Native American Cultural and Educational Authority

Financial Statements

June 30, 2015 and 2014
(With Independent Auditors' Report Thereon)

FINLEY & COOK
CERTIFIED PUBLIC ACCOUNTANTS

NATIVE AMERICAN CULTURAL AND EDUCATIONAL AUTHORITY

FINANCIAL STATEMENTS

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FINLEY & COOK
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

Board of Directors
Native American Cultural and
Educational Authority

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of the Native American Cultural and Educational Authority (the "Authority"), which is a part of the State of Oklahoma financial reporting entity, as of and for the years ended June 30, 2015 and 2014, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States; 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 opinions on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States 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 auditors consider internal control relevant to the Authority'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 Authority's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

(Continued)

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Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Authority as of June 30, 2015 and 2014, and the respective changes in financial position thereof for the years then ended in accordance with accounting principles generally accepted in the United States.

Emphasis of Matters

Authority-Only Financial Statements

As discussed in Note 1, the financial statements of the Authority are intended to present the financial position and the changes in financial position of only that portion of the governmental activities and each major fund of the State of Oklahoma that is attributable to the transactions of the Authority. They do not purport to, and do not, present fairly the financial position of the State of Oklahoma as of June 30, 2015 and 2014, and the changes in its financial position for the years then ended in conformity with accounting principles generally accepted in the United States. Our opinion is not modified with respect to this matter.

Adoption of New Accounting Pronouncements

As discussed in Notes 1 and 2 to the financial statements, in 2015 the Authority adopted new accounting guidance, Statement No. 68 of the Governmental Accounting Standards Board, *Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27* (GASB 68), and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date—an amendment of GASB Statement No. 68* (GASB 71). The implementation of GASB 68 and GASB 71 resulted in a cumulative adjustment to restate the beginning net position of the Authority as of July 1, 2014. Our opinion is not modified with respect to this matter.

Other Matters

Accounting principles generally accepted in the United States require that the management's discussion and analysis on pages I-1 to I-10, the budgetary comparison information on pages 48 through 51, and the schedule of the Authority's proportionate share of net pension liability and the schedule of the Authority's contributions on pages 52 and 53, respectively, 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, 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.

(Continued)

INDEPENDENT AUDITORS' REPORT, CONTINUED

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 30, 2015, on our consideration of the Authority'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 Authority's internal control over financial reporting and compliance.

Finley & Cook, PLLC

Shawnee, Oklahoma
November 30, 2015

MANAGEMENT'S DISCUSSION AND ANALYSIS

The discussion and analysis of the Native American Cultural and Educational Authority's (the "Authority") financial performance provides an overview of the Authority's financial activity for the years ended June 30, 2015 and 2014. It should be read in conjunction with the financial statements which begin on page 4. The Authority is affiliated with a 501(c)(3) entity, the American Indian Cultural Center Foundation (the "Foundation"). The Foundation's goal is to be the fundraising arm of the Authority for the construction of the American Indian Cultural Center and Museum (the "Museum"). Presently, the Authority and the Foundation share approximately the same voting board of directors and management, and the assets of the Foundation are being held for the benefit of the Authority. The Foundation is considered a blended component unit of the Authority. Therefore, the financial position and results of operations of the Foundation are included in the financial statements of the Authority and are accounted for in the Authority's governmental funds financial statements in a special revenue fund.

Discussion of the Basic Financial Statements

The 2015 and 2014 financial statements have been prepared in accordance with Governmental Accounting Standards Board Statement No. 34 (GASB 34). GASB 34 not only provides for the presentation of Management's Discussion and Analysis and other required supplementary information, but also provides for the following statements:

Government-Wide Financial Statements:

Statements of Net Position—These are financial statements of the Authority as a whole. They are prepared on the accrual basis of accounting and present all assets, liabilities, and net position for the Authority as of June 30, 2015 and 2014.

Statements of Activities—These statements are also prepared on the accrual basis of accounting and present the operating results of the Authority for the years ended June 30, 2015 and 2014.

Fund Financial Statements:

Balance Sheets—Governmental Fund—The Authority has two funds: the general fund and the special revenue fund. The general fund accounts for all of the general operations of the Authority, and the special revenue fund accounts for all operations of the Foundation. These financial statements present the balance sheets prepared on a modified accrual basis of accounting. Certain assets and liabilities presented on the statements of net position are not reflected on these statements. There is also a reconciliation prepared of the balance sheets to reconcile the fund balance per the governmental funds to the statements of net position.

Governmental Fund Statements of Revenues, Expenditures, and Changes in Fund Balance—These statements are prepared on a modified accrual basis of accounting; consider only the governmental funds; and present operating results on a governmental fund basis. There is also a reconciliation of the governmental fund statements of revenues, expenditures, and changes in fund balance to the statements of activities; as the name implies, these statements are simply a reconciliation of the net changes in fund balances for governmental funds to the changes in net position per the statements of activities.

Discussion of the Basic Financial Statements, Continued

The government-wide financial statements include all assets and liabilities of the Authority, such as capital assets, capital leases payable, accruals for compensated absences, etc. As such, also included are depreciation and interest expenses, whereas the fund financial statements generally include only current assets and payables. At the fund level, payments on the capital lease are reflected as expenditures when paid and no capital assets such as land and building are included.

Analysis of the Authority's Overall Financial Position and Results of Operations

The June 30, 2015 and 2014, statements of net position reflect assets and deferred outflows of resources in excess of liabilities and deferred inflows of resources of $49,984,714 and $47,450,675, respectively. For the years ended June 30, 2015 and 2014, the statements of activities reflect a change in net position of $2,753,125 and $2,454,637, respectively.

Condensed Financial Information—*Government-Wide Financial Statements*

Statements of Net Position

	2015	2014
Assets and Deferred Outflows of Resources		
Current assets	$ 7,735,263	7,676,071
Noncurrent assets	89,795,110	90,269,266
Total assets	97,530,373	97,945,337
Deferred outflows of resources	76,881	-
Liabilities and Deferred Inflows of Resources		
Current liabilities	3,796,487	3,304,280
Noncurrent liabilities	37,707,663	42,150,000
Total liabilities	41,504,150	45,454,280
Deferred inflows of resources	6,118,390	5,040,382
Total net position	$ 49,984,714	47,450,675

Condensed Financial Information—*Government-Wide Financial Statements, Continued*

Statements of Activities

	2015	2014
General revenues:		
State appropriations	$ 6,722,754	6,784,354
Contributions	901,063	895,948
Other	137,405	65,729
Total revenues	7,761,222	7,746,031
Expenses:		
Operations, including interest expense	5,008,097	5,291,394
Total expenses	5,008,097	5,291,394
Changes in net position	$ 2,753,125	2,454,637

Current assets consist primarily of cash and cash equivalents. Noncurrent assets consist of restricted cash and cash equivalents, and capital assets. Capital assets primarily consist of construction in progress, building, land, furniture, fixtures, and equipment. Deferred outflows of resources consist of pension items. As of June 30, 2015 and 2014, current liabilities were primarily composed of accounts payable along with the current portion of capital lease obligations of approximately $3,354,000 and $3,115,000, respectively, and the current portion of compensated absences of approximately $36,000 and $41,000, respectively. Noncurrent liabilities at June 30, 2015 and 2014, consisted of the capital lease obligations, less the current portion, of approximately $37,659,000 and $42,150,000, respectively. As of June 30, 2015 and 2014, deferred inflows of resources consisted of conditional contributions received of approximately $5,045,000 and $5,040,000, respectively. As of June 30, 2015, deferred inflows of resources also consisted of approximately $177,000 related to pension items and $896,000 related to gains on capital lease obligations.

At June 30, 2015 and 2014, net position was composed of the investment in capital assets, net of related debt, of approximately $47,876,000 and $44,989,000, respectively; restricted net position of approximately $108,000 and $114,000, respectively; and unrestricted net position of approximately $2,001,000 and $2,348,000, respectively.

A significant portion of the statements of activities is represented by State of Oklahoma ("State") appropriations. For the years ended June 30, 2015 and 2014, approximately $6,723,000 and $6,784,000, respectively, was appropriated to the Authority from State-appropriated revenues. For the years ended June 30, 2015 and 2014, the statements of activities included approximately $901,000 and $896,000, respectively, of contributions. Also included is approximately $137,000 and $66,000 of other revenues (interest income) in 2015 and 2014, respectively, from interest primarily earned by the Oklahoma Capitol Improvement Authority (OCIA) which were applied to capital lease obligation payments. During 2015 and 2014, the Authority had no grant revenues. As a result of the adoption of GASB 68 and GASB 71, the beginning net position as of July 1, 2014, was reduced by approximately $219,000.

Analysis of Balances and Transactions of Individual Funds

As noted previously, the Authority, for reporting purposes, has two funds within the governmental funds, which are the general fund and the special revenue fund. The general fund represents the financial position and results of operations of the Authority. The special revenue fund represents the financial position and results of operations of the Foundation.

Condensed Financial Information—*Fund Financial Statements*

Balance Sheets—Governmental Funds

	2015		
	General Fund	Special Revenue Fund	Total Governmental Funds
Cash and cash equivalents	$ 1,879,082	583,975	2,463,057
Restricted cash and cash equivalents	-	5,282,205	5,282,205
Due from the Foundation	128,477	-	128,477
Total assets	$ 2,007,559	5,866,180	7,873,739
Due to the Authority	$ -	128,477	128,477
Accounts payable	335,069	71,090	406,159
Deferred inflows of resources	-	5,045,483	5,045,483
Fund balances	1,672,490	621,130	2,293,620
Total liabilities, deferred inflows of resources, and fund balances	$ 2,007,559	5,866,180	7,873,739

	2014		
	General Fund	Special Revenue Fund	Total Governmental Funds
Cash and cash equivalents	$ 1,802,044	558,392	2,360,436
Restricted cash and cash equivalents	-	5,325,635	5,325,635
Due from the Foundation	171,169	-	171,169
Total assets	$ 1,973,213	5,884,027	7,857,240
Due to the Authority	$ -	171,169	171,169
Accounts payable	88,246	60,013	148,259
Deferred inflows of resources	-	5,040,382	5,040,382
Fund balances	1,884,967	612,463	2,497,430
Total liabilities, deferred inflows of resources, and fund balances	$ 1,973,213	5,884,027	7,857,240

Condensed Financial Information—*Fund Financial Statements*, Continued

Statements of Revenues, Expenditures, and Changes in Fund Balances—Governmental Funds

	2015		
	General Fund	Special Revenue Fund	Total Governmental Funds
Revenues:			
State appropriations	$ 6,722,754	-	6,722,754
Contributions	-	901,063	901,063
Other	123,241	14,164	137,405
Total revenues	6,845,995	915,227	7,761,222
Expenditures:			
Salaries, wages, and benefits	657,571	-	657,571
Professional/consultants	105,574	874,886	980,460
Lease	46,481	-	46,481
Maintenance	4,726	-	4,726
Contractual	1,018,379	-	1,018,379
Other	132,863	31,674	164,537
Debt service:			
Principal	3,232,500	-	3,232,500
Interest	1,860,378	-	1,860,378
Total expenditures	7,058,472	906,560	7,965,032
Net changes in fund balances	$ (212,477)	8,667	(203,810)

Condensed Financial Information—*Fund Financial Statements*, Continued

Statements of Revenues, Expenditures, and Changes in Fund Balances—Governmental Funds, Continued

	2014		
	General Fund	Special Revenue Fund	Total Governmental Funds
Revenues:			
State appropriations	$ 6,784,354	-	6,784,354
Contributions	-	895,948	895,948
Other	52,341	13,388	65,729
Total revenues	6,836,695	909,336	7,746,031
Expenditures:			
Salaries, wages, and benefits	649,950	-	649,950
Professional/consultants	70,107	848,245	918,352
Lease	33,543	-	33,543
Maintenance	4,335	-	4,335
Contractual	1,017,706	-	1,017,706
Other	117,381	15,079	132,460
Debt service:			
Principal	2,995,000	-	2,995,000
Interest	2,223,931	-	2,223,931
Total expenditures	7,111,953	863,324	7,975,277
Net changes in fund balances	$ (275,258)	46,012	(229,246)

Analysis of Significant Variations Between Budget Amounts for the General Fund

For the year ended June 30, 2015, the largest significant budget variance was in the area of State appropriations. State appropriations were overbudgeted approximately $773,000. Actual expenditures were approximately $807,000 less than budgeted amounts due to the reduction in State appropriations and the decrease in construction activities at the Museum.

For the year ended June 30, 2014, the largest significant budget variances were in the areas of State appropriations. State appropriations were overbudgeted approximately $723,000. The Authority used 2013 carryover funds from unexpended State appropriations to pay for contracted expenses (Museum site preservation) related to 2014. These funds helped reduce the amount of 2014 State appropriations that were needed to cover the 2014 expenditures. The 2014 carryover funds will be utilized to pay for Museum site preservation.

Description of Long-Term Debt Activity and Significant Capital Assets

As of June 30, 2015 and 2014, the only long-term debt the Authority had consisted of capital lease obligations. The OCIA issues bonds on behalf of the Authority. The Authority then signs a lease agreement with OCIA. At June 30, 2015 and 2014, the principal amount of this debt was approximately $41,113,000 and $45,265,000, respectively. A summary of the changes in lease obligation for the years ended June 30 is as follows:

	2015	2014
Balance, beginning of year	$ 45,265,000	48,260,000
Deferred gains on capital lease obligation restructure	(1,019,179)	-
Principal payments	(3,232,500)	(2,995,000)
Balance, end of year	$ 41,013,321	45,265,000

Construction in progress is the Authority's largest capital asset. The capital assets of the Authority consist of land, construction in progress under capital lease obligations, buildings, furniture, fixtures, and equipment.

Description of Long-Term Debt Activity and Significant Capital Assets, Continued

A summary of capital assets and the changes for the years 2015 and 2014 is as follows:

	Balance at June 30, 2014	Additions	Transfers	Disposals	Balance at June 30, 2015
Land	$ 355,000	-	-	-	355,000
Construction in progress	78,826,144	13,585	-	-	78,839,729
Furniture, fixtures, and equipment	9,786,290	-	-	-	9,786,290
Building	2,974,780	-	-	-	2,974,780
Total cost	91,942,214	13,585	-	-	91,955,799
Less accumulated depreciation:					
Furniture, fixtures, and equipment	(1,184,496)	(388,051)	-	-	(1,572,547)
Building	(498,452)	(99,690)	-	-	(598,142)
Total accumulated depreciation	(1,682,948)	(487,741)	-	-	(2,170,689)
Capital assets, net	$ 90,259,266	(474,156)	-	-	89,785,110

	Balance at June 30, 2013	Additions	Transfers	Disposals	Balance at June 30, 2014
Land	$ 355,000	-	-	-	355,000
Construction in progress	78,641,317	184,827	-	-	78,826,144
Furniture, fixtures, and equipment	9,786,290	-	-	-	9,786,290
Building	2,974,780	-	-	-	2,974,780
Total cost	91,757,387	184,827	-	-	91,942,214
Less accumulated depreciation:					
Furniture, fixtures, and equipment	(796,445)	(388,051)	-	-	(1,184,496)
Building	(398,761)	(99,691)	-	-	(498,452)
Total accumulated depreciation	(1,195,206)	(487,742)	-	-	(1,682,948)
Capital assets, net	$ 90,562,181	(302,915)	-	-	90,259,266

During 2010, the Authority completed and began using the Visitor Center; therefore, the Authority began depreciating the cost of the Visitor Center and related equipment using the straight-line basis.

Description of Long-Term Debt Activity and Significant Capital Assets, Continued

Certain mechanical and supporting equipment such as HVAC and cooling systems, plumbing and ducts, are being utilized to preserve the integrity of the Museum in progress and the warranties on this equipment. Such equipment was completed and placed in service in September 2011; therefore, the Authority began depreciating the equipment at that date.

Description of Currently Known Facts, Decisions, or Conditions that are Expected to Have a Significant Effect on the Financial Position or Results of Operations

Funding for the Authority is made by the Oklahoma Legislature as a line-item appropriation in the Oklahoma Department of Commerce's bill. As authorized by the appropriation bill, the amount for the Authority is transferred by the Office of State Finance from the Oklahoma Department of Commerce's general revenue fund into the revolving fund for the Authority. The Office of State Finance approved the Authority's budget as part of the Oklahoma Department of Commerce's budget for the year July 1, 2015, to June 30, 2016, and the year July 1, 2014, to June 30, 2015.

For fiscal year 2016, the Authority's State appropriations did not significantly fluctuate from 2015, and the Authority does not anticipate receiving any significant additional grant funds. The 2016 final and original budgets did not significantly differ.

For fiscal year 2015, the Authority's final budgeted State appropriations increased approximately $641,000 from the original budget, which resulted from a change in contractual and miscellaneous administrative expenditures. Actual State appropriations in 2015 were $773,000 lower than the 2015 final budget. This shortfall is not expected to significantly impact current future operations of the Authority. The Authority did not receive any grant funds in 2015.

The Authority does not prepare a budget for the special revenue fund, which represents the Foundation's operations. Therefore, no budget comparison information is provided for the special revenue fund.

Current Status of the Museum

The State's decision to vote against capital funding for the Museum project in the 2015 and 2014 Legislative Session resulted in an indefinite suspension of construction until funds to complete the project are recognized. During the interim, preserving the Museum site and existing structures requires 24 hour presence and security, mechanical equipment warranty maintenance, building/grounds maintenance, and utilities expenses. This preservation plan has been contracted with the Museum's general contractor to avoid demobilization and totals approximately $70,000 per month, which requires the use of operational appropriation funds until the future of the project is determined. Using appropriations results in an operational budget that does not allow for the much-needed growth of the Authority; however, it does provide enough to sustain current operations until the State approves additional funding or identifies an alternative plan and/or partnership in accomplishing the Museum completion. In fiscal year 2016, the Authority anticipates approximately the same budget as 2015. This will enable current Authority operations to continue.

Current Status of the Museum, Continued

During the 2015 legislative session, House Bill 2237 (HB 2237) was enacted as a means to potentially complete the Museum with some additional state funding. House Bill 2237 authorizes a $25 million revenue bond issue, provided that a plan exists to complete the Museum using identified State and donor funds and the City of Oklahoma City (the "City") agrees to take on the responsibility for the operation and maintenance of the Museum, accepts title to the surrounding property, agrees to significant requirements and limitations on the use of revenues from the project, and agrees to accept title to the Museum facilities and footprint after all Authority outstanding revenue bonds are retired. If the City agrees to accept responsibility of the Museum as contemplated by HB 2237, the Authority will be terminated as soon as the Museum is completed, to be replaced by a caretaking state-beneficiary public trust which will hold title to the Museum facility and footprint and make payments on outstanding revenue bonds until the bonds are fully retired. Once all bonds issued for construction of the Museum are retired, the Museum facility and footprint will be conveyed to the City, and the public trust will be terminated.

The City has retained national consultants to advise the City on the implications of the City's participation in the Museum as contemplated by HB 2237. Analysis by the City is ongoing and the City has not yet reached a decision.

In order to take effect, HB 2237 requires that the City agree to the requirements set forth in HB 2237 on or before January 15, 2016. If the City agrees to the requirements of HB 2237, the Museum will likely be completed within 3 to 4 years, and the Authority will terminate upon the Museum's completion. If the City does not agree to the conditions of HB 2237, the vast majority of HB 2237, including the provision providing for termination of the Authority, will be without effect.

Requests for Information

This financial report is designed to provide a general overview of the Authority's finances for all those with an interest. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Executive Director % the Native American Cultural and Educational Authority, 659 American Indian Boulevard, Oklahoma City, OK 73129.

NATIVE AMERICAN CULTURAL AND EDUCATIONAL AUTHORITY

STATEMENTS OF NET POSITION

June 30,	*2015*	*2014*
Assets		
Current assets:		
Cash and cash equivalents (including $5,143,727 and $5,144,465 of restricted cash as of June 30, 2015 and 2014, respectively)	$ 7,735,263	7,676,071
Total current assets	7,735,263	7,676,071
Noncurrent assets:		
Restricted cash and cash equivalents	10,000	10,000
Capital assets:		
Land	355,000	355,000
Building, net of accumulated depreciation	2,376,638	2,476,328
Furniture, fixtures, and equipment, net of accumulated depreciation	8,213,743	8,601,794
Construction in progress	78,839,729	78,826,144
Total capital assets, net of accumulated depreciation	89,785,110	90,259,266
Total noncurrent assets	89,795,110	90,269,266
Total assets	97,530,373	97,945,337
Deferred Outflows of Resources		
Deferred pension items	76,881	-

(Continued)

See Independent Auditors' Report.
See accompanying notes to financial statements.

NATIVE AMERICAN CULTURAL AND
EDUCATIONAL AUTHORITY

STATEMENTS OF NET POSITION, CONTINUED

June 30,	*2015*	*2014*
Liabilities		
Current liabilities:		
Accounts payable	406,159	148,259
Capital lease obligations—current portion	3,353,833	3,115,000
Accrued compensated absences	36,495	41,021
Total current liabilities	3,796,487	3,304,280
Noncurrent liabilities:		
Capital lease obligations—less current portion	37,659,488	42,150,000
Net pension liability	48,175	-
Total noncurrent liabilities	37,707,663	42,150,000
Total liabilities	41,504,150	45,454,280
Deferred Inflows of Resources		
Conditional contributions received	5,045,483	5,040,382
Deferred gains on capital lease obligation restructure	895,959	-
Deferred pension items	176,948	-
Total deferred inflows of resources	6,118,390	5,040,382
Net Position		
Invested in capital assets, net of related debt	47,875,831	44,988,678
Restricted	108,245	114,083
Unrestricted	2,000,638	2,347,914
Total net position	$ 49,984,714	47,450,675

See Independent Auditors' Report.
See accompanying notes to financial statements.

NATIVE AMERICAN CULTURAL AND EDUCATIONAL AUTHORITY

STATEMENTS OF ACTIVITIES

Year Ended June 30, 2015

	Expenses	Revenues: Charges for Services	Revenues: Operating Grants and Contributions	Revenues: Capital Grants	Net (Expense) Revenue/Changes in Net Position
Governmental activities:					
Operations	$ (3,270,940)	-	-	-	(3,270,940)
Interest expense	(1,737,157)	-	-	-	(1,737,157)
Total general government	(5,008,097)	-	-	-	(5,008,097)
Total governmental activities	$ (5,008,097)	-	-	-	(5,008,097)
General revenues:					
State appropriations					6,722,754
Contributions					901,063
Other					137,405
Total general revenues					7,761,222
Changes in net position					2,753,125
Net position, beginning of year, as previously reported					47,450,675
Cumulative adjustment in net position to adopt GASB 68 and GASB 71 (see Note 2)					(219,086)
Net position, beginning of year, restated					47,231,589
Net position, end of year					$ 49,984,714

See Independent Auditors' Report.
See accompanying notes to financial statements.

NATIVE AMERICAN CULTURAL AND EDUCATIONAL AUTHORITY

STATEMENTS OF ACTIVITIES, CONTINUED

Year Ended June 30, 2014

		Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants	Net (Expense) Revenue/Changes in Net Position
Governmental activities:					
Operations	$ (3,067,463)	-	-	-	(3,067,463)
Interest expense	(2,223,931)	-	-	-	(2,223,931)
Total general government	(5,291,394)	-	-	-	(5,291,394)
Total governmental activities	$ (5,291,394)	-	-	-	(5,291,394)
General revenues:					
State appropriations					6,784,354
Contributions					895,948
Other					65,729
Total general revenues					7,746,031
Changes in net position					2,454,637
Net position, beginning of year					44,996,038
Net position, end of year					$ 47,450,675

See Independent Auditors' Report.
See accompanying notes to financial statements.

NATIVE AMERICAN CULTURAL AND EDUCATIONAL AUTHORITY

BALANCE SHEETS—GOVERNMENTAL FUNDS

June 30, 2015

	General Fund	Special Revenue Fund	Total Governmental Funds
Assets			
Cash and cash equivalents	$ 1,879,082	583,975	2,463,057
Restricted cash and cash equivalents	-	5,282,205	5,282,205
Due from the Foundation	128,477	-	128,477
Total assets	$ 2,007,559	5,866,180	7,873,739
Liabilities, Deferred Inflows of Resources, and Fund Balances			
Liabilities:			
Due to the Authority	$ -	128,477	128,477
Accounts payable	335,069	71,090	406,159
Total liabilities	335,069	199,567	534,636
Deferred inflows of resources:			
Conditional contributions received	-	5,045,483	5,045,483
Fund balances:			
Nonspendable	-	10,000	10,000
Restricted	5,082	98,245	103,327
Committed	128,477	512,885	641,362
Unassigned	1,538,931	-	1,538,931
Total fund balances	1,672,490	621,130	2,293,620
Total liabilities, deferred inflows of resources, and fund balances	$ 2,007,559	5,866,180	7,873,739

See Independent Auditors' Report.
See accompanying notes to financial statements.

NATIVE AMERICAN CULTURAL AND EDUCATIONAL AUTHORITY

BALANCE SHEETS—GOVERNMENTAL FUNDS, CONTINUED

June 30, 2014

	General Fund	Special Revenue Fund	Total Governmental Funds
Assets			
Cash and cash equivalents	$ 1,802,044	558,392	2,360,436
Restricted cash and cash equivalents	-	5,325,635	5,325,635
Due from the Foundation	171,169	-	171,169
Total assets	$ 1,973,213	5,884,027	7,857,240
Liabilities, Deferred Inflows of Resources, and Fund Balances			
Liabilities:			
Due to the Authority	$ -	171,169	171,169
Accounts payable	88,246	60,013	148,259
Total liabilities	88,246	231,182	319,428
Deferred inflows of resources:			
Conditional contributions received	-	5,040,382	5,040,382
Fund balances:			
Nonspendable	-	10,000	10,000
Restricted	5,082	104,083	109,165
Committed	171,169	498,380	669,549
Unassigned	1,708,716	-	1,708,716
Total fund balances	1,884,967	612,463	2,497,430
Total liabilities, deferred inflows of resources, and fund balances	$ 1,973,213	5,884,027	7,857,240

See Independent Auditors' Report.
See accompanying notes to financial statements.

NATIVE AMERICAN CULTURAL AND EDUCATIONAL AUTHORITY

RECONCILIATION OF THE BALANCE SHEETS—GOVERNMENTAL FUNDS TO THE STATEMENTS OF NET POSITION

June 30,	*2015*	*2014*
Total fund balances—governmental fund	$ 2,293,620	2,497,430
Amounts reported in the statements of net position are different because:		
Certain assets used in governmental activities are not financial resources and therefore are not reported in the fund:		
Capital assets:		
Furniture, fixtures and equipment, net of accumulated depreciation	8,213,743	8,601,794
Construction in progress	78,839,729	78,826,144
Land	355,000	355,000
Building, net of accumulated depreciation	2,376,638	2,476,328
Deferred outflows related to the pension are not financial resources and therefore are not reported in the fund	76,881	-
Certain liabilities are not due and payable in the current period and therefore are not reported in the fund:		
Accrued compensated absences	(36,495)	(41,021)
Capital lease obligations	(41,013,320)	(45,265,000)
Net pension liability	(48,175)	-
Deferred inflows related to capital lease obligation restructure are not due and payable in the current period and therefore are not reported in the fund	(895,959)	-
Deferred inflows related to the pension are not due and payable in the current period and therefore are not reported in the fund	(176,948)	-
Net position of governmental activities	$ 49,984,714	47,450,675

See Independent Auditors' Report.
See accompanying notes to financial statements.

NATIVE AMERICAN CULTURAL AND EDUCATIONAL AUTHORITY

STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES—GOVERNMENTAL FUNDS

Year Ended June 30, 2015

	General Fund	Special Revenue Fund	Total Governmental Funds
Revenues:			
Contributions	$ -	901,063	901,063
Other	123,241	14,164	137,405
Total revenues	123,241	915,227	1,038,468
Expenditures:			
Operational:			
Salaries, wages, and benefits	657,571	-	657,571
Professional/consultants	105,574	874,886	980,460
Travel	22,870	-	22,870
Lease	46,481	-	46,481
Equipment rental	6,454	-	6,454
Supplies	14,735	-	14,735
Equipment	8,509	-	8,509
Maintenance	4,726	-	4,726
Telephone	17,072	-	17,072
Advertising	7,658	-	7,658
Contractual	1,018,379	-	1,018,379
Other	55,565	31,674	87,239
Debt service:			
Principal	3,232,500	-	3,232,500
Interest	1,860,378	-	1,860,378
Total expenditures	7,058,472	906,560	7,965,032
(Deficiency) excess of revenues over expenditures	(6,935,231)	8,667	(6,926,564)
Other funding sources:			
State appropriations	6,722,754	-	6,722,754
Total other funding sources	6,722,754	-	6,722,754
Net changes in fund balances	(212,477)	8,667	(203,810)
Fund balances, beginning of year	1,884,967	612,463	2,497,430
Fund balances, end of year	$ 1,672,490	621,130	2,293,620

See Independent Auditors' Report.
See accompanying notes to financial statements.

NATIVE AMERICAN CULTURAL AND EDUCATIONAL AUTHORITY

STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES—GOVERNMENTAL FUNDS, CONTINUED

Year Ended June 30, 2014

	General Fund	Special Revenue Fund	Total Governmental Funds
Revenues:			
Contributions	$ -	895,948	895,948
Other	52,341	13,388	65,729
Total revenues	52,341	909,336	961,677
Expenditures:			
Operational:			
Salaries, wages, and benefits	649,950	-	649,950
Professional/consultants	70,107	848,245	918,352
Travel	13,268	-	13,268
Lease	33,543	-	33,543
Equipment rental	7,667	-	7,667
Supplies	10,583	-	10,583
Equipment	32,202	-	32,202
Maintenance	4,335	-	4,335
Telephone	23,368	-	23,368
Postage and freight	3,000	-	3,000
Advertising	343	-	343
Contractual	1,017,706	-	1,017,706
Other	26,950	15,079	42,029
Debt service:			
Principal	2,995,000	-	2,995,000
Interest	2,223,931	-	2,223,931
Total expenditures	7,111,953	863,324	7,975,277
(Deficiency) excess of revenues over expenditures	(7,059,612)	46,012	(7,013,600)
Other funding sources:			
State appropriations	6,784,354	-	6,784,354
Total other funding sources	6,784,354	-	6,784,354
Net changes in fund balances	(275,258)	46,012	(229,246)
Fund balances, beginning of year	2,160,225	566,451	2,726,676
Fund balances, end of year	$ 1,884,967	612,463	2,497,430

See Independent Auditors' Report.
See accompanying notes to financial statements.

NATIVE AMERICAN CULTURAL AND EDUCATIONAL AUTHORITY

RECONCILIATION OF THE STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES—GOVERNMENTAL FUNDS TO THE STATEMENTS OF ACTIVITIES

Years Ended June 30,	*2015*	*2014*
Net changes in fund balances—total governmental funds	$ (203,810)	(229,246)
Amounts reported for governmental activities in the statements of activities are different because:		
Governmental funds report capital outlays as expenditures while government-wide activities report depreciation expense to allocate those expenditures over the lives of the assets:		
Depreciation expense	(487,741)	(487,742)
Capital asset purchases capitalized	13,585	184,827
	(474,156)	(302,915)
Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the statements of net position:		
Capital lease obligation principal payments	3,232,500	2,995,000
Some expenses reported in the statements of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds:		
Changes in accrued compensated absences	4,526	(8,202)
Amortization of deferred gains on capital lease obligation restructure	123,221	-
Deferred inflows, outflows, and the liability related to the pension are not financial resources or require use of current financial resources and therefore are not reported in the funds	70,844	-
Changes in net position of governmental activities	$ 2,753,125	2,454,637

See Independent Auditors' Report.
See accompanying notes to financial statements.

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Native American Cultural and Educational Authority (the "Authority") complies with accounting principles generally accepted in the United States. Accounting principles generally accepted in the United States include all relevant Governmental Accounting Standards Board (GASB) pronouncements. The accounting and reporting framework and the more significant accounting policies are discussed in subsequent sections of this note.

Reporting Entity

In 1994, the Oklahoma Legislature authorized creation of the Authority to design, construct, and operate an American Indian Cultural Center and Museum (the "Museum").

The Authority operates primarily from appropriations from State of Oklahoma ("State") funds. In addition to State appropriations, during 2015 and 2014 the Authority also utilized awards from non-federal entities and other income.

Presently, a portion of the Authority's funds are administered by the Oklahoma Department of Commerce (ODOC). The Authority's funds administered by ODOC are included in the annual appropriations for ODOC.

The Office of Management and Enterprise Services (OMES) maintains the proceeds from the bond issuances and the State Fiscal Stabilization Fund (SFSF) and other grant monies. The funds from the bond issuances and the grant proceeds are administered by the OMES. The expenditures of the bond issuances and grant proceeds administered by OMES are included in the Authority's operations.

The Authority is the primary reporting entity. ODOC and OMES are administrative agencies which perform some administrative functions for the Authority.

The financial statements of the Authority are intended to present the financial position and the changes in financial position of only that portion of the governmental activities and each major fund of the State that is attributable to the transactions of the Authority. These financial statements include only the activities of the Authority and not ODOC, OMES, or any other activities of the State. The Authority's financial statements are included in the statewide financial statements of the State.

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Reporting Entity, Continued

American Indian Cultural Center Foundation

The Authority is affiliated with a 501(c)(3) entity, the American Indian Cultural Center Foundation (the "Foundation"). The Foundation's goal is to be the fundraising arm of the Authority for the construction of the Museum. Presently, the Authority and the Foundation share approximately the same voting board of directors and have the same management group. The assets of the Foundation are being held for the benefit of the Authority. The Foundation is considered a blended component unit of the Authority. Therefore, the financial position and results of activities of the Foundation are included in the financial statements of the Authority and are accounted for in the Authority's governmental funds financial statements in a special revenue fund. A summary of the Foundation's financial statements at June 30 is as follows:

Statements of Financial Position

	2015	2014
Assets:		
Cash and cash equivalents	$ 583,975	558,392
Restricted cash and cash equivalents	5,282,205	5,325,635
Total assets	$ 5,866,180	5,884,027
Liabilities:		
Due to the Authority	$ 128,477	171,169
Conditional contributions received	5,045,483	5,040,382
Accounts payable	71,090	60,013
Total liabilities	5,245,050	5,271,564
Net assets	621,130	612,463
Total liabilities and net assets	$ 5,866,180	5,884,027

See Independent Auditors' Report.

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Reporting Entity, Continued

American Indian Cultural Center Foundation, Continued

Statements of Activities

		Years Ended June 30, 2015	2014
Support and revenues:			
Contributions	$	901,063	895,948
Interest income		14,164	13,388
Total support and revenues		915,227	909,336
Expenses:			
Fundraising		3,158	2,945
For benefit of the Authority		890,102	846,379
Operating		13,300	14,000
Total expenses		906,560	863,324
Changes in net assets		8,667	46,012
Net assets, beginning of year		612,463	566,451
Net assets, end of year	$	621,130	612,463

In 2015 and 2014, the Foundation received contributions of approximately $901,000 and $896,000, respectively, for general operations and consulting costs, which were concentrated from one source representing 99% of those contributions for both years. The Foundation also received approximately $5,000 and $708,000 in conditional contributions for the Capital Campaign, a fundraising campaign to raise funds via private, tribal, and public sources for the development of the Museum (the "Capital Campaign"), during 2015 and 2014, respectively. Both the 2015 and 2014 conditional contributions were concentrated from two sources representing 99% of conditional contributions.

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Reporting Entity, Continued

American Indian Cultural Center Foundation, Continued

In January 2008, the Foundation received $4,906,222 from the City of Oklahoma City (the "City") for reimbursement for the Brownfields Economic Development Initiative Grant (BEDI Grant) and the commitment for the Contract for Loan Guarantee Assistance under Section 108 of the Housing and Community Development Act of 1974. The amount was made up of a $5,000,000 commitment, less $93,778 worth of interest that was owed. The commitment was received by the Foundation and is owed to the Authority. During 2015 and 2014, the Foundation paid the Authority $42,692 and $109,550, respectively, of the amount owed, therefore resulting in a payable to the Authority of $128,477 and $171,169 as of June 30, 2015 and 2014, respectively. The net amount was eliminated on the government-wide financial statements.

Basis of Presentation

Government-Wide Financial Statements

The statements of net position and the statements of activities display information about the Authority as a whole. The Authority's activities are all governmental in nature and generally are financed primarily through State appropriations and other nonexchange revenues (grants and contributions). The Authority has no business-type activities as defined by GASB 34.

Fund Financial Statements

Fund financial statements are normally organized into funds, each of which is considered to be a separate accounting entity. A fund is accounted for by providing a separate set of self-balancing accounts which constitute its assets, liabilities, fund equity, revenues, and expenditures/expenses.

The Authority's governmental funds are comprised of the following:

- General Fund—accounts for general operations of the Authority.
- Special Revenue Fund—accounts for the operations of the Foundation. As discussed above, the Foundation's primary purpose is to support the Authority.

The Authority has only governmental-type funds and no proprietary or fiduciary funds.

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Measurement Focus and Basis of Accounting

Measurement focus is a term used to describe "which" transactions are recorded within the various financial statements. Basis of accounting refers to "when" transactions are recorded, regardless of the measurement focus applied.

Measurement Focus

On the government-wide statements of net position and the statements of activities, the Authority's activities are presented using the "economic resources" measurement focus as defined in Item *a* below.

In the fund financial statements, the "current financial resources" measurement focus is used as defined in Item *b* below.

(a) The statements of net position and the statements of activities utilize an "economic resources" measurement focus. The accounting objectives of this measurement focus are the determination of changes in net position and financial position. All assets and liabilities (whether current or noncurrent) associated with their activities are reported.

(b) The governmental funds utilize a "current financial resources" measurement focus. Only current financial assets and liabilities are generally included on the balance sheets. The operating statements present sources and uses of available spendable financial resources during a given period. The funds use fund balances as the measure of available spendable financial resources at the end of the period.

Basis of Accounting

In the government-wide statements of net position and statements of activities, the Authority's activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic assets are used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchanges take place. Revenues, expenses, gains, losses, assets, and liabilities resulting from non-exchange transactions are recognized when the funds become available (have been collected/paid or are collected/paid soon after year-end).

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Measurement Focus and Basis of Accounting, Continued

Basis of Accounting, Continued

In the fund financial statements, the governmental funds are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when "measurable and available." Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within the current period or soon enough thereafter to pay current liabilities. The Authority considers 90 days as the timeframe for collectible. Expenditures (including capital outlay) are recorded when the related fund liability is incurred if the transaction will be funded with the Authority's current financial resources, except for principal and interest which are reported when due.

Lease Receivable and Capital Assets

In connection with the Authority's capital lease obligations, the Oklahoma Capitol Improvement Authority (OCIA) issues bonds for the benefit of the Authority. Unexpended bond proceeds held by OCIA are reflected by the Authority as lease receivable; expended bond proceeds are reflected as construction in progress in the government-wide statements. Cost of capital assets of $1,000 or more are capitalized, whereas cost of assets below that threshold are expensed.

In the fund financial statements, capital assets are accounted for as expenditures of the governmental fund upon acquisition. The unspent bond proceeds, if any, held by OCIA are invested. The Authority is allowed to spend portions of the earnings. For financial reporting purposes, earnings are recognized as expended. During 2015 and 2014, the Authority did not utilize such earnings for construction. However, the Authority was provided a credit against the capital lease obligations related to the earnings in the amount of approximately $123,000 and $52,000 in 2015 and 2014, respectively, which was recorded as other revenue and a reduction in capital lease obligations.

Restricted Assets

Restricted assets include funds restricted by the donors in the amount of $5,153,727 and $5,154,465 as of June 30, 2015 and 2014, respectively. The assets consist of cash and cash equivalents which are restricted for the development of the Museum. Such restricted assets represent conditional contributions received of $5,045,483 and $5,040,382 as of June 30, 2015 and 2014, respectively. The contributions are conditional upon the State making a commitment to contribute an additional $40 million toward the development of the Museum, among other conditions on certain contributions.

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Compensated Absences

Full-time continuous employees earn annual vacation leave at the rate of 10 hours per month for up to 5 years of service, 12 hours per month for service of over 5 years to 10 years, 13.2 hours per month for service of over 10 years to 20 years, and 16.4 hours per month for over 20 years of service. For employees with 5 or more years of service with the State, accrued annual leave up to a total of 480 hours is payable upon termination, resignation, retirement, or death. The statements of net position and the statements of activities account for compensated absences on an accrual basis. The amount reflected as a current liability is an estimate based on earned but unused annual leave.

Capital Lease Obligations

The Authority has entered into capital lease obligations, as more fully described in Note 6 to the financial statements. The amounts reflected in the statements of net position are the principal balances due as of June 30, 2015 and 2014.

Equity Classifications

Government-Wide Financial Statements

Equity is classified as net position and displayed in three components:

(a) Invested in capital assets, net of related debt—consists of capital assets including restricted capital assets, net of accumulated depreciation/amortization and reduced by the outstanding balances of any capital lease obligations or other borrowings that are attributable to the acquisition, construction, or improvement of those assets and deferred gains or losses on restructuring of such capital lease obligations or other borrowings.

(b) Restricted net position—consists of net position with constraints placed on the use either by i) external groups such as creditors, grantors, contributors, or laws or regulations of other governments or ii) law through constitutional provisions or enabling legislation.

(c) Unrestricted net position—all other net position that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

It is the Authority’s policy to first use restricted net position prior to the use of unrestricted net position when an expenditure is incurred for purposes for which both restricted and unrestricted net position are available.

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Equity Classifications, Continued

Fund Financial Statements

Governmental fund equity is classified as fund balance. Fund balance is further classified as nonspendable, restricted, committed, assigned, and unassigned. These classifications are defined as:

(a) Nonspendable fund balance—The nonspendable fund balance classification includes amounts that cannot be spent because they are either i) not in spendable form or ii) legally or contractually required to be maintained intact. This would include items not expected to be converted to cash, including inventories and prepaid amounts. It may also include the long-term amount of loans and receivables, as well as property acquired for resale and the corpus (principal) of a permanent fund.

(b) Restricted fund balance—The restricted fund balance classification should be reported when constraints placed on the use of resources are either i) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or ii) imposed by law through constitutional provisions or enabling legislation.

(c) Committed fund balance—The committed fund balance classification reflects specific purposes pursuant to constraints imposed by formal action of the Authority's and the Foundation's highest level of decision-making authority. Also, such constraints can only be removed or changed by the same form of formal action.

For purposes of a committed fund balance, the Authority's and the Foundation's Board of Directors (the "Board") is considered to be its highest level of decision making. Funds set aside by the Board as a committed fund balance require the approval by a majority vote of the members of the Board. Such approval must take place prior to the Authority's and the Foundation's fiscal year-end in order for it to be applicable to the Authority's and the Foundation's fiscal year-end, although it is permitted for the specific amount of the commitment to be determined after the fiscal year-end if additional information is required in order to determine the exact amount to be committed. The Board has the authority to remove or change the commitment of funds with a majority vote.

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Equity Classifications, Continued

Fund Financial Statements, Continued

(d) Assigned fund balance—The assigned fund balance classification reflects amounts that are constrained by the Authority's intent to be used for specific purposes, but meet neither the restricted nor committed forms of constraint. Assigned funds cannot cause a deficit in the unassigned fund balance.

For purposes of an assigned fund balance, the Authority has given authority to its Executive Director to assign funds for specific purposes. Any funds that the Executive Director assigns for specific purposes must be reported to the Authority's Board at its next regular meeting. The assignment of funds shall be recorded in the Board's official meeting minutes.

(e) Unassigned fund balance—The unassigned fund balance classification is the residual classification for the general fund only. It is also where negative residual amounts for all other governmental funds would be reported. An unassigned fund balance essentially consists of excess funds that have not been classified in the other four fund balance categories mentioned above.

It is the Authority's and the Foundation's policy to first use the restricted fund balance prior to the use of the unrestricted fund balance when an expense is incurred for purposes for which both a restricted and an unrestricted fund balance are available. The Authority's policy for the use of the unrestricted fund balance amounts require that committed amounts would be reduced first, followed by assigned amounts and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Equity Classifications, Continued

Fund Financial Statements, Continued

The following tables show the fund balance classifications as shown on the governmental funds balance sheets as of June 30:

	2015		
	General Fund	Special Revenue Fund	Total Governmental Funds
Fund balances:			
Nonspendable	$ -	10,000	10,000
Restricted:			
Capital projects	-	98,245	98,245
Other	5,082	-	5,082
Total restricted	5,082	98,245	103,327
Committed:			
Capital projects	128,477	-	128,477
Benefit of the Authority	-	512,885	512,885
Total committed	128,477	512,885	641,362
Unassigned (State appropriations)	1,538,931	-	1,538,931
Total fund balances	$ 1,672,490	621,130	2,293,620

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Equity Classifications, Continued

Fund Financial Statements, Continued

	2014		
	General Fund	Special Revenue Fund	Total Governmental Funds
Fund balances:			
Nonspendable	$ -	10,000	10,000
Restricted:			
Capital projects	-	104,083	104,083
Other	5,082	-	5,082
Total restricted	5,082	104,083	109,165
Committed:			
Capital projects	171,169	-	171,169
Benefit of the Authority	-	498,380	498,380
Total committed	171,169	498,380	669,549
Unassigned (State appropriations)	1,708,716	-	1,708,716
Total fund balances	$ 1,884,967	612,463	2,497,430

Encumbrances

Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting is used, under which purchase orders, contracts, and other commitments for the expenditures of resources are recorded as expenditures of the applicable funds. This is an extension of the formal budgetary integration in the general fund. Encumbrances do not represent any further constraint on the use of amounts than is already communicated by governmental fund balance classification as restricted, committed, or assigned. As of June 30, 2015 and 2014, total encumbrances approximated $215,000 and $108,000, respectively.

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Advertising Costs

All costs associated with advertising are expensed as incurred.

Federal Grant Revenues and Expenditures

The Authority's federal grant revenues are expenditure driven, in that prior to requesting grant monies, expenditures are incurred. At June 30, 2015 and 2014, no federal grant funds were available to the Authority.

Use of Estimates in Preparing Financial Statements

The preparation of financial statements in conformity with accounting principles generally accepted in the United States 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.

Income Taxes

The Authority is a component unit of the State; therefore, it is exempt from federal and state income taxes. The Foundation is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code (IRC) and similar State provisions.

The Foundation evaluates and accounts for its uncertain tax positions, if any, in accordance with Financial Accounting Standards Board *Accounting Standards Codification* Topic 740, "Income Taxes," including the Foundation's tax position as a tax-exempt, not-for-profit entity. Through the Foundation's evaluation of its uncertain tax positions, the Foundation's management has determined no uncertain tax positions existed as of June 30, 2015 or 2014, which would require the Foundation to record a liability for the uncertain tax positions in its financial statements. Federal and state income tax statutes dictate that tax returns filed in any of the previous three reporting periods remain open to examination. Management believes it is no longer subject to income tax examinations for years prior to 2012. Currently, the Foundation has no open examinations with either the Internal Revenue Service or the Oklahoma Tax Commission.

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Recent Accounting Pronouncements

In June 2012, GASB issued Statement No. 68, *Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27* (GASB 68). The primary objective of GASB 68 is to improve accounting and financial reporting for pensions by state and local governments for pensions. GASB 68 establishes standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expenses/expenditures. For defined benefit pensions, GASB 68 identifies the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. The Authority adopted this statement effective July 1, 2014. The adoption of GASB 68 resulted in the restatement of beginning net position as of July 1, 2014 (see Note 2).

In November 2013, GASB issued Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date—an amendment of GASB Statement No. 68* (GASB 71). GASB 71 amends GASB 68 by amending the transition provisions of GASB 68. At transition to GASB 68, employers that could not practically determine all of the deferred inflows and outflows related to pensions were provided guidance that no deferred inflows or outflows should be reported. GASB 71 amends this guidance to provide that a government recognize a beginning deferred outflow of resources for pension contributions made subsequent to the measurement date. GASB 71 will eliminate the source of a potential significant understatement of restated beginning net position and expense in the first year of implementation of GASB 68. The Authority adopted this statement on July 1, 2014. The adoption of GASB 71 resulted in the restatement of beginning net position as of July 1, 2014 (see Note 2).

In February 2015, GASB issued Statement No. 72, *Fair Value Measurement and Application* (GASB 72). GASB 72 addresses accounting and financial reporting issues related to fair value measurements. The definition of fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. GASB 72 provides guidance for determining a fair value measurement for financial reporting purposes. GASB 72 also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. The requirements of GASB 72 will enhance comparability of financial statements among governments by requiring measurement of certain assets and liabilities at fair value using a consistent and more detailed definition of fair value and accepted valuation techniques. GASB 72 also will enhance fair value application guidance and related disclosures in order to provide information to financial statement users about the impact of fair value measurements on a government's financial position. GASB 72 is effective for financial statements for periods beginning after June 15, 2015. GASB 72 will require additional and/or revised disclosures in the financial statements.

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Date of Management's Review of Subsequent Events

The Authority has evaluated subsequent events through November 30, 2015, the date that the financial statements were available to be issued, and determined that no subsequent events have occurred which require adjustment to or disclosure in the financial statements.

(2) RESTATEMENT OF BEGINNING NET POSITION AS OF JULY 1, 2014

The Authority's beginning net position as of July 1, 2014, has been restated for the effect of implementing GASB 68 and GASB 71. GASB 68 denotes that during implementation, if restatement of all prior years presented is not practical, the cumulative effect of applying GASB 68 should be reported as a restatement of beginning net position for the earliest period restated. As such, the beginning net position as of July 1, 2014, has been restated, as all information needed to restate for the year ended June 30, 2014, was not available.

The cumulative adjustment to the beginning net position as of July 1, 2014, consists of the following:

Beginning net position, as previously reported	$ 47,450,675
Adjustments:	
Record the Authority's proportionate share of the net pension liability of the Oklahoma Public Employees Retirement Plan (OPERS)	(292,449)
Record the 2014 contributions by the Authority to OPERS as deferred outflows	73,363
Net effect of restatement	(219,086)
Beginning net position, as restated	$ 47,231,589

(3) CURRENT STATUS OF THE MUSEUM

The State's decision to vote against capital funding for the Museum project in the 2015 and 2014 Legislative Session resulted in an indefinite suspension of construction until funds to complete the project are recognized. During the interim, preserving the Museum site and existing structures requires 24-hour presence and security, mechanical equipment warranty maintenance, building/grounds maintenance, and utilities expenses. This preservation plan has been contracted with the Museum's general contractor to avoid demobilization and totals approximately $70,000 per month, which requires the use of operational appropriation funds until the future of the project is determined. Using appropriations results in an operational budget that does not allow for the much-needed growth of the Authority; however, it does provide enough to sustain current operations until the State approves additional funding or identifies an alternative plan and/or partnership in accomplishing the Museum completion. In fiscal year 2016, the Authority anticipates approximately the same budget as 2015. This will enable current Authority operations to continue.

During the 2015 legislative session, House Bill 2237 (HB 2237) was enacted as a means to potentially complete the Museum with some additional state funding. House Bill 2237 authorizes a $25 million revenue bond issue, provided that a plan exists to complete the Museum using identified State and donor funds and the City of Oklahoma City (the "City") agrees to the take on the responsibility for the operation and maintenance of the Museum, accepts title to the surrounding property, agrees to significant requirements and limitations on the use of revenues from the project, and agrees to accept title to the Museum facilities and footprint after all Authority outstanding revenue bonds are retired. If the City agrees to accept responsibility of the Museum as contemplated by HB 2237, the Authority will be terminated as soon as the Museum is completed, to be replaced by a caretaking state-beneficiary public trust which will hold title to the Museum facility and footprint and make payments on outstanding revenue bonds until the bonds are fully retired. Once all bonds issued for construction of the Museum are retired, the Museum facility and footprint will be conveyed to the City, and the public trust will be terminated.

The City has retained national consultants to advise the City on the implications of the City's participation in the Museum as contemplated by HB 2237. Analysis by the City is ongoing and the City has not yet reached a decision.

In order to take effect, HB 2237 requires that the City agree to the requirements set forth in HB 2237 on or before January 15, 2016. If the City agrees to the requirements of HB 2237, the Museum will likely be completed within 3 to 4 years, and the Authority will terminate upon the Museum's completion. If the City does not agree to the conditions of HB 2237, the vast majority of HB 2237, including the provision providing for termination of the Authority, will be without effect.

(4) CASH AND CASH EQUIVALENTS

The cash and cash equivalents of the Authority at June 30 consisted of:

	2015	2014
Cash and cash equivalents held by the Authority	$ 1,879,083	1,802,044
Cash and cash equivalents held by the Foundation	5,866,180	5,884,027
	$ 7,745,263	7,686,071
Unrestricted	$ 2,591,536	2,531,606
Restricted	5,153,727	5,154,465
Total Authority cash and cash equivalents	$ 7,745,263	7,686,071

The cash and cash equivalents of the Foundation are summarized as follows as of June 30:

	2015	2014
Money market mutual fund:		
Unrestricted	$ 615,663	349,265
Restricted	123,477	166,169
	739,140	515,434
Bank accounts:		
Unrestricted	(31,688)	209,128
Restricted	5,158,728	5,159,465
	5,127,040	5,368,593
Total Foundation cash and cash equivalents	$ 5,866,180	5,884,027

The Foundation maintains cash balances at one Oklahoma banking institution. At June 30, 2015, deposit accounts were insured by the Federal Deposit Insurance Corporation (FDIC) up to $250,000. A concentration of credit risk of $5,130,204 existed on this account at June 30, 2015.

At June 30, 2015, the Foundation had $739,140 invested in short-term money market mutual funds. The money market mutual funds are not guaranteed by the banking institution and are not insured or guaranteed by the FDIC.

See Independent Auditors' Report.

(4) CASH AND CASH EQUIVALENTS, CONTINUED

As of June 30, 2015 and 2014, the cash held by the Foundation included $739,140 and $515,434, respectively, which was invested in a short-term money market mutual fund. As of June 30, 2015, the short-term money market mutual fund was invested in U.S. government agency obligations (67.4%) and U.S. treasuries (32.6%). As of June 30, 2014, the short-term money market mutual fund was invested in U.S. government agency obligations (81.8%) and U.S. treasuries (18.2%). As of June 30, 2015 and 2014, the credit rating of the short-term money market mutual fund was AAA by Standard & Poor's and Aaa by Moody's. The weighted average maturity of the investments in the short-term money market mutual fund was 58 and 48 days as of June 30, 2015 and 2014, respectively. As the short-term money market mutual fund is as liquid as cash, it is considered to be a cash equivalent.

Cash balances of the Authority consist of cash held at the State Treasurer's office which are part of the State's pooled cash system and, as such, are properly collateralized. As a department of the State of Oklahoma, the Authority's deposits are required to be invested in fully collateralized accounts.

At June 30, 2015 and 2014, restricted cash of $5,153,727 and $5,154,465, respectively, was due to donor-imposed restrictions. The restricted cash consisted of funds held by the Foundation in an Oklahoma banking institution. Such restricted assets represent conditional contributions received of $5,045,483 and $5,040,382 as of June 30, 2015 and 2014, respectively. The contributions are conditional upon the State making a commitment to contribute an additional $40 million toward the development of the Museum, among other conditions on certain contributions.

(5) CAPITAL ASSETS

The capital assets of the Authority consist of land, construction in progress under capital lease obligations, furniture, fixtures, equipment, and building. A summary of changes in capital assets is as follows:

	Balance at June 30, 2014	Additions	Transfers	Disposals	Balance at June 30, 2015
Land	$ 355,000	-	-	-	355,000
Construction in progress	78,826,144	13,585	-	-	78,839,729
Furniture, fixtures, and equipment	9,786,290	-	-	-	9,786,290
Building	2,974,780	-	-	-	2,974,780
Total cost	91,942,214	13,585	-	-	91,955,799
Less accumulated depreciation:					
Furniture, fixtures, and equipment	(1,184,496)	(388,051)	-	-	(1,572,547)
Building	(498,452)	(99,690)	-	-	(598,142)
Total accumulated depreciation	(1,682,948)	(487,741)	-	-	(2,170,689)
Capital assets, net	$ 90,259,266	(474,156)	-	-	89,785,110

See Independent Auditors' Report.

(5) CAPITAL ASSETS, CONTINUED

	Balance at June 30, 2013	Additions	Transfers	Disposals	Balance at June 30, 2014
Land	$ 355,000	-	-	-	355,000
Construction in progress	78,641,317	184,827	-	-	78,826,144
Furniture, fixtures, and equipment	9,786,290	-	-	-	9,786,290
Building	2,974,780	-	-	-	2,974,780
Total cost	91,757,387	184,827	-	-	91,942,214
Less accumulated depreciation:					
Furniture, fixtures, and equipment	(796,445)	(388,051)	-	-	(1,184,496)
Building	(398,761)	(99,691)	-	-	(498,452)
Total accumulated depreciation	(1,195,206)	(487,742)	-	-	(1,682,948)
Capital assets, net	$ 90,562,181	(302,915)	-	-	90,259,266

In connection with the Authority's objective to build a museum, the Oklahoma Legislature approved House Bill 3066 and Senate Bills 73 and 1374. In 1999, House Bill 3066 authorized the issuance of the 1999C bond up to $5,000,000 by OCIA on behalf of the Authority. The Authority signed a 20-year lease with OCIA dated September 11, 1999. The lease has been accounted for as a capital lease. During 2004, OCIA refunded a portion of the 1999C bond issue, resulting in a change of lease terms.

In 2004, Senate Bill 73 authorized the issuance of the 2005C bond up to $33,000,000 by OCIA on behalf of the Authority. The Authority signed a 20-year lease with OCIA dated May 12, 2005. The lease has been accounted for as a capital lease. During 2015, OCIA refunded the 2005C bond issue, resulting in a change of lease terms (see Note 6).

(5) CAPITAL ASSETS, CONTINUED

In 2008, Senate Bill 1374 authorized the issuance of the 2008A bond up to $25,380,000 by OCIA on behalf of the Authority. The Authority signed a 15-year lease with OCIA dated October 1, 2008. The Authority began making principal payments July 1, 2010, and the lease term is through June 30, 2025. The lease has been accounted for as a capital lease.

When the bonds are paid in full, the project will become the property of the Authority. The Authority is responsible for all maintenance, repairs, and insurance of the construction project. As the bond monies are spent, the lease receivable is reduced and construction in progress is increased. As of June 30, 2015 and 2014, all of the bond proceeds have been expended for construction; therefore, no lease receivable existed. Upon completion of certain project stages and when such related assets are available for use, the assets are reclassified to their respective asset category and depreciation will commence.

During the year ended June 30, 2010, the Authority completed and began utilizing the Visitor Center; therefore, the Authority began depreciating the cost of the Visitor Center and related equipment.

Certain mechanical and supporting equipment such as HVAC and cooling systems, plumbing, and ducts, are being utilized to preserve the integrity of the museum in progress and the warranties on this equipment. Such equipment was completed and placed in service in September 2011; therefore, the Authority began depreciating the equipment at that date.

The assets are valued at cost and are depreciated using the straight-line method over their estimated useful lives. The useful lives are as follows:

Land	N/A
Construction in progress	N/A
Furniture, fixtures, and equipment	5–25 years
Building—structural	40 years
Building—nonstructural	10–15 years

Depreciation expense for the years ended June 30, 2015 and 2014, was $487,741 and $487,742, respectively.

(6) CAPITAL LEASE OBLIGATIONS

The Authority has three capital lease obligations outstanding. The 2008A, the 2014A, and the 2014B capital lease obligations. The leased assets and related obligations are accounted for in the statements of net position.

In July 2014, the Authority's remaining 1999C and 2004A lease agreement with OCIA was restructured through a refunding of the Series 1999C and 2004A bonds. OCIA issued new bonds, Series 2014B, to accomplish the refunding over a period of 5 years. As result, the total liability of the remaining 1999C and 2004A bonds refunded and the amount of the 2014B bonds acquired was a gain on restructuring of approximately $364,000, which was recorded as a deferred inflow of resources that will be amortized over a period of 5 years.

Also in July 2014, the Authority's remaining 2005C lease agreement with OCIA was restructured through a refunding of the Series 2005C bond. OCIA issued new bonds, Series 2014A, to accomplish the refunding over a period of 13 years. As a result, the total liability of the remaining 2005C bonds refunded and the amount of the 2014A bonds acquired was a gain on restructuring of approximately $655,000, which was recorded as a deferred inflow of resources that will be amortized over a period of 13 years.

The restructured lease agreements with the OCIA secures the OCIA's bond indebtedness and any future indebtedness that might be issued to refund earlier bond issues. The aforementioned lease agreements with the Authority were automatically restructured to secure the new bonds issued. This refinancing resulted in the aggregate difference in principal and interest of $1,993,000, which approximates the economic savings of the transaction.

During the year ended June 30, 2015, the Authority recognized approximately $123,000 of amortization expense on the deferred gains leaving a balance of $896,000 at June 30, 2015. The unamortized gain is included in the deferred inflows of resources in the accompanying statements of net position.

(6) CAPITAL LEASE OBLIGATIONS, CONTINUED

OCIA issued revenue bonds to facilitate the purchase of the leased asset, and the lease payments made by the Authority will repay the principal of the bonds, plus interest. The following is a schedule of future minimum lease payments under the capital leases, together with the present value of the minimum lease payments as of June 30, 2015:

Year Ending June 30,	2014B Lease	2014A Lease	2008A Lease	Total
2016	$ 348,025	2,409,150	2,304,415	5,061,590
2017	348,562	2,386,950	2,301,815	5,037,327
2018	351,889	2,379,550	2,301,778	5,033,217
2019	354,711	2,361,650	2,304,978	5,021,339
2020	-	2,353,450	2,306,565	4,660,015
2021–2025	-	11,716,150	11,530,090	23,246,240
2026-2027	-	4,681,363	-	4,681,363
Minimum payments for capital leases	1,403,187	28,288,263	23,049,641	52,741,091
Less amount representing interest	(124,867)	(6,348,263)	(5,254,640)	(11,727,770)
Present value of minimum lease payments	$ 1,278,320	21,940,000	17,795,001	41,013,321

As the lease payments are equal to the principal and interest due on the bonds, the present value of the minimum lease payments is equal to the outstanding principal due on the bonds.

2014B Lease—The lease expires June 30, 2019, or at which time the bonds are paid in full. The Authority is responsible for all maintenance and insurance of the building. The bonds bear an interest rate of 2.0%–5.0% and mature through 2019.

2014A Lease—The lease expires June 30, 2027, or at which time the bonds are paid in full. The Authority is responsible for all maintenance and insurance of the building. The bonds bear an interest rate of 2.0%–5.0% and mature through 2027.

2008A Lease—The lease expires June 30, 2025, or at which time the bonds are paid in full. The Authority is responsible for all maintenance and insurance of the building. The bonds bear an interest rate of 3.5%–5.3% and mature through 2025.

(6) CAPITAL LEASE OBLIGATIONS, CONTINUED

Changes in the lease obligations for the years ended June 30 were as follows:

	2015	2014
Balance, beginning of year	$ 45,265,000	48,260,000
Deferred gains on capital lease obligation restructure	(1,019,179)	-
Principal payments in fiscal year	(3,232,500)	(2,995,000)
Balance, end of year	$ 41,013,321	45,265,000

The lease obligations, by lease, are as follows:

	2015	2014
1999C and 2004A lease	$ -	1,940,000
2005C lease	-	24,145,000
2008A lease	17,795,001	19,180,000
2014A lease	21,940,000	-
2014B lease	1,278,320	-
	$ 41,013,321	45,265,000

Principal payments for the lease obligations as of June 30, 2015, are as follows:

Year Ending June 30,	2014B Lease	2014A Lease	2008A Lease	Total Principal Payment
2016	$ 303,833	1,610,000	1,440,000	3,353,833
2017	312,195	1,620,000	1,495,000	3,427,195
2018	323,264	1,645,000	1,560,000	3,528,264
2019	339,028	1,660,000	1,635,001	3,634,029
2020	-	1,685,000	1,715,000	3,400,000
2021–2025	-	9,355,000	9,950,000	19,305,000
2026–2027	-	4,365,000	-	4,365,000
	$ 1,278,320	21,940,000	17,795,001	41,013,321

See Independent Auditors' Report.

(7) ACCRUED COMPENSATED ABSENCES

Changes in accrued compensated absences for the years ended June 30 were as follows:

	2015	2014
Balance, beginning of year	$ 41,021	32,819
Amount earned	27,531	27,438
Amount used	(32,057)	(19,236)
Balance, end of year	$ 36,495	41,021

For the statements of net position, the amounts estimated to be current are the available balances at June 30, 2015 and 2014.

(8) CONDITIONAL CONTRIBUTIONS RECEIVED

Conditional contributions received by the Foundation totaled $5,045,483 and $5,040,382 as of June 30, 2015 and 2014, respectively. The contributions are restricted for the Capital Campaign and are conditional upon the State making a commitment to contribute an additional $40 million toward the development of the Authority's Museum, among other conditions on certain contributions. As of June 30, 2015 and 2014, such conditions were not met; therefore, the contributions are recorded as deferred inflows of resources in the Authority's statements of net position and governmental fund balance sheets.

(9) CONDITIONAL PLEDGES

As of June 30, 2015 and 2014, the Foundation had received written conditional pledges totaling approximately $29,800,000 and $29,759,000, respectively, in promises to contribute to the Capital Campaign. The pledges are conditional upon the State making a commitment to contribute an additional $40 million toward the development of the Authority's Museum, among other conditions on certain pledges. As of June 30, 2015 and 2014, such conditions were not met; therefore, the conditional pledges have not been recorded in the Authority's financial statements. Conditional pledges are recorded as pledges receivable at the time such conditions have been met and collection is determinable.

(10) STATE APPROPRIATIONS

The Authority receives monies through appropriations from the State as approved by the Oklahoma Legislature. Appropriations received for the years ended June 30, 2015 and 2014, totaled $6,722,754 and $6,784,354, respectively.

(11) RENT

During both years ended June 30, 2015 and 2014, $28,380 was paid to a third party for rent of office space.

(12) PENSION PLAN

Plan Description

The Authority contributes to the OPERS, a cost-sharing, multiple-employer public employee retirement system administered by the Oklahoma Public Employees Retirement System (the "System"). OPERS provides retirement, disability, and death benefits to plan members and beneficiaries. The benefit provisions are established and may be amended by the Oklahoma Legislature. Title 74 of the Oklahoma Statutes, Sections 901–943, as amended, assigns the authority for management and operation of OPERS to the Board of Trustees of the System (the "Board"). The System issues a publicly available annual financial report that includes financial statements and required supplementary information for OPERS. That annual report may be obtained by writing to the Oklahoma Public Employees Retirement System, 5801 N. Broadway Extension, Suite 200, Oklahoma City, Oklahoma 73118 or by calling 1-800-733-9008, or can be obtained at www.opers.ok.gov/websites/opers/images/pdfs/CAFR-2014-OPERS.pdf.

Benefits Provided

OPERS provides members with full retirement benefits at their specified normal retirement age or, for any person who became a member prior to July 1, 1992, when the sum of the member's age and years of credited service equals or exceeds 80 (Rule of 80), and for any person who became a member after June 30, 1992, when the member's age and years of credited service equals or exceeds 90 (Rule of 90).

Normal retirement date is further qualified to require that all members employed on or after January 1, 1983, must have 6 or more years of full-time equivalent employment with a participating employer before being eligible to receive benefits. Credited service is the sum of participating and prior service. Prior service includes nonparticipating service before January 1, 1975, or the entry date of the employer and active wartime military service.

(12) PENSION PLAN, CONTINUED

Benefits Provided, Continued

A member with a minimum of 10 years of participating service may elect early retirement with reduced benefits beginning at age 55 if the participant became a member prior to November 1, 2011, or age 60 if the participant became a member on or after November 1, 2011.

Disability retirement benefits are available for members having 8 years of credited service whose disability status has been certified as being within 1 year of the last day on the job by the Social Security Administration. Disability retirement benefits are determined in the same manner as retirement benefits, but payable immediately without an actuarial reduction.

For state, county, and local agency employees, benefits are determined at 2% of the average annual salary received during the highest 36 months of the last 10 years of participating service, but not to exceed the applicable annual salary cap, multiplied by the number of years of credited service. Members who join OPERS on or after July 1, 2013, will have their salary averaged over the highest 60 months of the last 10 years. Normal retirement age under the Plan is 62 or Rule of 80/90 if the participant became a member prior to November 1, 2011, or age 65 or Rule of 90 if the participant became a member on or after November 1, 2011.

Members who elect to pay the additional contribution rate, which became available in January 2004, will receive benefits using a 2.5% computation factor for each full year the additional contributions are made. In 2004, legislation was enacted to provide an increased benefit to retiring members who were not yet eligible for Medicare. The Medicare Gap benefit option became available to members under age 65 who retired on or after May 1, 2006. Members may elect to receive a temporary increased benefit to cover the cost of health insurance premiums until the member is eligible to receive Medicare. After the member becomes eligible for Medicare, the retirement benefit will be permanently reduced by an actuarially determined amount. The option is irrevocable, must be chosen prior to retirement, and is structured to have a neutral actuarial cost to the Plan.

Members become eligible to vest fully upon termination of employment after attaining 8 years of credited service, or the members' contributions may be withdrawn upon termination of employment.

Upon the death of an active member, the accumulated contributions of the member are paid to the member's named beneficiary(ies) in a single lump sum payment. If a retired member elected a joint annuitant survivor option or an active member was eligible to retire with either reduced or unreduced benefits or eligible to vest the retirement benefit at the time of death, benefits can be paid in monthly payments over the life of the spouse if the spouse so elects.

(12) PENSION PLAN, CONTINUED

Benefits Provided, Continued

Benefits are payable to the surviving spouse of an elected official only if the elected official had at least 6 years of participating elected service and was married at least 3 years immediately preceding death. Survivor benefits are terminated upon death of the named survivor and, for elected officials, remarriage of the surviving spouse. Upon the death of a retired member, with no survivor benefits payable, the member's beneficiary(ies) are paid the excess, if any, of the member's accumulated contributions over the sum of all retirement benefit payments made.

Upon the death of a retired member, OPERS will pay a $5,000 death benefit to the member's beneficiary or estate of the member if there is no living beneficiary. The death benefit will be paid in addition to any excess employee contributions or survivor benefits due to the beneficiary.

Contributions

The contribution rates for each member category of OPERS are established by the Oklahoma Legislature after recommendation by the Board based on an actuarial calculation, which is performed to determine the adequacy of such contribution rates.

Each member participates based on their qualifying gross salary earned, excluding overtime. There is no cap on the qualifying gross salary earned, subject to Internal Revenue Service (IRS) limitations on compensation.

For 2015 and 2014, *state agency employers* contributed 16.5% on all salary, and *state employees* contributed 3.5% on all salary.

Members have the option to elect to increase the benefit computation factor for all future service from 2.0% to 2.5%. The election is irrevocable, binding for all future employment under OPERS, and applies only to full years of service. Those who make the election pay the standard contribution rate plus an additional contribution rate, 2.91%, which is actuarially determined. The election is available for all state, county, and local government employees, except for elected officials and hazardous duty members.

Contributions to OPERS by the Authority for 2015 and 2014 were as follows:

2015	2014
$ 74,124	73,363

See Independent Auditors' Report.

(12) PENSION PLAN, CONTINUED

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

At June 30, 2015, the Authority reported a liability for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2014. The Authority's proportion of the net pension liability was based on the Authority's contributions received by OPERS relative to the total contributions received by OPERS for all participating employers as of June 30, 2014. Based upon this information, the Authority's proportion was 0.026244%.

For the year ended June 30, 2015, the Authority recognized pension expense of $3,280. At June 30, 2015, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	15,949
Changes of assumptions	2,757	-
Net difference between projected and actual earnings on pension plan investments	-	160,999
Authority contributions subsequent to the measurement date	74,124	-
	$ 76,881	176,948

Reported deferred outflows of resources of $74,124 related to pensions resulting from the Authority contributions subsequent to the measurement date will be recognized as a decrease of the net pension liability in the year ended June 30, 2016. The other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30:	
2016	$ (36,401)
2017	(36,401)
2018	(36,401)
2019	(32,788)
2020	(32,200)
	$ (174,191)

See Independent Auditors' Report.

(12) PENSION PLAN, CONTINUED

Actuarial Methods and Assumptions

The total pension liability was determined from an actuarial valuation prepared as of July 1, 2014, using the following actuarial assumptions:

Investment return:	7.5% compounded annually net of investment expense and including inflation
Salary increases:	4.5% to 8.4% per year, including inflation
Mortality rates:	Active participants and nondisabled pensioners: RP-2000 Mortality Table projected to 2010 by Scale AA (disabled pensioners set forward 15 years)
Annual post-retirement benefit increases:	None
Assumed inflation rate:	3.0%
Payroll growth:	4.0% per year
Actuarial cost method:	Entry age
Select period for the termination of employment assumptions:	10 years

The actuarial assumptions used in the July 1, 2014, valuation are based on the results of the most recent actuarial experience study, which covers the 3-year period ending June 30, 2013. The experience study report is dated May 9, 2014.

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

(12) PENSION PLAN, CONTINUED

Actuarial Methods and Assumptions, Continued

The target asset allocation and best estimates of geometric real rates of return for each major asset class as of June 30, 2014, are summarized in the following table:

Asset Class	Target Asset Allocation	Long-Term Expected Real Rate of Return
U.S. large cap equity	38.0%	5.3%
U.S. small cap equity	6.0%	5.6%
U.S. fixed income	25.0%	0.7%
International stock	18.0%	5.6%
Emerging market stock	6.0%	6.4%
TIPS	3.5%	0.7%
Rate anticipation	3.5%	1.5%
	100.0%	

Discount Rate

The discount rate used to measure the total pension liability was 7.5%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and the employers will be made at the current contribution rate as set out in state statute. Based on those assumptions, OPERS' fiduciary net position was projected through 2113 to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate determined does not use a municipal bond rate.

(12) PENSION PLAN, CONTINUED

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the Authority calculated using the discount rate of 7.5%, as well as what the Authority's net pension liability (asset) would be if it were calculated using a discount rate that is 1 percentage point lower (6.5%) or 1 percentage point higher (8.5%) than the current rate as of June 30, 2015:

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
Net pension liability (asset)	$ 300,000	48,175	(166,000)

Pension Plan Fiduciary Net Position

Detailed information about OPERS' fiduciary net position is available in the separately issued financial report of OPERS, which can be located at www.opers.ok.gov.

(13) OKLAHOMA STATE EMPLOYEES DEFERRED COMPENSATION PLAN AND DEFERRED SAVINGS INCENTIVE PLAN

Deferred Compensation Plan

The State offers its employees a Deferred Compensation Plan (the "Plan") as authorized by Section 457 of the IRC, as amended by the Tax Reform Act of 1986, and in accordance with the provisions of Sections 1701 through 1706 of Title 74 of the Oklahoma Statutes.

The supervisory authority for the management and operation of the Plan is the Board.

The Plan is available to all State employees, as well as any elected officials receiving a salary from the State. Participants may direct the investment of their contributions in available investment options offered by the Plan. The minimum contribution amount is the equivalent of $25 per month, and participants are immediately 100% vested in their respective accounts. All interest, dividends, and investment fees are allocated to participants' accounts.

(13) OKLAHOMA STATE EMPLOYEES DEFERRED COMPENSATION PLAN AND DEFERRED SAVINGS INCENTIVE PLAN, CONTINUED

Deferred Compensation Plan, Continued

Participants may defer until future years up to the lesser of 100% of their compensation as defined by plan documents or the maximum amount allowed each year as determined by the Internal Revenue Service.

Deferred compensation benefits are paid to participants or beneficiaries upon termination, retirement, death, or unforeseeable emergency. Such benefits are based on a participant's account balance and are disbursed in a lump sum or periodic payments at the option of the participant or beneficiaries in accordance with the Plan's provisions.

Further information may be obtained from the Oklahoma State Employees Deferred Compensation Plan's audited financial statements for the years ended June 30, 2015 and 2014.

Deferred Savings Incentive Plan

Effective January 1, 1998, the State established the Oklahoma State Employees Deferred Savings Incentive Plan (the "Savings Incentive Plan") as a money purchase pension plan pursuant to IRC Section 401(a). The Savings Incentive Plan and its related trust are intended to meet the requirements of IRC Sections 401(a) and 501(a).

Any qualified participant who is a State employee and is an active participant in the Plan is eligible for a contribution of the amount determined by the Oklahoma Legislature, currently the equivalent of $25 per month. Participation in the Savings Incentive Plan is automatic in the month of participation in the Plan and is not voluntary.

Upon cessation of contributions to the Plan, termination of employment with the State, retirement, or death, a participant will no longer be eligible for contributions from the State into the Savings Incentive Plan. Participants are at all times 100% vested in their Savings Incentive Plan account. Participant contributions are not required or permitted. Qualified participants may make rollover contributions to the Savings Incentive Plan, provided such rollover contributions meet applicable requirements of the IRC. Plan participants may direct the investment of the contributions in available investment options offered by the Savings Incentive Plan. All interest, dividends, and investment fees are allocated to the participants' accounts.

(13) OKLAHOMA STATE EMPLOYEES DEFERRED COMPENSATION PLAN AND DEFERRED SAVINGS INCENTIVE PLAN, CONTINUED

Deferred Savings Incentive Plan, Continued

Savings Incentive Plan benefits are paid to participants or beneficiaries upon termination, retirement, or death. Such benefits are based on a participant's account balance and are disbursed in a lump sum or periodic payments or may be rolled over to a qualified plan at the option of the participant or beneficiaries.

(14) RISK MANAGEMENT

The Risk Management Division of the Department of Central Services (the "Division") is responsible for the acquisition and administration of all insurance purchased by the State or administration of any self-insurance plans and programs adopted for use by the State for certain organizations and bodies outside of state government, at the sole expense of such organizations and bodies.

The Division is authorized to settle claims of the State and shall govern the dispensation and/or settlement of claims against a political subdivision. In no event shall self-insurance coverage provided by the State, an agency, or other covered entity exceed the limitations on the maximum dollar amount of liability specified by the Oklahoma Government Tort Claims Act, as provided by Title 51 O.S. Supp. 1988, Section 154. The Division oversees the collection of liability claims owed to the State incurred as the result of a loss through the wrongful or negligent act of a private person or other entity.

The Division is also charged with the responsibility to immediately notify the attorney general of any claims against the State presented to the Division. The Division purchases insurance policies through third-party insurance carriers that ultimately inherit the risk of loss. The Division annually assesses each State agency, including the Authority, their pro rata share of the premiums purchased. The Authority has no obligations to any claims submitted against the Authority.

(15) COMMITMENTS AND CONTINGENT LIABILITIES

Contracts

The Authority has issued certain contracts for construction, maintenance, and security of the Museum which will be funded by current financial resources and appropriations from the State.

(15) COMMITMENTS AND CONTINGENT LIABILITIES, CONTINUED

Grant Agreement and Contract

As discussed in Note 1, in January 2008 the Foundation received $4,906,222 from the City for reimbursement for the BEDI Grant and the commitment for the Contract for Loan Guarantee Assistance under Section 108 of the Housing and Community Development Act of 1974. Under the 20-year term of the grant agreement and contract, the Authority is required to comply with all of the terms and conditions and covenants contained in the grant agreement and contract. The City may demand repayment of the grant and contract if the Authority does not comply with such terms and conditions and covenants. The Authority's management believes it is in compliance with the grant agreement and contract.

Federal Grant Programs

The Authority participates in a number of federally assisted grant programs. These programs are subject to audits by the grantors or their representatives. Such audits could lead to requests for reimbursement by the grantor agency for expenditures disallowed under the terms of the grant. Presently, the Authority has no such requests pending and, in the opinion of management, any such amounts would not be considered material.

NATIVE AMERICAN CULTURAL AND EDUCATIONAL AUTHORITY

REQUIRED SUPPLEMENTARY INFORMATION

NATIVE AMERICAN CULTURAL AND EDUCATIONAL AUTHORITY

STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES—BUDGET TO ACTUAL (BUDGETARY BASIS)—GOVERNMENTAL FUNDS

Year Ended June 30, 2015

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance
Revenues:				
State appropriations	$ 6,855,270	7,495,851	6,722,754	(773,097)
Other	-	-	379	379
Total revenues	6,855,270	7,495,851	6,723,133	(772,718)
Expenditures:				
Salaries, wages, and benefits	849,143	849,143	657,571	191,572
Travel	86,000	86,000	22,443	63,557
Lease	5,189,668	5,189,668	5,014,133	175,535
Equipment	6,000	6,000	8,509	(2,509)
Maintenance	115,000	115,000	4,726	110,274
Professional/consultants	-	-	86,384	(86,384)
Contractual	298,363	618,653	830,160	(211,507)
Miscellaneous administrative expenses	311,096	631,387	64,860	566,527
Total expenditures	6,855,270	7,495,851	6,688,786	807,065
Excess of revenues over expenditures	-	-	34,347	34,347
Budgetary fund balances, beginning of year	89,653	150,413	709,023	558,610
Budgetary fund balances, end of year	$ 89,653	150,413	743,370	592,957

Note: The Authority uses the cash basis of accounting to prepare its budget. The budget and actual amounts essentially represent the Authority's primary government operations (general fund) and not the Foundation's operations (special revenue fund), as the Foundation is not legally required to and does not prepare an annual budget.

See Independent Auditors' Report.

NATIVE AMERICAN CULTURAL AND EDUCATIONAL AUTHORITY

STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES—BUDGET TO ACTUAL (BUDGETARY BASIS)—GOVERNMENTAL FUNDS, CONTINUED

Year Ended June 30, 2014

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance
Revenues:				
State appropriations	$ 6,784,354	7,507,398	6,784,354	(723,044)
Other	-	-	641	641
Total revenues	6,784,354	7,507,398	6,784,995	(722,403)
Expenditures:				
Salaries, wages, and benefits	848,076	848,076	649,950	198,126
Travel	86,000	86,000	13,268	72,732
Lease	5,174,760	5,174,760	5,252,474	(77,714)
Equipment	6,000	6,000	32,202	(26,202)
Maintenance	45,000	45,000	4,335	40,665
Professional/consultants	-	-	70,107	(70,107)
Contractual	298,363	1,003,893	888,649	115,244
Miscellaneous administrative expenses	326,155	343,669	70,110	273,559
Total expenditures	6,784,354	7,507,398	6,981,095	526,303
Deficiency of revenues over expenditures	-	-	(196,100)	(196,100)
Budgetary fund balances, beginning of year	89,653	150,413	905,123	754,710
Budgetary fund balances, end of year	$ 89,653	150,413	709,023	558,610

Note: The Authority uses the cash basis of accounting to prepare its budget. The budget and actual amounts essentially represent the Authority's primary government operations (general fund) and not the Foundation's operations (special revenue fund), as the Foundation is not legally required to and does not prepare an annual budget.

See Independent Auditors' Report.

NATIVE AMERICAN CULTURAL AND EDUCATIONAL AUTHORITY

RECONCILIATIONS OF DIFFERENCES BETWEEN BUDGETARY BASIS AND REPORT BASIS—GOVERNMENTAL FUNDS

Year Ended June 30, 2015

	Actual per Audit Report	Adjustment to Budgetary Basis	Actual on Budgetary Basis
Revenues:			
State appropriations	$ 6,722,754	-	6,722,754
Contributions	901,063	(901,063)	-
Other	137,405	(137,026)	379
Total revenues	7,761,222	(1,038,089)	6,723,133
Expenditures:			
Salaries, wages, and benefits	657,571	-	657,571
Travel	22,870	(427)	22,443
Lease	46,481	4,967,652	5,014,133
Equipment	8,509	-	8,509
Maintenance	4,726	-	4,726
Debt service:			
Principal	3,232,500	(3,232,500)	-
Interest	1,860,378	(1,860,378)	-
Professional/consultants	980,460	(894,076)	86,384
Contractual	1,018,379	(188,219)	830,160
Miscellaneous administrative expenses	133,158	(68,298)	64,860
Total expenditures	7,965,032	(1,276,246)	6,688,786
(Deficiency) excess of revenues over expenditures	(203,810)	238,157	34,347
Fund balances, beginning of year	2,497,430	(1,788,407)	709,023
Fund balances, end of year	$ 2,293,620	(1,550,250)	743,370

Note: The Authority uses the cash basis of accounting to prepare its budget. The budget and actual amounts essentially represent the Authority's primary government operations (general fund) and not the Foundation's operations (special revenue fund), as the Foundation is not legally required to and does not prepare an annual budget.

See Independent Auditors' Report.

NATIVE AMERICAN CULTURAL AND EDUCATIONAL AUTHORITY

RECONCILIATIONS OF DIFFERENCES BETWEEN BUDGETARY BASIS AND REPORT BASIS—GOVERNMENTAL FUNDS, CONTINUED

Year Ended June 30, 2014

	Actual per Audit Report	Adjustment to Budgetary Basis	Actual on Budgetary Basis
Revenues:			
State appropriations	$ 6,784,354	-	6,784,354
Contributions	895,948	(895,948)	-
Other	65,729	(65,088)	641
Total revenues	7,746,031	(961,036)	6,784,995
Expenditures:			
Salaries, wages, and benefits	649,950	-	649,950
Travel	13,268	-	13,268
Lease	33,543	5,218,931	5,252,474
Equipment	32,202	-	32,202
Maintenance	4,335	-	4,335
Debt service:			
Principal	2,995,000	(2,995,000)	-
Interest	2,223,931	(2,223,931)	-
Professional/consultants	918,352	(848,245)	70,107
Contractual	1,017,706	(129,057)	888,649
Miscellaneous administrative expenses	86,990	(16,880)	70,110
Total expenditures	7,975,277	(994,182)	6,981,095
(Deficiency) excess of revenues over expenditures	(229,246)	33,146	(196,100)
Fund balances, beginning of year	2,726,676	(1,821,553)	905,123
Fund balances, end of year	$ 2,497,430	(1,788,407)	709,023

Note: The Authority uses the cash basis of accounting to prepare its budget. The budget and actual amounts essentially represent the Authority's primary government operations (general fund) and not the Foundation's operations (special revenue fund), as the Foundation is not legally required to and does not prepare an annual budget.

See Independent Auditors' Report.

NATIVE AMERICAN CULTURAL AND EDUCATIONAL AUTHORITY

SCHEDULE OF THE AUTHORITY'S PROPORTIONATE SHARE OF NET PENSION LIABILITY
Oklahoma Public Employees Retirement Plan

Current Fiscal Year

		2015
Authority's proportion of the net pension liability		0.026244%
Authority's proportionate share of the net pension liability	$	48,175
Authority's covered-employee payroll		444,624
Authority's proportionate share of the net pension liability as a percentage of its covered payroll		10.83%
OPERS' fiduciary net position as a percentage of the total pension liability		97.90%

* The amounts presented for each year end were determined as of June 30th of the prior year.

Only the current fiscal year is presented because data for the prior 9 fiscal years is not readily available.

See Independent Auditors' Report.

NATIVE AMERICAN CULTURAL AND EDUCATIONAL AUTHORITY

SCHEDULE OF THE AUTHORITY'S CONTRIBUTIONS
Oklahoma Public Employees Retirement Plan

Last 5 Fiscal Years

	2015	2014	2013	2012	2011
Contractually required contribution	$ 74,124	73,363	96,178	99,412	105,662
Contributions in relation to the contractually required contributions	74,124	73,363	96,178	99,412	105,662
Contribution deficiency (excess)	$ -	-	-	-	-
Authority's covered-employee payroll	$ 449,236	444,624	582,897	602,497	681,690
Contributions as a percentage of covered-employee payroll	16.50%	16.50%	16.50%	16.50%	15.50%

Only the last 5 fiscal years are presented because data for the prior 5 fiscal years is not readily available.

See Independent Auditors' Report.

NATIVE AMERICAN CULTURAL AND EDUCATIONAL AUTHORITY

REPORTS REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

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

Board of Directors
Native American Cultural and Educational Authority

We have audited, in accordance with the auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of the Native American Cultural and Educational Authority (the "Authority"), which is a part of the State of Oklahoma financial reporting entity, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated November 30, 2015. Our report includes an explanatory paragraph disclaiming an opinion on required supplementary information. Our report also includes an explanatory paragraph noting the adoption of Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date—an amendment of GASB Statement No. 68*, by the Authority, requiring the restatement of the beginning net position as of July 1, 2014. Our report also includes an explanatory paragraph to emphasize the fact that the financial statements include only that portion of the State of Oklahoma that is attributable to balances and transactions of the Authority.

Internal Control Over Financial Reporting

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

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

(Continued)

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

Internal Control Over Financial Reporting, Continued

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

Compliance and Other Matters

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

Purpose of This Report

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

Finley & Cook, PLLC

Shawnee, Oklahoma
November 30, 2015