	7,210,909	7,055,522	5,170,911	4,489,113
	1,122,982	9,690	52,262	386,224	487,674	492,030
	<u>11,928,797</u>	<u>10,502,058</u>	<u>10,731,931</u>	<u>11,228,864</u>	<u>9,245,210</u>	<u>9,253,103</u>
\$	76,654,666	\$ 73,679,804	\$ 68,398,274	\$ 68,940,603	\$ 62,743,199	\$ 60,950,810
	5,050,411	9,409,881	7,505,159	5,804,051	8,907,338	8,515,369
	-	-	-	-	-	-
	(4,221)	-	-	-	-	399,928
\$	<u>81,700,856</u>	<u>83,089,685</u>	<u>75,903,433</u>	<u>74,744,654</u>	<u>71,650,537</u>	<u>69,866,107</u>

OKLAHOMA CITY, OKLAHOMA, DEPARTMENT OF AIRPORTS

Principal Revenue Sources

Last ten fiscal years

	2018	2017	2016	2015
Principal revenue sources:				
Building rentals-separate lease facilities (1)	\$ -	\$ -	\$ -	\$ 2,260,177
Passenger airline revenue (2)	13,382,482	12,527,763	12,033,245	11,084,669
Building rentals-senior lien facilities (3)	-	-	-	-
Parking (4)	13,244,922	11,758,033	10,739,480	11,040,207
Maintenance fees (5)	14,127,098	13,737,815	13,389,931	13,323,627
Passenger facility charges (PFC) (6)	7,944,255	7,166,215	7,098,192	7,338,801
Customer facility charges (CFC)(8)	5,507,073	5,272,543	4,906,530	4,891,573
Investment income (7)	1,279,870	(162,786)	823,150	441,967
Total principal revenue sources	<u>\$ 55,485,700</u>	<u>\$ 50,299,583</u>	<u>\$ 48,990,528</u>	<u>\$ 50,381,021</u>
Total revenues	73,674,569	67,707,002	66,165,772	69,560,169
Percentage of principal revenues to total revenues:				
Building rentals-separate lease facilities (1)	0.0%	0.0%	0.0%	3.2%
Passenger airline revenue (2)	18.2%	18.5%	18.2%	15.9%
Building rentals-senior lien facilities (3)	0.0%	0.0%	0.0%	0.0%
Parking (4)	18.0%	17.4%	16.2%	15.9%
Maintenance fees (5)	19.2%	20.3%	20.2%	19.2%
Passenger facility charges (PFC) (6)	10.8%	10.6%	10.7%	10.6%
Customer facility charges (CFC)(8)	7.5%	7.8%	7.4%	7.0%
Investment income (7)	1.7%	(0.2)%	1.2%	0.6%
Total principal revenue percentages	<u>75.4%</u>	<u>74.4%</u>	<u>73.9%</u>	<u>72.4%</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	2,072,135	1,880,480	1,867,336	1,886,219
Airline revenue per enplaned passenger	\$ 6.46	\$ 6.66	\$ 6.44	\$ 5.88
Percentage of airline revenues - airfield charges	58.5%	59.0%	59.1%	59.5%
Percentage of airline revenues - terminal charges	41.5%	41.0%	40.8%	40.5%

(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	13,139,018	11,665,008	10,350,363	10,499,579
Number of revenue transactions	723,316	710,708	733,585	751,344
Public parking revenue per transaction	\$ 18.16	\$ 16.41	\$ 14.11	\$ 13.97

Public parking revenue = parking revenues net of rental car ready space revenue and employee parking lot revenue. Certain public parking rates were changed effective February 15, 2017. 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 - \$5.00; North Parking Lot - \$6.00; Covered Parking Lot \$7.00; and Long-Term Garage - \$9.00. 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	\$ 3.83	\$ 3.81	\$ 3.80	\$ 3.89
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PFC's per enplaned passenger were levied at \$3 per passenger since July 1, 1997 and increased to \$4.50 effective April 1, 2010. These revenues are restricted to pay a portion of the Junior Lien 29B and Junior Lien 30 debt service.

(7) Average cash and investments	155,592,742	153,482,338	160,010,805	173,378,821
Average interest rate on cash and investments	0.08%	0.02%	0.50%	0.40%

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

2014	2013	2012	2011	2010	2009
\$ 9,040,711	\$ 9,341,509	\$ 10,243,902	\$ 10,243,902	\$ 10,243,902	\$ 10,243,902
10,792,217	10,999,433	10,657,261	10,784,570	10,371,229	9,477,728
-	-	1,386,931	4,181,971	5,750,397	6,543,246
10,962,305	10,023,542	9,804,277	9,259,742	7,624,268	6,483,384
13,337,304	13,005,826	11,213,097	6,401,134	6,032,131	5,175,285
7,199,252	7,364,701	7,210,909	7,055,522	5,170,911	4,489,113
4,818,253	4,506,156	-	-	-	-
647,767	617,955	647,960	818,288	1,018,916	1,930,101
<u>\$ 56,797,809</u>	<u>\$ 55,859,122</u>	<u>\$ 51,164,337</u>	<u>\$ 48,745,129</u>	<u>\$ 46,211,754</u>	<u>\$ 44,342,759</u>
76,654,666	73,679,804	68,398,274	68,940,603	62,743,199	60,950,810
11.8%	12.7%	15.0%	14.9%	16.3%	16.8%
14.1%	14.9%	15.6%	15.6%	16.5%	15.5%
0.0%	0.0%	2.0%	6.1%	9.2%	10.7%
14.3%	13.6%	14.3%	13.4%	12.2%	10.6%
17.4%	17.7%	16.4%	9.3%	9.6%	8.5%
9.4%	10.0%	10.5%	10.2%	8.2%	7.4%
6.3%	6.1%	0.0%	0.0%	0.0%	0.0%
0.8%	0.8%	0.9%	1.2%	1.6%	3.2%
<u>74.1%</u>	<u>75.8%</u>	<u>74.7%</u>	<u>70.7%</u>	<u>73.6%</u>	<u>72.7%</u>
1,847,283	1,845,055	1,824,313	1,748,379	1,694,060	1,730,874
\$ 5.84	\$ 5.96	\$ 5.84	\$ 6.17	\$ 6.12	\$ 5.48
60.5%	58.6%	58.6%	57.3%	59.6%	56.2%
39.5%	41.4%	41.4%	40.4%	40.4%	43.8%
10,430,550	9,516,987	9,271,862	8,726,192	7,250,785	6,155,956
769,889	725,592	760,305	741,082	707,362	751,666
\$ 13.55	\$ 13.12	\$ 12.19	\$ 11.77	\$ 10.25	\$ 8.19
\$ 3.90	\$ 3.99	\$ 3.95	\$ 4.04	\$ 3.05	\$ 2.59
\$ 157,820,823	\$ 128,730,490	\$ 125,007,241	\$ 119,111,651	\$ 113,870,816	\$ 120,085,363
0.40%	0.50%	0.50%	0.70%	0.90%	1.60%

OKLAHOMA CITY, OKLAHOMA, DEPARTMENT OF AIRPORTS

Schedule of Bond Debt Service Coverage

Last ten fiscal years

	2018	2017	2016	2015*
Gross Revenues	\$ 79,803,753	\$ 74,657,524	\$ 81,165,239	\$ 81,466,672
Adjustments per Original Bond Indenture (1)	<u>(14,902,497)</u>	<u>(14,763,341)</u>	<u>(22,220,482)</u>	<u>(23,664,003)</u>
Gross revenue as provided in the Original Bond Indenture	<u>64,901,256</u>	<u>59,894,183</u>	<u>58,944,757</u>	<u>57,802,669</u>
Expenses per Original Bond Indenture	32,240,489	30,818,588	28,941,450	27,215,564
Adjustments per Original Bond Indenture (2)	<u>(9,080)</u>	<u>(10,727)</u>	<u>(11,261)</u>	<u>(22,868)</u>
Expenses net of adjustments as provided in the Original Bond Indenture	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>32,231,409</u>	<u>30,807,861</u>	<u>28,930,189</u>	<u>27,192,696</u>
Net revenues	32,669,847	29,086,322	30,014,568	30,609,973
Transfers from escrow	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total available for debt service coverage	<u>\$ 32,669,847</u>	<u>\$ 29,086,322</u>	<u>\$ 30,014,568</u>	<u>\$ 30,609,973</u>
Senior Lien debt service requirements	\$ -	\$ -	\$ -	\$ -
Bank fees	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Senior Lien debt service requirements	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Available for Junior Lien requirements	32,669,847	29,086,322	30,014,568	30,609,973
Passenger Facility Charge (PFC) revenue available for Junior Lien debt service requirements	<u>4,832,413</u>	<u>5,795,203</u>	<u>5,796,510</u>	<u>5,816,351</u>
Total available for Junior Lien debt requirements	<u>\$ 37,502,260</u>	<u>\$ 34,881,525</u>	<u>\$ 35,811,078</u>	<u>\$ 36,426,324</u>
Junior Lien requirements	\$ 6,133,365	\$ 6,683,123	\$ 6,698,422	\$ 6,833,888
PFC backed revenue bond debt	4,832,413	5,795,203	5,796,510	5,816,351
Bank fees	<u>9,080</u>	<u>10,727</u>	<u>11,261</u>	<u>11,958</u>
Net Junior Lien debt service requirements	<u>\$ 10,974,858</u>	<u>\$ 12,489,053</u>	<u>\$ 12,506,193</u>	<u>\$ 12,662,197</u>
Senior Lien debt service coverage				
Gross	NA	NA	NA	NA
Net	NA	NA	NA	NA
Junior Lien debt service coverage				
Gross	6.35	5.26	5.18	5.02
Net	3.42	2.79	2.87	2.88
Junior Lien gross debt coverage requirement (4)	1.50	1.50	1.50	1.50
Junior Lien gross debt coverage margin	4.85	3.76	3.68	3.52

- (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.

2014	2013	2012	2011	2010	2009
\$ 81,780,690 (20,715,356)	\$ 83,089,685 (26,185,418)	\$ 75,900,300 (25,389,422)	\$ 74,744,654 (23,254,441)	\$ 71,650,537 (24,478,948)	\$ 69,779,017 (23,609,461)
61,065,334	56,904,267	50,510,878	51,490,213	47,171,589	46,169,556
27,572,972 (12,542)	26,819,986 (86,732)	24,546,088 (83,154)	23,289,591 (199,409)	22,814,010 (84,654)	22,774,383 (56,404)
27,560,430	26,733,254	24,462,934	23,090,182	22,729,356	22,717,979
33,504,904	30,171,013	26,047,944	28,400,031	24,442,233	23,451,577
-	-	-	-	-	-
\$ 33,504,904	\$ 30,171,013	\$ 26,047,944	\$ 28,400,031	\$ 24,442,233	\$ 23,451,577
\$ - -	\$ 4,960,480 250	\$ 4,970,480 2,000	\$ 5,468,770 2,000	\$ 6,345,286 2,165	\$ 6,358,423 2,642
-	4,960,730	4,972,480	5,470,770	6,347,451	6,361,065
33,504,904	25,210,283	21,075,464	22,929,261	18,094,782	17,090,512
5,812,360	5,809,885	5,562,547	5,879,865	4,315,968	5,414,299
\$ 39,317,264	\$ 31,020,168	\$ 26,638,011	\$ 28,809,126	\$ 22,410,750	\$ 22,504,811
\$ 3,918,213 5,812,360 12,542	\$ 4,745,818 5,809,885 9,747	\$ 4,541,507 5,562,547 11,993	\$ 5,581,918 5,879,865 12,386	\$ 7,537,333 4,315,968 14,862	\$ 7,806,070 5,414,299 16,469
\$ 9,743,115	\$ 10,565,450	\$ 10,116,047	\$ 11,474,169	\$ 11,868,163	\$ 13,236,838
NA	11.47	10.16	9.41	7.43	7.26
NA	6.08	5.24	5.19	3.85	3.69
6.86	5.47	5.05	4.52	3.80	3.42
4.04	2.94	2.63	2.51	1.89	1.70
1.50	1.50	1.50	1.50	1.50	1.50
5.36	3.97	3.55	3.02	2.30	1.92

OKLAHOMA CITY, OKLAHOMA, DEPARTMENT OF AIRPORTS

Debt Ratios

Last ten fiscal years

	2018	2017	2016	2015
Junior Lien (JL) Bonds - Passenger Use Facilities:				
22B Terminal, Air Cargo, Parking Garage	\$ -	\$ -	\$ -	\$ -
27B Terminal Renovation/Expansion	-	-	-	-
28 Parking Garage, Tunnel, Surface Lot	-	-	-	-
29A 5 Story Parking Garage	-	13,705,000	14,800,000	15,855,000
29B Terminal Renovation/Expansion	-	31,760,000	31,760,000	31,760,000
30 Terminal Renovation/Expansion	-	750,000	6,730,000	12,420,000
31 Consolidated Rental Car Facility	37,595,000	38,280,000	38,950,000	39,615,000
32A 5 Story Parking Garage	12,165,000	-	-	-
32B Terminal Renovation/Expansion	24,505,000	-	-	-
Total JL Bonds - Passenger Use Facilities	<u>\$ 74,265,000</u>	<u>\$ 84,495,000</u>	<u>\$ 92,240,000</u>	<u>\$ 99,650,000</u>
Percentage of Total Outstanding Debt	100.0%	100.0%	100.0%	100.0%
Enplaned Passengers	2,072,135	1,880,480	1,867,336	1,886,219
Debt per Enplaned Passenger (1)	\$ 35.84	\$ 44.93	\$ 49.40	\$ 52.83
Junior Lien Bonds - Other Facilities:				
23 5300 Portland Building	\$ -	\$ -	\$ -	\$ -
24 AAR Hangar 3A	-	-	-	-
25 US Customs Service	-	-	-	-
26 US Marshals Service	-	-	-	-
Total JL Bonds - Other Facilities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Percentage of Total Outstanding Debt	0.0%	0.0%	0.0%	0.0%
Percentage rentals to outstanding debt (2)	0.0%	0.0%	0.0%	0.0%
Senior Lien Bonds - Mike Monroney Aeronautical Center				
Percentage of Total Outstanding Debt	0.0%	0.0%	0.0%	0.0%
Percentage rentals to outstanding debt (3)	0.0%	0.0%	0.0%	0.0%
Total Junior and Senior Lien Bonds	<u><u>\$ 74,265,000</u></u>	<u><u>\$ 84,495,000</u></u>	<u><u>\$ 92,240,000</u></u>	<u><u>\$ 99,650,000</u></u>
Total Debt per Enplaned Passenger	\$ 35.84	\$ 44.93	\$ 49.40	\$ 52.83
Separate Lease Bonds				
Percentage of Total Outstanding Debt	0.0%	0.0%	0.0%	0.0%
Percentage rentals to outstanding debt (4)	0.0%	0.0%	0.0%	0.0%
Total	<u><u>\$ 74,265,000</u></u>	<u><u>\$ 84,495,000</u></u>	<u><u>\$ 92,240,000</u></u>	<u><u>\$ 99,650,000</u></u>
Less current maturities	(6,800,000)	(7,420,000)	(7,745,000)	(7,410,000)
Long-term portion	\$ 67,465,000	\$ 77,075,000	\$ 84,495,000	\$ 92,240,000
Less unamortized discount	-	(75,278)	(89,968)	(105,737)
Add unamortized premium	-	468,480	679,335	947,791
Total outstanding debt	<u><u>\$ 67,465,000</u></u>	<u><u>\$ 77,468,202</u></u>	<u><u>\$ 85,084,367</u></u>	<u><u>\$ 93,082,054</u></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.

	2014	2013	2012	2011	2010	2009
\$	-	\$ -	\$ -	\$ -	\$ 845,000	\$ 1,050,000
	-	-	-	4,695,000	38,185,000	42,395,000
	-	-	-	-	-	-
	16,870,000	17,845,000	18,785,000	19,695,000	20,575,000	21,420,000
	31,760,000	31,760,000	31,760,000	31,760,000	31,760,000	31,760,000
	17,885,000	23,285,000	28,565,000	28,675,000	-	-
	39,615,000	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	<u>\$ 106,130,000</u>	<u>\$ 72,890,000</u>	<u>\$ 79,110,000</u>	<u>\$ 84,825,000</u>	<u>\$ 91,365,000</u>	<u>\$ 96,625,000</u>
	88.0%	77.3%	69.7%	64.6%	59.7%	56.6%
	1,847,283	1,845,055	1,824,313	1,748,379	1,694,060	1,730,874
	\$ 57.45	\$ 39.51	\$ 43.36	\$ 48.52	\$ 53.93	\$ 55.82
\$	120,000	\$ 235,000	\$ 340,000	\$ 440,000	\$ 535,000	\$ 625,000
	-	-	-	-	3,325,000	3,650,000
	-	-	-	-	-	440,000
	-	-	715,000	1,395,000	2,035,000	2,640,000
	<u>\$ 120,000</u>	<u>\$ 235,000</u>	<u>\$ 1,055,000</u>	<u>\$ 1,835,000</u>	<u>\$ 5,895,000</u>	<u>\$ 7,355,000</u>
	0.1%	0.2%	0.9%	1.4%	3.9%	4.3%
	0.0%	0.0%	67.8%	77.5%	100.0%	94.1%
\$	-	\$ -	\$ 4,810,000	\$ 9,340,000	\$ 14,080,000	\$ 19,385,000
	0.0%	0.0%	4.2%	7.1%	9.2%	11.4%
	0.0%	0.0%	100.0%	100%	100.0%	100.0%
	<u>\$ 106,250,000</u>	<u>\$ 73,125,000</u>	<u>\$ 84,975,000</u>	<u>\$ 96,000,000</u>	<u>\$ 111,340,000</u>	<u>\$ 123,365,000</u>
	\$ 57.52	\$ 39.63	\$ 46.58	\$ 54.91	\$ 65.72	\$ 71.27
\$	14,350,000	\$ 21,230,000	\$ 28,595,000	\$ 35,310,000	\$ 41,595,000	\$ 47,340,000
	11.9%	22.5%	25.2%	26.9%	0.0%	27.7%
	100.0%	100.0%	100.00%	100.00%	100.00%	100.00%
	<u>\$ 120,600,000</u>	<u>\$ 94,355,000</u>	<u>\$ 113,570,000</u>	<u>\$ 131,310,000</u>	<u>\$ 152,935,000</u>	<u>\$ 170,705,000</u>
	(20,950,000)	(13,370,000)	(19,215,000)	(17,740,000)	(17,655,000)	(17,770,000)
	<u>\$ 99,650,000</u>	<u>\$ 80,985,000</u>	<u>\$ 94,355,000</u>	<u>\$ 113,570,000</u>	<u>\$ 135,280,000</u>	<u>\$ 152,935,000</u>
	(144,906)	(218,806)	(316,000)	(436,000)	(590,650)	(757,538)
	1,271,625	1,648,858	2,078,786	2,535,353	2,073,468	2,374,556
	<u>\$ 100,776,719</u>	<u>\$ 82,415,052</u>	<u>\$ 96,117,786</u>	<u>\$ 115,669,353</u>	<u>\$ 136,762,818</u>	<u>\$ 154,552,018</u>

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

Fiscal Year	Junior Lien
End	Requirements
2018	\$ 10,965,778
2019	8,280,814
2020	11,626,857
2021	11,619,824
2022	11,623,921
2023	4,564,402
2024	4,570,575
2025	4,561,581
2026	4,567,261
2027	4,569,373
2028	3,026,152
2029	3,022,636
2030	3,018,251
2031	3,017,408
2032	3,016,636
2033	3,010,776
2034	3,009,510
2035	3,003,424
2036	2,996,777
2037	2,997,413
2038	2,989,817
2039	2,988,475
2040	2,982,700
2041	2,976,978
2042	2,970,623
2043	2,962,949
2044	2,958,098
	<u>\$ 127,899,009</u>

OKLAHOMA CITY, OKLAHOMA, DEPARTMENT OF AIRPORTS

Primary Origin and Destination Passenger Markets

Last two fiscal years

2018					2017				
Rank	Market	Trip Length (1)	Airport Note Below	Total O & D Passengers	Rank	Market	Trip Length (1)	Airport Note Below	Total O & D Passengers
1	Denver	SH	-	249,992	1	Houston	SH	(2)	246,504
2	Houston	SH	(2)	245,833	2	Denver	SH	-	199,850
3	Los Angeles Basin	LH	(3)	199,330	3	Los Angeles Basin	LH	(3)	162,205
4	Washington/Baltimore	LH	(4)	164,321	4	Las Vegas	MH	-	156,153
5	Las Vegas	MH	-	160,680	5	Washington/Baltimore	LH	(4)	154,147
6	Orlando	LH	(11)	147,406	6	Chicago	MH	(7)	130,191
7	Chicago	MH	(7)	141,374	7	New York	LH	(5)	113,742
8	New York	LH	(5)	116,903	8	Atlanta	MH	-	111,119
9	Atlanta	MH	-	108,875	9	Orlando	LH	(11)	97,823
10	Phoenix	MH	-	95,292	10	Phoenix	MH	-	91,520
11	Seattle	LH	-	94,679	11	Seattle	LH	-	83,470
12	Dallas/Fort Worth	SH	(6)	93,487	12	Dallas/Fort Worth	SH	(6)	81,250
13	Bay Area	LH	(9)	87,039	13	Bay Area	LH	(9)	80,979
14	South Florida	LH	(8)	71,228	14	South Florida	LH	(8)	62,436
15	San Diego	LH	-	70,394	15	Metro Boston	LH	(10)	55,521
16	Metro Boston	LH	(10)	60,991	16	San Diego	LH	-	53,928
17	Salt Lake City	MH	-	48,905	17	St. Louis	SH	-	45,987
18	Tampa	LH	-	45,975	18	Salt Lake City	MH	-	42,989
19	San Antonio	SH	-	45,561	19	San Antonio	SH	-	42,730
20	St. Louis	SH	-	44,960	20	Portland	LH	-	38,568

- (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, O&D data via Diio online portal

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

Will Rogers World Airport	2018	Percent	2017	Percent	2016	2015
Aircraft Operations (1)						
Commercial	51,162	45.10%	50,598	42.62%	51,318	51,964
Itinerant military	21,998	19.39%	23,924	20.15%	23,347	19,575
Local military	12,722	11.21%	15,594	13.14%	16,433	17,248
Itinerant civil	26,037	22.95%	26,337	22.19%	25,754	25,420
Local civil	1,519	1.34%	2,253	1.90%	2,116	1,625
Total operations	113,438	100%	118,706	100%	118,968	115,832
Change from previous year						
All operations	-4.44%		-0.22%		2.71%	-4.53%
Commercial operations	1.11%		-1.40%		-1.24%	-4.19%
Passenger Traffic						
Enplanements	2,072,135		1,880,480		1,867,336	1,886,219
Deplanements	2,069,407		1,881,054		1,873,498	1,883,844
Total passengers	4,141,542		3,761,534		3,740,834	3,770,063
Change from previous year	10.10%		0.55%		-0.78%	1.90%
Freight and Mail (in pounds)						
Freight and mail - enplaned	24,096,660		22,152,601		25,541,493	27,607,848
Freight and mail - deplaned	40,396,419		38,358,264		36,195,845	35,537,324
Total freight and mail	64,493,079		60,510,865		61,737,338	63,145,172
Change from previous year	6.58%		-1.99%		-2.23%	-0.23%
Landed Weights (in thousand pounds)						
Passenger airlines landed weights	2,427,600		2,298,581		2,235,065	2,251,616
Change from previous year	5.61%		2.84%		-0.74%	0.45%
Wiley Post Airport						
Aircraft Operations (1)						
Itinerant military	1,025	1.57%	814	1.30%	1,731	1,862
Local military	368	0.57%	122	0.19%	660	946
Itinerant civil	49,141	75.50%	49,307	78.46%	52,426	50,548
Local civil	14,550	22.36%	12,602	20.05%	15,271	15,464
Total operations	65,084	100%	62,845	100%	70,088	68,820
Change from previous year	3.56%		-10.33%		1.84%	0.03%

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

Source: Department of Airports Activity Reports

2014	2013	2012	2011	2010	2009
54,236	56,226	55,944	54,662	54,890	56,470
20,423	17,114	21,244	20,266	22,257	26,654
19,574	13,921	23,988	25,705	20,838	27,472
25,514	24,779	25,108	24,319	23,503	27,053
1,586	1,241	1,342	1,396	1,443	1,208
121,333	113,281	127,626	126,348	122,931	138,857
7.11%	-11.24%	1.01%	2.78%	-11.47%	5.97%
-3.54%	0.50%	2.35%	-0.42%	-2.80%	-17.40%
1,847,283	1,845,055	1,824,313	1,748,379	1,694,060	1,730,874
1,852,599	1,847,689	1,827,530	1,754,495	1,699,994	1,743,756
3,699,882	3,692,744	3,651,843	3,502,874	3,394,054	3,474,630
0.19%	1.12%	4.25%	3.21%	-2.32%	-9.49%
29,206,429	28,566,115	29,857,754	29,289,537	31,390,686	33,657,285
34,084,425	38,794,580	40,113,944	38,630,696	36,871,022	38,270,912
63,290,854	67,360,695	69,971,698	67,920,233	68,261,708	71,928,197
-6.04%	3.73%	3.02%	-0.50%	-5.10%	-3.23%
2,241,550	2,321,934	2,282,732	2,192,078	2,145,195	2,170,470
-3.46%	1.72%	4.14%	2.19%	-1.16%	-13.93%
2,435	3,666	3,979	3,342	2,272	1,591
1,342	910	1,467	1,303	1,254	596
49,295	58,145	57,861	57,537	53,411	55,882
15,727	19,344	17,567	15,975	12,584	13,764
68,799	82,065	80,874	78,157	69,521	71,833
-16.17%	1.47%	3.48%	12.42%	-3.22%	-7.77%

OKLAHOMA CITY, OKLAHOMA, DEPARTMENT OF AIRPORTS

Will Rogers World Airport Aircraft Landings by Airline

Last ten fiscal years

Passenger Airline Landings	2018	Percent	2017	Percent	2016	2015
Signatory Airlines						
Alaska	364	1.51%	365	1.54%	366	-
American	5,997	24.86%	5,874	24.84%	6,098	6,080
Continental	-	0.00%	-	0.00%	-	-
Delta	4,039	16.75%	3,974	16.81%	4,117	3,963
ExpressJet	-	0.00%	-	0.00%	-	-
Frontier	385	1.60%	-	0.00%	-	386
Northwest	-	0.00%	-	0.00%	-	-
Southwest	6,454	26.76%	6,581	27.83%	6,547	6,738
United	6,484	26.88%	6,568	27.78%	6,595	6,976
Non-Signatory Airlines						
Allegiant	268	1.11%	227	0.96%	153	59
America West	-	0.00%	-	0.00%	-	-
Via	49	0.20%	-	0.00%	-	-
Others	80	0.33%	57	0.24%	41	54
Total passenger airline landings	24,120	100.00%	23,646	100.00%	23,917	24,256

Change from previous year 2.00% -1.13% -1.40% -3.49%

Source: Department of Airports Activity Reports

Will Rogers World Airport Passenger Traffic by Airline

Last ten fiscal years

Enplaned Passengers	2018	Percent	2017	Percent	2016	2015
Signatory Airlines						
Alaska	24,462	1.18%	25,012	1.33%	24,067	-
American	488,719	23.59%	412,997	21.96%	430,823	450,375
Continental	-	0.00%	-	0.00%	-	-
Delta	331,452	16.00%	328,466	17.47%	329,864	314,289
Express Jet	-	0.00%	-	0.00%	-	-
Frontier	58,521	2.82%	-	0.00%	-	48,567
Northwest	-	0.00%	-	0.00%	-	-
Southwest	712,472	34.38%	680,532	36.19%	673,310	683,441
United	414,161	19.99%	400,231	21.28%	385,971	378,113
Non-Signatory Airlines						
Allegiant Air	37,532	1.81%	30,274	1.61%	21,022	7,645
America West/US Airways	-	0.00%	-	0.00%	-	-
Via	709	0.03%	-	0.00%	-	-
Others	4,107	0.20%	2,968	0.16%	2,279	3,789
Total Enplaned Passengers	2,072,135	100.00%	1,880,480	100.00%	1,867,336	1,886,219

Deplaned Passengers (1) 2,069,407 1,881,054 1,873,498 1,883,844

Total Passengers 4,141,542 3,761,534 3,740,834 3,770,063

Change from Previous Year 10.10% 0.55% (0.78)% 1.90%

(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

2014	2013	2012	2011	2010	2009
-	-	-	-	-	-
5,245	4,884	4,776	4,240	4,483	4,481
-	-	499	3,269	3,283	3,389
4,164	4,959	5,601	5,569	4,863	3,245
-	-	-	-	-	214
655	746	812	1,056	1,478	1,127
-	-	-	-	819	2,579
7,114	7,660	7,211	7,075	6,555	6,920
7,833	7,871	7,170	4,323	4,105	3,715
71	-	-	-	-	94
-	-	-	-	-	115
-	-	-	-	-	-
51	57	79	57	67	62
25,133	26,177	26,148	25,589	25,653	25,941
-3.99%	0.11%	2.18%	-0.25%	-1.11%	-18.35%

2014	2013	2012	2011	2010	2009
-	-	-	-	-	-
392,849	381,609	383,170	360,301	356,956	371,083
-	-	61,951	149,485	159,538	169,140
299,749	305,564	319,057	297,170	246,482	166,240
-	-	-	-	-	10,482
82,295	79,739	76,438	73,385	95,325	91,347
-	-	-	-	34,795	111,064
676,351	680,578	658,425	631,813	559,696	559,129
382,913	394,879	321,143	233,059	237,939	230,737
9,195	-	-	-	-	11,462
-	-	-	-	-	7,169
-	-	-	-	-	-
3,931	2,686	4,129	3,166	3,329	3,021
1,847,283	1,845,055	1,824,313	1,748,379	1,694,060	1,730,874
1,852,599	1,847,689	1,827,530	1,754,495	1,699,994	1,743,756
3,699,882	3,692,744	3,651,843	3,502,874	3,394,054	3,474,630
0.19%	1.12%	4.25%	3.21%	-2.32%	-9.49%

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

Landed Weights (1)	2018	Percent	2017	Percent	2016	2015
Signatory Airlines						
Alaska	27,284	1.12%	27,412	1.19%	27,371	-
American	567,906	23.39%	500,928	21.79%	511,120	530,682
Continental	-	0.00%	-	0.00%	-	-
Delta	406,741	16.75%	407,689	17.74%	400,922	371,920
ExpressJet	-	0.00%	-	0.00%	-	-
Frontier	54,561	2.25%	-	0.00%	-	51,975
Northwest	-	0.00%	-	0.00%	-	-
Southwest Airlines	834,025	34.36%	827,878	36.02%	800,162	826,748
United	487,285	20.07%	494,866	21.53%	468,175	455,775
Non-Signatory Airlines						
Allegiant	37,549	1.55%	31,736	1.38%	21,427	8,271
America West	-	0.00%	-	0.00%	-	-
Via Airlines	2,161	0.09%	-	0.00%	-	-
Others	10,088	0.42%	8,072	0.35%	5,888	6,245
Total landed weights	2,427,600	100.00%	2,298,581	100.00%	2,235,065	2,251,616
Change from previous year	5.61%		2.84%		-0.74%	0.45%

(1) In thousand pounds.

(2) Effective rates for the various years are:

<u>Signatory</u> <u>Rates/1000 lbs.</u>	<u>Start Date</u>	<u>End Date</u>
\$ 2.4356	1/1/2008	12/31/2008
\$ 2.2422	1/1/2009	12/31/2009
\$ 2.5652	1/1/2010	12/31/2010
\$ 2.8505	1/1/2011	12/31/2011
\$ 2.8484	1/1/2012	12/31/2012
\$ 2.8485	1/1/2013	10/31/2014
\$ 2.9100	11/1/2014	6/30/2015
\$ 3.0900	7/1/2015	6/30/2016
\$ 3.0900	7/1/2016	6/30/2017
\$ 3.1800	7/1/2017	6/30/2018

Source: Department of Airports Activity Reports

2014	2013	2012	2011	2010	2009
-	-	-	-	-	-
469,235	458,519	457,500	410,685	413,889	418,661
-	-	22,769	169,507	175,741	183,117
365,270	364,473	393,493	367,646	289,102	176,582
-	-	-	-	-	9,431
85,648	83,057	86,731	86,210	111,710	104,247
-	-	-	-	40,491	138,522
856,802	936,146	871,776	851,700	791,046	827,292
448,591	472,360	439,905	298,891	314,518	283,036
9,977	-	-	-	-	13,113
-	-	-	-	-	8,135
-	-	-	-	-	-
6,027	7,379	10,558	7,439	8,698	8,334
<u>2,241,550</u>	<u>2,321,934</u>	<u>2,282,732</u>	<u>2,192,078</u>	<u>2,145,195</u>	<u>2,170,470</u>
(3.46)%	1.72%	4.14%	2.19%	(1.16)%	(13.93)%

OKLAHOMA CITY, OKLAHOMA, DEPARTMENT OF AIRPORTS
Will Rogers World Airport Average Monthly Activity by Passenger Airline
Fiscal year ended June 30, 2018

	Average Number of Passengers Deplaning Monthly	Average Landed Weight Monthly In Thousand Lbs.	Average Number of Daily Flights Into Oklahoma City
Signatory Airlines			
Alaska	2,168	2,274	1
American	40,374	47,326	16
Delta	27,940	33,895	11
Frontier	7,169	6,820	1
Southwest Airlines	59,318	69,473	18
United	34,387	40,607	18
Non-Signatory Airlines			
Allegiant Air	3,105	3,129	1
Via Airlines	202	838	-
Others	328	841	-
Totals	<u>174,991</u>	<u>205,203</u>	<u>66</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			
Alaska	2,039	182	12
American	40,727	1,966	12
Delta	27,621	-	12
Frontier	7,315	-	8
Southwest Airlines	59,373	31,695	12
United	34,513	7,333	12
Non-Signatory Airlines			
Allegiant Air	3,128	-	12
Via Airlines	236	-	-
Others	342	-	12
Totals	<u>175,294</u>	<u>41,176</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:	2018			2008		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Local Governments (2)	53,792	1	8.38 %	50,695	1	8.72 %
State Government (2)	46,750	2	7.28	41,388	2	7.12
Federal Government (2)	28,792	3	4.48	27,100	3	4.66
Tinker Air Force Base (2)	24,000	4	3.74	27,000	4	4.64
U.S. Postal Service				8,700	5	1.50
FAA Aeronautical Center	7,000	5	1.09	5,600	8	0.96
INTEGRIS Health (3)	6,000	6	0.93	7,000	6	1.20
Oklahoma City Public Schools		7		5,900	7	1.01
Hobby Lobby Stores Inc.	5,100		0.79	2,522	17	0.43
OU Health Sciences	5,000	8	0.78	4,200	10	0.72
City of Oklahoma City	4,700	9	0.73	4,700	9	0.81
Mercy Hospital	4,500	10	0.70	2,750	15	0.47
OGE Energy Corp	3,400	11	0.53	3,123	12	0.54
OU Medical Center	3,300	12	0.51	3,250	11	0.56
SSM Health Care of OK, Inc	3,000	13	0.47	1,500	25	0.26
AT&T	2,700	14	0.42	3,000	13	0.52
The Boeing Company	2,600	15	0.40			
Devon Energy Corp	2,500	16	0.39	1,700	24	0.29
Putnam City Schools		17		2,600	16	0.45
Sonic Corp	2,460		0.38			
Oklahoma City Community College	2,100	18	0.33			
Midfirst Bank	2,000	19	0.31			
Paycom	2,000	20	0.31			
Chesapeake Energy Corp	1,800	21	0.28	2,800	14	0.48
Dell	1,800	22	0.28	2,100	20	0.36
UPS	1,800	23	0.28	2,300	19	0.40
Hertz Corporation	1,700	24	0.26	2,300	18	0.40
BancFirst	1,700	25	0.26			
American Fidelity	1,650	26	0.26			
Enable Midstream	1,600	27	0.25			
Cox Communications	1,400	28	0.22	2,000	21	0.34
Great Plains Coca-Cola Bottling	1,300	29	0.20			
Farmers Insurance Group	1,300	30	0.20			
Johnson Control		31				
Bank of OK	1,100		0.17			
Dolese Bros Co	1,100	32	0.17			
Continental Resources	1,080	33	0.17			
Deaconess	1,000	34	0.16	1,900	22	0.33
Oklahoma County		35		1,800	23	0.31
Totals	232,024		36.11 %	217,928		37.48 %

(1) Information was provided by the Greater OKC Chamber and the Bureau of Labor Statistics.

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

(3) INTEGRIS Health includes INTEGRIS Medical Center and INTEGRIS Baptist Medical Center.

**OKLAHOMA CITY, OKLAHOMA, DEPARTMENT OF AIRPORTS
Top Employers and Major Tenants**

Major Tenants

Major Tenants at Airports:

AAR Oklahoma, Inc.
Alaska Airlines
American Airlines
ARINC
Atlantic Aviation
Avis Budget Car Rental, LLC dba Avis Rent A Car and Budget Rent A Car
Board of Education of Metro Area Vocational Technical School District
Delta Airlines
EAN Holdings, LLC
Paradies-Kambers, LLC.
Simply Wheelz, LLC dba Advantage Rent A Car
Southwest Airlines
TAG OKC, Inc.
Trajen
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
Valair Aviation

Source: Department of Airports Revenue Reports

OKLAHOMA CITY, OKLAHOMA, DEPARTMENT OF AIRPORTS

Department Employees

Last ten fiscal years

Division	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Administration	15	15	15	11	11	10	7	7	7	7
Finance	7	6	6	7	7	7	6	6	6	6
Operations	10	10	10	10	10	10	9	10	10	10
Maintenance	59	59	59	59	59	58	56	57	57	57
General Aviation	9	9	9	9	9	9	9	9	9	9
Business and Properties	7	6	6	9	9	9	9	6	6	6
Planning and Development	13	15	15	13	13	12	12	10	10	10
Total Employees	<u>120</u>	<u>120</u>	<u>120</u>	<u>118</u>	<u>118</u>	<u>115</u>	<u>108</u>	<u>105</u>	<u>105</u>	<u>105</u>

Source: Department of Airports Budget Reports

OKLAHOMA CITY, OKLAHOMA, DEPARTMENT OF AIRPORTS
Will Rogers World Airport Capital Asset Information
June 30, 2018

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		114,430 sq. ft
	Mechanical		49,688 sq. ft
	Administration		19,925 sq. ft
		Total Terminal Square Footage	<u>410,828 sq. ft</u>
	Number of passenger gates		17
	Number of loading bridges		17
	Number of concessionaires in terminal		2
	Number of rental car agencies in terminal		8
Apron:	Commercial Airlines		3,302,580 sq. ft
	FBO		1,456,203 sq. ft
Parking:	Garage		2,789
	Short-term		285
	Long-term		4,241
	Employees		432
		Total Parking Spaces	<u>7,747</u>
Cargo:	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

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities and each major fund of the Oklahoma City Department of Airports (Department), which includes a discretely presented component unit and a non-major enterprise fund of the City of Oklahoma City, Oklahoma (City), as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Department's basic financial statements and have issued our report thereon dated November 19, 2018.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

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

Purpose of this Report

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

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

November 19, 2018
Wichita, KS