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

Basic Financial Statements and Supplementary Information

June 30, 2013 and 2012

(With Independent Auditors' Report Thereon)

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

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**KPMG LLP**
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10 South Broadway
St. Louis, MO 63102-1761

# Independent Auditors' Report

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

## Report on the Financial Statements

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, 2013 and 2012, and the related notes to the financial statements, which collectively comprise Lambert – St. Louis International Airport's basic financial statements as listed in the table of contents.

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

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

### *Auditors' Responsibility*

Our responsibility is to express an opinion on these 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 audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit 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, 2013 and 2012, 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.

***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of Lambert – St. Louis International Airport, as of June 30, 2013 and 2012, and the respective changes in financial position, and cash flows thereof for the years then ended in accordance with U.S. generally accepted accounting principles.

***Other Matters***

*Required Supplementary Information*

U.S. generally accepted accounting principles require that the management's discussion and analysis on pages 4 through 19 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

*Supplementary Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the City's basic financial statements. The supplementary information included in Schedules I through XI are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplementary information included in Schedules I through XI are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information included in Schedules I through XI are fairly stated in all material respects in relation to the basic financial statements as a whole.

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

In accordance with *Government Auditing Standards,* we have also issued our report dated December 20, 2013 on our consideration of Lambert – St. Louis International Airport's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Lambert – St. Louis International Airport's internal control over financial reporting and compliance.

KPMG LLP

St. Louis, Missouri
December 20, 2013

**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, 2013 and 2012

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, 2013 and 2012. 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 2013 when compared to 2012. Enplaned passengers were up by 0.5 percent and aircraft landings and takeoffs were down 0.2 percent, respectively, from fiscal year 2012. Activity at the Airport during fiscal years 2013, 2012, and 2011 is as follows:

| | 2013 | 2012 | Change |
|---|---|---|---|
| Enplaned passengers | 6,386,474 | 6,353,591 | 0.5% |
| Aircraft landings and takeoffs | 86,401 | 86,578 | (0.2%) |
| Landed weight (in thousands of pounds) | 8,254,612 | 8,198,391 | 0.7% |
| Mail and cargo (in tons) | 75,805 | 75,988 | (0.2%) |

| | 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%) |

**Financial Highlights**

The following represents the significant financial activity at the Airport in fiscal years 2013, 2012, and 2011 and the reasons for any fluctuations between the years:

- Fiscal year 2013 operating revenues increased 6% from $131,522 in fiscal year 2012 to $139,427 in fiscal year 2013 as a result of increased Airfield and Terminal and Concourse revenues related to an increase in enplaned passengers and landed weights. Fiscal year 2012 operating revenues increased 5.4% from $124,758 in fiscal year 2011 to $131,522 in fiscal year 2012.

- Fiscal year 2013 operating expenses increased 1.9% from $129,687 in fiscal year 2012 to $132,127 in fiscal year 2013 as a primary result of an increase of communications and utilities. 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 as a result of the 2011 natural disaster.

(Dollars in thousands, unless otherwise indicated)

- The net result of the impact to operating revenues and expenses, as discussed above, is that the fiscal year 2013 operating gain increased 297% to $7,300 from $1,835 in fiscal year 2012. The fiscal year 2012 operating gain increased 112.6% to $1,835 from ($14,523) in fiscal year 2011.

- Fiscal year 2013 nonoperating expenses, net increased to $13,774 from $13,439 in fiscal year 2012 resulting primarily from an increase in interest expense resulting from debt refundings. 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.

- Capital contributions received in the form of grants from the federal government increased to $21,615 in fiscal year 2013 from $10,050 in fiscal year 2012 primarily due to a grant for the baggage screen system. 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.

- As a result of the preceding items, net position in fiscal year 2013 increased to $1,084,135 from $1,071,301 in fiscal year 2012. Net position in fiscal year 2012 decreased to $1,071,301 from $1,078,952 in fiscal year 2011.



**Summary of Revenues, Expenses, and Changes in Fund Net Position**

The Airport's revenues, expenses, and changes in fund net position for the fiscal years ended June 30, 2013, 2012, and 2011 are summarized as follows:

| | 2013 | 2012 | $ Change | % Change |
|---|---|---|---|---|
| Operating revenues | $ 139,427 | 131,522 | 7,905 | 6.0% |
| Operating expenses | 132,127 | 129,687 | 2,440 | 1.9% |
| Operating gain | 7,300 | 1,835 | 5,465 | 297.8% |
| Nonoperating expenses, net | (13,774) | (13,439) | (335) | 2.5% |
| Loss before capital contributions, transfers, and extraordinary item, net | (6,474) | (11,604) | 5,130 | (44.2%) |
| Capital contributions | 21,615 | 10,050 | 11,565 | 115.1% |
| Transfers out | (6,607) | (6,097) | (510) | 8.4% |
| Extraordinary item – Natural disaster | 4,300 | - | 4,300 | 100.0% |
| Change in net position | 12,834 | (7,651) | 20,485 | (267.7%) |
| Net position, end of year | $ 1,084,135 | 1,071,301 | 12,834 | 1.2% |

(Dollars in thousands, unless otherwise indicated)

| | 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 position | (7,651) | (8,592) | (941) | (11.0%) |
| Net position, end of year | $ 1,071,301 | 1,078,952 | (7,651) | (0.7%) |

**Financial Position Summary**

Net position may serve over time as a useful indicator of the Airport's financial position. The Airport's assets exceeded liabilities by $1,084,135 at June 30, 2013, a $12,834 increase from June 30, 2012.

A condensed summary of the Airport's net position at June 30, 2013 and 2012 is shown below:

| | 2013 | 2012 | $ Change | % Change |
|---|---|---|---|---|
| Assets: | | | | |
| Current and other assets | $ 322,070 | 363,786 | (41,716) | (11.5%) |
| Capital assets | 1,650,486 | 1,635,950 | 14,536 | 0.9% |
| Total assets | 1,972,556 | 1,999,736 | (27,180) | (1.4%) |
| Liabilities: | | | | |
| Long-term liabilities | 797,443 | 835,573 | (38,130) | (4.6%) |
| Other liabilities | 90,978 | 92,862 | (1,884) | (2.0%) |
| Total liabilities | 888,421 | 928,435 | (40,014) | (4.3%) |
| Net position: | | | | |
| Invested in capital assets | 881,435 | 864,680 | 16,755 | 1.9% |
| Restricted | 132,682 | 133,941 | (1,259) | (0.9%) |
| Unrestricted | 70,018 | 72,680 | (2,662) | (3.7%) |
| Total net position | $ 1,084,135 | 1,071,301 | 12,834 | 1.2% |

(Dollars in thousands, unless otherwise indicated)

A portion of the Airport's net position (81.3% at June 30, 2013) represents its investment in capital assets (e.g., land, easements, pavings, buildings and facilities, 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 position (12.2% at June 30, 2013) represents net position 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 position (6.5% at June 30, 2013) represents its unrestricted investments, less any outstanding indebtedness, which may be used to meet any of the Airport's ongoing obligations.

In fiscal 2013, 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 2013 Series Refunding Revenue Bonds, which refunded the 2003A Series Revenue Bonds.



A condensed summary of the Airport's net position 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 position: | | | | |
| Invested in capital assets | 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 position | $ 1,071,301 | 1,078,952 | (7,651) | (0.7%) |

A portion of the Airport's net position (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.

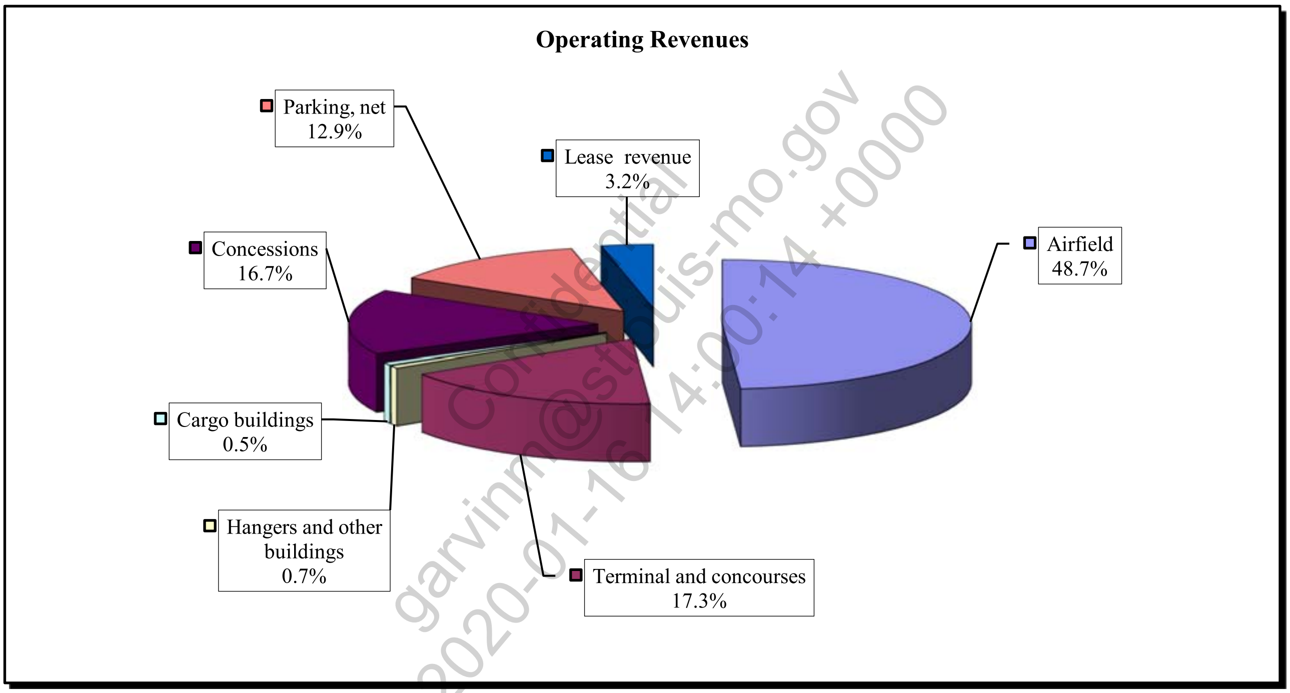
An additional portion of the Airport's net position (12.5% at June 30, 2012) represents net position that are subject to external restrictions on how they can be used. These assets can be used for any lawful Airport use including debt service, capital restoration, or expenditure subject to the restrictions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

The remaining portion of the Airport's net position (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.

## 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, 2013:



**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)

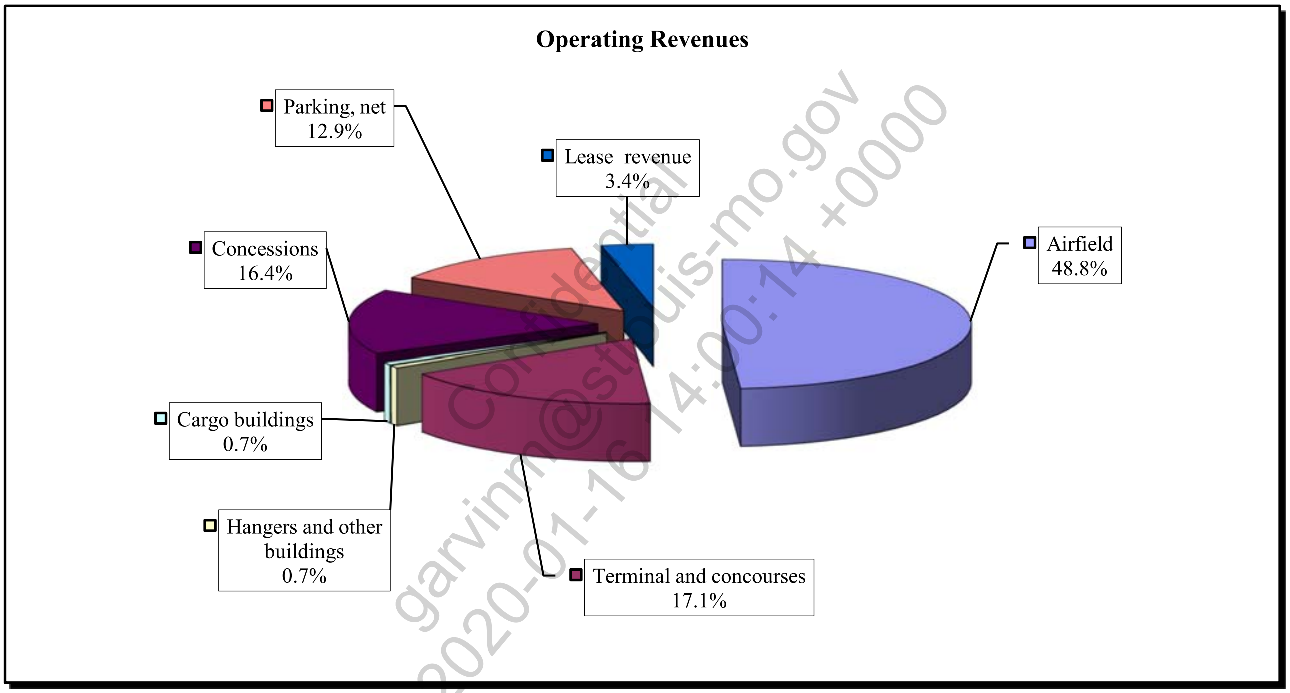
June 30, 2013 and 2012

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, 2013:

| | 2013 | % of total | $ Change from 2012 | % Change from 2012 |
|---|---|---|---|---|
| Operating revenues: | | | | |
| Aviation revenue: | | | | |
| Airfield | $ 67,770 | 40.5% | $ 3,540 | 5.5% |
| Terminal and concourses | 24,234 | 14.5% | 1,771 | 7.9% |
| Hangers and other buildings | 954 | 0.6% | 73 | 8.3% |
| Cargo buildings | 733 | 0.4% | (223) | (23.3%) |
| Concessions | 23,340 | 13.9% | 1,730 | 8.0% |
| Parking, net | 17,938 | 10.7% | 998 | 5.9% |
| Lease revenue | 4,458 | 2.7% | 16 | 0.4% |
| Total operating revenue | 139,427 | 83.2% | 7,905 | 6.0% |
| Nonoperating revenues: | | | | |
| Intergovernmental revenue | 751 | 0.4% | (318) | (29.7%) |
| Investment revenue | 2,137 | 1.3% | 390 | 22.3% |
| Passenger facility charges | 25,060 | 15.0% | (484) | (1.9%) |
| Other nonoperating revenue, net | 119 | 0.1% | 31 | 35.2% |
| Total nonoperating revenue | 28,067 | 16.8% | (381) | (1.0%) |
| Total revenues | $ 167,494 | 100.0% | $ 7,524 | 4.8% |

## Revenue

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:



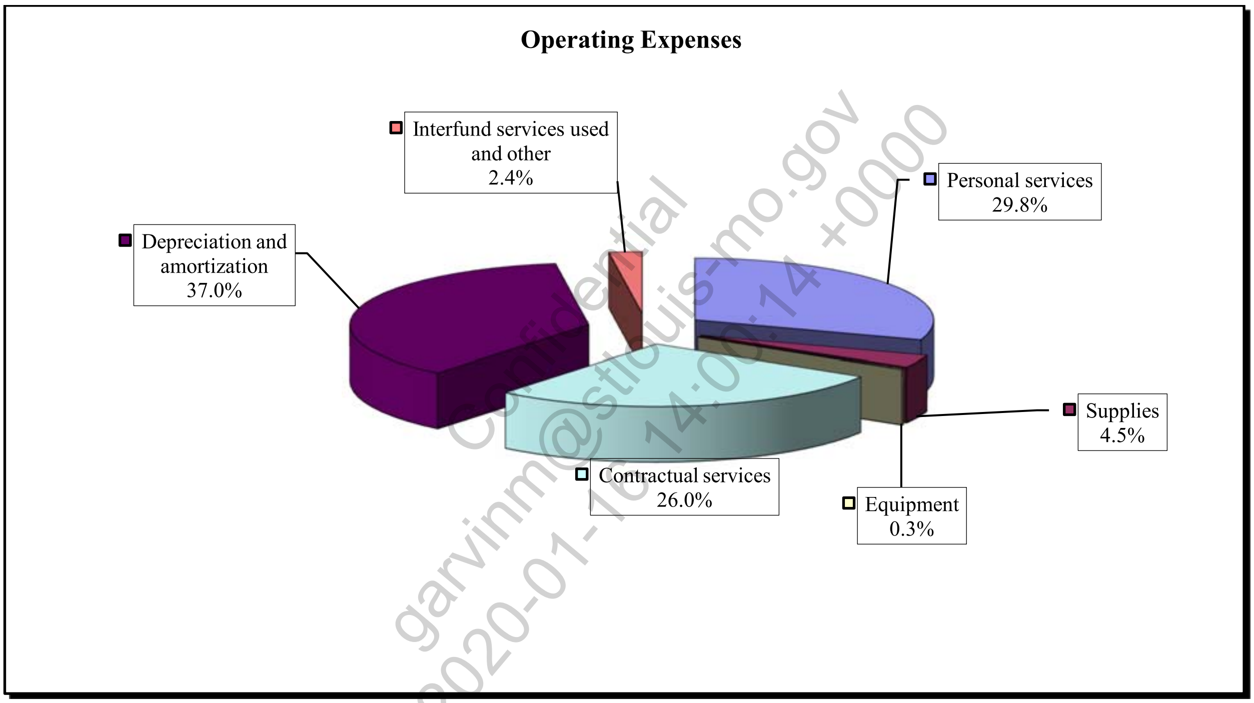
(Dollars in thousands, unless otherwise indicated)

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% |

## 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, 2013:



(Dollars in thousands, unless otherwise indicated)

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, 2013:

| | 2013 | % of total | $ Change from 2012 | % Change from 2012 |
|---|---|---|---|---|
| Operating expenses: | | | | |
| Personal services | $ 39,308 | 22.6% | $ 140 | 0.4% |
| Supplies | 5,955 | 3.4% | 1,716 | 40.5% |
| Equipment | 380 | 0.2% | 103 | 37.2% |
| Contractual services | 34,391 | 19.7% | (800) | (2.3%) |
| Depreciation and amortization | 48,890 | 28.1% | 1,075 | 2.2% |
| Interfund services used | 3,106 | 1.8% | 210 | 7.3% |
| Other operating expenses | 97 | 0.1% | (4) | (4.0%) |
| Total operating expenses | 132,127 | 75.9% | 2,440 | 1.9% |
| Nonoperating expenses: | | | | |
| Interest expense | 40,283 | 23.2% | 158 | 0.4% |
| Amortization of bond issue costs | 1,558 | 0.9% | (204) | (11.6%) |
| Total nonoperating expenses | 41,841 | 24.1% | (46) | (0.1%) |
| Total expenses | $ 173,968 | 100.00% | $ 2,394 | 1.4% |

**Lambert-St. Louis International Airport**
(An Enterprise Fund of the City of St. Louis, Missouri)

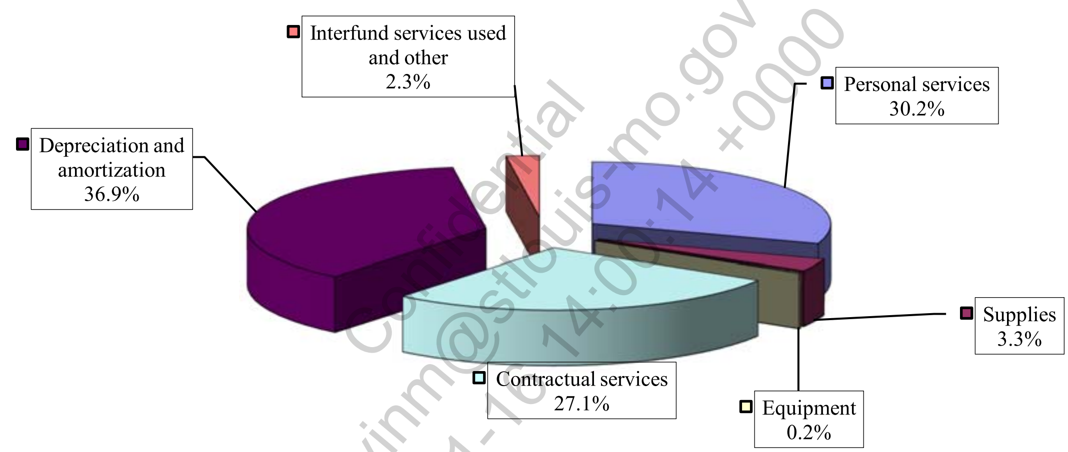
Management's Discussion and Analysis – Unaudited
(Dollars in thousands, unless otherwise indicated)

June 30, 2013 and 2012

## 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:

**Operating Expenses**



(Dollars in thousands, unless otherwise indicated)

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% |
| Total nonoperating expenses | 41,887 | 24.4% | (5,070) | (13.0%) |
| Total expenses | $ 171,574 | 100.0% | $ (14,664) | (8.5%) |



Fiscal year 2013 operating revenues increased 6.0% or $7,905. This results primarily from Terminal and Concourse revenue increase of $1,771 and an increase in Airfield revenue of $3,540. In addition, nonoperating revenues decreased 1.0% or $381 due primarily to a decrease in Passenger Facility Charges revenue.

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 2013 operating expenses increased 1.9% or $2,440 due to increases in supplies and depreciation and amortization.

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

### Airline Use Rates and Charges

As of June 30, 2013, the Airport was served by eleven airlines with use agreements, of which two are cargo carriers, and by sixteen airlines with operating agreements, thirteen of which are designated as affiliates, two of which are non-affiliates, and one of which 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.

(Dollars in thousands, unless otherwise indicated)

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 and carriers landing without an Airport Agreement are assessed 125% of the landing fee rate assessed carriers with use 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.



**Capital Acquisitions and Construction Activities**

During fiscal year 2013, the Airport expended $60,552 on capital activities related to construction in progress. During 2013, completed projects totaling approximately $28,268 were closed from construction in progress to their respective capital accounts. The major completed projects were:

| | | |
|---|---|---|
| Terminal and concourse improvements | $ | 12,616 |
| Runway improvements | | 13,118 |
| Miscellaneous equipment | | 12 |
| Roadway improvements | | 2,024 |
| AOB, E.T and Banshee Buildings | | 498 |

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 |

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.

**Long-Term Debt Administration**

At June 30, 2013, 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, 2013 - $11,515

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, 2013 - $1,760

Revenue Refunding Bonds, Series 2005, dated July 7, 2005, maturing annually from fiscal year 2013 through 2032 with interest coupon of 5.50%.

- Balance outstanding at June 30, 2013 - $263,695

Revenue Refunding Bonds, Series 2007A, dated January 23, 2007, maturing annually from fiscal year 2013 through 2033 with interest coupons ranging from 4.25% to 5.25%.

- Balance outstanding at June 30, 2013 - $222,605

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, 2013 - $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, 2013 - $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, 2013 - $20,210

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, 2013 - $31,395

Revenue Refunding Bonds, Series 2013, dated June 30, 2013, maturing annually from fiscal year 2014 through 2019 with interest coupons ranging from 2.00% of 5.00%.

- Balance outstanding at June 30, 2013 - $31,460

**Credit Ratings**

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 "A3" 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, 2013 and 2012

(Dollars in thousands)

| Assets | | 2013 | 2012 |
|---|---|---|---|
| Current assets: | | | |
| Unrestricted assets: | | | |
| Cash and cash equivalents | $ | 49,555 | 37,737 |
| Accounts receivable, net | | 7,376 | 2,972 |
| Supplies and materials | | 2,245 | 2,435 |
| Other current assets | | 558 | 751 |
| Total unrestricted assets | | 59,734 | 43,895 |
| Restricted assets: | | | |
| Cash and cash equivalents | | 17,867 | 16,308 |
| Investments, at fair value | | 33,051 | 35,817 |
| Insurance recovery receivable | | 4,300 | 3,000 |
| Accrued interest receivable | | 88 | 140 |
| Passenger facility charges receivable | | 3,638 | 3,524 |
| Government grants receivable | | 121 | 5,442 |
| Total restricted assets | | 59,065 | 64,231 |
| Total current assets | | 118,799 | 108,126 |
| Noncurrent assets: | | | |
| Unrestricted: | | | |
| Investments, at fair value | | 44,256 | 62,889 |
| Restricted: | | | |
| Cash and cash equivalents | | 36,031 | 19,826 |
| Investments, at fair value | | 108,312 | 157,170 |
| Capital assets, net | | 1,650,486 | 1,635,950 |
| Deferred bond issue costs, net | | 12,983 | 14,086 |
| Other assets | | 1,689 | 1,689 |
| Total noncurrent assets | | 1,853,757 | 1,891,610 |
| Total assets | $ | 1,972,556 | 1,999,736 |





(Continued)

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

Balance Sheets

June 30, 2013 and 2012

(Dollars in thousands)

| Liabilities and Net Position | | 2013 | 2012 |
|---|---|---|---|
| Current liabilities: | | | |
| Payable from unrestricted assets: | | | |
| Accounts payable and accrued expenses | $ | 14,718 | 15,008 |
| Deferred revenue | | 717 | 481 |
| Due to the City of St. Louis, Missouri | | 5,364 | 4,869 |
| Total payable from unrestricted assets | | 20,799 | 20,358 |
| Payable from restricted assets: | | | |
| Current maturities of revenue bonds payable | | 30,465 | 30,655 |
| Accrued interest payable | | 20,205 | 21,158 |
| Contracts and retainage payable | | 19,509 | 20,691 |
| Total payable from restricted assets | | 70,179 | 72,504 |
| Total current liabilities | | 90,978 | 92,862 |
| Noncurrent liabilities: | | | |
| Revenue bonds payable, net | | 782,581 | 820,138 |
| Other long-term liabilities | | 14,862 | 15,435 |
| Total noncurrent liabilities | | 797,443 | 835,573 |
| Total liabilities | | 888,421 | 928,435 |
| Net position: | | | |
| Invested in capital assets | | 881,435 | 864,680 |
| Restricted: | | | |
| Bond reserve funds | | 95,625 | 100,568 |
| Passenger facility charges | | 29,134 | 24,221 |
| Capital restoration | | 7,923 | 9,152 |
| Unrestricted | | 70,018 | 72,680 |
| Total net position | | 1,084,135 | 1,071,301 |
| Total liabilities and net position | $ | 1,972,556 | 1,999,736 |

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 Position

Years ended June 30, 2013 and 2012

(Dollars in thousands)

| | | 2013 | 2012 |
|---|---|---|---|
| Operating revenues: | | | |
| Aviation revenue: | | | |
| Airfield | $ | 67,770 | 64,230 |
| Terminal and concourses | | 24,234 | 22,463 |
| Hangars and other buildings | | 954 | 881 |
| Cargo buildings | | 733 | 956 |
| Concessions | | 23,340 | 21,610 |
| Parking, net | | 17,938 | 16,940 |
| Lease revenue | | 4,458 | 4,442 |
| Total operating revenue | | 139,427 | 131,522 |
| Operating expenses: | | | |
| Personal services | | 39,308 | 39,168 |
| Supplies | | 5,955 | 4,239 |
| Equipment | | 380 | 277 |
| Contractual services | | 34,391 | 35,191 |
| Depreciation and amortization | | 48,890 | 47,815 |
| Interfund services used | | 3,106 | 2,896 |
| Other operating | | 97 | 101 |
| Total operating expenses | | 132,127 | 129,687 |
| Operating income | | 7,300 | 1,835 |
| Nonoperating revenues (expenses): | | | |
| Intergovernmental revenue | | 751 | 1,069 |
| Investment revenue | | 2,137 | 1,747 |
| Interest expense | | (40,283) | (40,125) |
| Passenger facility charges | | 25,060 | 25,544 |
| Amortization of bond issue costs | | (1,558) | (1,762) |
| Other, net | | 119 | 88 |
| Total nonoperating revenues (expenses), net | | (13,774) | (13,439) |
| Loss before capital contributions, transfers, and extraordinary item, net | | (6,474) | (11,604) |
| Capital contributions | | 21,615 | 10,050 |
| Transfers to the City of St. Louis, Missouri | | (6,607) | (6,097) |
| Extraordinary item – Natural disaster | | 4,300 | — |
| Total capital contributions, transfers, and extraordinary item, net | | 19,308 | 3,953 |
| Change in net position | | 12,834 | (7,651) |
| Total net position, beginning of year | | 1,071,301 | 1,078,952 |
| Total net position, end of year | $ | 1,084,135 | 1,071,301 |

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, 2013 and 2012

(Dollars in thousands)

| | 2013 | 2012 |
|---|---|---|
| Cash flows from operating activities: | | |
| Receipts from customers and users | $ 132,882 | 132,531 |
| Payments to suppliers of goods and services | (40,763) | (38,307) |
| Payments to or on behalf of employees | (39,374) | (38,859) |
| Payments for interfund services used | (2,708) | (2,013) |
| Net cash provided by operating activities | 50,037 | 53,352 |
| Cash flows from noncapital financing activities: | | |
| Transfers to other funds of the City of St. Louis, Missouri | (6,607) | (6,097) |
| Net cash used in noncapital financing activities | (6,607) | (6,097) |
| Cash flows from capital and related financing activities: | | |
| Cash collections from passenger facility charges | 24,946 | 24,937 |
| Receipt of federal financial assistance | 27,687 | 7,334 |
| Acquisition and construction of capital assets | (64,610) | (50,570) |
| Insurance recoveries | 3,000 | 7,000 |
| Proceeds from the sale of surplus property | 2,123 | 171 |
| Cash paid for bond refunding | (41,819) | (35,302) |
| Proceeds from issuance of bond | 34,839 | 32,741 |
| Principal paid on revenue bond maturities | (30,655) | (19,985) |
| Interest paid on revenue bonds | (41,804) | (41,653) |
| Net cash used in capital and related financing activities | (86,293) | (75,327) |
| Cash flows from investing activities: | | |
| Purchases of investments | (285,232) | (400,880) |
| Proceeds from sales and maturities of investments | 355,149 | 406,341 |
| Investment income | 2,528 | 2,405 |
| Net cash provided by investing activities | 72,445 | 7,866 |
| Net increase (decrease) in cash and cash equivalents | 29,582 | (20,206) |
| Cash and cash equivalents: | | |
| Beginning of year: | | |
| Unrestricted | 37,737 | 38,733 |
| Restricted | 36,134 | 55,344 |
| | 73,871 | 94,077 |
| End of year: | | |
| Unrestricted | 49,555 | 37,737 |
| Restricted | 53,898 | 36,134 |
| | $ 103,453 | 73,871 |
| Reconciliation of operating gain to net cash provided by operating activities: | | |
| Operating gain | $ 7,300 | 1,835 |
| Adjustments to reconcile operating gain to net cash provided by operating activities: | | |
| Depreciation and amortization | 48,890 | 47,815 |
| Changes in assets and liabilities: | | |
| Accounts receivable, net | (6,404) | 1,965 |
| Supplies and materials | 190 | (313) |
| Other assets | 193 | 47 |
| Accounts payable and accrued expenses | (290) | 2,081 |
| Deferred revenue | 236 | (574) |
| Due to/from the City of St. Louis, Missouri | 495 | 967 |
| Other long-term liabilities | (573) | (471) |
| Total adjustments | 42,737 | 51,517 |
| Net cash provided by operating activities | $ 50,037 | 53,352 |
| Supplemental disclosures for noncash financing activities: | | |
| Unrealized loss on investments | $ (340) | (414) |

See accompanying notes to basic financial statements.

## (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.

Enterprise funds distinguish operating revenues and expenses from nonoperating 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 nonoperating 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 nonoperating expenses.



### *(b) Accounts Receivable*

Accounts receivable at June 30, 2013 and 2012 consists of $7,376 and $2,972, respectively, due from air carriers and concessionaires with operations at the Airport. Such amounts are recorded net of allowances for uncollectible accounts of $104 and $94 at June 30, 2013 and 2012, respectively.

### *(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



(Continued)

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 nonoperating revenue based upon passenger enplanements. Passenger facility charges receivable as of June 30, 2013 and 2012 were $3,638 and $3,524, respectively. These amounts were collected during July and August of 2013 and 2012, 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.

***(g) Other Assets***

Other assets, as of June 30, 2013 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, 2013 and 2012 is comprised of $5,228 and $5,125, respectively, of accrued salaries and benefits; $8,678 and $9,288, respectively, due to vendors and contractors; and $812 and $595, 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 $1,781 and $1,930 as of June 30, 2013 and 2012, 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 $3,252 and $3,302 as of June 30, 2013 and 2012, 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 nonoperating 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.

***(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.

**(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.

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).

As of June 30, 2013 and 2012, the Airport had the following cash deposits and investments:



| | | 2013 | 2012 |
|---|---|---|---|
| Federal Home Loan Bank | $ | 51,190 | 95,966 |
| Federal National Mortgage Association | | 26,138 | 37,222 |
| Federal Home Loan Mortgage Corporation | | 29,516 | 49,701 |
| Federal National Mortgage Pool | | 14,545 | 27,632 |
| Federal Farm Credit Discount Notes | | 2,498 | 11,491 |
| Federal Agricultural Mortgage Corp. | | 17,239 | — |
| U.S. Treasury Bills and Notes | | 43,459 | 32,846 |
| Government Backed Trusts | | 1,034 | 1,018 |
| Money Market Mutual Funds | | 39,509 | 24,397 |
| Certificates of deposit | | 23,830 | 10,837 |
| Other cash deposits | | 40,114 | 38,637 |
| | $ | 289,072 | 329,747 |

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.

The investments had the following maturities on June 30, 2013:

| | | Investment maturities (in years) | | |
|---|---|---|---|---|
| | **Fair value** | **Less than 1** | **1 – 5** | **6 – 10** |
| Federal Home Loan Bank | $ 51,190 | 48,756 | 2,434 | — |
| Federal National Mortgage Association | 26,138 | 5,967 | 20,171 | — |
| Federal Home Loan Mortgage Corporation | 29,516 | 25,169 | 4,347 | — |
| Federal Farm Credit Discount Notes | 2,498 | 2,498 | — | — |
| Federal Agricultural Mortgage Corporation | 17,239 | 17,239 | — | — |
| U.S. Treasury Bills and Notes | 43,459 | 38,799 | 4,660 | — |
| Federal National Mortgage Pool | 14,545 | 14,545 | — | — |
| Government Backed Trusts | 1,034 | — | 1,034 | — |
| Money Market Mutual Funds | 39,509 | 39,509 | — | — |
| | $ 225,128 | 192,482 | 32,646 | — |



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

| | | Investment maturities (in years) | | |
|---|---|---|---|---|
| | **Fair value** | **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 | — | — |
| | $ 280,273 | 211,705 | 65,658 | 2,910 |

### *(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.

The investments had the following ratings on June 30, 2013:

| | Fair value | Investment Ratings (Standard and Poor's) AAA | A-1+ | AA+ | Not Rated |
|---|---|---|---|---|---|
| Federal Home Loan Bank | $ 51,190 | — | 12,923 | 38,267 | — |
| Federal National Mortgage Association | 26,138 | — | 2,962 | 23,176 | — |
| Federal Home Loan Mortgage Corporation | 29,516 | — | 25,170 | 4,346 | — |
| Federal Farm Credit Discount Notes | 2,498 | — | — | 2,498 | — |
| Federal Mortgage Pool | 14,545 | — | — | — | 14,545 |
| U.S. Treasury Bills and Notes* | 43,459 | — | — | — | 43,459 |
| Government Backed Trusts | 1,034 | — | — | 1,034 | — |
| Money Market Mutual Funds | 39,509 | 39,509 | — | — | — |
| Federal Agricultural Mortgage Corporation | 17,239 | — | — | — | 17,239 |
| | $ 225,128 | 39,509 | 41,055 | 69,321 | 75,243 |

* 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, 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 | — | — | — |
| | $ 280,273 | 25,964 | 58,800 | 110,578 | 84,931 |

* 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.

### *(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, 2013 and 2012, 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, 2013, the concentration of the Airport's investments (excluding cash deposits) was as follows:

| | |
|---|---|
| Federal Home Loan Bank | 22.74% |
| Federal National Mortgage Assoc. | 11.61 |
| Federal Home Loan Mortgage Corp. | 13.11 |
| Federal Farm Credit Discount Notes | 1.11 |
| U.S. Treasury Bills and Notes | 19.30 |
| Federal National Mortgage Pool | 6.46 |
| Government Backed Trusts | 0.46 |
| Money Market Mutual Funds | 17.55 |
| Federal Agricultural Mortgage Corp. | 7.66 |
| | 100.00% |

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 |
| | 100.00% |



**(3) Restricted Assets**

Cash and investments, restricted in accordance with bond provisions, are as follows at June 30, 2013 and 2012:

| | | 2013 | 2012 |
|---|---|---|---|
| Airport Bond Fund: | | | |
| Debt Service Account | $ | 50,919 | 52,125 |
| Debt Service Reserve Account | | 44,618 | 48,303 |
| Airport Renewal and Replacement Fund | | 3,500 | 3,500 |
| Passenger Facility Charge Fund | | 25,496 | 20,697 |
| Airport Debt Service Stabilization Fund | | 38,211 | 38,211 |
| Airport Construction Fund | | 30,508 | 63,946 |
| Drug Enforcement Agency Funds | | 2,009 | 2,339 |
| | $ | 195,261 | 229,121 |

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.

(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 2011, 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.

## (4) Capital Assets

Following is a summary of the changes in capital assets for the year ended June 30, 2013:

| | Balances June 30, 2012 | Additions | Retirements | Transfers | Balances June 30, 2013 |
|---|---|---|---|---|---|
| Capital assets being depreciated: | | | | | |
| Pavings | $ 975,361 | — | — | 15,142 | 990,503 |
| Buildings and facilities | 520,878 | — | — | 13,114 | 533,992 |
| Equipment | 74,582 | 4,366 | (144) | 12 | 78,816 |
| | 1,570,821 | 4,366 | (144) | 28,268 | 1,603,311 |
| Less accumulated depreciation: | | | | | |
| Pavings | (374,411) | (30,050) | — | — | (404,461) |
| Buildings and facilities | (322,529) | (15,503) | — | — | (338,032) |
| Equipment | (51,289) | (3,337) | 142 | — | (54,484) |
| Total accumulated depreciation | (748,229) | (48,890) | 142 | — | (796,977) |
| Total capital assets being depreciated | 822,592 | (44,524) | (2) | 28,268 | 806,334 |
| Capital assets not being depreciated: | | | | | |
| Land | 751,356 | 161 | — | — | 751,517 |
| Construction in progress | 58,496 | 60,552 | (1,651) | (28,268) | 89,129 |
| Easements | 3,506 | — | — | — | 3,506 |
| Total capital assets not being depreciated | 813,358 | 60,713 | (1,651) | (28,268) | 844,152 |
| | $ 1,635,950 | 16,189 | (1,653) | — | 1,650,486 |

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

| | Balances June 30, 2011 | Additions | Retirements | Transfers | Balances June 30, 2012 |
|---|---|---|---|---|---|
| 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 |
| | 1,546,650 | 3,440 | (1,111) | 21,842 | 1,570,821 |
| 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 | (701,441) | (47,816) | 1,028 | — | (748,229) |
| Total capital assets being depreciated | 845,209 | (44,376) | (83) | 21,842 | 822,592 |
| 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 | 778,601 | 60,476 | (3,877) | (21,842) | 813,358 |
| | $ 1,623,810 | 16,100 | (3,960) | — | 1,635,950 |

Construction in progress as of June 30, 2013 and 2012 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 |

## (5) Change in Long-Term Liabilities

Following is a summary of the changes in long-term liabilities for the year ended June 30, 2013:

| | Balance June 30, 2012 | Additions | Reductions | Balance June 30, 2013 | Due within one year |
|---|---|---|---|---|---|
| Revenue bonds payable (see note 6) | $ 833,960 | 31,460 | (70,805) | 794,615 | 30,465 |
| Unamortized discounts, premiums, and deferred amounts on refunding (see note 6) | 16,833 | 2,811 | (1,214) | 18,430 | — |
| Net pension obligation (see note 14) | 1,759 | — | (26) | 1,733 | — |
| Pension Funding Project (see note 14) | 5,345 | — | (91) | 5,254 | 97 |
| Other long-term liabilities | 461 | — | (22) | 439 | — |
| Accrued vacation, compensatory, and sick time benefits | 5,636 | 3,684 | (3,855) | 5,465 | 3,682 |
| Deferred lease revenues | 6,031 | — | (280) | 5,751 | — |
| Total | $ 870,025 | 37,955 | (76,293) | 831,687 | 34,244 |

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 |

## (6) Revenue Bonds Payable

Bonds outstanding at June 30, 2013 and 2012 are summarized as follows:

| | | 2013 | 2012 |
|---|---|---|---|
| Bond Series 1997B, interest rate of 6%, payable in varying amounts through 2015 | $ | 11,515 | 16,825 |
| Bond Series 2002, Series A, interest rates ranging from 4.00% to 5.25%, payable in varying amounts through 2014 | | 1,760 | 3,435 |
| Bond Series 2003A, interest rates ranging from 3.75% to 5.25%, payable in varying amounts through 2019 | | — | 45,825 |
| Bond Series 2005, interest rate of 5.50%, payable in varying amounts through 2032 | | 263,695 | 263,695 |
| Bond Series 2007A, interest rate ranging from 4.25% to 5.25%, payable in varying amounts through 2033 | | 222,605 | 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 | | 20,210 | 29,535 |
| Bond Series 2012, interest rate ranging from 3.00% to 5.00%, payable in varying amounts through 2033 | | 31,395 | 31,395 |
| Bond Series 2013, interest rate ranging from 2.00% to 5.00%, payable in varying amounts through 2019 | | 31,460 | — |
| | | 794,615 | 833,960 |
| Less: | | | |
| Current maturities | | (30,465) | (30,655) |
| Unamortized discounts and premiums | | 39,603 | 41,116 |
| Deferred amounts on refunding | | (21,173) | (24,283) |
| | | (12,035) | (13,822) |
| | $ | 782,580 | 820,138 |

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

On June 30, 2013, the Airport issued $31,460 in Series 2013 Revenue Refunding Bonds payable in varying amounts from 2014 through 2019 with interest rates ranging from 2% to 5%. At June 30, 2013, $40,150 of 2003 A Series Revenue Refunding 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 5 years by $10,383 and to obtain an economic gain (difference between the present value of the old and new debt services payments) of $3,365.

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 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.

The deferred amounts on refunding of $21,173 and $24,283 at June 30, 2013 and 2012, 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, 2013 and 2012.



As of June 30, 2013, the Airport's aggregate debt service requirements for the next five years and in five-year increments thereafter are as follows:

| | | Principal | Interest | Total |
|---|---|---|---|---|
| Year(s) ending June 30: | | | | |
| 2014 | $ | 30,465 | 40,378 | 70,843 |
| 2015 | | 37,560 | 39,457 | 77,017 |
| 2016 | | 39,785 | 37,565 | 77,350 |
| 2017 | | 38,400 | 35,551 | 73,951 |
| 2018 | | 40,475 | 33,475 | 73,950 |
| 2019 – 2023 | | 198,940 | 136,265 | 335,205 |
| 2024 – 2028 | | 209,850 | 84,669 | 294,519 |
| 2029 – 2033 | | 181,125 | 28,857 | 209,982 |
| 2034 – 2036 | | 18,015 | 1,213 | 19,228 |
| | $ | 794,615 | 437,430 | 1,232,045 |

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, 2013 and 2012, $459,290 and $529,075, 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.

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

During fiscal years 2013 and 2012, revenues from signatory air carriers accounted for 55.4% and 54.9%, 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 nonsignatory air carriers for the years ended June 30, 2013 and 2012:

| | | 2013 | |
|---|---|---|---|
| | **Signatory** | **Non-signatory** | **Total** |
| Airfield | $ 54,901 | 12,869 | 67,770 |
| Terminal and concourses | 21,597 | 2,637 | 24,234 |
| Hangars and other buildings | 384 | 570 | 954 |
| Cargo buildings | 291 | 442 | 733 |
| | $ 77,173 | 16,518 | 93,691 |

| | | 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 |
| | $ 72,174 | 16,356 | 88,530 |



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.

## (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 11% and 13% of the Airport's total operating revenues and 20% and 24% of total revenues from signatory air carriers for the fiscal years ended June 30, 2013 and 2012, respectively. Accounts receivable at June 30, 2013 and 2012 contained $1,002 and $1,361, respectively, relating to amounts owed to the Airport by American. These amounts include $95 of unbilled aviation revenues at June 30, 2013 and $463 of unbilled aviation revenue credits at June 30, 2012.

Southwest provided 27% and 26% of the Airport's total operating revenues and 49% and 47% of total revenues from participating air carriers for the fiscal years ended June 30, 2013 and 2012, respectively. Accounts receivable at June 30, 2013 and 2012 contained $143 and $(386), respectively, relating to amounts owed to the Airport by Southwest. These amounts include $414 of unbilled aviation revenues at June 30, 2013 and $1,609 of unbilled aviation revenue credits at June 30, 2012.

## (9) Operating Leases

The Airport leases facilities and land with varying renewal privileges to various nonsignatory 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 noncancelable operating leases, other than leases with signatory airlines, pursuant to long-term use agreements:

| | | |
|---|---|---|
| Year(s) ending June 30: | | |
| 2014 | $ | 23,525 |
| 2015 | | 17,238 |
| 2016 | | 10,411 |
| 2017 | | 9,821 |
| 2018 | | 9,712 |
| 2019 – 2023 | | 36,504 |
| 2024 – 2028 | | 9,895 |
| 2029 – 2033 | | 9,895 |
| 2034 – 2037 | | 609 |
| Total minimum future rentals | $ | 127,610 |



The above amounts do not include contingent rentals that may be received under certain leases. Such contingent rentals amounted to $2,997 and $3,912 for the years ended June 30, 2013 and 2012, respectively.

Deferred lease revenues included in other long-term liabilities in the amount of $5,751 and $6,031 as of June 30, 2013 and 2012, respectively, represent the upfront lease revenues received by the Airport for the lease of certain land.

The Airport leases computer and other equipment and has service agreements under noncancelable arrangements that expire at various dates through 2017. Expenses for operating leases and service agreements were $98 and $114 for the years ended June 30, 2013 and 2012, respectively. Future minimum payments are as follows:

| | | |
|---|---|---|
| Year ending June 30: | | |
| 2014 | $ | 48 |
| 2015 | | 39 |
| 2016 | | 30 |
| 2017 | | 12 |
| Total minimum future rentals | $ | 129 |



## (10) Concessionaire Revenues

During fiscal years 2013 and 2012, revenues from concessionaires accounted for 17% and 16%, respectively, of total Airport operating revenues.

Following is a summary of rental revenues received by type of concessionaire for the years ended June 30, 2013 and 2012:

| | | 2013 | 2012 |
|---|---|---|---|
| Advertising | $ | 1,429 | 1,391 |
| Transportation services | | 1,129 | 1,105 |
| Automobile rental | | 11,311 | 11,110 |
| General merchandise sales | | 2,983 | 1,930 |
| Food and catering services | | 4,465 | 4,126 |
| Other | | 2,023 | 1,948 |
| | $ | 23,340 | 21,610 |

## (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, 2013 and 2012 are as follows:

| | | 2013 | 2012 |
|---|---|---|---|
| Parking revenues | $ | 28,282 | 28,195 |
| Parking expenses | | (10,344) | (11,255) |
| Parking revenues, net | $ | 17,938 | 16,940 |



(Continued)

## (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, 2013 and 2012.

## (13) Related-Party Transactions

During the years ended June 30, 2013 and 2012, the City charged the Airport $2,560 and $1,674, 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, 2013 and 2012, gross receipts tax amounted to $6,607 and $6,097, respectively, and is reflected as transfers out in the accompanying basic financial statements. As of June 30, 2013 and 2012, $3,184 and $1,985, respectively, remain unpaid.



## (14) Retirement Plans

All employees of the Airport are covered by the following Citywide employee retirement plans. The employees of the Airport Fire Department are covered by the Firemen's Retirement System of St. Louis (FRS), a single-employer defined benefit retirement plan. Effective February 1, 2013, the City passed Ordinances #69149 and #69245 (amended by #69353) replacing the FRS with a new retirement system, The Firefighters' Retirement Plan (FRP). 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*

As of February 1, 2013 the FRS plan was frozen. The following disclosures are based on the September 30, 2012 financial statements and the October 1, 2012 actuarial valuation. Due to the freezing of the FRS plan, a new actuarial valuation is in the process of being performed.

All firefighters qualify as members of the FRS and are thereby eligible to participate from their date of hire.

The FRS 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 FRS 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 statues and adopted by City ordinance.

The FRS, 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 FRS, as mandated per State statute and adopted by City ordinance. The City is required to contribute the remaining amounts necessary to fund the FRS. Members of the FRS 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 $2,118 were made to the FRS by the Airport during the fiscal year ended June 30, 2013. The contribution consisted of $1,889 of normal cost, plus $229 in unfunded actuarial accrued liability amortization payments in accordance with actuarially determined contribution requirements based on an actuarial valuation performed at October 1, 2012. The following were some of the significant actuarial assumptions used in the valuation of the Firemen's System:

| | |
|---|---|
| Valuation date | October 1, 2012 |
| 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% |

**Three year trend information – FRS**

| Fiscal year | Annual pension cost (APC) | Percentage of APC contributed | Net pension obligation |
|---|---|---|---|
| 2013 | $ 2,118 | 100% | $ — |
| 2012 | 2,307 | 100 | — |
| 2011 | 1,785 | 100 | — |

### *(d) Funded Status*

The funded status for the FRS as a whole as of October 1, 2012 and 2011 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 |
|---|---|---|---|---|---|---|
| 10/1/2012 | $ 427,123 | 453,528 | (26,405) | 94.2% | $ 36,013 | 73.3% |
| 10/1/2011 | 404,101 | 430,755 | (26,654) | 93.8 | 37,157 | 71.7 |

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, 2013. 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.

***(e) Impact of City Ordinances #69149 and #69245 (amended by #69353)***

Various City ordinances effectively discontinued the accrual of pension benefits under the FRS for service performed and compensation paid after February 1, 2013, and established a new pension plan, the FRP, to provide retirement income, disability, and survivor death benefits for service rendered after February 1, 2013.

The FRS continues to pay retirement income benefits only for service rendered and compensation paid up to February 1, 2013. Service after February 1, 2013 is recognized by the FRS only for purposes of determining eligibility to receive a retirement income benefit, such as vesting and the pension commencement date. Years of service rendered and compensation paid after February 1, 2013 does not increase the amount of benefits to be paid by the FRS. No employee contributions were made to the FRS with respect to payroll periods beginning on or after February 1, 2013.

The FRS continues to pay: retirement income benefits to members who retired before February 1, 2013; disability benefits to members who became disabled before February 1, 2013; and survivor benefits to surviving spouses and beneficiaries of members who died before February 1, 2013.

The FRP provides retirement income benefits for service rendered after February 1, 2013. Employee contributions for payroll periods on or after February 1, 2013 are made to the FRP. Disability benefits for a participant who becomes disabled after February 1, 2013 will be paid from the FRP. Survivor benefits for a beneficiary of a participant who dies after February 1, 2013 will be paid from the FRP.

Retirement income benefits under the FRP are calculated in substantially the same way as under the FRS, except that after February 1, 2013 the FRP calculates the benefit based on years of service credited under both plans, and then offset the benefit that is payable from the FRS. In effect, the retirement income benefit paid by the FRP is based solely on years of service rendered after February 1, 2013, but the rate of accrual for each such year is based on total years of service as a firefighter. Retirement income benefits attributable to compensation paid after February 1, 2013 accrue only under the FRP.

The retirement income benefit payable under the FRP, when combined with the benefit payable from the FRS, is the same as the total retirement income benefit that would have been payable to such a participant under the RFS if it had not been frozen.

The FRP continues the FRS DROP program in all material respects. The only change was that under the FRP, any DROP participant with less than 20 years of service as of February 1, 2013 and who enters DROP before age 55 will have an actuarial reduction applied to his/her retirement income benefit attributable to service worked after February 1, 2013.

***(f) Changes to Actuarial Assumptions***

***Actuarial Cost Methods***

The FRS utilizes the frozen initial liability (entity age normal) actuarial cost method. This method determines a normal cost on an aggregate basis expressed as a level percentage of pay. The normal cost rate equals the ratio of (a) the present value of future benefits less the actuarial value of assets less the frozen unfunded actuarial liability, to (b) the present value of future salaries. Under this method, the actuarial gains (losses), as they occur, reduce (increase) future normal costs.

The FRP will utilize the Entry Age Normal (level percent of salary) Actuarial Cost Method, with entry age determined at the age at date of employment. Normal cost and actuarial accrued liability are calculated on an individual basis and are allocated by service. Actuarial accrued liability is offset by the FRS Plan's actuarial accrued liability and normal cost is offset by projected employee contributions.

***Amortization of Unfunded Accrued Liabilities***

Under the FRS, unfunded actuarial accrued liabilities for changes in assumptions, plan provisions, or methods are amortized on a level dollar basis over 30 years from the creation of the unfunded base. As a result of the benefit freeze, the unfunded accrued liability under the frozen initial liability cost method is less than zero. Therefore, the amortization payment due to the unfunded accrued liability has been removed. Effectively, the FRS now operates under the aggregate cost method (pursuant to Section 87.330 of the Missouri Revised Statutes).

Under the FRP, the total unfunded actuarial accrued liability (UAL) is amortized over a 30-year closed period as a level percent of payroll.



**Firefighter's Retirement Plan (FRP)**

The fiscal year end of the FRP is September 30. As the FRP began on February 1, 2013, no financial statements are currently available. The City did not make a contribution to the FRP during fiscal year 2013. The activity of the FRP during fiscal year 2013 was not material.

**Employees' Retirement System of the City of St. Louis**

***(a) System Description***

All nonuniformed 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 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.

### *(b) 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 14.27% effective July 1, 2012, and 12.69% of active member payroll effective July 1, 2011.

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.

### *(c) 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, 2013 and 2012 are as follows:

| | | 2013 | 2012 |
|---|---|---|---|
| Annual required contribution | $ | 3,129 | 2,840 |
| Interest on net pension obligation | | 141 | 142 |
| Adjustment to annual required contribution | | (156) | (158) |
| Annual pension cost | | 3,114 | 2,824 |
| Contributions made | | (3,140) | (2,840) |
| Decrease in net pension obligation | | (26) | (16) |
| Net pension obligation, beginning of year | | 1,759 | 1,775 |
| Net pension obligation, end of year | $ | 1,733 | 1,759 |

The net pension obligation of $1,733 and $1,759 as of June 30, 2013 and 2012, 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, 2013 and 2012, $97 and $91, 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, 2013 and 2012 a $5,157 and $5,254, 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, 2012 |
| 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, 2012 |
| 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 |

**Three-year trend information – employees' system**

| Fiscal year | | Annual pension cost (APC) | Percentage of APC contributed | | Net pension obligation |
|---|---|---|---|---|---|
| 2013 | $ | 3,114 | 100.79% | $ | 1,733 |
| 2012 | | 2,824 | 100.57 | | 1,759 |
| 2011 | | 2,709 | 100.59 | | 1,775 |

### (d) *Funded Status*

The funded status for the Employees' System as a whole as of October 1, 2012 and 2011 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 |
|---|---|---|---|---|---|---|---|---|
| 10/1/2012 | $ | 653,002 | 866,890 | (213,888) | 75.3% | $ | 224,822 | 95.1% |
| 10/1/2011 | | 661,932 | 841,763 | (179,831) | 78.6 | | 223,061 | 80.6 |

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, 2013. 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, 2013, the Airport had outstanding commitments amounting to approximately $34,030 resulting primarily from contracts for construction projects. In addition, the Airport has $26,167 in outstanding commitments resulting from service agreements.

In an attempt to contain rising pension costs, the City passed City of St. Louis Ordinances #69149 and #69245 (amended by #69353) effective February 1, 2013, replacing the Firemen's Retirement System of St. Louis (FRS) with a new retirement system Firefighters' Retirement Plan (FRP) which had a reduced level of benefits. FRS filed suit challenging this action and on June 3, 2013, a court decision was rendered. The ruling stated that effective February 1, 2013; the City of St. Louis could establish the new FRP but could not abolish the old FRS plan. Going forward all retirement benefits for services rendered up to February 1, 2013 will be paid by FRS and all retirement benefits for services rendered after February 1, 2013 will be paid by FRP. Service up to February 1, 2013 will be paid at FRS benefit levels and any service after February 1, 2013 will be paid at FRP benefit levels. This decision has been appealed by the FRS to the Missouri Court of Appeals and will likely end up in the State Supreme Court.

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.

### (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, 2013 and 2012, expenses related to the Airport's participation in PFPC amounted to $547 and $1,222, respectively, and are reflected as interfund services used in the accompanying basic financial statements. At June 30, 2013 and 2012, the Airport owed PFPC $2,180 and $2,884, 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 $794,615 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, 2013, the total principal and interest remaining to be paid on the bonds is $1,232,045. Principal and interest paid was $73,001 and $61,486 for the years ended June 30, 2013 and 2012, respectively. The pledged net revenue recognized for the year ended June 30, 2013 and 2012 was $91,157 and $79,646, 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, 2013 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 $23,000 to cover storm related renovation expenses as of June 30, 2013. As of June 30, 2013, the $23,000 was used to cover $19,928 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, 2013 the Airport estimates that another $2,000 will be received upon settlement of the final claim.

In addition, on May 31, 2013, the Airport sustained additional damage from another tornado. Lexington Insurance Company advanced the Airport $2,000 to cover storm related repairs. In addition, the Airport estimates that another $2,300 will be received upon settlement of the final claim.

## (19) Subsequent Events

***American Airlines Bankruptcy***

American Airlines parent AMR Corp. has emerged from Chapter 11 Bankruptcy protection and completed its merger with US Airways effective December 9, 2013. The companies officially formed the new American Airlines Group Inc. on December 9, 2013. In addition, the Airport has an unsecured claim for approximately $4.5 million that was granted to the City under the Settlement Agreement with American Airlines that it will receive in mandatory preferred stock. This mandatory preferred stock will be sold for cash that will be deposited into the Airport's Revenue Fund.

**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, 2013

(Dollars in thousands)

| | Unrestricted | | | Unrestricted Funds Designated | | Held by trustee bond fund | | Restricted Other restricted funds | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Revenue fund | Revenue fund subaccount | Operation and maintenance fund | Development fund (ADF)/ Debt Service Stabilization fund (DSSF) | Construction fund | Debt service account | Debt service reserve account | Renewal and replacement fund | Passenger facility charge fund | Stabilization fund | Construction fund | DEA fund | Total |
| Balance at June 30, 2012 | $ 16,972 | 1,997 | 4,987 | 75,920 | 750 | 52,125 | 48,303 | 3,500 | 20,697 | 38,211 | 63,946 | 2,339 | 329,747 |
| Cash deposited with City Treasurer | 146,836 | — | — | — | — | — | — | — | 24,946 | — | — | — | 171,782 |
| Cash receipts | | | | | (690) | 2,712 | 896 | — | 77 | — | 2,815 | 79 | 5,889 |
| Transfer in accordance with ordinance | (138,661) | 6,607 | 82,666 | 38,335 | — | 71,779 | (4,388) | — | (20,224) | — | (36,114) | — | — |
| Vouchers and requisitions paid | (11,008) | — | (80,458) | — | — | — | — | — | — | — | — | (409) | (91,875) |
| Bond proceeds | — | — | — | — | — | 34,710 | — | — | — | — | — | — | 34,710 |
| Payments | — | — | — | — | — | — | — | — | — | — | — | — | — |
| Interest | — | — | — | — | — | (45,042) | (193) | — | — | — | (139) | — | (45,374) |
| Redemption of bonds | — | — | — | — | — | (30,655) | — | — | — | — | — | — | (30,655) |
| Refunding of bonds | — | — | — | — | — | (34,710) | — | — | — | — | — | — | (34,710) |
| Payments to the City of 5% of gross receipts | — | (6,206) | — | — | — | — | — | — | — | — | — | — | (6,206) |
| Receipts from FAA and MoDOT | — | — | — | 19,626 | — | — | — | — | — | — | — | — | 19,626 |
| Receipts from TSA | — | — | — | 384 | — | — | — | — | — | — | — | — | 384 |
| Capital appropriation | — | — | — | 2,691 | — | — | — | — | — | — | — | — | 2,691 |
| Capital expenditures | — | — | — | (66,937) | — | — | — | — | — | — | — | — | (66,937) |
| Balance at June 30, 2013 | $ 14,139 | 2,398 | 7,195 | 70,019 | 60 | 50,919 | 44,618 | 3,500 | 25,496 | 38,211 | 30,508 | 2,009 | 289,072 |

See accompanying independent auditors' report.

**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, 2013

(Dollars in thousands)

| Maturity on July 1 | Interest rate | Principal maturity |
|---|---|---|
| 2013 | 6.00% | $ 5,605 |
| 2014 | 6.00 | 5,910 |
| | | $ 11,515 |

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 Revenue Bonds Payable

June 30, 2013

(Dollars in thousands)

| Maturity on July 1 | Interest rate | | Principal maturity |
|---|---|---|---|
| 2013 | 4.00% | $ | 1,760 |

See accompanying independent auditors' report.

**Schedule IV**

**LAMBERT – ST. LOUIS INTERNATIONAL AIRPORT**

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

Schedule of 2005 Revenue Refunding Bonds Payable

June 30, 2013

(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 |
| | | $ 263,695 |

See accompanying independent auditors' report.

Schedule V

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

Schedule of 2007A Revenue Refunding Bonds Payable

June 30, 2013

(Dollars in thousands)

| Maturity on July 1 | Interest rate | | Principal maturity |
|---|---|---|---|
| 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 |
| | | $ | 222,605 |



See accompanying independent auditors' report.

Schedule VI

**LAMBERT – ST. LOUIS INTERNATIONAL AIRPORT**

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

Schedule of 2007B Revenue Refunding Bonds Payable

June 30, 2013

(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 |
| | | $ | 104,735 |

See accompanying independent auditors' report.

**Schedule VII**

# LAMBERT – ST. LOUIS INTERNATIONAL AIRPORT

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

Schedule of 2009A Revenue Bonds Payable

June 30, 2013

(Dollars in thousands)

| Maturity on July 1 | Interest rate | Principal maturity |
|---|---|---|
| 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 |
| | | $ 107,240 |



See accompanying independent auditors' report.

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

Schedule of 2011AB Revenue Refunding Bonds Payable

June 30, 2013

(Dollars in thousands)

| Maturity on July 1 | Interest rate | | Principal maturity |
|---|---|---|---|
| 2013 | 4.00% | $ | 7,025 |
| 2014 | 5.00 | | 7,435 |
| 2015 | 5.00 | | 5,750 |
| | | $ | 20,210 |

See accompanying independent auditors' report.

**Schedule IX**

**LAMBERT – ST. LOUIS INTERNATIONAL AIRPORT**

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

Schedule of 2012 Revenue Refunding Bonds Payable

June 30, 2013

(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 |
| | | $ 31,395 |

See accompanying independent auditors’ report.

**Schedule X**

**LAMBERT – ST. LOUIS INTERNATIONAL AIRPORT**

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

Schedule of 2013 Revenue Refunding Bonds Payable

June 30, 2013

(Dollars in thousands)

| Maturity on July 1 | Interest rate | | Principal maturity |
|---|---|---|---|
| 2014 | 2.00% | $ | 5,790 |
| 2015 | 4.00 | | 5,990 |
| 2016 | 5.00 | | 6,235 |
| 2017 | 5.00 | | 6,560 |
| 2018 | 5.00 | | 6,885 |
| | | $ | 31,460 |

See accompanying independent auditors' report.

**Schedule XI**

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

Schedule of Insurance

June 30, 2013

(Dollars in thousands)

| Insurer | | Amount | Expiration date | Character of coverage |
|---|---|---|---|---|
| National Union Fire Insurance Company of Pittsburgh | $ | 350,000 | 10/1/2014 | General Liability/Liability Prime/TRIA |
| Zurich | | 7,000 | 10/1/2013 | Public official's and employee's liability |
| Lexington Insurance Company | | 891,511 | 10/1/2014 | 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 |

See accompanying independent auditors' report.