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Independent Auditors' Report

Members of the Oklahoma Transportation Authority:

We have audited the balance sheets of the Oklahoma Transportation Authority (Authority), as of December 31, 1999 and 1998, and the related statements of revenues, expenses and changes in retained earnings and cash flows for the years then ended. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Authority, as of December 31, 1999 and 1998, and the results of its operations and the cash flows for the years then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 15, 2000 on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws and regulations. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audits were made for the purpose of forming an opinion on the basic financial statements of the Authority, taken as a whole. The supplementary information included on pages 46 through 60 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

KPMG LLP

March 15, 2000



Oklahoma Transportation Authority
Balance Sheets
December 31, 1999 and 1998

	1999	1998
<u>Assets</u>		
Current assets:		
Cash and cash equivalents (note 3)	\$ 12,302,886	\$ 15,015,051
Investments (note 3)	103,128,160	86,263,348
Accounts receivable	4,252,671	1,426,367
Accrued interest receivable	1,303,769	1,033,311
Prepaid expenses	115,260	126,063
Materials inventory	1,409,799	1,864,577
Total current assets	122,512,545	105,728,717
Restricted assets (notes 3,7 and 10):		
Cash and cash equivalents (note 3)	53,550,013	57,499,452
Investments (note 3)	568,931,290	752,826,889
Accrued interest receivable	1,272,817	17,401,221
Total restricted assets	623,754,120	827,727,562
Property and equipment (note 4):		
Less accumulated depreciation and amortization	(629,793,370)	(596,534,786)
Net property and equipment	813,025,245	592,577,116
Revenue bond issuance costs (net of accumulated amortization of \$3,008,422 and \$2,485,628 in 1999 and 1998, respectively)		
	12,382,535	12,877,959
Total assets	\$ 1,571,674,445	\$ 1,538,911,354
<u>Liabilities and retained earnings</u>		
Current liabilities:		
Accounts payable	\$ 14,046,081	\$ 12,796,326
Liabilities payable from restricted assets:		
Accounts payable	21,936,268	5,783,934
Accrued interest payable	36,296,990	39,630,170
Deferred revenue	10,581,525	9,790,535
Arbitrage rebate payable to U.S. Treasury	5,409,060	4,003,758
Current portion of revenue bonds payable (note 7)	14,015,000	13,295,000
Total liabilities payable from restricted assets	88,238,843	72,503,397
Long-term debt:		
Revenue bonds, net of unamortized discount of \$18,739,732 and \$19,578,967 in 1999 and 1998, respectively, and of unamortized net deferred debit on refundings of \$11,626,425 and \$13,735,927 in 1999 and 1998, respectively (note 7)	1,270,981,904	1,281,715,491
Payable to Department of Transportation (note 10)	46,223,369	44,565,083
Total long-term debt	1,317,205,273	1,326,280,574
Total liabilities	1,419,490,197	1,411,580,297
Retained earnings (note 7)	152,184,248	127,331,057
Commitments and contingencies (note 11)	-	-
Total liabilities and retained earnings	\$ 1,571,674,445	\$ 1,538,911,354

See accompanying notes to financial statements

Oklahoma Transportation Authority
Statements of Revenues, Expenses and Changes in Retained Earnings
Years Ended December 31, 1999 and 1998

	<u>1999</u>	<u>1998</u>
Operating revenues:		
Tolls	\$ 129,834,848	\$ 124,570,726
Concessions	<u>1,253,675</u>	<u>1,239,223</u>
Total operating revenues	131,088,523	125,809,949
Operating expenses:		
Toll Operations	14,011,450	12,821,107
Turnpike Maintenance	11,674,694	10,097,941
Engineering	2,540,613	1,940,473
Highway Patrol	6,969,375	6,149,176
General Administration	833,710	1,392,699
Information Technology	2,256,459	1,690,126
Controller	1,091,851	1,128,787
Finance and Revenue	1,019,125	852,804
Human Resources	526,038	465,017
Authority	<u>8,426</u>	<u>6,472</u>
Total operating expenses before depreciation and amortization	<u>40,931,741</u>	<u>36,544,602</u>
Operating income before depreciation and amortization	90,156,782	89,265,347
Depreciation and amortization (note 4)	<u>(36,148,729)</u>	<u>(33,320,481)</u>
Operating income	<u>54,008,053</u>	<u>55,944,866</u>
Non-operating revenues (expenses):		
Interest earned on investments	37,529,313	28,717,822
Net increase(decrease) in fair value of investments	(2,306,116)	6,793,941
Interest expense on revenue bonds outstanding	(65,406,830)	(58,881,577)
Other	<u>1,028,771</u>	<u>337,741</u>
Net non-operating expenses	<u>(29,154,862)</u>	<u>(23,032,073)</u>
Net income	24,853,191	32,912,793
Retained earnings, beginning of the year	<u>127,331,057</u>	<u>94,418,264</u>
Retained earnings, end of the year	<u>\$ 152,184,248</u>	<u>\$ 127,331,057</u>

See accompanying notes to financial statements

Oklahoma Transportation Authority Statements of Cash Flows

Years Ended December 31, 1999 and 1998

	1999	1998
Cash flows from operating activities:		
Operating income	\$ 54,008,053	\$ 55,944,866
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation and amortization	36,148,729	33,320,481
Other non-operating revenue (expense)	1,028,771	337,741
Changes in assets and liabilities:		
Increase in accounts receivable	(2,826,304)	(369,431)
Decrease (increase) in prepaid expense	10,803	(25,649)
Decrease in materials inventory	454,778	138,741
Increase in accounts payable	15,512,397	5,501,288
Increase in deferred revenue	790,990	1,281,065
Interest earned and recorded as payable to Department of Transportation	1,658,286	1,638,166
Increase in arbitrage funds payable to U.S. Treasury	1,405,302	2,235,414
Net cash flows provided by operating activities	108,191,805	100,002,682
Cash flows from investing activities:		
Purchase of investments	(161,036,640)	(857,189,469)
Redemption of certificates of deposit in lieu of retainages	-	95,000
Proceeds from sales and maturities of investments	325,761,311	198,497,476
Interest received	53,387,259	12,213,542
Net cash flows provided by (used in) investing activities	218,111,930	(646,383,451)
Cash flows from capital and related financing activities:		
Issuance of revenue bonds	-	687,010,000
Discount on issuance of revenue bonds	-	(1,585,161)
Payment of bond issuance costs	(27,370)	(4,635,826)
Acquisition and construction of capital assets	(254,184,372)	(60,721,444)
Principal payment to retire revenue bonds	(13,295,000)	(12,630,000)
Proceeds from motor fuel tax apportionment transfers	33,112,822	32,171,619
Payments to the Department of Transportation	(33,112,822)	(32,171,619)
Interest paid on revenue bonds outstanding	(65,458,597)	(38,686,361)
Net cash flows (used in) provided by capital and related financing activities	(332,965,339)	568,751,208
Net (decrease) increase in cash and cash equivalents	(6,661,604)	22,370,439
Cash and cash equivalents, beginning of the year	72,514,503	50,144,064
Cash and cash equivalents, end of the year	\$ 65,852,899	\$ 72,514,503
Noncash items:		
Unrealized gain/ loss on investments	\$ (2,306,116)	\$ 6,793,941
Accrued capitalized interest	-	3,171,611
Receipt of land in lieu of construction commitment	1,889,692	9,016,146

See accompanying notes to financial statements

Oklahoma Transportation Authority
Notes to Financial Statements
December 31, 1999 and 1998

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Oklahoma Transportation Authority

Notes to Financial Statements

December 31, 1999 and 1998

Note 1. Nature of the Organization and Summary of Significant Accounting Policies

Effective November 1, 1999, the name of the Oklahoma Turnpike Authority was changed to the Oklahoma Transportation Authority. The financial statements of the Oklahoma Transportation Authority (the Authority) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The Authority applies Financial Accounting Standards Board pronouncements and Accounting Principles Board opinions issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails, and all of the GASB pronouncements issued subsequently. The more significant of the Authority's accounting policies are described below:

A. Reporting Entity

The Oklahoma Transportation Authority is an instrumentality of the State of Oklahoma (the State) and a body corporate and politic created by statute in 1947. The Authority is authorized to construct, maintain, repair, and operate turnpike projects at locations authorized by the Legislature of the State of Oklahoma and approved by the State Department of Transportation. The Authority receives its revenues from turnpike tolls and a percentage of the turnpike concession sales. The Authority may issue Turnpike Revenue Bonds for the purpose of paying the costs of turnpike projects and Turnpike Revenue Refunding Bonds for the purpose of refunding any bonds of the Authority then outstanding. Turnpike Revenue Bonds are payable solely from the tolls and other revenues of the Authority and do not constitute indebtedness of the State.

The Authority is a component unit of the State, and is combined with other similar funds to comprise the Enterprise Funds of the State. The Authority consists of the Governor (ex-officio) and six members who are appointed by the Governor, by and with the consent of the State Senate. The Governor may remove any member of the Authority, at any time, with or without cause. The members are appointed to represent defined geographical districts and to serve without pay for terms of eight years. The Authority has full control over all operations, but must comply with certain bond indentures and Trust Agreements. The Authority employs a Director and Deputy Director to manage the day-to-day operations.

In evaluating how to define the Authority, for financial reporting purposes, management has determined that there are no entities over which the Authority exercises significant influence. Significant influence or accountability is based primarily on operational or financial relationships with the Authority. Since the Authority does not exercise significant influence or accountability over other entities, it has no component units.

B. Basis of Accounting

The operations of the Authority are accounted for as an enterprise fund on an accrual basis in order to recognize the flow of economic resources. Under this basis, revenues are recognized in the period in which they are earned, expenses are recognized in the period in which they are incurred, depreciation of assets is recognized, and all assets and liabilities associated with the operation of the Authority are included in the Balance Sheet. The Trust Agreement and supplements thereto (the Trust Agreement) related to the Series 1989 Bonds require that the Authority adopt generally accepted accounting principles for government entities; but, it also requires that certain funds and accounts be established and maintained. The Authority consolidates these funds and accounts for the purpose of enterprise fund presentation in its external financial statements.

C. Changes in Accounting Principles

The Authority adopted the provisions of Governmental Accounting Standards Board Statement No. 32, "Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans" (Statement 32) in 1998, effective January 1, 1998. Statement 32 establishes accounting and financial reporting standards for Internal Revenue Code Section 457 deferred compensation plans of state and local governmental employers and had no financial statement impact.

D. Budget

Operating budgets are adopted on a modified accrual (non-GAAP) basis for Revenue Fund expenses, Reserve Maintenance Fund deposits and General Fund Project expenses. Project-length financial plans are established for all Reserve Maintenance and General Fund projects and for all new construction projects. All non-project related, unexpended budget amounts lapse at calendar year end. Expenses are recognized in the period in which they are paid rather than the period in which they are incurred for budgetary control purposes. Depreciation is not recognized as an expense, but capital outlays are recognized as expenses for budgetary control purposes. These expenses are reclassified for the purpose of preparing financial reports in accordance with GAAP.

E. Cash, Cash Equivalents and Investments

Cash includes amounts in demand deposits. Cash equivalents include all highly liquid investments with an original maturity of three months or less when purchased. The carrying amount of the cash equivalents and investments is fair value. The net change in fair value of investments is recorded on the Statements of Revenues, Expenses and Changes in Retained Earnings and includes the unrealized and realized gains and losses on investments.

F. Materials Inventory

Inventories of turnpike maintenance materials and supplies are valued at the lower of cost or market using the average cost method.

G. Restricted Assets

Certain proceeds of the Turnpike Revenue Bonds are restricted by applicable bond covenants for construction or set aside as reserves to ensure repayment of the bonds. Certain assets advanced to the Authority monthly from motor fuel excise taxes are restricted in accordance with the Trust Agreement for the purpose of paying debt interest and principal if other available sources are not sufficient (see note 10). Also, certain other assets are accumulated and restricted on a monthly basis in accordance with the Trust Agreement for the purpose of paying debt interest and principal payments that are due on a semi-annual and annual basis, respectively, and for the purpose of maintaining the reserve funds at the required levels. The funds and accounts are established as follows:

- The “Senior Bond Interest and Sinking Accounts” are established as sinking funds for the payment of interest and principal of the senior lien revenue bonds.
- The “Subordinate Bond Interest and Sinking Accounts” are established as sinking funds for the payment of interest and principal of the subordinate lien revenue bonds.
- The “Senior Bond Reserve Accounts” are established for the purpose of paying interest and maturing principal in the event that monies held in the “Senior Bond Interest and Sinking Accounts” and “Turnpike Trust Fund,” and monies available in the “General Fund” and “Reserve Maintenance Fund” are insufficient for such purpose.
- The “Subordinate Bond Reserve Account” is established for the purpose of paying interest and maturing principal in the event that monies held in the “Subordinate Bond Interest and Sinking Accounts” and “Turnpike Trust Fund,” and monies available in the “General Fund” and “Reserve Maintenance Fund” are insufficient for such purpose.
- The “Turnpike Trust Fund” is established for the purpose of depositing and segregating the apportionments of motor fuel excise taxes by the Oklahoma Tax Commission derived from the sale of fuels on all Authority turnpikes and can be used only to compensate for any deficiency in the monies otherwise available for the payment of bond interest and principal (Note 10).
- The “Reserve Maintenance Fund” is established for the purpose of applying and holding monies in reserve to pay the cost of resurfacing, extraordinary maintenance or repairs, engineering expenses, insurance premiums or self-insurance reserves and interest and maturing principal if monies in the “Senior Bond Interest and Sinking Accounts” and “Subordinate Bond Interest and Sinking Accounts” are insufficient for such purposes.
- The “Construction Funds” are established for the purpose of holding bond proceeds and other financing sources to be used to pay the costs of turnpike improvements.

The Authority has also set up the following additional funds by policy for the purpose of restricting monies for which the Authority is liable to others.

- The “Arbitrage Rebate and Interest Fund” is established for the purpose of holding and paying arbitrage investment earnings to the U.S. Treasury as a result of investing tax exempt bond proceeds at rates of return exceeding the maximum amount that is permitted under the applicable tax code.

- The “PIKEPASS Prepayment Fund” is established for the purpose of receiving and holding prepayments received from turnpike patrons using the electronic vehicle identification method of paying tolls.

H. Compensated Absences

Vested or accumulated vacation leave is recorded as an expense and a liability as the benefits accrue to employees. There are no accumulating sick leave benefits that vest for which any liability must be recognized.

I. Property and Equipment

All property and equipment are stated at cost. Depreciation is computed on the straight-line method over the estimated useful life of the asset ranging from three to thirty years. Prior to 1997 a full year’s depreciation was taken in the year an asset was placed in service. Beginning January 1, 1997, a full month’s depreciation is taken in the month an asset is placed in service. When property and equipment are disposed, depreciation is removed from the respective accounts and the resulting gain or loss, if any, is recorded in operations.

Interest costs incurred on revenue bonds used to finance the construction or acquisition of assets are capitalized. The amount of interest capitalized is calculated by offsetting interest expense incurred from the date of the borrowing until completion of the project with interest earned on invested proceeds over the same period. Eligible interest costs incurred in 1999 and 1998 on the Series 1998A and 1998B Second Senior Revenue Bonds were approximately \$34,960,000 and \$20,450,000, respectively. Approximately \$10,470,000 and \$3,170,000 was capitalized for 1999 and 1998, respectively. The amount of eligible interest income earned on the proceeds of the Series 1998A and 1998B Second Senior Revenue Bonds in 1999 and 1998 was approximately \$24,490,000 and \$17,280,000, respectively. Amortization of capitalized interest is included in depreciation expense.

J. Bond Discounts and Bond Issuance Costs

Bond discounts are presented as a reduction of the face amount of the bonds payable. Bond issuance costs are presented as a deferred asset on the Balance Sheet. The discounts and issuance costs are amortized over the life of the bonds on a method that approximates the effective interest method. Amortization expense related to bond discounts at December 31, 1999 and 1998 of \$839,235 and \$821,739, respectively, is included as a component of interest expense on revenue bonds outstanding on the Statement of Revenues, Expenses and Changes in Retained Earnings. Depreciation and amortization expense includes amortization of bond issuance costs at December 31, 1999 and 1998 of \$522,794 and \$454,781, respectively.

K. Arbitrage Rebate Payable

The Tax Reform Act of 1986 imposed additional restrictive regulations, reporting requirements and arbitrage rebate liability on issuers of tax-exempt debt. This Act requires the remittance to the IRS of 90% of the cumulative rebatable arbitrage within 60 days of the end of each five-year reporting period following the issuance of governmental bonds. The Authority’s policy is annually to record as a

liability the estimated amount owed. The five-year installment period ended February 1, 1999 on the Series 1989 Revenue Bonds. A payment of approximately \$1,900,000 was made to the Internal Revenue Service in April 1999. The Authority's cumulative arbitrage rebate liabilities for the years ended December 31, 1999 and 1998 are approximately \$5,409,000 and \$4,004,000, respectively. The increase in this obligation has been recorded in operations as a reduction of current year interest income.

L. Income Taxes

The Authority is an instrumentality of the State of Oklahoma. As such, income earned in the exercise of its essential government functions is exempt from state or federal income taxes.

M. Estimates

The preparation of financial statements in conformity with 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 those estimates.

N. Reclassifications

Certain amounts in the 1998 financial statements have been reclassified to conform to the 1999 presentation.

Note 2. Legal Compliance-Budgets

The Authority is required to prepare a preliminary budget of current expenses, monthly deposits to the Reserve Maintenance Fund, and the purposes for which the monies held in the Reserve Maintenance Fund will be expended for the ensuing year on or before October 10 of each year. Copies of the preliminary budget must be filed with the bond trustee and each depository, and mailed to the consulting engineers, traffic engineers and all bondholders who have filed their names and addresses with the Secretary and Treasurer of the Authority. If the Trustee or the owners of 5% in aggregate principal amount of outstanding bonds request the Authority in writing on or before November 1 in such a year, the Authority shall hold a public hearing on or before November 20. The Authority is required by the Trust Agreement to adopt a final budget on or before December 1 of each year. The budget is prepared by division at the object detail level, and includes information regarding the preceding year. Project-length financial plans are established for all new construction projects.

The Authority may not expend any amount or incur any obligations for maintenance, repairs and operations in excess of the total amount of the budgeted expenses in the Revenue Fund unless the funding source is other than revenues received from the turnpike system. The Authority may expend additional monies from the Reserve Maintenance Fund in excess of the budget of monthly deposits. The Director is authorized to approve all line item and inter-division budget transfers. Budget amendments must be approved by the Authority in a manner similar to the adoption of the annual budget. There were no occurrences of budget noncompliance in 1999.

Note 3. Deposits and Investments

Deposits. At December 31, 1999 and 1998, the carrying amounts of the Authority's cash deposits were (\$2,949,388) and \$403,346, respectively. The bank balances were \$687,620 and \$734,385, respectively. At December 31, 1999 and 1998, the carrying amount and bank balances of the Authority's cash equivalents were \$68,802,287 and \$72,111,157, respectively. All bank balances were covered by federal depository insurance or collateralized with securities held by the Authority's agent in the Authority's name.

Investments. Under the terms of the Trust Agreement, the Authority can invest in (a) government obligations, federally issued or guaranteed bonds, debentures or notes; (b) defeased municipal obligations; (c) repurchase agreements meeting certain conditions defined in the Authority's Trust Agreement; (d) certificates of deposit and time deposits in, or interests in money market portfolios meeting certain conditions defined in the Authority's Trust Agreement; (e) commercial paper; (f) obligations and full faith and credit obligations of state or local government issuers; (g) shares of stock in a corporation that is a regulated investment company and invests all of its assets in government obligations; and/or (h) any unsecured or secured agreement with the Federal National Mortgage Association or any bank, trust company or national banking association or a corporation meeting certain conditions defined in the Authority's Trust Agreement. The Authority has complied with the terms of the Trust Agreement in 1999 and 1998.

The Authority has significant investments in four Guaranteed Investment Contracts (GIC's), the terms of which are summarized as follows:

(1) GIC with Credit Agricole Indosuez Bank – This GIC bears a yield equal to the rate of 6.5% on the bond reserve portion and is collateralized by U.S. Government securities in an amount equal to 105% of the outstanding principal. If the rating of the senior unsecured debt of the Credit Agricole Indosuez Bank falls below A3 by Moody's or A- by S&P, then the GIC can be terminated. Certain Credit Agricole Indosuez Bank debt is rated Aa2 by Moody's and AA by S&P. Withdrawals on the GIC require 2 days written notice and may be made for paying project costs from bond proceeds, paying and redeeming bonds, curing deficiencies in the bond reserve accounts, reducing the bond reserve account requirements, refunding, satisfying an event of default which results in the acceleration or mandatory redemption of all of the bonds, or restricting the bond investment yield should bond counsel deem it necessary. The bond reserve portion matures on November 1, 2001.

(2) GIC with AIG Matched Funding Corporation, a subsidiary of American International Group (AIG) – This GIC bears a yield equal to the rate of 8.51%. If the rating of unsecured obligations or uncollateralized long-term debt obligations of AIG falls below Aa2 by Moody's or AA by S&P, then the GIC can be collateralized by U.S. Government securities in an amount equal to 107% of the outstanding principal. Certain AIG debt is rated Aaa by Moody's and AAA by S&P. Withdrawals on the GIC require 2 days written notice and may be made for paying project costs from bond proceeds, paying and redeeming bonds, curing deficiencies in the bond reserve accounts, reducing the bond reserve account requirements, refunding, satisfying an event of default which results in the acceleration or mandatory redemption of all of the bonds, or restricting the bond investment yield should bond counsel deem it necessary. The GIC matures on January 1, 2022.

(3) GIC with AIG Matched Funding Corporation, a subsidiary of American International Group (AIG) – This GIC bears a yield equal to the rate of 5.776%. If the rating of unsecured obligations or uncollateralized

long-term debt obligations of AIG falls below Aa3 by Moody's or AA- by S&P, then the GIC can be collateralized by U.S. Government securities in an amount equal to 105% of the outstanding principal. Certain AIG debt is rated Aaa by Moody's and AAA by S&P. Withdrawals on the GIC require 3 days written notice and may be made for paying project costs from bond proceeds, paying and redeeming bonds, curing deficiencies in the bond reserve accounts, reducing the bond reserve account requirements, refunding, satisfying an event of default which results in the acceleration or mandatory redemption of all of the bonds, or restricting the bond investment yield should bond counsel deem it necessary. The GIC matures on June 4, 2001.

(4) GIC with Bayerische Landesbank – This GIC bears a yield equal to the rate of 5.705%. If the rating of unsecured obligations or uncollateralized long-term debt obligations of Bayerische Landesbank falls below Aa3 by Moody's or AA- by S&P, then the GIC can be collateralized by U.S. Government securities in an amount equal to 105% of the outstanding principal. Certain Bayerische Landesbank debt is rated Aaa by Moody's and AAA by S&P. Withdrawals on the GIC require 5 days written notice and may be made for paying project costs from bond proceeds, paying and redeeming bonds, curing deficiencies in the bond reserve accounts, reducing the bond reserve account requirements, refunding, satisfying an event of default which results in the acceleration or mandatory redemption of all of the bonds, or restricting the bond investment yield should bond counsel deem it necessary. The GIC matures on August 1, 2001.

The Authority's investments are categorized to give an indication of the level of custodial credit risk assumed by the Authority at December 31, 1999 and 1998. The categories are described as follows: Category 1 – insured or registered, or securities held by the Authority or its agent in the Authority's name; Category 2 – uninsured and unregistered, with securities held by the counterparty's trust departments or agent in the Authority's name; or Category 3 – uninsured and unregistered with securities held by the counterparty or by its trust department or by its agent not in the Authority's name. The GICs are not classified in categories of credit risk, because they are direct contractual investments and are not securities.

December 31, 1999	Category			Fair Value
	1	2	3	
Unrestricted:				
U.S. Government securities	\$ 103,128,160	-	-	\$ 103,128,160
Restricted:				
U.S. Government securities	141,124,326	-	-	141,124,326
Guaranteed investment contracts held by Trustee	-	-	-	427,806,964
Total investments	<u>\$ 244,252,486</u>	<u>-</u>	<u>-</u>	<u>\$ 672,059,450</u>

<u>December 31, 1998</u>	<u>Category</u>			<u>Fair Value</u>
	<u>1</u>	<u>2</u>	<u>3</u>	
Unrestricted:				
U.S. Government securities	\$ 86,263,348	-	-	\$ 86,263,348
Restricted:				
U.S. Government securities	164,166,327	-	-	164,166,327
Guaranteed investment contracts held by Trustee	-	-	-	588,660,562
Total investments	\$ <u>250,429,675</u>	<u>-</u>	<u>-</u>	\$ <u>839,090,237</u>

Note 4. Property and Equipment

The following schedules summarize the property and equipment of the Authority as of December 31, 1999 and 1998:

<u>1999</u>	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Book Value</u>
Roads	\$ 607,997,571	\$ 357,867,182	\$ 250,130,389
Construction work in progress	201,740,792	-	201,740,792
Improvements	316,188,800	175,032,689	141,156,111
Land	157,409,757	-	157,409,757
Buildings	30,928,593	19,826,283	11,102,310
Equipment	60,221,741	43,675,442	16,546,299
Capitalized interest	68,331,361	33,391,774	34,939,587
Total	\$ <u>1,442,818,615</u>	\$ <u>629,793,370</u>	\$ <u>813,025,245</u>

<u>1998</u>	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Book Value</u>
Roads	\$ 607,993,570	\$ 343,508,830	\$ 264,484,740
Construction work in progress	37,127,140	-	37,127,140
Improvements	298,246,808	161,041,496	137,205,312
Land	101,846,868	-	101,846,868
Buildings	28,628,081	18,932,468	9,695,613
Equipment	57,406,636	40,897,415	16,509,221
Capitalized interest	57,862,799	32,154,577	25,708,222
Total	\$ <u>1,189,111,902</u>	\$ <u>596,534,786</u>	\$ <u>592,577,116</u>

At December 31, 1999 and 1998, depreciation and amortization expense related to property and equipment was \$35,625,935 and \$32,865,700, respectively. The estimated useful lives of property and equipment by classification of assets is provided as follows:

Roads	30 years
Improvements	5-20 years
Buildings	20-30 years
Equipment	3-7 years
Capitalized interest	30 years

Note 5. Risk Management

In conjunction with its normal operations, the Authority is exposed to various risks related to the damage or destruction of its assets from both natural and man-made occurrences, tort/liability claims, errors and omissions claims and professional liability claims. As a result of these exposures, the Authority has developed a comprehensive risk management program that participates with the State of Oklahoma's Risk Management Division in a pooled operation for the majority of this coverage.

As a member of the State of Oklahoma Risk Management pool, the Authority assumes the responsibility for maintaining and reporting to the pool all real and personal property for which it requires insurance coverage. The Authority is also responsible for providing relevant financial and operational data to the pool in all instances of potential loss. The pool, on the other hand, serves as the primary insurer to the Authority with additional layers of coverage provided by commercial insurers for coverage in excess of the self retained levels of risk assumed by the pool and the governmental immunity provided by state statutes.

The Authority also carries insurance with private insurers for a few high-risk assets under an "all risks" policy. Additional details of this coverage and the corresponding levels of self retained risk and limits of coverage are noted separately within the financial section of this report as shown on the "Schedule of Insurance in Force."

The self-retention level for property and casualty coverage for non-bridge property is \$10,000 per incident, while the overall limit of coverage for bridges and non-bridge property is approximately \$372,000,000. This was done in order to restructure the property and casualty coverage to provide increased levels of coverage in the event of catastrophic loss and assume more of the risk of predictable operational exposures.

All other categories of insurance coverage in place were either maintained at current levels or increased as to overall limits of coverage and reduction of self-retained risk so as to reduce the overall exposure of risk to the Authority. There were no settlements in excess of insurance coverage in 1999, 1998 and 1997.

Note 6. Operating Leases

The Authority has entered into various noncancelable contracts with concessionaires to provide patron services on the Oklahoma Turnpike System. The contracts are generally for five year terms, with two five-

year renewal options. These contracts provide for the Authority to receive concession revenue, including minimum rentals plus contingent rentals based on sales volume. The Authority also leases antenna space under noncancelable contracts with a 20 year term. Total future minimum rental payments to be received as of December 31, 1999, are approximately:

<u>Year</u>	<u>Minimum Lease Payments</u>
2000	\$ 198,480
2001	198,480
2002	190,480
2003	179,400
2004	179,400
Thereafter	<u>1,244,700</u>
Total	<u>\$2,190,940</u>

Note 7. Revenue Bonds

The Authority issues revenue bonds from time to time for the purpose of financing capital improvements and new projects. On February 1, 1989, the Authority issued \$385,400,000 of 1989 Series First Senior Revenue Bonds and \$173,000,000 of Series 1989 Subordinate Revenue Bonds. The purpose of the Series 1989 Revenue Bonds was: (1) to finance the cost of constructing the Kilpatrick, Creek, Cherokee and Chickasaw Turnpikes, (2) to finance the cost of making certain improvements to the existing turnpikes, and (3) to advance refund all of the outstanding Authority bonds from the 1966 and 1971 issues. The Series 1989 bonds' interest rates ranged from 6.0% to 7.875%.

The Series 1989 Revenue Bonds defeased all Authority revenue bonds from the 1966 and 1971 issues through the escrow deposit of approximately \$131,300,000 with two trustee banks. Consequently, the liability for the 1966 Series A, 1966 Series B, and the 1971 Series C Revenue Bonds has been removed from the Balance Sheet. This advance refunding was undertaken primarily to restructure the Authority's debt in order to enable the debt financing of the new projects in the most economically efficient manner. The Bank of New York serves as the Escrow Trustee on the 1966 Series A and B Bonds. Bank One Trust Company serves as the Escrow Trustee on the 1971 Series C bonds. At December 31, 1999 and 1998, the defeased bonds outstanding were \$70,570,000 and \$80,740,000, respectively.

The Series 1989 Revenue Bonds were issued pursuant to provisions of a Trust Agreement dated February 1, 1989 with Liberty National Bank and Trust Company of Oklahoma City as Trustee. Interest is payable semiannually on January 1 and July 1 of each year, commencing July 1, 1989. The payment of interest and principal on the 1989 Series Subordinate Revenue Bonds in the amount of \$173,000,000 is guaranteed by an insurance policy issued by the Bond Investors Guaranty Insurance Company.

On October 1, 1991, the Authority issued \$22,000,000 of 6.6% 1991 Series First Senior Revenue Bonds and \$28,000,000 of 1991 Series Second Senior Revenue Bonds, \$13,000,000 which were at rates ranging from 4.5% to 6.3% and \$15,000,000 which were variable rate bonds. The Series 1991 bonds were issued

to provide funds sufficient, together with other available funds of the Authority, for the completion of the Portland Interchange on the John Kilpatrick Turnpike and certain other improvements to the Oklahoma Turnpike System.

In May 1992, the Authority issued \$392,265,000 of Series 1992 First Senior Revenue Bonds, \$20,655,000 of Series 1992 Second Senior Revenue Bonds and \$195,400,000 of Series 1992 Subordinated Revenue Bonds, with interest rates ranging from 4.35% to 6.3%, 4.25% to 6.25% and 4.25% to 6.25%, respectively. These Series 1992 A-E Bonds were issued for the purpose of (a) refunding approximately 94% of the Authority's Oklahoma Turnpike System Series 1989 Revenue Bonds, (b) funding capital costs of certain turnpike projects, and (c) paying certain costs of issuance, including underwriters' discount of approximately \$4.7 million, and capitalized interest. The principal amount of the bonds advance refunded and considered defeased was \$526,440,000, and the liability for these bonds was removed from the Balance Sheet. Approximately 94% of the Series 1989 bonds were defeased through an escrow deposit with a trustee. Bank One Trust Company serves as the Escrow Trustee on the 1989 bonds. Defeased 1989 bonds outstanding at December 31, 1999 and 1998, were \$29,000,000 and \$499,015,000, respectively.

The Series 1992 A-E Bonds were issued pursuant to provisions of the Trust Agreement dated February 1, 1989, including supplements thereto, with Bank of Oklahoma, N.A. as Trustee. Interest is payable semi-annually on January 1 and July 1 of each year, commencing on January 1, 1993.

On October 1, 1992, the Authority issued \$22,786,862 of Series 1992 First Senior Revenue Bonds and \$28,017,387 of 1992 Series Second Senior Revenue Bonds, both with interest rates ranging from 3.15% to 5.3%. These Series 1992 F and G Bonds were issued to (a) provide funds, combined with other available funds of the Authority, to refund the Authority's Oklahoma Turnpike System Series 1991 First and Second Senior Revenue Bonds, (b) pay costs of issuance, and (c) make a deposit to the Second Senior Bond Reserve Account established under the Trust Agreement. The principal amount of the bonds advance refunded and paid in full in October 1992 was \$49,350,000, and the liability was removed from the Balance Sheet.

The Series 1992 F and G Bonds were issued pursuant to provisions of the Trust Agreement dated February 1, 1989, including supplements thereto, with Bank of Oklahoma, N.A. as Trustee. The bonds are dated October 1, 1992 with interest payable on January 1 and July 1 of each year, commencing on January 1, 1993. The Series F and G Bonds maturing on January 1 in each of the years 2004-2008, inclusive, are Capital Appreciation Bonds. They were issued in the initial amounts and accrete at interest rates set forth in the Official Statement dated October 1, 1992 to arrive at the Compound Accreted Value at maturity of \$8,465,000. The accumulated accretion to date of \$2,038,809 is reflected in the balance of long-term debt outstanding on the Authority's Balance Sheet as an increase to the principal payable on these bonds in the years 2004-2008. The accretion in 1999 and 1998 is \$332,676 and \$314,608, respectively.

On May 12, 1998, the Authority issued \$350,000,000 of 1998A Second Senior Revenue Bonds. The Series 1998A Bonds were issued to provide funds which, when combined with other available funds of the Authority, will be used for the purpose of (1) funding a portion of the capital costs of improvements to extend the H.E. Bailey Turnpike, the Creek Turnpike, and the John Kilpatrick Turnpike and for right-of-way acquisition for the Muskogee Turnpike; (2) funding the capitalized interest account for the Series 1998A Bonds and; (3) paying the costs of issuance. The interest rates on the Series 1998A Bonds range from 4.125% to 6%.

On July 14, 1998, the Authority issued \$337,010,000 of 1998B Second Senior Revenue Bonds. The Series 1998B Bonds were issued to provide funds which, when combined with other available funds of the Authority, will be used for the purpose of (1) funding a portion of the capital costs of improvements to extend the H.E. Bailey Turnpike, the Creek Turnpike, and the John Kilpatrick Turnpike and for right-of-way acquisition for the Muskogee Turnpike; (2) funding the capitalized interest account for the Series 1998B Bonds and; (3) paying the costs of issuance. The interest rates on the Series 1998B Bonds range from 5% to 5.5%.

The Series 1998A and 1998B Second Senior Revenue Bonds were issued pursuant to provisions of the Trust Agreement dated February 1, 1989, including supplements thereto, with Bank of Oklahoma, N.A. as Trustee.

The revenue bond amortization requirements below are prepared as of December 31, 1999:

Year Ended January 1	Total Revenue Bonds	
	Principal	Interest
2000	\$ 14,015,000	\$ 72,593,980
2001	14,790,000	71,819,816
2002	15,620,000	70,988,053
2003	20,040,000	70,092,252
2004	23,646,751	69,371,497
Thereafter	<u>1,227,251,310</u>	<u>890,372,408</u>
	<u>\$ 1,315,363,061</u>	<u>\$ 1,245,238,006</u>

The Interest and Sinking and Reserve Accounts required by the Trust Agreement have been established with the Trustee. The balances as of December 31, 1999 and 1998 were:

	1999	1998
First Senior Bond Reserve Account	\$ 33,953,342	\$ 34,008,545
Subordinate Bond Reserve Account	15,273,422	15,275,346
Second Senior Bond Reserve Account	4,585,932	4,621,805

The Series 1998A and 1998B Second Senior Revenue Bond Reserve accounts requirements are satisfied by surety bonds from Financial Guaranty Insurance Company in the amount of approximately \$26,000,000 and \$25,000,000, respectively.

As required by section 501(d) of the Trust Agreement, net revenue, as defined below (which is greater than net income in accordance with GAAP), of approximately \$107,395,000 and \$103,823,000 for 1999 and 1998, respectively (1) together with the motor fuel excise taxes apportioned to the Authority of approximately \$33,113,000 and \$32,172,000 for 1999 and 1998, respectively (see note 10), exceeded 120% of the amount of the debt service requirements on all senior indebtedness outstanding for the year, and (2) exceeded the sum of 105% of the debt service requirements on all bonds and parity indebtedness then

outstanding and 100% of amounts required to be deposited into the Reserve Maintenance Fund and to make up deficiencies in the various bond reserve accounts. Net revenue is defined by the Trust Agreement as the excess of tolls and other revenues of the Oklahoma Turnpike System deposited to the credit of the Revenue Fund over the current expenses of the Revenue Fund for the year. Said revenue shall not include payments or transfers from the Reserve Maintenance Fund or General Fund nor any payments received pursuant to the issuance of any subsequent parity indebtedness. Depreciation is not considered in current expenses for purposes of calculating net revenue. The Trust Agreement contains certain other bond covenants which the Authority is aware of and monitors for compliance throughout the year. The Authority has complied with all bond covenants throughout 1999 and 1998.

Retained earnings includes amounts reserved for debt service to be paid January 1, 2000, of approximately \$50,310,000, for reserve maintenance of approximately \$29,900,000 and for estimated arbitrage rebate liability of approximately \$5,400,000.

As of December 31, 1999 and 1998, the Balance Sheet reflects a net deferred debit of approximately \$11,626,000 and \$13,736,000, respectively, as a component of debt resulting from accounting losses or gains from the defeasance of debt. The Statement of Revenues, Expenses and Changes in Retained Earnings reflects the amortization of this deferral as a component of interest expense of approximately \$2,110,000 in both years.

Note 8. Deferred Compensation Plan

The State offers to its own employees, state agency employees and other duly constituted authority or instrumentality employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457 and Chapter 45 of Title 74, Oklahoma Statutes. The Oklahoma State Employees Deferred Compensation Plan, also known as SoonerSave, is a voluntary plan that allows participants to defer a portion of their salary into the Plan. Participation allows a person to shelter the portion of their salary that they defer from current federal and state income tax. Taxes on the interest or investment gains on this money, while in the Plan, are also deferred. The deferred compensation is not available to employees until termination, retirement, death or approved unforeseeable emergency.

Under SoonerSave, the untaxed deferred amounts are invested as directed by the participant among various Plan investment options. Effective January 1, 1998, a Trust and Trust Fund covering the Plan assets was established pursuant to federal legislation enacted in 1996, requiring public employers to establish such trusts for plans meeting the requirements of Section 457 of the Internal Revenue Code no later than January 1, 1999. Under terms of the Trust, the corpus or income of the Trust Fund may be used only for the exclusive benefit of the Plan participants and their beneficiaries. Further information may be obtained from the Oklahoma State Employees Deferred Compensation Plan audited financial statements for the year ended June 30, 1999. The Authority believes that it has no liabilities in respect to the State's plan.

Note 9. Employee Retirement Plan

Plan Description

The Authority contributes to the Oklahoma Public Employees Retirement Plan (the Plan), a cost sharing multiple-employer public employee retirement system administered by the Oklahoma Public Employees

Retirement System (the System). The Plan provides retirement, disability, and death benefits to plan members and beneficiaries. The benefit provisions are established and may be amended by the legislature of the State of Oklahoma. Title 74 of the Oklahoma Statutes, Sections 901-943, as amended, assigns the authority for management and operation of the Plan to the Board of Trustees of the System. The System issues a publicly available annual financial report that includes financial statements and required supplementary information for the Plan. That annual report may be obtained by writing to the system, 6601 N. Broadway Extension, Suite 129, Oklahoma City, Oklahoma 73116 or by calling 1-800-733-9008.

Funding Policy

Plan members and the Authority are required to contribute at a rate set by statute. The contribution requirements of plan members and the Authority are established and may be amended by the legislature of the State of Oklahoma. The contribution rate for the Authority and plan members is as follows:

Fiscal Year Ended <u>June 30</u>	<u>State Employees</u>		<u>The Authority</u>	
	First <u>\$25,000</u>	Above \$25,000 <u>To Cap</u>	To Salary <u>Cap</u>	Salary <u>Cap</u>
1997	2.5%	3.5%	12.0%	\$ 70,000
1998	3.0%	3.5%	12.5%	80,000
1999	3.0%	3.5%	12.5%	No Cap
Thereafter	3.0%	3.5%	10.0%	No Cap

The Authority’s contributions to the Plan for the years ended December 31, 1999, 1998 and 1997 were approximately \$1,512,000, \$1,366,000 and \$1,350,000, respectively, and equal to their required contributions for each year.

Note 10. Advances From the Motor Fuel Tax Trust Fund

By virtue of the “Enabling Act” of 1971 and amendments thereto, a portion of the motor fuel excise taxes collected on fuels consumed on the turnpikes is made available to the Authority from the Oklahoma Tax Commission. Prior to July 1, 1992, this amount was not to exceed \$3,000,000 during a fiscal year of the State. In 1992, Title 69, §1730 was amended to remove the cap and allow the Authority to receive the full amount collected in accordance with the original formula. This amendment stated the motor fuel taxes due to the Authority would be apportioned to the Authority on the first day of each calendar month. Beginning July 1, 1992, the amount of cash and investments on deposit was frozen as security for the 1989 series bonds. All motor fuel taxes apportioned to the Authority shall be available to fund debt service and reserves to the extent monies are not otherwise available to the Authority for such purpose. If such motor fuel excise taxes apportioned to the Authority are not necessary in such month, the motor fuel excise taxes shall be paid over to the Oklahoma Department of Transportation (ODOT). During 1999 and 1998, the Authority received, and subsequently remitted to ODOT \$33,112,822 and \$32,171,619, respectively, of motor fuel excise taxes.

The amounts frozen at July 1, 1992 (fair value of \$ 28,344,762 and \$27,561,267 at December 31, 1999 and 1998, respectively) are invested in interest-bearing obligations and with the interest received thereon (\$1,673,269 and \$1,684,232 during the years ended December 31, 1999 and 1998, respectively) are used to eliminate deficiencies, if any, in available monies to meet revenue bond interest and principal requirements. No deficiencies existed in 1999 or 1998.

Prior to the issuance of the Series 1989 bonds, the Authority had not received apportionments from the Oklahoma Tax Commission since 1979 because the maximum amount that could be retained by the Authority in accordance with the Enabling Act was deposited with the prior Trustee.

When all Senior and Subordinate Revenue Bonds, together with interest thereon, have been paid, the Authority will be required to pay all amounts that have been received from the Oklahoma Tax Commission and any interest earned on amounts invested to ODOT. The accumulated liability to ODOT as of December 31, 1999 and 1998 is \$46,223,369 and \$44,565,083, respectively.

Note 11. Commitments and Contingent Liabilities

At December 31, 1999 and 1998, the Authority had commitments outstanding relating to equipment orders and supplies of approximately \$1,628,000 and \$2,528,000, respectively. At December 31, 1999 and 1998, the Authority had commitments outstanding relating to construction and maintenance contracts of approximately \$173,500,000 and \$79,800,000, respectively.

In 1993, the Authority adopted a resolution providing that certain funds on deposit in the General Fund shall be restricted, to the extent that funds are available as determined by the Authority by April 30 of each year. These restricted funds shall be used for the purpose of rehabilitating, reconstructing, replacing, renovating, improving or enhancing the Oklahoma Turnpike System. As of December 31, 1999, the cumulative restricted balance is \$14,990.

The Authority is a defendant in various litigation. Although the outcome of these matters are not presently determinable, in the opinion of the Authority's management, the resolution of these matters will not have a material adverse effect on the financial condition of the Authority.

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Schedule of Actual Operating Expense Compared to Budget
(Prepared on a Non-GAAP Budgetary Basis)
Year Ended December 31, 1999

Expense Description	Actual Expenses	Budgeted Expenses	Variance (Over)/Under
Authority:			
Contractual services	\$ 8,356	\$ 20,000	\$ 11,644
Capital outlay and contingencies	-	513	513
Total	<u>8,356</u>	<u>20,513</u>	<u>12,157</u>
Controller:			
Personnel services	596,791	608,599	11,808
Contractual services	448,937	487,510	38,573
Commodities	7,324	9,820	2,496
Capital outlay and contingencies	2,149	28,357	26,208
Total	<u>1,055,201</u>	<u>1,134,286</u>	<u>79,085</u>
Turnpike Maintenance:			
Personnel services	5,452,530	6,160,513	707,983
Contractual services	2,610,309	2,053,325	(556,984)
Commodities	2,356,905	2,214,324	(142,581)
Capital outlay and contingencies	129,550	267,389	137,839
Total	<u>10,549,294</u>	<u>10,695,551</u>	<u>146,257</u>
Toll Operations:			
Personnel services	7,381,110	7,852,133	471,023
Contractual services	2,900,299	2,952,567	52,268
Commodities	199,534	170,599	(28,935)
Capital outlay and contingencies	46,099	326,545	280,446
Total	<u>10,527,042</u>	<u>11,301,844</u>	<u>774,802</u>
PIKEPASS Operations:			
Personnel services	1,011,229	1,098,502	87,273
Contractual services	1,543,511	1,417,432	(126,079)
Commodities	23,456	58,500	35,044
Capital outlay and contingencies	30,809	116,217	85,408
Total	<u>2,609,005</u>	<u>2,690,651</u>	<u>81,646</u>
Highway Patrol:			
Contractual services	6,571,778	7,115,933	544,155
Commodities	298,886	454,300	155,414
Capital outlay and contingencies	741,848	1,153,861	412,013
Total	<u>7,612,512</u>	<u>8,724,094</u>	<u>1,111,582</u>
General Administration:			
Personnel services	362,407	368,164	5,757
Contractual services	402,174	516,834	114,660
Commodities	43,599	49,765	6,166
Capital outlay and contingencies	6,060	46,532	40,472
Total	<u>814,240</u>	<u>981,295</u>	<u>167,055</u>

(Continued)

Schedule of Actual Operating Expense Compared to Budget
(Prepared on a Non-GAAP Budgetary Basis)
Year Ended December 31, 1999

Expense Description	Actual Expenses	Budgeted Expenses	Variance (Over)/Under
Finance & Revenue:			
Personnel services	\$ 458,788	\$ 513,889	\$ 55,101
Contractual services	379,130	382,875	3,745
Commodities	5,044	4,200	(844)
Capital outlay and contingencies	-	23,102	23,102
Total	<u>842,962</u>	<u>924,066</u>	<u>81,104</u>
Information Technology:			
Personnel services	1,102,625	1,138,995	36,370
Contractual services	695,815	755,874	60,059
Commodities	49,802	38,930	(10,872)
Capital outlay and contingencies	133,700	169,329	35,629
Total	<u>1,981,942</u>	<u>2,103,128</u>	<u>121,186</u>
Human Resources:			
Personnel services	382,750	391,333	8,583
Contractual services	90,519	92,785	2,266
Commodities	33,719	59,225	25,506
Capital outlay and contingencies	23,650	35,470	11,820
Total	<u>530,638</u>	<u>578,813</u>	<u>48,175</u>
Engineering:			
Personnel services	557,055	518,820	(38,235)
Contractual services	64,805	113,350	48,545
Commodities	21,553	16,950	(4,603)
Capital outlay and contingencies	-	16,645	16,645
Total	<u>643,413</u>	<u>665,765</u>	<u>22,352</u>
Total Expenses	<u>\$ 37,174,605</u>	<u>\$ 39,820,006</u>	<u>\$ 2,645,401</u>
Adjustments necessary to convert expenses from a budgetary (non-GAAP) basis to GAAP basis at year end:			
		<u>1999</u>	<u>1998</u>
GAAP basis		\$ 40,931,741	\$ 36,544,602
Increase (decrease) due to:			
Current expenses reclassified as property and equipment		1,113,865	1,280,892
Non-Revenue Fund operating expenses		(4,508,280)	(3,291,229)
Other GAAP adjustments		(362,721)	(390,680)
Budgetary basis		<u>\$ 37,174,605</u>	<u>\$ 34,143,585</u>

Oklahoma Transportation Authority
Schedule of Cash, Cash Equivalents and Investments
as of December 31, 1999

	<u>Applicable Interest Rate</u>		<u>Purchase Date</u>	<u>Maturity Date</u>	<u>Original Cost</u>	<u>Fair Value</u>
Unrestricted:						
General Fund:						
American Performance Treasury Fund	-	%	12/31/99	Demand	\$ 459,031	\$ 459,031
Commercial Paper	2.000		12/31/99	01/03/00	500,262	500,262
AMBAC Indemnity Corporation Policy #3452BE	-		06/07/94	Demand	1	1
Bond Investors Guaranty Municipal Bond Insurance Policy #N-2255	-		06/07/94	Demand	1	1
U. S. Treasury Notes	7.125		10/18/96	02/29/00	1,029,844	1,003,440
U. S. Treasury Notes	6.250		Various	05/31/00	5,728,032	5,714,250
U. S. Treasury Notes	5.125		12/20/98	08/31/00	3,830,093	3,781,000
U. S. Treasury Notes	6.125		Various	09/30/00	1,564,734	1,576,480
U. S. Treasury Notes	5.625		Various	02/28/01	4,028,750	3,977,500
U. S. Treasury Notes	6.375		Various	03/31/01	3,521,016	3,508,750
U. S. Treasury Notes	6.250		Various	04/30/01	15,549,201	15,539,595
U. S. Treasury Notes	6.500		10/03/96	05/31/01	1,510,430	1,506,563
U. S. Treasury Notes	5.875		Various	11/30/01	4,059,297	3,975,000
U. S. Treasury Notes	6.125		Various	12/31/01	3,236,906	3,193,008
U. S. Treasury Notes	6.250		10/23/98	02/28/02	7,286,016	6,997,830
U. S. Treasury Notes	6.000		Various	07/31/02	2,008,906	1,988,750
U. S. Treasury Notes	5.875		11/09/99	09/30/02	2,001,875	1,980,000
U. S. Treasury Notes	5.750		Various	10/31/02	12,339,219	11,838,780
U. S. Treasury Notes	5.625		Various	12/31/02	1,526,797	1,473,285
U. S. Treasury Notes	5.500		07/15/99	01/31/03	995,469	977,190
U. S. Treasury Notes	6.250		10/08/99	02/15/03	2,521,484	2,492,975
U. S. Treasury Notes	5.500		Various	03/31/03	7,483,124	7,314,863
U. S. Treasury Notes	5.750		10/08/99	04/30/03	2,184,875	2,160,125
U. S. Treasury Notes	5.500		02/09/98	05/31/03	4,078,437	3,896,260
U. S. Treasury Notes	5.250		12/10/98	08/15/03	10,030,938	9,643,750
U. S. Treasury Notes	6.000		12/13/99	08/15/04	1,998,125	1,968,130
U. S. Treasury Notes	6.500		08/10/99	05/15/05	2,278,828	2,251,406
U. S. Treasury Notes	5.875		07/09/99	11/15/05	4,497,891	4,369,230
					<u>106,249,582</u>	<u>104,087,455</u>
Revenue Fund:						
American Performance Treasury Fund	-		12/31/99	Demand	812,172	812,172
Commercial Paper	2.000		12/31/99	01/01/00	11,376,347	11,376,347
					<u>12,188,519</u>	<u>12,188,519</u>
Total unrestricted cash equivalents & investments					<u>\$ 118,438,101</u>	<u>\$ 116,275,974</u>

(Continued)

Oklahoma Transportation Authority
Schedule of Cash, Cash Equivalents and Investments
as of December 31, 1999

	<u>Applicable Interest Rate</u>		<u>Purchase Date</u>	<u>Maturity Date</u>	<u>Original Cost</u>	<u>Fair Value</u>
Restricted:						
Reserve Maintenance Fund:						
American Performance Treasury Fund	-	%	12/31/99	Demand	\$ 139,240	\$ 139,240
Commercial Paper	2.000		12/31/99	01/01/00	1,085,466	1,085,466
U. S. Treasury Notes	5.875		02/28/97	02/15/00	495,703	500,470
U. S. Treasury Notes	6.250		11/09/99	05/31/00	1,255,078	1,253,125
U. S. Treasury Notes	6.000		Various	08/15/00	2,004,219	2,001,880
U. S. Treasury Notes	5.125		04/09/99	08/31/00	502,031	497,500
U. S. Treasury Notes	6.125		Various	09/30/00	3,253,625	3,203,008
U. S. Treasury Notes	5.625		Various	11/30/00	1,979,309	1,942,687
U. S. Treasury Notes	5.625		Various	02/28/01	4,060,313	3,977,500
U. S. Treasury Notes	5.625		Various	05/15/01	3,743,508	3,673,416
U. S. Treasury Notes	5.750		07/01/99	06/30/01	1,503,750	1,491,098
U. S. Treasury Notes	5.875		Various	11/30/01	5,142,754	4,968,750
U. S. Treasury Notes	6.250		11/09/99	01/31/02	1,513,828	1,500,000
U. S. Treasury Notes	6.000		Various	07/31/02	3,758,047	3,728,909
					<u>30,436,871</u>	<u>29,963,049</u>
General Fund - Depreciation Reserve:						
American Performance Treasury Fund	-		12/31/99	Demand	14,990	14,990
1989 Series Bond Service and Reserve Accounts:						
American Performance Treasury Fund	-		12/31/99	Demand	1,716,304	1,716,304
Guaranteed Investment Contract (AIGMFC)	8.510		Various	01/01/22	44,100,573	44,100,573
U. S. Treasury Notes	6.375		Various	01/15/00	592,192	575,359
U. S. Treasury Notes	7.125		10/18/96	02/29/00	272,909	265,912
U. S. Treasury Notes	5.500		Various	12/31/00	600,180	596,625
U. S. Treasury Notes	5.625		Various	05/15/01	1,059,500	1,042,456
					<u>48,341,658</u>	<u>48,297,229</u>
Series 1992A-E Bond Service & Reserve Accounts:						
American Performance Treasury Fund	-		12/31/99	Demand	29,279,003	29,279,003
FGIC Municipal Bond Insurance	-		07/22/98	Demand	2	2
U. S. Treasury Notes	5.875		02/28/97	02/15/00	29,948	30,028
U. S. Treasury Notes	7.125		10/18/96	02/29/00	174,869	170,585
U. S. Treasury Notes	6.125		10/31/97	09/30/00	480,492	475,447
U. S. Treasury Notes	5.625		09/27/99	12/31/02	947,773	933,080
					<u>30,912,087</u>	<u>30,888,145</u>
Series 1992 F&G Bond Service Accounts:						
American Performance Treasury Fund	-		12/31/99	Demand	2,772,766	2,772,766
FGIC Municipal Bond Insurance- Policy #9201056	-		11/16/92	Demand	2	2
					<u>2,772,768</u>	<u>2,772,768</u>

(Continued)

Oklahoma Transportation Authority
Schedule of Cash, Cash Equivalents and Investments
as of December 31, 1999

	<u>Applicable Interest Rate</u>		<u>Purchase Date</u>	<u>Maturity Date</u>	<u>Original Cost</u>	<u>Fair Value</u>
1998 A&B Capitalized Interest:						
American Performance Treasury Fund	-	%	12/31/99	Demand	\$ 17,868,806	\$ 17,868,806
U. S. Treasury Strip	-		Various	05/15/00	15,793,445	17,135,906
U. S. Treasury Strip	-		Various	11/15/00	15,360,775	16,611,506
U. S. Treasury Strip	-		Various	05/15/01	14,935,713	16,098,031
U. S. Treasury Strip	-		07/29/98	11/15/01	7,147,104	7,632,686
U. S. Treasury Strip	-		07/29/98	05/15/02	6,956,070	7,397,423
					<u>78,061,913</u>	<u>82,744,358</u>
Revenue Reserve Accounts:						
American Performance Treasury Fund	-		12/31/99	Demand	51,487	51,487
Guaranteed Investment Contract (Banque Indosuez)	6.500		11/08/91	11/01/01	3,500,000	3,500,000
U. S. Treasury Notes	6.375		Various	01/15/00	52,048	50,031
U. S. Treasury Notes	7.125		Various	02/29/00	330,363	326,118
U. S. Treasury Notes	6.125		10/21/96	07/31/00	250,000	250,625
U. S. Treasury Notes	5.500		Various	12/31/00	500,513	497,187
U. S. Treasury Notes	5.875		07/15/99	11/30/01	503,750	496,875
					<u>5,188,161</u>	<u>5,172,323</u>
Arbitrage Rebate Funds:						
American Performance Treasury Fund	-		12/31/99	Demand	104,427	104,427
U. S. Treasury Notes	5.375		Various	06/30/03	3,487,900	3,396,102
U. S. Treasury Notes	5.875		Various	02/15/04	240,249	235,950
U. S. Treasury Strip	-		12/13/99	05/15/03	1,089,520	1,080,102
					<u>4,922,096</u>	<u>4,816,581</u>
1989 Construction Funds:						
American Performance Treasury Fund	-		12/31/99	Demand	238,855	238,855
1992 Construction Account:						
American Performance Treasury Fund	-		12/31/99	Demand	70,147	70,147
1998 A&B Construction Accounts:						
American Performance Treasury Fund	-		12/31/99	Demand	152,494	152,494
Guaranteed Investment Contract (AIG)	5.776		Various	06/04/01	196,441,826	196,441,826
Guaranteed Investment Contract (Bayerische Landesbank)	5.705		Various	08/01/01	183,764,565	183,764,565
					<u>380,358,885</u>	<u>380,358,885</u>

(Continued)

Oklahoma Transportation Authority
Schedule of Cash, Cash Equivalents and Investments
as of December 31, 1999

	<u>Applicable Interest Rate</u>		<u>Purchase Date</u>	<u>Maturity Date</u>	<u>Original Cost</u>	<u>Fair Value</u>
Turnpike Trust Fund:						
American Performance Treasury Fund	-	%	12/31/99	Demand	\$ 183,213	\$ 183,213
U. S. Treasury Notes	6.375		09/05/95	01/15/00	1,014,375	1,000,625
U. S. Treasury Notes	6.125		Various	07/31/00	1,812,476	1,804,500
U. S. Treasury Notes	6.250		04/30/97	08/31/00	992,344	1,002,190
U. S. Treasury Notes	6.125		Various	09/30/00	981,226	975,917
U. S. Treasury Notes	5.750		Various	10/31/00	545,000	548,625
U. S. Treasury Notes	5.500		05/29/98	12/31/00	179,719	178,988
U. S. Treasury Notes	5.375		02/09/99	02/15/01	833,895	818,557
U. S. Treasury Notes	6.375		Various	03/31/01	8,720,884	8,661,600
U. S. Treasury Notes	6.250		08/26/97	04/30/01	2,505,859	2,502,350
U. S. Treasury Notes	5.625		08/19/98	05/15/01	2,018,750	1,985,630
U. S. Treasury Notes	6.500		10/03/96	05/31/01	755,215	753,281
U. S. Treasury Notes	5.875		04/13/98	11/30/01	429,711	422,344
U. S. Treasury Notes	6.125		12/17/97	12/31/01	2,060,094	2,020,575
U. S. Treasury Notes	5.625		04/09/99	12/31/02	511,094	491,095
U. S. Treasury Notes	5.500		07/15/99	01/31/03	497,734	488,595
U. S. Treasury Notes	5.500		Various	05/31/03	1,996,563	1,948,130
U. S. Treasury Notes	5.250		Various	08/15/03	2,465,719	2,410,937
U. S. Treasury Notes	6.000		12/14/99	08/15/04	149,859	147,610
					<u>28,653,730</u>	<u>28,344,762</u>
Prepaid PIKEPASS Fund:						
American Performance Treasury Fund	-		12/31/99	Demand	1,977,271	1,977,271
U. S. Treasury Notes	5.875		02/28/97	02/15/00	470,918	475,446
U. S. Treasury Notes	6.250		10/03/96	05/31/00	150,047	150,375
U. S. Treasury Notes	6.125		10/31/97	09/30/00	126,445	125,118
U. S. Treasury Notes	5.750		07/03/97	10/31/00	98,656	99,750
U. S. Treasury Notes	5.750		Various	11/15/00	1,364,137	1,346,625
U. S. Treasury Notes	5.500		05/29/98	12/31/00	59,906	59,662
U. S. Treasury Notes	6.375		Various	03/31/01	1,126,863	1,127,813
U. S. Treasury Notes	5.875		04/13/98	11/30/01	2,276,922	2,186,250
U. S. Treasury Notes	6.000		07/31/97	07/31/02	2,708,977	2,659,953
U. S. Treasury Notes	6.250		08/11/99	02/15/03	502,656	498,595
U. S. Treasury Notes	6.000		12/13/99	08/15/04	199,813	196,813
					<u>11,062,611</u>	<u>10,903,671</u>
Total restricted cash equivalents & investments					<u>621,034,772</u>	<u>624,585,763</u>
Cash balance (unrestricted & restricted)					<u>-</u>	<u>(2,949,388)</u>
Total Cash, Cash Equivalents and Investments					<u>\$ 739,472,873</u>	<u>\$ 737,912,349</u>

Oklahoma Transportation Authority
Schedule of Cash, Cash Equivalents and Investments by Account
as of December 31, 1999

	<u>Total cash, cash equivalents and investments</u>
Unrestricted:	
Revenue Fund	\$ 11,869,780
General Fund	<u>103,561,266</u>
Total unrestricted	<u>115,431,046</u>
Restricted:	
Reserve Maintenance Fund	29,877,562
General Fund Depreciation Reserve	14,990
1989 Senior Bond Interest Account	867,857
1989 Senior Bond Reserve Account	31,753,342
1989 Senior Bond Principal Account	199,034
1989 Subordinate Bond Interest Account	194,090
1989 Subordinate Bond Reserve Account	15,191,085
1989 Subordinate Bond Principal Account	91,821
Revenue Bond Reserve Accounts	5,172,323
1992 Series A Interest Account	10,319,301
1992 Series B Interest Account	577,578
1992 Series C Interest Account	5,267,021
1992 Series D Interest Account	441,532
1992 Series E Interest Account	228,893
1992 Series F Interest Account	499,694
1992 Series G Interest Account	608,473
Series 1992 B Reserve Account	1,613,608
Series 1992 C-E Reserve Account	82,337
Series 1992 A-E Principal Accounts	12,357,876
Series 1992 F and G Principal Accounts	1,664,600
1998 Series A and B Second Senior Interest Account	17,478,181
1998 Series A and B Capitalized Interest Accounts	65,266,177
Turnpike Trust Fund	28,344,762
Arbitrage Rebate Fund	4,816,581
1989 Bond Construction Accounts	238,855
1992 Bond Construction Account	70,147
1998 Bond Construction Accounts	378,218,737
Prepaid PIKEPASS Fund	<u>11,024,846</u>
Total restricted	<u>622,481,303</u>
Total cash, cash equivalents and investments	<u><u>\$ 737,912,349</u></u>

Oklahoma Transportation Authority Schedule of Insurance in Force as of December 31, 1999

Coverage	Policy Term	Policy	Coverage	Deductible	Annual or Last Premium
Fire & extended coverage for buildings and contents, bridges, and computers	07-01-99/00	State of Oklahoma Certificate #978	\$30,919,647 Buildings & contents \$340,904,683 Bridges (100%)	\$10,000 \$100,000	\$105,285
Auto liability	10-01-99/00	State of Oklahoma Certificate #978	\$100,000 Bodily injury \$25,000 Property damage \$1,000,000 Per occurrence	\$250 (all claims)	\$65,250
Comprehensive general liability, and personal injury liability	07-01-99/00	State of Oklahoma Certificate #978	\$100,000 Bodily injury \$25,000 Property damage \$1,000,000 Per occurrence	\$500 (all claims)	\$21,141
Director's & Officer's insurance	07-01-99/00	State of Oklahoma Certificate #978	\$35,000,000 Aggregate \$5,000,000 Per occurrence	\$25,000 (Prof.) \$1,000 (Others) \$50,000 (Agency)	\$4,265
Special machinery	12-07-99/00	Hartford Ins. Group Policy # 38 MS GR4686	\$810,000 Bridge machine \$195,000 Paint striping machine	\$50,000 \$50,000	\$4,583
Aircraft hull & liability	10-01-99/00	State of Oklahoma	\$208,500 Property damage \$1,000,000 Liability \$100,000 Passenger	\$100 /NIM \$500 /IM	\$3,796
Workers compensation	01-01-00/01	State Ins. Fund #00338640	\$100,000 Employee injuries	\$500	\$229,005
Health benefits	07-01-99/00	State of Oklahoma #0001	Various Life, hospital surgical, major medical, and dental	Various	\$1,677,172
Surety bond	02-16-99/00	Granite RE, Inc. #GR0118	\$25,000 Fred J. Hall	n/a	\$100
Surety bond	03-30-99/00	The Hartford #606761409	\$25,000 Robert M. Kane	n/a	\$100
Surety bond	07-01-99/00	United States Fidelity #56-0170-36788-95-2	\$25,000 Albert C. Kelly, Jr.	n/a	\$81
Surety bond	05-07-99/00	Fidelity & Deposit Co. of Maryland #8203352	\$100,000 Steve LaForge	n/a	\$321
Surety bond	02-16-99/00	Fidelity & Deposit Co. of Maryland #30678200	\$25,000 Judy Curtis	n/a	\$88
Surety bond	01-01-00/01	Fidelity & Deposit Co. of Maryland #813341703	\$25,000 Dewey F. Bartlett, Jr.	n/a	\$100

(Continued)

Oklahoma Transportation Authority Schedule of Insurance in Force as of December 31, 1999

Coverage	Policy Term	Policy	Coverage	Deductible	Annual or Last Premium
Municipal Bond New Issue Insurance Policy Oklahoma Turnpike Authority First Senior Revenue Bonds, Series 1989 Maturing 1/1/2013	Thru Maturity	AMBAC Indemnity Corporation Policy #3452BE	\$40,000,000	n/a	\$475,342
Municipal Bond New Insurance Policy Oklahoma Turnpike Authority Revenue Bonds (Subordinate Lien) Series 1989 Maturing 1/1/1995-2022	Thru Maturity	Bond Investors Guaranty Insurance Company Policy #N-2255	\$173,000,000	n/a	\$3,668,086
Municipal Bond Insurance Policy Oklahoma Turnpike Authority First Senior Revenue Bonds Series 1992A Maturing 1/1/2012, 2015, & 2022	Thru Maturity	AMBAC Indemnity Corporation Policy #7044BE	\$166,505,000	n/a	\$1,535,821
Financial Guaranty Insurance Policy Oklahoma Turnpike Authority Second Senior Revenue Bonds-Series 1992B Maturing 1/1/2012, 2015, & 2022	Thru Maturity	Municipal Bond Investors Assurance Corporation Policy #11623	\$20,655,000	n/a	\$272,141
Financial Guaranty Insurance Policy Oklahoma Turnpike Authority Revenue Bonds (Subordinate Lien)-Series 1992C Maturing 1/1/1994-2022	Thru Maturity	Municipal Bond Investors Assurance Corporation Policy #11624	\$187,265,000	n/a	\$1,855,841
Financial Guaranty Insurance Policy Oklahoma Turnpike Authority First Senior Revenue Bonds-Series 1992D Term Bonds Maturing 1/1/2012, 2015, & 2022	Thru Maturity	Municipal Bond Investors Assurance Corporation Policy #11625	\$7,135,000	n/a	\$98,697

(Continued)

Oklahoma Transportation Authority Schedule of Insurance in Force as of December 31, 1999

Coverage	Policy Term	Policy	Coverage	Deductible	Annual or Last Premium
Financial Guaranty Insurance Policy Oklahoma Turnpike Authority Revenue Bonds (Subordinate Lien)-Series 1992E Maturing 1/1/1994-2022	Thru Maturity	Municipal Bond Investors Assurance Corporation Policy #11626	\$8,135,000	n/a	\$134,439
Financial Guaranty Insurance Policy Oklahoma Turnpike Authority First Senior Revenue Bonds - Series 1992F Maturing 1/1/94-2017	Thru Maturity	Municipal Bond New Insurance Policy #9201056	\$22,786,862	n/a	\$189,134
Financial Guaranty Insurance Policy Oklahoma Turnpike Authority Revenue Bonds subordinate Lien-Series 1992G Maturing 1/1/94-2022	Thru Maturity	Municipal Bond New Insurance Policy #92010561	\$28,017,388	n/a	\$242,160
Municipal Bond New Issue Insurance Policy OTA Second Senior Revenue Bonds-1998A Maturing 1/1/2003-2020, 2023, 2025, & 2028	Thru Maturity	Financial Guaranty Insurance Company Policy #98010515	\$330,005,000	n/a	\$885,225
Municipal Bond New Issue Insurance Policy OTA Second Senior Revenue Bonds-1998B Maturing 1/1/2004-2028	Thru Maturity	Financial Guaranty Insurance Company Policy #98010687	\$337,010,000	n/a	\$1,167,731
OTA Second Senior Revenue Bonds-1998A Bond Debt Service Reserve Fund Policy on Bonds Maturing 1/1/2028	Thru Maturity	Financial Guaranty Insurance Company Policy #98010516	\$25,642,413	n/a	\$282,067
OTA Second Senior Revenue Bonds-1998A Bond Debt Service Reserve Fund Policy on Bonds Maturing 1/1/2028	Thru Maturity	Financial Guaranty Insurance Company Policy #98010688	\$24,999,338	n/a	\$299,992

Oklahoma Transportation Authority Schedule of Annual Debt Service Requirements

Year Ended Jan. 1	1989 Series First Senior Bonds			1989 Series Subordinate Bonds			Total 1989 Bonds
	Principal	Interest	Total	Principal	Interest	Total	
2000	\$ 195,000	\$ 1,718,836	\$ 1,913,836	\$ 90,000	\$ 384,495	\$ 474,495	\$ 2,388,331
2001	210,000	1,704,406	1,914,406	95,000	377,925	472,925	2,387,331
2002	225,000	1,688,761	1,913,761	100,000	370,943	470,943	2,384,704
2003	240,000	1,671,886	1,911,886	110,000	363,543	473,543	2,385,429
2004	255,000	1,653,886	1,908,886	115,000	355,348	470,348	2,379,234
2005	275,000	1,634,506	1,909,506	125,000	346,723	471,723	2,381,229
2006	300,000	1,613,194	1,913,194	135,000	337,192	472,192	2,385,386
2007	320,000	1,589,944	1,909,944	145,000	326,898	471,898	2,381,842
2008	345,000	1,565,144	1,910,144	155,000	315,841	470,841	2,380,985
2009	370,000	1,538,406	1,908,406	170,000	304,023	474,023	2,382,429
2010	405,000	1,509,732	1,914,732	180,000	291,060	471,060	2,385,792
2011	435,000	1,478,888	1,913,888	195,000	277,200	472,200	2,386,088
2012	465,000	1,445,756	1,910,756	210,000	262,185	472,185	2,382,941
2013	500,000	1,410,338	1,910,338	225,000	246,015	471,015	2,381,353
2014	1,855,000	1,372,256	3,227,256	240,000	228,690	468,690	3,695,946
2015	1,980,000	1,251,676	3,231,676	260,000	210,210	470,210	3,701,886
2016	2,110,000	1,122,844	3,232,844	280,000	190,190	470,190	3,703,034
2017	2,250,000	985,463	3,235,463	300,000	168,630	468,630	3,704,093
2018	2,390,000	838,838	3,228,838	325,000	145,530	470,530	3,699,368
2019	2,550,000	682,876	3,232,876	350,000	120,505	470,505	3,703,381
2020	2,720,000	516,376	3,236,376	375,000	93,555	468,555	3,704,931
2021	2,890,000	338,550	3,228,550	405,000	64,680	469,680	3,698,230
2022	2,490,000	149,400	2,639,400	435,000	33,495	468,495	3,107,895
Totals	\$ 25,775,000	\$ 29,481,962	\$ 55,256,962	\$ 5,020,000	\$ 5,814,876	\$ 10,834,876	\$ 66,091,838

(Continued)

Oklahoma Transportation Authority Schedule of Annual Debt Service Requirements

Year Ended Jan. 1	1992 Series First Senior Bonds			1992 Series Second Senior Bonds		
	Principal	Interest	Total	Principal	Interest	Total
2000	\$ 8,310,000	\$ 22,300,823	\$ 30,610,823	\$ 1,530,000	\$ 2,349,060	\$ 3,879,060
2001	8,765,000	21,839,069	30,604,069	1,610,000	2,271,600	3,881,600
2002	9,260,000	21,343,234	30,603,234	1,695,000	2,188,461	3,883,461
2003	9,795,000	20,809,553	30,604,553	1,785,000	2,097,995	3,882,995
2004	10,252,087	20,358,132	30,610,219	1,609,664	2,266,276	3,875,940
2005	10,797,975	19,802,544	30,600,519	1,565,440	2,295,116	3,860,556
2006	12,015,625	19,450,374	31,465,999	575,000	1,937,856	2,512,856
2007	12,630,240	18,837,168	31,467,408	610,000	1,902,780	2,512,780
2008	13,307,030	18,168,003	31,475,033	650,000	1,864,960	2,514,960
2009	14,615,000	16,868,134	31,483,134	690,000	1,825,960	2,515,960
2010	15,495,000	15,994,983	31,489,983	730,000	1,784,560	2,514,560
2011	16,440,000	15,069,246	31,509,246	775,000	1,740,760	2,515,760
2012	17,410,000	14,087,034	31,497,034	820,000	1,694,260	2,514,260
2013	18,440,000	13,046,871	31,486,871	870,000	1,645,060	2,515,060
2014	18,715,000	11,928,593	30,643,593	880,000	1,591,990	2,471,990
2015	19,845,000	10,793,926	30,638,926	935,000	1,538,310	2,473,310
2016	21,065,000	9,590,714	30,655,714	990,000	1,481,276	2,471,276
2017	20,540,000	8,308,807	28,848,807	3,890,000	1,419,400	5,309,400
2018	21,240,000	7,052,738	28,292,738	4,445,000	1,184,376	5,629,376
2019	22,550,000	5,751,787	28,301,787	4,495,000	913,888	5,408,888
2020	23,940,000	4,370,600	28,310,600	4,625,000	641,226	5,266,226
2021	25,470,000	2,904,275	28,374,275	4,470,000	360,588	4,830,588
2022	27,335,000	1,503,425	28,838,425	1,425,000	89,062	1,514,062
Totals	\$ <u>378,232,957</u>	\$ <u>320,180,033</u>	\$ <u>698,412,990</u>	\$ <u>41,670,104</u>	\$ <u>37,084,820</u>	\$ <u>78,754,924</u>

(Continued)

Oklahoma Transportation Authority Schedule of Annual Debt Service Requirements

Year Ended Jan. 1	1992 Series Subordinate Bonds			Total 1992 Series Bonds		
	Principal	Interest	Total	Principal	Interest	Total
2000	\$ 3,890,000	\$ 10,884,403	\$ 14,774,403	\$ 13,730,000	\$ 35,534,286	\$ 49,264,286
2001	4,110,000	10,670,453	14,780,453	14,485,000	34,781,122	49,266,122
2002	4,340,000	10,440,292	14,780,292	15,295,000	33,971,987	49,266,987
2003	4,590,000	10,192,913	14,782,913	16,170,000	33,100,461	49,270,461
2004	4,865,000	9,926,693	14,791,693	16,726,751	32,551,101	49,277,852
2005	5,155,000	9,639,658	14,794,658	17,518,415	31,737,318	49,255,733
2006	5,470,000	9,330,359	14,800,359	18,060,625	30,718,589	48,779,214
2007	5,800,000	8,996,688	14,796,688	19,040,240	29,736,636	48,776,876
2008	6,155,000	8,637,089	14,792,089	20,112,030	28,670,052	48,782,082
2009	6,530,000	8,255,478	14,785,478	21,835,000	26,949,572	48,784,572
2010	6,925,000	7,850,618	14,775,618	23,150,000	25,630,161	48,780,161
2011	7,325,000	7,428,193	14,753,193	24,540,000	24,238,199	48,778,199
2012	7,790,000	6,981,368	14,771,368	26,020,000	22,762,662	48,782,662
2013	8,265,000	6,506,177	14,771,177	27,575,000	21,198,108	48,773,108
2014	8,345,000	6,002,012	14,347,012	27,940,000	19,522,595	47,462,595
2015	8,855,000	5,492,968	14,347,968	29,635,000	17,825,204	47,460,204
2016	9,385,000	4,952,833	14,337,833	31,440,000	16,024,823	47,464,823
2017	9,965,000	4,366,251	14,331,251	34,395,000	14,094,458	48,489,458
2018	10,580,000	3,743,438	14,323,438	36,265,000	11,980,552	48,245,552
2019	11,235,000	3,082,188	14,317,188	38,280,000	9,747,863	48,027,863
2020	11,925,000	2,380,001	14,305,001	40,490,000	7,391,827	47,881,827
2021	12,615,000	1,634,687	14,249,687	42,555,000	4,899,550	47,454,550
2022	13,540,000	846,295	14,386,295	42,300,000	2,438,782	44,738,782
Totals	\$ 177,655,000	\$ 158,241,055	\$ 335,896,055	\$ 597,558,061	\$ 515,505,908	\$ 1,113,063,969

(Continued)

Oklahoma Transportation Authority Schedule of Annual Debt Service Requirements

1998 Series Second Senior Bonds			
Year Ended Jan. 1	Principal	Interest	Total
2000	\$ -	\$ 34,956,363	\$ 34,956,363
2001	-	34,956,363	34,956,363
2002	-	34,956,362	34,956,362
2003	3,520,000	34,956,362	38,476,362
2004	6,550,000	34,811,162	41,361,162
2005	6,850,000	34,511,150	41,361,150
2006	7,165,000	34,192,525	41,357,525
2007	16,825,000	33,814,350	50,639,350
2008	17,705,000	32,930,700	50,635,700
2009	18,725,000	31,912,200	50,637,200
2010	19,755,000	30,882,325	50,637,325
2011	20,795,000	29,845,187	50,640,187
2012	21,885,000	28,753,450	50,638,450
2013	23,035,000	27,604,487	50,639,487
2014	24,240,000	26,395,150	50,635,150
2015	25,485,000	25,153,238	50,638,238
2016	26,790,000	23,847,500	50,637,500
2017	28,130,000	22,508,000	50,638,000
2018	29,535,000	21,101,500	50,636,500
2019	31,010,000	19,624,750	50,634,750
2020	32,565,000	18,074,250	50,639,250
2021	34,190,000	16,446,000	50,636,000
2022	35,900,000	14,736,500	50,636,500
2023	37,695,000	12,941,500	50,636,500
2024	39,580,000	11,056,750	50,636,750
2025	41,510,000	9,127,737	50,637,737
2026	43,585,000	7,052,237	50,637,237
2027	45,820,000	4,818,012	50,638,012
2028	48,165,000	2,469,150	50,634,150
Totals	\$ <u>687,010,000</u>	\$ <u>694,435,260</u>	\$ <u>1,381,445,260</u>

(Continued)

Oklahoma Transportation Authority Schedule of Annual Debt Service Requirements

Year Ended Jan. 1	Total All Bonds			Outstanding
	Principal	Interest	Total	Principal
2000	\$ 14,015,000	\$ 72,593,980	\$ 86,608,980	\$ 1,301,348,061
2001	14,790,000	71,819,816	86,609,816	1,286,558,061
2002	15,620,000	70,988,053	86,608,053	1,270,938,061
2003	20,040,000	70,092,252	90,132,252	1,250,898,061
2004	23,646,751	69,371,497	93,018,248	1,227,251,310
2005	24,768,415	68,229,697	92,998,112	1,202,482,895
2006	25,660,625	66,861,500	92,522,125	1,176,822,270
2007	36,330,240	65,467,828	101,798,068	1,140,492,030
2008	38,317,030	63,481,737	101,798,767	1,102,175,000
2009	41,100,000	60,704,201	101,804,201	1,061,075,000
2010	43,490,000	58,313,278	101,803,278	1,017,585,000
2011	45,965,000	55,839,474	101,804,474	971,620,000
2012	48,580,000	53,224,053	101,804,053	923,040,000
2013	51,335,000	50,458,948	101,793,948	871,705,000
2014	54,275,000	47,518,691	101,793,691	817,430,000
2015	57,360,000	44,440,328	101,800,328	760,070,000
2016	60,620,000	41,185,357	101,805,357	699,450,000
2017	65,075,000	37,756,551	102,831,551	634,375,000
2018	68,515,000	34,066,420	102,581,420	565,860,000
2019	72,190,000	30,175,994	102,365,994	493,670,000
2020	76,150,000	26,076,008	102,226,008	417,520,000
2021	80,040,000	21,748,780	101,788,780	337,480,000
2022	81,125,000	17,358,177	98,483,177	256,355,000
2023	37,695,000	12,941,500	50,636,500	218,660,000
2024	39,580,000	11,056,750	50,636,750	179,080,000
2025	41,510,000	9,127,737	50,637,737	137,570,000
2026	43,585,000	7,052,237	50,637,237	93,985,000
2027	45,820,000	4,818,012	50,638,012	48,165,000
2028	48,165,000	2,469,150	50,634,150	-
Totals	\$ <u>1,315,363,061</u>	\$ <u>1,245,238,006</u>	\$ <u>2,560,601,067</u>	



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Independent Auditors' Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

Members of the Oklahoma Transportation Authority:

We have audited the financial statements of the Oklahoma Transportation Authority (Authority), as of and for the year then ended December 31, 1999, and have issued our report thereon dated March 15, 2000. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Authority's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws and regulations, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Authority's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of management and Authority members and is not intended to be and should not used by anyone other than these specified parties.

KPMG LLP

March 15, 2000



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