



COMPREHENSIVE
**ANNUAL
FINANCIAL
REPORT**

FOR THE YEAR ENDED JUNE 30, 2013
OKLAHOMA CITY
DEPARTMENT OF AIRPORTS
A COMPONENT UNIT OF
OKLAHOMA CITY, OKLAHOMA

OKLAHOMA CITY DEPARTMENT OF AIRPORTS

A COMPONENT UNIT OF OKLAHOMA CITY, OKLAHOMA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2013

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

OKLAHOMA CITY DEPARTMENT OF AIRPORTS COMPREHENSIVE ANNUAL FINANCIAL REPORT

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INTRODUCTORY SECTION

CONTAINING THE FOLLOWING SUBSECTIONS:

LETTER OF TRANSMITTAL

ORGANIZATION CHART

PRINCIPAL OFFICERS

CERTIFICATE OF ACHIEVEMENT



The City of
OKLAHOMA CITY
DEPARTMENT OF AIRPORTS

December 2, 2013

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, 2013. This report was prepared by the Department's Finance Division, using accounting principles generally accepted in the United States of America (US GAAP). The accuracy, completeness and fairness of the presented information are the responsibility of the Department. We believe that the information presented is accurate in all material respects and that all necessary disclosures are included to enable the reader to gain an understanding of the Department's financial activity.

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

The Reporting Entity

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

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

The documents establishing and describing the legal and operational relationship between the City and the Trust provide that all City owned airport-related assets (as of the date of inception, as well as property acquired thereafter) would be leased to the Trust and that the Trust will lease or otherwise manage the related property and improvements financed by the Trust. All user fees and revenues generated from the Trust estate are deposited to the Trust and are used to repay the revenue bonds or other debt instruments issued by the Trust. The Trust does not have the power to levy taxes and the City has no obligation for debt issued by the Trust.

OKLAHOMA CITY, OKLAHOMA, DEPARTMENT OF AIRPORTS

Transmittal Letter

June 30, 2013

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. 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, 2026. The Trustees must secure prior approval from the Mayor and City Council on the terms of any contract or lease agreement of any of the facilities of the airports, and the amount of any uniform rate, fee or charge to be imposed. The Trustees may authorize the issuance of revenue bonds only with the consent of the Mayor and City Council.

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

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

Economic Conditions and Outlook

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

The state of Oklahoma remains among the fastest growing states as this stage in the economic recovery. Unemployment in Oklahoma was at 5.2%, well below the national rate of 7.6% at the end of fiscal 2013. The 2013 Greater Oklahoma City Economic Forecast reported Oklahoma City should expect to enjoy slow and steady job additions throughout 2013, while the nation continues to struggle with flat job growth and high unemployment. While there has been relatively few "new-to-market" business announcements, existing Oklahoma City companies continued to create new job opportunities and announced \$368 million in capital investments. The positive momentum and vitality should help encourage companies consider the Oklahoma City market for future success. The metro population is expected to have modest growth of 1.3%, and personal incomes growth is projected to be 4.3% in 2013. Oklahoma City has proven resilient to recessionary pressures when compared to the national economy. According to Forbes, the Oklahoma City metro area is among the country's fastest growing for population and jobs. While optimism exists for Oklahoma, sequestration continues to be a concern as it is unclear what fiscal decisions if any could impact the area.

OKLAHOMA CITY, OKLAHOMA, DEPARTMENT OF AIRPORTS

Transmittal Letter

June 30, 2013

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 interested Federal Aviation Administration (FAA) officials. Input during the conference helps the Department identify projects, assess possible funding sources, and determine timeframes for planning the implementation of the projects based on critical needs and funding sources.

Capital projects at the City's three airports are all funded through the Trust. As part of the annual budget cycle, construction projects are listed along with their estimated project life begin and end years, estimated costs for the budget year, and an estimated total project cost. The Trust's 2014 capital budget is \$65,513,860.

The capital plan for Will Rogers World Airport includes the following projects: (1) the design and development for construction of a consolidated rental car facility at \$14,920,000, (2) replacement of the outbound baggage system with a checked baggage inspection system at \$13,400,000, (3) the realignment of Portland Avenue at \$6,216,000, (4) renovation of the existing 2 and 5 story parking garages at \$900,000, (5) repair Taxiway C & G Asphalt Portions with Concrete at \$1,500,000, (6) the purchase of various equipment for \$4,049,500, (7) various airfield improvement projects for \$1,250,000, and, (8) various other improvements for \$7,035,000.

The capital plan for the general aviation airports includes the following projects at Wiley Post Airport: (1) roof replacement at hangar 3C for \$325,000, (2) airfield electrical condition study for \$300,000, (3) low roof replacement at hangar 11 for \$250,000, and (4) various other improvements for \$582,500. C. E. Page Airport has one project for replacing the rotating beacon tower for \$101,300.

The capital plan for the Mike Monroney Aeronautical Center located at Will Rogers World Airport includes various heat and air systems improvements for \$9,300,000, building improvement projects for \$1,314,000, roof replacements for \$2,007,560, and various other infrastructure improvements for \$2,063,000.

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

OKLAHOMA CITY, OKLAHOMA, DEPARTMENT OF AIRPORTS

Transmittal Letter

June 30, 2013

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

The financial records of the Department are audited each year by an independent certified public accountant. The accounting firm of BKD LLP was selected to perform the fiscal year 2013 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, 2012. 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-one fiscal years ended 1992 – 2012. We believe our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to GFOA.

OKLAHOMA CITY, OKLAHOMA, DEPARTMENT OF AIRPORTS

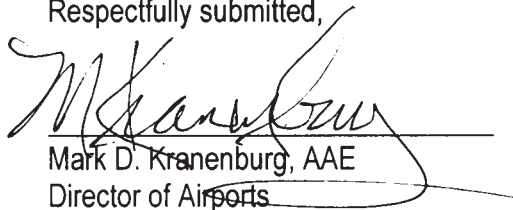
Transmittal Letter

June 30, 2013

Acknowledgments

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

Respectfully submitted,


Mark D. Kranenburg, AAE
Director of Airports

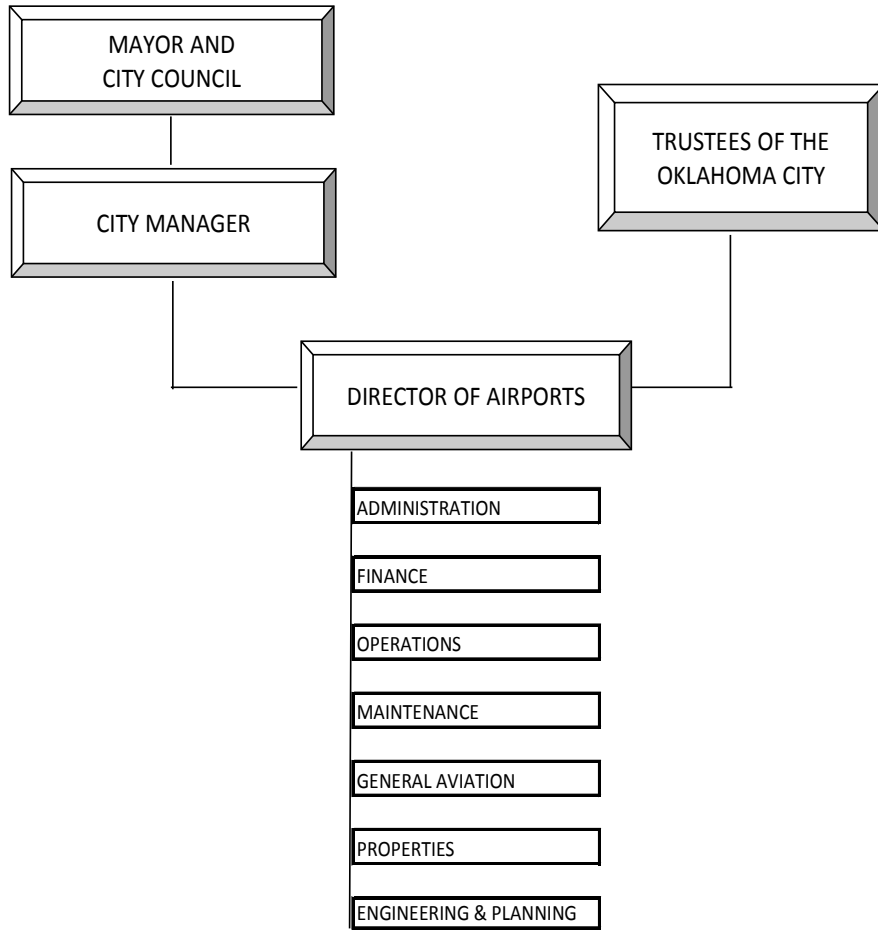

Kim Sotomayor, MSA
Business Manager

OKLAHOMA CITY, OKLAHOMA, DEPARTMENT OF AIRPORTS

Organization Chart

June 30, 2013

ORGANIZATION CHART



OKLAHOMA CITY, OKLAHOMA, DEPARTMENT OF AIRPORTS

Principal Officials

June 30, 2013

Mayor and City Council

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

Trustees of the Oklahoma City Airport Trust

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

City Manager's Office

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

Department of Airports

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



Government Finance Officers Association

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

Presented to

**Oklahoma City
Department of Airports
Oklahoma**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2012

Executive Director/CEO



FINANCIAL SECTION

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

Independent Auditor's Report on Financial Statements and Supplementary Information

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 Oklahoma City Department of Airports (the Department), which comprises a discretely presented component unit and a non-major enterprise fund, of the City of Oklahoma City, Oklahoma (the City), as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Department's basic financial statements listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the 2013 financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the major funds of the Department as of June 30, 2013, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matters

As discussed in *Note 2*, the financial statements of the Department are intended to present the net position, the changes in net position and the cash flows of only that portion of the business-type activities and major funds of the City that is attributable to the transactions of the Department. They do not purport to, and do not, present fairly the net position of the City as of June 30, 2013, the changes in its net position or its cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in *Note 2* to the financial statements, in 2013, the Department changed its method of accounting under Governmental Accounting Standards Board Statement No. 65, *Items Previously Reported as Assets and Liabilities*, by retroactively restating prior years' financial statements. Our opinions are not modified with respect to this matter.

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Department's basic financial statements. The accompanying budget versus actual schedule, listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Information

Our audit was conducted for the purpose of forming opinions on the basic financial statements as a whole. The introductory and statistical sections, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 2, 2013, on our consideration of the Department's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Department's internal control over financial reporting and compliance.

Report on Summarized Comparative Information

We previously audited the Department's 2012 financial statements, and we expressed unqualified opinions on the audited financial statements in our report dated December 6, 2012, prior to the restatement related to the adoption of an accounting principle discussed in *Note 2*.

Board of Trustees
Oklahoma City Department of Airports
Page 4

The summarized comparative information presented herein as of and for the year ended June 30, 2012, is consistent in all material respects with the audited financial statements from which it has been derived, except for the restatement discussed in *Note 2*.

BKD, LLP

Oklahoma City, Oklahoma
December 2, 2013

OKLAHOMA CITY, OKLAHOMA, DEPARTMENT OF AIRPORTS
Management's Discussion and Analysis
June 30, 2013

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, 2013 and 2012. The Department's financial performance is discussed and analyzed within the context of the accompanying financial statements and disclosures following this section.

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

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

Department-wide Financial Statements

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

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

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

Fund Financial Statements

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

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

OKLAHOMA CITY, OKLAHOMA, DEPARTMENT OF AIRPORTS
Management's Discussion and Analysis
June 30, 2013

Financial Position Summary and Highlights

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

	2013	2012	2011	\$ Change		% Change	
				2013	2012	2013	2012
Assets:		(Restated)	(Restated)				
Current and other assets	\$148,522,237	\$142,117,416	\$133,499,892	\$6,404,821	\$8,617,524	4.5 %	6.5
Capital assets	413,807,247	410,056,215	413,934,425	3,751,032	(3,878,210)	0.9	(0.9)
Total assets	<u>562,329,484</u>	<u>552,173,631</u>	<u>547,434,317</u>	<u>10,155,853</u>	<u>4,739,314</u>	1.8	0.9
Deferred Outflows of Resources	974,734	1,146,005	1,366,985	(171,271)	(220,980)		
Liabilities:							
Current liabilities	21,325,542	28,304,727	25,867,251	(6,979,185)	2,437,476	(24.7)	9.4
Noncurrent liabilities	86,591,210	100,441,023	120,195,506	(13,849,813)	(19,754,483)	(13.8)	(16.4)
Total liabilities	<u>107,916,752</u>	<u>128,745,750</u>	<u>146,062,757</u>	<u>(20,828,998)</u>	<u>(17,317,007)</u>	(16.2)	(11.9)
Deferred Inflows of Resources	86,313	131,577	181,551	(45,264)	(49,974)		
Net Position:							
Net investment in capital assets	318,022,197	296,325,773	282,438,969	21,696,424	13,886,804	7.3	4.9
Restricted	50,296,830	46,806,392	44,466,570	3,490,438	2,339,822	7.5	5.3
Unrestricted	86,982,128	81,310,144	76,836,889	5,671,984	4,473,255	7.0	5.8
Total net position	<u>\$455,301,155</u>	<u>\$424,442,309</u>	<u>\$403,742,428</u>	<u>\$30,858,846</u>	<u>\$20,699,881</u>	7.3	5.1

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

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

OKLAHOMA CITY, OKLAHOMA, DEPARTMENT OF AIRPORTS

Management's Discussion and Analysis

June 30, 2013

An analysis of changes in assets, liabilities and deferred outflows and inflows of resources for the year ended June 30, 2012 is as follows in approximate amounts:

- The net increase in current and other assets less current liabilities of approximately \$6,180,000 is primarily the result of the following: (1) increase of \$1,475,000 related to current bonds payable, (2) increase of \$2,419,000 related to escrow amounts for improvements to tenant facilities as required by tenant leases, (3) decrease of \$1,090,000 related to assets restricted for debt service payments, (4) increase of \$1,648,000 in PFC assets set aside for future debt service payments, (5) decrease of \$638,000 related to assets restricted for capital projects, and (6) an increase of \$5,316,000 related to operations.
- The decrease in capital assets of approximately \$3,878,000 is primarily the result of the following: (1) capital asset acquisitions during the year of \$20,241,000, (2) depreciation of \$21,238,000, and (3) disposition of assets with a net book value of \$2,881,000.
- The decrease in noncurrent liabilities of approximately \$19,754,000 is the result of the following: (1) decrease of \$19,381,000 due to redemption of revenue bonds, (2) decrease of \$24,000 related to compensated absences, and (3) increase of \$251,000 related to OPEB obligations. Other items contributing to the change in long-term liabilities relate to amortization of bond discounts, premiums and change in presentation of deferred amounts from refunding bonds.

An analysis of components of net position for the years ended June 30, 2013 and 2012 is as follows:

- Approximately seventy 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 2013 restricted net position for debt service increased approximately \$389,000 from the prior year and restricted net position for maintenance and capital assets increased approximately \$3,102,000 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, 2013

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:

	2013	2012	2011	\$ Change		% Change	
				2013	2012	2013	2012
Operating revenues:		(Restated)	(Restated)				
Parking	\$10,023,542	\$9,804,277	\$9,259,742	\$219,265	\$544,535	2.2 %	5.9 %
Landing fees	7,024,001	6,835,170	6,924,831	188,831	(89,661)	2.8	(1.3)
Rental income	26,103,507	27,796,645	32,053,658	(1,693,138)	(4,257,013)	(6.1)	(13.3)
Other, net	15,295,622	12,827,197	9,033,240	2,468,425	3,793,957	19.2	42.0
Total operating revenues	<u>58,446,672</u>	<u>57,263,289</u>	<u>57,271,471</u>	<u>1,183,383</u>	<u>(8,182)</u>	2.1	(0.0)
Nonoperating revenues:							
Investment income	617,954	647,961	818,289	(30,007)	(170,328)	(4.6)	(20.8)
Oil and gas royalties	2,509,712	2,820,798	2,968,830	(311,086)	(148,032)	(11.0)	(5.0)
Liquidated Damages	-	-	390,000	-	(390,000)	0.0	0.0
Passenger facility charges	7,364,701	7,210,909	7,055,522	153,792	155,387	2.1	2.2
Customer facility charges	4,506,156	-	-	4,506,156	-	100.0	0.0
Grants income	224,918	403,054	440,268	(178,136)	(37,214)	(44.2)	(8.5)
Other Nonoperating revenues	9,690	-	-	9,690	-	100.0	0.0
Gain on disposition of assets	-	49,129	-	(49,129)	49,129	(100.0)	0.0
Total nonoperating revenues	<u>15,233,131</u>	<u>11,131,851</u>	<u>11,672,909</u>	<u>4,101,280</u>	<u>(541,058)</u>	36.8	(4.6)
Total revenues	<u>73,679,803</u>	<u>68,395,140</u>	<u>68,944,380</u>	<u>5,284,663</u>	<u>(549,240)</u>	7.7	(0.8)
Operating expenses							
Personal services	9,181,703	8,417,255	8,002,625	764,448	414,630	9.1	5.2
Maintenance, operations and contractual services	14,368,584	14,800,764	13,888,354	(432,180)	912,410	(2.9)	6.6
Materials and supplies	1,376,306	1,328,835	1,398,612	47,471	(69,777)	3.6	(5.0)
Depreciation	20,478,414	21,238,540	21,571,778	(760,126)	(333,238)	(3.6)	(1.5)
Total operating expenses	<u>45,405,007</u>	<u>45,785,394</u>	<u>44,861,369</u>	<u>(380,387)</u>	<u>924,025</u>	(0.8)	2.1
Nonoperating expenses:							
Interest	5,121,660	6,690,475	8,144,360	(1,568,815)	(1,453,885)	(23.4)	(17.9)
Amortization	(206,727)	(165,560)	245,147	(41,167)	(410,707)	24.9	(167.5)
Bond Issue Expense	-	-	203,923	-	(203,923)	0.0	(100.0)
Bond Insurance	17,503	17,822	17,500	(319)	322	0.0	0.0
Loss on disposition of assets	1,893,395	-	3,777	1,893,395	(3,777)	0.0	(100.0)
Total nonoperating expenses	<u>6,825,831</u>	<u>6,542,737</u>	<u>8,614,707</u>	<u>283,094</u>	<u>(2,071,970)</u>	4.3	(24.1)
Total expenses	<u>52,230,838</u>	<u>52,328,131</u>	<u>53,476,076</u>	<u>(97,293)</u>	<u>(1,147,945)</u>	(0.2)	(2.1)
Income before capital contributions and donated assets	21,448,965	16,067,009	15,468,304	5,381,956	598,705	33.5	3.9
Capital contributions, grants	9,409,881	7,505,159	5,804,051	1,904,722	1,701,108	25.4	29.3
Donated Assets	-	(2,872,287)	-	2,872,287	(2,872,287)	(100.0)	0.0
Change in net position	<u>30,858,846</u>	<u>20,699,881</u>	<u>21,272,355</u>	<u>10,158,965</u>	<u>(572,474)</u>	49.1	(2.7)
Total net position, beginning of year previously reported	424,442,309	403,742,428	382,972,999	20,699,881	20,769,429	5.1	5.4
Change in accounting principle	-	-	(502,926)	-	502,926	0.0	(100.0)
Total net position, beginning of year restated	424,442,309	403,742,428	382,470,073	20,699,881	21,272,355	0.0	0.0
Ending net position	<u>455,301,155</u>	<u>424,442,309</u>	<u>403,742,428</u>	<u>30,858,846</u>	<u>20,699,881</u>	7.3	5.1

OKLAHOMA CITY, OKLAHOMA, DEPARTMENT OF AIRPORTS

Management's Discussion and Analysis

June 30, 2013

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

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

An analysis of changes in revenues and expenses for the year ended June 30, 2012 is as follows:

- Parking revenues increased due to increased passenger activity.
- Landing fees decreased due to the annual adjustment as provided for in the airline agreements.
- Rental income decreased due to bonds backed by lease rental payments reaching final maturity.
- Other income increased due to increased maintenance fees on the facilities at the Mike Monroney Aeronautical Center (MMAC).
- Investment income decreased during the fiscal year primarily due to the declining interest rates.
- Oil and gas royalties decreased due to the fluctuation in activity for oil and natural gas produced on airport properties.
- Passenger facility charges increased due to the increased passenger activity.
- Depreciation expense decreased due to a combination of completed construction on various capital projects which were placed in service during the fiscal year, and the donation of an Instrument Landing System located at Wiley Post Airport to the Federal Aviation Administration.
- Interest expense decreased due to the continued decrease in interest expense on remaining bonds outstanding.
- Capital contributions increased as the Department received grant reimbursements from the Federal Aviation Administration for eligible construction project expenditures.

Capital Acquisitions and Construction Activities

During 2013, the Department incurred approximately \$26,135,000 for capital activities, compared to \$20,241,000 during the prior year. This included \$110,000 for buildings, \$39,000 for infrastructure, \$383,000 for mobile equipment, \$396,000 for buses, \$153,000 for equipment, and the balance for

OKLAHOMA CITY, OKLAHOMA, DEPARTMENT OF AIRPORTS

Management's Discussion and Analysis

June 30, 2013

construction projects. During the year approximately \$29,766,000 in multi-year construction projects were completed and transferred to depreciable assets. Completed projects in approximate amounts were:

Location	Project Description	Amount
WRWA:	Virtual Data Center	\$ 126,860
	Chickasaw AV Equipment	23,654
	VOIP System - Phase II	56,182
	Upgrade Lighting in Parking Lot #2	138,225
	Field Maintenance Generator	112,891
	Air Curtains	195,378
	Overflow Checkpoint	30,959
	Lot 3 Fence	18,972
	Office Buildout	10,900
	Briefing Station Fence	16,247
	Briefing Station Road	14,935
	Metro-Tech Lean To Shed	28,410
	Perimeter Road RW 17L/35R	1,930,587
	CCTV	4,137,428
	Taxiway H Realignment	6,576,479
	Rehab RW 17R/35L	1,642,234
	Hangar 3B Low Roof Replacement	391,958
	Detention Pond	383,853
	Terminal Seating	386,505
	WPA:	VOIP System - WPA
CEPA:	Fuel Facility	973,374
	Airfield Improvements	2,595,950
MMAC:	Air Navigation Facility - 1 - Roof Replacement	1,389,923
	Thomas P. Stafford - Building Envelope	366,170
	HVAC FY 2011 Projects	5,959,317
	Tunnel Lighting - HQ to ARB, MPB, CAMI	91,247
	Air Navigation Facility - 2 - Roof Replacement	1,456,445
	Cable Switch Replacement - Medium Voltage	66,494
	Registry Skylight Replacement	618,296
		<u>\$ 29,765,538</u>

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

Long-Term Debt

Junior Lien 30 and Junior Lien 29B Revenue Bonds are backed by a combination of passenger facility charge revenues and lease revenues. All other revenue bonds of the Trust will be paid from tenant lease payments to the Trust. The last principal payment is scheduled for July 1, 2026.

Changes in gross revenue bonds payable for the fiscal years ended June 30, 2013 and 2012 are as follows:

OKLAHOMA CITY, OKLAHOMA, DEPARTMENT OF AIRPORTS

Management's Discussion and Analysis

June 30, 2013

	2013	2012	\$ Change	% Change
Balance, beginning of year	\$ 113,570,000	\$ 131,310,000	\$ (17,740,000)	(13.5)
Issued	-	-	-	
Retired	(19,215,000)	(17,740,000)	(1,475,000)	8.3
Balance, end of year	<u>\$ 94,355,000</u>	<u>\$ 113,570,000</u>	<u>\$ (19,215,000)</u>	(16.9)

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

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

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

Economic Factors

Oklahoma remains one of the fastest-growing states in the economic recovery. In Oklahoma City, the grand opening of Devon Energy's \$750 million world headquarters, the completion of Continental Resources headquarter move, SandRidge Energy's expansion, and Boeing continuing to transition jobs will have a long term impact at both state and metro levels. This success is often attributed to a business-friendly, low-cost environment. Job growth for the Oklahoma City metro is forecasted to be moderately positive at 2.5 percent in 2013.

Oklahoma City's commercial airport, Will Rogers World Airport, has seen an increase by average of 3.7% per year in enplaned passengers from FY 2010 to FY 2012. The number of enplaned passengers increased at a lesser rate of 1.12% in FY 2013 over FY 2012. The increases are attributable to positive economic growth in the greater metro area, along with the addition of new non-stop air service. Increased passenger activity is a direct correlation to increased rental car revenues, as well as food and retail revenues. The increase in activity to the airport supports indicators the economists have about the continued recovery for Oklahoma City and the State of Oklahoma.

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.

OKLAHOMA CITY, OKLAHOMA, DEPARTMENT OF AIRPORTS

Statement of Net Position

June 30, 2013 with summarized comparative information for June 30, 2012

ASSETS	2013			2012
	OKLAHOMA CITY AIRPORT TRUST	AIRPORTS FUND	TOTAL	(Restated) TOTAL
Current assets:				
Pooled cash	\$ -	\$ 51,462	\$ 51,462	\$ 62,342
Non-pooled cash	1,745,225	-	1,745,225	1,756,798
Investments	109,051,923	1,281,878	110,333,801	102,991,142
Accounts receivable, net	4,233,468	-	4,233,468	5,329,964
Interest receivable	83,450	4,829	88,279	101,435
Royalties receivable	206,251	-	206,251	211,109
Passenger facility charges receivable	777,523	-	777,523	886,082
Customer facility charges receivable	534,821	-	534,821	-
Inventory	-	967,838	967,838	946,037
Prepays	48,009	-	48,009	17,503
Due from City funds	388,010	79	388,089	885
Due from other governments	1,377,929	-	1,377,929	1,923,467
Total current assets	<u>118,446,609</u>	<u>2,306,086</u>	<u>120,752,695</u>	<u>114,226,764</u>
Noncurrent assets:				
Investments	21,432,152	-	21,432,152	19,888,058
Intergovernmental advance	6,232,916	-	6,232,916	7,880,926
Advance (to)/from other funds	(1,307,019)	1,307,019	-	-
Prepays	104,474	-	104,474	121,668
Capital assets:				
Land	14,465,751	16,114,538	30,580,289	30,580,289
Construction in progress	17,793,023	-	17,793,023	22,504,269
Other capital assets, net of accumulated depreciation	<u>363,506,041</u>	<u>1,927,894</u>	<u>365,433,935</u>	<u>356,971,657</u>
Total noncurrent assets	<u>422,227,338</u>	<u>19,349,451</u>	<u>441,576,789</u>	<u>437,946,867</u>
Total assets	<u>540,673,947</u>	<u>21,655,537</u>	<u>562,329,484</u>	<u>552,173,631</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred amount from refunding, net of accumulated amortization of \$6,646,497 and \$6,475,226	\$ 974,734	\$ -	\$ 974,734	\$ 1,146,005

(continued)

OKLAHOMA CITY, OKLAHOMA, DEPARTMENT OF AIRPORTS

Statement of Net Position

June 30, 2013 with summarized comparative information for June 30, 2012

LIABILITIES	2013			2012 (Restated)
	OKLAHOMA CITY AIRPORT TRUST	AIRPORTS FUND	TOTAL	TOTAL
Current liabilities:				
Retainage and accounts payable	\$ 3,980,166	\$ 243,498	\$ 4,223,664	\$ 5,287,247
Wages and benefits payable	-	309,662	309,662	250,627
Due to City funds	-	2,397	2,397	-
Compensated absences	-	455,382	455,382	418,654
Unearned revenue	656,252	-	656,252	616,326
Pollution remediation obligation	106,252	-	106,252	85,083
Bond interest payable	2,201,933	-	2,201,933	2,431,790
Bonds payable	13,370,000	-	13,370,000	19,215,000
Total current liabilities	20,314,603	1,010,939	21,325,542	28,304,727
Noncurrent liabilities:				
Compensated absences	-	827,296	827,296	681,592
OPEB obligation	-	1,774,870	1,774,870	1,638,383
Unearned revenue	1,573,992	-	1,573,992	2,003,262
Bonds payable	80,985,000	-	80,985,000	94,355,000
Unamortized bond discount/premium, net	1,430,052	-	1,430,052	1,762,786
Bonds payable, net of unamortized discount/premium	82,415,052	-	82,415,052	96,117,786
Total noncurrent liabilities	83,989,044	2,602,166	86,591,210	100,441,023
Total liabilities	104,303,647	3,613,105	107,916,752	128,745,750
DEFERRED INFLOWS OF RESOURCES				
Deferred amount from refunding, net of accumulated depreciation \$120,277 and \$75,013	86,313	-	86,313	131,577
NET POSITION				
Net investment in capital assets	299,979,764	18,042,433	318,022,197	296,325,773
Restricted for capital assets	864,478	-	864,478	861,658
Restricted for debt service	26,493,184	-	26,493,184	26,104,542
Restricted for maintenance	22,939,168	-	22,939,168	19,840,192
Unrestricted	86,982,128	-	86,982,128	81,310,144
Total net position	\$ 437,258,722	\$ 18,042,433	\$ 455,301,155	\$ 424,442,309

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, 2013 with summarized comparative information for June 30, 2012

	2013			2012 (Restated)
	OKLAHOMA CITY			
	AIRPORT TRUST	AIRPORTS FUND	TOTAL	TOTAL
Operating revenues:				
Parking	\$ 10,023,542	\$ -	\$ 10,023,542	\$ 9,804,277
Landing fees	7,024,001	-	7,024,001	6,835,170
Rental income	26,103,507	-	26,103,507	27,796,645
Proprietary payments (to) from component unit	(16,034,046)	16,034,046	-	-
Other, net	15,295,622	-	15,295,622	12,827,197
Total operating revenues	<u>42,412,626</u>	<u>16,034,046</u>	<u>58,446,672</u>	<u>57,263,289</u>
Operating expenses:				
Personal services	-	9,181,703	9,181,703	8,417,255
Maintenance, operations, and contractual services	8,543,626	5,824,958	14,368,584	14,800,764
Materials and supplies	823,583	552,723	1,376,306	1,328,835
Depreciation	19,987,847	490,567	20,478,414	21,238,540
Total operating expenses	<u>29,355,056</u>	<u>16,049,951</u>	<u>45,405,007</u>	<u>45,785,394</u>
Operating income (loss)	<u>13,057,570</u>	<u>(15,905)</u>	<u>13,041,665</u>	<u>11,477,895</u>
Nonoperating revenues (expenses):				
Investment income:				
Interest	512,338	7,388	519,726	566,514
Increase in fair value of investments	98,228	-	98,228	81,447
Oil and gas royalties	2,509,712	-	2,509,712	2,820,798
Passenger facility charges	7,364,701	-	7,364,701	7,210,909
Customer facility charges	4,506,156	-	4,506,156	-
Operating grants	224,918	-	224,918	403,054
Other nonoperating revenue	4,065	5,625	9,690	-
Interest expense	(5,121,660)	-	(5,121,660)	(6,690,475)
Amortization	206,727	-	206,727	165,560
Bond Insurance	(17,503)	-	(17,503)	(17,822)
Gain (loss) on disposition of assets	(1,884,608)	(8,787)	(1,893,395)	49,129
Net nonoperating revenues (expenses)	<u>8,403,074</u>	<u>4,226</u>	<u>8,407,300</u>	<u>4,589,114</u>
Income (loss) before capital grants, contributions and donated assets	<u>21,460,644</u>	<u>(11,679)</u>	<u>21,448,965</u>	<u>16,067,009</u>
Capital grants and contributions	9,409,881	-	9,409,881	7,505,159
Donated Assets	-	-	-	(2,872,287)
Change in net position	<u>30,870,525</u>	<u>(11,679)</u>	<u>30,858,846</u>	<u>20,699,881</u>
Total net position, beginning of year, previously reported	406,388,197	18,054,112	424,442,309	404,313,897
Change in accounting principle	-	-	-	(571,469)
Total net position, beginning of year, restated	<u>406,388,197</u>	<u>18,054,112</u>	<u>424,442,309</u>	<u>403,742,428</u>
Total net position, end of year	<u>\$ 437,258,722</u>	<u>\$ 18,042,433</u>	<u>\$ 455,301,155</u>	<u>\$ 424,442,309</u>

See accompanying notes to financial statements

OKLAHOMA CITY, OKLAHOMA, DEPARTMENT OF AIRPORTS

Statement of Cash Flows

For the Year Ended June 30, 2013 with summarized comparative information for June 30, 2012

	2013			2012 (Restated)
	OKLAHOMA CITY AIRPORT TRUST	AIRPORTS FUND	TOTAL	TOTAL
Cash flows from operating activities:				
Cash received from charges	\$ 60,039,905	\$ -	\$ 60,039,905	\$ 55,525,812
Cash received from oil and gas royalties	2,514,571	-	2,514,571	2,950,211
Cash payments to suppliers for goods and services	(10,406,333)	(6,399,396)	(16,805,729)	(16,326,012)
Cash payments to employees and professional contractors for services	-	(8,803,749)	(8,803,749)	(8,250,041)
Proprietary payments (to) from component unit	(15,447,042)	15,447,042	-	-
Net cash provided by operating activities	<u>36,701,101</u>	<u>243,897</u>	<u>36,944,998</u>	<u>33,899,970</u>
Cash flows from noncapital financing activities:				
Operating grants received	268,442	-	268,442	670,184
Net cash provided by noncapital financing activities	<u>268,442</u>	<u>-</u>	<u>268,442</u>	<u>670,184</u>
Cash flows from capital and related financing activities:				
Intergovernmental advance (payment)	1,648,009	-	1,648,009	(7,712,012)
Advance payable - Gulfstream	(22,103)	-	(22,103)	(325,478)
Acquisition and construction of capital assets	(24,910,480)	(487,676)	(25,398,156)	(18,192,283)
Capital grants received	9,523,886	-	9,523,886	7,337,406
Interest paid on bonds	(6,087,095)	-	(6,087,095)	(7,146,344)
Principal paid on bonds	(19,215,000)	-	(19,215,000)	(17,740,000)
Proceeds from sale of capital assets	10,890	-	10,890	34,735
Passenger facility charges	6,587,178	-	6,587,178	7,134,987
Customer facility charges	3,971,335	-	3,971,335	-
Net cash used by capital and related financing activities	<u>(28,493,380)</u>	<u>(487,676)</u>	<u>(28,981,056)</u>	<u>(36,608,989)</u>
Cash flows from investing activities:				
Interest on investments	523,144	9,739	532,883	578,692
Proceeds from sale of investments	56,227,000	-	56,227,000	25,308,000
Purchase of investments	(65,237,880)	-	(65,237,880)	(24,261,607)
Change in pooled investments	-	223,160	223,160	435,196
Net cash provided (used) by investing activities	<u>(8,487,736)</u>	<u>232,899</u>	<u>(8,254,837)</u>	<u>2,060,281</u>
Net increase (decrease) in cash	(11,573)	(10,880)	(22,453)	21,446
Cash, beginning of year	<u>1,756,798</u>	<u>62,342</u>	<u>1,819,140</u>	<u>1,797,694</u>
Cash, end of year	<u>\$ 1,745,225</u>	<u>\$ 51,462</u>	<u>\$ 1,796,687</u>	<u>\$ 1,819,140</u>

(continued)

OKLAHOMA CITY, OKLAHOMA, DEPARTMENT OF AIRPORTS

Statement of Cash Flows

For the Year Ended June 30, 2013 with summarized comparative information for June 30, 2012

	2013			2012 (Restated)
	OKLAHOMA CITY AIRPORT TRUST	AIRPORTS FUND	TOTAL	TOTAL
Reconciliation of operating income (loss) to net cash provided by operating activities:				
Operating income (loss)	\$ 13,057,570	\$ (15,905)	\$ 13,041,665	\$ 11,477,895
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation	19,987,847	490,567	20,478,414	21,238,540
Nonoperating revenues (expenses):				
Oil and gas royalties	2,509,712	-	2,509,712	2,820,798
Changes in assets and liabilities:				
(Increase) decrease in accounts receivable	1,982,578	-	1,982,578	(1,361,932)
(Increase) decrease in royalties receivable	4,859	-	4,859	129,413
(Increase) decrease in due from City funds	-	2,397	2,397	(885)
(Increase) decrease in inventory	-	(21,801)	(21,801)	(107,858)
(Increase) decrease in advance (to) from other funds	587,004	(587,004)	-	-
(Increase) decrease in prepaid assets	(26,750)	-	(26,750)	35,707
Increase (decrease) in accounts payable	(1,033,543)	(2,311)	(1,035,854)	(142,974)
Increase (decrease) in wages and benefits payable	-	59,036	59,036	(54,473)
Increase (decrease) in compensated absences	-	182,432	182,432	(28,924)
Increase (decrease) in OPEB liability	-	136,486	136,486	250,611
Increase (decrease) in pollution remediation	21,169	-	21,169	19,246
Increase (decrease) in deferred revenue	(389,345)	-	(389,345)	(375,182)
Increase (decrease) in due to depositors	-	-	-	(12)
Total adjustments	23,643,531	259,802	23,903,333	22,422,075
Net cash provided by operating activities	\$ 36,701,101	\$ 243,897	\$ 36,944,998	\$ 33,899,970
Noncash investing, capital and financing activities:				
Net increase (decrease) in fair value of investments	\$ 98,228	\$ -	\$ 98,228	\$ 81,447
Donated Assets	-	-	-	2,872,287

See accompanying notes to financial statements

OKLAHOMA CITY, OKLAHOMA, DEPARTMENT OF AIRPORTS

Notes to Financial Statements

June 30, 2013

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, 2026, 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 and operation and salary expenses. Grant Assurance 25 along with Section 47107 of Title 49, United States Code established proper use of airport revenue is vital to an airport's ability to be self-sustaining. In accordance with federal law, revenues generated by a federally obligated airport must be expended for capital and operating costs of the airport. The establishment of the Airports Fund in 1988 ensures the prevention of revenue diversion, and cash transfers are made monthly from the Trust to the Airports Fund for certain maintenance and operating expenses and all salary expenses of the Department. Any excess funds remaining in the Trust are available for preservation and maintenance of the Trust Estate.

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The Trust is a discrete component unit of the City. This conclusion is based on the following:

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, 2013

Measurement Focus, Basis for Accounting, and Financial Statement Presentation

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

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

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

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

Implementation of New Accounting Standards

Effective July 1, 2012, the Trust implemented GASB statement number 61, The Financial Reporting Entity: Omnibus. This statement modifies existing requirements for the assessment of potential component units in determining what should be included in the City's reporting entity as well as display and disclosure requirements. The implementation of this statement resulted in the reclassification of the Trust from a Blended Component Unit of the City to a Discrete Component Unit of the City.

Effective July 1, 2012 the Trust implemented Governmental Accounting Standards Board (GASB) statement number 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position. This statement defines deferred outflows and deferred inflows of resources and where they are to be reported in the financial statements and redefine and provide new calculations for the classifications of net position.

Effective July 1, 2012, the Trust implemented Governmental Accounting Standards Board (GASB) statement number 65, Items Previously Reported as Assets and Liabilities. This statement redefines certain financial elements previously reported as assets and liabilities as deferred outflows and deferred inflows of resources. In addition, the statement changes the method of reporting debt issuance costs. Prior to implementation of GASB statement number 65, the Trust reported debt issuance costs, including costs related to bond insurance, as deferred debt expense which was capitalized and amortized over the life of the debt. Deferred debt expense was reported as a non-current asset on the statement of net position. In GASB statement number 65, bond issuance costs, excluding bond insurance costs which should be treated as prepaid assets amortized over the life of the debt, are to be recognized in the period of the debt issue. This resulted in a restatement of previously reported net position by \$571,469.

OKLAHOMA CITY, OKLAHOMA, DEPARTMENT OF AIRPORTS

Notes to Financial Statements

June 30, 2013

Budgetary Controls

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

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

Deposits and Investments

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

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

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

Investments in debt securities are reported at fair value based on quoted market prices. Investments in guaranteed investment contracts are reported at cost. Cash deposits are reported at carrying amount that reasonably estimates fair value.

Additional deposit and investment information is presented in Note 3.

OKLAHOMA CITY, OKLAHOMA, DEPARTMENT OF AIRPORTS

Notes to Financial Statements

June 30, 2013

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.

Miscellaneous accounts receivable	267,628
Billed accounts receivable	355,196
Unbilled accounts receivable	3,497,717
Credit card receivables	112,977
Allowance for uncollectible accounts receivable	(50)
	<u>\$ 4,233,468</u>

Inventory

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

Intergovernmental Advance

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

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 fair market value at the date donated. The Department generally capitalizes assets with a cost of \$7,500 or more as purchases and construction outlays occur. Depreciation is computed on a straight-line method over the estimated useful lives as follows:

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

OKLAHOMA CITY, OKLAHOMA, DEPARTMENT OF AIRPORTS

Notes to Financial Statements

June 30, 2013

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. Interest revenue used to offset interest cost was \$0 and \$0 for the years ended June 30, 2013 and 2012, respectively. Total interest expense net amortization of discount and premium incurred was \$5,650,510 and \$6,796,296, for the years ended June 30, 2013 and 2012, respectively. Of these amounts, \$735,577 and \$271,382 was included as part of the cost of capital assets under construction for the years ended June 30, 2013 and 2012, respectively.

Bond Discounts and/or Premiums

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

Deferred Outflows of Resources and Deferred Inflows of Resources

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

Risk Management

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

OKLAHOMA CITY, OKLAHOMA, DEPARTMENT OF AIRPORTS

Notes to Financial Statements

June 30, 2013

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

Passenger Facility Charges (PFC) Revenue

Passenger Facility Charges have been levied at the rate of \$3 (July 1, 1997 through March 31, 2010) and \$4.50 (since April 1, 2010) per enplaned passenger, under FAA approved applications to impose and use \$136,283,571 for construction and debt payments of FAA approved improvements. Under the approved applications, collections extend until December 31, 2020. Total cumulative PFC revenues remitted to the Department for the years ended June 30, 2013 and 2012 were \$82,464,592 and \$74,991,330, respectively. PFC revenues earned by the Department for the year ended June 30, 2013 were \$7,364,701. 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, 2013 were \$4,506,156. CFC revenues are recognized as earned and are included in non-operating revenues.

Rental Income

Property is leased to commercial airlines, car rental companies, concessionaires, several fixed base operators who service the airline industry, the FAA, and other Federal and state agencies. All leases are non-cancelable operating leases. Property leased, or held for lease, to others was approximately \$493,175,000 and \$505,018,000 as of June 30, 2013 and 2012, respectively. Accumulated depreciation on this leased property was approximately \$255,522,000 and \$264,581,000 as of June 30, 2013 and 2012, respectively.

OKLAHOMA CITY, OKLAHOMA, DEPARTMENT OF AIRPORTS

Notes to Financial Statements

June 30, 2013

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

Year	Amount
2014	32,949,754
2015	21,016,468
2016	18,266,895
2017	17,913,299
2018	17,623,202
2019-2023	17,683,401
2024-2028	5,368,759
2029-2033	1,348,021
2034-2038	485,982
2039-2043	135,959
2044-2048	149,289
2049-2053	133,738
Total	\$ <u><u>133,074,767</u></u>

Several of the leases include rental amounts that are determined annually based on formulas prescribed in the individual lease agreements. The minimum future rentals for these leases were determined using the rates in effect at June 30, 2013.

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 2013 and 2012 received through these leases was approximately \$7,599,000 and \$7,220,000, 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, 2012, from which the summarized totals were derived.

OKLAHOMA CITY, OKLAHOMA, DEPARTMENT OF AIRPORTS

Notes to Financial Statements

June 30, 2013

3. DEPOSITS AND INVESTMENTS

Deposits

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

The Trust deposits as required by the Bond Indenture and Supplemental Bond Indentures are to be maintained by the trustee banks specified in the indentures. Trust deposits are continuously secured for the benefit of the Trust in the manner prescribed by Federal Law for the securing of trust funds.

Deposits of the Trust and the City are insured or collateralized with securities held by the City, its agent, or by the pledging financial institution's trust department or agent in the name of the City or Trust as applicable. However, a balance of \$466,405 held by Bank of New York is not collateralized.

Investments

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

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

Restricted Deposits and Investments

	<u>2013</u>		<u>2012</u>
Bond principal and interest accounts	\$ 4,159,949	\$	6,949,396
Bond reserve accounts	8,141,000		12,264,349
	<u>\$ 12,300,949</u>	<u>\$</u>	<u>19,213,745</u>

OKLAHOMA CITY, OKLAHOMA, DEPARTMENT OF AIRPORTS

Notes to Financial Statements

June 30, 2013

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

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

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

As of June 30, 2012, the Trust had the following investments:

Type of Investment	Fair Value/		Rating (1)	Weighted Average Days to Maturity
	Carrying Value	Cost		
U.S. Treasury Bills	\$14,458,254	\$14,450,912	N/A	294
U.S. Treasury Money Market Fund	52,352,475	52,352,474	AAA/Aaa	31
U.S Treasury Strips	35,706,858	35,317,378	N/A	706
U.S Treasury Notes	11,183,381	11,154,047	N/A	550
Guaranteed Investment Contracts	7,674,000	7,674,000	A-	854
Total Investments	<u>\$121,374,968</u>	<u>\$120,948,811</u>		

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

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

Type of City Pooled Investments	Fair Value/		Rating (1)	Weighted Average Months to Maturity
	Carrying Value	Cost		
Money Market funds	\$19,092,000	\$19,092,000	AAA/Aaa	1.73
U.S. Treasury notes	225,455,000	228,957,000	N/A	19.46
Fannie Mae	205,035,000	206,181,000	AA+/Aaa	18.72
Federal obligations	181,490,000	184,247,000	AA/Aaa	14.19
Commerical Paper	22,481,000	22,475,000	A1+/P1	2.83
Certificates of deposit	250,000	250,000	N/A	1.70
Total pooled investments	<u>\$653,803,000</u>	<u>\$661,202,000</u>		

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

The Airports Fund pooled investments as of June 30, 2012 were \$1,504,232. The Airports Fund participates in the City's investment pool which had the following investments as of June 30, 2012:

Type of City Pooled Investments	Fair Value/		Rating (1)	Weighted Average Months to Maturity
	Carrying Value	Cost		
Money Market funds	\$3,375,000	\$3,375,000	AAA/Aaa	1.80
U.S. Treasury notes	166,601,000	167,513,000	N/A	18.89
Fannie Mae	153,511,000	153,434,000	AA+/Aaa	16.85
Federal obligations	195,634,000	196,755,000	AA/Aaa	18.27
Commerical Paper	24,962,000	24,962,000	A+/Aa3	2.71
Total pooled investments	<u>\$544,083,000</u>	<u>\$546,039,000</u>		

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

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

OKLAHOMA CITY, OKLAHOMA, DEPARTMENT OF AIRPORTS

Notes to Financial Statements

June 30, 2013

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

4. CAPITAL ASSETS

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

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

As of June 30, 2012 capital assets consist of the following:

	Balance			Balance
Depreciable capital assets	July 1, 2011	Increases	Decreases	June 30, 2012
Buildings	\$ 499,698,997	\$ 1,622,583	\$ -	\$ 501,321,580
Improvements	283,202,989	3,221,033	(2,872,287)	283,551,735
Furniture, fixtures and equipment	19,050,923	684,868	(225,240)	19,510,551
Total depreciable capital assets	<u>801,952,909</u>	<u>5,528,484</u>	<u>(3,097,527)</u>	<u>804,383,866</u>
Less accumulated depreciation				
Buildings	236,597,475	10,894,793	-	247,492,268
Improvements	177,104,820	8,928,014	-	186,032,834
Furniture, fixtures and equipment	12,688,173	1,415,733	(216,799)	13,887,107
Total accumulated depreciation	<u>426,390,468</u>	<u>21,238,540</u>	<u>(216,799)</u>	<u>447,412,209</u>
Depreciable capital assets, net of accumulated depreciation	<u>\$ 375,562,441</u>	<u>\$ (15,710,056)</u>	<u>\$ (2,880,728)</u>	<u>\$ 356,971,657</u>
Nondepreciable capital assets				
Land	\$ 30,580,289	\$ -	\$ -	\$ 30,580,289
Construction in progress	7,791,695	19,635,853	(4,923,279)	22,504,269

OKLAHOMA CITY, OKLAHOMA, DEPARTMENT OF AIRPORTS

Notes to Financial Statements

June 30, 2013

5. LIABILITIES

Compensated Absences

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

	Balance			Balance	Due
	July 1, 2012	Increases	Decreases	July 1, 2013	Within
					One Year
Compensated absences	\$ 1,100,246	\$ 848,929	\$ 666,497	\$ 1,282,678	\$ 455,382

Pollution Remediation

The Gulfstream Maintenance Facility located at Wiley Post Airport has noted environmental deficiencies 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 and therefore has never operated the site. It also appears some deficiencies may be from an upgradient off-site source. The Trust voluntarily entered the site into a MACO Agreement with the Oklahoma Department of Environmental Quality and negotiated an Allocation Agreement with the former tenants in which the Trust will assume an allocable share of the site characterization and clean-up effort. The Trust has recorded a liability of approximately \$106,000 as of June 30, 2013, for the allocable share of the site assessment and characterization based upon estimated costs remaining for completion of site characterization. The site assessment and characterization is nearing completion, and evaluation of the remediation alternatives is in process. Since it is early in the evaluation process, there is not a reasonably estimate of the cost for remediation at this time. However, the Trust will bear only the costs of remediation for its allocable share when the remediation methodology is determined.

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, 2013, no Senior Lien bonds are outstanding.

Thirty 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. Four Junior Lien series are still outstanding as of June 30, 2013.

OKLAHOMA CITY, OKLAHOMA, DEPARTMENT OF AIRPORTS

Notes to Financial Statements

June 30, 2013

The Bond Indenture and its supplements require the use of a project account, bond (sinking) account, and various construction accounts. These accounts are held by a Trustee bank and managed pursuant to terms of the Bond Indenture. The Bond Indenture provides that gross revenues from operations will be deposited into the project account and transfers will be made to the other accounts for current requirements on a monthly basis.

The Trustees issued separate lease revenue bonds on October 1, 1991, and November 1, 1992, pursuant to a separate bond indenture (1991 Indenture) for the purpose of constructing the Registry Building. The lease payments deposited to the accounts created under the 1991 Indenture secure the debt payments on the Registry Building bonds only and the Trust has no obligation for the debt beyond the payments received under this lease. These bonds were retired in 2013.

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

The bonds are generally subject to prior redemption in part or in whole at the option of the Trustees. However, certain minimum redemptions are to be made as set forth in the various bond indentures in the event there are any available funds. Certain bonds are subject to a redemption premium of up to 5% of par value, as described in the various bond indentures, if redeemed prior to scheduled dates. Management believes the Trust has complied with all bond covenants at June 30, 2013.

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, 2013.

OKLAHOMA CITY, OKLAHOMA, DEPARTMENT OF AIRPORTS

Notes to Financial Statements

June 30, 2013

A summary of changes in bonds payable as of June 30, 2013 is as follows:

Description	Balance July 1, 2012	Issued	Retired	Balance June 30, 2013	Due Within One Year
Senior Lien Bonds:					
Nineteenth Series	\$ 3,280,000	\$ -	\$ 3,280,000	\$ -	\$ -
Twentieth Series	1,530,000	-	1,530,000	-	-
Senior Lien Bonds Total	<u>4,810,000</u>	<u>-</u>	<u>4,810,000</u>	<u>-</u>	<u>-</u>
Junior Lien Bonds:					
Twenty-third Series	340,000	-	105,000	235,000	115,000
Twenty-sixth Series	715,000	-	715,000	-	-
Twenty-ninth Series A	18,785,000	-	940,000	17,845,000	975,000
Twenty-ninth Series B	31,760,000	-	-	31,760,000	-
Thirtieth Series	28,565,000	-	5,280,000	23,285,000	5,400,000
Junior Lien Bonds Total	<u>80,165,000</u>	<u>-</u>	<u>7,040,000</u>	<u>73,125,000</u>	<u>6,490,000</u>
Separate Lease Bonds:					
1991 Registry Building	985,000	-	985,000	-	-
1992 Registry Building	115,000	-	115,000	-	-
1992 Federal Bureau of Prisons	26,195,000	-	5,870,000	20,325,000	6,445,000
1995 Federal Bureau of Prisons	1,300,000	-	395,000	905,000	435,000
Separate Lease Bonds Total	<u>28,595,000</u>	<u>-</u>	<u>7,365,000</u>	<u>21,230,000</u>	<u>6,880,000</u>
Total	<u>\$ 113,570,000</u>	<u>\$ -</u>	<u>\$ 19,215,000</u>	<u>94,355,000</u>	<u>\$ 13,370,000</u>
Less current maturities				(13,370,000)	
Long-term portion				80,985,000	
Less unamortized discount				(218,806)	
Add unamortized premium				1,648,858	
Total				<u>\$ 82,415,052</u>	

Additional information on revenue bond issues is as follows:

Description	Original Amount Issued	Interest Rate	Issue Date	Final Maturity Date
Junior Lien Bonds:				
Twenty-third Series	1,535,000	3.50 - 5.35	12/01/93	07/01/14
Twenty-ninth Series A	21,420,000	3.50 - 4.20	02/20/07	07/01/26
Twenty-ninth Series B	31,760,000	5.00	02/20/07	07/01/21
Thirtieth Series	28,675,000	3.00 5.00	03/03/11	07/01/17
Separate Lease Bonds:				
1992 FBOP	76,775,000	6.50 - 9.80	11/01/92	11/01/14
1995 FBOP	4,670,000	6.55 - 7.50	06/01/95	11/01/14

Principal and interest requirements for revenue bonds are as follows:

OKLAHOMA CITY, OKLAHOMA, DEPARTMENT OF AIRPORTS

Notes to Financial Statements

June 30, 2013

Fiscal Year	Principal	Interest	Total
2014	13,370,000	4,974,368	18,344,368
2015	20,950,000	3,679,534	24,629,534
2016	6,745,000	2,686,101	9,431,101
2017	7,075,000	2,353,354	9,428,354
2018	6,735,000	2,020,676	8,755,676
2019-2023	33,320,000	4,725,366	38,045,366
2024-2027	6,160,000	528,855	6,688,855
	<u>\$ 94,355,000</u>	<u>\$ 20,968,254</u>	<u>\$ 115,323,254</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, 2013 and 2012, were \$4,701,927 and \$4,456,118, 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 \$5,649,116 and \$5,182,195 for the years ended June 30, 2013 and 2012, respectively. The total payroll for all Department employees was \$6,254,872 and \$5,839,416 for the years ended June 30, 2013 and 2012, respectively.

Eligibility, Contribution Methods, Benefit Provisions

Year established and governing authority	1958; City Council ordinance
Determination of contribution requirements	Actuarially determined
Employer contributions	9.49% of covered payroll
Plan member contributions	6.00% of covered payroll
Eligible to participate	Full-time Department employees
Funding of administrative costs	Investment earnings
Period required to vest	5 years
Eligibility for distribution	30 years credited service regardless of age, or Age 60 with 10 years (Pre 3/67 hires), or 25 years credited service regardless of age, or Age 65 with 5 years (Post 3/67 hires), or Age 55 with 5 years on a reduced basis, or 5 years service, with benefits to begin at age 65 (60 with 10 years if Pre 3/67 hire)
Cost of living benefit increases	Cost of living adjustments compounded annually; Increases must be approved by the OCERS Board
Provisions for:	
Disability benefits	Yes
Death benefits	Yes

OKLAHOMA CITY, OKLAHOMA, DEPARTMENT OF AIRPORTS

Notes to Financial Statements

June 30, 2013

Plan Membership

Non-vested active members.....	762
Fully vested active members.....	1,697
Retirees and beneficiaries currently receiving benefits	1,324
Terminated plan members entitled to but not yet receiving benefits.....	83
Total	<u>3,866</u>

Actuarial Methods and Assumptions

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

Valuation date	12/31/12
Actuarial cost method	Individual entry age
Amortization method	Level percentage of payroll
Amortization period (1)	29 years, closed
Actuarial asset valuation method	4-year smoothed market
Actuarial assumptions:	
Investment rate of return	7.5%
Projected salary increases	4.0% -7.8%
Cost of living benefit increases (maximum) (2)	2%
Inflation	4%
Other	1994 group annuity table set forward 1 year for women and 3 years for men

- (1) For December 31, 2012 OCERS actuarial valuation, the amortization period changed from 30 years closed, to 29 years, closed.
- (2) Cost of living benefit increases decreased from 4% to 2%.

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

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

Fiscal Year	City's Annual Pension Cost	Percentage Contributed	NPO	Airports Fund Annual Pension Cost	Percentage Contributed	Airports Fund Annual Pension Cost as a percentage of City's
2013	\$ 11,320,000	100 %	\$ -	\$ 535,454	100 %	4.73 %
2012	9,165,000	100	-	447,624	100	4.88
2011	7,133,000	100	-	334,478	100	4.69

OKLAHOMA CITY, OKLAHOMA, DEPARTMENT OF AIRPORTS

Notes to Financial Statements

June 30, 2013

Funding Status

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

Actuarial Accrued Liability (AAL)	\$	553,588,000
Actuarial Value of Plan Assets (AVA)		547,686,000
Unfunded Actuarial Accrued Liability (UAAL)		5,902,000
Funded Ratio (AVA/AAL)		99%
Covered Payroll (Active Plan Members)		114,933,000
UAAL as a Percentage of Covered Payroll		5.1%

The required supplementary information schedules of funding progress immediately following the notes to the financial statements presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Plan Assets

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

Related-Party Transactions

As of June 30, 2013, the OCERS' investments include purchased judgments against the City in the amount of \$3,723,000. The judgments earn interest at rates of 5.25%. State statute permits OCERS to purchase judgments rendered against the City throughout the year. In November of each year, the City (through the property tax levy process) pays the OCERS for the principal amount and earned interest for each purchased judgment.

8. DEFINED CONTRIBUTION SINGLE EMPLOYER PENSION PLANS

The Department participates in two of the City's defined contribution plans administered by the International City Manager's Association Retirement Corporation (ICMA Retirement). Plan provisions and contribution requirements are established or amended by City Council resolution. Participants of the first plan are comprised of eligible employees hired before September 1, 2001. The Department and participants are required to contribute 8.35% and 6% of annual covered payroll, respectively. Participants of the second plan are comprised of eligible employees hired after September 1, 2001. The Department and participants are required to contribute 7% and 6% of annual covered payroll, respectively. For the fiscal year ended June 30, 2013 actual contributions by the Department and plan participants were \$15,488 and \$11,897, respectively.

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

OKLAHOMA CITY, OKLAHOMA, DEPARTMENT OF AIRPORTS

Notes to Financial Statements

June 30, 2013

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
Contributions Rates:	
Employer	62% of premium
Plan members	38% of premium
Funding of administrative costs	Investment earnings
Period required to vest	5 years
Eligibility for distribution	General employees are eligible for membership in the Plan if they retire from the City on or after age 55 with 5 years of service or at any age with 25 years of service.

Funding Policies

Effective January 1, 2013, the employer contribution changed from 64% to 62% of the premium. The retirees and their dependents premium percentage increased from 36% to 38%.

Benefits Provided

The City provides medical benefits either through a fully insured health plan or through a self-insured Group Indemnity Plan. Benefits include general inpatient and outpatient medical services and prescription drug coverage. Coverage for dependents can continue upon the death of the retiree. Spouses of employees who die in active service while eligible for benefits can receive coverage.

Membership

As of the last actuarial date, membership consisted of:

Retirees and beneficiaries currently receiving benefits	2,161
Active members	3,353
Total	<u>5,514</u>

OKLAHOMA CITY, OKLAHOMA, DEPARTMENT OF AIRPORTS
Notes to Financial Statements
June 30, 2013

Actuarial Methods and Assumptions

Provisions for:	
Disability benefits	Yes
Death benefits	Yes
Valuation date	7/1/2012
Actuarial cost method	Projected unit credit with linear proration to decrement
Amortization method/period	Level percentage of payroll 30 years, open
Actuarial asset valuation method	4 year smoothed market
Actuarial assumptions:	
Investment rate of return	4.9%
Inflation	4.0%
Blended Discount Rate Method	The discount rate is based on expected long-term return on investments that are used to finance benefit programs
Projected salary increase	3.0%
Health care trend rate	4.5% (5.0% for Medicare age)
Mortality table	RP 2000 combined mortality table projected to 2010 using scale AA

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

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

In the July 1, 2012 actuarial valuation, the projected unit credit actuarial cost method was used to develop the AAL and market value of assets was used to develop the AVA. The discount rate is currently 4.91%

OKLAHOMA CITY, OKLAHOMA, DEPARTMENT OF AIRPORTS

Notes to Financial Statements

June 30, 2013

Annual OPEB Costs and Net OPEB Obligation

The net OPEB obligation (NOO) as June 30, 2013, was calculated as follows:

	OPEB Trust	Airports Fund Share
Annual Required Contribution	\$32,881,000	\$641,000
Interest on Net OPEB Obligation	4,609,000	89,000
Adjustment to Annual Required Contribution	(4,232,000)	(89,000)
Annual OPEB Cost	<u>33,258,000</u>	<u>641,000</u>
Contributions Made	(19,905,000)	(504,000)
Increase in Net OPEB Obligation	<u>13,353,000</u>	<u>137,000</u>
Net OPEB Obligation, Beginning of year	93,874,000	1,638,000
Net OPEB Obligation, End of year	<u><u>\$107,227,000</u></u>	<u><u>\$1,775,000</u></u>

Trend Information

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

Year Ended	OPEB Cost	Employer Contributions	Annual OPEB Cost Contributed	OPEB Obligation
2013	\$33,258,000	\$19,905,000	59.9%	\$107,227,000
2012	36,494,000	20,065,000	55.0%	93,874,000
2011	39,787,000	18,747,000	47.1%	77,446,000

Fiscal Year Ended	Department Amounts			
	Annual OPEB Cost	Employer Contributions	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2013	\$641,000	\$505,000	78.8%	\$1,775,000
2012	\$718,000	\$467,000	65.0%	\$1,638,000
2011	\$819,000	\$460,000	56.2%	\$1,388,000

Reserves

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

OKLAHOMA CITY, OKLAHOMA, DEPARTMENT OF AIRPORTS

Notes to Financial Statements

June 30, 2013

Funded Status and Funding Progress

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

Actuarial Accrued Liability (AAL)	\$433,863,000
Actuarial Value of Plan Assets (AVA)	19,199,000
Unfunded Actuarial Accrued Liability (UAAL)	414,664,000
Funded Ratio (AVA/AAL)	4%
Covered Payroll (Active Plan Members)	197,923,000
UAAL as a Percentage of Covered Payroll	209.5%

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

10. COMMITMENTS AND CONTINGENCIES

Engineering and construction contracts relating to construction or major repairs in progress aggregated approximately \$28,350,000 and \$21,829,000 as of June 30, 2013 and 2012, 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 \$22,438,338 and \$26,279,436, as of June 30, 2013 and 2012, respectively. The Federal grant funds are not available to the Department until expenses are incurred and therefore, are not recorded as receivables.

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

11. SUBSEQUENT EVENT

Junior Lien Taxable Bonds, Thirty First Series (the "Bonds") were sold on September 12, 2013, and the proceeds in the amount of \$39,615,000 were received on September 25, 2013. The proceeds received from the sale of the Bonds will be used to fund, in part, the design and construction of a consolidated rental car facility to be located on Will Rogers World Airport property in close proximity to the Passenger Terminal, fund the purchase of shuttle buses to transport rental car customers between the Passenger Terminal and the Consolidated Rental Car Facility, and to pay the costs of issuance of the Bonds.

OKLAHOMA CITY, OKLAHOMA, DEPARTMENT OF AIRPORTS

Notes to Financial Statements

June 30, 2013

12. RECENTLY ISSUED GOVERNMENTAL ACCOUNTING STANDARDS BOARD (GASB) PRONOUNCEMENTS

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

GASB Statement No. 66, *Technical Corrections - 2012*, enhances the usefulness of financial reports by resolving conflicting accounting and financial reporting guidance that could diminish the consistency of financial reporting. GASB 66 amends both GASB Statement No. 10, *Accounting and Financial Reporting for Risk Financing and Related Insurance Issues*, and GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. The provisions of GASB 66 are effective for periods beginning after December 15, 2012, and would be applied on a prospective basis.

GASB Statement No. 68 – *Financial Reporting for Pension Plans – An Amendment of GASB Statement No. 25*. This statement establishes standards of accounting and financial reporting for defined pension benefit pensions and defined contribution pensions provided to the employees of state and local governmental employers that are administered through trusts or equivalent arrangements. GASB 68 amends GASB Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*. The provisions of GASB 68 are effective for periods beginning after June 15, 2014, and would be applied on a prospective basis. The Trust has not yet determined the potential impact, if any; this statement could have on its financial statements.

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

GASB Statement No. 70 – *Accounting and Financial Reporting for Nonexchange Financial Guarantees*. This statement will improve accounting and financial reporting of state and local governments that extend and receive nonexchange financial guarantees. Some governments extend financial guarantees for the obligations of another government, a not-for-profit organization, a private entity, or individual without directly receiving equal or approximately equal value in exchange (a nonexchange transaction). As a part of this nonexchange financial guarantee, a government commits to indemnify the holder of the obligation if the entity or individual that issued the obligation does not fulfill its payment requirements. Also, some governments issue obligations that are guaranteed by other entities in a nonexchange transaction. The provisions of this statement are effective for periods beginning after June 15, 2013 and would be applied retroactively. The Trust has not yet determined the potential impact, if any; this statement could have on its financial statements.

OKLAHOMA CITY, OKLAHOMA, DEPARTMENT OF AIRPORTS
Required Supplementary Information
June 30, 2013

OKLAHOMA CITY EMPLOYEE RETIREMENT SYSTEM

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) entry age	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
12/31/2012	\$547,686,000	\$ 553,588,000	\$5,902,000	99 %	\$114,933,000	5 %
12/31/2011	514,499,000	593,922,000	79,423,000	87	109,293,000	73
12/31/2010	524,731,000	566,834,000	42,103,000	93	102,915,000	41
12/31/2009	529,137,000	556,427,000	27,290,000	95	110,408,000	25
12/31/2008	528,664,000	519,234,000	(9,430,000)	102	105,566,000	(9)
12/31/2007	529,876,000	488,827,000	(41,049,000)	108	99,574,000	(41)

Schedule of Employer Contributions

Fiscal Year	Annual Required Contribution	Percentage Contributed
2013	\$11,320,000	100 %
2012	9,615,000	100
2011	7,133,000	100
2010	5,586,000	100
2009	5,464,000	100
2008	7,212,000	100

OKLAHOMA CITY OTHER POST EMPLOYMENT BENEFITS (1)

Schedule of Funding Progress


Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
7/1/2012	\$19,199,000	\$433,863,000	\$414,664,000	4 %	\$197,923,000	210%
7/1/2011	15,018,000	483,932,000	468,914,000	3	180,552,000	260%
7/1/2010	11,566,000	517,682,000	506,116,000	2	175,293,000	289%

Schedule of Employer Contributions

Fiscal Year	Employer Contributions	Annual Required Contributions	Percentage Contributed
2013	\$19,905,000	\$32,881,000	61%
2012	20,065,000	36,182,000	55%
2011	18,747,000	39,560,000	47%

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

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BUDGET VERSUS ACTUAL SCHEDULE

This schedule presents a budget versus actual comparison for the airports fund for which an annual appropriated budget is adopted.

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OKLAHOMA CITY, OKLAHOMA, DEPARTMENT OF AIRPORTS

Airports Fund

**Schedule of Revenues, Expenditures, Encumbrances, and Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)**

For the Year Ended June 30, 2013

	Original Budget	Revisions	Revised Budget
REVENUES			
Interest income	\$ 39,571	\$ -	\$ 39,571
Other Income	<u>-</u>	<u>-</u>	<u>-</u>
Total revenues before prior year fund balance	39,571	-	39,571
Prior year fund balance:			
Reappropriated for prior year encumbrances	<u>-</u>	<u>61,743</u>	<u>61,743</u>
Total revenues and prior year fund balance	<u>39,571</u>	<u>61,743</u>	<u>101,314</u>
EXPENDITURES AND ENCUMBRANCES			
Personal services	8,605,715	7,000	8,612,715
Contractual services	6,861,668	(49,806)	6,811,862
Supplies	742,932	43,500	786,432
Capital outlay	500,000	61,049	561,049
Expenditures and encumbrances related to prior year budget (2)	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures and encumbrances	<u>16,710,315</u>	<u>61,743</u>	<u>16,772,058</u>
Deficiency of revenues over expenditures and encumbrances	(16,670,744)	-	(16,670,744)
OTHER FINANCING SOURCES			
Transfers from other funds	<u>16,670,744</u>	<u>-</u>	<u>16,670,744</u>
Net other financing sources (uses)	16,670,744	-	16,670,744
Excess of revenues and other sources over expenditures and encumbrances	-	<u>\$ -</u>	-
Fund balance, beginning (Non-GAAP budgetary basis)	1,011,643		1,011,643
Less prior year fund balance (1)	<u>-</u>		<u>61,743</u>
Fund balance, ending (Non-GAAP budgetary basis)	<u>\$ 1,011,643</u>		<u>\$ 1,073,386</u>

ADJUSTMENTS TO GENERALLY ACCEPTED ACCOUNTING PRINCIPLES

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

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

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

Airports Fund balance, ending (GAAP basis)

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

Expenditures	Encumbrances	Total Actual	Variance Favorable (Unfavorable)
		\$ 10,610	\$ (28,961)
		<u>7,245</u>	<u>7,245</u>
		17,855	(21,716)
		<u>-</u>	<u>(61,743)</u>
		<u>17,855</u>	<u>(83,459)</u>
\$ 5,358,195	\$ -	8,358,195	254,510
6,330,328	5,422	6,365,750	446,112
574,524	3,477	578,001	208,431
489,296	55,575	544,871	16,178
<u>(61,743)</u>	<u>-</u>	<u>(61,743)</u>	<u>61,743</u>
\$ <u>12,690,600</u>	\$ <u>64,474</u>	<u>15,785,074</u>	<u>986,974</u>
		(15,767,219)	903,515
		<u>15,447,042</u>	<u>(1,223,692)</u>
		15,447,042	(1,223,692)
		(320,176)	(320,177)
		1,011,643	-
		-	61,743
		<u>691,467</u>	<u>\$ (258,434)</u>
		94,473	
		967,838	
		(3,250)	
		1,761,478	
		(1,282,678)	
		(1,774,870)	
		<u>1,307,019</u>	
		1,761,477	
		16,280,956	
		<u>\$ 18,042,433</u>	

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STATISTICAL SECTION

(U N A U D I T E D)

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

	2013	2012	2011	2010
Operating revenues:		(Restated)		
Landing fees	\$ 7,024,001	\$ 6,835,170	\$ 6,924,831	\$ 6,477,192
Other aircraft fees	2,394,241	2,365,761	2,118,706	1,941,066
Building rents	15,361,205	17,678,091	22,470,025	22,938,179
Parking revenues	10,023,542	9,804,277	9,259,742	7,624,268
Concession fees	2,035,324	1,792,818	1,937,188	1,852,376
Car rental commissions	5,137,368	4,979,821	4,565,970	3,914,401
Land rents	1,898,020	1,604,330	1,491,459	1,323,939
Maintenance, utility and insurance fees	13,578,706	11,213,097	6,943,578	6,557,797
Other	994,265	989,924	1,559,972	868,771
Total operating revenues	58,446,672	57,263,289	57,271,471	53,497,989
Nonoperating revenues:				
Investment Income	617,954	647,961	818,289	1,018,916
Oil and gas royalties	2,509,712	2,820,798	2,968,830	2,567,709
Passenger facility charges	7,364,701	7,210,909	7,055,522	5,170,911
Customer facility charges	4,506,156	-	-	-
Operating grants income	224,918	403,054	440,268	448,185
Other nonoperating revenues	9,690	49,129	386,223	39,489
Total nonoperating revenues	15,233,131	11,131,851	11,669,132	9,245,210
Total Revenues	73,679,803	68,395,140	68,940,603	62,743,199
Operating expenses:				
Personal services	9,181,703	8,417,255	8,002,625	7,736,677
Maintenance, operations, and contractual services	14,368,584	14,800,764	13,888,354	13,721,815
Materials and supplies	1,376,306	1,328,835	1,398,612	1,355,518
Depreciation	20,478,414	21,238,540	21,571,778	20,514,004
Total operating expenses	45,405,007	45,785,394	44,861,369	43,328,014
Nonoperating expenses:				
Interest expense	5,121,660	6,690,475	8,389,506	9,362,559
Amortization	(206,727)	(165,560)	152,881	130,897
Payments to City funds	-	-	-	-
Bond Insurance	17,503	17,822	-	-
Other expenses	1,893,395	-	-	-
Total nonoperating expenses	6,825,831	6,542,737	8,542,387	9,493,456
Total Expenses	52,230,838	52,328,131	53,403,756	52,821,470
Capital contributions, grants	9,409,881	7,505,159	5,804,051	8,907,338
Donated Assets	-	(2,872,287)	-	-
Transfers from City funds	-	-	-	-
Increase in Net Position	\$ 30,858,846	\$ 20,699,881	\$ 21,340,898	\$ 18,829,067
Net Position at Year-End				
Net investment in capital assets	318,022,197	296,325,773	282,438,969	271,640,181
Restricted for capital assets	864,478	861,658	1,571,566	2,131,661
Restricted for debt service	26,493,184	26,104,542	25,473,781	24,626,588
Restricted for maintenance	22,939,168	19,840,192	17,421,223	17,481,646
Unrestricted	86,982,128	81,310,144	77,408,358	67,092,923
Total Net Position (1)	\$ 455,301,155	\$ 424,442,309	\$ 404,313,897	\$ 382,972,999

(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 2004 have not been restated for the impacts of these GASB statements.

	2009	2008	2007	2006	2005	2004
\$	5,599,435	\$ 6,383,195	\$ 5,897,784	\$ 5,847,250	\$ 4,884,888	\$ 4,412,357
	2,206,013	2,722,124	2,354,284	2,164,130	2,092,902	1,671,016
	23,773,947	24,735,971	24,919,930	24,216,719	26,229,689	26,372,040
	6,483,384	6,965,859	6,461,347	6,177,511	5,702,567	5,311,712
	1,781,462	1,805,081	1,546,083	1,230,150	997,634	913,583
	3,837,845	3,763,254	3,373,730	3,213,692	3,021,007	2,911,547
	1,313,797	1,220,212	1,197,440	1,147,516	1,153,717	1,079,452
	5,761,819	5,598,690	5,623,058	4,852,648	3,955,068	3,840,865
	953,770	1,272,205	1,115,501	1,011,490	810,670	631,886
	<u>51,711,472</u>	<u>54,466,591</u>	<u>52,489,157</u>	<u>49,861,106</u>	<u>48,848,142</u>	<u>47,144,458</u>
	1,930,101	4,478,824	5,145,526	4,017,827	2,756,925	1,409,586
	-	-	-	-	-	-
	2,341,859	3,493,361	2,617,649	2,909,454	2,302,883	2,067,112
	4,489,113	5,133,202	4,912,518	4,867,999	4,629,911	4,445,641
	-	-	-	-	-	-
	440,965	334,194	-	-	-	-
	-	-	-	-	17,150	-
	<u>9,202,038</u>	<u>13,439,581</u>	<u>12,675,693</u>	<u>11,795,280</u>	<u>9,706,869</u>	<u>7,922,339</u>
	<u>60,913,510</u>	<u>67,906,172</u>	<u>65,164,850</u>	<u>61,656,386</u>	<u>58,555,011</u>	<u>55,066,797</u>
	7,593,852	6,332,528	6,096,608	5,672,069	5,295,050	5,154,289
	13,925,529	13,391,437	13,144,287	12,755,681	11,453,417	11,145,761
	1,255,003	1,361,037	1,183,468	1,006,828	768,362	790,137
	19,588,271	20,251,446	18,863,700	16,938,503	15,385,675	15,185,918
	<u>42,362,655</u>	<u>41,336,448</u>	<u>39,288,063</u>	<u>36,373,081</u>	<u>32,902,504</u>	<u>32,276,105</u>
	10,438,253	12,342,311	12,827,853	13,728,584	14,171,846	11,620,299
	149,641	171,600	208,773	267,479	298,335	326,632
	-	-	-	503,982	477,259	-
	-	-	-	-	-	-
	49,790	69,296	53,546	-	36,708	12,859
	<u>10,637,684</u>	<u>12,583,207</u>	<u>13,090,172</u>	<u>14,500,045</u>	<u>14,984,148</u>	<u>11,959,790</u>
	53,000,339	53,919,655	52,378,235	50,873,126	47,886,652	44,235,895
	8,515,369	5,282,612	4,737,308	9,503,209	11,915,433	5,517,821
	-	-	-	-	-	-
	399,928	-	-	-	-	-
\$	<u>16,828,468</u>	<u>19,269,129</u>	<u>17,523,923</u>	<u>20,286,469</u>	<u>16,348,723</u>	<u>13,158,757</u>
	254,446,734	236,903,699	228,854,505	219,177,904	191,845,421	168,555,751
	584,728	1,438,995	1,431,995	1,417,162	1,078,176	2,231,485
	24,276,528	24,656,966	24,983,267	24,762,413	28,583,408	26,667,581
	19,347,857	19,964,075	16,914,353	13,534,860	16,801,004	17,451,087
	65,488,085	64,351,729	55,862,215	51,630,073	51,904,359	52,722,672
\$	<u>364,143,932</u>	<u>347,315,464</u>	<u>328,046,335</u>	<u>310,522,412</u>	<u>290,212,368</u>	<u>267,628,576</u>

OKLAHOMA CITY, OKLAHOMA, DEPARTMENT OF AIRPORTS

Changes in Cash and Cash Equivalents

Last ten fiscal years

	2013	2012	2011	2010
Cash flows from operating activities:		(Restated)		
Cash received from charges	\$ 60,039,905	\$ 55,525,812	\$ 57,229,152	\$ 53,270,391
Cash received from oil and gas royalties	2,514,571	2,950,211	2,893,522	2,487,445
Cash payments to suppliers for goods and services	(16,805,729)	(16,326,012)	(15,490,738)	(14,843,942)
Cash payments to employees and professional contractors for services	(8,803,749)	(8,250,041)	(7,785,452)	(7,208,653)
Net cash provided by operating activities	36,944,998	33,899,970	36,846,484	33,705,241
Cash flows from noncapital financing activities:				
Operating grants received	268,442	670,184	181,695	448,185
Other non-operating revenue	-	-	-	-
Liquidated Damages	-	-	390,000	-
Net cash provided (used) by noncapital financing activities	268,442	670,184	571,695	448,185
Cash flows from capital and related financing activities:				
Intergovernmental advance	1,648,009	(7,712,012)	598,594	(413,885)
Advance Payable - Gulfstream	(22,103)	(325,478)	394,721	-
Acquisition and construction of capital assets	(25,398,156)	(18,192,283)	(11,937,224)	(22,142,436)
Capital grants received	9,523,886	7,337,406	6,884,162	5,956,333
Capital contributions	-	-	-	1,034,233
Interest paid on bonds	(6,087,095)	(7,146,344)	(9,562,443)	(10,438,945)
Principal paid on bonds	(19,215,000)	(17,740,000)	(17,655,000)	(17,770,000)
Proceeds from court settlement	-	-	-	-
Proceeds from sale of capital assets	10,890	34,735	32,225	18,773
Deferred revenue	-	-	2,861,803	-
Bond redemption	-	-	(2,980,000)	-
Proceeds from bond refunding	-	-	29,843,387	-
Transfer to sinking fund	-	-	437,206	-
Bond issuance costs	-	-	(312,151)	-
Transfer to escrow agent	-	-	(29,958,335)	-
Passenger facility charges	6,587,178	7,134,987	7,040,874	5,036,184
Customer facility charges	3,971,335	-	-	-
Net cash used by capital and related financing activities	(28,981,056)	(36,608,989)	(24,312,181)	(38,719,743)
Cash flows from investing activities:				
Interest on investments	532,883	578,692	633,317	727,822
Proceeds from sale of investments	56,227,000	25,308,000	50,308,000	72,776,134
Purchase of investments	(65,237,880)	(24,261,607)	(63,889,267)	(68,237,451)
Change in pooled investments	223,160	435,196	410,463	198,156
Net cash provided (used) by investing activities	(8,254,837)	2,060,281	(12,537,487)	5,464,661
Net increase (decrease) in cash and cash equivalents	(22,453)	21,446	568,511	898,344
Cash, beginning of year (1)(2)	1,819,140	1,797,694	1,229,183	330,839
Cash, end of year (1)(2)	\$ 1,796,687	\$ 1,819,140	\$ 1,797,694	\$ 1,229,183

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

(2) GASB 63 was implemented in fiscal year 2013 along with GASB 65. These GASB statements changed the classification and calculations of net position. Years 2011 through 2004 have not been restated for the impacts of these GASB statements.

	2009	2008	2007	2006	2005	2004
\$	52,133,024	\$ 54,806,188	\$ 52,093,772	\$ 49,738,215	\$ 48,655,048	\$ 47,482,151
	2,620,596	3,289,450	2,648,383	2,837,474	2,252,558	2,174,419
	(14,758,225)	(15,115,075)	(13,908,383)	(13,744,335)	(12,220,258)	(12,036,108)
	(7,122,127)	(6,097,545)	(6,019,233)	(5,628,566)	(5,346,945)	(5,034,119)
	<u>32,873,268</u>	<u>36,883,018</u>	<u>34,814,539</u>	<u>33,202,788</u>	<u>33,340,403</u>	<u>32,586,343</u>
	440,965	259,793	-	-	-	-
	-	-	-	-	-	(233,220)
	399,928	-	-	(503,982)	(477,259)	-
	<u>840,893</u>	<u>259,793</u>	<u>-</u>	<u>(503,982)</u>	<u>(477,259)</u>	<u>(233,220)</u>
	(2,773,442)	(1,490,751)	-	-	-	-
	(26,949,346)	(17,306,389)	(17,660,820)	(35,942,010)	(30,469,046)	(24,844,233)
	10,316,195	2,696,592	8,766,325	6,541,793	11,084,606	5,262,515
	-	-	-	-	-	-
	(11,653,499)	(12,525,028)	(13,374,520)	(14,570,965)	(15,699,080)	(16,748,792)
	(17,960,000)	(18,045,000)	(16,820,000)	(19,200,000)	(17,360,000)	(16,185,000)
	-	-	-	-	-	-
	37,300	18,700	-	23,575	17,150	2,500
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	55,194,967	-	-	-
	-	-	(646,616)	-	-	(603)
	-	(538)	-	-	-	-
	-	-	(36,748,792)	-	-	-
	4,369,831	5,180,881	4,986,107	4,816,174	4,558,857	4,447,999
	-	-	-	-	-	-
	<u>(44,612,961)</u>	<u>(41,471,533)</u>	<u>(16,303,349)</u>	<u>(58,331,433)</u>	<u>(47,867,513)</u>	<u>(48,065,614)</u>
	1,156,471	2,895,503	5,057,568	3,857,886	2,426,869	2,571,750
	102,764,606	141,700,565	251,568,471	271,216,085	132,814,880	40,533,091
	(93,272,929)	(139,663,981)	(275,191,280)	(249,082,422)	(120,469,332)	(27,612,222)
	(554,175)	(9,542)	(2,020,884)	-	-	-
	<u>10,093,973</u>	<u>4,922,545</u>	<u>(20,586,125)</u>	<u>25,991,549</u>	<u>14,772,417</u>	<u>15,492,619</u>
	(804,827)	593,823	(2,074,935)	358,922	(231,952)	(219,872)
	<u>1,135,666</u>	<u>541,843</u>	<u>2,616,778</u>	<u>2,257,856</u>	<u>2,489,808</u>	<u>2,709,680</u>
\$	<u><u>330,839</u></u>	<u><u>1,135,666</u></u>	<u><u>541,843</u></u>	<u><u>2,616,778</u></u>	<u><u>2,257,856</u></u>	<u><u>2,489,808</u></u>

OKLAHOMA CITY, OKLAHOMA, DEPARTMENT OF AIRPORTS

Revenue Sources

Last ten fiscal years

	2013	2012	2011	2010
Passenger airline revenue:				
Landing fees	\$ 6,430,507	\$ 6,244,742	\$ 6,317,473	\$ 5,885,713
Terminal rental	2,408,154	2,353,052	2,215,677	2,427,239
Bag claim area	1,060,086	1,062,211	1,015,831	909,833
Ground Rental (3)	2,250	4,875	3,500	-
Airport gate fee	30,338	29,990	52,858	50,109
Passenger boarding bridges	208,464	188,640	198,117	203,344
Scheduled airline aviation fuel (4)	-	-	-	293,669
Utilities	136,983	149,575	146,321	132,883
Security	722,651	624,176	529,690	468,439
Total passenger airline revenue	<u>10,999,433</u>	<u>10,657,261</u>	<u>10,479,467</u>	<u>10,371,229</u>
Other aeronautical revenue:				
Landing fees-freighters	593,495	590,428	607,357	591,479
Apron rental	-	-	-	-
Apron maintenance	175,077	174,384	202,400	223,090
Nonscheduled aviation fuel	1,671,590	1,741,585	1,589,017	1,178,958
Utilities	-	-	-	-
Cargo building rental	200,748	194,649	204,575	183,189
Hangar rental	1,134,904	1,233,081	2,195,059	2,094,294
Ground rental	1,236,539	1,210,034	1,054,838	936,255
Maintenance fees	367,947	340,699	358,323	335,491
Insurance fees	56,872	50,078	44,704	41,814
Other aeronautical revenue	45,287	44,746	44,204	45,017
Security Reimburse from Federal Gov't (5)	224,918	403,054	440,268	-
Total other aeronautical revenue	<u>5,707,377</u>	<u>5,982,738</u>	<u>6,740,745</u>	<u>5,629,587</u>
Total aeronautical revenue	16,706,810	16,639,999	17,220,212	16,000,816
Nonaeronautical revenue:				
Building rentals-Separate Lease facilities	9,341,509	10,243,902	10,243,902	10,243,902
Building rentals-Senior Lien facilities	-	1,386,931	4,181,971	5,750,397
Building rentals-other facilities	645,974	647,418	1,837,826	816,155
Concessions	2,035,324	1,793,225	1,937,187	1,852,376
Parking	10,023,542	9,804,277	9,259,742	7,624,268
Rental car commissions	5,137,368	4,979,821	4,565,970	3,914,401
Maintenance, utility, insurance fees	12,909,201	10,565,958	6,933,846	5,898,767
Other nonaeronautical revenue	1,871,862	1,604,812	1,531,083	1,396,907
Total nonaeronautical revenue	<u>41,964,780</u>	<u>41,026,344</u>	<u>40,491,527</u>	<u>37,497,173</u>
Non-operating revenue:				
Investment income	617,955	647,962	818,288	1,018,916
Revenues from natural resources	2,509,712	2,820,798	2,968,830	2,567,709
Passenger facility charges	7,364,701	7,210,909	7,055,522	5,170,911
Customer facility charges	4,506,156	-	-	-
Other non-operating revenue	9,690	52,262	386,224	487,674
Total non-operating revenue	<u>15,008,214</u>	<u>10,731,931</u>	<u>11,228,864</u>	<u>9,245,210</u>
Total revenue (1)	\$ 73,679,804	\$ 68,398,274	\$ 68,940,603	\$ 62,743,199
Capital contributions, grants (2)	9,409,881	7,505,159	5,804,051	8,907,338
Transfers from City funds	-	-	-	-
Total revenues and contributions (6)	<u>\$ 83,089,685</u>	<u>\$ 75,903,433</u>	<u>\$ 74,744,654</u>	<u>\$ 71,650,537</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 2004 have not been restated for the impacts of these GASB statements as the FAA 127 report will not be re-filed.

	2009	2008	2007	2006	2005	2004
\$	4,993,203	\$ 5,805,095	\$ 5,390,835	\$ 5,377,443	\$ 4,482,991	\$ 4,049,688
	2,169,804	2,681,449	2,251,135	1,654,027	1,352,555	1,503,415
	887,174	850,278	692,345	693,994	669,728	643,002
	-					
	41,189	114,060	18,263	-	15,578	53,130
	186,692	133,492	95,081	62,234	28,095	12,727
	334,010	377,519	346,318	246,656	236,797	250,674
	167,276	136,428	156,019	231,627	56,131	27,527
	698,380	883,290	679,031	685,470	685,523	329,468
	<u>9,477,728</u>	<u>10,981,611</u>	<u>9,629,027</u>	<u>8,951,451</u>	<u>7,527,398</u>	<u>6,869,631</u>
	606,233	578,100	506,949	469,807	401,897	362,669
	25,002	100,008	100,008	100,008	100,008	100,008
	224,058	218,575	206,411	204,920	207,029	205,554
	1,148,621	1,361,306	1,228,927	1,131,995	1,070,574	990,866
	-	-	-	44,725	45,208	52,795
	165,097	220,879	210,345	204,994	208,921	186,248
	2,110,489	2,157,271	2,286,737	2,265,059	2,305,189	2,236,082
	911,574	877,800	794,146	801,033	815,741	739,607
	335,312	343,859	349,074	341,816	339,623	294,010
	41,255	46,919	66,077	63,762	53,303	43,774
	45,288	45,288	45,288	40,101	40,572	35,853
	<u>5,612,929</u>	<u>5,950,005</u>	<u>5,793,962</u>	<u>5,668,220</u>	<u>5,588,065</u>	<u>5,247,466</u>
	15,090,657	16,931,616	15,422,989	14,619,671	13,115,463	12,117,097
	10,243,902	10,243,902	10,243,902	10,243,902	10,243,902	10,243,902
	6,543,246	6,543,246	6,543,246	6,543,246	8,867,886	8,950,191
	1,192,099	1,424,509	2,198,914	2,514,794	2,503,367	2,513,448
	1,781,462	2,053,674	1,801,348	1,473,332	1,213,633	1,095,037
	6,483,384	6,621,341	6,149,921	6,177,512	5,702,567	5,311,713
	3,837,845	4,279,621	3,872,044	3,213,692	3,021,007	2,911,547
	5,102,702	4,755,315	4,745,650	3,880,548	3,129,281	3,142,894
	1,422,410	1,608,867	1,511,143	1,077,370	911,717	742,344
	<u>36,607,050</u>	<u>37,530,475</u>	<u>37,066,168</u>	<u>35,124,396</u>	<u>35,593,360</u>	<u>34,911,076</u>
	1,930,101	4,478,824	5,145,526	4,017,827	2,756,925	1,409,586
	2,341,859	3,493,361	2,617,649	3,026,493	2,442,202	2,183,397
	4,489,113	5,133,202	4,912,518	4,867,999	4,629,911	4,445,641
	-	-	-	-	-	-
	492,030	338,694	-	23,575	17,150	-
	<u>9,253,103</u>	<u>13,444,081</u>	<u>12,675,693</u>	<u>11,935,894</u>	<u>9,846,188</u>	<u>8,038,624</u>
\$	60,950,810	\$ 67,906,172	\$ 65,164,850	\$ 61,679,961	\$ 58,555,011	\$ 55,066,797
	8,515,369	5,282,612	4,737,308	9,503,209	11,915,433	5,517,821
	399,928	-	-	-	-	-
\$	<u>69,866,107</u>	<u>73,188,784</u>	<u>69,902,158</u>	<u>71,183,170</u>	<u>70,470,444</u>	<u>60,584,618</u>

OKLAHOMA CITY, OKLAHOMA, DEPARTMENT OF AIRPORTS

Principal Revenue Sources

Last ten fiscal years

	2013	2012 (Restated)	2011	2010
Principal revenues sources:				
Building rentals-separate lease facilities (1)	\$ 9,341,509	\$ 10,243,902	\$ 10,243,902	\$ 10,243,902
Passenger airline revenue (2)	10,999,433	10,657,261	10,784,570	10,371,229
Building rentals-senior lien facilities (3)	-	1,386,931	4,181,971	5,750,397
Parking (4)	10,023,542	9,804,277	9,259,742	7,624,268
Maintenance fees (5)	13,005,826	11,213,097	6,401,134	6,032,131
Passenger facility charges (PFC) (6)	7,364,701	7,210,909	7,055,522	5,170,911
Customer facility charges (CFC)(8)	4,506,156	-	-	-
Interest income (7)	617,955	647,960	818,288	1,018,916
Total principal revenue sources	<u>\$ 55,859,122</u>	<u>\$ 51,164,337</u>	<u>\$ 48,745,129</u>	<u>\$ 46,211,754</u>
Total revenues	\$ 73,679,804	\$ 68,398,274	\$ 68,940,603	\$ 62,743,199
Percentage of principal revenues to total revenues:				
Building rentals-separate lease facilities (1)	12.7%	15.0%	14.9%	16.3%
Passenger airline revenue (2)	14.9%	15.6%	15.6%	16.5%
Building rentals-senior lien facilities (3)	0.0%	2.0%	6.1%	9.2%
Parking (4)	13.6%	14.3%	13.4%	12.2%
Maintenance fees (5)	17.7%	16.4%	9.3%	9.6%
Passenger facility charges (PFC) (6)	10.0%	10.5%	10.2%	8.2%
Customer facility charges (CFC)(8)	6.1%	0.0%	0.0%	0.0%
Interest income (7)	0.8%	0.9%	1.2%	1.6%
Total principal revenue percentages	<u>75.8%</u>	<u>74.7%</u>	<u>70.7%</u>	<u>73.6%</u>

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

(2) Enplaned passengers	1,845,055	1,824,313	1,748,379	1,694,060
Airline revenue per enplaned passenger	\$5.96	\$5.84	\$6.17	\$6.12
Percentage of airline revenues - airfield charges	58.6%	58.6%	57.3%	59.6%
Percentage of airline revenues - terminal charges	41.4%	41.4%	40.4%	40.4%

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

(4) Public parking revenues	9,516,987	9,271,862	8,726,192	7,250,785
Number of revenue transactions	725,592	760,305	741,082	707,362
Public parking revenue per transaction	\$13.12	\$12.19	\$11.77	\$10.25

Public parking revenue = parking revenues net of rental car ready space revenue and employee parking lot revenue.

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

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

(6) PFC revenue per enplaned passenger	\$3.99	\$3.95	\$4.04	\$3.05
PFCs per enplaned passenger were levied at \$3 per passenger since July 1, 1997 and increased to \$4.50 effective April 1, 2010. These revenues are restricted to pay a portion of the Junior Lien 29B and Junior Lien 30 debt service.				

(7) Average cash and investments	\$128,730,490	\$125,007,241	\$119,111,651	\$113,870,816
Average interest rate on cash and investments	0.5%	0.5%	0.7%	0.9%

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

	2009	2008	2007	2006	2005	2004
\$	10,243,902	\$ 10,243,902	\$ 10,243,902	\$ 10,243,902	\$ 10,243,902	\$ 10,243,902
	9,477,728	10,981,611	9,629,027	8,951,451	7,527,398	6,869,631
	6,543,246	6,543,246	6,543,246	6,543,246	8,867,886	8,950,191
	6,483,384	6,965,859	6,461,347	6,177,511	5,702,567	5,311,713
	5,175,285	5,023,248	4,922,160	4,142,423	3,388,664	3,361,931
	4,489,113	5,133,202	4,912,518	4,867,999	4,629,911	4,445,641
	-	-	-	-	-	-
	1,930,101	4,478,824	5,145,526	4,017,827	2,756,925	1,409,586
\$	<u>44,342,759</u>	<u>49,369,892</u>	<u>47,857,726</u>	<u>44,944,359</u>	<u>43,117,253</u>	<u>40,592,595</u>
\$	60,950,810	\$ 67,906,172	\$ 65,164,850	\$ 61,679,961	\$ 58,555,011	\$ 55,066,797
	16.8%	15.1%	15.7%	16.6%	17.5%	18.6%
	15.5%	16.2%	14.8%	14.5%	12.9%	12.5%
	10.7%	9.6%	10.0%	10.6%	15.1%	16.3%
	10.6%	10.3%	9.9%	10.0%	9.7%	9.6%
	8.5%	7.4%	7.6%	6.7%	5.8%	6.1%
	7.4%	7.6%	7.5%	7.9%	7.9%	8.1%
	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
	3.2%	6.6%	7.9%	6.5%	4.7%	2.6%
	<u>72.7%</u>	<u>72.8%</u>	<u>73.4%</u>	<u>72.8%</u>	<u>73.6%</u>	<u>73.8%</u>

1,730,874	1,913,747	1,799,199	1,809,354	1,736,722	1,666,115
\$5.48	\$5.74	\$5.35	\$4.95	\$4.33	\$4.12
56.2%	56.3%	59.6%	62.8%	62.7%	62.6%
43.8%	43.7%	40.4%	37.2%	37.3%	37.4%

\$6,155,956	\$6,621,342	\$6,152,487	\$5,868,099	\$5,396,109	\$5,011,291
751,666	847,652	868,402	894,998	896,533	891,077
\$8.19	\$7.81	\$7.08	\$6.56	\$6.02	\$5.62

\$2.59	\$2.68	\$2.73	\$2.69	\$2.67	\$2.67
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\$120,085,363	\$124,395,231	\$112,293,079	\$111,124,453	\$87,421,473	\$100,662,241
1.6%	3.6%	4.6%	3.6%	3.2%	1.4%

OKLAHOMA CITY, OKLAHOMA, DEPARTMENT OF AIRPORTS

Schedule of Bond Debt Service Coverage

Last ten fiscal years

	2013	2012	2011	2010
Gross revenues	\$ 83,089,685	\$ 75,900,300	\$ 74,744,654	\$ 71,650,537
Adjustments per Original Bond Indenture (1)	<u>(26,185,418)</u>	<u>(25,389,422)</u>	<u>(23,254,441)</u>	<u>(24,478,948)</u>
Gross revenues as provided in the Original Bond Indenture	<u>56,904,267</u>	<u>50,510,878</u>	<u>51,490,213</u>	<u>47,171,589</u>
Expenses per Original Bond Indenture	26,819,986	24,546,088	23,289,591	22,814,010
Adjustments per Original Bond Indenture (2)	<u>(86,732)</u>	<u>(83,154)</u>	<u>(199,409)</u>	<u>(84,654)</u>
Expenses net of adjustments as provided in the Original Bond Indenture	<u>26,733,254</u>	<u>24,462,934</u>	<u>23,090,182</u>	<u>22,729,356</u>
Net revenues	30,171,013	26,047,944	28,400,031	24,442,233
Transfers from escrow	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total available for debt service coverage	<u>\$ 30,171,013</u>	<u>\$ 26,047,944</u>	<u>\$ 28,400,031</u>	<u>\$ 24,442,233</u>
Senior Lien debt service requirements	\$ 4,960,480	\$ 4,970,480	\$ 5,468,770	\$ 6,345,286
Bank fees	<u>250</u>	<u>2,000</u>	<u>2,000</u>	<u>2,165</u>
Net Senior Lien debt service requirements	<u>4,960,730</u>	<u>4,972,480</u>	<u>5,470,770</u>	<u>6,347,451</u>
Available for Junior Lien requirements	25,210,283	21,075,464	22,929,261	18,094,782
Passenger Facility Charge (PFC) revenue available for Junior Lien debt service requirements	<u>5,809,885</u>	<u>5,562,547</u>	<u>5,879,865</u>	<u>4,315,968</u>
Total available for Junior Lien debt requirements	<u>\$ 31,020,168</u>	<u>\$ 26,638,011</u>	<u>\$ 28,809,126</u>	<u>\$ 22,410,750</u>
Junior Lien requirements	\$ 4,745,818	\$ 4,541,507	\$ 5,581,918	\$ 7,537,333
PFC backed revenue bond debt	5,809,885	5,562,547	5,879,865	4,315,968
Bank fees	9,747	11,993	12,386	14,862
Capitalized interest available (3)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Junior Lien debt service requirements	<u>\$ 10,565,450</u>	<u>\$ 10,116,047</u>	<u>\$ 11,474,169</u>	<u>\$ 11,868,163</u>
Senior Lien debt service coverage				
Gross	11.47	10.16	9.41	7.43
Net	6.08	5.24	5.19	3.85
Junior Lien debt service coverage				
Gross	5.47	5.05	4.52	3.80
Net	2.94	2.63	2.51	1.89
Junior Lien gross debt coverage requirement (4)	1.50	1.50	1.50	1.50
Junior Lien gross debt coverage margin	3.97	3.55	3.02	2.30

(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.

	2009	2008	2007	2006	2005	2004
\$	69,779,017	\$ 73,207,484	\$ 69,902,158	\$ 71,183,171	\$ 70,470,444	\$ 60,587,116
	(23,609,461)	(21,779,800)	(21,040,781)	(25,543,207)	(27,479,165)	(20,718,861)
	<u>46,169,556</u>	<u>51,427,684</u>	<u>48,861,377</u>	<u>45,639,964</u>	<u>42,991,279</u>	<u>39,868,255</u>
	22,774,383	21,085,002	20,424,364	19,434,578	17,516,829	17,090,187
	(56,404)	(87,907)	(66,314)	(51,274)	(54,755)	(67,853)
	<u>22,717,979</u>	<u>20,997,095</u>	<u>20,358,050</u>	<u>19,383,304</u>	<u>17,462,074</u>	<u>17,022,334</u>
	23,451,577	30,430,589	28,503,327	26,256,660	25,529,205	22,845,921
	-	550,520	550,520	550,520	550,520	550,520
\$	<u>23,451,577</u>	<u>30,981,109</u>	<u>29,053,847</u>	<u>26,807,180</u>	<u>26,079,725</u>	<u>23,396,441</u>
\$	6,358,423	\$ 6,371,648	\$ 6,385,232	\$ 8,303,903	\$ 8,728,158	\$ 8,735,220
	2,642	3,088	3,539	4,940	5,691	6,166
	<u>6,361,065</u>	<u>6,374,736</u>	<u>6,388,771</u>	<u>8,308,843</u>	<u>8,733,849</u>	<u>8,741,386</u>
	17,090,512	24,606,373	22,665,076	18,498,337	17,345,876	14,655,055
	<u>5,414,299</u>	<u>5,360,713</u>	<u>5,306,513</u>	<u>5,204,950</u>	<u>5,102,588</u>	<u>5,000,712</u>
\$	<u>22,504,811</u>	<u>29,967,086</u>	<u>27,971,589</u>	<u>23,703,287</u>	<u>22,448,464</u>	<u>19,655,767</u>
\$	7,806,070	\$ 8,792,153	\$ 8,436,288	\$ 10,186,661	\$ 9,132,888	\$ 9,087,668
	5,414,299	5,360,713	5,306,513	5,204,950	5,102,588	5,000,712
	16,469	18,947	19,027	18,764	19,173	19,615
	-	-	-	-	(1,675,775)	(1,675,775)
\$	<u>13,236,838</u>	<u>14,171,813</u>	<u>13,761,828</u>	<u>15,410,375</u>	<u>12,578,874</u>	<u>12,432,220</u>
	7.26	8.07	7.65	5.49	4.92	4.56
	3.69	4.86	4.55	3.23	2.99	2.68
	3.42	3.56	3.47	2.76	3.13	2.91
	1.70	2.11	2.03	1.54	1.78	1.58
	1.50	1.50	1.50	1.50	1.50	1.50
	1.92	2.06	1.97	1.26	1.63	1.41

OKLAHOMA CITY, OKLAHOMA, DEPARTMENT OF AIRPORTS

Debt Ratios

Last ten fiscal years

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

	2010	2009	2008	2007	2006	2005	2004
\$	845,000	\$ 1,050,000	\$ 1,270,000	\$ 1,480,000	\$ 1,680,000	\$ 1,870,000	\$ 2,050,000
	-	-	-	-	35,520,000	35,520,000	35,520,000
	38,185,000	42,395,000	46,380,000	50,045,000	53,405,000	56,490,000	58,245,000
	-	-	1,675,000	3,265,000	4,785,000	7,940,000	10,965,000
	20,575,000	21,420,000	21,420,000	21,420,000	-	-	-
	31,760,000	31,760,000	31,760,000	31,760,000	-	-	-
	-	-	-	-	-	-	-
\$	<u>91,365,000</u>	<u>\$ 96,625,000</u>	<u>\$ 102,505,000</u>	<u>\$ 107,970,000</u>	<u>\$ 95,390,000</u>	<u>\$ 101,820,000</u>	<u>\$ 106,780,000</u>
	59.7%	56.6%	54.3%	52.2%	45.0%	45.2%	44.0%
	1,694,060	1,730,874	1,913,747	1,799,119	1,809,354	1,736,722	1,666,115
	\$53.93	\$55.82	\$53.56	\$60.01	\$52.72	\$58.63	\$64.09
\$	-	\$ -	\$ 440,000	\$ 1,590,000	\$ 2,665,000	\$ 3,675,000	\$ 4,675,000
	-	-	-	590,000	1,150,000	1,690,000	2,200,000
	535,000	625,000	710,000	795,000	875,000	950,000	1,020,000
	3,325,000	3,650,000	3,960,000	4,255,000	4,535,000	4,805,000	5,060,000
	-	440,000	855,000	1,250,000	1,620,000	1,970,000	2,305,000
	2,035,000	2,640,000	3,210,000	3,750,000	4,260,000	4,745,000	5,205,000
\$	<u>5,895,000</u>	<u>\$ 7,355,000</u>	<u>\$ 9,175,000</u>	<u>\$ 12,230,000</u>	<u>\$ 15,105,000</u>	<u>\$ 17,835,000</u>	<u>\$ 20,465,000</u>
	3.9%	4.3%	4.9%	5.9%	7.1%	7.9%	8.4%
	92.8%	94.1%	91.4%	88.2%	87.0%	86.3%	86.0%
\$	14,080,000	\$ 19,385,000	\$ 24,385,000	\$ 29,105,000	\$ 39,590,000	\$ 39,590,000	\$ 45,675,000
	9.2%	11.4%	12.9%	14.1%	18.7%	17.6%	18.8%
	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
\$	<u>111,340,000</u>	<u>\$ 123,365,000</u>	<u>\$ 136,065,000</u>	<u>\$ 149,305,000</u>	<u>\$ 150,085,000</u>	<u>\$ 159,245,000</u>	<u>\$ 172,920,000</u>
	\$65.72	\$71.27	\$71.10	\$82.99	\$82.95	\$91.69	\$103.79
\$	41,595,000	\$ 47,340,000	\$ 52,600,000	\$ 57,405,000	\$ 61,805,000	\$ 65,825,000	\$ 69,510,000
	27.2%	27.7%	27.9%	27.8%	29.2%	29.2%	28.7%
	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
\$	<u>152,935,000</u>	<u>\$ 170,705,000</u>	<u>\$ 188,665,000</u>	<u>\$ 206,710,000</u>	<u>\$ 211,890,000</u>	<u>\$ 225,070,000</u>	<u>\$ 242,430,000</u>

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

Fiscal Year End	Junior Lien Requirements	Separate Lease Revenue Bonds Requirements
2014	9,730,572	8,613,796
2015	9,579,674	15,049,860
2016	9,431,101	-
2017	9,428,354	-
2018	8,755,676	-
2019	9,094,976	-
2020	9,097,764	-
2021	9,096,439	-
2022	9,086,114	-
2023	1,670,073	-
2024	1,671,704	-
2025	1,670,861	-
2026	1,671,850	-
2027	1,674,440	-
	<hr/>	<hr/>
	\$ <u><u>91,659,598</u></u>	\$ <u><u>23,663,656</u></u>

OKLAHOMA CITY, OKLAHOMA, DEPARTMENT OF AIRPORTS

Primary Origin and Destination Passenger Markets

Last two fiscal years

2013				2012			
Rank	Market	Trip Length (1)	Total O&D Passengers	Rank	Market	Trip Length (1)	Total O&D Passengers
1	Houston (2)	SH	261,110	1	Houston (2)	SH	249,900
2	Denver	SH	232,060	2	Denver	SH	217,004
3	LA Basin (3)	LH	157,698	3	Las Vegas	MH	163,846
4	Las Vegas	MH	153,338	4	LA Basin (3)	LH	154,522
5	Washington/Baltimore (4)	LH	149,364	5	Washington/Baltimore (4)	LH	152,960
6	Chicago (7)	MH	114,996	6	Dallas (6)	SH	119,570
7	New York (5)	LH	109,390	7	Chicago (7)	MH	109,788
8	Phoenix	MH	106,596	8	New York (5)	LH	109,020
9	Dallas (6)	SH	99,968	9	Phoenix	MH	106,492
10	Orlando	LH	92,012	10	Orlando	LH	84,690
11	Atlanta	MH	80,364	11	San Francisco Bay Area (9)	LH	76,410
12	San Francisco Bay Area (9)	LH	75,364	12	Atlanta	MH	75,528
13	Seattle	LH	63,560	13	Seattle	LH	62,438
14	St. Louis	SH	61,208	14	St. Louis	SH	60,868
15	San Diego	LH	56,974	15	South Florida (8)	LH	60,348
16	South Florida (8)	LH	53,662	16	San Diego	LH	54,512
17	San Antonio	SH	49,892	17	San Antonio	SH	49,416
18	Metro Boston (10)	LH	49,224	18	Metro Boston (10)	LH	47,084
19	Kansas City	SH	45,306	19	Kansas City	SH	43,662
20	Salt Lake City	MH	44,624	20	Salt Lake City	MH	42,644

- (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 Burbank, Long Beach, Los Angeles, Ontario, and Orange County
 (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

Source: U.S. DOT, Origin-Destination Passenger Survey, via Data Base Products as of June 30, 2013

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

Will Rogers World Airport	2013	Percent	2012	Percent	2011
Aircraft Operations (1)					
Commercial	56,226	49.63 %	55,944	43.83 %	54,662
Itinerant military	24,779	21.87	21,244	16.65	20,266
Local military	1,241	1.10	23,988	18.80	25,705
Itinerant civil	17,114	15.11	25,108	19.67	24,319
Local civil	13,921	12.29	1,342	1.05	1,396
Total operations	<u>113,281</u>	<u>100.00 %</u>	<u>127,626</u>	<u>100.00 %</u>	<u>126,348</u>
Change from previous year					
All operations	(11.24%)		1.01%		2.78%
Commercial operations	.50%		2.35%		(.42%)
Passenger Traffic					
Enplanements	1,845,055		1,824,313		1,748,379
Deplanements	1,847,689		1,827,530		1,754,495
Total passengers	<u>3,692,744</u>		<u>3,651,843</u>		<u>3,502,874</u>
Change from previous year	1.12%		4.25%		3.21%
Freight and Mail (in pounds)					
Freight and mail - enplaned	28,566,115		29,857,754		29,289,537
Freight and mail - deplaned	38,794,580		40,113,944		38,630,696
Total freight and mail	<u>67,360,695</u>		<u>69,971,698</u>		<u>67,920,233</u>
Change from previous year	(3.73%)		3.02%		(.50%)
Landed Weights (in thousand pounds)					
Passenger airlines landed weights	<u>2,321,934</u>		<u>2,282,732</u>		<u>2,192,078</u>
Change from previous year	1.72%		4.14%		2.19%
Wiley Post Airport					
Aircraft Operations (1)					
Itinerant military	3,666	4.47	3,979	4.92	3,342
Local military	910	1.11	1,467	1.81	1,303
Itinerant civil	58,145	70.85	57,861	71.54	57,537
Local civil	19,344	23.57	17,567	21.71	15,975
Total operations	<u>82,065</u>	<u>100.00 %</u>	<u>80,874</u>	<u>99.98 %</u>	<u>78,157</u>
Change from previous year	1.47%		3.48%		12.42%

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

Source: Department of Airports Activity Reports

2010	2009	2008	2007	2006	2005	2004
54,890	56,470	68,362	61,100	61,414	60,624	63,482
22,257	26,654	18,063	13,197	11,377	11,819	33,899
20,838	27,472	18,020	15,523	10,068	7,181	8,976
23,503	27,053	25,462	23,036	24,597	26,565	29,344
1,443	1,208	1,130	1,174	862	1,795	2,853
<u>122,931</u>	<u>138,857</u>	<u>131,037</u>	<u>114,030</u>	<u>108,318</u>	<u>107,984</u>	<u>138,554</u>
(11.47%) (2.80%)	5.97% (17.40%)	14.91% 11.89%	5.27% (.51%)	.31% 1.30%	(22.06%) (4.50%)	(15.07%) (81.00%)
1,694,060	1,730,874	1,913,747	1,799,119	1,809,354	1,736,722	1,666,115
1,699,994	1,743,756	1,925,401	1,816,446	1,816,962	1,734,794	1,660,319
<u>3,394,054</u>	<u>3,474,630</u>	<u>3,839,148</u>	<u>3,615,565</u>	<u>3,626,316</u>	<u>3,471,516</u>	<u>3,326,434</u>
(2.32%)	(9.49%)	6.18%	(.30%)	4.46%	4.36%	3.36%
31,390,686	33,657,285	33,263,203	30,960,941	34,110,742	31,851,313	31,431,994
36,871,022	38,270,912	41,066,048	40,349,262	40,169,184	40,504,525	39,905,514
<u>68,261,708</u>	<u>71,928,197</u>	<u>74,329,251</u>	<u>71,310,203</u>	<u>74,279,926</u>	<u>72,355,838</u>	<u>71,337,508</u>
(5.10%)	(3.23%)	4.23%	(4.00%)	2.66%	1.43%	84.00%
<u>2,145,195</u>	<u>2,170,470</u>	<u>2,521,879</u>	<u>2,279,261</u>	<u>2,320,190</u>	<u>2,284,303</u>	<u>2,440,195</u>
(1.16%)	(13.93%)	10.64%	(1.76%)	1.57%	(6.39%)	(4.85%)
2,272	1,591	1,824	1,935	758	230	356
1,254	596	767	348	918	1,072	1,014
53,411	55,882	57,171	56,447	60,095	57,409	53,427
12,584	13,764	18,126	15,583	21,946	25,610	13,344
<u>69,521</u>	<u>71,833</u>	<u>77,888</u>	<u>74,313</u>	<u>83,717</u>	<u>84,321</u>	<u>68,141</u>
(3.22%)	(7.77%)	4.81%	(11.23%)	(.72%)	23.74%	(.28%)

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

Passenger Airline Landings	2013	Percent	2012	Percent	2011
Air Wisconsin	-	- %	-	- %	-
Allegiant Air	-	-	-	-	-
America West/US Airways	-	-	-	-	-
American	2,549	9.74	2,596	9.93	2,593
American Eagle	2,109	8.06	2,163	8.27	1,528
Atlantic Southeast	-	-	-	-	2,000
Champion	-	-	-	-	-
Chautauqua	207	0.79	17	0.07	272
Colgan Air	6	0.02	864	3.30	351
ComAir	30	0.11	29	0.11	624
Compass Airlines	8	0.03	227	0.87	96
Continental	-	-	499	1.91	2,376
Delta	749	2.86	640	2.45	242
ExpressJet	3,130	11.96	3,654	13.97	1,030
Freedom Airlines	-	-	-	-	-
Frontier	746	2.85	812	3.11	1,056
GoJet	264	1.01	572	2.19	847
Mesa	924	3.53	426	1.63	9
Mesaba Airlines	-	-	2	0.01	217
Northwest	-	-	-	-	-
Pinnacle Airlines	1,725	6.59	1,604	6.13	1,245
Republic	472	1.80	-	-	-
Sky West	3,718	14.20	3,572	13.66	3,205
Shuttle America	33	0.13	13	0.05	-
Southwest	7,660	29.26	7,211	27.58	7,075
Trans States	1,256	4.80	702	2.68	186
United	534	2.04	466	1.78	580
United Express/Atlantic Coast	-	-	-	-	-
Others	57	0.22	79	0.27	57
Total passenger airline landings	26,177	100.00 %	26,148	99.97 %	25,589
Change from previous year	.11%		2.18%		(.25%)

Source: Department of Airports Activity Reports

2010	2009	2008	2007	2006	2005	2004
-	-	-	-	544	1,348	144
-	94	35	-	187	168	-
-	115	797	836	969	172	-
2,609	2,622	2,584	2,624	2,330	1,857	2,308
1,299	1,246	1,717	1,726	2,481	3,297	3,275
1,642	1,838	1,500	1,377	1,947	1,381	534
-	-	252	304	246	253	273
854	769	876	194	-	454	1,215
-	-	-	-	-	-	-
350	374	870	973	1,212	1,687	1,517
14	-	-	-	-	-	-
3,004	2,956	2,963	3,241	3,283	2,823	2,489
21	201	793	453	657	971	1,697
131	260	2,654	580	-	-	-
139	59	-	-	-	-	-
1,478	1,127	1,150	934	1,068	981	831
771	553	864	-	-	-	-
570	452	312	627	-	-	-
542	-	-	-	-	-	-
819	2,579	2,440	2,559	2,606	2,612	2,585
885	-	-	-	-	-	-
-	-	-	160	-	-	-
2,775	2,018	2,009	2,423	486	1,077	1,360
6,555	6,920	7,343	6,542	6,420	6,425	7,090
267	852	1,330	1,414	1,732	1,095	356
861	844	1,193	1,184	1,525	1,402	1,324
-	-	-	-	-	-	1,489
67	62	88	45	480	139	932
<u>25,653</u>	<u>25,941</u>	<u>31,770</u>	<u>28,196</u>	<u>28,173</u>	<u>28,142</u>	<u>29,419</u>
(1.11%)	(18.35%)	12.68%	.08%	.11%	(4.34%)	(.25%)

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

Enplaned Passengers	2013	Percent	2012	Percent	2011
Air Wisconsin	-	- %	-	- %	-
Allegiant Air	-	-	-	-	-
America West/US Airways	-	-	-	-	-
American	281,361	15.25	294,359	16.14	295,028
American Eagle	92,105	4.99	88,156	4.83	62,790
Atlantic Southeast	-	-	-	-	108,562
Champion	-	-	-	-	-
Chautauqua	7,205	0.39	655	0.04	9,066
Colgan Air	355	0.02	47,929	2.63	18,705
Comair	1,349	0.07	934	0.05	30,270
Compass	319	0.02	12,692	0.70	5,457
Continental	-	-	22,781	1.25	106,963
Delta	89,657	4.86	73,620	4.04	24,467
Express Jet	149,974	8.13	167,863	9.20	42,685
Freedom	-	-	-	-	-
Frontier	79,739	4.32	76,438	4.19	73,385
GoJet	12,774	0.69	27,386	1.50	42,526
Mesa	46,389	2.51	21,025	1.15	457
Mesaba	-	-	113	0.01	10,735
Northwest	-	-	-	-	-
Pinnacle	84,108	4.56	78,922	4.33	58,114
Republic	27,705	1.50	-	-	-
Skywest	182,879	9.91	172,196	9.44	162,416
Shuttle America	1,971	0.11	801	0.04	-
Southwest	680,578	36.89	658,425	36.09	631,813
Trans State	53,061	2.88	27,998	1.53	7,494
United	50,840	2.76	47,891	2.63	54,280
United Express/Atlantic Coast	-	-	-	-	-
Others	2,686	0.15	4,129	0.24	3,166
Total enplaned passengers	1,845,055	100.00 %	1,824,313	100.03 %	1,748,379
Deplaned Passengers (1)	1,847,689		1,827,530		1,754,495
Total Passengers	3,692,744		3,651,843		3,502,874
Change from previous year	1.12%		4.25%		3.21%

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

Source: Department of Airports Activity Reports

2010	2009	2008	2007	2006	2005	2004
-	-	-	-	24,566	57,022	6,386
-	11,462	4,985	-	20,040	17,340	-
-	7,169	52,067	52,266	58,474	8,340	-
287,766	296,583	278,771	271,921	238,701	189,409	211,041
52,515	52,434	76,320	80,640	111,058	145,950	139,679
90,925	88,462	73,069	72,303	108,897	64,817	16,888
-	-	37,180	43,881	39,031	39,543	41,139
28,767	28,857	36,096	8,358	-	17,197	41,666
-	-	-	-	-	-	-
20,288	16,305	35,878	43,468	50,630	69,351	59,996
748	-	-	-	-	-	-
147,446	151,808	151,965	167,798	165,651	143,763	132,287
816	20,041	50,638	43,777	61,293	83,881	133,669
5,786	10,482	73,205	8,626	-	-	-
5,478	8,994	-	-	-	-	-
95,325	91,347	68,864	45,338	50,380	46,961	36,829
41,021	28,509	40,981	-	-	-	-
27,658	23,547	15,253	26,531	-	-	-
29,342	-	-	-	-	-	-
34,795	111,064	107,572	118,244	123,989	138,735	126,399
40,594	-	-	-	-	-	-
-	-	-	8,853	-	-	-
132,477	102,934	93,898	117,169	23,298	46,879	52,240
-	-	-	-	-	-	-
559,696	559,129	559,988	527,050	511,986	489,227	462,601
10,816	32,981	49,822	55,179	65,386	44,568	14,982
78,433	85,745	103,240	105,191	136,227	126,026	116,203
-	-	-	-	-	-	55,714
3,368	3,021	3,955	2,526	19,747	7,713	18,396
<u>1,694,060</u>	<u>1,730,874</u>	<u>1,913,747</u>	<u>1,799,119</u>	<u>1,809,354</u>	<u>1,736,722</u>	<u>1,666,115</u>
<u>1,699,994</u>	<u>1,743,756</u>	<u>1,925,401</u>	<u>1,816,446</u>	<u>1,816,962</u>	<u>1,734,794</u>	<u>1,660,319</u>
<u><u>3,394,054</u></u>	<u><u>3,474,630</u></u>	<u><u>3,839,148</u></u>	<u><u>3,615,565</u></u>	<u><u>3,626,316</u></u>	<u><u>3,471,516</u></u>	<u><u>3,326,434</u></u>
(2.32%)	(9.49%)	6.18%	(.30%)	4.46%	4.36%	3.36%

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

Landed Weights (1)	2013	Percent	2012	Percent	2011
Air Wisconsin	-	- %	-	- %	-
Allegiant Air	-	-	-	-	-
America West/US Airways	-	-	-	-	-
American	322,299	13.88	329,821	14.45	329,716
American Eagle	126,791	5.46	126,976	5.56	76,063
Atlantic Southeast	-	-	-	-	134,298
Champion	-	-	-	-	-
Chautauqua	8,563	0.37	703	0.03	11,408
Colgan Air	372	0.02	53,568	2.35	21,762
Comair	2,165	0.09	1,363	0.06	33,949
Compass	601	0.02	17,007	0.75	7,196
Continental	-	-	22,769	1.00	115,990
Delta	101,301	4.36	89,780	3.93	33,564
ExpressJet	158,938	6.84	191,564	8.39	44,877
Freedom	-	-	-	-	-
Frontier	83,057	3.58	86,731	3.80	86,210
GoJet	17,688	0.76	38,324	1.68	56,749
Mesa	61,908	2.67	28,542	1.25	603
Mesaba	-	-	122	0.01	15,735
Northwest	-	-	-	-	-
Pinnacle	108,332	4.67	93,737	4.11	68,210
Republic	29,264	1.26	-	-	-
Skywest	226,321	9.75	223,186	9.78	207,804
Shuttle America	2,216	0.10	940	0.04	-
Southwest	936,146	40.32	871,776	38.19	851,700
Trans State	53,442	2.30	29,869	1.31	7,914
United	75,178	3.24	65,396	2.86	80,891
United Express/Atlantic Coast	-	-	-	-	-
Others	7,379	0.32	10,558	0.46	7,439
Total landed weights	2,321,961	100.01 %	2,282,732	100.01 %	2,192,078

Change from previous year 1.72% 4.14% 2.19%

(1) In thousand pounds.

(2) Effective rates for the various years are:

Signatory Rates/1000 lbs.	Start Date	End Date
\$1.6353	01/01/04	12/31/04
\$1.8150	01/01/05	12/31/05
\$2.2346	01/01/06	12/31/06
\$2.3128	01/01/07	12/31/07
\$2.4356	01/01/08	12/31/08
\$2.2422	01/01/09	12/31/09
\$2.5652	01/01/10	12/31/10
\$2.8505	01/01/11	12/31/11
\$2.8484	01/01/12	12/31/12
\$2.8485	01/01/13	12/31/13

Source: Department of Airports Activity Reports

2010	2009	2008	2007	2006	2005	2004
-	-	-	-	29,031	67,896	6,768
-	13,113	4,883	-	26,075	23,029	-
-	8,135	56,168	46,150	64,888	9,515	-
333,235	334,423	328,933	336,554	295,856	234,625	296,146
56,937	58,582	93,894	93,256	124,613	171,747	169,738
102,678	95,745	82,740	82,579	125,989	82,687	25,138
-	-	40,336	48,658	39,386	40,495	43,712
35,768	33,250	38,873	8,806	-	18,916	50,439
-	-	41,090	49,351	57,744	84,169	80,519
22,586	17,618	-	-	-	-	-
985	-	-	-	-	-	-
163,690	163,737	171,983	186,183	185,948	168,258	155,473
3,407	24,307	62,722	57,561	82,066	104,013	223,815
5,625	11,459	113,882	27,642	-	-	-
5,914	2,519	-	-	-	-	-
111,710	104,247	95,657	68,926	71,680	61,991	53,062
51,657	37,051	57,888	-	-	-	-
34,210	28,564	20,244	29,569	21,998	-	-
40,676	-	-	-	-	-	-
40,491	138,522	126,403	135,268	167,673	198,789	192,500
49,346	-	-	-	-	-	-
-	-	-	11,570	-	-	-
159,985	117,542	118,399	137,077	26,562	53,099	63,920
-	-	-	-	-	-	-
791,046	827,292	860,882	758,618	747,538	738,719	796,759
11,361	36,252	56,590	60,164	73,695	46,591	15,147
115,190	109,778	137,972	133,845	175,807	167,021	151,251
-	-	-	-	-	-	69,983
8,698	8,334	12,340	7,484	3,641	12,743	45,825
<u>2,145,195</u>	<u>2,170,470</u>	<u>2,521,879</u>	<u>2,279,261</u>	<u>2,320,190</u>	<u>2,284,303</u>	<u>2,440,195</u>
(1.16%)	(13.93%)	10.64%	(1.76%)	1.57%	(6.39%)	(4.85%)

OKLAHOMA CITY, OKLAHOMA, DEPARTMENT OF AIRPORTS
Will Rogers World Airport Average Monthly Activity by Passenger Airline
Fiscal year ended June 30, 2013

Airline	Average Number of Passengers Deplaning Monthly	Average Landed Weight Monthly In Thousand Lbs.	Average Number of Daily Flights Into Oklahoma City
American	23,428	26,858	7
American Eagle	7,633	10,566	6
Chautauqua	1,019	1,067	1
Colgan Air	236	372	-
Comair	999	1,082	-
Compass	89	100	-
Delta	7,355	8,442	2
Express Jet	11,909	13,245	9
Frontier	6,777	6,921	2
GoJet	1,109	1,474	1
Mesa	3,770	5,159	3
Mesaba	7,343	9,028	5
Pinnacle	3,032	3,252	1
Skywest	15,857	18,860	10
Shuttle America	453	554	-
Southwest	56,305	78,012	21
Trans State	4,493	4,453	3
United	4,462	6,265	1
Others	199	615	-
Totals	156,468	196,325	72

Airline	Average Number of Passengers Boarding Monthly	Average Freight Pounds Shipped Monthly Out of Oklahoma City	Number of Months In Service During Fiscal Year
American	23,447	185	12
American Eagle	7,675	73	12
Chautauqua	901	-	8
Colgan Air	355	-	1
Comair	675	-	2
Compass	53	-	6
Delta	7,471	-	12
Express Jet	12,498	-	12
Frontier	6,645	4,224	12
GoJet	1,065	-	12
Mesa	3,866	-	12
Mesaba	7,009	-	12
Pinnacle	3,078	-	9
Skywest	15,240	-	12
Shuttle America	493	-	4
Southwest	56,715	118,905	12
Trans State	4,422	-	12
United	4,237	5,610	12
Others	224	-	12
Totals	156,069	128,997	

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

	2013			2004		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Employers in Air Trade Area:						
Local Governments (1)	52,085	1	8.69 %	44,100	1	8.16 %
State Government (1)	42,877	2	7.15	37,987	2	7.03
Federal Government (1)	28,200	3	4.71	25,900	3	4.79
Tinker Air Force Base (1)	27,000	4	4.50	24,000	4	4.44
FAA Aeronautical Center	11,900	5	1.99	7,902	5	1.46
OU - Norman Campus	7,500	6	1.25	4,400	9	0.81
Integrus Health (2)	6,000	7	1.00	5,436	6	1.01
Oklahoma City Public Schools	-	-	-	5,300	7	0.98
City of Oklahoma City	4,500	8	0.75	4,535	8	0.84
OU Health Science Center	4,200	9	0.70	4,390	10	0.81
Chesapeake Energy Corp	4,000	10	0.67	-	-	-
Totals	188,262		31.41 %	163,950		30.33 %

Source: Greater OKC Chamber and the Center for Applied Economic Research - Oklahoma State University
 (1) Local, State, and Federal, as well as Tinker Air Force Base include both civilian and non-civilian employees
 (2) Integrus Health includes Integrus Medical Center and Integrus Baptist Medical Center.

Major Tenants at Airports:

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

Source: Department of Airports Revenue Reports

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

Division	2013	2012	2011	2010	2009
Administration	10	7	7	7	7
Finance	7	6	6	6	6
Operations	10	9	10	10	10
Maintenance	58	56	57	57	57
General Aviation	9	9	9	9	9
Business and Properties	9	9	6	6	6
Planning and Development	12	12	10	10	10
Total Employees	<u>115</u>	<u>108</u>	<u>105</u>	<u>105</u>	<u>105</u>

Division	2008	2007	2006	2005	2004
Administration	7	4	4	4	5
Finance	5	5	5	5	5
Operations	9	9	9	9	9
Maintenance	55	56	55	55	53
General Aviation	9	8	8	8	8
Business and Properties	6	5	5	5	4
Planning and Development	10	11	11	11	8
Total Employees	<u>101</u>	<u>98</u>	<u>97</u>	<u>97</u>	<u>92</u>

Source: Department of Airports Budget Reports

OKLAHOMA CITY, OKLAHOMA, DEPARTMENT OF AIRPORTS
Will Rogers World Airport Capital Asset Information
June 30, 2013

Location:	8 miles southwest of downtown Oklahoma City, the capital of the State of Oklahoma		
Area:	7,956 acres		
Elevation:	1,295 ft.		
Airport Code:	KOKC		
Runways:	17L/35R	North/South	9,800 x 150 ft. ILS/VOR
	17R/35L	North/South	9,800 x 150 ft. ILS/VOR
	13/31	Northwest/Southeast	7,800 x 150 ft. VOR
Terminal:	Airlines		191,065 sq. ft
	Tenants		35,720 sq. ft
	Public/common		113,310 sq. ft
	Mechanical		49,688 sq. ft
	Administration		19,925 sq. ft
	Total Terminal Square Footage		<u>409,708 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		2,733
	Short-term		285
	Long-term		4,241
	Rental Cars		378
	Employees		432
	Total Parking Spaces		<u>8,069</u>
Cargo:	Air Cargo Building		55,295 sq. ft
	Air Cargo Annex		16,220 sq. ft
	U.S. Post Office		36,467 sq. ft
International:	N/A		
Tower:	TRACON 24/7 - 365		
Fixed Base Operators:	AAR Aircraft Services Atlantic Aviation		

Source: Department of Airports Planning and Development Division.

**Independent Auditor's Report on Internal Control over
Financial Reporting and on Compliance and Other Matters
Based on an Audit of the Financial Statements Performed in
Accordance with *Government Auditing Standards***

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the Oklahoma City Department of Airports (the Department), which comprises a discretely presented component unit and a non-major enterprise fund of the City of Oklahoma City, Oklahoma (the City), which comprise the statement of net position as of June 30, 2013, and the related statements of revenues, expenses and change in net position and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 2, 2013, which contained "Emphasis of Matter" paragraphs regarding departmental reporting and a restatement related to the adoption of an accounting principle.

Internal Control over Financial Reporting

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

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

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

Compliance

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*.

Other Matters

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

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

BKD, LLP

Oklahoma City, Oklahoma
December 2, 2013