



LAMBERT – ST. LOUIS INTERNATIONAL AIRPORT
(An Enterprise Fund of the City of St. Louis, Missouri)

Basic Financial Statements and Supplementary Information

June 30, 2012 and 2011

(With Independent Auditors' Report Thereon)

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KPMG LLP
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10 South Broadway
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Independent Auditors' Report

Honorable Mayor and Members of
the Board of Aldermen of the
City of St. Louis, Missouri:

We have audited the accompanying basic financial statements of Lambert – St. Louis International Airport, an enterprise fund of the City of St. Louis, Missouri, as of and for the years ended June 30, 2012 and 2011, as listed in the accompanying table of contents. These basic financial statements are the responsibility of Lambert – St. Louis International Airport's management. Our responsibility is to express an opinion on these basic financial statements based on our audits.

We conducted our audits 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 audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Lambert – St. Louis International Airport's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As discussed in note 1 to the basic financial statement, the basic financial statements present only the financial position and the changes in financial position and cash flows of Lambert – St. Louis International Airport, an enterprise fund of the City of St. Louis, Missouri, and do not purport to, and do not, present fairly the financial position of the City of St. Louis, Missouri as of June 30, 2012 and 2011, and changes in its financial position and cash flows, where applicable, thereof for the years then ended in conformity with U.S. generally accepted accounting principles.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of Lambert – St. Louis International Airport, an enterprise fund of the City of St. Louis, Missouri, as of June 30, 2012 and 2011, and the changes in its financial position, and cash flows for the years then ended in conformity with U.S. generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 10, 2012 on our consideration of Lambert – St. Louis International Airport's, an enterprise fund of the City of St. Louis, Missouri, internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or

on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audits.

U.S. generally accepted accounting principles require that the management's discussion and analysis on pages 3 through 18 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audits of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements as a whole. The supplementary information included in Schedule I through XI, as listed in the accompanying 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 supplementary information has been subjected to the auditing procedures applied in the audits 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 supplementary information is fairly stated in all material respects in relation to the basic financial statements as a whole.

St. Louis, Missouri
December 10, 2012

KPMG LLP

Lambert-St. Louis International Airport
(An Enterprise Fund of the City of St. Louis, Missouri)
Management's Discussion and Analysis – Unaudited
(Dollars in thousands, unless otherwise indicated)
June 30, 2012 and 2011

The following discussion and analysis of the activity and financial performance of Lambert-St. Louis International Airport (the Airport) has been prepared by Airport management to provide the reader with an introduction and overview to the basic financial statements of the Airport for the fiscal years ended June 30, 2012 and 2011. Following this discussion and analysis are the basic financial statements of the Airport including the notes which are essential to a full understanding of the data contained within the basic financial statements. All amounts, unless otherwise indicated, are expressed in thousands of dollars.

SUMMARY OF AIRPORT ACTIVITY

Air travel was relatively unchanged in 2012 when compared to 2011. Enplaned passengers were up by 2.3 percent and aircraft landings and takeoffs were up 2.6 percent, respectively, from fiscal year 2011. Activity at the Airport during fiscal years 2012, 2011, and 2010 is as follows:

	2012	2011	Change
Enplaned passengers	6,353,591	6,211,295	2.3%
Aircraft landings and takeoffs	86,578	84,346	2.6%
Landed weight (in thousands of pounds)	8,198,391	8,139,208	0.7%
Mail and cargo (in tons)	75,988	77,153	(1.5%)
	2011	2010	Change
Enplaned passengers	6,211,295	6,276,530	(1.0%)
Aircraft landings and takeoffs	84,346	83,515	1.0%
Landed weight (in thousands of pounds)	8,139,208	8,127,595	0.1%
Mail and cargo (in tons)	77,153	77,617	(0.6%)

FINANCIAL HIGHLIGHTS

The following represents the significant financial activity at the Airport in fiscal years 2012, 2011, and 2010 and the reasons for any fluctuations between the years:

- Fiscal year 2012 operating revenues increased 5.4% from \$124,758 in fiscal year 2011 to \$131,522 in fiscal year 2012 as a result of increased Airfield and Terminal revenues related to an increase in enplaned passengers and aircraft landings. Fiscal year 2011 operating revenues decreased 7.9% from \$135,438 in fiscal year 2010 to \$124,758 in fiscal year 2011.
- Fiscal year 2012 operating expenses decreased 6.9% from \$139,281 in fiscal year 2011 to \$129,687 in fiscal year 2012 as a result of a decrease of professional service contracts. Fiscal year 2011 operating expenses increased 3.7% from \$134,322 in fiscal year 2010 to \$139,281 in fiscal year 2011 as a result of an increase of professional service contracts as a result of the natural disaster.
- The net result of the impact to operating revenues and expenses, as discussed above, is that the fiscal year 2012 operating gain increased 112.6% to \$1,835 from (\$14,523) in fiscal year 2011, compared with fiscal year 2011 operating loss increased 1,401.3% to (\$14,523) from \$1,116 in fiscal year 2010.

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- Fiscal year 2012 nonoperating expenses, net decreased to \$13,439 from \$19,343 in fiscal year 2011 resulting primarily from a decrease in interest expense resulting from debt refundings. Fiscal year 2011 nonoperating expenses, net increased to \$19,343 from \$17,228 in fiscal year 2010 resulting primarily from an increase in interest expense due to the 2009A Bonds.
- Capital contributions received in the form of grants from the federal government increased to \$10,050 in fiscal year 2012 from \$8,267 in fiscal year 2011 primarily due to a grant for the baggage screen system. Capital contributions received in the form of grants from the federal government decreased to \$8,267 in fiscal year 2011 from \$31,815 in fiscal year 2010. The grants for noise mitigation, completed taxiway and security projects, and Letter of Intent decreased in fiscal year 2011.
- As a result of the preceding items, net assets in fiscal year 2012 decreased to \$1,071,301 from \$1,078,952 in fiscal year 2011. Net assets in fiscal year 2011 decreased to \$1,078,952 from \$1,087,544 in fiscal year 2010.

SUMMARY OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS

The Airport's revenues, expenses, and changes in fund net assets for the fiscal years ended June 30, 2012, 2011, and 2010 are summarized as follows:

	2012	2011	\$ Change	% Change
Operating revenues	\$ 131,522	124,758	6,764	5.4%
Operating expenses	129,687	139,281	(9,594)	(6.9%)
Operating gain (loss)	1,835	(14,523)	16,358	112.6%
Nonoperating expenses, net	(13,439)	(19,343)	(5,904)	(30.5%)
Loss before capital contributions, transfers, and extraordinary item, net	(11,604)	(33,866)	(22,262)	(65.7%)
Capital contributions	10,050	8,267	1,783	21.6%
Transfers out	(6,097)	(6,079)	18	0.3%
Extraordinary item – Natural disaster	-	23,086	(23,086)	(100.0%)
Change in net assets	(7,651)	(8,592)	(941)	(11.0%)
Net assets, end of year	\$ 1,071,301	1,078,952	(7,651)	(0.7%)

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	2011	2010	\$ Change	% Change
Operating revenues	\$ 124,758	135,438	(10,680)	(7.9%)
Operating expenses	139,281	134,322	4,959	3.7%
Operating gain (loss)	(14,523)	1,116	(15,639)	(1,401.3%)
Nonoperating expenses, net	(19,343)	(17,228)	2,115	12.3%
Loss before capital contributions, transfers, and extraordinary item, net	(33,866)	(16,112)	17,754	110.2%
Capital contributions	8,267	31,815	(23,548)	(74.0%)
Transfers out	(6,079)	(5,813)	(266)	(4.6%)
Extraordinary item – Natural disaster	23,086	-	23,086	100.0%
Change in net assets	(8,592)	9,890	(18,482)	(186.9%)
Net assets, end of year	\$ 1,078,952	1,087,544	(8,592)	(0.8%)

FINANCIAL POSITION SUMMARY

Net assets may serve over time as a useful indicator of the Airport's financial position. The Airport's assets exceeded liabilities by \$1,071,301 at June 30, 2012, a \$7,651 decrease from June 30, 2011.

A condensed summary of the Airport's net assets at June 30, 2012 and 2011 is shown below:

	2012	2011	\$ Change	% Change
Assets:				
Current and other assets	\$ 363,786	396,072	(32,286)	(8.2%)
Capital assets	1,635,950	1,623,810	12,140	0.7%
Total assets	1,999,736	2,019,882	(20,146)	(1.0%)
Liabilities:				
Long-term liabilities	835,573	869,959	(34,386)	(4.0%)
Other liabilities	92,862	70,971	21,891	30.8%
Total liabilities	928,435	940,930	(12,495)	(1.3%)
Net assets:				
Invested in capital assets, net of related debt	864,680	842,345	22,335	2.7%
Restricted	133,941	145,956	(12,015)	(8.2%)
Unrestricted	72,680	90,651	(17,971)	(19.8%)
Total net assets	\$ 1,071,301	1,078,952	(7,651)	(0.7%)

A portion of the Airport's net assets (80.7% at June 30, 2012) represents its investment in capital assets (e.g., land, buildings, roads, runways, and equipment), less the related indebtedness outstanding used to acquire those capital assets. The Airport uses these capital assets to provide services to its passengers and visitors to the Airport; consequently, these assets are not available for future spending. Although the Airport's investment in its capital assets is reported net of related debt, it is noted that the resources required to repay this debt must be provided annually from operations, since it is unlikely the capital assets themselves will be liquidated to pay liabilities.

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An additional portion of the Airport's net assets (12.5% at June 30, 2012) represents net assets that are subject to external restrictions on how they can be used. These assets can be used for any lawful Airport use including debt service, capital restoration, or expenditure subject to the restrictions of the Passenger Facility Charge Program and the Airport Improvement Program.

The remaining portion of the Airport's net assets (6.8% at June 30, 2012) represents its unrestricted investments, less any outstanding indebtedness, which may be used to meet any of the Airport's ongoing obligations.

In fiscal 2012, the increase in capital assets was primarily attributable to the Airport Experience Program and storm damage replacements. The decrease in long-term debt outstanding was attributable to payments made on outstanding debt and the issuance of the 2012 Series Refunding Revenue Bonds, which refunded the 2002B & C Series Revenue Bonds.

A condensed summary of the Airport's net assets at June 30, 2011 and 2010 is shown below:

	2011	2010	\$ Change	% Change
Assets:				
Current and other assets	\$ 396,072	441,599	(45,527)	(10.3%)
Capital assets	1,623,810	1,639,315	(15,505)	(0.9%)
Total assets	2,019,882	2,080,914	(61,032)	(2.9%)
Liabilities:				
Long-term liabilities	869,959	910,823	(40,864)	(4.5%)
Other liabilities	70,971	82,547	(11,576)	(14.0%)
Total liabilities	940,930	993,370	(52,440)	(5.3%)
Net assets:				
Invested in capital assets, net of related debt	842,345	842,972	(627)	(0.1%)
Restricted	145,956	143,464	2,492	1.7%
Unrestricted	90,651	101,108	(10,457)	(10.3%)
Total net assets	\$ 1,078,952	1,087,544	(8,592)	(0.8%)

A portion of the Airport's net assets (78.1% at June 30, 2011) represents its investment in capital assets (e.g., land, buildings, roads, runways, and equipment), less the related indebtedness outstanding used to acquire those capital assets. The Airport uses these capital assets to provide services to its passengers and visitors to the Airport; consequently, these assets are not available for future spending. Although the Airport's investment in its capital assets is reported net of related debt, it is noted that the resources required to repay this debt must be provided annually from operations, since it is unlikely the capital assets themselves will be liquidated to pay liabilities.

An additional portion of the Airport's net assets (13.5% at June 30, 2011) represents net assets that are subject to external restrictions on how they can be used. These assets can be used for any lawful Airport use including

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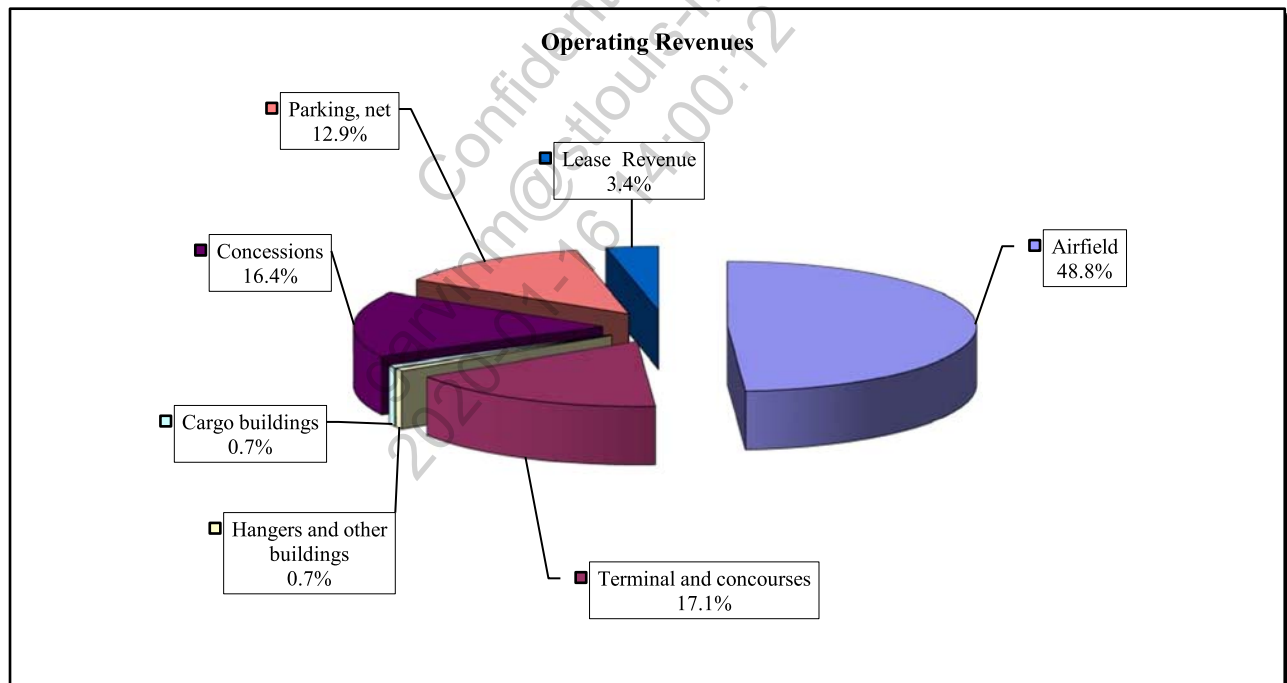
debt service, capital restoration, or expenditure subject to the restrictions of the Passenger Facility Charge Program and the Airport Improvement Program.

The remaining portion of the Airport's net assets (8.4% at June 30, 2011) represents its unrestricted investments, less any outstanding indebtedness, which may be used to meet any of the Airport's ongoing obligations.

In fiscal 2011, the decrease in capital assets was primarily attributable to depreciation expense exceeding capital additions due to lower capital contributions. The decrease in long-term debt outstanding was attributable to payments made on outstanding debt and the issuance of the 2011AB Series Refunding Revenue Bonds, which refunded the 1998 Series Revenue Refunding Bonds and the 2009A-2 Series Revenue Bonds.

REVENUES

The following chart shows the major sources of operating revenues, and their percentage share of total operating revenues, for the year ended June 30, 2012:



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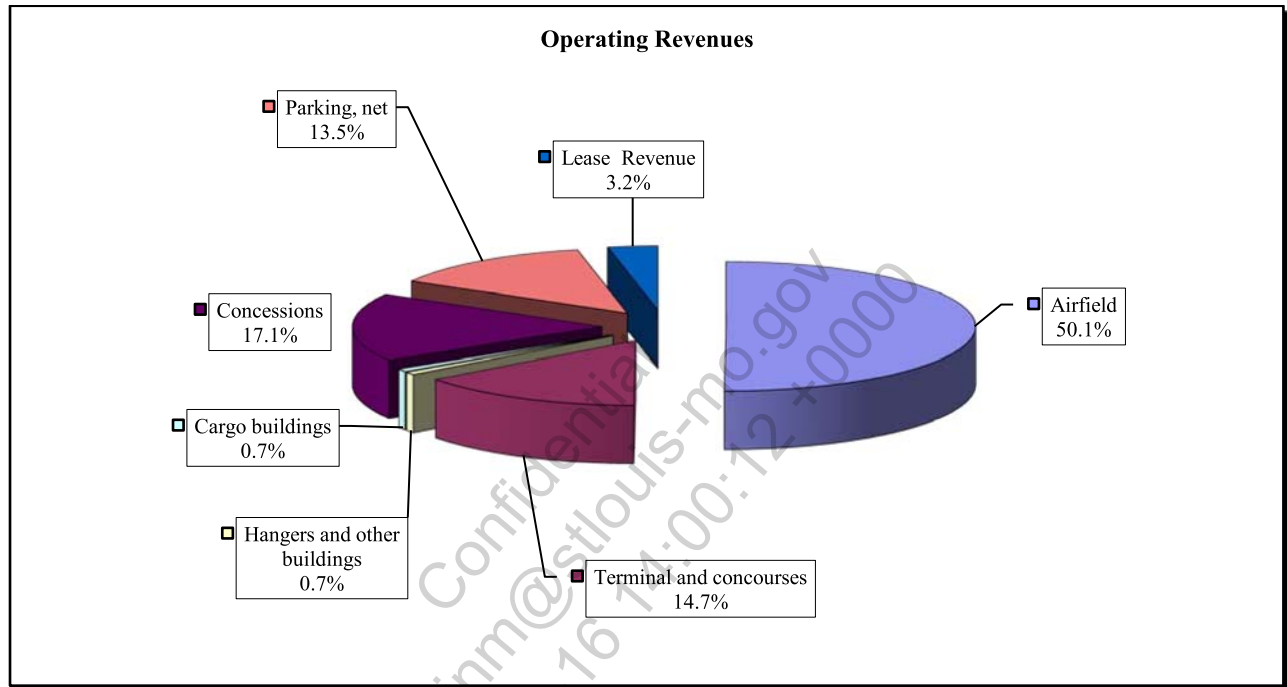
The following table summarizes Airport operating and nonoperating revenues, and their percentage share of total Airport operating and nonoperating revenue, for the year ended June 30, 2012.

	2012	% of total	\$ Change from 2011	% Change from 2011
Operating revenues:				
Aviation revenue:				
Airfield	\$ 64,230	40.1%	1,689	2.7%
Terminal and concourses	22,463	14.0%	4,191	22.9%
Hangers and other buildings	881	0.6%	(7)	(0.8%)
Cargo buildings	956	0.6%	53	5.9%
Concessions	21,610	13.5%	291	1.4%
Parking, net	16,940	10.6%	121	0.7%
Lease revenue	4,442	2.8%	426	10.6%
Total operating revenue	131,522	82.2%	6,764	5.4%
Nonoperating revenues:				
Intergovernmental revenue	1,069	0.6%	(444)	(29.3%)
Investment revenue	1,747	1.1%	(885)	(33.6%)
Passenger facility charges	25,544	16.0%	864	3.5%
Other nonoperating revenue, net	88	0.1%	88	100.0%
Total nonoperating revenue	28,448	17.8%	(377)	(1.3%)
Total revenues	\$ 159,970	100.0%	6,387	4.2%

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REVENUES

The following chart shows the major sources of operating revenues, and their percentage share of total operating revenues, for the year ended June 30, 2011:



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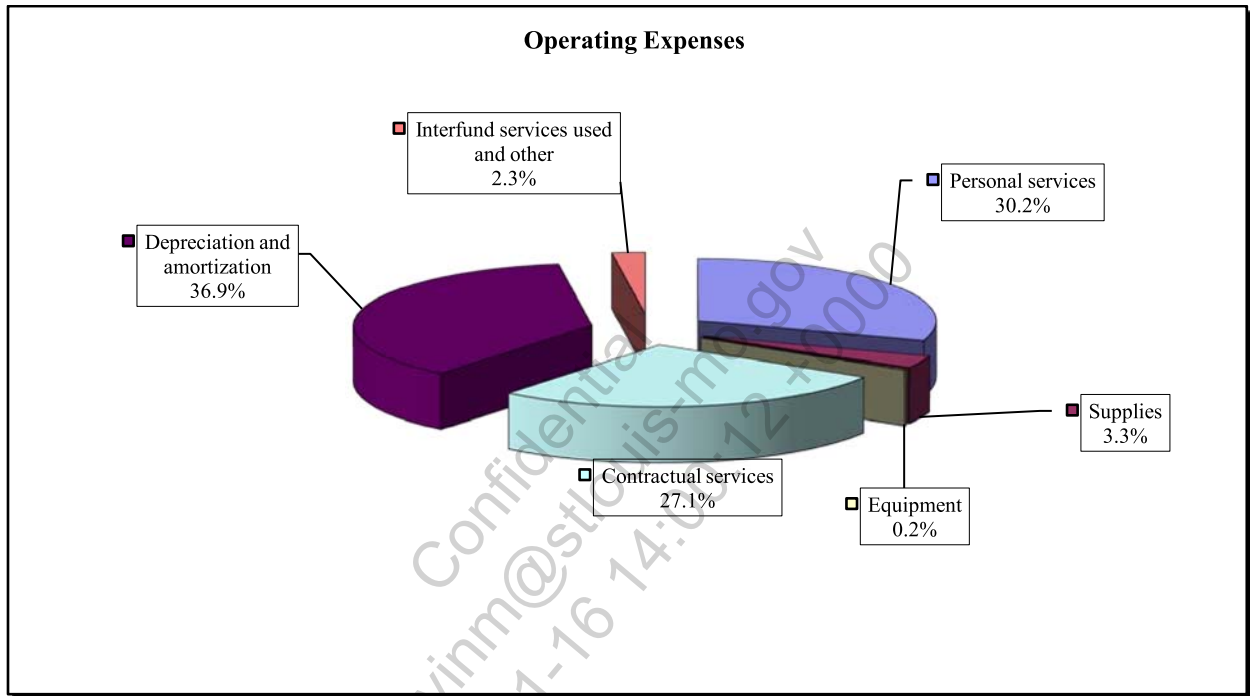
The following table summarizes Airport operating and nonoperating revenues, and their percentage share of total Airport operating and nonoperating revenue, for the year ended June 30, 2011.

	2011	% of total	\$ Change from 2010	% Change from 2010
Operating revenues:				
Aviation revenue:				
Airfield	\$ 62,541	40.7%	\$ (7,460)	(10.7%)
Terminal and concourses	18,272	11.9%	(3,166)	(14.8%)
Hangers and other buildings	888	0.6%	17	2.0%
Cargo buildings	903	0.6%	2	0.2%
Concessions	21,319	13.8%	(10)	0.0%
Parking, net	16,819	11.0%	(328)	(1.9%)
Lease revenue	4,016	2.6%	265	7.1%
Total operating revenue	124,758	81.2%	(10,680)	(7.9%)
Nonoperating revenues:				
Intergovernmental revenue	1,513	1.0%	(102)	(6.3%)
Investment revenue	2,632	1.7%	(615)	(19.0%)
Passenger facility charges	24,680	16.1%	(168)	(0.7%)
Total nonoperating revenue	28,825	18.8%	(885)	(3.0%)
Total revenues	\$ 153,583	100.0%	(11,565)	(7.0%)

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EXPENSES

The following chart shows the major sources of operating expenses, and their percentage share of total operating expenses, for the year ended June 30, 2012:



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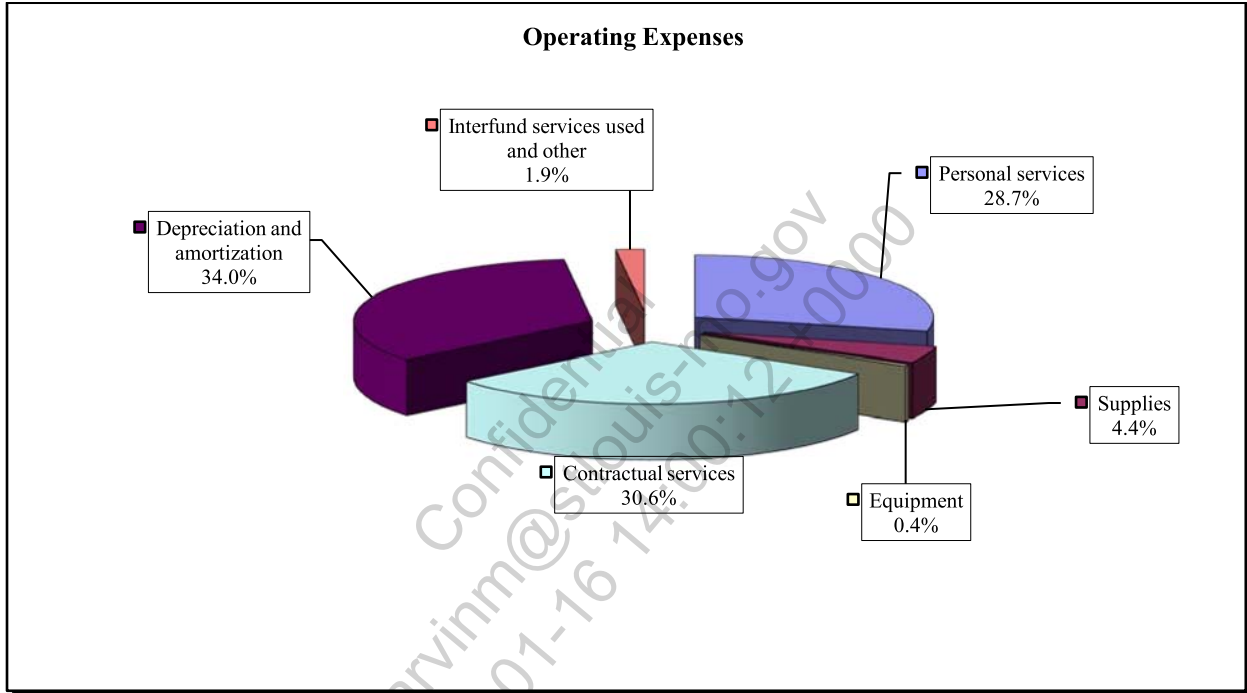
The following table summarizes Airport operating and nonoperating expenses, and their percentage share of total Airport operating and nonoperating expenses, for the year ended June 30, 2012:

	2012	% of total	\$ Change from 2011	% Change from 2011
Operating expenses:				
Personal services	\$ 39,168	22.8%	(802)	(2.0%)
Supplies	4,239	2.4%	(1,947)	(31.5%)
Equipment	277	0.2%	(249)	(47.3%)
Contractual services	35,191	20.5%	(7,417)	(17.4%)
Depreciation and amortization	47,815	27.9%	527	1.1%
Interfund services used	2,896	1.7%	243	9.2%
Other operating expenses	101	0.1%	51	102.0%
Total operating expenses	129,687	75.6%	(9,594)	(6.9%)
Nonoperating expenses:				
Interest expense	40,125	23.4%	(5,329)	(11.7%)
Amortization of bond issue costs	1,762	1.0%	259	17.2%
Loss on disposal of surplus property	-	0.0%	(63)	(100.0%)
Other nonoperating expense, net	-	0.0%	(1,148)	(100.0%)
Total nonoperating expenses	41,887	24.4%	(6,281)	(13.0%)
Total expenses	\$ 171,574	100.0%	(15,875)	(8.5%)

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EXPENSES

The following chart shows the major sources of operating expenses, and their percentage share of total operating expenses, for the year ended June 30, 2011:



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The following table summarizes Airport operating and nonoperating expenses, and their percentage share of total Airport operating and nonoperating expenses, for the year ended June 30, 2011:

	2011	% of total	\$ Change from 2010	% Change from 2010
Operating expenses:				
Personal services	\$ 39,970	21.3%	(1,199)	(2.9%)
Supplies	6,186	3.3%	1,019	19.7%
Equipment	526	0.3%	(5)	(0.9%)
Contractual services	42,608	22.8%	4,566	12.0%
Depreciation and amortization	47,288	25.2%	351	0.7%
Interfund services used	2,653	1.4%	169	6.8%
Other operating expenses	50	0.0%	58	725.0%
Total operating expenses	139,281	74.3%	4,959	3.7%
Nonoperating expenses:				
Interest expense	45,454	24.3%	(400)	(0.9%)
Amortization of bond issue costs	1,503	0.8%	(96)	(6.0%)
Loss on disposal of surplus property	63	0.0%	486	114.9%
Other nonoperating expense, net	1,148	0.6%	1,240	1,347.8%
Total nonoperating expenses	48,168	25.7%	1,230	2.6%
Total expenses	\$ 187,449	100.0%	6,189	3.4%

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Fiscal year 2012 operating revenues increased 5.4% or \$6,764. This results primarily from Terminal revenue increase of \$4,191 and an increase in Airfield revenue of \$1,689. In addition, nonoperating revenues decreased 1.3% or \$377 due primarily to a decrease in investment revenue and other nonoperating revenues.

Fiscal year 2011 operating revenues decreased 7.9% or \$10,680. This results primarily from Terminal revenue decrease of \$3,166 and a decrease in Airfield revenue of \$7,460. In addition, nonoperating revenues decreased 3.0% or \$885 due primarily to a decrease in investment revenue.

Fiscal year 2012 operating expenses decreased 6.8% or \$9,594 due to decreases in professional service contracts.

Fiscal year 2011 operating expenses increased 3.7% or \$4,959 due to increases in professional service contracts as a result of the natural disaster that occurred during fiscal year 2011 compared to fiscal year 2010.

AIRLINE USE RATES AND CHARGES

As of June 30, 2012, the Airport was served by eleven airlines with use agreements, of which two are cargo carriers, and by twenty-two airlines with operating agreements, of which one is a cargo carrier. An individual airline with a Use and Lease Agreement with the Airport has a contract which establishes how the airlines are assessed annual rates and charges for their use of the Airport. These agreements will expire on June 30, 2016.

Landing and rental fees are calculated on estimated operating and maintenance expenses and are charged to the airlines based upon landing weights or square footage utilized. The amount charged is adjusted based upon actual expenses and actual landing usage incurred. Non-affiliated airlines with operating agreements are assessed 125% of the carrier rates with use agreements for rental space, but they are assessed the same landing fees as use agreement carriers. Carriers landing without an Airport Agreement are assessed 125% of the landing fee rate assessed carriers with agreements.

FINANCIAL STATEMENTS

The Airport's basic financial statements are prepared on an accrual basis in accordance with the U.S. generally accepted accounting principles promulgated by the Governmental Accounting Standards Board (GASB). The Airport is structured as an enterprise fund owned and operated by the City of St. Louis, Missouri with revenues recognized when earned. Expenses are recognized when incurred. Capital assets are capitalized and (other than land and construction in progress) are depreciated over their useful lives. Amounts are restricted for debt service and, where applicable, for construction activities. Refer to Note 1 of the basic financial statements for a summary of the Airport's significant accounting policies.

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CAPITAL ACQUISITIONS AND CONSTRUCTION ACTIVITIES

During fiscal year 2012, the Airport expended \$60,225 on capital activities related to construction in progress. During 2012, completed projects totaling approximately \$21,842 were closed from construction in progress to their respective capital accounts. The major completed projects were:

Terminal and concourse improvements	\$	18,803
Runway improvements		1,203
Miscellaneous equipment		1,051
Roadway improvements		603
AOB,E.T and Banshee Buildings		182

During fiscal year 2011, the Airport expended \$25,235 on capital activities related to construction in progress. During 2011, completed projects totaling approximately \$28,083 were closed from construction in progress to their respective capital accounts. The major completed projects were:

Terminal and concourse improvements	\$	6,716
Runway improvements		10,206
Miscellaneous equipment		9
Roadway improvements		10,685
AOB,E.T and Banshee Buildings		467

Capital asset acquisitions and improvements exceeding \$10,000 (in dollars) are capitalized at cost. Acquisitions are funded using a variety of financing techniques, including federal grants, State of Missouri grants, passenger facility charges, debt issuances, and Airport operating revenues. Additional information on the Airport's capital assets and commitments can be found in the notes to the basic financial statements.

PASSENGER FACILITY CHARGES

The Airport initially received approval from the FAA to impose a passenger facility charge of \$3.00 (in dollars) per enplaned passenger beginning December 1, 1992, not to exceed \$131,453, principally to finance the Airport Capital Improvement Program. On December 1, 2001, the Airport received approval to increase the passenger facility charge (PFC) \$4.50 (in dollars) per enplaned passenger. The current limitation on passenger facility charges to be collected is \$1,006,700.

The PFC is withheld by the respective airline for each ticket or transfer in St. Louis and remitted to the Airport one month after collection, less a \$0.11 (in dollars) per ticket operating fee by the airline. PFC revenue is classified as nonoperating revenue.

Lambert-St. Louis International Airport
(An Enterprise Fund of the City of St. Louis, Missouri)
Management's Discussion and Analysis – Unaudited
(Dollars in thousands, unless otherwise indicated)
June 30, 2012 and 2011

LONG-TERM DEBT ADMINISTRATION

At June 30, 2012, the Airport had the following bond series outstanding:

Revenue Bonds, Series 1997B, dated August 15, 1997, maturing annually from fiscal year 2001 through 2015 with interest coupon of 6.00%.

- Balance outstanding at June 30, 2012 - \$16,825

Revenue Bonds, Series 2002A, dated December 19, 2002, maturing annually from fiscal year 2003 through 2014 with interest coupons ranging from 4.00% to 5.25%.

- Balance outstanding at June 30, 2012 - \$3,435

Revenue Refunding Bonds, Series 2003A, dated February 25, 2003, maturing annually from fiscal year 2007 through 2019 with interest coupons ranging from 3.75% to 5.25%.

- Balance outstanding at June 30, 2012 - \$45,825

Revenue Refunding Bonds, Series 2005, dated July 7, 2005, maturing annually from fiscal year 2013 through 2032 with interest coupons ranging from 4.00% to 5.50%.

- Balance outstanding at June 30, 2012 - \$263,695

Revenue Refunding Bonds, Series 2007A, dated January 23, 2007, maturing annually from fiscal year 2013 through 2033 with interest coupons ranging from 4.00% to 5.25%.

- Balance outstanding at June 30, 2012 - \$231,275

Revenue Refunding Bonds, Series 2007B, dated April 3, 2007, maturing annually from fiscal year 2016 through 2028 with interest coupon of 5.00%.

- Balance outstanding at June 30, 2012 - \$104,735

Revenue Bonds, Series 2009A, dated July 14, 2009, maturing annually from fiscal year 2024 through 2035 with interest coupons ranging from 5.125% to 6.63%.

- Balance outstanding at June 30, 2012 - \$107,240

Revenue Refunding Bonds, Series 2011AB, dated June 30, 2011, maturing annually from fiscal year 2012 through 2016 with interest coupons ranging from 3.00% of 5.00%.

- Balance outstanding at June 30, 2012 - \$29,535

Revenue Refunding Bonds, Series 2012, dated June 30, 2012, maturing annually from fiscal year 2013 through 2033 with interest coupons ranging from 3.00% of 5.00%.

- Balance outstanding at June 30, 2012 - \$31,395

Lambert-St. Louis International Airport
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EXTRAORDINARY ITEM – NATURAL DISASTER

On April 22, 2011, the Airport sustained a direct hit on Concourse C, in Terminal 1, from an F-4 Tornado. There was also additional damage to other areas of Terminal 1 as well as the parking lots and surrounding areas of the Airport. As of June 30, 2012, most of the rebuilding of Concourse C and other damaged areas was complete. Representatives for Lexington Insurance Company and the Airport continue to work together to approve and process claims.

CREDIT RATINGS

On June 30, 2012, the Airport issued Series 2012 Bonds. Per the official statement: Moody's Investors Service, Inc. ("Moody's") and Standard & Poor's Ratings Services ("S&P"), a division of The McGraw-Hill Companies, Inc., have assigned ratings of "Baa1", and "A-" respectively, on the basis of the credit of the Airport.

REQUESTS FOR INFORMATION

These basic financial statements are designed to provide a general overview of the Airport's finances for all those with an interest. Questions concerning any information provided in this report should be addressed to the Office of the Airport Assistant Director for Finance and Accounting, Lambert-St. Louis International Airport, P. O. Box 10212, St. Louis, Missouri, 63145.

LAMBERT – ST. LOUIS INTERNATIONAL AIRPORT
(An Enterprise Fund of the City of St. Louis, Missouri)

Balance Sheets

June 30, 2012 and 2011

(Dollars in thousands)

Assets	2012	2011
Current assets:		
Unrestricted assets:		
Cash and cash equivalents	\$ 37,737	38,733
Accounts receivable, net	2,972	4,937
Supplies and materials	2,435	2,122
Other current assets	751	2,487
Total unrestricted assets	43,895	48,279
Restricted assets:		
Cash and cash equivalents	16,308	13,019
Investments, at fair value	35,817	29,236
Insurance recovery receivable	3,000	10,000
Accrued interest receivable	140	383
Passenger facility charges receivable	3,524	2,917
Government grants receivable	5,442	1,657
Total restricted assets	64,231	57,212
Total current assets	108,126	105,491
Noncurrent assets:		
Unrestricted:		
Investments, at fair value	62,889	76,172
Restricted:		
Cash and cash equivalents	19,826	42,325
Investments, at fair value	157,170	156,343
Capital assets, net	1,635,950	1,623,810
Deferred bond issue costs, net	14,086	15,741
Other assets	1,689	—
Total noncurrent assets	1,891,610	1,914,391
Total assets	\$ 1,999,736	2,019,882

LAMBERT – ST. LOUIS INTERNATIONAL AIRPORT
(An Enterprise Fund of the City of St. Louis, Missouri)

Balance Sheets

June 30, 2012 and 2011

(Dollars in thousands)

Liabilities and Net Assets	2012	2011
Current liabilities:		
Payable from unrestricted assets:		
Accounts payable and accrued expenses	\$ 15,008	12,927
Deferred revenue	481	1,055
Due to the City of St. Louis, Missouri	4,869	3,902
Total payable from unrestricted assets	20,358	17,884
Payable from restricted assets:		
Current maturities of revenue bonds payable	30,655	19,985
Accrued interest payable	21,158	21,880
Contracts and retainage payable	20,691	11,222
Total payable from restricted assets	72,504	53,087
Total current liabilities	92,862	70,971
Noncurrent liabilities:		
Revenue bonds payable, net	820,138	854,053
Other long-term liabilities	15,435	15,906
Total noncurrent liabilities	835,573	869,959
Total liabilities	928,435	940,930
Net assets:		
Invested in capital assets, net of related debt	864,680	842,345
Restricted:		
Bond reserve funds	100,568	88,853
Passenger facility charges	24,221	30,907
Capital restoration	9,152	22,964
Airport improvement program	—	3,232
Unrestricted	72,680	90,651
Total net assets	1,071,301	1,078,952
Total liabilities and net assets	\$ 1,999,736	2,019,882

See accompanying notes to basic financial statements.

LAMBERT – ST. LOUIS INTERNATIONAL AIRPORT

(An Enterprise Fund of the City of St. Louis, Missouri)

Statements of Revenues, Expenses, and Changes in Fund Net Assets

Years ended June 30, 2012 and 2011

(Dollars in thousands)

	<u>2012</u>	<u>2011</u>
Operating revenues:		
Aviation revenue:		
Airfield	\$ 64,230	62,541
Terminal and concourses	22,463	18,272
Hangars and other buildings	881	888
Cargo buildings	956	903
Concessions	21,610	21,319
Parking, net	16,940	16,819
Lease revenue	4,442	4,016
Total operating revenue	<u>131,522</u>	<u>124,758</u>
Operating expenses:		
Personal services	39,168	39,970
Supplies	4,239	6,186
Equipment	277	526
Contractual services	35,191	42,608
Depreciation and amortization	47,815	47,288
Interfund services used	2,896	2,653
Other operating	101	50
Total operating expenses	<u>129,687</u>	<u>139,281</u>
Operating gain (loss)	<u>1,835</u>	<u>(14,523)</u>
Nonoperating revenues (expenses):		
Intergovernmental revenue	1,069	1,513
Investment revenue	1,747	2,632
Interest expense	(40,125)	(45,454)
Passenger facility charges	25,544	24,680
Amortization of bond issue costs	(1,762)	(1,503)
Loss on disposal of surplus property	—	(63)
Other, net	88	(1,148)
Total nonoperating revenues (expenses), net	<u>(13,439)</u>	<u>(19,343)</u>
Loss before capital contributions, transfers, and extraordinary item, net	<u>(11,604)</u>	<u>(33,866)</u>
Capital contributions	10,050	8,267
Transfers to the City of St. Louis, Missouri	(6,097)	(6,079)
Extraordinary item – Natural disaster	—	23,086
Total capital contributions, transfers, and extraordinary item, net	<u>3,953</u>	<u>25,274</u>
Change in net assets	<u>(7,651)</u>	<u>(8,592)</u>
Total net assets, beginning of year	<u>1,078,952</u>	<u>1,087,544</u>
Total net assets, end of year	<u>\$ 1,071,301</u>	<u>1,078,952</u>

See accompanying notes to basic financial statements.

LAMBERT – ST. LOUIS INTERNATIONAL AIRPORT
(An Enterprise Fund of the City of St. Louis, Missouri)

Statements of Cash Flows

Years ended June 30, 2012 and 2011

(Dollars in thousands)

	<u>2012</u>	<u>2011</u>
Cash flows from operating activities:		
Receipts from customers and users	\$ 132,531	130,969
Payments to suppliers of goods and services	(38,307)	(40,446)
Payments to or on behalf of employees	(38,859)	(40,060)
Payments for interfund services used	(2,013)	(2,299)
Net cash provided by operating activities	<u>53,352</u>	<u>48,164</u>
Cash flows from noncapital financing activities:		
Transfers to other funds of the City of St. Louis, Missouri	(6,097)	(6,079)
Net cash used in noncapital financing activities	<u>(6,097)</u>	<u>(6,079)</u>
Cash flows from capital and related financing activities:		
Cash collections from passenger facility charges	24,937	24,956
Receipt of federal financial assistance	7,334	15,544
Acquisition and construction of capital assets	(50,570)	(32,465)
Insurance recoveries	7,000	15,254
Proceeds from the sale of surplus property	171	(1,338)
Cash paid for bond refunding	(35,302)	(51,095)
Proceeds from issuance of bond	32,741	30,943
Principal paid on revenue bond maturities	(19,985)	(29,970)
Interest paid on revenue bonds	(41,653)	(47,725)
Net cash used in capital and related financing activities	<u>(75,327)</u>	<u>(75,896)</u>
Cash flows from investing activities:		
Purchases of investments	(400,880)	(410,094)
Proceeds from sales and maturities of investments	406,341	459,887
Investment income	2,405	2,794
Net cash provided by investing activities	<u>7,866</u>	<u>52,587</u>
Net (decrease) increase in cash and cash equivalents	<u>(20,206)</u>	<u>18,776</u>
Cash and cash equivalents:		
Beginning of year:		
Unrestricted	38,733	9,346
Restricted	55,344	65,955
	<u>94,077</u>	<u>75,301</u>
End of year:		
Unrestricted	37,737	38,733
Restricted	36,134	55,344
	<u>\$ 73,871</u>	<u>\$ 94,077</u>
Reconciliation of operating gain (loss) to net cash provided by operating activities:		
Operating gain (loss)	\$ 1,835	(14,523)
Adjustments to reconcile operating gain to net cash provided by operating activities:		
Depreciation and amortization	47,815	47,288
Changes in assets and liabilities:		
Accounts receivable, net	1,965	6,210
Supplies and materials	(313)	97
Other assets	47	10,740
Accounts payable and accrued expenses	2,081	(1,664)
Deferred revenue	(574)	330
Due to/from the City of St. Louis, Missouri	967	355
Other long-term liabilities	(471)	(669)
Total adjustments	<u>51,517</u>	<u>62,687</u>
Net cash provided by operating activities	<u>\$ 53,352</u>	<u>\$ 48,164</u>
Supplemental disclosures for noncash financing activities:		
Loss on disposal of surplus property	\$ —	(63)
Unrealized loss on investments	(414)	(118)

See accompanying notes to basic financial statements.

LAMBERT – ST. LOUIS INTERNATIONAL AIRPORT
(An Enterprise Fund of the City of St. Louis, Missouri)

Notes to Basic Financial Statements

June 30, 2012 and 2011

(Dollars in thousands)

(1) Summary of Significant Accounting Policies

The Lambert – St. Louis International Airport (the Airport) is owned and operated by the City of St. Louis, Missouri (the City). The Airport is an enterprise fund of the City, and therefore, the basic financial statements of the Airport are not intended to present the financial position, changes in financial position, and cash flows of the City as a whole in conformity with U.S. generally accepted accounting principles.

(a) Basis of Accounting

Governmental enterprise funds are used to account for operations of governmental entities that are financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

The Airport prepares its financial statements in accordance with U.S. generally accepted accounting principles for governmental enterprise funds, which are similar to those for private business enterprises. Accordingly, the economic resource measurement focus and the accrual basis of accounting are used whereby revenues are recorded when earned and expenses are recorded when incurred.

In reporting its financial activity, the Airport applies all applicable Governmental Accounting Standards Board (GASB) pronouncements, as well as the following pronouncements issued on or before November 30, 1989, unless these pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board (APB) opinions, and Accounting Research Bulletins (ARBs) of the Committee on Accounting Procedures.

Enterprise funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with an enterprise fund's ongoing operations. Revenues from airlines, concessions, and parking are reported as operating revenues. Transactions that are capital, financing, or investing related are reported as non-operating revenues. All expenses related to operating the Airport are reported as operating expenses. Interest expense, financing costs, and losses on the disposal of capital assets are reported as non-operating expenses.

(b) Accounts Receivable

Accounts receivable at June 30, 2012 and 2011 consists of \$2,972 and \$4,937, respectively, due from air carriers and concessionaires with operations at the Airport. Such amounts are recorded net of allowances for uncollectible accounts of \$94 and \$54 at June 30, 2012 and 2011, respectively.

Accounts receivable from air carriers includes unbilled aviation revenue credits for the fiscal year amounting to \$3,304 and \$774 at June 30, 2012 and 2011, respectively, determined in accordance with the provisions of long-term use agreements between the Airport and the applicable air carriers.

LAMBERT – ST. LOUIS INTERNATIONAL AIRPORT
(An Enterprise Fund of the City of St. Louis, Missouri)

Notes to Basic Financial Statements

June 30, 2012 and 2011

(Dollars in thousands)

Amounts due or payable under the use agreements are settled annually with applicable air carriers (see note 9).

(c) *Supplies and Materials*

Supplies and materials represent items used in support of operations and maintenance of the Airport. Supplies and materials amounts are recorded at cost using a method that approximates the first-in, first-out method.

(d) *Passenger Facility Charges (PFCs)*

The Airport collects a \$4.50 (in dollars) facility charge per enplaned passenger to fund approved FAA projects. The PFCs are withheld by the respective airlines for each ticket purchased and passenger transfer made in St. Louis and remitted to the Airport one month after the month of receipt, less an \$0.11 (in dollars) per ticket operating fee retained by the airlines. PFCs represent an exchange-like transaction, and are recognized as non-operating revenue based upon passenger enplanements. Passenger facility charges receivable as of June 30, 2012 and 2011 were \$3,524 and \$2,917, respectively. These amounts were collected during July and August of 2011 and 2010, respectively.

(e) *Capital Assets*

Capital assets are recorded at cost. Depreciation, including depreciation recognized on assets acquired through government grants and other aid, is computed on the straight-line method over the estimated useful lives of the various classes of assets. Land is recorded at cost, which in addition to the purchase price, includes appraisal and legal fees, demolition, and homeowner relocation costs. Net interest costs on funds borrowed to finance the construction of capital assets are capitalized and amortized over the life of the related asset.

Airport management has evaluated prominent events or changes in circumstances affecting capital assets to determine whether any impairments of capital assets have occurred (see note 12). Such events or changes in circumstances that were considered by Airport management to be indicative of impairment include evidence of physical damage, enactment or approval of laws or regulations or other changes in environmental factors, technological changes or evidence of obsolescence, changes in the manner or duration of use of a capital asset, and construction stoppage.

(f) *Bond Discounts and Premiums, Deferred Amounts on Refunding, and Deferred Bond Issue Costs*

Bond discounts, bond premiums, and deferred amounts on refunding are recorded as reductions of or additions to the related debt obligation as appropriate. Such amounts are deferred and amortized over the life of the bonds using the bonds outstanding method.

Deferred bond issue costs represents costs related to the issuance of the Airport's outstanding revenue bonds. Such amounts are deferred and amortized over the life of the bonds using the bonds outstanding method.

LAMBERT – ST. LOUIS INTERNATIONAL AIRPORT
(An Enterprise Fund of the City of St. Louis, Missouri)

Notes to Basic Financial Statements

June 30, 2012 and 2011

(Dollars in thousands)

(g) Other Assets

Other assets, as of June 30, 2012 is comprised of an advance of \$1,689 provided to the Airport's parking contractor and will be repaid to the Airport at the conclusion of the parking contract.

(h) Accounts Payable and Accrued Expenses

Accounts payable and accrued expenses at June 30, 2012 and 2011 is comprised of \$5,125 and \$5,119, respectively, of accrued salaries and benefits; \$9,288 and \$7,224, respectively, due to vendors and contractors; and \$595 and \$584, respectively, of other accrued expenses.

(i) Vacation and Sick Leave Benefits

Under the terms of the City's personnel policy, City employees are granted vacation and sick leave. Employees who have an unused sick leave balance may, at retirement, elect to receive payment for one-half of the sick leave balance. As an estimate of the portion of sick leave that will result in termination payments, a liability has been recorded on the accompanying financial statements within other long-term liabilities representing one-half of the accumulated sick leave balances for those employees who will be eligible to retire within five years. The liability totaled \$1,930 and \$1,958 as of June 30, 2012 and 2011, respectively, and is included in other long-term liabilities.

The vacation liability reflects amounts attributable to employee services already rendered and are cumulative. The liability totaled \$3,302 and \$3,519 as of June 30, 2012 and 2011, respectively, and is included in accounts payable and accrued expenses.

(j) Capital Contributions and Intergovernmental Revenue

Capital contributions represent government grants and other aid used to fund capital projects. Generally, capital contributions are recognized when the related expenditure is made and amounts become subject to claim for reimbursement. Certain Airport Improvement Program grants include look-back provisions, which allow the Airport to seek reimbursement for expenditures incurred prior to the respective Airport Improvement Program grant award date. In such circumstances, the Airport recognizes capital contributions for such grants upon meeting both the applicable eligibility requirements established by GASB Statement No. 33, *Accounting for Nonexchange Transactions*, and upon the designation of expenditures as eligible Airport Improvement Program expenditures as evaluated through the report date of the accompanying financial statements. Amounts received from other governments that are not restricted for capital purposes are reflected as non-operating intergovernmental revenue.

(k) Statements of Cash Flows

For purposes of the statements of cash flows, cash and cash equivalents is defined as all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased.

LAMBERT – ST. LOUIS INTERNATIONAL AIRPORT
(An Enterprise Fund of the City of St. Louis, Missouri)

Notes to Basic Financial Statements

June 30, 2012 and 2011

(Dollars in thousands)

(l) Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

(m) Use of Estimates

Certain 2011 amounts have been reclassified to conform with the 2012 presentation.

(2) Cash and Investments

Investments are recorded at fair value. Fair value for investments is determined by closing market prices at year-end as reported by the respective investment custodian.

The Airport deposits all cash with the Office of the Treasurer of the City, which maintains all banking relationships for the Airport. Additionally, all investment decisions are made by the City Treasurer and the City's agents.

Certificates of deposit are defined as investments for balance sheet classification and cash flow purposes; for custodial risk disclosure, however, they are described below as cash deposits. In addition, money market mutual funds are classified as cash and cash equivalents on the balance sheet, but as investments for custodial risk disclosure.

In accordance with Accounting Research Bulletin No. 43, *Restatement and Revision of Accounting Research Bulletins*, the Airport's current assets contemplates the exclusion of resources that are restricted as to withdrawal or use for other than current operations, are designated for expenditure in the acquisition or construction of noncurrent assets, or are segregated for the liquidation of long term debts (except for maturing debt that is recorded as a current liability).

LAMBERT – ST. LOUIS INTERNATIONAL AIRPORT
(An Enterprise Fund of the City of St. Louis, Missouri)

Notes to Basic Financial Statements

June 30, 2012 and 2011

(Dollars in thousands)

As of June 30, 2012 and 2011, the Airport had the following cash deposits and investments:

	<u>2012</u>	<u>2011</u>
Federal Home Loan Bank	\$ 95,966	64,310
Federal National Mortgage Association	37,222	61,332
Federal Home Loan Mortgage Corporation	49,701	55,880
Federal National Mortgage Pool	27,632	28,855
Federal Farm Credit Discount Notes	11,491	16,592
U.S. Treasury Bills and Notes	32,846	33,812
Government Backed Trusts	1,018	970
Money Market Mutual Funds	24,397	46,594
Certificates of deposit	10,837	—
Other cash deposits	38,637	47,483
	<u>\$ 329,747</u>	<u>355,828</u>

State statutes and City investment policies authorize the deposit of funds in financial institutions and trust companies. Investments may be made in obligations of the United States Government or any agency or instrumentality thereof; bonds of the State of Missouri, the City of St. Louis, Missouri, or any city within the state with a population of 400,000 inhabitants or more; or time certificates of deposit; provided, however, that no such investment shall be purchased at a price in excess of par. In addition, the City may enter into repurchase agreements maturing and becoming payable within 90 days secured by United States Treasury obligations or obligations of the United States Government agencies or instrumentalities of any maturity as provided by law. City funds in the form of cash on deposit or time certificates of deposit are required to be insured or collateralized by authorized investments held in the City's name.

(a) Interest Rate Risk

The Airport seeks to minimize its exposure to fair value losses arising from changes in interest rates by selecting investments in adherence to the Investment Policy for the City of St. Louis, Missouri (Investment Policy). The Investment Policy provides that, to the extent possible, the City shall attempt to match its investments with anticipated cash flow requirements. Unless matched to a specific cash flow, the City will not directly invest in securities or make a time deposit with a stated maturity or more than five years from the date of purchase. The average maturity for collateral provided to the City for deposits in connection with a repurchase agreement shall not exceed five years without the written approval of the Treasurer. In connection with any outstanding bond issue, debt service reserve funds may be invested to a maximum maturity of 15 years, and up to 30 years with the approval of the Treasurer.

LAMBERT – ST. LOUIS INTERNATIONAL AIRPORT
(An Enterprise Fund of the City of St. Louis, Missouri)

Notes to Basic Financial Statements

June 30, 2012 and 2011

(Dollars in thousands)

The investments had the following maturities on June 30, 2012:

	Fair value	Investment maturities (in years)		
		Less than 1	1 – 5	6 – 10
Federal Home Loan Bank	\$ 95,966	93,495	2,471	—
Federal National Mortgage Association	37,222	5,028	29,284	2,910
Federal Home Loan Mortgage Corporation	49,701	34,207	15,494	—
Federal Farm Credit Discount Notes	11,491	11,491	—	—
U.S. Treasury Bills and Notes	32,846	15,455	17,391	—
Federal National Mortgage Pool	27,632	27,632	—	—
Government Backed Trusts	1,018	—	1,018	—
Money Market Mutual Funds	24,397	24,397	—	—
	<u>\$ 280,273</u>	<u>211,705</u>	<u>65,658</u>	<u>2,910</u>

The investments had the following maturities on June 30, 2011:

	Fair value	Investment maturities (in years)		
		Less than 1	1 – 5	6 – 10
Federal Home Loan Bank	\$ 64,310	51,041	13,269	—
Federal National Mortgage Association	61,332	39,325	22,007	—
Federal Home Loan Mortgage Corporation	55,880	50,873	5,007	—
Federal Farm Credit Discount Notes	16,592	16,592	—	—
U.S. Treasury Bills and Notes	33,812	33,812	—	—
Federal National Mortgage Pool	28,855	28,855	—	—
Government Backed Trusts	970	—	970	—
Money Market Mutual Funds	46,594	46,594	—	—
	<u>\$ 308,345</u>	<u>267,092</u>	<u>41,253</u>	<u>—</u>

(b) Credit Risk

The Investment Policy provides that investments of the City be rated in one of the three-highest ratings categories by Moody's Investors Service, Standard & Poor's Corporation, or Fitch's Ratings Service.

LAMBERT – ST. LOUIS INTERNATIONAL AIRPORT
(An Enterprise Fund of the City of St. Louis, Missouri)

Notes to Basic Financial Statements

June 30, 2012 and 2011

(Dollars in thousands)

The investments had the following ratings on June 30, 2012:

	Fair value	Investment Ratings (Standard and Poor's)			
		AAA	A-1+	AA+	Not Rated
Federal Home Loan Bank	\$ 95,966	1,567	22,394	47,725	24,280
Federal National Mortgage Association	37,222	—	2,515	34,696	11
Federal Home Loan Mortgage Corporation	49,701	—	33,891	15,648	162
Federal Farm Credit Discount Notes	11,491	—	—	11,491	—
U.S. Treasury Bills and Notes*	32,846	—	—	—	32,846
Federal National Mortgage Pool	27,632	—	—	—	27,632
Government Backed Trusts	1,018	—	—	1,018	—
Money Market Mutual Funds	24,397	24,397	—	—	—
	<u>\$ 280,273</u>	<u>25,964</u>	<u>58,800</u>	<u>110,578</u>	<u>84,931</u>

*The Airport's investments in U.S. Treasury Bills and Notes are explicitly guaranteed by the U.S. government and, therefore, do not require a rating.

The investments had the following ratings on June 30, 2011:

	Fair value	Investment Ratings (Standard and Poor's)			
		AAA	A-1+	AA+	Not Rated
Federal Home Loan Bank	\$ 64,310	26,669	37,641	—	—
Federal National Mortgage Association	61,332	20,708	39,193	—	1,431
Federal Home Loan Mortgage Corporation	55,880	5,007	50,873	—	—
Federal Farm Credit Discount Notes	16,592	10,003	2,678	—	3,911
U.S. Treasury Bills and Notes*	33,812	—	—	—	33,812
Federal National Mortgage Pool	28,855	28,855	—	—	—
Government Backed Trusts	970	970	—	—	—
Money Market Mutual Funds	46,594	46,594	—	—	—
	<u>\$ 308,345</u>	<u>138,806</u>	<u>130,385</u>	<u>—</u>	<u>39,154</u>

*The Airport's investments in U.S. Treasury Bills and Notes are explicitly guaranteed by the U.S. government and, therefore, do not require a rating.

LAMBERT – ST. LOUIS INTERNATIONAL AIRPORT
(An Enterprise Fund of the City of St. Louis, Missouri)

Notes to Basic Financial Statements

June 30, 2012 and 2011

(Dollars in thousands)

(c) Custodial Credit Risk

Custodial credit risk is the risk that, in the event of the failure of a counterparty, the Airport will not be able to recover the value of the investments or collateral securities that are in the possession of the counterparty.

The Investment Policy requires that all cash deposits, time certificates of deposit, deposits with listed institutions, and repurchase agreements be covered by adequate pledged collateral. Acceptable collateral includes U.S. Treasury obligations, other interest-bearing securities guaranteed as to principal and interest by the U.S. or an agency or instrumentality of the U.S., bonds of the State of Missouri, or bonds of the City. The market value of the principal and accrued interest of the collateral must equal 103% of the deposits secured, less any amount subject to federal deposit insurance. All City securities and securities pledged as collateral must be held in a segregated account on behalf of the City by an independent third party with whom the City has a current custodial agreement and has been designated by the Treasurer and Funds Committee as eligible to serve in such a capacity.

At June 30, 2012 and 2011, all Airport investments and all collateral securities pledged against Airport deposits are held by the counterparty's trust department or agent in the City's name.

(d) Concentration of Credit Risk

The Investment Policy of the City provides that, with the exception of U.S. Treasury Securities, no more than 35% of the City's total investment portfolio will be invested in a single security type or with a single financial institution. The Airport has no separate policy related to the concentration of credit risk, and the Airport's concentration of credit risk is considered in conjunction with the review of the concentration of credit risk for the City's total investment portfolio.

At June 30, 2012, the concentration of the Airport's investments (excluding cash deposits) was as follows:

Federal Home Loan Bank	34.24%
Federal National Mortgage Assoc.	13.28
Federal Home Loan Mortgage Corp.	17.73
Federal Farm Credit Discount Notes	4.10
U.S. Treasury Bills and Notes	11.72
Federal National Mortgage Pool	9.86
Government Backed Trusts	0.36
Money Market Mutual Funds	8.71
	<hr/>
	100.00%
	<hr/>

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At June 30, 2011, the concentration of the Airport's investments (excluding cash deposits) was as follows:

Federal Home Loan Bank	20.86%
Federal National Mortgage Assoc.	19.89
Federal Home Loan Mortgage Corp.	18.12
Federal Farm Credit Discount Notes	5.38
U.S. Treasury Bills and Notes	10.97
Federal National Mortgage Pool	9.36
Government Backed Trusts	0.31
Money Market Mutual Funds	15.11
	<hr/>
	100.00%
	<hr/>

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(3) Restricted Assets

Cash and investments, restricted in accordance with bond provisions, are as follows at June 30, 2012 and 2011:

	<u>2012</u>	<u>2011</u>
Airport Bond Fund:		
Debt Service Account	\$ 52,125	42,255
Debt Service Reserve Account	48,303	46,215
Airport Renewal and Replacement Fund	3,500	3,500
Passenger Facility Charge Fund	20,697	27,990
Airport Debt Service Stabilization Fund	38,211	38,211
Airport Construction Fund	63,946	80,434
Drug Enforcement Agency Funds	2,339	2,328
	<u>\$ 229,121</u>	<u>240,933</u>

Bond provisions require that revenues derived from the operation of the Airport be deposited into the unrestricted Airport Revenue Fund. From this fund, the following allocations are made (as soon as practicable in each month after the deposit of revenues, but no later than five business days before the end of each month) in the following order of priority, and as applicable:

- (a) Unrestricted Airport Operation and Maintenance Fund: an amount sufficient to pay the estimated operation and maintenance expenses during the next month.
- (b) Airport Bond Fund: for credit to the Debt Service Account if and to the extent required so that the balance in said account shall equal the accrued aggregate debt service on the bonds, to the last day of the then current calendar month. This account shall be used only for payment of bond principal and interest as the same shall become due.
- (c) Airport Bond Fund: for credit to the Debt Service Reserve Account: an amount sufficient to maintain a balance in such account equal to the debt service reserve requirement (an amount equal to the greatest amount of principal and interest due in any future fiscal year). This account shall be available for deficiencies in the Debt Service Account on the last business day of any month, and the balance shall be transferred to the Debt Service Account whenever the balance in the Debt Service Account (before the transfer) is not sufficient to pay fully all outstanding bonds.
- (d) Arbitrage Rebate Fund: an amount necessary to fund the Arbitrage Rebate in order to pay the Rebate Amount when due and payable.
- (e) Subordinated Indebtedness: an amount sufficient to pay Subordinated Indebtedness in accordance with the authorizing and implementing documents for such Subordinated Indebtedness.

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- (f) Airport Renewal and Replacement Fund: an amount equal to \$57, provided that no deposit shall be required to be made into said fund whenever and as long as uncommitted moneys in said fund are equal to or greater than \$3,500 or such larger amount as the City shall determine is necessary for purposes of said fund and provided further that, if any such monthly allocation to said fund shall be less than the required amounts, the amount of the next succeeding monthly payments shall be increased by the amount of such deficiency. This fund shall be used for paying costs of renewal or replacement of capital items used in connection with the operation of the Airport.
- (g) A subaccount in the Airport Revenue Fund: an amount determined from time-to-time by the City such that, if deposits were made in amounts equal to such amount in each succeeding month during each Airport fiscal year, the balance in such subaccount shall equal the amounts payable to the City with respect to such Airport fiscal year for the payment of 5% of gross receipts from operations of the Airport. A maximum of 80% of the monthly transfer to this subaccount may be paid to the City during the Airport's fiscal year. The final installment may only be paid to the City upon delivery of the Airport's audited financial statements to the Airport Bond Fund Trustee.
- (h) Airport Debt Service Stabilization Fund and the Airport Development Fund: various amounts for fiscal years 2006 through 2012, achieved a balance of \$38,211 at the end of fiscal year 2011. Beginning in fiscal year 2012, the Airport will allocate an amount sufficient to bring the amount on deposit in the Debt Stabilization Fund equal to the Debt Stabilization Fund Requirement (or such lesser amount as is available in the Revenue Fund for such transfer).
- (i) The remaining balance in the Revenue Fund shall be deposited into the Airport Development Fund. This fund shall be used for extensions and improvements to the Airport, including equipment acquisition.

Bond provisions provide that, in the event the sums on deposit in the Airport Bond Fund – Debt Service and Debt Service Reserve Accounts are insufficient to pay accruing interest, maturing principal or both, Airport Development Fund, and Airport Renewal and Replacement Fund may be drawn upon, to the extent necessary, to provide for the payment of such interest, principal, or both. Any sums so withdrawn from these accounts for said purposes shall be restored thereto in the manner provided for in their original establishment. Bond provisions also provide that the principal proceeds from the sale of Airport revenue bonds shall be held in the Airport Construction Fund from which they shall be disbursed for the purposes contemplated in the related bond provisions and City ordinances.

Passenger Facility Charge Fund and Drug Enforcement Agency Funds are restricted in accordance with program agreements.

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(4) Capital Assets

Following is a summary of the changes in capital assets for the year ended June 30, 2012:

	Balances June 30, 2,011	Additions	Retirements	Transfers	Balances June 30, 2,012
Capital assets being depreciated:					
Pavings	\$ 973,382	173	—	1,806	975,361
Buildings and facilities	501,197	696	—	18,985	520,878
Equipment	72,071	2,571	(1,111)	1,051	74,582
	<u>1,546,650</u>	<u>3,440</u>	<u>(1,111)</u>	<u>21,842</u>	<u>1,570,821</u>
Less accumulated depreciation:					
Pavings	(344,561)	(29,850)	—	—	(374,411)
Buildings and facilities	(307,971)	(14,558)	—	—	(322,529)
Equipment	(48,909)	(3,408)	1,028	—	(51,289)
Total accumulated depreciation	<u>(701,441)</u>	<u>(47,816)</u>	<u>1,028</u>	<u>—</u>	<u>(748,229)</u>
Total capital assets being depreciated	<u>845,209</u>	<u>(44,376)</u>	<u>(83)</u>	<u>21,842</u>	<u>822,592</u>
Capital assets not being depreciated:					
Land	751,105	251	—	—	751,356
Construction in progress	23,990	60,225	(3,877)	(21,842)	58,496
Easements	3,506	—	—	—	3,506
Total capital assets not being depreciated	<u>778,601</u>	<u>60,476</u>	<u>(3,877)</u>	<u>(21,842)</u>	<u>813,358</u>
	<u>\$ 1,623,810</u>	<u>16,100</u>	<u>(3,960)</u>	<u>—</u>	<u>1,635,950</u>

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Following is a summary of the changes in capital assets for the year ended June 30, 2011:

	Balances June 30, 2010	Additions	Retirements	Transfers	Balances June 30, 2011
Capital assets being depreciated:					
Pavings	\$ 952,919	—	(428)	20,891	973,382
Buildings and facilities	488,110	10,822	(4,918)	7,183	501,197
Equipment	70,245	3,464	(1,647)	9	72,071
	<u>1,511,274</u>	<u>14,286</u>	<u>(6,993)</u>	<u>28,083</u>	<u>1,546,650</u>
Less accumulated depreciation:					
Pavings	(314,741)	(29,864)	44	—	(344,561)
Buildings and facilities	(297,514)	(13,845)	3,388	—	(307,971)
Equipment	(46,919)	(3,579)	1,589	—	(48,909)
	<u>(659,174)</u>	<u>(47,288)</u>	<u>5,021</u>	<u>—</u>	<u>(701,441)</u>
Total accumulated depreciation					
	<u>(659,174)</u>	<u>(47,288)</u>	<u>5,021</u>	<u>—</u>	<u>(701,441)</u>
Total capital assets being depreciated	<u>852,100</u>	<u>(33,002)</u>	<u>(1,972)</u>	<u>28,083</u>	<u>845,209</u>
Capital assets not being depreciated:					
Land	750,837	339	(71)	—	751,105
Construction in progress	32,872	25,235	(6,034)	(28,083)	23,990
Easements	3,506	—	—	—	3,506
	<u>787,215</u>	<u>25,574</u>	<u>(6,105)</u>	<u>(28,083)</u>	<u>778,601</u>
Total capital assets not being depreciated	<u>787,215</u>	<u>25,574</u>	<u>(6,105)</u>	<u>(28,083)</u>	<u>778,601</u>
	<u>\$ 1,639,315</u>	<u>(7,428)</u>	<u>(8,077)</u>	<u>—</u>	<u>1,623,810</u>

Construction in progress as of June 30, 2012 and 2011 consists of various improvements to the airfield and terminal buildings, as well as property purchased on which the Airport's expansion facilities will be constructed.

The estimated useful lives of capital assets are as follows:

	Years
Pavings	5 – 30
Buildings and facilities	5 – 30
Equipment	3 – 20

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(5) Change in Long-Term Liabilities

Following is a summary of the changes in long-term liabilities for the year ended June 30, 2012:

	Balance June 30, 2011	Additions	Reductions	Balance June 30, 2012	Due within one year
Revenue bonds payable (see note 6)	\$ 855,060	31,395	(52,495)	833,960	30,655
Unamortized discounts, premiums, and deferred amounts on refunding (see note 6)	18,978	1,346	(3,491)	16,833	—
Net pension obligation (see note 14)	1,775	—	(16)	1,759	—
Pension Funding Project (see note 14)	5,427	—	(82)	5,345	91
Other long-term liabilities	523	—	(62)	461	—
Accrued vacation, compensatory, and sick time benefits	5,904	3,706	(3,974)	5,636	3,706
Deferred lease revenues	6,312	—	(281)	6,031	—
Total	\$ 893,979	36,447	(60,401)	870,025	34,452

Following is a summary of the changes in long-term liabilities for the year ended June 30, 2011:

	Balance June 30, 2010	Additions	Reductions	Balance June 30, 2011	Due within one year
Revenue bonds payable (see note 6)	\$ 905,405	29,535	(79,880)	855,060	19,985
Unamortized discounts, premiums, and deferred amounts on refunding (see note 6)	18,813	3,079	(2,914)	18,978	—
Net pension obligation (see note 14)	1,790	—	(15)	1,775	—
Due to City of Bridgeton	3,500	—	(3,500)	—	—
Pension Funding Project (see note 14)	5,510	—	(83)	5,427	89
Other long-term liabilities	651	—	(128)	523	—
Accrued vacation, compensatory, and sick time benefits	5,979	3,946	(4,021)	5,904	3,946
Deferred lease revenues	6,594	—	(282)	6,312	—
Total	\$ 948,242	36,560	(90,823)	893,979	24,020

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(6) Revenue Bonds Payable

Bonds outstanding at June 30, 2012 and 2011 are summarized as follows:

	<u>2012</u>	<u>2011</u>
Bond Series 1997B, interest rate of 6%, payable in varying amounts through 2015	\$ 16,825	21,860
Bond Series 2001A, interest rates ranging from 4.60% to 5.00%, payable in varying amounts through 2012	—	7,060
Bond Series 2002, Series A, interest rates ranging from 4.00% to 5.25%, payable in varying amounts through 2014	3,435	38,450
Bond Series 2003A, interest rates ranging from 3.75% to 5.25%, payable in varying amounts through 2019	45,825	51,210
Bond Series 2005, interest rate ranging from 4.00% to 5.50%, payable in varying amounts through 2032	263,695	263,695
Bond Series 2007A, interest rate ranging from 4.00% to 5.25%, payable in varying amounts through 2033	231,275	231,275
Bond Series 2007B, interest rate of 5.00%, payable in varying amounts through 2028	104,735	104,735
Bond Series 2009A, interest rate ranging from 5.125% to 6.63%, payable in varying amounts through 2035	107,240	107,240
Bond Series 2011AB, interest rate ranging from 3.00% to 5.00%, payable in varying amounts through 2016	29,535	29,535
Bond Series 2012, interest rate ranging from 3.00% to 5.00%, payable in varying amounts through 2033	31,395	—
	<u>833,960</u>	<u>855,060</u>
Less:		
Current maturities	(30,655)	(19,985)
Unamortized discounts and premiums	41,116	44,612
Deferred amounts on refunding	(24,283)	(25,634)
	<u>(13,822)</u>	<u>(1,007)</u>
	<u>\$ 820,138</u>	<u>854,053</u>

Interest payments on the above issues are due semiannually on January 1 and July 1.

On June 30, 2012, the Airport issued \$31,395 in Series 2012 Revenue Refunding Bonds payable in varying amounts from 2013 through 2032 with interest rates ranging from 3.00% to 5.00%. The Series 2012 Bonds, along with other sources of funding totaling \$4,082 were used to advance refund the remaining outstanding bonds from the 2002 B Series Revenue Refunding Bonds totaling \$27,685 and the 2002 C Series Airport Revenue Bonds totaling \$4,825. The net proceeds of \$32,564 (after the addition of a net

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issue premium of \$1,346 and payment of \$177 in issuance costs) as well as the \$4,082 of other sources of funding were deposited into an irrevocable trust with an escrow agent to provide for the refunded debt service payments. At June 30, 2012, \$27,685 of 2002 B Series Revenue Refunding bonds and \$4,825 of 2002 C Series Revenue bonds are considered defeased. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the Airport's financial statements.

The Airport completed the advance refunding to reduce its total debt services payments over the next 20 years by \$1,407 and to obtain an economic gain (difference between the present value of the old and new debt services payments) of \$958.

On June 30, 2011, the Airport issued \$29,535 in Series 2011 A and B Revenue Refunding Bonds payable in varying amounts from 2013 through 2016 with interest rates ranging from 3.00% to 5.00%. The Series 2011 Bonds, along with other sources of funding totaling \$26,141 were used to advance refund the remaining outstanding bonds from the 1998 Series Revenue Refunding bonds totaling \$33,135 and the 2009A-2 Series Revenue bonds totaling \$16,775. The net proceeds of \$30,738 (after the addition of a net issue premium of \$1,408 and payment of \$205 in issuance costs) as well as the \$26,141 of other sources of funding were deposited into an irrevocable trust with an escrow agent to provide for the refunded debt service payments. At June 30, 2011, \$33,135 of 1998 Series Revenue Refunding bonds and \$16,775 of 2009A-2 Series Revenue bonds are considered defeased. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the Airport's financial statements.

The Airport completed the advance refunding to reduce its total debt services payments over the next 25 years by \$6,569 and to obtain an economic gain (difference between the present value of the old and new debt services payments) of \$1,378.

The deferred amounts on refunding of \$24,283 and \$25,634 at June 30, 2012 and 2011, respectively, are included in revenue bonds payable within the accompanying balance sheets. The deferred amounts on refunding are amortized as a component of interest expense using the bonds outstanding method over the life of the new bonds or of the old bonds, whichever is less.

Management is not aware of any violations of significant bond covenants with respect to the above issues at June 30, 2012 and 2011.

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As of June 30, 2012, the Airport's aggregate debt service requirements for the next five years and in five-year increments thereafter are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year(s) ending June 30:			
2013	\$ 30,655	43,001	73,656
2014	36,405	41,628	78,033
2015	37,955	39,713	77,668
2016	40,270	37,730	78,000
2017	38,980	35,648	74,628
2018 – 2022	198,665	146,611	345,276
2023 – 2027	205,615	95,442	301,057
2028 – 2032	211,095	39,705	250,800
2033 – 2035	34,320	2,838	37,158
	<u>\$ 833,960</u>	<u>482,316</u>	<u>1,316,276</u>

In prior years, the Airport advance refunded various Airport Revenue Bonds by placing funds in an irrevocable trust to provide for all future debt service payments on these bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the Airport's financial statements. At June 30, 2012 and 2011, \$529,075 and \$559,550, respectively, of these outstanding bonds are considered defeased.

(7) Use Agreements and Leases with Signatory Air Carriers

Effective July 1, 2011, the Airport entered into long-term use and lease agreements with signatory air carriers that will expire on June 30, 2016. Under the terms of the use and lease agreements, the air carriers have agreed to pay airfield landing fees; terminal and concourse rentals; hangar, cargo, and maintenance facility rentals; and certain miscellaneous charges in consideration for use of the Airport. The use and lease agreements also require the Airport to make certain capital improvements and to provide maintenance of certain Airport facilities. Payments by the air carriers are determined as follows:

- (a) Landing fees are calculated based on estimated operating and maintenance expenses of the airfield and allocated to the air carriers on the basis of landing weights. Landing fee revenues are adjusted each year by retroactive rate adjustment that is calculated as the difference between estimated and actual costs incurred and estimated and actual landing weights. These revenues are included in aviation revenue – airfield.
- (b) Rentals are calculated based on estimated operating and maintenance expenses of the terminal and concourse areas and hangars, cargo, and maintenance facilities, and allocated to the air carriers on the basis of square footage utilized. Rental revenue is adjusted each year by retroactive rate adjustment that is calculated as the difference between estimated and actual costs incurred. These revenues are included in aviation revenue – terminal and concourses, hangars, and other buildings or cargo buildings, respectively.

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- (c) Miscellaneous income is derived from the air carriers for their use of sanitary disposal facilities and airline service buildings.

During fiscal years 2012 and 2011, revenues from signatory air carriers accounted for 55% and 57%, respectively, of total Airport operating revenues.

Minimum future rentals for each year in the next five years and in the aggregate are not determinable given the method of calculation.

The following is a summary of aviation revenue by category and source from signatory and non-signatory air carriers for the years ended June 30, 2012 and 2011:

2012			
	Signatory	Non-signatory	Total
Airfield	\$ 51,669	12,561	64,230
Terminal and concourses	19,644	2,819	22,463
Hangars and other buildings	271	610	881
Cargo buildings	590	366	956
	<u>\$ 72,174</u>	<u>16,356</u>	<u>88,530</u>

2011			
	Signatory	Non-signatory	Total
Airfield	\$ 53,126	9,415	62,541
Terminal and concourses	16,683	1,589	18,272
Hangars and other buildings	832	56	888
Cargo buildings	720	183	903
	<u>\$ 71,361</u>	<u>11,243</u>	<u>82,604</u>

No assurance can be given as to the levels of aviation activity that will be achieved at the Airport in future fiscal years. Future traffic at the Airport is sensitive to a variety of factors including: (1) the growth in the population and the economy of the area served by the Airport; (2) national and international political and economic conditions, including the effects of any past or future terrorist attacks; (3) air carrier economics and air fares; (4) the availability and price of aviation fuel; (5) air carrier service and route networks; (6) the capacity of the air traffic control system; and (7) the capacity of the Airport/airways system.

The level of aviation activity at the Airport can have a material impact on the amount of total revenues generated at the Airport. However, Airport management believes the risk of significant variance in Airport revenues is mitigated by the Airport Use Agreements, concession agreements, and other leases, which contain minimum annual revenue guarantees.

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(8) Use Agreement with Signatory Air Carriers – American Airlines, Inc. and Southwest Airlines

American Airlines, Inc. (American) and Southwest Airlines (Southwest) represent the major air carriers providing air passenger service at the Airport.

American provided 13% and 15% of the Airport's total operating revenues and 24% and 27% of total revenues from signatory air carriers for the fiscal years ended June 30, 2012 and 2011, respectively. Accounts receivable at June 30, 2012 and 2011 contained \$1,361 and \$(143), respectively, relating to amounts owed to the Airport by American. These amounts include \$463 and \$555 of unbilled aviation revenue credits at June 30, 2012 and 2011, respectively.

Southwest provided 26% and 24% of the Airport's total operating revenues and 47% and 41% of total revenues from participating air carriers for the fiscal years ended June 30, 2012 and 2011, respectively. Accounts receivable at June 30, 2012 and 2011 contained \$(386) and \$(150), respectively, relating to amounts owed to the Airport by Southwest. These amounts include \$1,609 and \$6 of unbilled aviation revenue credits at June 30, 2012 and 2011, respectively.

(9) Operating Leases

The Airport leases facilities and land with varying renewal privileges to various non-signatory air carriers, concessionaires, and others. These leases, for periods ranging from 1 to 50 years, require the payment of minimum annual rentals. The following is a schedule by year of minimum future rentals on non-cancelable operating leases, other than leases with signatory airlines, pursuant to long-term use agreements:

Year(s) ending June 30:	
2013	\$ 19,533
2014	17,715
2015	11,626
2016	4,900
2017	4,629
2018 – 2022	16,674
2023 – 2027	4,961
2028 – 2032	4,961
2033 – 2037	1,601
Total minimum future rentals	\$ <u>86,600</u>

The above amounts do not include contingent rentals that may be received under certain leases. Such contingent rentals amounted to \$3,912 and \$3,347 for the years ended June 30, 2012 and 2011, respectively.

Deferred lease revenues included in other long-term liabilities in the amount of \$6,031 and \$6,312 as of June 30, 2012 and 2011, respectively, represent the upfront lease revenues received by the Airport for the lease of certain land.

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The Airport leases computer and other equipment and has service agreements under non-cancelable arrangements that expire at various dates through 2014. Expenses for operating leases and service agreements were \$114 and \$107 for the years ended June 30, 2012 and 2011, respectively. Future minimum payments are as follows:

Year ending June 30:		
2013	\$	43
2014		31
2015		21
2016		12
		107
Total minimum future rentals	\$	107

(10) Concessionaire Revenues

During fiscal years 2012 and 2011, revenues from concessionaires accounted for 16% and 17%, respectively, of total Airport operating revenues.

Following is a summary of rental revenues received by type of concessionaire for the years ended June 30, 2012 and 2011:

	<u>2012</u>	<u>2011</u>
Advertising	\$ 1,391	1,465
Transportation services	1,105	1,114
Automobile rental	11,110	10,589
General merchandise sales	1,930	2,052
Food and catering services	4,126	4,107
Other	1,948	1,992
	\$ 21,610	21,319

(11) Parking Revenue, net

Parking revenues, net represents revenues collected in conjunction with the operations of the Airport parking facilities, net of related expenses. Gross parking revenue and parking expenses for the years ended June 30, 2012 and 2011 are as follows:

	<u>2012</u>	<u>2011</u>
Parking revenues	\$ 28,195	27,954
Parking expenses	(11,255)	(11,135)
Parking revenues, net	\$ 16,940	16,819

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(12) Impairment of Capital Assets

Airport management performed an evaluation of capital assets, including whether prominent events or changes in circumstances affecting capital assets occurred, which may be indicative of impairment. As a result of evaluation of capital assets performed, and subsequent measurement of potential impairment losses, the Airport did not identify any impairments of capital assets during the years ended June 30, 2012 and 2011, respectively.

(13) Related-Party Transactions

During the years ended June 30, 2012 and 2011, the City charged the Airport \$1,674 and \$1,742, respectively, for services rendered by various City departments, which are included in the Airport's operating expenses as inter-fund services used.

Each year the Airport pays the City a gross receipts tax equal to 5% of the Airport's gross receipts. During the years ended June 30, 2012 and 2011, gross receipts tax amounted to \$6,097 and \$6,079, respectively, and is reflected as transfers out in the accompanying basic financial statements. As of June 30, 2012 and 2011, \$1,985 and \$1,820, respectively, remain unpaid.

(14) Retirement Plans

All employees of the Airport are covered by one of two Citywide employee retirement plans. The employees of the Airport Fire Department are covered by the Firemen's Retirement System of St. Louis (Firemen's System), a single-employer defined benefit retirement plan. All other employees are covered by the Employees' Retirement System of the City of St. Louis (Employees' System), a cost-sharing, multiple-employer, public defined benefit retirement plan. Each system is administered by a separate Board of Trustees, members of which are appointed by City officials and plan participants.

Firemen's Retirement System of St. Louis

(a) System Description

All firefighters qualify as members of the Firemen's System and are thereby eligible to participate from their date of hire.

The Firemen's System issues a publicly available financial report that includes financial statements and supplementary information. That information may be obtained by writing to the Firemen's Retirement System of St. Louis; 1601 S. Broadway; St. Louis, Missouri, 63104.

The Firemen's System provides retirement benefits as well as death and disability benefits. Members can voluntarily retire after a minimum of 20 years of service. The monthly allowance consists of 40% of the final two-year average monthly compensation at 20 years of service, plus 2% of such final average compensation for each of the next five years of service, plus 5% of such final average compensation for each additional year of service over 25 years with a maximum pension of 75%. Unused accrued sick pay may increase the maximum pension beyond the 75% limitation. Such benefits are authorized by State statutes and adopted by City ordinance.

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The Firemen's System, in accordance with Ordinance 62994 of the City, initiated during the Firemen's System's fiscal year ended August 31, 1994, the Deferred Retirement Option Plan (DROP). The DROP plan is available to members of the system who have achieved at least 20 years of creditable service and have eligibility for retirement. Those members who elect to participate will continue active employment, will have a service retirement allowance credited monthly into the DROP account of the member, and the member's contribution will be reduced to 1% from the normal 8%. During participation in the DROP plan, the member will not receive credit for employer contributions or credit for service. A member may participate in the DROP only once for any period up to five years. At retirement, the funds in the member's DROP account plus interest and accrued sick leave, if elected, is available to the member in a lump sum or in installments.

(b) Funding Policy

Firefighters are required to contribute 8% of their salary to the Firemen's System, as mandated per State statute and adopted by City ordinance. The City is required to contribute the remaining amounts necessary to fund the Firemen's System. Members of the Firemen's System are entitled to a lump-sum distribution of the entire amount of their contribution without interest upon service retirement. Members whose employment terminates prior to retirement are entitled to a lump-sum distribution of their contribution, plus interest thereon.

(c) Annual Pension Cost

Contributions of \$2,307 were made to the Firemen's System by the Airport during the fiscal year ended June 30, 2012. The contribution consisted of \$2,037 of normal cost, plus \$270 in unfunded actuarial accrued liability amortization payments in accordance with actuarially determined contribution requirements based on an actuarial valuation performed at October 1, 2010. The following were some of the significant actuarial assumptions used in the valuation of the Firemen's System:

Valuation date	October 1, 2011
Actuarial cost method	Entry-age Frozen Initial Liability
Amortization method	30-year closed period from establishment
Remaining amortization period	Various
Asset valuation methods	3 year smoothed market
Inflation rate	3.000%, per year
Investment rate of return	7.625%, compounded annually
Projected salary increases	3.350%, per year to retirement age
Projected post-retirement benefit increases:	
Under age 60:	
20 – 24 service years	1.50% per year
25 – 29 service years	2.25% per year
30 or more service years	3.00% per year
Over age 60	3.00% per year, maximum cumulative increase of 25%

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Notes to Basic Financial Statements

June 30, 2012 and 2011

(Dollars in thousands)

Three year trend information – firemen’s system

Fiscal year	Annual pension cost (APC)	Percentage of APC contributed	Net pension obligation
2012	\$ 2,307	100%	\$ —
2011	1,785	100	—
2010	1,219	100	—

(d) Funded Status

The funded status for the Firemen’s System as a whole as of October 1, 2011 and 2010, respectively, is as follows. A determination of funded status is not made for individual funds.

Actuarial valuation date	Actuarial value of assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded ratio	Annual covered payroll	UAAL as a percentage of covered payroll
10/1/2011	\$ 404,101	\$ 430,755	\$ (26,654)	93.8%	\$ 37,157	71.7%
10/1/2010	407,028	439,352	(32,324)	92.6	40,789	79.2

For additional required supplementary information, refer to the City of St. Louis, Missouri, Comprehensive Annual Financial Report (CAFR) as of and for the year ended June 30, 2012. Such information presents multi-year trend information about whether the actuarial value of plan assets for the Firemen’s System as a whole is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Employees’ Retirement System of the City of St. Louis

(e) System Description

All non-uniformed employees of the Airport become members of the Employees’ System upon employment, with the exception of employees hired after attaining age 60.

The Employees’ System issues a publicly available financial report that includes financial statements and supplementary information. That report may be obtained by writing to the Employees Retirement System of the City of St. Louis; 1114 Market Street, Suite 900; St. Louis, Missouri 63101.

The Employees’ System provides for defined benefit payments for retirement, death, or disability to eligible employees or their beneficiaries based upon creditable service, final average compensation, and a benefit compensation base. Benefits vest to employees covered by the Employees’ System after the employee has attained five years of creditable service. Employees retire with full retirement benefits after the age 65 or if the employee’s age and creditable service combined equal or

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(Dollars in thousands)

exceed 85. Employees may retire and receive a reduced benefit after age 60, with five years of creditable service; age 55, with 20 years of creditable service; or at any age after 30 years of creditable service. The monthly pension benefits of all retirees or their beneficiaries are adjusted according to the changes in the consumer price index of the U.S. Department of Labor. Increases are limited each year, with total increases to retirees or their beneficiaries limited to 25%.

On June 8, 2000, the Mayor of the City approved an ordinance passed by the Board of Aldermen, Authorizing a Deferred Retirement Option Plan (DROP), which became effective January 1, 2001. This plan states that when members reach retirement age, they are allowed to work for five additional years and defer receipt of their retirement allowance. The calculation of average salary for retirement benefits will not include the additional years of service after normal retirement age. The amount that would have been received as retirement benefit is put in a special DROP account monthly. The DROP account will not be adjusted for cost of living increases as the normal retirement benefits are. The DROP account earns interest at the actuarial valuation rate of return and at the 10 year U.S. Treasury Bond yield as of September 30 for DROP participants enrolling February 1, 2003 and thereafter. After the member completely terminates employment, the member can withdraw amounts from the DROP account in a lump sum or according to a deferred retirement payment plan.

(f) Funding Policy

The Employees System's funding policy provides for periodic employer contributions at actuarially determined rates that, expressed as percentages of annual covered payroll, are sufficient to accumulate assets to pay benefits when due. If contributions are necessary, level percentage of payroll employer contribution rates are determined using the projected unit credit actuarial cost method. Employer contribution rates are established annually by the Board of Trustees based on an actuarial study. Deductions from plan net assets are financed from plan additions. The Board of Trustees established the required employer contributions rate based active member payroll of 12.69% effective July 1, 2011, and 11.85% of active member payroll effective July 1, 2010.

Employees who became members of the Employees' System prior to October 14, 1977, and continue to make contributions, may make voluntary contributions to the Employees' System equal to 3% of their compensation until the employee's compensation equals the maximum annual taxable earnings under the Federal Social Security Act. Thereafter, employees may contribute 6% of their compensation for the remainder of the calendar year.

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Notes to Basic Financial Statements

June 30, 2012 and 2011

(Dollars in thousands)

(g) Annual Pension Cost

The Airport's allocation of the City's annual pension cost and net pension obligation to the Employees' System for the years ended June 30, 2012 and 2011 are as follows:

	<u>2012</u>	<u>2011</u>
Annual required contribution	\$ 2,840	2,724
Interest on net pension obligation	142	144
Adjustment to annual required contribution	(158)	(159)
Annual pension cost	2,824	2,709
Contributions made	(2,840)	(2,724)
Decrease in net pension obligation	(16)	(15)
Net pension obligation, beginning of year	1,775	1,790
Net pension obligation, end of year	\$ <u>1,759</u>	<u>1,775</u>

The net pension obligation of \$1,759 and \$1,775 as of June 30, 2012 and 2011, respectively, are reflected as other long term liabilities in the accompanying financial statements. During fiscal year 2008, the City of St. Louis Municipal Finance Corporation issued \$140,030, in Taxable Leasehold Revenue and Refunding Bonds Series 2007 (Pension Funding Project), of which \$46,700 was used to fund the Employees Retirement System. While the Airport is not legally responsible for these bonds, \$5,510 of the bond proceeds was allocated to the Airport. As of June 30, 2012 and 2011, \$91 and \$89, respectively, is recorded as accounts payable and accrued expenses, which reflects the portion of the liability due in one year. In addition, as of June 30, 2012 and 2011 a \$5,254 and \$5,338, respectively, liability is reflected as part of other long-term liabilities on the balance sheet and is payable to the City of St. Louis by June 30, 2037.

The following were some of the significant actuarial assumptions used in the valuation of the Employee's System:

Valuation date	October 1, 2011
Actuarial cost method	Projected unit credit actuarial cost method
Amortization method	Level dollar amount for unfunded liability, open
Remaining amortization period	30 years as of October 1, 2011
Asset valuation method	5 year smoothed market
Inflation rate	3.125%
Investment rate of return	8.00%
Projected salary increases	Varies by age, ranging from 3.500% to 7.017%
Cost of living adjustments	3.125% simple with a 25% lifetime cap

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June 30, 2012 and 2011

(Dollars in thousands)

Three-year trend information – employees' system

Fiscal year	Annual pension cost (APC)	Percentage of APC contributed	Net pension obligation
2012	\$ 2,824	100.57%	\$ 1,759
2011	2,709	100.59	1,775
2010	2,654	99.45	1,790

(h) Funded Status

The funded status for the Employees' System as a whole as of October 1, 2011 and 2010, respectively, is as follows. A determination of funded status is not made for individual funds.

Actuarial valuation date	Actuarial value of assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded ratio	Annual covered payroll	UAAL as a percentage of covered payroll
10/1/2011	\$ 661,932	\$ 841,763	\$ (179,831)	78.6%	\$ 223,061	80.6%
10/1/2010	671,609	820,670	(149,061)	81.8	232,452	64.1

For additional required supplementary information, refer to the City of St. Louis, Missouri, Comprehensive Annual Financial Report (CAFR) as of and for the year ended June 30, 2012. Such information presents multi-year trend information about whether the actuarial value of plan assets for the Employees' System as a whole is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

(15) Commitments and Contingencies

At June 30, 2012, the Airport had outstanding commitments amounting to approximately \$76,623 resulting primarily from contracts for construction projects. In addition, the Airport has \$39,498 in outstanding commitments resulting from service agreements.

In connection with Federal grant programs, the Airport is obligated to administer the related programs, spend the grant moneys in accordance with regulatory restrictions, and is subject to audit by the grantor agencies. In cases of noncompliance, the agencies involved may require the Airport to refund program moneys.

Finally, certain lawsuits were pending against the City that involved the Airport. In the opinion of Airport officials and legal counsel, these actions are not expected to have a material effect, individually or in the aggregate, on the financial position or results of operations of the Airport.

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Notes to Basic Financial Statements

June 30, 2012 and 2011

(Dollars in thousands)

(16) Risk Management

The Airport is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Airport participates in the Public Facilities Protection Corporation (PFPC), an internal service fund of the City of St. Louis, Missouri. The purpose of PFPC is to account for risks in which the City is self-insured, primarily workers' compensation, unemployment benefits, certain general liability, and various other claims and legal actions. All self-insured claims liabilities and payments are recorded in PFPC. The Airport reimburses PFPC for workers' compensation claims on a cost-reimbursement basis. During the years ended June 30, 2012 and 2011, expenses related to the Airport's participation in PFPC amounted to \$1,222 and \$911, respectively, and are reflected as interfund services used in the accompanying basic financial statements. At June 30, 2012 and 2011, the Airport owed PFPC \$2,884 and \$2,082, respectively, for unreimbursed workers' compensation claims.

The Airport purchases commercial insurance for other risks it considers significant, including general liability, public officials' liability, property damage, employee honesty bond, business auto, and insurance on its fine arts. Settled claims did not exceed commercial coverage in any of the last three years.

(17) Pledged Revenues

The Airport has pledged future specific revenue streams, net of specified operating expenses, to secure the repayment of \$833,960 in various long-term debt issuances, as outlined in note 6. The general purpose of the various long-term debt issuances is for land acquisition and construction of the capital assets at the Airport. The bonds are payable from Airport net revenues and are payable through July 2034. Annual principal and interest payments on the bonds are expected to require less than 80% of estimated Airport net revenues. As of June 30, 2012, the total principal and interest remaining to be paid on the bonds is \$1,316,276. Principal and interest paid was \$61,486 and \$76,912 for the years ended June 30, 2012 and 2011, respectively. The pledged net revenue recognized for the year ended June 30, 2012 and 2011 was \$79,646 and \$73,412, respectively.

(18) Extraordinary Item – Natural Disaster

On April 22, 2011 the Airport sustained a direct hit on Concourse C, in Terminal 1, from an F-4 Tornado. There was also additional damage to other areas of Terminal 1 as well as the parking lots and surrounding areas of the Airport. As of June 30, 2012 most of the rebuilding of Concourse C and other damaged areas was complete. Concourse C was reopened on April 2, 2012. Representatives for Lexington Insurance Company and the Airport continue to work together to approve and process claims. In addition, the Federal Emergency Management Agency (FEMA) has approved a reimbursement of 75% of the Airport's \$100 insurance deductible.

Lexington Insurance Company advanced the Airport \$22,000 to cover storm related renovation expenses as of June 30, 2012. As of June 30, 2012, the \$22,000 was used to cover \$14,399 of operating expenses (payroll, supplies and contract services) and \$1,449 of business interruption loss revenues (landing fees, concessions, parking, rental cars and terminal rentals). In addition, at June 30, 2012 the Airport estimates that another \$3,000 will be received upon settlement of the final claim.

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Notes to Basic Financial Statements

June 30, 2012 and 2011

(Dollars in thousands)

The damage resulting from the natural disaster during fiscal year 2011 resulted in a net reduction of capital assets of \$1,914. As a result, as of June 30, 2011, the \$23,086 net estimated insurance recoveries were recorded as an extraordinary item in the Statement of Revenues, Expenses, and Changes in Net Assets.

(19) Subsequent Events

(a) *American Airlines Bankruptcy*

AMR Corporation and certain of its affiliates, including American Airlines, Inc. (AA), filed for Chapter 11 Bankruptcy on November 29, 2011. Since AA is now in bankruptcy, they can reject their existing leases with the Airport. Through negotiations with the Airport, AA could also amend or modify these leases as well as other contractual-type agreements. The Airport did not want AA to reject these leases and agreements because this would have meant that the other airlines doing business at the Airport would have to make up this lost revenue. Therefore, the Airport requested that we enter into negotiations to amend and/or modify the existing leases and agreements. AA agreed and, after several months, a Settlement Agreement has been drafted as well as other necessary lease amendments. The Airport is taking this Settlement Agreement through the legislative process for approval. American Airlines will take it to the Bankruptcy Court for approval, after AA provides notice of the Settlement Agreement and opportunity to object to their creditors.

LAMBERT – ST. LOUIS INTERNATIONAL AIRPORT
(An Enterprise Fund of the City of St. Louis, Missouri)

Analysis of Cash and Investment Accounts

Year ended June 30, 2012

(Dollars in thousands)

	Unrestricted			Unrestricted Funds Designated	
	Revenue fund	Revenue fund subaccount	Operation and maintenance fund	Development fund (ADF)/ Debt Service Stabilization fund (DSSF)	Construction fund
Balance at June 30, 2011	\$ 894	1,823	9,148	101,652	1,378
Cash deposited with City Treasurer	147,779	—	—	—	—
Cash receipts	—	—	—	—	(628)
Transfer in accordance with ordinance	(120,585)	6,097	72,791	16,885	—
Vouchers and requisitions paid	(11,116)	—	(76,952)	—	—
Bond proceeds	—	—	—	—	—
Payments:	—	—	—	—	—
Interest	—	—	—	—	—
Redemption of bonds	—	—	—	—	—
Refunding of bonds	—	—	—	—	—
Payments to the City of 5% of gross receipts	—	(5,923)	—	—	—
Receipts from FAA and MoDOT	—	—	—	4,547	—
Receipts from TSA	—	—	—	—	—
Capital appropriation	—	—	—	8,687	—
Capital expenditures	—	—	—	(55,851)	—
Balance at June 30, 2012	\$ 16,972	1,997	4,987	75,920	750

See accompanying independent auditors' report.

Held by trustee bond fund		Restricted Other restricted funds					Total
Debt service account	Debt service reserve account	Renewal and replacement fund	Passenger facility charge fund	Stabilization fund	Construction fund	DEA fund	
42,255	46,215	3,500	27,990	38,211	80,434	2,328	355,828
—	—	—	24,935	—	—	—	172,714
750	854	—	115	—	1,285	145	2,521
73,161	1,344	—	(32,343)	—	(17,350)	—	—
—	(59)	—	—	—	—	(134)	(88,261)
32,564	—	—	—	—	—	—	32,564
—	—	—	—	—	—	—	—
(44,056)	(51)	—	—	—	(423)	—	(44,530)
(19,985)	—	—	—	—	—	—	(19,985)
(32,564)	—	—	—	—	—	—	(32,564)
—	—	—	—	—	—	—	(5,923)
—	—	—	—	—	—	—	4,547
—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	8,687
—	—	—	—	—	—	—	(55,851)
52,125	48,303	3,500	20,697	38,211	63,946	2,339	329,747

Schedule II**LAMBERT – ST. LOUIS INTERNATIONAL AIRPORT**

(An Enterprise Fund of the City of St. Louis, Missouri)

Schedule of 1997B Revenue Refunding Bonds Payable

June 30, 2012

(Dollars in thousands)

Maturity on July 1	Interest rate	Principal maturity
2012	6.00%	\$ 5,310
2013	6.00	5,605
2014	6.00	5,910
		<u>\$ 16,825</u>

See accompanying independent auditors' report.

Schedule III**LAMBERT – ST. LOUIS INTERNATIONAL AIRPORT**
(An Enterprise Fund of the City of St. Louis, Missouri)

Schedule of 2002A Airport Revenue Bonds Payable

June 30, 2012

(Dollars in thousands)

Maturity on July 1	Interest rate	Principal maturity
2012	5.25%	\$ 1,675
2013	4.00	1,760
		<u>\$ 3,435</u>

See accompanying independent auditors' report.

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LAMBERT – ST. LOUIS INTERNATIONAL AIRPORT
 (An Enterprise Fund of the City of St. Louis, Missouri)

Schedule of 2003A Revenue Refunding Bonds Payable

June 30, 2012

(Dollars in thousands)

Maturity on July 1	Discount serial bonds		Premium serial bonds		Total principal maturity
	Interest rate	Principal maturity	Interest rate	Principal maturity	
2012	3.88%	\$ 190	5.25%	\$ 5,485	5,675
2013	4.00	5,940	5.25	—	5,940
2014	4.00	6,185	5.25	—	6,185
2015	4.13	795	5.25	5,680	6,475
2016	4.25	125	5.25	6,690	6,815
2017	4.25	250	5.25	6,930	7,180
2018	4.30	2,555	5.25	5,000	7,555
		<u>\$ 16,040</u>		<u>\$ 29,785</u>	<u>\$ 45,825</u>

See accompanying independent auditors' report.

Schedule V

LAMBERT – ST. LOUIS INTERNATIONAL AIRPORT
(An Enterprise Fund of the City of St. Louis, Missouri)

Schedule of 2005 Revenue Refunding Bonds Payable

June 30, 2012

(Dollars in thousands)

Maturity on July 1	Interest rate	Principal maturity
2013	5.50%	\$ 630
2014	5.50	650
2015	5.50	15,880
2016	5.50	18,915
2017	5.50	20,075
2018	5.50	21,955
2019	5.50	21,705
2020	5.00	6,910
2021	5.00	4,765
2022	5.00	3,820
2023	5.00	2,395
2024	5.50	2,515
2025	5.50	2,655
2026	5.50	2,795
2027	5.50	24,545
2028	5.50	26,135
2029	5.50	27,570
2030	5.50	29,090
2031	5.50	30,690
		<u>\$ 263,695</u>

See accompanying independent auditors' report.

Schedule VI

LAMBERT – ST. LOUIS INTERNATIONAL AIRPORT
(An Enterprise Fund of the City of St. Louis, Missouri)

Schedule of 2007A Revenue Refunding Bonds Payable

June 30, 2012

(Dollars in thousands)

Maturity on July 1	Interest rate	Principal maturity
2012	5.00%	\$ 8,670
2013	5.00	13,425
2014	5.00	15,675
2015	5.00	3,725
2016	5.00	2,585
2017	5.00	2,645
2018	5.00	2,410
2019	4.00	2,530
2020	5.00	18,625
2021	5.00	22,150
2022	5.00	24,335
2023	5.00	20,865
2024	4.25 – 5.00	21,915
2025	5.00 – 5.25	22,935
2026	5.25	24,105
2027	4.25	3,700
2028	4.25	3,855
2029	4.25	4,015
2030	4.25	4,190
2031	4.25	4,365
2032	4.25	4,555
		<u>\$ 231,275</u>

See accompanying independent auditors' report.

Schedule VII

LAMBERT – ST. LOUIS INTERNATIONAL AIRPORT
 (An Enterprise Fund of the City of St. Louis, Missouri)

Schedule of 2007B Revenue Refunding Bonds Payable

June 30, 2012

(Dollars in thousands)

Maturity on July 1	Interest rate	Principal maturity
2015	5.00%	\$ 6,260
2016	5.00	6,545
2017	5.00	6,850
2018	5.00	6,760
2019	5.00	7,105
2020	5.00	7,460
2021	5.00	7,830
2022	5.00	8,220
2023	5.00	8,635
2024	5.00	9,065
2025	5.00	9,520
2026	5.00	9,995
2027	5.00	10,490
		<u>\$ 104,735</u>

See accompanying independent auditors' report.

Schedule VIII

LAMBERT – ST. LOUIS INTERNATIONAL AIRPORT
(An Enterprise Fund of the City of St. Louis, Missouri)

Schedule of 2009A Revenue Bonds Payable

June 30, 2012

(Dollars in thousands)

Maturity on July 1	Interest rate	Principal maturity
2013	—% \$	—
2014	—	—
2015	—	—
2016	5.125	3,195
2017	5.250	3,355
2018	5.375	3,535
2019	6.000	3,720
2020	6.125	3,945
2021	6.125	4,185
2022	6.125	4,445
2023	6.125	4,715
2024	6.125	5,005
2025	6.250	5,310
2026	6.250	5,645
2027	6.250	5,995
2028	6.250	6,370
2029	6.250	6,770
2030	6.625	7,190
2031	6.625	7,670
2032	6.625	8,175
2033	6.625	8,720
2034	6.625	9,295
		<u>\$ 107,240</u>

See accompanying independent auditors' report.

Schedule IX

LAMBERT – ST. LOUIS INTERNATIONAL AIRPORT
(An Enterprise Fund of the City of St. Louis, Missouri)

Schedule of 2011AB Revenue Refunding Bonds Payable

June 30, 2012

(Dollars in thousands)

Maturity on July 1	Interest rate	Principal maturity
2012	3.00%	\$ 9,325
2013	4.00	7,025
2014	5.00	7,435
2015	5.00	5,750
		<u>\$ 29,535</u>

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(An Enterprise Fund of the City of St. Louis, Missouri)

Schedule of 2012 Revenue Refunding Bonds Payable

June 30, 2012

(Dollars in thousands)

Maturity on July 1	Interest rate	Principal maturity
2013	3.00%	\$ 2,020
2014	4.00	2,100
2015	5.00	2,180
2016	5.00	925
2017	5.00	990
2018	5.00	1,040
2019	3.00	1,090
2020	3.25	1,130
2021	5.00	1,165
2022	5.00	1,220
2023	5.00	1,280
2024	5.00	1,345
2025	4.00	1,415
2026	5.00	1,465
2027	4.25	1,545
2028	5.00	1,610
2029	4.25	1,690
2030	—	—
2031	—	—
2032	5.00	7,185
		<u>\$ 31,395</u>

See accompanying independent auditors' report.

LAMBERT – ST. LOUIS INTERNATIONAL AIRPORT
 (An Enterprise Fund of the City of St. Louis, Missouri)

Schedule of Insurance

June 30, 2012

(Dollars in thousands)

Insurer	Amount	Expiration date	Character of coverage
National Union Fire Insurance Company of Pittsburgh	\$ 350,000	10/1/2013	General Liability/Liability Prime/TRIA
Zurich	7,000	10/1/2013	Public official's and employee's liability
Lexington Insurance Company	891,511	10/1/2013	Property damage and business interruption
The Hartford Insurance Company	100	–	Employee Honesty Bond
Granite States Insurance Company	1,000	10/1/2013	Business auto and excess

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